tyro

ANNUAL REPORT 2024

Tyro Payments Limited ABN 49 103 575 042


VISA
Pay Beach Bootcamp
$99.00
Hold Here to Pay

APPENDIX 4E

Name of Entity	**Tyro Payments Limited**
ABN	**49 103 575 042**
Reporting period	**For the year ended 30 June 2024**
Previous period	**For the year ended 30 June 2023**

Results for Announcement to the Market

Statutory Results Summary

KEY INFORMATION			CHANGE FROM YEAR ENDED		
	%		2024 $'000		2023 $'000
Transaction value[1]	0.8%	to	42,932,748	from	42,601,263
Revenue from ordinary activities (normalised)[2]	8.2%	to	471,424	from	435,802
Gross profit (normalised)[3]	9.1%	to	210,769	from	193,205
EBITDA (normalised)[4]	31.6%	to	55,680	from	42,299
Profit before tax (normalised)[5]	large	to	19,456	from	4,478
Profit before tax (statutory)	large	to	22,358	from	2,461
Profit after tax (statutory) attributable to the ordinary equity holders of Tyro Payments Limited	large	to	25,705	from	6,013

[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] Normalised revenue is adjusted to exclude the gain on remeasurement of the commission liability related to the Bendigo Alliance, Lightspeed compensation received and the recognition of the me&u investment as a financial asset after Tyro's ownership reduced in prior period, resulting in a gain on revaluation.

[3] Normalised gross profit is adjusted to reflect the Bendigo Alliance gross profit share not deducted from statutory gross profit but reflected within the movement on commission liability relating to the Bendigo Alliance.

[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 loss from associates, the non-cash accounting impact of the Bendigo Alliance and other one-off costs.

[5] Normalised net profit before tax excludes the non-cash accounting impact of the Bendigo Alliance and other one-off costs.

Net tangible asset backing

	30 June 2024	30 June 2023
Net tangible assets per share	$0.13	$0.01

Net tangible assets are calculated by deducting the Bendigo and Adelaide Bank Limited alliance **(Bendigo Alliance)** customer relationship intangible assets of $59.8 million, right-of-use assets of $23.6 million and deferred tax assets of $20.4 million from net assets, while including the associated commission payable to Bendigo and Adelaide Bank Limited **(Bendigo Bank)**, lease payables 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 13 cents net tangible assets per share in June 2024 and 1 cent per share in June 2023.

Dividends

No dividends were declared or paid and are not proposed to be paid in respect of the year ended 30 June 2024 (30 June 2023: Nil).

Compliance statement

For additional Appendix 4E disclosure requirements refer to the Financial Report contained in Tyro Payments Limited's 2024 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 2024 Annual Report.

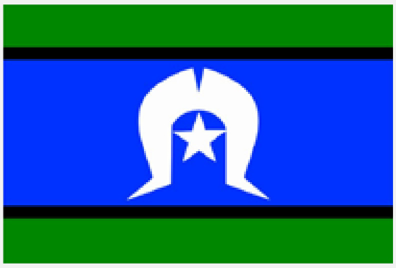
INTO BUSINESS BIG TIME

CONTENTS

ABOUT THIS REPORT

Acknowledgement 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 2024 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.

2024 Annual reporting suite

Our 2024 Annual Report should be read in conjunction with the other reports that comprise our 2024 annual reporting suite. These are available at Tyro's Investor Centre.

- Media Release
- Corporate Governance Statement
- Investor Presentation

2024 Financial report

The Financial Report and Notes set out on pages 106 to 151 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.

2024 Sustainability report

Unless otherwise noted, the information in this report only covers Tyro's operations and does not include any sustainability metrics for our merchants or suppliers. In selecting content for inclusion in our 2024 report, we referenced our industry-specific sustainability standards, in particular the Australian Sustainability Reporting Standard (ASRS). Tyro did not employ an external auditor or organisation to audit the contents of this sustainability reporting.

Scope and boundaries

The contents of this report relate to Tyro Payments Limited (Tyro or the Company) and its subsidiaries (the Group) for the 2024 financial year. This report covers the Group's performance for the year ended 30 June 2024, compared to the prior year ended 30 June 2023 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 FY24, refer to the six months ended 31 December 2023. References to H2 FY24, refer to the six months ended 30 June 2024.

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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FY24 IN REVIEW

FY24 HIGHLIGHTS

$210.8M
GROSS PROFIT +9.1%

26.4%
EBITDA MARGIN +4.5pts

$30.4M
FREE CASH FLOW >5x y.o.y

We power
71,347
Merchants across Australia

We work with
771 PARTNERS
Welcoming **100+ new** partners

We donated
450+
hours to **volunteering** organisations

More than
1 IN 4
New Tyro merchants requested banking services

We launched our next generation **Tyro Pro**

We were ranked Australia's
#1 RATED EFTPOS PROVIDER
4.4 Stars
Trustpilot

Our purpose

WE EXIST TO UNLOCK THE POTENTIAL OF EVERY BUSINESS

Our mission

WE'RE ON A MISSION TO SHAKE THINGS UP, MAKING PAYMENTS THE EASIEST PART OF DOING BUSINESS.


ingenico
9:30
tyro
Purchase
$5.00
Tap or insert card
Surcharge may apply
VISA

21 YEARS OF INNOVATION

2003
Entrepreneurs Paul Wood, Peter Haig and Andrew Rothwell founded Tyro in response to the RBA's call for greater competition.

2005
Tyro becomes Australia's first new entrant into the EFTPOS market in over a decade, processing its first live transaction.

2007
First to launch a cloud-based EFTPOS solution.

2009
First to launch integrated EFTPOS Medicare rebates.

2010
First to launch non-stop acquiring services.

2011
First to be certified and compliant with new payments regulations to ensure security of payments applications.

2012
$3B in transactions.

2013
First to launch integrated mobile EFTPOS solutions.

2014
Launched an integrated Private Health Fund claiming solution.

2015
Developed a cloud-based and mobile core banking platform.

2016
Launch of our first banking product: Tyro Bank Account (TBA).

First technology company to obtain a full Australian banking licence and operate as an Authorised deposit-taking institution (ADI).

2017

First Australian bank to allow business account owners to use Siri to conveniently pay bills.

First Australian bank to launch Xero Payroll integration allowing businesses to enter transactions in Xero and perform single-touch authorisations in the Tyro App.

2018

First Australian bank to launch our version of least-cost routing, Tap & Save, saving Tyro merchants over $1.5 million on fees in the first eight months.

2019

First Australian bank to deliver integrated Alipay solution.

Launch of Tyro Business Term Deposits.

Largest IPO by market capitalisation on the ASX in 2019.

2021

Tyro becomes Bendigo Bank's exclusive merchant acquiring partner.

Acquisition of digital health payments business Medipass Solutions.

Launch of Tyro Connect.

2022

Launch of our Tyro Go EFTPOS reader and Tyro Health business unit.

Launch of Flexible Settlements via the Tyro Bank Account.

2023

Australian-first launch of mobile payment acceptance app Tyro BYO for iOS, partnership with Apple.

Launch of next generation Tyro Pro terminal.

Australian-first launch of Amex Opt-blue platform for merchants.

2024

Embedded payments software development kit (SDK) launched for POS providers.

Years noted in timeline refer to calendar years.

WHO WE ARE

WE'RE OBSESSED WITH BUSINESS SUCCESS

In 2003, Tyro set out to change the way payments are made. Today, we're still on a mission to make payments the easiest part of doing business, believing that nothing should stand in the way of business success for Australian merchants.

We power more than 71,000 merchants across the country with in-store, online and on-the-go payments solutions designed specifically for businesses in hospitality, retail, services and health.

A tech company at heart, innovation has always been a part of our DNA at Tyro. We were the first tech company to obtain a full banking licence in Australia, allowing us to develop an integrated payments, banking and lending offering built specifically to make it easier for merchants to pay and get paid. Through Tyro, Australian merchants can accept payments anywhere, anytime, receive their takings on the same day and access fast, flexible funding through our award-winning repay-as-you-trade business loan as they scale and grow.

Marking our twenty-first birthday in 2024, this year we celebrate more than two decades of integrated connectivity with Australia's innovative digital payments ecosystem. We work with more than 700 active partners in our broad and growing network to create seamless payment experiences and value-added products that customers love.

Our people are central to everything we do, and we're passionate about giving back. As of June 2024, our team is made up of 584 permanent Tyros who gave more than 450 hours of volunteering hours to partner organisations in our community.

584
PEOPLE

Diverse team, speaking
58
LANGUAGES

Teams located in:
SYDNEY – MELBOURNE – BENDIGO

Our values:

WOW

WOW THE CUSTOMER

STAY HUNGRY

BE GOOD

COMMIT TO GREATNESS

WIN TOGETHER


Purchase
$75.00

OBSESSED WITH BUSINESS SUCCESS

"OUR FINANCIAL PERFORMANCE FOR THE YEAR REFLECTS THE HARD WORK OF THE WHOLE TEAM IN TRANSFORMING TYRO INTO A SIGNIFICANTLY MORE PROFITABLE BUSINESS."

Dear fellow shareholders,

It is my privilege to present to you Tyro's annual report for the year ended 30 June 2024. I am pleased to report that our financial performance for the year reflects the hard work of the whole team in transforming Tyro into a significantly more profitable business, with all financial metrics having improved substantially from last year, as highlighted below and detailed in the rest of the Annual Report. After what was a distracting FY23 for the business, it was rewarding for me and the Board to spend more time with the Tyro team on its core focus areas of people, innovation, and growth. I'm pleased with the progress that has been made in delivering against our strategic priorities and in improving our profitability, setting us up well for future growth opportunities.

Recognising the resilience of our customers

The past year has been challenging for many Australians, as people and small business owners have continued to weather the effects of above-trend inflation and higher interest rates used to help bring inflation under control. For many individuals and small businesses, they are making more trade-offs on where and how they spend, and often spending less on discretionary items. This is leading to tough decisions for small business owners, some of whom are forced to close their business. Whilst there is light at the end of the tunnel, there is still uncertainty in the near-term, and we expect this to continue to weigh on small businesses, particularly within our discretionary verticals.

The Tyro team have been working tirelessly to support our merchants wherever possible, by providing them a range of solutions to help their business, or by simply providing access to support teams. But beyond what we can do for our merchants, we are continually impressed by the resilience of small business owners across Australia, and the resolve they show when times get tough. Small business is truly the backbone of our economy.

Tyro's transformation to a significantly more profitable business

Despite the external headwinds, I am pleased to report that our financial performance for the year reflects the hard work of the whole team in transforming Tyro into a significantly more profitable business. At a headline level, gross profit increased by 9.1% to $210.8 million, our EBITDA margin increased by 4.5 basis points to 26.4% (FY23: 21.9%) and our statutory profit after tax increased more than fourfold to $25.7 million – equivalent to 4.91 cents of earnings per share (FY23: 1.16 cents). And all of this supported a substantial increase in free cash flow to $30.4 million (FY23: $5.7 million).

Instrumental to this transformation is the enhancement of our operating model, greater financial discipline, and a focus on delivering greater value to the customer – all of which have been enabled by our embedding of a high-performance culture within Tyro. At the same time, the team has continued to invest in growth initiatives, such as expanding our product offering, building new and deeper partner integrations, improving customer support, and refining our distribution strategy.

The business today is in solid financial shape, which is a critical foundation for us to continue to deliver profitable and sustainable growth in the years ahead.

You will find more detail on the delivery against strategic initiatives and our financial performance in Jon's CEO Letter and in the Operating and Financial Review.

Acknowledging your feedback on our Remuneration Report

On behalf of the Board, I acknowledge the feedback from our shareholders in response to our Remuneration Report, which received a first strike at our AGM in November 2023.

We have listened to and carefully considered your feedback and subsequently have been working through how this feedback should affect the principles that form the foundation of our remuneration policy and the various components that make up the remuneration plans. There are several key changes to our policy and plans, which Claire Hatton sets out in the 'Letter from the Chair of the People Committee' on pages 80 to 82, some of which have been in place for FY24 and some which will be effective from FY25.

The updates address various issues raised by our shareholders, such as being clearer on how pay reflects performance, providing better disclosure, and using metrics that are more closely aligned to shareholders' interests. We believe that they continue to improve the alignment between shareholders and executives, and we trust you recognise how our thinking and subsequent KPIs have necessarily evolved as the business has developed over past years, in your voting considerations later this year.

Sustainability embedded in our business model

In addition to delivering financial sustainability, one of our key priorities is to also operate in a responsible and sustainable manner, and to contribute positively to our stakeholders and the wider community. We have made further progress this year in embedding sustainability into all we do.

For example, we met our gender balance target with more than 40% female representation across the business, and 57% on the Board. We also enhanced our focus on employee wellbeing and psychosocial safety, ensuring employees feel safe to take risks, to express their ideas and concerns, and supporting people to prioritise their mental wellbeing. Finally, we became carbon neutral certified for our Australian business operations, under the Climate Active Carbon Neutral Standards for Organisation.

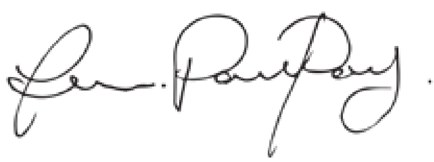
Conclusion

On behalf of the Board, I would like to thank Jon and his leadership team for their outstanding efforts in leading Tyro through another demanding but successful year. I would also like to thank all Tyros, for their passion and commitment to serving our 70,000+ merchants across multiple verticals. Most importantly, I would like to thank you, our shareholders, both long standing and newer ones, for your trust and support. We look forward to sharing our future achievements with you and to creating long-term value for all our stakeholders.

Yours sincerely,

FIONA PAK-POY
Chair of the Board

26 August 2024



MAKING PAYMENTS THE EASIEST PART OF DOING BUSINESS FOR OUR MERCHANTS

"TYRO IS UNIQUELY POSITIONED TO CAPTURE A LARGE MARKET OPPORTUNITY WHILST DELIVERING PROFITABLE AND SUSTAINABLE GROWTH."

Dear fellow shareholders,

I am pleased to share with you an update on what my team and I have been building for our customers and partners, how we have been transforming your company, and how this will generate long-term value.

I'm approaching two years as CEO of Tyro, and I feel privileged to be leading the transformation of a business that sits at the heart of Australia's payments ecosystem. I spoke in my CEO letter last year about how our founders created Tyro because of their belief in providing better payments solutions for Australian businesses, and it's fantastic that 21 years later this still resonates strongly with the c.600 Tyros that continue to share, and act on, that belief.

As I reflect on my time as CEO, and more specifically the last financial year, it's clear there are a great number of opportunities that we are well placed to capture, there are changes that we must embrace, and there are challenges that we must be prepared for.

In this year's letter I will share an update on delivery against our strategic priorities, outline how this has led to a significant improvement in the profitability of the company, and describe why we are uniquely positioned to capture a large market opportunity whilst delivering profitable and sustainable growth.

We've made good progress against our strategic initiatives, with a strong focus on enhancing our proposition to merchants.

Before I discuss some of the customer and product successes, it's worth mentioning that without having the right team in place we would not have delivered as much as we have, and we wouldn't be so well positioned going forward. We have put a huge amount of effort into building the best team to drive us forward and a culture of high performance. We've redesigned our performance management framework, put greater focus on engagement and wellbeing, and are actively celebrating our customers' success at group-wide events.

Moving to the customer proposition. We've had some great successes with key partners as we continue to innovate and enhance our go-to-market, further embedding Tyro into the payments ecosystem for Australian SMEs. Below are some examples of how we've been supporting merchants and building capability:

- **We've gone live with partners using our embedded payments SDK:** our embedded payments software development kit (SDK), which is completely device agnostic, allows partners to embed Tyro's payments solutions into a wide range of devices. The most common use case we've developed is for POS providers to integrate payments into modern POS terminals and to provide highly competitive bundled pricing to merchants.
- **We've powered Hello Clever's revolutionary real-time cashback rewards scheme:** Hello Clever are leveraging our proprietary loyalty API to build a real-time cashback reward scheme that will allow its customers to earn as they buy through any of Tyro's 70,000+ merchant base across Australia.
- **We've enabled payments for StoreConnect, the world's first Salesforce integrated POS for small businesses:** Tyro built a payments integration for the first ever point-of-sale (POS) solution built natively on Salesforce for multi-site retailers with large inventories. StoreConnect POS includes an e-Commerce website, POS terminal, cash drawer and receipt printer, all of which now fully integrate with Tyro.
- **We've uplifted our customer service operations:** We've changed our customer support operating model which now has tiered levels of support, a key accounts and retention team and better training and tools to improve the efficiency of our support agents. Whilst we've seen good momentum in underlying service levels, our team has been inundated with calls relating to the shutdown of the 3G network which is having a temporary impact on overall service quality metrics and net promoter score (NPS).

I'm also extremely excited to share some information about our progress against several key strategic initiatives.

First, we will be leveraging our existing expertise from our work in Tyro Health to enter a large and growing adjacent vertical in FY25 (subject to final agreement with key partner). The solutions that we've already built in Tyro Health position us perfectly to provide a seamless solution in this industry.

Second, we have signed a partnership agreement with one of Australia's largest providers of unattended payments infrastructure for car parking and EV charging. We are currently working to integrate Tyro's payments capability into partner software, and we expect to go live with new merchants in FY25.

Both these opportunities are possible because we own our own payments infrastructure.

Another strategic initiative that we have made excellent progress against this year has been our pricing transformation work, where we've completed multiple initiatives to simplify and optimise our pricing structure, providing merchants with a more balanced, flexible and understandable pricing framework. This work has also delivered significant improvements to our payments margin.

The provision of integrated payments and banking products is an important part of our strategy. During the year we grew the number of active banking users by 27% and 1 in 4 of all new merchants requested banking services. However, to drive a more substantial increase in active customers, deposit balances and lending, we need to more quickly enhance the functionality of our products. Unlike payments however, we do not believe we need to 100% own our own banking infrastruture. We are currently reveiwing the best approach to the delivery of banking products, and our objective is to get to market with a compelling solution quickly and cost-effectively.

Finally, we've been focused on improving our operating leverage. We've become increasingly more selective about which initiatives we will pursue, prioritising for the most impactful. This discipline has also helped us instil greater cost discipline more generally across the business.

Our strong financial performance reflects our transition to a significantly more profitable business.

The strong financial performance that we've delivered in FY24 reflects some of the early benefits of the initiatives I've just discussed and what we've delivered in recent years, but more broadly it reflects our transition to a significantly more profitable business.

At a headline level, we delivered a 9.1% increase in gross profit to $210.8 million, which included a 5.2% increase in payments gross profit and a 29.4% increase in banking gross profit.

Our emphasis on delivering sustainable, profitable growth led to a significant increase in profitability in FY24 with our EBITDA increasing 31.6% to $55.7 million and our EBITDA margin increasing by 4.5 percentage points to 26.4%.

Our free cash flow increased by a multiple of more than five times to $30.4 million, representing a free cash flow conversion ratio (as a percentage of gross profit) of 14.4% (FY23: 3.0%).

On a statutory basis, our profit for the year (after tax) increased by more than fourfold to $25.7 million, and our earnings per share (EPS) increased by 3.75 cents to 4.91 cents.

Gross Profit
$210.8
+9.1% (vs FY23)

EBITDA
$55.7M
+31.6% (vs FY23)

Free Cash Flow
$30.4M
>5x (vs FY23)

NPAT (statutory)
$25.7M
>4x (vs FY23)

You can find a more detailed review of our operating and financial performance from page 24 to 31.

A LETTER FROM OUR CEO

We are uniquely positioned to capture a large opportunity, while delivering profitable and sustainable growth.

We've become the payment provider of choice for over 70,000 merchants because of our vertical-specific solutions and by being easy to do business with. Leveraging our core strengths will allow us to unlock the potential of more businesses. These strengths are:

End-to-end ownership of our tech stack: we own our tech stack end-to-end, and this gives us complete flexibility and control of our infrastructure when innovating products and solutions and integrating with partners. It's also a highly cost-effective way to scale and as volumes increase our cost efficiency improves.

Targeted distribution channels: we have multiple distribution channels designed to optimise the allocation of resources based on vertical and merchant size. This allows us to focus on where the impact on gross profit is greatest. Our distribution channels include a variety of forms, some of which are direct and others where we use external partners to maximise our reach.

Integrated payments and banking: because we are an ADI, we can elevate our proposition to merchants beyond just payments processing, positioning Tyro at the core of a merchant's needs to pay, get paid and manage its cashflow.

Our focus for FY25 is to continue to leverage these strengths, which will position us well to become the payments and banking provider of choice for more merchants and partners across our key verticals. Having commenced our launch into two new verticals, we continue to explore other verticals where we can leverage our strengths to open still more of the market.

Actions to improve our profitability are not limited to FY24, this is a focus that will endure. Investing in growth remains a key priority, but our teams are committed to delivering growth sustainably and profitably, and in FY25 we are targeting further improvement in our operating efficiency.

As a greater proportion of our merchants adopt our cashflow solutions, unlocking the full potential of Tyro, the customer economics will continue to improve. Typically, merchants that use a TBA contribute 1.3x the gross profit compared with a payments-only merchant, whilst for merchants that have a TBA and lending this is almost 3x.

So, through a combination of greater share in existing verticals, growth in new verticals, better customer economics over time, greater operating leverage, a company focus on sustainable and profitable growth, and healthy cash generation – I believe this sets the foundation for highly attractive returns for shareholders over time.

Outlook and FY25 guidance

Whilst I am confident that Tyro will deliver profitable and sustainable growth in the coming financial year and beyond, there are some challenges that will remain into FY25. Most notably, businesses and consumers in Australia continue to face elevated costs as inflation and interest rates remain high. I expect this will put pressure on payment volumes, particularly in the Retail and Hospitality verticals, and sadly it's likely that business closures will remain at elevated levels in the near term.

The payments landscape will no doubt remain highly competitive, but this is something we have some control over and something that drives us to be better every day.

The team recognises that uncertain macroeconomic conditions and high levels of competition isn't unique to Tyro, or to payments. These are features that come and go in any industry. Our job is to prepare for these and to stay focused on the task, which is to innovate and build better products, deliver a better service to our customers, and to grow share in our chosen verticals.

Notwithstanding these near-term headwinds, we expect to deliver earnings growth and improved profitability in FY25, and as a result I would like to share the following guidance:

- **Gross profit** of between $218 million and $226 million (representing growth of 3% - 7%)
- An **EBITDA margin** of c.28%

In addition to the guidance for FY25, I would also like to share with you some medium-term guidance that shows our commitment to delivering profitable and sustainable growth. We are targeting:

- **FY26 EBITDA margin** of c.29%
- **FY27 EBITDA margin** of c.31%
- **'Rule of 40' or greater for FY26 onwards**, i.e. the sum of our normalised gross profit growth and our EBITDA margin will equal 40 or greater (In FY24, this was 9.1% normalised gross profit growth and 26.4% margin = 35.5 on a Rule of 40 basis)

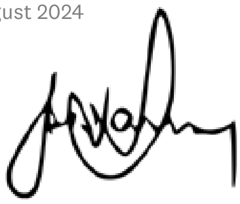
To conclude my letter for this year, and reflecting many of the things I've discussed above, I would like to share four reasons why my team and I are excited to be part owners of Tyro and why we think you should be too:

1. We operate in a large and attractive market with huge opportunity for growth.
2. Our full-stack infrastructure is deeply embedded in Australia's payment ecosystem.
3. We're enhancing our value proposition and extending into new verticals.
4. We're delivering profitable growth and generating positive free cash flow.

Yours sincerely,

JON DAVEY
CEO and Managing Director

26 August 2024



OPERATING & FINANCIAL REVIEW

Gross Profit	EBITDA	NPAT (statutory)	Free Cash Flow
$210.8	**$55.7M**	**$25.7M**	**$30.4M**
+9.1% (vs FY23)	+31.6% (vs FY23)	>4x (vs FY23)	>5x (vs FY23)

Earnings per share **4.91 cents** >4x higher vs FY23

Summary of financial performance (normalised, unless stated otherwise)

	FY24 $M	FY23 $M	Change
Transaction value	42,933	42,601	0.8%
Revenue[1]	471.4	435.8	8.2%
Total direct expenses	(260.6)	(242.6)	7.4%
Gross profit[2]	**210.8**	**193.2**	**9.1%**
Operating expenses	(150.1)	(147.4)	1.8%
Lending and non-lending losses	(5.0)	(3.5)	42.0%
Total operating expenses	(155.1)	(150.9)	2.8%
EBITDA[3]	**55.7**	**42.3**	**31.6%**
Profit before tax (statutory)	22.4	2.5	large
Profit after tax (statutory)	25.7	6.0	large
Earnings per share (statutory, cents)	**4.91**	**1.16**	**large**
Free cash flow for the period (before banking)	**30.4**	**5.7**	**large**

[1] Normalised revenue is adjusted to exclude the gain on remeasurement of the commission liability related to the Bendigo Alliance, Lightspeed compensation received and the recognition of the me&u investment as a financial asset after Tyro's ownership reduced in prior period, resulting in a gain on revaluation.

[2] Normalised gross profit is adjusted to reflect the Bendigo Alliance gross profit share not deducted from statutory gross profit but reflected within the movement on commission liability relating to the Bendigo Alliance.

[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 loss from associates, the non-cash accounting impact of the Bendigo Alliance and other one-off costs.

EBITDA for FY24 increased by over 30% as we grew our gross profit margin and continued to improve our operating efficiency.

Gross profit increased by 9.1% to $210.8m in FY24 as an improved payments margin was supported by growth in payment transaction volumes and an increased contribution from banking and our corporate investments.

Gross profit for payments increased 5.2% to $186.7 million, reflecting a 1.9 basis points increase in our gross payment margin and a 0.8% increase in total transaction volumes.

Our gross payment margin benefitted from the successful delivery of our FY24 pricing transformation initiatives where we reviewed the pricing structure for our merchants to ensure that the prices our merchants pay appropriately cover the costs to serve them, and that we are allocating costs to serve different merchants in an optimal way – which provides a fairer and more balanced pricing structure for our merchants.

The pricing transformation initiatives in FY24 covered approximately 30,000 merchants, including c.14,000 Bendigo merchants and c.2,700 Health merchants and led to price changes for some merchants. This helped drive the 1.9 basis points increase in our gross payment margin for FY24. Due to the timing of some price changes, our FY25 gross payment margin will also benefit from these price reviews.

Total transaction volumes increased by 0.8% to $42.9 billion, which included a 14.6% increase in our Tyro core non-discretionary verticals (Health and Services) to $9.8 billion, partly offset by a 1.2% reduction in volumes in our Tyro core 'discretionary' verticals (Hospitality and Retail) to $28.4 billion and a 10.4% reduction in Bendigo volumes to $4.8 billion.

Within Tyro core, the margin benefit from our pricing transformation (including some the benefit from pricing initiatives late in FY23) helped to drive a 13.5% increase in gross profit across our 'non-discretionary' verticals (Health and Services) and a 5.5% increase in our 'discretionary' verticals (Hospitality and Retail).

Gross profit in our Tyro core 'non-discretionary' verticals increased 13.5% to $50.1 million and volumes increased by 14.6% to $9.8 billion, largely driven by a 20.6% increase in Health volumes to $6.5 billion.

Volumes in Health remained strong, supported by good growth in merchant numbers. But our success in continuing to deliver strong growth in Health comes from the quality of the proposition we offer in this vertical, which has been developed over many years as we have become integral to the flow of payments across the myriad of health, funding, and insurance providers in Australia. The high levels of complexity in Health means that there are fewer competitors than we see across our other verticals, such as Retail and Hospitality – and we therefore believe that Tyro Health is well positioned to continue to deliver strong growth in the years ahead.

Volumes in our Services vertical increased by 4.5% to $3.3 billion, also benefiting from continued strong growth in merchant numbers.

Gross profit in our Tyro core 'discretionary' verticals increased 5.5% to $120.3 million, with volumes reducing by 1.2% to $28.4 billion. Volumes in these two verticals have been impacted by the sustained softness in macroeconomic conditions, and in FY24 we've seen higher than usual levels of business closures and weaker consumer spending in some key industries.

Gross profit for our Bendigo book reduced by 15.4%, with payment volumes of $4.8 billion reducing by 10.4% compared with FY23, which was again impacted by relatively high levels of merchant churn, particularly in the first half of the year.

We're constantly improving our customer value proposition, and our TBA and cashflow management solutions are an important part of this. We're seeing an increasing number of existing and new merchants adopt the TBA, recognising the value in having instant settlement into an account linked to their payments. In fact, in FY24 the number of active TBA customers increased by 27% to more than 7,600. Our experience shows that merchants using a TBA generate 1.3x the gross profit compared to a payments-only merchant. Similarly, we observe that merchants who also use our cashflow management lending solution generate closer to three times the gross profit.

Our merchants held $88.9 million of deposits with us, at 30 June 2024, $74.2 million of which was through the Tyro TBA (FY23: $70.7 million), $4.6 million of merchant term deposits (FY23: $7.7 million) and $10.1 million of term deposits from wholesale accounts (FY23: $14.2 million). We have continued to originate lending through our cashflow management solution in FY24, but we've taken a more conservative credit risk profile this year given the economic and small business operating conditions. As a result, whilst we originated $136.7 million of loans, and closed the year with a loan balance of $39.3 million, both originations and average loans were lower than in FY23. We will retain a flexible approach to lending, ensuring we appropriately balance risk and growth.

The contribution to gross profit from our banking solutions increased by 29.4% in FY24 to $12.6 million.

Outside of our customer related gross profit, we also saw a 90.2% increase in corporate gross profit to $11.5 million. Notably, this includes the interest earned on our corporate cash. This has benefitted from a higher cash balance, as we have become increasingly cash generative, and a higher average interest rate, given the increase in the average RBA cash rate compared with the same period in FY23.

We have been hugely focused on transforming Tyro into a significantly more profitable business, and our results in FY24 are a strong reflection of this. Central to delivering this has been our work in improving the operating efficiency of the business.

By simplifying our operating model and reprioritising our strategic efforts for the highest impact initiatives, we have been able to deliver vastly improved operating efficiency. At 30 June 2024, our headcount had reduced to 626 (permanent and contractors), from 647 at 30 June 2023, and from 748 in March 2022, just before we implemented the new operating model. This has led to a 4% reduction in employee-related expenses (including contractor and consulting expenses, but excluding share-based payments). This group of expenses represents the large majority of our expenses, and so we view it as critical that we retain a strong discipline to be as efficient as possible – getting the right balance between hiring the best talent, growing the business, and delivering continued improvements to our profitability.

The remainder of our operating expenses cover marketing, technology, general administrative expenses and the lending and non-lending losses.

In FY24, our marketing costs increased as we successfully completed a brand refresh – giving Tyro a bold and modern makeover and introducing a new range of advertising and content to better appeal to our target merchants. Our technology

OPERATING & FINANCIAL REVIEW

costs also increased in FY24, reflecting a change from on-site to cloud-based storage and pricing increases driven by software providers.

Lending and non-lending losses also increased this year, mostly reflecting higher losses on loans to merchants. This is a result of the higher than usual level of business failures that we're currently experiencing in Australia. However, the level of losses that we see in the lending portfolio and that we expect in the future is priced into our origination fee, to cover the change in risk.

Overall, our operating expenses increased by just 2.8% to $155.1 million, compared with the 9.1% increase in gross profit. And excluding lending and non-lending losses, our operating expenses as a percentage of gross profit reduced significantly to 71.2%, from 76.3% in FY23.

As a result of the continued volume growth and margin improvement, greater contribution from banking, and the work to improve operating efficiency our EBITDA increased by 31.6% to $55.7 million, representing an EBITDA margin of 26.4% (compared with 21.9% in FY23).

Statutory net profit after tax increased fourfold compared with FY23, and free cash flow was more than 5 times higher at $30.4 million.

The improvement in EBITDA for the period was the main driver of our increased profitability and was also supported by a $7.3 million (or 65%) reduction in share-based payment expense, which reflected a change to the cash/equity split for employee remuneration and a lower bonus outcome. This was partly offset by a $5.8 million increase in depreciation and amortisation.

On a normalised basis, therefore, profit before tax of $19.5 million increased more than fourfold compared with FY23 (FY23: $4.5 million).

On a statutory basis, and including a $3.3 million tax credit, net profit after tax of $25.7 million also increased more than fourfold compared with $6.0 million in FY23. This represents earnings per share of 4.91 cents, up from 1.16 cents in FY23.

As a result of the strong improvement in net profit after tax, we generated $30.4 million of free cash flow for the period, more than 5 times greater than FY23.

Gross Profit
$210.8
+9.1% (vs FY23)

EBITDA
$55.7M
+31.6% (vs FY23)

NPAT (statutory)
$25.7M
>4x (vs FY23)

Free Cash Flow
$30.4M
>5x (vs FY23)

The table below sets out a reconciliation between normalised and statutory profitability. The most notable reconciling items include adjustments relating to our Bendigo-powered-by-Tyro alliance, and the damages we received upon settling legal action with Kounta Pty Ltd.

Reconciliation of normalised and statutory profitability

	FY24 $000	FY23 $000	Change
Profit before tax (normalised)[1]	**19,456**	**4,478**	**large**
Adjustments:			
Bendigo partner share	(4,501)	(5,272)	14.6%
Bendigo transitional costs	-	(974)	large
Bendigo impairment adjustment	(1,431)	-	large
Investment in associate	(1,063)	3,843	large
Remediation, compensation and other[2]	9,897	386	large
Profit before tax (statutory)	**22,358**	**2,461**	**large**
Income tax benefit	3,347	3,552	(5.8%)
Profit after tax (statutory)	**25,705**	**6,013**	**large**

[1] Normalised net profit before tax excludes the non-cash accounting impact of the Bendigo Alliance and other one-off costs.
[2] Please refer to item 11 in the Directors' Report for further information regarding legal proceedings on behalf of the Group.

Financial Position

With cash and financial investments of $165.0 million (30 June 2023: $128.9 million) Tyro has sufficient liquidity in place to continue to fund its expected level of growth. The movement of positive $36.1 million in cash and financial investments is reflective of an increase in EBITDA, which supported positive free cash flow of $30.4 million, partly offset by net movement in financial investments of $27.4 million.

At 30 June 2024, Tyro had total assets of $451.5 million (FY23: $431.0 million) of which 37% related to cash and financial investments. 27% 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. 9% of total assets relates to loans made to merchants with the remaining 26% 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 $243.8 million (FY23: $253.4 million) of which 36% related to customer 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 $207.7 million (FY23: $177.7 million).

Capital and Liquidity Management

The Group is well capitalised with a capital adequacy ratio of 65%. The movement in the ratio from 52% at 30 June 2023 reflects the increase in total capital, which was driven by the increase in retained earnings for the period.

Tyro's capital adequacy ratio is significantly over and above its prudential capital requirements. Excess capital is available for inorganic growth, program investment, or for return to shareholders.

On the 4th of July 2024, Tyro incorporated the Employee Share Trust **(EST)** to purchase shares from the market to allocate to employee rights and options that will be exercised in the future. Currently, vested awards that are exercised or converted are satisfied by the issuance of new shares, which has a dilutive impact on existing shareholders. It is anticipated that the EST will begin purchasing shares to a value of approximately $5 million (the equivalent of the share-based expense recognised in the P&L for shares yet to be issued), in the first half of this financial year.

Management also continues to work with advisers and regulators on a plan that would allow us to return capital to shareholders by means of a share buyback (over and above stock which the EST will purchase). Recognising that this has taken longer than anticipated, we will provide further details in the coming months.

Segmental Information

Financial information based on the different types of activity: payments, banking and our own corporate investments.

Payments

Tyro provides integrated payments solutions and value-add services to support merchants with growing their business 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.

Payments gross profit	FY24 $000	FY23 $000	Change
Transaction value	**42,932,748**	**42,601,263**	**0.8%**
Revenue	471,507	419,215	12.5%
Less: Interchange, scheme, integration and support fees	(251,674)	(234,618)	(7.3%)
Gross profit (statutory)	**219,833**	**184,597**	**19.1%**
Less: Bendigo gross profit share	(6,854)	(8,139)	(15.8%)
Add: Bendigo support fees	-	974	large
Less: Bendigo impairment adjustment	(17,324)	-	large
Less: Settlement of legal action	(8,967)	-	large
Gross profit (normalised)	**186,688**	**177,432**	**5.2%**
Merchant Service Fee as a % of transaction value	94.1bps	89.0bps	+5.1bps
Net Merchant Acquiring Fee as a % of transaction value	**35.4bps**	**33.2bps**	**+2.2bps**
Payments gross profit margin as a % of transaction value	43.5bps	41.6bps	+1.9bps

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Banking

Tyro offers an enhanced payments offering to merchants by delivering integrated banking and cash management solutions.

PROPOSITION ENHANCING BANKING SOLUTIONS		
	Merchant cash advance (Tyro Business Loans)	An unsecured cash advance designed to help merchants finance working capital and investment needs.
	Transaction banking account (TBA)	A fee-free, interest-bearing transaction account
	Term deposit account	A competitive, interest-bearing fixed term deposit account

Banking gross profit	FY24 $000	FY23 $000	Change
Loan originations	**136,749**	**149,710**	**(8.7%)**
Interest income on loans	12,639	11,059	14.3%
Fair value loss on loans	(116)	(1,687)	(93.1%)
Other income	2,202	1,178	87.1%
Banking revenue	**14,725**	**10,550**	**39.6%**
Less: Interest expense on deposits	(2,127)	(814)	large
Banking gross profit	**12,598**	**9,736**	**29.4%**
Net return on loans	**16.2%**	**12.4%**	**+3.8 points**
Net return on deposits	**2.3%**	**2.9%**	**-0.6 points**
Overall net return on banking	**8.2%**	**7.9%**	**+0.3 points**

Corporate Investments

Tyro seeks to optimise the risk-adjusted return on its own capital, through a centrally managed portfolio of assets.

Corporate Investments gross profit	FY24 $000	FY23 $000	Change
Investment Income	11,483	6,037	90.2%
Gain on financial investment – me&u	-	3,974	large
Corporate Investments gross profit	**11,483**	**10,011**	**14.7%**
Net return on Corporate Investments	**4.7%**	**4.1%**	**+0.6 points**

Risk Management

The purpose of risk management is not to eliminate risk from our business model but to help us make decisions that deliver long-term value for our stakeholders, whilst staying within our risk appetite.

Our Board oversees the risk management framework through the Board Risk Committee and helps to promote 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 embedding a consistent approach to identifying, assessing, and managing risk, and operate a 'three lines of defence' model.

Our approach includes:

- Using a systematic process to identify, assess and escalate risk;
- Reporting and managing risks according to delegated authorities and the Board's risk appetite; and
- Promoting a strong risk culture, with regular training and education for the team.

Our Board monitors compliance with policies and procedures, and sets how much and what kind of risk we are willing to take (our Risk Appetite Statement) to achieve our business goals and strategy.

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 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 provide 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 provides independent assurance 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 and Psychosocial 'Psychosocial risk' relates to employee disputes referencing psychosocial injury (e.g. stress) and can contribute to Talent risk.	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. Organisation-wide training and workshops relating to psychosocial risks. Organisation-wide training and workshops relating to psychosocial risks.
Project delivery Ability to deliver new products and innovations that meet customers' needs.	Project governance structures and policies. Project prioritisation to ensure appropriate resource allocation. Regular monitoring and reporting to identify and mitigate issues that arise.
Technology failure Technology failure resulting in disruption to merchants' businesses and reputational damage.	Tyro utilises 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 to monitor legislation changes, 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 The risk of a security breach resulting in the loss of system functionality or data.	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. Third party monitoring to understand and mitigate any weaknesses in their cyber defence and resilience capabilities. Security and awareness programs for all employees. Crisis management exercises with the Executive Leadership 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.
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 manage in-life relationships to ensure compliance with contractual obligations and performance requirements. This includes 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 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 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 allow 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.
Competition and disruption New competitors or technologies that impact Tyro's ability to drive customer growth and deliver on our strategy.	Tyro's strategy 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.
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. 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 drive efficiency and improve customer experience.

Artificial Intelligence (AI) Ability to manage risks and opportunities from Artificial Intelligence, leading to reputational, regulatory and/or financial impacts.	Researching the implications of AI and investing in our products and technology to leverage AI to enhance customer outcomes and improve Tyro's operating efficiency.

OUR BUSINESS

At Tyro, we're on a mission to make payments the easiest part of doing business. We provide payments products and digital-first experiences, leveraging our unique in-house capabilities to innovate for the specific industry needs of small and medium Australian merchants.

Making payments easy in-store

In September 2023, we launched our next generation **Tyro Pro** terminal, designed to process transactions swiftly and securely, with capabilities for handling high transaction volumes and diverse payment methods. The payments solution supports smooth transaction processing, reduces errors, and enhances reporting capabilities, integrating seamlessly with Tyro's broad network of POS systems.

Through **Tyro Health**, we offer an integrated payments and claiming solution that make it easy for health providers to get paid, supporting all modalities, models of care and insurers. Our payment and claiming solutions connect healthcare providers with funders, practice management developers and the patients that they service, in ways that increase transparency, reduce administration, and simplify the overall payments experience. The **Tyro Health Online** platform, rebranded from Medipass in 2024, integrates to more than 80 Practice Management Software (PMS) solutions for healthcare, facilitating seamless payment experiences for healthcare providers and their patients. This year, we progressed the development of our soon-to-be-released **Tyro Pro Key**, designed to facilitate claim submissions faster than any other solution available in market. The Tyro Pro Key will accept payments as a standalone device, or integrated to our leading cloud solution, Tyro Health Online, which allows providers to view transactions, reports and access more claiming options such as workers' compensation schemes and more.

Making payments easy on-the-go

Our **Tyro Go** portable card reader was developed for merchants to take payments seamlessly on-the-go, offering a simple mobile payment acceptance option for merchants in trades, services and not-for-profit industries, allowing customers to make quick payments anywhere, anytime.

Our **Tyro BYO** enables merchants to accept in-person contactless payments seamlessly and securely on mobile devices – no additional hardware or payments terminal needed. Launched in a first-to-market partnership as part of Apple's Tap to Pay on iPhone payment acceptance technology, Tyro will soon release Tyro BYO for android devices, offering a device-agnostic payment experience for merchants who transact on-site or on the move.

Making payments easy online

Tyro's online payments offering makes accepting digital payments simple for merchants. Through our **Tyro Merchant Portal**, merchants can process virtual terminal transactions and send payment invoice links directly to customers after delivering a service. Through our **Tyro Pay API**, Tyro's software and app partners can easily integrate with Tyro to enable online payments for their merchants. This year Tyro enabled payments for StoreConnect, the world's first POS for small businesses built natively on Salesforce, integrating with the platform's cash drawer and receipt printer, making payments easy and simple for multi-site retailers with large inventories. Tyro partner Damospay also integrated beauty services system HeyaPOS with our Tyro Pay API, allowing merchants to take payments online as part of their all-in-one booking system. Tyro partner H.I.Apps, specialising in membership and loyalty apps for clubs and hotels, also adopted Tyro Pay API this year.

Tyro also offers value-added services to complement our online payments offering. Our unique **card-matching** capability offers merchants and partners opportunities to increase the lifetime value of their customers via the proprietary **Tyro Loyalty API**. This year, Hello Clever used the Tyro Loyalty API to build a real-time cashback reward scheme in an Australian-first app innovation. In 2022, Australian Venue Co (AVC) built loyalty app The Pass with Tyro, allowing all transactions to be connected to a customer through AVC's rewards and loyalty program, regardless of whether they paid with a Tyro terminal, via the app or at the table. Today, more than 300,000 members use The Pass at AVC venues, with Tyro matching more than 4 million cards to drive customers loyalty at 200 AVC venues.

Seamless merchant experiences

Get paid faster with integrated banking

Our integrated banking products continue to be a valuable part of our customer value proposition to Australian merchants, who are looking for simple solutions that allow them to pay and get paid daily. Merchants with a Tyro Bank Account benefit from our business term deposit offering and the unmatched convenience of same-day settlement, which allows merchants same-day access to their daily takings. Uptake in 2024 reflects this strong value proposition that our bank account offers merchants. Active banking users grew by 27% this year, with more than 1 in 4 of all new merchants requesting banking services. Tyro also offers a unique pay-as-you trade Tyro Business Loan for merchants with a Tyro Bank Account, which is designed specifically to assist small and medium businesses with fast and flexible funding to help them finance new inventory and expand. The **Tyro Business Loan** was recognised for its compelling customer value proposition this year, winning the awards for Excellence in Business Lending at the 2024 Finnie Awards, presented by FinTech Australia.

Connect seamlessly to partners

Our 'plug and play' **Tyro Connect** solution is designed to be an integration hub for apps and POS systems, addressing merchant pain points around 'counter clutter' and manual processes. This platform seeks to reinforce our value proposition to merchants and embed Tyro more deeply into the evolving commerce ecosystem by providing solutions that integrate payments and value-beyond payment solutions.

Innovating for the future of payments

New frontiers of payment acceptance

On our mission to make payments the easiest part of doing business, we continue to ensure we enable our merchants to accommodate the growing usage of modern international payment methods. In 2024, Tyro was the largest acquirer in Australia to accept scan-to-pay AliPay payments and payments through international digital wallet, AliPay+. In 2025, scan-to-pay payment acceptance with AliPay will be enabled on Tyro Pro.

Embedding payments in a range of devices

This year we developed and launched Tyro's device-agnostic embedded payments software development kit (SDK), which allows partners to embed our payments technology into a wide range of devices. Just as the Tyro BYO app allows payment acceptance on mobile devices, POS providers are now able to integrate payments into modern POS terminals and to provide bundled pricing to merchants.

Powering payments in new verticals

We are utilising the capability of our in-house payments infrastructure for future opportunities. Tyro's next focus will be to power unattended payments and leverage the payments and claiming platform capability of Tyro Health for a growing vertical adjacent to health.

TYRO SERVES UP FAST, RELIABLE PAYMENTS FOR GNOCCHI GNOCCHI BROTHERS

"Our business is dedicated to serving seriously good gnocchi and classic Italian dishes to our valued customers. We needed a simple, effective and supported payments solution to ensure our franchisees and restaurants could focus on what they are best at – serving seriously good gnocchi.

Despite the numerous payment products on offer, we have found that Tyro and their trusted partner Zero payments really understand our business and provide the support we need. The Tyro integration with our Cloud based POS delivers fast reliable payments."

Ben Cleary-Corradini, co-founder of Gnocchi Gnocchi Brothers


GNOCCHI GNOCCHI BROTHERS

CASE STUDY

THE PASS

TYRO INNOVATION POWERS UNPRECEDENTED LOYALTY FOR 200+ ICONIC AUSTRALIAN VENUES

"We could see that loyalty members spent double and that they visited our venues three times more often"

Marianne Mewett, Chief Experience Officer, Australian Venue Co

Australian Venue Co. (AVC) is a true-blue Aussie hospitality success story, operating more than 200 iconic pubs and neighbourhood locals across the country.

"With over 200 unique brands, the venues are really centered around their local community and local customer base. We're renowned for our vibe and atmosphere, and that comes through in a lot of the customer sentiment data that we get," said Marianne Mewett, Chief Experience Officer at AVC.

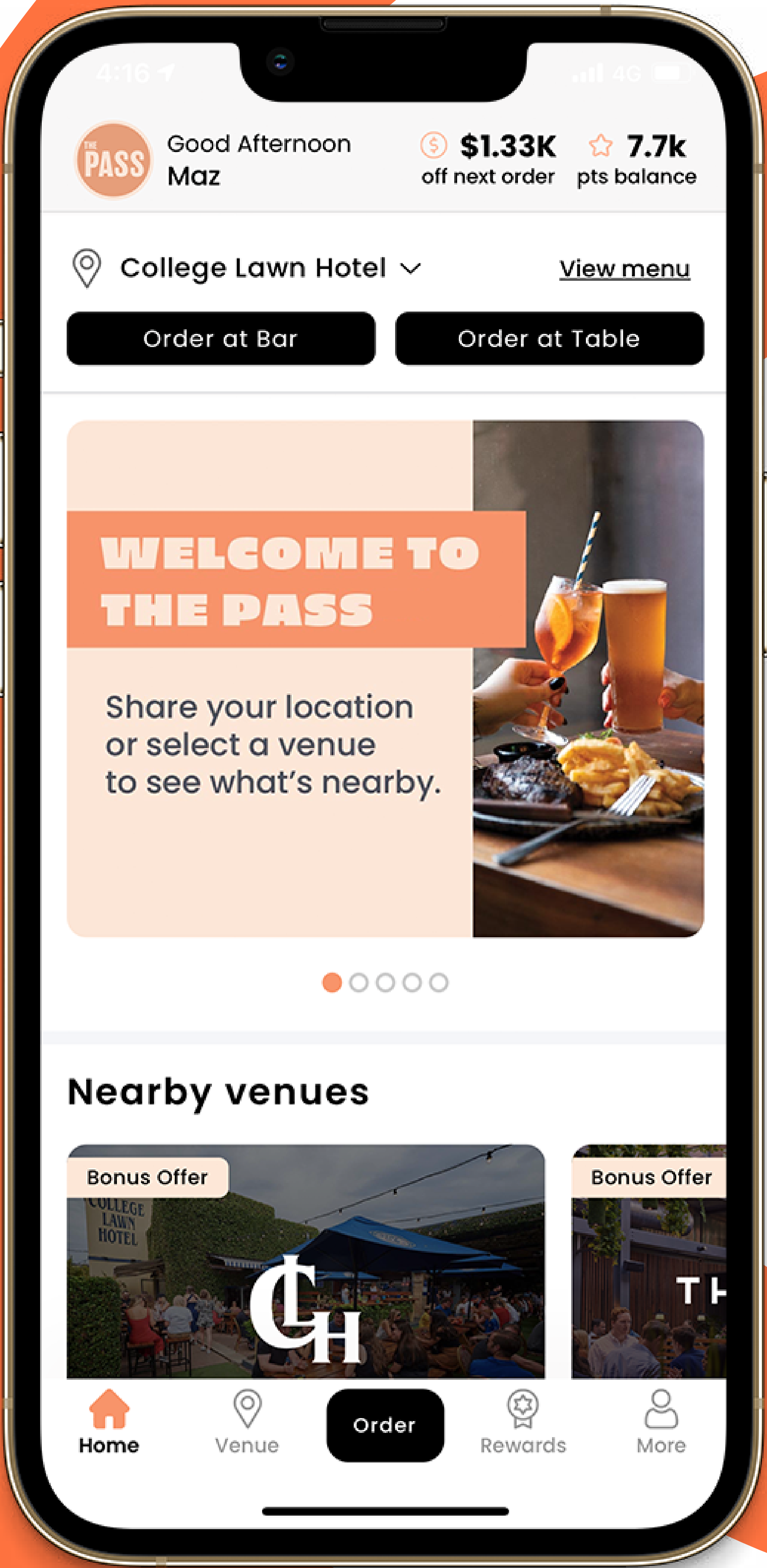
To harness their customer engagement across their growing number of venues and geographical spread, AVC built a customer loyalty program and app to offer customers the ability to earn rewards at any of their venues.

"We could see that loyalty members spent double and that they visited our venues three times more often" said Mewett.

However, member behaviours weren't translating to real rewards and the program wasn't delivering on its potential. Customers were forgetting to open the app and they were not earning points. AVC soon recognised that they needed to develop their own solution.

Thanks to Tyro, AVC launched a new omnichannel loyalty and payment app, The Pass – a one stop ordering, payment, and rewards solution. Because of Tyro's unique card linking capability, The Pass allows customers to earn points whether they pay at the table, online or by tapping a Tyro terminal at the bar at any of the group's 200+ venues.

"With card-linking functionality, it creates another seamless way for customers to engage in the program and to earn their points as well. And on the flip side, it gives us the opportunity to understand their value beyond what they're spending in The Pass. We really have a more holistic view of our member value as it gives us a fuller picture of what our valuable members are worth, where they are transacting, what they buy and when, and more."


Good Afternoon
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College Lawn Hotel
View menu
Order at Bar
Order at Table
WELCOME TO THE PASS
Share your location or select a venue to see what's nearby.
Nearby venues
Bonus Offer
Bonus Offer
Home
Venue
Order
Rewards
More

02

SUSTAINABILITY

SUSTAINABILITY AT TYRO

Unless otherwise noted, the information in this report only covers Tyro's operations and does not include any sustainability metrics for our merchants or suppliers. Content provided is in line with what is required under the Australian Sustainability Reporting Standard (ASRS). Tyro did not employ an external auditor or organisation to audit the contents of this sustainability reporting.

OUR COMMITMENT

Tyro is committed to managing the environmental, social and governance aspects of our operations, to help drive a sustainable future for our business, our customers and the community.

We recognise that all businesses should take steps to mitigate their environmental impact, decarbonise their own operations and promote change within their value chains.

We have adopted a holistic approach to sustainability also investing in social initiatives and ensuring compliance with governance standards.

There are five key pillars in our sustainability strategy:

Our Environment

Take action to reduce Tyro's impact on the environment.

Our Customers

Deliver ESG value-add services and support our merchants to be more sustainable.

Our Community

Provide effective channels for Not-for-profit organisations to fundraise.

Our People

Engage with our people through initiatives that drive a positive impact for the environment, community, and our team members.

Our Governance

Drive investor confidence through insightful sustainability reporting and good corporate governance practices.

2024 HIGHLIGHTS

CERTIFIED AS CARBON NEUTRAL
for our Australian business operations, under the Climate Active Carbon Neutral Standard for Organisation.

Greener

Partnered with Greener to provide our customers with access to resources to help them reduce their GHG emissions, save money and to be more sustainable.

Launched Not-for-profit offer with a
FREE TYRO GO READER
and discounted merchant services fees.

Facilitated over
$224,000
charitable donations through our 'rounding up' functionality.

Met our gender balance targets, achieving over
40% FEMALE REPRESENTATION
across the business, including over 40% of our senior leaders (Executive Leadership Team (XLT) and direct reports to the XLT). Efforts have been made to address the gender balance at the XLT level, and some changes have been announced which will increase female representation across the XLT to more than 40% in FY25.

Stood out across the ASX300 companies with
57% FEMALE BOARD DIRECTORS,
including a female Chair.

Results from our recent employee survey show that 86% of employees believe
"TYRO IS A DIVERSE AND INCLUSIVE PLACE TO WORK"
and 87% believe "My manager genuinely cares about my wellbeing".

ON TRACK TO COMPLY
with Australian Sustainability Reporting Standards by 2026 reporting.

THE ETHNIC DIVERSITY OF OUR TEAM REPRESENTS 40 DIFFERENT COUNTRIES, WITH MORE THAN 58 LANGUAGES SPOKEN.

More than

40%

of our workforce are Female

Women hold

46%

of senior leadership positions at Tyro

More than

80%

of our graduate intake in FY24 was Female

57%

Female representation at Board level

= 10%

GOVERNANCE

The Board governs Tyro's approach to Sustainability, with support from the People Committee. The People Committee meets at least six times per year and receives reports on Tyro's sustainability and climate-related strategy, including progress reports on targets, strategic initiatives, reporting requirements and future planning.

The Sustainability Framework below provides an outline of how sustainability is governed at Tyro and is subject to Tyro's Three Lines of Defence monitoring and assurance practices.

BOARD

- Meets at least six times per year.
- Responsible for overall operation and stewardship of Tyro in particular:
  - Long-term growth, compliance and profitability.
  - Strategies, values, policies and financial objectives.
  - Set risk appetite for management to operate.
- Review and approve Tyro's Sustainability Framework.
- Annual review (or more frequently if required) of Sustainability Risk Assessment.
- Review and approve sustainability targets.

PEOPLE COMMITTEE

- Meets at least six times per year.
- Provides oversight and governance of Sustainability Framework and targets.

RISK COMMITTEE

- Meets at least six times per year.
- Responsible for overseeing the implementation of the Risk Management Framework, testing the effectiveness of the framework, and reporting findings and recommendations to the Board.
- Reviews Tyro's enterprise-wide risk profile, and Tyro's strategic and emerging risks, which includes key sustainability risks.

CEO & MANAGING DIRECTOR

- Responsible for developing the approach, reporting and performance of Tyro's business strategy.
- Engages with key external stakeholders e.g. shareholders and regulators.

EXECUTIVE LEADERSHIP TEAM

- Implement Tyro's business strategy.
- Provide input on the impact of sustainability risks including climate risk, on the value chain and business model.
- Manage Tyro's enterprise-wide risks.

EXECUTIVE RISK COMMITTEE

- Meets quarterly to review and discuss materiality ratings of Tyro's enterprise-wide, strategic & emerging risks.
- Annual review of materiality ratings of Tyro's enterprise-wide, strategic and emerging risks.

HEAD OF SUSTAINABILITY

- Reports to Chief People and Communications Officer.
- Performs annual Sustainability Risk Assessment including climate risk.
- Engages with the business and key external stakeholders (suppliers, merchants, community organisations) to ensure Tyro's business strategy meets our performance targets.
- Develops strategy of initiatives to achieve targets.
- Provides updates on sustainability risks and initiatives, to People Committee meetings.

Sustainability skills and competencies

The Board skills matrix sets out the range of skills that the Board consider required to effectively govern Tyro. Through the Nomination Committee, the Board applies the skills matrix to assist in succession planning and to identify opportunities for Board training and development. The Board considers that its current members have the appropriate mix of skills, personal attributes and experience that allows the Directors individually, and the Board collectively, to discharge their duties effectively and efficiently. In the annual Board skills assessment, skills related to Environmental Social Governance (ESG) are self-assessed using a three-point scale (Not skilled, Skilled, Highly Skilled) for subject matter areas of Business Leadership and Governance, People and Culture, and ESG/ Environmental Management.

Sustainability responsibilities

The Board is responsible for ensuring our senior management monitor and manage all material risks consistent with the strategic objectives, Risk Appetite Statement, and policies approved by the Board.

The Board is also responsible for overseeing management in the implementation of the sustainability strategy. The People Committee supports the Board in this matter. Tyro's sustainability risks are reported to People Committee. Our enterprise wide, strategic and emerging risks, which include sustainability risks, are reviewed every two months by the Board Risk Committee. The Enterprise Risk Committee which includes the CEO & Managing Director and Executive Leadership Team (XLT) are briefed on material risks and ratings annually. The Board and Risk Committee then consider how each risk may impact Tyro's overall strategy.

The CEO & Managing Director delegates the oversight of Tyro's sustainability strategy, including management of sustainability risks, to the Head of Sustainability. This is achieved by:

- conducting sustainability risk assessments;
- identifying key controls to manage each risk;
- managing the process of setting sustainability (including climate-related) targets;
- engaging stakeholders to ensure Tyro's business strategy meets performance targets; and
- providing regular reporting on the sustainability program.

The sustainability risk assessment and associated controls have been integrated into a multi-disciplinary company-wide risk management process. This risk model, governed by our Risk Management Framework, identifies risks across the business. In 2024, the sustainability risk assessment was performed by the Head of Sustainability with the Head of Operational Risk.

The Head of Sustainability is responsible for identifying and implementing controls and procedures to support the oversight of sustainability risks and opportunities, in line with processes outlined in the Risk Management Strategy. For example, we conducted an Australian Sustainability Reporting Standards (ASRS) gap analysis to assist us with being compliant with future reporting requirements.

In 2024, the Board approved Tyro's sustainability targets which include climate-related targets. Management regularly update the People Committee on initiatives and progress to achieve these targets. These targets are not included in remuneration policies.

The Board sets the risk appetite within which it expects management to operate, and approves our Risk Appetite Statement and Risk Management Strategy (RMS) both of which encompass financial and non-financial risks. The Board is also responsible for approving and monitoring operating budgets, capital management, and major capital expenditure, acquisitions and divestments.

Tyro's Line 2 Risk Management Team report on medium and high-rated material risks through the Enterprise-Wide Risk Profile. The Strategic and Emerging Risk Radar considers those risks delivered by Tyro's environmental context such as changes in consumer demand or competitor landscape and includes emerging risks which are those known to some degree but are not likely to materialise or have impact for several years. In 2024 Climate change risk is included on Tyro's Strategic and Emerging Risk Radar as a low-rated risk.

The Board has considered key climate-related risks identified in Tyro's sustainability risk assessment. Given the low-rated materiality of these climate-related risks, Tyro has not produced in depth analysis such as quantitative climate scenario analysis. This will be monitored and reviewed if the risk ratings change.

Tyro has identified risk categories it considers to be the major areas that may adversely impact the financial and non-financial outcomes for the business, should they eventuate. All risks identified throughout the business are assigned to a material risk category. Only one category can be assigned to a risk, hence risks fitting into more than one category shall be assigned the category most applicable. Where risks may be duplicated across businesses, the risk is assigned to each business in terms of the business's accountability in relation to that risk. This ensures that when the impacts of risks are aggregated, they do not exceed 100% of their estimated impact. The regular risk reporting provides Tyro's Executive Risk Committee, Board Risk Committee and Board with relevant data to indicate how Tyro is managing its risks relative to appetite and risk limits.

SUSTAINABILITY STRATEGY

We recognise that we have a role to play in collaborating with the government, other businesses, and the broader community to address climate change. As part of our sustainability strategy, our climate-related objectives are to reduce Tyro's impact on the environment, deliver ESG value-add services, and support our merchants to be more sustainable.

Risk assessment

As part of our Sustainability Framework, in 2024 we conducted a sustainability risk assessment to ensure we:

- identified the environmental, social and governance risks and opportunities that may have a material impact on our value over the short, medium and long-term;
- provided evidence explaining the materiality of the risk and how it impacts our business value chain;
- recognised the impact that our business has on stakeholders such as employees, customers, shareholders, suppliers, regulators and the community, and describe how we incorporate the view of our stakeholders as part of our risk assessment;
- described our policies and procedures for managing our environmental and social impact over the short, medium and long-term; and
- developed a system to evaluate whether our sustainability policies and procedures are effective, including performance against annual metrics and targets.

Materiality

We apply a materiality threshold to the identified risks so that only the most important risks (those that would have the largest impact should they eventuate) are managed and monitored.

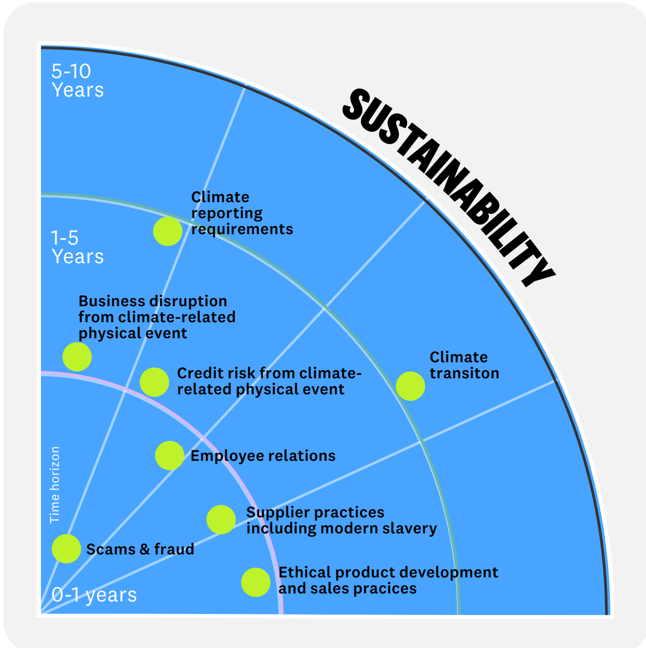
As part of our materiality assessment, we engage with our stakeholders to identify topics with the potential to provide the most impact for our business including our people, customers, suppliers, shareholders, and the community.

Our materiality process is as follows:

- identify sustainability topics from internal risk areas and external research;
- engage with key stakeholders related to those topics to understand and rate according to level of importance; and
- review sustainability topics with our Line 2 Risk team to assess level impact and likelihood of each risk topic. As part of our Operational Risk Management Framework, Tyro uses a 5 x 5 Impact and Likelihood Matrix that assesses risks on a 5-point scale (Insignificant through to Critical) based on the impact to our reputation, legal / regulatory, people, customers, operational, and financial performance.

Tyro conducts a materiality assessment, to understand how the sustainability risks including climate, could reasonably impact Tyro in the short, medium, and long-term time horizons. These time horizons align with Tyro's Strategic and Emerging Risk Radar and are linked to Tyro's overall planning for broader business strategic decision making.

Sustainability Risk Materiality Assessment



Risk assessment

Impact:

High:
Consequences have a significant impact on the business. Losses are significant.

Medium:
Consequences threaten the efficiency of the business. Losses are notable but not significant.

Low:
Consequences are remediated with minor operational impact. Losses are minimal.

Time Horizon:

Short-term:
Impacts already seen.

Medium-term:
Impact expected within 1-5 years.

Long-term:
Impact expected with 5-10 years.

SUSTAINABILITY RISK ASSESSMENT

Risk	Description	Potential Impact	Risk Type	ESG	Response (Controls)	Time Horizon
Climate transition	Shifts in climate and weather patterns could result in Tyro's assets being impacted. Tyro's reputation could also be impacted if we fail to make commitments, or meet community and shareholder expectations, with regards to climate action e.g. reducing our carbon emissions, waste management etc.	Supply chain of terminals; Reputation.	Strategic.	Environmental .	• ESG risk assessments. • Public disclosure and proactive communication of ESG risks, targets, actions plans and progress.	Medium to long-term.
Climate reporting requirements	Risk of failure to comply with current and emerging climate and sustainability risk regulations could result in Tyro exposed to penalties, fines and increased supervisory oversight. The risk of Tyro making inaccurate or misleading representations about our ESG strategy, commitments and implementation plans to achieve them.	Penalties, fines and increased supervisory oversight.	Non-financial.	Environmental.	Regulatory Framework.	Medium to long-term.
Business Disruption from climate-related physical event	Extreme climate-related physical events could temporarily disrupt Tyro's ability to provide services to customers due to supplier disruption and/or resourcing (i.e. our people are impacted and are unable to work).	Disruption to physical assets or customer services.	Non-financial.	Environmental.	Business continuity planning and resilience testing, specific to climate events.	Short to medium-term.
Credit risk from climate-related physical event	The risk of environmental or adverse events e.g. floods or bushfires, increases the risk of business stress and potential loan losses as well as an impact on Tyro's corporate resources.	Increased loan default losses. Disruption to customer services.	Financial.	Environmental.	• Financial support programs. • Tyro may consider future lending decisions based on high-risk geographic areas.	Short to medium-term.
Employee Relations	The risk of not attracting and retaining capable and engaged employees by supporting their wellbeing, ensuring fair and equitable remuneration, and helping them develop their career. Tyro requires a diverse and inclusive culture for our workforce to better serve the varied needs of customers.	Low employee satisfaction leading to high employee attrition, inability to attract top talent, and ultimately impacting customer offering.	Non-financial.	Social	• Talent Selection and Onboarding processes. • Learning and career development programs. • Employee engagement metrics, employee feedback channels. • Suite of HR policies including Performance Management; Leave; Equality of Employment; Diversity.	Short-term.
Supplier practices including modern slavery	The risk that Tyro's third-party suppliers may not fulfil their own ESG commitments or align with Tyro's ESG commitments.	Reputation and potential business disruption to replace supplier.	Non-financial.	Social + Governance.	• Commitment to obtaining goods and services in a transparent, ethical and competitive manner, consistent with risk profile and policies – Procurement policy. • Suppliers assessed to identify and mitigate modern slavery risks and issues – Modern Slavery policy.	Short-term.
Ethical product development and sales practices	The risk that our product suite and sales practices are not aligned with an ethical corporate culture.	Reputation and non-compliance with regulatory requirements, leading to penalties, fines and increased supervisory oversight.	Non-financial.	Social + Governance.	• Employee Code of Conduct. • Corporate values. • Mandatory training. • Suite of policies including Anti-Bribery & Anti-Corruption; AML policies; Whistleblower program.	Short-term.
Scams and fraud	The risk that customers fall victim to scams and fraud.	Financial impact to our customers and potentially Tyro.	Financial.	Social + Governance.	Supporting and educating customers to minimise the number of successful scam and fraud attempts.	Short-term.

The identified climate-related risks of climate transition and climate-related physical events are concentrated around potential business disruption to the supply chain of our eftpos terminals, and provision of payments services to customers, and are low risk. Credit risk from climate-related physical events could have a financial impact by increasing loan default losses, and failing to act against climate change or comply with climate reporting requirements could result in reputational risk for Tyro. These climate-related risks have been assessed to have a low impact on Tyro's business model and value chain.

We have taken several strategic and proportionate sustainability actions to respond to these risks and opportunities.

ENVIRONMENTAL INITIATIVES

Carbon Neutral certification

Tyro is certified as Carbon Neutral for our Australian business operations, under the Climate Active Carbon Neutral Standard for Organisation. In 2024 we acquired 4,927 tCO_2 carbon offsets in respect of our emissions in 2023, by investing in the Rimba Raya Biodiversity Reserve Project. Located in Central Kalimantan, Indonesian Borneo, Rimba Raya generates carbon credits from High Conservation Value peat swamp forest and develops livelihood programs in surrounding villages to provide education, employment and a future for the local community. We intend to offset our 2024 emissions in the same way.

Tyro head office

Our head office in Sydney at 55 Market Street has a National Australian Built Environment Rating System (NABERS) energy rating of 5-stars and a NABERS water rating of 4-stars. We identify energy-saving opportunities including the following initiatives:

- all monitors are switched off when not used;
- smart lighting automatically switches off lighting when no movement is detected;
- use of LED energy saving lighting technology;
- use of smart elevator technology with a destination control system that optimises lift trips, reducing the amount of energy required to move groups of people through the building;
- an advanced Building Management and Control System was also implemented in the refurbishment that enables building management to tune and optimise the building for sustainability and occupant comfort; and
- smart printing technology.

We currently provide end-of-trip facilities, including secure bike parking, showers, and well-equipped changing rooms for all employees to better support environmentally friendly modes of commuting.

We are also investigating the procurement of electricity for our head office from renewable energy sources, to reduce our emissions inventory from electricity consumption.

With our hybrid working policy allowing employees to work from home 2-3 days per week, we also provide our people with education about ways to save energy in the home.

Where possible, we are consciously sourcing carbon efficient options for corporate travel for any team members who travel as part of their role.

Data centres

Tyro uses Equinix and Fujitsu data centres for half of all production workloads. Equinix has a goal to procure 100% renewable electricity coverage globally by 2030, and in 2023 it achieved 96% renewable energy usage. In FY24, Fujitsu revised their target to achieve 100% renewable energy in its infrastructure by 2030, having so far achieved 30% in 2022.

The remainder of Tyro's infrastructure resides with Amazon Web Services (AWS). Amazon is the world's largest corporate purchaser of renewable energy and is on a path to powering their operations with 100% renewable energy by 2025 - five years ahead of their original target of 2030.

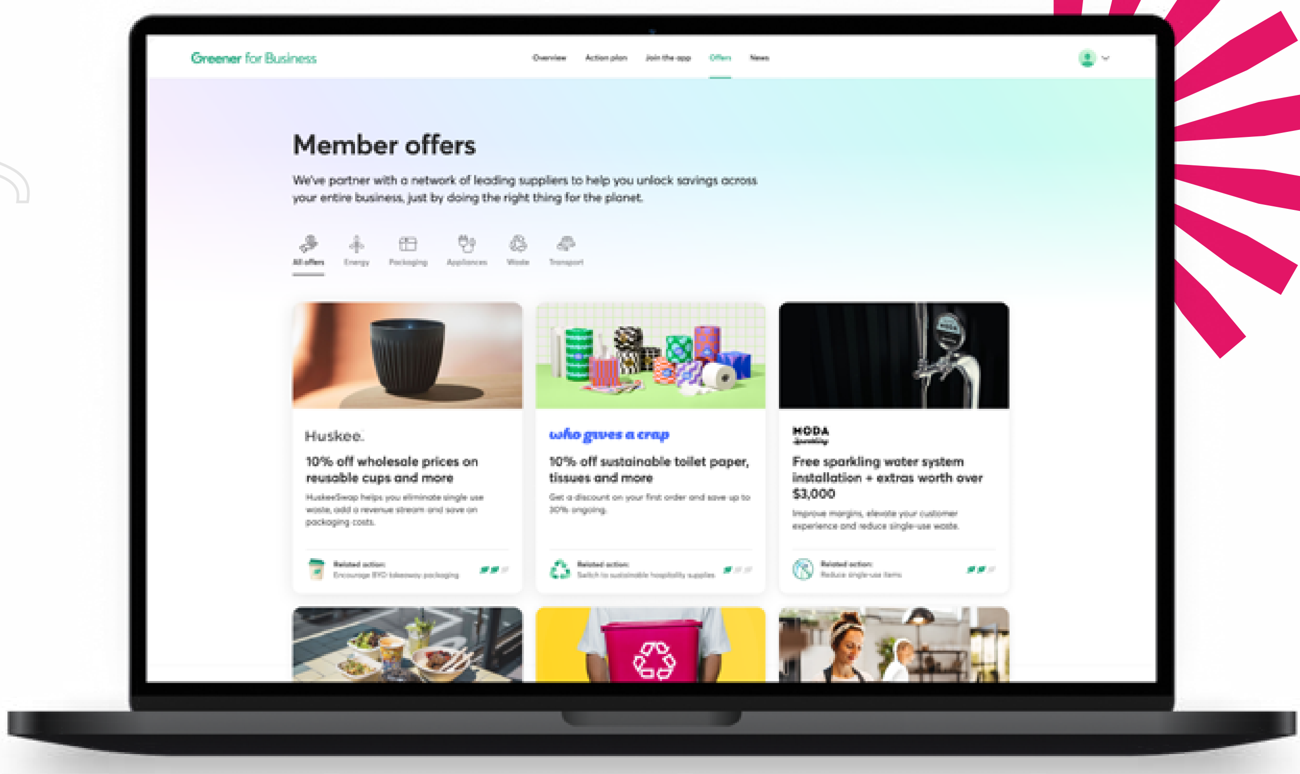
Terminal freight and recycling

Terminal freight represents one of the largest contributors to our carbon inventory. We are engaged with our terminal suppliers to identify more carbon neutral options for their supply chain management, thereby reducing our carbon footprint.

Furthermore, we refurbish and reuse all terminals that are not identified as redundant. Once a terminal is identified as being redundant or 'end of life', we process it through secure e-Waste recycling.

Digital receipts

Our Tyro Pro terminals enable merchants to give their customers the choice to receive a digital receipt rather than the paper version. As we transition our terminal fleet to the Tyro Pro, we will continue to educate our merchants on the environmental and cost advantages of encouraging customers to select digital receipts, to reduce paper consumption.



Supporting our merchants to be more sustainable

As part of our climate-related risk assessment we identified a valuable opportunity to engage with our customers and support them on their path to decarbonisation.

In November 2023 we launched our partnership with Greener for Business, an online sustainability platform designed to assist small and medium businesses to reduce their greenhouse gas (GHG) emissions and save money. The platform provides a step-by-step climate action plan and a range of exclusive offers on energy, waste, transport, shopping, packaging and more. Through our partnership, we provide our customers complimentary access to the platform, valued at $228 per year to each customer.

Waste management

Our Tyro Sustainability Champions Group works with Tyro employees to be a more sustainable company. We regularly communicate and reinforce the importance of eliminating soft plastic waste, correct recycling practices, promote responsible energy, water and paper usage, and encourage team members to share new ideas on how Tyro can be a more environmentally responsible company.

In our head office, we continue to provide waste management solutions for organic, recyclable, and landfill with clear education provided to employees on how to use these solutions to reduce harmful waste.

In 2024 we also introduced recycling for disposable coffee cups and used bathroom paper towels, which is collected by Mates on the Move and re-engineered into Processed Engineered Fuel. Mates on the Move is a social enterprise providing employment, training, work experience and practical help to people who have been incarcerated.

Tyro's Green Thumb Club

Having plants in our workplace delivers more benefits than just visual effects. Plants are a natural air filter, so they create a healthier workplace for our people. Studies have also shown indoor plants can also boost concentration, reduce stress levels and promote positivity, improving the productivity of our workplace. In 2024, we launched Tyro's Green Thumb Club to water and care for our office plants, which is a fun and practical way for our people to engage with our sustainability program.

SOCIAL INITIATIVES

The identified risks of employee relations, supplier practices including modern slavery, ethical product development and sales practices, and scams and fraud, could all impact Tyro's reputation, our ability to deliver great service to our customers, as well as a potential financial impact on Tyro and our customers in the case of falling victim to scams and fraud.

In response, we have implemented several initiatives to control these risks and maximise our opportunities.

Our Values

We are guided each day by our values which motivate us, help us make decisions and ensure we're all on the same page as we work to bring our strategy to life. We have integrated our values into many aspects of our people's experience and have made significant gains in building an intentional culture around appreciation and recognition this year.

Our people continually recognise fellow Tyros for living our values day-to-day, and in 2024 we refreshed our recognition program enabling our people to give a "shout out" to fellow employees for living the Tyro values.

WOW

WOW THE CUSTOMER

We love our customers and we want them to love us too.

STAY HUNGRY

We ooze passion and determination and are always challenging the status quo.

BE GOOD

We're open and transparent, & we do the right thing - even when nobody's watching or it's really hard

COMMIT TO GREATNESS

We think big, move fast and dare to be different. We're always asking "what's next?"

WIN TOGETHER

We are a united team. With growth mindset and without ego, we embrace diversity to collaborate, innovate and accelerate.

High performance focus

In 2024, we uplifted our performance management framework to drive greater focus on high performance for our people and teams. This uplift included a stronger integration of our values in overall performance outcomes; establishing clear benchmarks for high performance; and ensuring greater consistency in our application of the framework through calibration. We also strengthened our capability in relation to goal setting, hybrid working, talent mapping, succession planning, and internal mobility to ensure we have the right people, in the right role with the right plan to deliver high performance for Tyro.

Growing our people

Our ability to attract and retain our people is driven by our focus on fostering a culture of growth and continuous learning.

At Tyro we offer our people a range of growth opportunities, including e-learning modules, face-to-face sessions, access to our mentoring program, and learning through experiences such as job shadowing and on the job training.

Prioritising psychosocial safety and wellbeing

For Tyro to maintain a high-performance culture, our people must feel safe to take risks, express ideas and concerns, speak up, and make mistakes without the fear of negative consequences. Fostering a safe and positive working environment is very important to us at Tyro and we have programs in place to ensure this, including a zero-tolerance approach to bullying and harassment, Employee Assistance Program for confidential counselling services, trained Mental Health First Aiders, Whistleblower Policy and procedures, Mental Health workshops, and People Leader training. This is important not only because of the welfare of employees but also to ensure compliance with new workplace legislation that has been introduced.

We also support our people to prioritise their mental and physical wellbeing. In our 2024 Wellness Weeks, we hosted a range of sessions including a keynote speaker on the power of self-care and resilience, breathwork and meditation classes, walking and run clubs, a jazz and painting session, healthy smoothie and wholefood salad demonstration sessions.

2024 also saw the launch of the Tyro 'Power Up' day, giving all employees an additional day of leave each year to spend on whatever helps them to recharge.

Celebrating diversity and inclusion

At Tyro, we are committed to embracing a diverse workforce and providing a work environment in which every team member feels safe, is treated fairly and with respect, and can contribute to the success of the business and realise their individual potential.

We are proud of the diverse multicultural backgrounds of our employees and celebrate cultural festivals such as Diwali, NAIDOC, and Chinese New Year, often by sharing a traditional meal together in the office.

Women of Tyro

In 2024, we met our gender balance targets, achieving more than 40% female representation across the business, including more than 40% of our senior leaders (Executive Leadership Team (XLT) and direct reports to the XLT). In 2024 we stood out across the ASX300 companies with 57% female Board Directors, including a female Chair.

Women of Tyro is a network to empower our women to thrive in their careers through a range of initiatives including:

- our Emerging Female Leaders program which is strongly supported by the Board;
- support platforms such as CircleIn, a platform designed to help build a family-inclusive workplace and create a culture at Tyro that supports caregivers through all life stages, and People Spot, a mobile app which provides learning modules on people and leaderships related skills and topics;
- mentor programs; and
- internal networking events.

Tyro Pride

Tyro Pride is our employee support group that provides support and empowers Tyro employees of diverse genders and sexualities to bring their whole selves to work. Driven by employees, this group are champions for the LGBTQI+ community.

Supporting our community to fundraise

We are passionate about supporting charity organisations as they do some of the most important work in our community. As our society moves away from cash and into contactless payments, we have leaned into our strengths to provide not-for-profit organisations with an offer of a free Tyro Go and discounted merchant service fees.

The Tyro Go allows for payments to be accepted anywhere with its portable functionality, working well for charities taking donations and selling fundraising merchandise to the public.

Brad Phillips, Fundraising Manager for The Childhood Dementia Initiative said:

"In Australia, childhood dementia takes a similar number of lives each year as childhood cancer. Fundraising is essential for us to be able to help the thousands of children living with dementia and their families. Like other non-profit organisations, fundraising costs have a big impact on the total amount we're able to raise. Tyro provided us with 20 roaming Tyro GO readers for no upfront cost for our recent Autumn Gala, allowing us to take donations quickly and seamlessly and raise $265,000 on the night. Renting 20 eftpos readers would have cost us hundreds, so support like this from Tyro is a valuable way for organisations to partner with us for greater impact."

childhood dementia INITIATIVE

SUSTAINABILITY

For some merchants using our eftpos terminals, Tyro has developed the functionality to allow cardholders to make a charity donation for either a fixed amount, or a 'roundup' of their purchase to the nearest whole dollar. Donations are kept separate to the merchant's daily settlement and are settled directly with the charities monthly.

IN 2024, THE TOTAL AMOUNT OF 'ROUND UP' DONATIONS MADE THROUGH OUR TERMINALS WAS OVER $224,000, WITH A TOTAL OF OVER $548,000 BEING RAISED SO FAR SINCE WE STARTED THIS AS A PROJECT.

Jeans for Genes

We are very proud of our partnership with the Children's Medical Research Institute (CMRI). Since 2021 Tyro has provided the fleet of eftpos terminals to enable contactless payments for Jeans for Genes Day to sell fundraising merchandise and take one-off donations.

Also, each year our people volunteer on Jeans for Genes Day to help sell merchandise and take donations. In August 2023 we helped raise over $2.3 million for research and treatments for children who face congenital disabilities or genetic diseases like cancer, cystic fibrosis, and life-threatening metabolic disorders.

Volunteering

Volunteering leave is extended to all employees, to support community organisations with extra resources to help in their important work. These experiences also offer our people a valuable opportunity to fulfil a sense of purpose and connection with a diverse range of people in our community. Over 2024, our people volunteered over 450 hours to organisations such as Operation Christmas Child, Foodbank, and Conservation Volunteers Australia.

Our suppliers

At Tyro, we seek to incorporate sustainability into all areas of our business, including our supply chain. Our ability to deliver our payments and banking offering relies on the performance and availability of our technology and communication systems and those of our suppliers.

Although we expect each of our suppliers to define their own sustainability measures, including their approach to modern slavery and climate change, our procurement process requires us to assess the risks of modern slavery in our suppliers' practices. In accordance with the Modern Slavery Act 2018 (Cth), we have issued a statement outlining the steps Tyro takes to ensure that our business and supply chain are free from slavery. Tyro recognises and understands the importance of the Modern Slavery Act and is committed to reviewing and assessing the risks of modern slavery in its operations and supply chain. We are also working with our key suppliers to understand their approach to climate change, reducing greenhouse gas (GHG) emissions, representing social diversity and inclusion, and how this might align with our approach and impact our business.

Ethical product development and sales practices

Tyro's values set the framework for how we act and make decisions at Tyro. They guide how we interact with customers, stakeholders, and fellow employees, to form a strong foundation of ethical conduct. The values are outlined in Tyro's Code of Conduct that all employees, contractors, and interns are obliged to adhere to when working for Tyro.

Tyro's Product Delivery Framework provides our team with modern proven practices that prioritise fairness, transparency and customer centricity.

Tyro is committed to an Anti-Bribery and Corruption Program that aligns with our values, complies with legislation, and prevents conduct that involves or could be perceived as involving acts of corruption.

Our Whistleblower program provides an environment that allows for the safe reporting of any conduct that is contrary to Tyro's values, policies, and Code of Conduct. We encourage all employees to speak up if they see behaviour that does not adhere to or align with Tyro's values.

Mandatory training must be completed by all Tyro employees each year, to raise awareness for these ethical programs and our suite of policies, including employee rights and obligations regarding these.

Customer protection

At Tyro, protecting our customers, our people and our business is of paramount importance. We are committed to meeting our regulatory obligations in identifying, mitigating and managing money laundering, terrorism financing, cyber security, fraud and scams. With the ever-changing nature of cybersecurity threats, we are constantly improving our security controls to stay ahead of these. We also communicate with our customers about ways we can work together to prevent fraud and other security threats.

To demonstrate our commitment to protecting our customers, we have commenced a journey to achieve ISO27001 and PCI-DSS accreditation which have strict security control requirements aligning with best practice across the financial services industry.

Data management and privacy

As part of our ordinary business operations, we collect, use, and hold information relating to our merchants, including cardholder transaction records. Refer to our privacy policy at www.tyro.com/privacy-policy/. We are committed to respecting the privacy of our customers. Our privacy policy explains how we collect, store, use and disclose personal information. We take reasonable steps to protect this information including using appropriate technical, procedural and physical security controls.

If a privacy breach were to occur, we have processes in place to ensure the risks are managed in a timely and effective way. These processes also outline the required investigation & notification processes, including notifiable data breaches to the Office of the Australian Information Commissioner (OAIC) and notifiable incidents to the Australian Prudential Regulation Authority (APRA).

We also take privacy complaints very seriously, and our Privacy Policy includes details of internal and external complaints avenues available to customers.

Reporting of data breaches or privacy breaches

All material data security and privacy breaches are reported to our Board Risk Committee and Audit Committee. All notifiable cyber security incidents are reported to the Australian Information Commissioner (OAIC) and Australian Prudential Regulation Authority (APRA).

Security of our products

All Tyro products are subject to stringent implementation of security controls and security assurance processes. We perform penetration testing, code reviews and third-party security assessments aligned with industry best practice. We leverage the Centre for Information Security (CIS) v8 security control framework across Tyro.

Our technical, procedural and physical controls have a shift-left, secure defaults, defense in depth and least-privilege approach. We also have appropriate security training for all our internal employees including secure software development training for our software developers. All Tyro employees are pre-screened as part of their employment on boarding process to ensure a strong level of trust. In addition, we implement several security controls across our products, as outlined below.

Payment Terminals

Our terminal machine PIN pads are protected with a unique key entry shield. We encrypt data between the payment terminal and Tyro's internal systems, and we take every opportunity to make sure merchants and customers' data is always secure. Our hardware terminals are PCI PIN compliant and have security controls which ensure the confidentiality and integrity of our software hosted across such terminals. All terminal software is subject to secure code reviews and software security assurance testing.

eCommerce & Banking

Our eCommerce & Banking platform is subject to stringent security processes. All application software is subject to Penetration Testing and Code Reviews. We leverage independent third parties to perform Penetration Testing across our eCommerce & Banking platforms and train our staff on secure coding practices. Additionally, we have procedural controls in place to detect any malicious and fraudulent activity.

Tyro Health

Tyro Health is ISO27001 certified which demonstrates strong design and operational assurance on cybersecurity processes and controls across Tyro Health.

tyro Health

Governance initiatives

As an APRA regulated entity, Tyro has implemented the governance practices prescribed in APRA CPS510. Tyro's corporate governance practices, including those regarding, Tyro's Code of Conduct, director independence, Board diversity, accounting integrity and shareholder engagement are described in its Corporate Governance Statement for FY24, available in the investor section of Tyro's website.

Also, with the introduction of the Australian Sustainability Reporting Standard (ASRS), we conducted a gap analysis against the new requirements, and are in the process of uplifting our reporting, including climate-related disclosures. We are on track to comply with ASRS by 2026 reporting.

SUSTAINABILITY RISK MANAGEMENT

The Risk Management Strategy and the Risk Appetite Statement are key elements of the overall Tyro Risk Management Framework and are reviewed and evaluated by the Board Risk Committee and recommended to the Board for approval. This review is undertaken at least annually or when a material business change has occurred. The Sustainability Framework outlines the overall sustainability management process, including how climate-related risks and opportunities are managed by the Board and management. This process is integrated into the overall risk management process as outlined in the Risk Management Strategy.

In 2024, we conducted a Sustainability Risk Assessment which incorporated broader sustainability risks. This process was conducted in line with our Sustainability Framework and Tyro's risk management processes as outlined on page 29.

The inputs and parameters used to identify, assess, prioritise and monitor the climate-related risks and opportunities were qualitative through discussion with key stakeholders. Given the low-rated materiality, climate-scenario analysis was not used to inform the identification of climate-related risks.

Each risk is assessed on materiality using the Sustainability Materiality Model, and impact and likelihood through the Operational Risk Management Framework. Climate-related risks are prioritised in the same manner as other types of risks based upon impact and likelihood.

The Head of Sustainability is responsible for completing climate-related risk assessments, the identification and implementation of controls, and the setting and monitoring of key milestones, risk indicators and review dates. The monitoring process over each sustainability (including climate-related) risk and opportunity identified is conducted by the Head of Sustainability through the Risk and Control Self-Assessment (RCSA) process, which is overseen by the Line 2 Risk Management team. Changes in risk ratings are reported to both People Committee through the Head of Sustainability, as well as Board Risk Committee through the Head of Operational Risk. Any impacts on compliance risk are reported to the Board Risk Committee via the Head of Compliance.

There have been no changes to the risk management processes Tyro have used compared to the previous reporting period. Tyro's Risk Management Framework and processes including the Three Lines of Reporting Model are outlined on page 29 of this report.

METRICS & TARGETS

SUSTAINABILITY TARGETS

Tyro's progress against our Sustainability Targets relating to our People, Culture and Customers

Target	2023	2024	Initiatives
Achieve a gender balance of 40 / 40 / 20 representing a minimum of 40% of our workforce made up of women, a minimum of 40% of men and 20% of any gender.	37 / 61 / 2	41 / 58 / 1	• Emerging Female Leaders Program. • Women of Tyro network. • Talent recruitment and retention approach.
Achieve a gender balance with a minimum of 30% for Directors of each gender.	Our Board is comprised of 4 female and 2 male Directors (67% female representation), and the Board Chair is female.	Our Board is comprised of 4 female and 3 male directors (57% female representation), and the Board Chair is female.	We will work to maintain our strong female representation on our Board and leverage our directors as strong role models for other women working across Tyro.
Improve the favourable score to the question "I am proud to work for Tyro" in our annual employee survey by 10%.	61% favourable	59% favourable	• Ongoing work to connect team members with purpose, mission and strategy. • Careers week. • Community volunteering and other social and environmental sustainability initiatives.
Increase our overall engagement score by 10%.	56%	57%	• Training and development • Wellness week
NPS of +40	NPS of +25	NPS of + 10	• Voice of the Customer • Customer Council • Customer Day • Customer Journey Mapping

Tyro's Sustainability Targets relating to the Environment

In response to the climate-related risks outlined in our Sustainability Risk Assessment, we recognise the importance to make commitments and meet community and shareholder expectations, with regards to climate action.

In 2024 we reviewed our environmental targets by considering what is most material to our business and where we can make a positive impact. Our Board has approved these targets along with our implementation plan to progress towards achieving these targets.

We plan to develop science-based targets in the future, to help track our progress towards reducing our GHG emissions by 2030, and in the longer term ultimately achieve Net Zero.

We will continue to report our progress towards these targets and consider additional metrics as we continue to mature our sustainability journey.

Measurement	Climate-related risk / opportunity	2023 Baseline	2024	2030 Target
Scope 1 & 2 emissions	• Climate transition • Climate reporting requirements • Business disruption from a climate-related physical event • Credit risk from a climate-related physical event	439.34 tCO2e	430.25 tCO2e	Plan to develop science-based targets.[1]
Scope 3 emissions		4,701.14 tCO2e	5,357.26 tCO2e	Plan to develop science-based targets.[1]
Carbon Neutral certification		Achieved	Carbon credits to be purchased in FY25 to achieve this.	While we still have GHG emissions, we will offset these emissions by purchasing carbon credits, to maintain our Carbon Neutral certification.
Sustainable packaging		90%	90%	100% of packaging for Tyro's eftpos terminals made using recyclable or electronic materials.
Recycling		100%	100%	Maintain 100% e-waste recycled.

[1] We plan to use science-based methodology to set near-term targets for Scope 1, 2 and 3 emissions, identify abatement strategies across all Scope 1, 2 and 3 emissions and report on our progress towards these targets.

Sustainability performance

Our strategy

	2024	2023
Transaction value	$42.9 billion	$42.6 billion
Merchant numbers	71,347	68,665
Loan originations	$136.7 million	$149.7 million
Transaction value churn	15.5%	9.3%
Merchant number churn	14.2%	11.7%

Our people and culture

	2024	2023
Total employees	584	578
Serious workplace injuries	0	0
Workplace Health and Safety training completion rate	100%	100%
Gender balance (% women / men / undisclosed)	41 / 58 / 1	37 / 61 / 2
Gender balance in Executive Leadership Team (% women / men / undisclosed)	29 / 71	25 / 75
Gender balance in Senior Managers (% women / men / undisclosed)	46 / 54 / 0	40 / 60
Gender balance in Other Managers (% women / men / undisclosed)	33 / 67 / 0	39 / 61
Gender balance of Executive Board Directors (% women / men / undisclosed)	57 / 43	67 / 33

Workplace Gender Equality Reporting

The Workplace Gender Equality Agency is a Commonwealth government agency that collects and publishes information relating to gender inequality indications in the Australian workforce. As an employer with more than one hundred employees, Tyro is required to submit data on its workforce to the Workplace Gender Equality Agency each year. On 30 May we lodged our annual report with the Agency for the 2023-24 period. Shareholders can access the public versions of this report online on Tyro's investor centre website.

SUSTAINABILITY

How we interact with our stakeholders

	2024	2023
'Sheep Dog' Charitable Donations	Over $224,000	Over $144,000
Material Data and Privacy breaches	Nil	Nil
Completion of employee security training	100% compliance	100% compliance
Compliance with Modern Slavery legislation	100% compliance	100% compliance

GHG emissions

We recognise that Tyro has an important role to play in collaborating with the government, other businesses and the broader community to urgently address climate change. We are committed to measuring and reporting our GHG emissions each year.

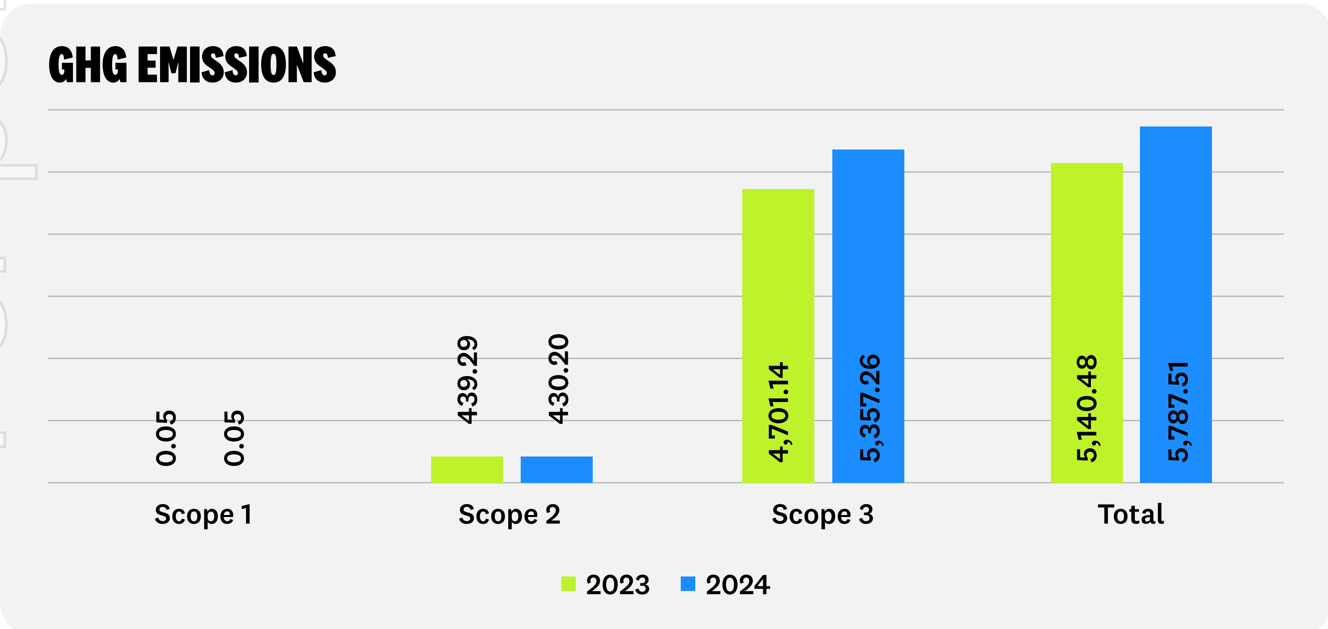
The reporting principles and methodology contained are intended to be consistent with the Greenhouse Gas Protocol, Climate Active Carbon Neutral Standard and the National Greenhouse and Energy Reporting Act 2007 ('NGER Act').

	2024 Emissions (tCO2e)	% of total	tCO2e/FTE
Scope 1 - direct GHG emissions	0.05	0.0%	0.0
Scope 2 - indirect GHG emissions from purchased electricity, heating and cooling[1]	430.20	7.4%	0.7
Scope 3 - other indirect GHG emissions	5,357.26	92.6%	9.2
Total emissions	5,787.51	100%	9.9

[1]**Scope 2 Estimates -**

Electricity invoices obtained from relevant service providers could only be obtained for the months of July 2022 to April 2023 for Sydney and Bendigo Offices. Actual data from the June – April has been extrapolated to derive the full financial year data. Where month of month variances are within 10% extrapolation was done based on full year, where significant change was noted in the year, only data post the change was used for extrapolation i.e. in the Bendigo office.

AWS emissions were provided by AWS from 1 July 2023 to 31 March 2024. Actual data from 1 July 2023 to 31 March 2024 has been extrapolated to derive the full financial year data.



Note: The FY23 reported GHG emissions has been restated as 5,140.48 tCO2e (from 4,927tCO2e) due to the change in methodology outlined for Category 1 Purchased Goods and Services, ICT services and equipment – telecommunications, in the Scope 3 emissions table below. The inclusion of additional spend related to telecommunications services materially changed the emissions and therefore it was deemed necessary to restate the FY23 figure.

In 2024, our total carbon emissions were 5,787.51 tCO2e, higher than our 2023 total of 5,140.48 tCO2e. This is largely attributed to the launch of our Tyro Pro terminal in September 2023 where merchants were given the opportunity to swap their older terminals for the new Tyro Pro terminal. Additionally, we upgraded at least 11,000 terminals for merchants in preparation of the 3G network shutdown on 31 August 2024. These programs also produced greater levels of emissions attributed to shipping and freight.

We will acquire carbon offsets through investment in environmental sustainability projects, in 2025 for those emissions indicated above that cannot yet be reduced, to maintain our Carbon Neutral certification.

We will continue to explore ways to minimise our GHG emissions and enable our business to be more sustainable.

Scope 3 emissions category	2023 (tCO2e)	2024 (tCO2e)
1. Purchased goods and services[1]	2,599.20	3,045.68
4. Upstream transportation and distribution[2]	1,829.95	1,964.24
5. Waste generated in operations[3]	20.74	18.62
6. Business Travel[4 5]	82.84	153.68
7. Employee Commuting	168.41	175.03
Total Scope 3 emissions	**4,701.14**	**5,357.26**

[1] In FY23, a key account within the general ledger related to communication spend had been excluded from the emissions inventory. The spend within this account was made up of telecommunication related expenditure such as that from Telstra who provide internet and telephone services to Tyro. In FY24, it was identified that this account should be included within the Telecommunications category. As such the FY23 emissions figure has been restated to include this account, and the boundary for both FY23 and FY24 emissions associated with telecommunications has expanded to include the account.

[2] In FY23, shipping expenses which predominately relate to the shipment of terminals, was clearly separated from other costs with the general ledger as shipping was mostly managed by Australia Post and Startrack. In FY24, Tyro switched suppliers to Ingenico for terminal management which includes terminal shipment, handling, receipt stock, and invoicing. Ingenico provide Tyro with a broad invoice for all services, and as such it was not possible to delineate between costs related to shipping and terminal management. However, as shipping forms the most material amount of the terminal management costs, and the emission factor for shipping is significantly higher than the emission factor used for business machines and equipment repairs, it was deemed most appropriate to allocate the expenses to the shipping category. In FY25, Tyro will aim to obtain the terminal management and shipping split from Ingenico to ensure future inventories are as accurate as possible.

[3] The waste data provided by Mirvac (property owner of the head office in Market Street) was for the months of July 2023 to May 2024. Actual data from 1 July 2023 to 31 May 2024 has been extrapolated to derive the full financial year data.

[4] Uber was provided from 1 July 2023 to 31 May 2024. Actual data from 1 July 2023 to 31 May 2024 has been extrapolated to derive the full financial year data.

[5] Corporate Travel Management data was provided from 1 July 2023 to 31 May 2024. Actual data from 1 July 2023 to 31 May 2024 has been extrapolated to derive the full financial year data.

Scope 3 exclusions - Scope 3 emissions associated with water were excluded as full year invoices were unable to obtained from the supplier. In Tyro's 2021 emissions inventory, water made up approximately 0.05% of the total emissions, and as such the exclusion of water use in the scope 3 emissions inventory is immaterial.

CASE STUDY

CAREER GROWTH AT TYRO

“One of the great things about working at Tyro is the opportunity to grow and learn - you're always supported in the next steps you need to take to explore your next opportunity.”

“I joined Tyro six years ago because it had, and still has, a really strong reputation for being an innovative place to work in the engineering space. When I first started, I worked on what was called ‘the platform’ at the time, which is now known as Tyro Connect. We were looking at third parties to integrate with so that we could make managing the day-to-day easier for our merchants, like food ordering apps or bookings, which would all be managed through one system. What I love about working in Technology at Tyro is that we remain really connected to the ways that merchants are using our solutions and pay close attention to opportunities to make processes easier for them. From there, I moved into payments, looking after coding for our terminals. I had a baby and went on parental leave, returning to lead a team that managed the key infrastructure in our back-end system that processes transactions. After that, I was promoted to Head of Technology, which is my current role.

One of the great things about working at Tyro is the opportunity to grow and learn - you're always supported in the next steps you need to take to explore your next opportunity. Tyro is full of amazing leaders who are always willing to share their knowledge and skills, day-to-day but also through our dedicated mentorship program. I was very lucky to have a strong female leader at Tyro, which is a fantastic opportunity as a woman in technology.

I’ve just returned from parental leave again, and I’m excited about what we’re going to build and release this year. Being able to execute greater ideas that make our solutions better, to think outside the box and see the real-world value of what we’re building for businesses – that’s what is most rewarding for me.”

TERRI DIEGELMAN
Head of Technology - Payment Delivery

BOARD OF DIRECTORS

DEEP EXPERTISE ACROSS FINANCIAL SERVICES, TECHNOLOGY & INNOVATION

Independent Non-Executive Chair

FIONA PAK-POY

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.

Fiona is a Non-Executive director of WiseTech Global (ASX:WTC), Silicon Quantum Computing Pty Ltd and Kain Lawyers Pty Ltd. She is on the Board of Trustees and Investment Committee for HMC Capital Partners Fund 1 and is a member of the Business Advisory Council for Anacacia Capital.

Fiona has over 30 years' experience in a variety of industries, for companies ranging from startups to listed companies, government entities and not-for-profits. She has served on various boards, including MYOB, Isentia, Novotech, PageUp People, StatePlus and SIRCA (the Securities Research Centre of South-East Asia). She served on the ASIC director Advisory Panel and the Board of Innovation Australia. Previously Fiona was a strategy consultant for the Boston Consulting Group in the US and Australia and was a General Partner in an Australian venture capital fund focused on technology startups.

Fiona holds an Honours degree in Engineering from The University of Adelaide and an MBA from the Harvard Business School. Fiona is a mentor for the Minerva Network, a member of Chief Executive Women and a Fellow of the Australian Institute of Company Directors.

Relevant other Directorships held in the past three years:

- Non-executive Directors WiseTech Global (Since February 2024)
- Former non-executive Director Booktopia Group Limited (Sept 2020 to November 2022)
- Former non-executive Director and Chair of the People Committee of ASX-listed iSentia Limited (May 2014 to September 2021)

Group CEO and Managing Director

JON DAVEY

Managing Director since September 2023.

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 and Managing Director in September 2023. 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 25 years' experience in Corporate, Consulting and Start-up businesses. He has worked with leading Australian and International companies in London and Hong Kong.

Jon holds Bachelor of Education, Master of Science and Master of Business Administration degrees. He is a graduate of the Australian Institute of Company Directors.

Independent Non-Executive Director

DAVID FITE

Independent non-executive Director since July 2018.

Other Tyro Responsibilities:

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

David joined the Board in July 2018. He has been a shareholder since 2008. He is an active investor in various credit, financial services and technology businesses.

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 Long-Term Credit Bank of Japan) as Senior Corporate Executive Officer, Chief Financial Officer and a member of its Board.

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.

Independent Non-Executive Director

CLAIRE HATTON

Independent non-executive Director since 5 January 2022.

Other Tyro Responsibilities:

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

With extensive career experience spanning senior executive and country leadership roles in technology and travel businesses in Australia, Asia and the UK (including British Airways, Qantas, Cedant TDS and Travelport); Claire spent seven years on the Google Australia & New Zealand commercial leadership team before transitioning into a portfolio career and non-executive roles. She is currently Non-Executive Director for Lifestyle Communities Pty Ltd (ASX:LIC) and a Director and Co-founder of Full Potential Labs, a leadership development company working globally with Technology companies.

Claire has a BSc Hons in Business Administration specialising in Marketing, and an MBA from IMD, Switzerland. Claire is based in Sydney.

Relevant other Directorships held in the past three years:

- Non-executive Director of Lifestyle Communities Ltd (ASX: LIC) (Since May 2022)
- Non-executive Director of Farleigh Holdings Pty Ltd (formerly Australian Pacific Travel Group). (Oct 2020 to June 2024)
- Director and Co-founder of Full Potential Labs Pty Ltd. (Since April 2014)
- Non-executive Director of Farleigh Holdings Pty Ltd (formerly Australian Pacific Travel Group). (Oct 2020 to June 2024)
- Former non-executive Director of 3P Learning Ltd (ASX: 3PL) (From May 2014 to September 2021).

Independent Non-Executive Director

ALIZA KNOX

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.

Aliza has 40 years' 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. She has also previously served on the Boards of listed companies including Scentre Group, SingPost (Singapore), GfK (Germany), Invocare and as an advisor to the ANZ Bank Board Technology Committee. Aliza graduated magna cumlaude, Phi Beta Kappa with a BA in Applied Math-Economics from Brown University in the US and holds an MBA with distinction in Marketing from New York University.

Relevant other Directorships held in the past three years:

- Non-executive Director of Healthway Medical Group Limited in Singapore. (Nov 2020 till Dec 2023)

Independent Non-Executive Director

PAUL RICKARD

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.

Paul is currently a director of ASX-listed PEXA Group Ltd and WCM Global Growth Ltd. He also has board positions with several other Australian private companies. Paul has over 25 years' experience in the financial services industry. Paul was previously Executive General Manager, Payments & Business Technology for Commonwealth Bank of Australia. During his 20-year career at CBA, Paul was the founding Managing Director of CommSec, which he led from 1994 through to 2002. In 2005, Paul was named Stockbroker of the Year and admitted to the Industry Hall of Fame. Paul holds a Bachelor of Science degree in Mathematics and Computer Science from the University of Sydney.

Relevant other Directorships held in the past three years:

- Non-executive Director of PEXA Group Ltd (ASX: PXA). (Since July 2021)
- Non-executive Director of WCM Global Growth Ltd (ASX: WQG). (Since April 2017)
- Non-executive Director of Russh Media Pty Ltd. (Since January 2020)
- Non-executive Director of Switzer Financial Group Pty Ltd (Since 2011).

Independent Non-Executive Director

SHEFALI ROY

Independent non-executive Director since 5 January 2022.

Other Tyro Responsibilities:

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

Shefali is the Founding Partner of SDR Capital (previously called First Look Capital), a London-based venture fund investing globally in early stage companies started by women and diverse entrepreneurs building technology in Finance and AI.

Prior to launching SDR Capital, she was the Chief Operating Officer and Chief Compliance Officer of TrueLayer, from 2017 to 2020. She was an early employee at Stripe where she was Chief Compliance Officer and Money Laundering Reporting Officer (MLRO) for Europe, and responsible for the licensing and regulatory oversight, including risk and compliance of their operations in Europe between 2013 and 2017. Prior to Stripe, she led ethics, compliance, business conduct and risk across EMEIA for Apple, was the Global Chief Compliance and Ethics Officer for Christie's and was in private wealth compliance for Goldman Sachs across Europe and the Middle East.

At Oxford Saïd Business School, she is an Associate Fellow and lectures on startups, innovation and strategy, global business systems, organisational behaviour and ethics, leadership and decentralised finance cryptocurrencies.

She sits on the Board of Tyro (ASX:TYR) and until 2021, sat on the board of the Maker Foundation, the protocol behind the DAI stablecoin.

Shefali is a graduate of RMIT, the London School of Economics and Oxford University, where she gained undergraduate and postgraduate qualifications in law, economics and finance, and management.

Shefali splits her time between London and Melbourne.

Relevant other Directorships held in the past three years:

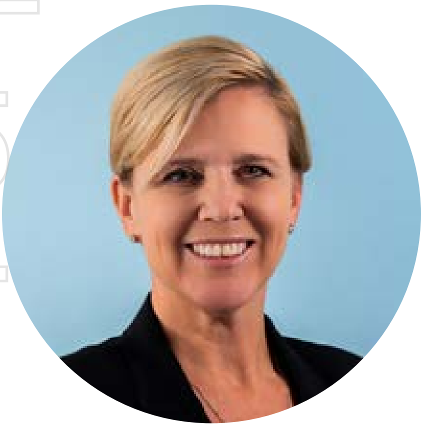
- Director, SDR Capital Advisers LLP. (Since June 2022)
- Director, SDR Capital Group Limited. (Since June 2022)
- Director, SDR Capital GP Limited (Since June 2022)
- Director Gilmore Road Management Limited and Gilmore Road TE Ltd (Since December 2014)
- Former Director of the Maker Foundation, originators of the DAI stable coin (From April 2020 to July 2021).

EXECUTIVE LEADERSHIP TEAM

Chief People and Communications Officer

MONICA APPLEBY

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 KPMG, Deloitte and Tabcorp, 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 holds commerce, law and change management qualifications.



Chief Growth Officer

DEANNE BANNATYNE

Deanne 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 Prezzee, 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.

Chief Risk Officer

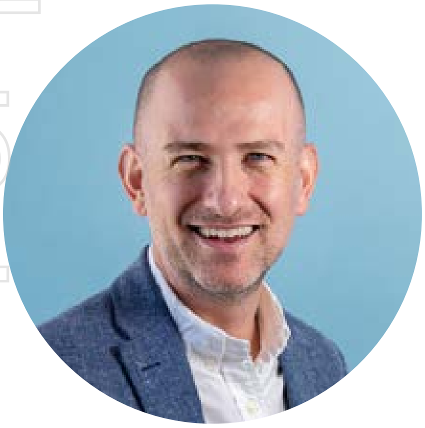
STEVE CHAPMAN

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, providing the Board and Management with an independent view on whether Tyro has an appropriate risk and control environment. 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 ten years ago with his family and has since worked for Woolworths, IAG and QBE.

Chief Financial Officer

PRAVEENESH PALA

Praveenesh is a qualified CPA and a member of the Chartered Financial Analysts Institute and has over 15 years' professional experience. Praveenesh was appointed CFO of Tyro in October 2014, with full responsibilities for the company's Finance function. Having started his career with PricewaterhouseCoopers in Fiji, Praveenesh has had extensive managerial experiences in the Property and Financial Services sectors as well as managing large integration and strategic finance related projects.



CEO Tyro Health

ADRIANO PERILLO

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.

DIRECTORS' REPORT

1. 2024 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), the Financial Accountability Regime Act 2003 (Cth) 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 2024 Corporate Governance Statement available at:
https://investors.tyro.com/investor-centre/?page=corporate-governance

2. 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 and Non-executive Director	Independent	
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	
Jon Davey	CEO and Managing Director	Executive	Appointed as a Director on 1 September 2023

Details, including term of office, qualifications, experience and information on other directorships held by Directors, can be found on pages 64 to 71 of the Annual Report.

3. 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.

4. 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:

Director	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	17	17	6	6	nm	nm	6	6	4	4
David Fite	17	16	6	5	6	6	nm	nm	4	4
Claire Hatton	17	17	6	6	nm	nm	6	6	4	4
Aliza Knox	17	17	nm	nm	6	6	6	6	4	4
Paul Rickard	17	16	6	6	6	6	nm	nm	4	4
Shefali Roy	17	15	nm	nm	6	6	6	6	4	4
Jon Davey[1]	14	14	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] The CEO & Managing Director is an Executive Director and is invited by the Board to attend the Audit Committee, Risk Committee, People Commiitee and Nominations 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	Fiona Pak-Poy	David Fite
Claire Hatton	Aliza Knox	Aliza Knox	Claire Hatton
Fiona Pak-Poy	Shefali Roy	Shefali Roy	Aliza Knox
			Paul Rickard
			Shefali Roy

5. Directors' interest in securities

The relevant interest of each Non-Executive 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 (Director Fee Sacrifice)[2]
Fiona Pak-Poy	286,703	83,000	-
David Fite	16,643,767	-	-
Paul Rickard	2,357,749	-	144,783
Aliza Knox	-	-	22,522
Claire Hatton	36,417	-	-
Shefali Roy	26,444	-	22,522

[1] Includes shares held by entities controlled by Directors
[2] Relates to FY24 Remuneration Sacrifice Rights to be converted to shares in FY25.

FY24 DIRECTORS' REPORT

6. Operating and financial review

Refer to the CEO's Letter to Shareholders and Operating and Financial Review on pages 20 to 31 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 2024.

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

Refer to the CEO's Letter to Shareholders and Operating and Financial Review on pages 20 to 31 of the Annual Report, which forms part of this Directors' Report for details of Tyro's material risks, and strategies to mitigate risks, as at 30 June 2024.

8. Dividends

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

9. Share-based payments

Details of share-based payments are disclosed in our Remuneration Report on pages 78 to 99 and in Note 14 of the Financial Report.

10. 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 2024, no amounts have been paid pursuant to indemnities (FY23: 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.

11. Proceedings on behalf of the Group

On 4 September 2023 Tyro commenced proceedings in the Supreme Court of New South Wales against Kounta Pty Ltd (Kounta) asserting that Kounta breached its obligations to Tyro by offering a competing product in Lightspeed Payments to Tyro merchants (Proceedings). On 16 February 2024, Tyro entered into a Settlement Deed with Kounta ahead of the hearing of Kounta's appeal to the orders made in Tyro's favour on 16 November 2023. Under the Settlement Deed, the parties agreed to settle the Proceedings on the basis that:

- Kounta's appeal be dismissed;
- Judgement in the Proceedings be entered in Tyro's favour;
- Kounta pay Tyro $10 million in damages; and
- until 6 September 2024, Kounta be restrained from soliciting, inducing, or otherwise attempting to persuade an agreed list of mutual merchants of both Tyro and any of Kounta, Lightspeed Commerce, Inc. or Vend Limited to become a merchant of any other entity providing acquiring services.
- The $10 million damages payment was received on 16 February 2024.

12. 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 or its delegate 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 regulatory compliance amounting to $100,000. Details of the audit and non-audit fees paid or payable for services provided by the auditors are detailed in Note 23 of the Financial Report.

13.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 101 and forms part of the Directors' Report for the financial year ended 30 June 2024.

14. 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.

15. Significant events after the end of the financial year

On 4 July 2024, the Group created the Tyro Employee Share Trust. The purpose of the trust is to acquire Tyro shares on-market to be held within the trust for satisfying the Group's share based payments compensation obligations.

On 31 July 2024, Tyro announced Prav Pala's resignation as Chief Financial Officer. The Group has appointed Emma Burke as replacement Chief Financial Officer.

In the opinion of the Directors, other than the matters noted above, there have been no matters or circumstances which have arisen between 30 June 2024 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.

16. Likely developments and expected results

Other than the developments described in this report, the Directors are of the opinion that no other matters or circumstances will significantly affect the operations and expected results of the Group.

17. Remuneration report

The Group's Remuneration Report which forms part of the Directors' Report can be found on pages 78 to 99 of this Annual Report.

JON DAVEY
CEO and Managing Director

FIONA PAK-POY
Chair

Sydney, 26 August 2024

03

REMUNERATION REPORT

LETTER FROM THE CHAIR OF THE PEOPLE COMMITTEE

"WE REMAIN PROUD OF OUR DIVERSE AND VIBRANT CULTURE. WE KNOW THAT AN ENGAGED TEAM, CONNECTED WITH OUR MISSION, PURPOSE AND STRATEGY IS CORE TO US ACHIEVING OUR AMBITIONS."

Dear fellow shareholders,

On behalf of the Board and the People Committee, I am pleased to present Tyro's 2024 Remuneration Report.

This report outlines how we incentivise and reward our team, including our CEO and Key Management Personnel (KMPs), to drive strong performance and deliver long-term value for you, our shareholders.

We are pleased with our FY24 financial results, which were achieved despite challenging economic conditions. We generated $30.4 million of free cash flow (more than five times higher than FY23) and our profit for the year increased more than fourfold to $25.7 million. This success follows the implementation of our new operating model in FY23 with our leaner team focused on delivery and high-performance. We remain proud of our diverse and vibrant culture. We know that an engaged team, connected with our mission, purpose and strategy is core to us achieving our ambitions. We are committed to making Tyro an even greater place to work and grow for our team members by investing in our learning and career development programs and enhancing our focus on wellbeing, particularly psychosocial safety.

We work with the management team to set clear and ambitious KPIs each year to drive both financial and non-financial business outcomes. We also review our incentive structures annually to ensure we are encouraging the right outcomes for shareholders and that our variable pay rewards performance. Where necessary, the Board will exercise our discretion to adjust variable remuneration.

“REMUNERATION OUTCOMES REFLECT SOLID FINANCIAL PERFORMANCE.”

We stated in last year’s remuneration report that FY24 would be an opportune time to further evolve our remuneration framework, and we have, with changes made to both our Short-Term Incentive (STI) and Long-Term Incentive (LTI) schemes which are detailed in this remuneration report.

This year, Executive KMP employees received a weighted average annual bonus (STI) equivalent to 63.7% of their target amount and 48.3% of their maximum amount. This reflects solid performance in meeting the financial metrics although the total amount was reduced due to underperformance in the non-financial customer-related metric. The Board chose not to exercise its discretion to adjust the STI amount, deeming the outcome to be appropriate. The FY24 LTI will be evaluated in 2026, with information on the results of previously issued LTI offers available in this report.

Listening and responding to feedback on the FY23 Remuneration Report

Following the 2023 Annual General Meeting (AGM) where Tyro received a 'first strike' against adopting its 2023 Remuneration Report, the Board has actively engaged in discussions with shareholders, their representatives, and proxy advisors. This engagement aimed to gather feedback, understand concerns, and address issues raised.

Key concerns were carefully considered and addressed through changes already implemented or planned for FY25, aligning with the company’s evolving remuneration strategy. The Board remains committed to ongoing dialogue and enhancing transparency to address shareholder concerns. Additional information will be provided to foster a more informed understanding of the remuneration approach.

We also acknowledge the frustration from some shareholders that, like many payments companies globally, our share price hasn’t reflected the strong financial performance that we’re delivering. The key issues we heard from shareholders and our responses are:

Retention rights: A one-off retention incentive of 750,000 services rights was awarded to the CFO (Prav Pala) on 9 September 2022, with the service rights vesting in three equal tranches over 30 months. This offer was made to ensure stability as the business transitioned to a new CEO tasked with driving considerable organisational change while there was also a protracted period of external interest in acquiring Tyro.

Two of the three tranches have vested and the third will be forfeited given the resignation of Prav Pala as announced on 31 July 2024. Prav will exit the business in mid-November 2024, with Emma Burke starting as CFO on 28 October 2024.

Use of EBITDA targets for both the STI and LTI: While we used EBITDA metrics for both the STI and LTI schemes, a different approach was applied to the target setting, distinguishing between short and long-term goals, with the LTI targets including ambitious compound annual growth rate (CAGR) targets. We are confident that these metrics were the right ones for where our business was at the time when we were focused on gross profit and working toward profitability.

Now that we are profitable, we are modifying our LTI performance targets to align with shareholder returns and value creation. In FY25, we will remove the EBITDA target and introduce Earning per Share (EPS) while maintaining the use of relative Total Shareholder Return (rTSR) metrics as our key LTI performance targets. In FY25, we will also replace the EBITDA metric for the STI with a three equally weighted metrics of gross profit (normalised), cash operating leverage (normalised) and net profit before tax (statutory). We have made this change to ensure that there is adequate focus on statutory profitability, whilst also rewarding management for driving business growth to support future profitability.

Greater disclosure on STI award triggers: Previously some of our disclosures relating to how STI awards are achieved would have benefited from a greater level of detail. In this year’s report we have outlined a more detailed view of how STI awards are set, achieved and tested.

Exclusion of share-based payments from the EBITDA targets: We changed the FY24 LTI metric to be EBITDA after share-based payments. As we have outlined, we will no longer use EBITDA as a performance metric for either our STI or LTI from FY25.

“WE ARE COMMITTED TO ACTIVELY ENGAGING WITH OUR SHAREHOLDERS, THEIR REPRESENTATIVES, AND PROXY ADVISORS.”

REMUNERATION REPORT

Key changes made in FY24

As noted above, several changes were made to the FY24 STI to align it more closely with our strategy to drive shareholder value, while making it more compelling for our employees.

The changes include:

- The individual KPI performance component increased from 20% to 40%. This change was made to ensure that individuals are accountable for the financial and non-financial metrics that they can control. It's important to note that Tyro is APRA regulated and to comply with regulations, we must ensure non-financial measures are also appropriately incentivised. Financial metrics will continue to represent at least 30% of the individual KPI components of the CEO and CFO targets.
- Consequently, the customer performance component of the STI decreased from 40% to 20% and focused on the metric deemed to be the most meaningful and objective - our NPS score. Executives with accountability for customer performance are also incentivised directly in their individual performance component.
- Split of equity to cash for Executive KMP and XLT changed to 50:50 from 67:33 to ensure we can attract and retain senior leaders in a competitive market, with vesting conditions of the equity component simplified and shortened.
- The introduction of risk and performance 'gate openers' which must be met for any team member to be eligible for an STI. For all team members this includes the completion of all mandatory compliance training and demonstration of clearly defined risk culture behaviours. For our senior leaders this includes a broader range of targets. Where these have not been met, the individual will not be awarded an STI. This has been introduced to reinforce the fact that risk management is a fundamental part of everyone's role at Tyro.
- The target percentage of Fixed Annual Remuneration (FAR) potentially awarded to some XLT members, including the Chief Risk Officer, who is an Executive KMP, increased to 50%. This change was made to reflect additional accountabilities taken on by XLT members following operating model changes and to recognise the contribution of each department to deliver company-wide outcomes.

The LTI rewards participants for their contribution to achieving long-term strategic priorities, incentivises retention, and ensures compliance with deferral requirements under the Banking Executive Accountability Regime (and its replacement, the Financial Accountability Regime). In FY23 we introduced a relative TSR (rTSR) metric alongside an EBITDA 3-year CAGR metric. The 50/50 split between performance metrics was adopted again in FY24.

The changes include:

- The use of EBITDA after share-based payment expense metric rather than EBITDA before share-based payments.
- Reducing the number of participants by 50%.

"WE ARE CONFIDENT OUR REMUNERATION FRAMEWORK INCENTIVISES AND REWARDS HIGH PERFORMANCE THAT DELIVERS SUSTAINABLE LONG-TERM VALUE CREATION AND REFLECTS THE INTERESTS OF OUR SHAREHOLDERS."

Chair and Non-executive Director fees

Non-executive Director fees were reviewed at the end of the 2023 calendar year following a comprehensive benchmarking exercise. This benchmarking revealed that the Chair fee relative to the Non-executive Director base member fee, had a Chair to Member ratio 1.5:1, which is much lower than market comparable averages of 1.90 – 2.09. To address this, the Chair: Member ratio has been adjusted to 1.75, increasing the Chair fee from $210,000 (before superannuation) to $243,243 (before superannuation) from 1 January 2024.

Non-executive Director fees did not change and will not be increased to accommodate increased compulsory superannuation contributions from 1 July 2024.

Looking ahead to FY25

As outlined above we have made some changes that will take effect in FY25. These include:

- Replacing the EBITDA metric for the LTI with EPS, which will be used alongside rTSR as an equally weighted performance metric.
- Replacing the EBITDA metric for the STI with three equally weighted metrics of gross profit (normalised), cash operating leverage (normalised) and net profit before tax (statutory).

Employee Share Trust

On 4 July 2024, Tyro incorporated the Tyro Employee Share Trust (EST) to acquire shares on-market and allocate to future exercised employee rights and options. Currently, vested awards that are exercised or converted are satisfied by the issuance of new Tyro shares, which has a dilutive impact on shareholders. We see the introduction of the EST as a positive for our shareholders and expect the EST will begin acquiring shares on-market later this financial year.

We are confident this remuneration framework incentivises and rewards high performance that delivers sustainable long-term value creation and reflects the interests of our shareholders.

I look forward to receiving your views and support at the 2024 Annual General Meeting.

Yours sincerely

CLAIRE HATTON

Chair - People Committee

26 August 2024


MAKE SOME NOISE
tyro
BUSINESS
INTO BUSINESS

REMUNERATION REPORT 2024

In this Report

This Report forms part of the Directors' Report and sets out the remuneration arrangements of the Group for the year ended 30 June 2024 and is prepared in accordance with Section 300A of the Corporations Act 2001. 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. Executive KMP roles are Chief Executive Officer **(CEO)**, Chief Financial Officer **(CFO)**, and Chief Risk Officer **(CRO)**.

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 competitive, enabling Tyro to attract, retain and reward talent, and are reasonable and aligned with shareholder expectations.

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.

The Committee considers recommendations from the management team in relation to all remuneration outcomes for employees, including Executive KMP and senior executives, ahead of recommending to the Board for approval. Feedback is regularly sought from shareholders and independent remuneration consultants are engaged as required to provide information regarding market dynamics, trends and regulatory developments, specifically those impacting financial services companies. In FY24 benchmarking reports in relation to the remuneration of the Executive Leadership Team **(XLT)** and Non-executive Director fees were commissioned. The Board is satisfied that no remuneration recommendations (as defined in the Corporations Act 2001) were provided by external remuneration advisors during FY24.

FY23 Remuneration Report: First strike received at 2023 AGM

At the 2023 Annual General Meeting, Tyro received a first strike against its Remuneration Report. Although more than 50% of the votes were in favour of the resolution to approve the 2023 Remuneration Report, 44.16% of the votes were against resulting in a 'first strike'.

Following this strike, the Chair of the Board and Chair of the People Committee have actively engaged with shareholders, their representatives and proxy advisors to listen to their feedback and better understand their concerns. As outlined in the People Committee Chair's letter we understand the key issues contributing to the strike as being the award of retention rights to the CFO in September 2022; use of an EBITDA metric for both our STI and LTI plans; the exclusion of share-based payments expense in the EBITDA metrics; and a desire for greater disclosure on award triggers and thresholds. We have listened and believe these concerns have been addressed through the changes we have made from FY24.

Remuneration framework

Our approach to remuneration is underpinned by the following principles.

Remuneration principles	
Align reward with delivery against strategic objectives	Performance-based remuneration with variable pay outcomes linked to the delivery of strategic goals, demonstration of company values and appropriate management of risk.
Attract, motivate and retain a highly skilled team	Remuneration positioned at levels that ensure we can access the right talent pool to drive our business forward.
Align with shareholder outcomes	The structure of our short-term incentive and long-term incentive plans incentivise and reward high performance that delivers sustainable long-term value creation and reflects the interests of our shareholders.
Comply with regulatory requirements	Meet both the spirit and intent of all regulatory requirements.
Be transparent and easy to understand	Simple and effective remuneration structures that are clearly communicated to, and understood by, team members and external stakeholders.
Promote gender pay equity	We are committed to gender pay equity and have initiatives in place to reduce our gender pay gap.

REMUNERATION REPORT

Remuneration framework (continued)

Component	Alignment to performance and delivery of strategy
Fixed Annual Remuneration (FAR) **Consisting of base salary and superannuation.**	Set at a market competitive level in relation to the scope, complexity, capabilities and individual performance of the role. All roles are benchmarked annually against relevant comparator groups, and an annual salary review occurs in December with any remuneration changes effective from 1 January.
Short-Term Incentive Plan (STI) **At risk component set as a percentage of FAR granted in a mix of cash and, for senior employees, equity rights.**	Performance assessed against financial, customer and individual KPI metrics. For senior employees, fifty percent of this award is granted via equity (with the other fifty percent in cash) which supports alignment with shareholder interest.
Long-Term Incentive Plan (LTI) **At risk component set as a percentage of FAR and granted in the form of performance rights annually to participating senior leaders and the XLT.**	Performance assessed against two financial metrics; Statutory EBITDA (after share-based payments expense) (50%) and Tyro's rTSR to the S&P ASX All Technology Index (XTX) (50%). These metrics incentivise profitability and shareholder wealth creation and the three-year vesting period encourages long-term decision making and value creation and serves as a retention tool.

Key Management Personnel (KMP)

The Group's KMP covered in this report are Tyro's Non-executive Directors, CEO, CFO and CRO. The CEO, CFO and CRO are collectively referred to as Executive KMP throughout. The only change made to KMPs in FY24 was the appointment of CEO Jon Davey to Managing Director on 1 September 2023.

Non-executive Directors		Term as KMP
Fiona Pak-Poy	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

Managing Director		Term as KMP
Jon Davey	CEO & Managing Director	Full year[1]

Executive KMP		Term as KMP
Jon Davey	CEO & Managing Director	Full year
Prav Pala	Chief Financial Officer	Full year
Steve Chapman	Chief Risk Officer	Full year

[1] As noted above, Jon Davey was appointed as Managing Director on 1 September 2023.

Short-Term Incentive

Evolution of Tyro's STI

Tyro's STI is designed to incentivise and reward high performance against KPIs set in line with Tyro's strategy, and reflect key growth drivers to deliver returns for shareholders. The STI is open to all employees who meet or exceed their set KPIs and demonstrate behaviours in line with our values and risk culture.

The structure of our STI has developed since it was introduced in FY19 evolving to meet the changing strategic and financial objectives of the Group, particularly as we've transitioned to profitability in recent years. While consistently maintaining a significant weighting on financial performance, increased weighting has been placed on the individual component to both incentivise performance against KPIs the individual can influence, and to ensure we adhere to APRA's Financial Accountability Regime (and its predecessor, the Banking Executive Accountability Regime) requirements. Assessment of the STI also includes a customer component which has been included since the introduction of the STI in FY19. Over this period, we have settled on an appropriate equity component for the XLT, including Executive KMP, and have simplified the structure to be a more easily understood and compelling employee proposition for the broader business.

STI Awards for Executive KMPs

In terms of the Executive KMP and XLT, the CEO has a target STI potential of 75% of their FAR and a maximum opportunity of 100% of FAR. Excluding the CEO, a target STI potential of 50% of Executive KMP FAR is available as an STI (between 50% to 75% at maximum). All other XLT are allocated a potential target incentive amount of 50% of FAR. The STI award for Executive KMP and the XLT is delivered 50% in cash and 50% in equity rights that are awarded in a single tranche 12 months after grant.

Board discretion and malus provisions

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 to the Executive KMP and XLT in relation to STI awards are subject to malus provisions and the Board has the discretion to adjust, lapse or forfeit an award prior to vesting under the terms of the equity grant.

Changes made to FY24 STI design

As noted, the STI design has continued to evolve to ensure it is fit-for-purpose in creating closer alignment between the business and our shareholders. Significant changes were made to the FY24 STI to further incentivise and reward high performance against set KPIs and behaviours, and aid in the retention and attraction of talent. These changes were introduced alongside an enhanced performance management framework under which the qualification threshold for an STI award has increased.

Key changes include:

- Weightings allocated to the individual and customer components of the STI were amended, with the individual component increasing to 40% (from 20% in FY23) and the customer component reducing to 20% (from 40% in FY23). The financial component stayed at 40%.

  The change in weighting of the customer component reflects the reduction in the number of customer-related metrics to one sole measure of customer advocacy, our Net Promoter Score **(NPS)**. Previously included customer metrics such as merchant applications, customer and transaction churn, and product adoption have been removed as results from these customer metrics are captured in financial metrics and the individual KPIs of relevant executives and employees. It followed that the weighting allocated to the customer component was reduced.

  Ahead of FY24 an enhanced performance framework, incorporating clear KPIs, was introduced, and a decision was made to increase the individual component to incentivise delivery against KPIs. From a business perspective, this increase has also put more of the STI at risk for those who have not delivered.
- The split between cash and equity for the Executive KMP and XLT moved to 50% cash and 50% equity. The split has changed over the previous three years, from 75% cash and 25% equity in FY21 and FY22 to 33% cash and 67% equity in FY23. The 50:50 split is designed to attract and retain talent with the allocation of cash and equity awarded to other senior leaders at Tyro in line with market practice.
- The vesting requirements of the equity component has been amended and simplified with the rights vesting in one tranche 12-months from the offer date (and still subject to Tyro's malus provisions). This replaces the previous terms for Executive KMP and XLT where half of the equity vested in equal tranches over a 12-month period and the other half was deferred for four years. This change has been made to simplify the plan to make it more attractive to recipients and in line with market practice, recognising that it is designed to drive the achievement of annual results and is distinct from Tyro's Long-Term Incentive plan.

Key terms of the FY24 STI equity rights under the Plan Rules

Terms	Description
Administration	The plan is administered by the Board (or the Board's delegate).
Eligibility	Full-time and part-time employees of the Group 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.
Expiry	Rights issued under the plan will lapse 10 years after the date on which the relevant right vests.
Vesting dates	For Executive KMP and XLT vesting takes place in one tranche 12 months after the grant date with no performance hurdle and no holding lock post vesting. Rights will vest regardless of whether the recipient is still employed at the vesting date.
Exercise	Following satisfaction of the vesting condition on the 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.
Malus provisions	Rights may be clawed back prior to vesting in certain circumstances, including 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 in breach of 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.

REMUNERATION REPORT

Short-Term Incentive (continued)

FY24 Targets

Metric	Weighting	Performance measure	Target	Rationale
Financial	40%	Achievement of FY24 target normalised EBITDA (before share-based payment expenses).	Normalised EBITDA target of $60 million (before share-based payments expense). No incentive pool is formed for normalised EBITDA below $52 million. Pool caps out at a maximum for normalised EBITDA (before share-based payments expense) of $70 million at a capped maximum award of 150% of target.	Key indicator of financial performance and profitability. Ensures continued focus on growth and operational efficiency.
Customer	20%	Customer satisfaction with a target NPS of 40.	NPS of 40. No incentive pool is formed for NPS of 30 or lower. Pool caps out at NPS of 40 with no scope for over-achievement.	Key indicator of customer satisfaction and advocacy and is aligned with customer-centric strategy and values.
Individual	40%	Delivery against set KPIs which all roll up those set for the CEO.	Performance against KPIs is monitored throughout the year and assessed annually against a scale that informs the individual's performance. Where all KPIs are delivered, 75% of the individual component will be delivered. Overachievement of KPIs can lead to a higher achievement of the individual STI component (ranging between 100% and 125% of the individual component).	There has been a renewed focus on driving a high-performance culture and establishing clear accountabilities and robust KPIs. Employees are held to a high standard and this design incentivises performance.

Tyro's FY24 performance and link to FY24 STI award

In FY24, Tyro generated a normalised EBITDA of $55.7 million, an increase of 31.6% compared with FY23. The increase in EBITDA reflects an increase in gross profit, and an improvement in our overall operating efficiency. Gross profit increased by 9.1%, driven by an improved payments margin, higher transaction volumes and a greater contribution from banking and our corporate investments. Our operating efficiency, measured as operating expenses as a percentage of gross profit, improved as a result of the leaner and more focused operating model.

FY24 Financial performance

Financial measure	FY24	FY23	FY22	FY21	FY20
Transaction value	$42.9 billion	$42.6 billion	$34.2 billion	$25.5 billion	$20.1 billion
Gross profit (normalised)	$210.8 million	$193.2 million	$148.5 million	$119.7 million	$93.5 million
EBITDA (normalised)[1]	$55.7 million	$42.3 million	$10.7 million	$14.2 million	($4.4 million)
EBITDA (statutory)[1]	$89.8 million	$53.8 million	$14.4 million	($3.1 million)	($4.4 million)
Free cash flow[2]	$30.4 million	$5.7 million	($34.1 million)	($44.1 million)	($36.2 million)
Share price	$1.00	$1.14	$0.60	$3.68	$3.50

[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 FY24 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.

Customer advocacy

The final NPS score for FY24 was +10 which has resulted in no award for the customer metric. This lower score can be attributed to higher wait times in our contact centre. Over the past 6 months we have seen a 30% increase in calls. These have predominantly been driven as a result of payroll tax changes that have impacted our health merchants, and by merchants calling as a result of the impending shutdown of the 3G network.

Individual component

Executive KMP and the XLT are required to individually achieve against a balanced scorecard comprised of a mixture of financial and non-financial KPIs. These KPIs represent 40% of the total STI.

FY24 STI outcomes for Financial and Customer outcomes – Tyro wide

Performance measure	FY24 Target	FY24 Result	FY24 STI Outcome
Financial (40%) - EBITDA normalised before share-based payments expense	$60 million	$55.7 million	79.6%
Customer (20%) - NPS	40	10	0%

CEO Key Performance Indicators and Performance

Assessment of Jon Davey's individual KPIs for FY24 were determined by the People Committee according to the following KPIs. It is worth highlighting that 35% of the CEO's individual KPIs are financial.

CEO Individual KPIs (weighted at 40% of the overall potential FY24 STI award)
Financial performance (35%) Achievement against financial metrics including EBITDA margin, gross profit and total transaction value.
Delivery (35%) Delivery of refreshed strategy and key initiatives focused on growth, customer lifetime value, operational efficiency and innovation.
Customer (15%) Achievement against new growth, churn and satisfaction metrics.
Organisational (15%) Achievement against engagement and leadership metrics and delivery of team development and succession plans.

Overall when considering the four KPI metrics Jon achieved a weighted score of 75% of his individual KPI component for FY24 with the Board recognising the strong financial outcomes delivered, operating model and organisational changes implemented and the delivery and execution against a new strategy. Driving sustainable growth and uplifting customer metrics have been identified as areas requiring additional focus in FY25.

Changes to the FY25 STI

The Board and management continually review the STI structure to ensure it drives the right business outcomes for shareholders and employees. Following the substantive changes made for FY24, the FY25 STI will adopt the same cash and equity splits and vesting conditions for XLT and Executive KMP which are effective in simplifying the offer. However, the weightings allocated to the Group financial component of the STI for XLT and Executive KMP will be increased to 50% (from 40% in FY24) with the individual KPI component decreasing to 30% (from 40% in FY24).

This will mean weightings for XLT and Executive KMP in FY25 will be 50% financial, 30% individual and 20% customer. Furthermore, at least 30% of the individual KPIs for the CEO and CFO will continue to be financial targets which ensures the financial component is c.60% of the total STI opportunity.

Long-Term Incentive

Evolution of Tyro's LTI

Tyro's LTI is designed to reward participants for their contributions toward achieving Tyro's strategic priorities and delivering long-term sustainable shareholder value creation. It also serves as a retention tool and ensures that Tyro is meeting its regulatory requirements in terms of deferred and 'at-risk' remuneration.

The structure of the LTI has developed significantly over the past four years, evolving to reflect Tyro's increasing focus on delivering profitable growth, with key changes being the introduction of performance rights (instead of options) as the equity instrument from FY21 onwards; the introduction of rTSR measure as a performance hurdle in addition to EBITDA in FY23; and a steady reduction in recipients from FY22.

Like all remuneration practices, the Board and management team regularly review and amend this structure in line with business priorities, market practice and stakeholder feedback, to ensure it is appropriate. As detailed below, some changes were made in FY24, and further changes have been made to the FY25 LTI which recognise where our business is today and addresses concerns raised by shareholders.

FY24 LTI Plan

The LTI plan was refined in FY23 to include rTSR as an equally weighted performance hurdle alongside statutory EBITDA after share-based payments to better align the incentives of management with outcomes for our shareholders. This design was carried forward in FY24 however the EBITDA target was amended to include share-based payments.

The FY24 LTI was awarded to Executive KMP, the XLT and other nominated employees of Tyro and has been fulfilled via an issuance of performance rights. For FY24, there were 34 participants (compared with 66 in FY23).

Determination of the number of rights awarded under the FY24 LTI:

The number of performance rights 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 FY23 full year result;
- each participant's prescribed LTI entitlement that falls within the participant's Total Remuneration Opportunity **(TRO)** as approved under the remuneration framework; and
- for FY24, the target and maximum LTI opportunity, based as a percentage of the employee's FAR is:
  - 100% at target and 200% at maximum for the CEO as outlined in the key remuneration components for Executive KMP on page 89 to 91;
  - 50% at target and at maximum for the XLT including Executive KMP; and
  - between 7.5% to 35% 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:

Long-Term Incentive (continued)

FY24 LTI Plan (continued)

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 (after share-based payments) compound annual growth rate **(CAGR)** for the period 1 July 2023 to 30 June 2026 as specified below:

i. Applicable to the CEO

Statutory EBITDA (after share-based payments) 3-year CAGR to FY26	Percentage of FY24 Performance Rights to vest
Below 15%	0%
At 15%	25%
Above 15% and below 40%	Pro-rata (25% to 49.5%)
At 40% (at target)	50%
Above 40% and below 60%	Pro-rata (50% to 99.5%)
At or above 60% (at maximum)	100%

ii. Applicable to the XLT and other nominated employees

Statutory EBITDA (after share-based payments) 3-year CAGR to FY26	Percentage of FY24 Performance Rights to vest
Below 15%	0%
At 15%	50%
Above 15% and below 40%	Pro-rata (50% to 99%)
At or above 40% (at target and maximum)	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 rTSR hurdle with the vesting percentage determined by reference to Tyro's TSR ranking relative to the TSR for the S&P ASX All Technology Index (XTX Index) as at 30 June 2026 as specified below:

i. Applicable to the CEO

rTSR XTX Index Percentile Ranking	Percentage of FY24 Performance Rights to vest
Below 50th Percentile	0%
At 50th Percentile	25%
Above 50th and below 75th Percentile	Pro-rata (25% to 49.5%)
Above 75th and below 85th Percentile (at target)	50%
At or above 85th Percentile (at maximum)	100%

ii. Applicable to the XLT and other nominated employees

rTSR XTX Index Percentile Ranking	Percentage of FY24 Performance Rights to vest
Below 50th Percentile	0%
At 50th Percentile	50%
Above 50th and below 75th Percentile	Pro-rata (50% to 99%)
At or above 75th Percentile (at target and maximum)	100%

In addition to the performance hurdles, employees who participate in the FY24 LTI must remain employed by Tyro at the vesting date for the performance rights to vest.

The key terms of the performance rights relating to the FY24 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.
Grant date	The date specified as the grant date in each participant's offer document.
Exercise price	Nil.
Vesting dates	Subject to satisfying the Performance Hurdles, the Performance Rights vest in one tranche 3 years following the grant date (December 2026).
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 FY24 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 FY24 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 FY24 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.
Malus and 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.

Design of FY25 LTI Plan

With the business now profitable and the focus being on sustainable long-term profitability, the performance hurdles used for our LTI will change to include an Earnings Per Share (EPS) target instead of statutory EBITDA, which was used between FY21 and FY24. This EPS metric will be weighted at 50% alongside a 50% rTSR hurdle as introduced in FY23.

Furthermore, the number of participants will reduce to only include XLT members and other senior executives where it has been included in their contracts. This will reduce the number of recipients further to less than 15 (compared with 34 in FY24 and 66 in FY23).

Executive KMP Remuneration

Changes to Executive KMP remuneration for FY24

Jon Davey was appointed as CEO on 3 October 2022 with a FAR of $750,000 being $240,000 lower than the previous CEO. When considering the CEO remuneration, the Board elected to reduce the FAR and increase the variable and at-risk remuneration (both STI and LTI) to put more at risk to incentivise performance and in the case of the LTI to focus on long-term sustainable profitability and shareholder wealth creation.

Jon Davey was awarded a 2.5% salary increase in FY24 increasing his FAR to $770,972 and no changes were made to his STI and LTI allocations.

Prav Pala (CFO) did not receive an increase to his base salary in FY23 or FY24 and his STI and LTI allocations as a proportion of FAR did not change. The small increase in his FAR reflects the increase in compulsory superannuation. The decision to keep the CFO's remuneration flat is based on benchmarking data across comparator industries which shows this is a competitive salary. As outlined in the FY23 Remuneration Report, Prav Pala was granted a one-off retention incentive of 750,000 service rights in FY23, vesting in three equal tranches over a 30-month period. Two tranches have vested with the final tranche to be forfeited due to the CFO's exit following the end of the reporting period. The share-based payment expenses recognised in FY24 in relation to these one-off right is included in the statutory remuneration for Prav Pala in FY24.

Steve Chapman (CRO) was granted a 3.8% increase to his FAR for from 1 January 2024 to $405,000 and his target STI allocation as a percentage of FAR increased from 35% to 50% and LTI allocation as a percentage of FAR from 40% to 50%. The increase in remuneration reflects an increase in scope of role and strong delivery against KPIs.

The table below shows the remuneration mix and TRO for Executive KMP at target opportunity and at maximum opportunity for FY24, comprising FAR, STI and LTI. Variable remuneration (comprising STI and LTI at target and maximum amounts) accounts for the majority of the total remuneration mix for the CEO and CFO, linking overall pay outcomes with performance. The actual remuneration mix will vary based on Tyro's performance and individual performance each year. It is important to highlight that the performance rights awarded as part of the FY24 LTI offer are subject to ambitious stretch targets that will be tested on 30 June 2026 and will only be awarded if the financial metrics are met, and the recipient is still employed at Tyro.

REMUNERATION REPORT

Executive KMP Remuneration (continued)

Executive KMP	FAR	STI at Target	LTI at Target	TRO at Target	FAR	STI at Maximum	LTI at Maximum	Total at Maximum
Jon Davey	$770,972	$578,229	$770,972	$2,120,173	$770,972	$770,972	$1,541,944	$3,083,888
Prav Pala	$613,831	$306,912	$306,912	$1,227,655	$613,831	$460,373	$306,912	$1,381,116
Steve Chapman	$405,000	$202,500	$202,500	$810,000	$405,000	$202,500	$202,500	$810,000

Contracts of employment

The employment conditions of the Executive KMP are provided in the table below. All Executive 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 the usual legal requirements.

FY24 Executive KMP remuneration outcomes

FY24 STI outcomes

The following table provides the FY24 STI outcomes awarded to Executive KMP. Under the FY24 STI plan 50% of the award is made in non-restricted cash and 50% of the awarded STI is provided in equity in the form rights vesting 12 months post grant date. As outlined above, the STI outcomes are determined by reference to financial, customer and individual performance metrics. The FY24 award recognises the strong financial performance of the business and reflects opportunities to improve in relation to customer advocacy.

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	$357,578	$178,789	$178,789	$578,229	61.8%	46.4%
Prav Pala	$189,796	$94,898	$94,898	$306,912	61.8%	41.2%
Steve Chapman	$145,476	$72,738	$72,738	$202,500	71.8%	71.8%

FY24 LTI outcomes

The following table provides the FY24 LTI awarded to Executive KMP. Under the FY24 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	1,086,956	$1,500,000	$1.38	20 Dec 2023	69.3%
Prav Pala	222,402	$306,912	$1.38	20 Dec 2023	23.1%
Steve Chapman	113,654	$156,843	$1.38	20 Dec 2023	24.6%

[1] The value of the FY24 LTI performance rights granted as a percentage of total remuneration is based on total statutory remuneration reported on page 94.

Legacy LTI Plan outcomes

Since Tyro's adoption of performance based long-term incentives in 2019, there have been six awards made under the LTI Plan to Executive KMP and other nominated employees, with four 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.

The following table provides a summary of the legacy LTI Plans' key terms:

Details	FY19 Award	FY20 Award	FY21 Award		FY22 Award	FY23 Award
			LTI Award	Medipass Award		
Instrument	Options	Options	Rights	Rights	Rights	Rights
Exercise price	$1.50	$1.79	Nil	Nil	Nil	Nil
Grant date	1 May 2019	1 Oct 2019	1 Feb 2021	1 Jul 2021	1 Mar 2022	23 Nov 2022
Test date	1 May 2023	1 Oct 2024	1 Sep 2023	30 Jun 2026	1 Sep 2024	23 Nov 2025
Vesting date	[1]	[3]	1 Sep 2023	30 Jun 2026	1 Sep 2024	23 Nov 2025
Vesting hurdle(s)	[2]	[4]	[5]	[6]	[7]	[8]
Test result	Performance hurdles not met	Performance hurdles met	Performance hurdles met	Not due for testing	Performance hurdle met	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:
- a positive net profit result (before tax and share-based payment expenses) for financial year of testing; and
- 25% compound gross revenue growth from 1 July 2018 to end of 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:
- a positive net profit result (before tax and share-based payment expenses) for financial year of testing; and
- 20% compound gross revenue growth from 1 July 2019 to end of financial year of testing.

[5] FY21 LTI performance rights vested based on satisfaction of the following performance conditions:
- Tyro reporting a positive EBITDA (before share-based payment expenses) result for the financial year ending 30 June 2023; and
- Tyro's compound gross profit growth rate during the vesting period (1 July 2019 – 30 June 2023) meeting pre-determined targets.

[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] FY22 LTI performance rights that will qualify for exercise will depend on the vesting percentage determined by reference to Tyro's FY24 statutory EBITDA (before share-based payment expenses).

[8] FY23 LTI rights granted must satisfy two performance hurdles:
- 50% will vest subject to the 3-year compound annual growth rate to FY25 of Tyro's statutory EBITDA (before share-based payment expenses);
- 50% will vest subject to Tyro's rTSR to the XTX index.

Testing of FY20 performance options

The FY20 performance options will be tested on 1 October 2024, relating to the fourth and final tranche of vesting for the option grant (100% of vesting opportunity). Although testing will only take place on 1 October 2024, the results of the testing are known, and the results provided in the table below.

	FY21 $000	FY22 $000	FY23 $000	FY24 $000
Test 1:				
Achieve net profit before tax and share-based payment expenses	(20,433)	(24,418)	13,626	26,220
Hurdle achieved	✗	✗	✓	✓

	FY21 $000	FY22 $000	FY23 $000	FY24 $000
Test 2:				
20% compound gross revenue growth for each year of testing	238,522	326,143	439,776	497,715
Compound gross revenue growth (%) since FY20	12.1%	19.8%	23.4%	21.3%
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 2024, the last tranche of the grant will vest on 1 October 2024. The first three tranches vested on 1 October 2023 on account of the "catch-up" right and the compound annual growth rate for the gross revenue hurdle.

Vesting of FY21 performance rights

As outlined in the FY23 Remuneration Report, as both the EBITDA gateway and the compound gross profit performance hurdles were met on 30 June 2023, the FY21 LTI performance rights vested at 149% of the rights granted. These rights vested in a single tranche on 1 September 2023.

Executive KMP Remuneration (continued)

Legacy LTI Plan outcomes (continued)

Testing of FY22 performance rights

The FY22 performance rights vest on 1 September 2024 relating to the single vesting tranche for the rights. Although testing will only take place on 1 September 2024, the results of the testing are known, and the results are provided in the table below. Testing is against stretch targets that were set by the Board in FY22. While the FY22 LTI offer was made to 77 team members, it will only vest for 39 or less who are still employed with Tyro due to continued employment being a vesting condition.

	FY24 $000
FY24 Statutory EBITDA before share-based payment expenses performance hurdle Reference to Tyro's statutory EBIDTA before SBP expenses during the vesting period: • Less than $49.0 million – Nil vesting • Greater than or equal to $49 million – 70% vesting • Greater than or equal to $54.5 million – 80% vesting • Greater than or equal to $59.9 million – 90% vesting • Greater than or equal to $65.4 million – 100% vesting	89,755
Hurdle achieved	✓
Vesting percentage achieved (%)	100%

As the statutory EBITDA before share-based payment expense performance hurdle have been met as at 30 June 2024, the FY22 LTI performance right grant will vest at 100% of the rights granted. These rights will vest on 1 September 2024 with shares assigned immediately thereafter.

The following table provides the statutory remuneration outcomes for Executive KMP for FY24 and FY23 and is prepared in accordance with Australian Accounting Standards Board (AASB). The statutory remuneration outcomes disclosed in this table differs from the Executive KMPs' FY24 TRO and the elements of the remuneration framework outlined in earlier in 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).

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

Executive KMP	Cash Salary $	Superannuation $	Other[1] $	Cash STI Award $	Long Service Leave $	Options[2] $	Rights[3] $	Total $	Performance based equity component %
Jon Davey[4]									
FY24	**243,573**	**27,399**	**71,527**	**178,789**	**-**	**-**	**1,142,509**	**2,163,797**	**42.3%**
FY23	543,531	18,969	61,082	220,215	-	-	1,332,611	2,176,408	50.8%
Prav Pala									
FY24	**586,432**	**27,399**	**-**	**94,898**	**18,301**	**19,028**	**582,449**	**1,328,507**	**22.9%**
FY23	586,432	25,292	-	119,406	15,552	(50,341)[5]	1,053,205	1,749,546	27.6%
Steve Chapman									
FY24	**371,154**	**27,399**	**-**	**72,738**	**17,840**	**5,352**	**143,218**	**637,701**	**23.3%**
FY23	362,354	25,292	-	51,619	-	(15,436)[5]	161,472	585,301	25.0%
Total									
FY24	**1,701,159**	**82,197**	**71,527**	**346,425**	**36,141**	**24,380**	**1,868,176**	**4,130,005**	
FY23	**1,492,317**	**69,353**	**61,082**	**391,240**	**15,552**	**(65,777)**	**2,547,288**	**4,511,255**	

[1] Other payments include travel allowances for Jon Davey. Under the terms and conditions of Jon Davey's employment agreements, Tyro will pay for travel between their principal place of residency (Melbourne) and Tyro's head office (Sydney) up to an amount of $75,000.

[2] Options relate to the accounting expense for awards granted prior to Tyro's IPO. Refer to 'Options held by Executive KMP' below for the movement during the year.

[3] Rights relate to the accounting expense of awards not yet vested during the year and an estimate of the current year STI yet to be granted. Differences between the current year estimate and the fair value are recognised in the year the awards are granted.

[4] 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 and Rights figures represent the full FY23 charges.

[5] The negative accounting value of options for FY23 relates to the reversal of FY19 LTI Option Plan as vesting conditions were not met.

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 not 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.

Non-executive Director fees were reviewed at the end of 2023 calendar year following a benchmarking exercise undertaken by KPMG. This benchmarking highlighted that the Chair fee was low in comparison with the Non-executive Director base member fee with the Chair to Member ratio at 1.51 which is significantly lower than the average of 1.90–2.09. It has now been adjusted to 1.75, with the total Chair fee increased from $233,100 (including superannuation) to $270,000 (including superannuation). This increase was effective from 1 January 2024.

Non-executive Director base fees stayed flat between FY22 and FY24 at $140,000 per annum before superannuation contributions. These fees will decrease in FY25 to $139,372 per annum before superannuation with the fee not being adjusted in line with the increased compulsory superannuation amount effective from 1 July 2024.

Non-executive Directors are also paid an additional fee of $20,000 (inclusive of superannuation) to chair a Board Committee. Non-executive Directors are not paid an additional fee for being a member of a Board Committee.

The table below outlines the statutory remuneration paid to Non-executive Directors in FY24 in accordance with Australian Accounting Standards.

Non-executive Director	Cash Salary $	Superannuation $	Options[1] $	Rights[2] $	Total $	Performance based equity component[5] %
Fiona Pak-Poy						
FY24	**226,622**	**24,928**	**2,760**	**26,279**	**280,589**	**1.0%**
FY23[3]	88,333	9,275	5,428	97,608	200,644	2.7%
David Fite						
FY24	**140,000**	**15,400**	**94**	**-**	**155,494**	**0.1%**
FY23	140,000	14,700	(8,857)[4]	-	145,843	-
Claire Hatton						
FY24	**160,000**	**17,600**	**-**	**-**	**177,600**	**-**
FY23	146,667	15,400	-	-	162,067	-
Aliza Knox						
FY24	**112,000**	**12,320**	**-**	**23,085**	**147,405**	**-**
FY23	140,000	14,700	-	-	154,700	-
Paul Rickard						
FY24	**-**	**-**	**94**	**201,953**	**202,047**	**<0.1%**
FY23	-	-	(13,244)[4]	198,900	185,656	-
Shefali Roy						
FY24	**112,000**	**12,320**	**-**	**31,414**	**155,734**	**-**
FY23	112,000	11,760	-	30,940	154,700	-
Total						
FY24	**750,622**	**82,568**	**2,948**	**282,731**	**1,118,869**	**-**
FY23	**627,000**	**65,835**	**(16,673)**	**327,448**	**1,003,610**	**-**

[1] Options relate to the accounting expense for awards granted prior to Tyro's IPO. Refer to 'Options held by Non-executive Directors' below for the movement during the year.
[2] Rights relate to the accounting expense for the Non-executive Director fees that they have elected to salary sacrifice as service rights during the year.
[3] 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.
[4] The negative accounting value of options for FY23 relates to the reversal of FY19 LTI Option Plan as vesting conditions were not met.
[5] Relates to options issued to Non-executive Directors prior to Tyro's IPO.

REMUNERATION REPORT

Summary of Options and Rights under issue

Rights held by Non-executive Directors at 30 June 2024

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	**FY24**	**-**	**83,426**	**(83,426)**	**-**	**-**	**-**	**-**
	FY23	76,858	-	(76,858)	-	-	-	-
David Fite	**FY24**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY23	35,620	-	(35,620)	-	-	-	-
Claire Hatton	**FY24**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY23	-	-	-	-	-	-	-
Aliza Knox	**FY24**	**-**	**22,522**	**-**	**-**	**22,522**	**-**	**22,522**
	FY23	-	-	-	-	-	-	-
Paul Rickard	**FY24**	**-**	**314,783**	**(170,000)**	**-**	**144,783**	**-**	**144,783**
	FY23	46,723	-	(46,723)	-	-	-	-
Shefali Roy	**FY24**	**-**	**48,966**	**(26,444)**	**-**	**22,522**	**-**	**22,522**
	FY23	-	-	-	-	-	-	-

[1] Rights granted as compensation in FY24 relate to director fees sacrificed in FY23 and FY24.

Rights held by Executive KMP at 30 June 2024

Executive KMP		Balance at start of year	Granted as compensation	Exercised	Forfeited	Balance at end of year	Vested and exercisable	Unvested
Jon Davey	**FY24**	**1,938,685**	**1,406,109**	**-**	**-**	**3,344,794**	**93,086**	**3,251,708**
	FY23	631,320	1,307,365	-	-	1,938,685	-	1,938,685
Prav Pala	**FY24**	**1,191,111**	**420,873**	**(77,271)**	**-**	**1,534,713**	**552,634**	**982,079**
	FY23	144,478	1,046,633	-	-	1,191,111	252,159	938,952
Steve Chapman	**FY24**	**162,047**	**195,789**	**(31,616)**	**-**	**326,220**	**12,468**	**313,752**
	FY23	48,485	114,164	(602)	-	162,047	-	162,047

Options held by Non-executive Directors at 30 June 2024[1]

Non-executive Director		Balance at start of year	Granted as compensation	Exercised	Forfeited	Balance at end of year	Vested and exercisable	Unvested
Fiona Pak-Poy	**FY24**	**83,000**	**-**	**-**	**-**	**83,000**	**62,250**	**20,750**
	FY23	83,000	-	-	-	83,000	-	83,000
David Fite	**FY24**	**158,144**	**-**	**(14,286)**	**(143,858)**	**-**	**-**	**-**
	FY23	158,144	-	-	-	158,144	87,286	70,858
Claire Hatton	**FY24**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY23	-	-	-	-	-	-	-
Aliza Knox	**FY24**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY23	-	-	-	-	-	-	-
Paul Rickard	**FY24**	**179,726**	**-**	**(14,286)**	**(165,440)**	**-**	**-**	**-**
	FY23	201,231	-	-	(21,505)	179,726	78,568	101,158
Shefali Roy	**FY24**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY23	-	-	-	-	-	-	-

Options held by Executive KMP at 30 June 2024[1]

Executive KMP		Balance at start of year	Granted as compensation	Exercised	Forfeited	Balance at end of year	Vested and exercisable	Unvested
Jon Davey	**FY24**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY23	-	-	-	-	-	-	-
Prav Pala	**FY24**	**1,613,486**	**-**	**-**	**(1,026,084)**	**587,402**	**447,695**	**139,707**
	FY23	1,613,486	-	-	-	1,613,486	405,689	1,207,797
Steve Chapman	**FY24**	**342,334**	**-**	**-**	**(181,337)**	**160,997**	**120,748**	**40,249**
	FY23	342,334	-	-	-	342,334	-	342,334

[1] Relates to options issued prior to Tyro's IPO.

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	Fair value of Options/ Rights at grant date	Vested %	Vested (Number)	Forfeited/ Lapsed %	Fair value of Options/ Rights exercised during the reporting period
Jon Davey									
Loan Shares[1]	31 May 2021	471,148	[1]	$2.12[1]	$1,101,700	100.0%	471,148	Nil	-
Loans Shares[1]	31 May 2021	22,332	[1]	$0.01[1]	$52,220	100.0%	22,332	Nil	-
Medipass Service	1 Jul 2021	297,619	[2]	Nil	$1,119,047	0.0%	Nil	Nil	-
Medipass Performance	1 Jul 2021	297,619	[3]	Nil	$1,119,047	0.0%	Nil	Nil	-
FY22 LTI Rights	1 Mar 2022	36,082	[4]	Nil	$61,339	0.0%	Nil	Nil	-
FY22 STI Rights	24 Oct 2022	25,314	[5]	Nil	$38,098	0.0%	Nil	Nil	-
FY23 LTI Rights	24 Dec 2022	1,282,051	[6]	Nil	$1,903,846	0.0%	Nil	Nil	-
FY23 STI Rights (long-term)	10 Nov 2023	159,577	[7]	Nil	$193,886	0.0%	Nil	Nil	-
FY23 STI Rights (short-term)	10 Nov 2023	159,576	[8]	Nil	$198,885	58.3%	93,086	Nil	-
FY24 LTI Rights	20 Dec 2023	1,086,956	[9]	Nil	$1,239,130	0.0%	Nil	Nil	-
Prav Pala									
2014 Oct Linear Options	10 Oct 2014	211,268	[10]	$0.45	$31,211	100.0%	211,268	Nil	-
2015 Oct Linear Options	6 Oct 2015	166,129	[10]	$0.60	$26,479	100.0%	166,129	Nil	-
2016 Nov Linear Options	2 Nov 2016	141,403	[10]	$1.49	$39,580	100.0%	141,403	100.0%	-
2018 Feb Linear Options	1 Feb 2018	250,000	[10]	$1.76	$59,492	100.0%	250,000	100.0%	-
2018 Dec Annual Options	31 Dec 2018	71,428	[11]	Nil	$74,999	100.0%	71,428	Nil	-
FY19 LTI Options	1 May 2019	634,681	[12]	$1.50	$197,647	0.0%	Nil	100.0%	-
Liquidity Event Rights	9 May 2019	500,000	[13]	Nil	$550,000	100.0%	500,000	Nil	-
FY20 LTI Options	1 Oct 2019	558,830	[14]	$1.79	$262,510	75.0%	419,123	Nil	-
FY19 STI Sacrifice	16 Oct 2019	85,792	[15]	Nil	$128,688	100.0%	85,792	Nil	-
FY20 STI Rights	2 Sep 2020	25,930	[16]	Nil	$93,867	100.0%	25,930	Nil	-
FY21 LTI Rights	1 Feb 2021	51,860	[17]	Nil	$163,359	100%	51,860	Nil	$163,359
FY21 STI Rights	2 Sep 2021	15,072	[18]	Nil	$57,274	0.0%	Nil	Nil	-
FY22 LTI Rights	1 Mar 2022	75,387	[4]	Nil	$128,158	0.0%	Nil	Nil	-
Retention Rights	9 Sep 2022	750,000	[19]	Nil	$1,031,250	66.7%	500,000	Nil	-
FY22 STI Rights	24 Oct 2022	35,095	[5]	Nil	$52,818	0.0%	Nil	Nil	-
FY23 LTI Rights	24 Dec 2022	261,538	[6]	Nil	$388,384	0.0%	Nil	Nil	-
FY21 LTI Rights	1 Sep 2023	25,411	[20]	Nil	$80,045	100.0%	25,411	Nil	$80,045
FY23 STI Rights (long-term)	10 Nov 2023	86,530	[7]	Nil	$105,134	Nil	Nil	Nil	-
FY23 STI Rights (short-term)	10 Nov 2023	86,530	[8]	Nil	$105,134	58.3%	50,475	Nil	
FY24 LTI Rights	20 Dec 2023	222,402	[9]	Nil	$253,538	0.0%	Nil	Nil	
Steve Chapman									
FY19 LTI Options	1 May 2019	181,337	[12]	$1.50	$197,647	0.0%	Nil	100.0%	-
FY20 LTI Options	1 Oct 2019	160,997	[14]	$1.79	$75,628	75.0%	120,748	Nil	-
FY19 STI Sacrifice	16 Oct 2019	7,951	[15]	Nil	$11,927	100.0%	7,951	Nil	-
FY20 STI Rights	2 Sep 2020	7,246	[16]	Nil	$26,231	100.0%	7,246	Nil	-
FY21 LTI Rights	1 Feb 2021	14,941	[17]	Nil	$47,064	100.0%	14,941	Nil	$47,064
FY21 STI Rights	2 Sep 2021	3,285	[18]	Nil	$12,483	0.0%	Nil	Nil	-
FY22 LTI Rights	1 Mar 2022	29,657	[4]	Nil	$50,417	0.0%	Nil	Nil	-
FY22 STI Rights	24 Oct 2022	15,019	[5]	Nil	$22,604	0.0%	Nil	Nil	-
FY23 LTI Rights	24 Dec 2022	99,145	[6]	Nil	$147,230	0.0%	Nil	Nil	-
FY21 LTI Rights	1 Sep 2023	7,321	[20]	Nil	$23,061	100.0%	7,321	Nil	$23,061
FY23 STI Rights (long-term)	10 Nov 2023	37,407	[7]	Nil	$45,449	0.0%	Nil	Nil	-
FY23 STI Rights (short-term)	10 Nov 2023	37,407	[8]	Nil	$45,449	58.3%	21,822	Nil	$11,365
FY24 LTI Rights	20 Dec 2023	113,654	[9]	Nil	$129,566	0.0%	Nil	Nil	-

[1] The Loan Shares refer to a historical arrangement put in place in May 2021 on Tyro's acquisition of Medipass Solutions Pty Ltd (Medipass). Prior to Tyro's acquisition, Medipass had issued options to employees as part of its employee share option plan. Prior to Tyro acquiring Medipass, those historical Medipass options had their vesting accelerated and were exercised by the holders, with the exercise price funded by a limited recourse loan extended by Medipass to the relevant option holder. Upon Tyro acquiring 100% of Medipass, the shares issued following the exercise of the historical Medipass options were exchanged for shares in Tyro. The combination of the limited recourse loans and the associated Tyro shares accordingly operate in a manner similar to an option: the loan is equivalent to the original option exercise price and if the loan is not repaid by the due date, the loan can be satisfied by the holder forfeiting the Tyro shares (similar to allowing an 'out of the money' option to lapse). These were accounted for in accordance with AASB 2.

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

[3] 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.

[4] Vesting takes place in a single tranche on 1 September 2024 and is subject to the satisfaction of an EBITDA outcome (before share-based payment expenses) performance hurdle for Tyro for the year ended 30 June 2024.

[5] Vesting takes place 4 years (irrespective of continuous service) after grant with no performance hurdle.

[6] Vesting takes place in a single tranche on 23 November 2025 and is subject to the satisfaction of a CAGR EBITDA (before share-based payment expenses) 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 as at 30 June 2025.

[7] Vesting takes place 4 years (irrespective of continuous service) after grant with no performance hurdle.

[8] Vesting will occur in 12 equal monthly tranches from grant date (irrespective of continuous service).

[9] Vesting takes place in a single tranche on 20 December 2026 and is subject to the satisfaction of a CAGR EBITDA (after share-based payment expenses) performance hurdles for Tyro for the period 1 July 2024 to 30 June 2026 as well as a relative total shareholder return outcome as at 30 June 2026.

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

[11] 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.

[12] 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) a positive net profit result (before tax and share-based payment expenses; and (ii) 25% compound gross revenue growth per annum. 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).

[13] 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.

[14] 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) a positive net profit result (before tax and share-based payment expenses; and (ii) 20% compound gross revenue growth per annum. 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).

[15] Vesting occurred on grant date.

[16] Vesting occurs equally on a monthly basis over a 24-month period from the initial vesting date.

[17] Subject to passing the 'gateway' and satisfying the performance hurdle, the performance rights vest in one tranche 3 years following the effective date.

[18] Vesting takes place 4 years after grant with no performance hurdle.

[19] Vesting takes place 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. The final tranche will not vest due to resignation.

[20] Performance rights vested at 149% of the rights granted. Refer to 'Legacy LTI' on page 93 for further details.

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

The number of ordinary shares held in Tyro at 30 June 2024 by each 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	Shares to be allocated in FY25[1]
Fiona Pak-Poy	**FY24**	**183,277**	**83,426**	**20,000**	**286,703**	-
	FY23	106,420	76,857	-	183,277	-
David Fite	**FY24**	**16,629,481**	**14,286**	**-**	**16,643,767**	-
	FY23	16,593,861	35,620	-	16,629,481	-
Claire Hatton	**FY24**	**14,583**	**-**	**21,834**	**36,417**	-
	FY23	-	-	-	14,583	-
Aliza Knox	**FY24**	**-**	**-**	**-**	**-**	22,522
	FY23	-	-	-	-	-
Paul Rickard	**FY24**	**2,173,463**	**184,286**	**-**	**2,357,749**	144,783
	FY23	2,126,740	46,723	-	2,173,463	-
Shefali Roy	**FY24**	**-**	**26,444**	**-**	**26,444**	22,522
	FY23	-	-	-	-	-

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[2]	**FY24**	**493,480**	**-**	**-**	**493,480**
	FY23	493,480	-	-	493,480
Prav Pala	**FY24**	**763,149**	**77,271**	**(376,667)**	**463,753**
	FY23	825,934	37,215	(100,000)	763,149
Steve Chapman	**FY24**	**15,197**	**31,616**	**(15,197)**	**31,616**
	FY23	12,783	2,414	-	15,197

[1] Relates to FY24 Remuneration Sacrifice Rights to be converted to shares in FY25.

[2] Jon Davey's ordinary shares include 493,480 of Loan Shares held, as referred to in Note 1 to the 'Equity grants to Executive KMP' table on page 98.

Other information

No loan or transactions involving an equity instruments were granted to any KMP during the reporting period, 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 2024, 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

Ernst & Young

Anita Kariappa

Anita Kariappa
Partner
26 August 2024


Pay Beach Bootcamp
$99.00


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5-YEAR PERFORMANCE SUMMARY

For the year ended 30 June 2024

	FY20 $000	FY21 $000	FY22 $000	FY23 $000	FY24 $000
Transaction value[1]	20,131,045	25,453,507	34,197,353	42,601,263	42,932,748
Transaction value annual growth	15.1%	26.4%	34.4%	24.6%	0.8%
Total revenue (normalised)[2]	210,675	239,505	326,143	435,802	471,424
Total revenue annual growth	11.0%	13.7%	36.2%	33.6%	8.2%
Direct expenses	(117,200)	(119,771)	(177,640)	(242,597)	(260,655)
Gross profit (normalised)[3]	**93,475**	**119,734**	**148,503**	**193,205**	**210,769**
Gross profit annual growth	12.3%	28.1%	24.0%	30.1%	9.1%
Operating expenses (normalised)	(97,847)	(105,568)	(137,836)	(150,906)	(155,089)
EBITDA (normalised)[4]	**(4,372)**	**14,166**	**10,667**	**42,299**	**55,680**
EBITDA margin[4]	n/m	11.8%	7.2%	21.9%	26.4%
Share-based payments expense	(10,896)	(8,779)	(5,199)	(11,165)	(3,862)
Depreciation and amortisation (normalised)	(12,524)	(14,666)	(20,505)	(25,172)	(30,960)
EBIT (normalised)[4]	(27,792)	(9,279)	(15,037)	5,962	20,858
Net interest expense (normalised)	(535)	(517)	(1,024)	(1,484)	(1,402)
Profit/(loss) before tax (normalised)[5]	**(28,327)**	**(9,796)**	**(16,061)**	**4,478**	**19,456**
Adjustments to normalised earnings					
Bendigo amortisation (net of gross profit share)	-	-	(2,686)	(3,044)	(3,076)
Bendigo net interest expense	-	-	(2,534)	(2,228)	(1,425)
Bendigo transitional expenses	-	-	(4,669)	(974)	-
Bendigo impairment adjustment	-	-	-	-	(1,431)
M&A project costs	-	(4,681)	-	(2,858)	-
Other one-off (costs)/benefits	(9,730)	(14,179)	(109)	7,218	9,897
Share of loss from associates	-	(1,119)	(3,558)	(131)	(1,063)
Profit/(loss) before income tax (statutory)	**(38,057)**	**(29,775)**	**(29,617)**	**2,461**	**22,358**
Profit/(loss) after income tax (statutory)	**(38,057)**	**(29,823)**	**(29,617)**	**6,013**	**25,705**
Cash, cash equivalents and investments	188,324	172,780	122,768	128,932	165,043
Free cashflow (before banking)	(36,193)	(44,113)	(34,146)	5,700	30,416

[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] Normalised revenue is adjusted to exclude the gain on remeasurement of the commission liability related to the Bendigo Alliance, Lightspeed compensation received and the recognition of the me&u investment as a financial asset after Tyro's ownership reduced in prior period, resulting in a gain on revaluation.

[3] Normalised gross profit is adjusted to reflect the Bendigo Alliance gross profit share not deducted from statutory gross profit but reflected within the movement on commission liability relating to the Bendigo Alliance. In prior periods, it also reflects the fair value gain on the recognition of me&u as a financial asset.

[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 loss from associates, the non-cash accounting impact of the Bendigo Alliance and other one-off costs.

[5] Normalised net profit/(loss) before tax excludes the non-cash accounting impact of the Bendigo Alliance and other one-off costs.


VISA
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FINANCIAL REPORT

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	Note	2024 $000	2023 $000
Fees and terminal rental income	2	443,907	417,631
Interest income	2	25,867	18,712
Gain on financial instruments	2	17,208	2,277
Other income	2	10,733	1,156
Total revenue		**497,715**	**439,776**
Interchange, integration and support fees	2	(247,628)	(232,376)
Terminal accessories and other expenses		(4,046)	(2,245)
Interest expense on deposits and banking expenses		(2,127)	(811)
Total direct expenses		**(253,801)**	**(235,432)**
Gross profit		**243,914**	**204,344**
Employee benefits expense (excluding share-based payments)	2	(95,905)	(96,957)
Share-based payments expense		(3,862)	(11,165)
Licencing, hosting and communication costs		(20,174)	(17,718)
Administrative and other expenses	2	(15,930)	(15,244)
Marketing expenses		(10,389)	(8,202)
Contractor and consulting expenses		(7,707)	(13,427)
Lending and non-lending (losses)/gains	2	(4,054)	1,139
Depreciation and amortisation	9, 12, 13	(40,890)	(36,355)
Impairment of intangible assets	13	(18,755)	(111)
Other interest expenses		(2,827)	(3,712)
Total operating expenses		**(220,493)**	**(201,752)**
Share of loss from associates	11	(1,063)	(131)
Profit before income tax		**22,358**	**2,461**
Income tax benefit	4	3,347	3,552
Profit after income tax		**25,705**	**6,013**

Other comprehensive income

		2024 $000	2023 $000
FVOCI reserve – revaluation gain, net of tax		379	282
Total comprehensive income for the year		**26,084**	**6,295**

Earnings per share for profit attributable to the Ordinary Equity Holders of Tyro Payments Limited		Cents	Cents
Basic earnings per share	22	4.91	1.16
Diluted earnings per share	22	4.77	1.12

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

Consolidated Statement of Financial Position

For the year ended 30 June 2024

	Note	2024 $000	2023 $000
Assets			
Current assets			
Cash and cash equivalents	5	50,771	42,603
Due from other financial institutions	6	26,387	15,779
Trade and other receivables	7	44,179	25,360
Loans	8	36,677	43,765
Financial investments	10	24,608	15,452
Prepayments		4,802	6,238
Inventories		783	2,027
Total current assets		**188,207**	**151,224**
Non-current assets			
Loans	8	2,648	6,761
Financial investments	10	67,234	59,072
Investment in associates	11	748	1,811
Property, plant and equipment	12	51,334	42,785
Right-of-use assets	9	23,630	26,344
Intangible assets and goodwill	13	97,772	126,502
Net deferred tax assets	4	19,885	16,538
Total non-current assets		**263,251**	**279,813**
Total assets		**451,458**	**431,037**
Liabilities			
Current liabilities			
Deposits	15	88,882	92,704
Trade and other payables	16	64,769	43,031
Lease liabilities	9	4,797	4,394
Provisions	17	6,932	6,762
Total current liabilities		**165,380**	**146,891**
Non-current liabilities			
Other payables	16	49,986	75,396
Lease liabilities	9	26,744	29,167
Provisions	17	1,674	1,899
Total non-current liabilities		**78,404**	**106,462**
Total liabilities		**243,784**	**253,353**
Net assets		**207,674**	**177,684**
Equity			
Contributed equity	18	279,466	279,422
Reserves	18	62,889	59,320
Accumulated losses	18	(134,681)	(161,058)
Total equity		**207,674**	**177,684**

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

FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Note	Contributed equity $000	FVOCI reserve $000	Share-based payments reserve $000	General reserve for credit losses $000	Accumulated losses $000	Total $000
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		**279,422**	**(407)**	**54,725**	**5,002**	**(161,058)**	**177,684**
At 1 July 2023		**279,422**	**(407)**	**54,725**	**5,002**	**(161,058)**	**177,684**
Profit for the year		-	-	-	-	25,705	25,705
Other comprehensive income		-	379	-	-	-	379
Total comprehensive income		**-**	**379**	**-**	**-**	**25,705**	**26,084**
Issue of share capital – from options and rights exercised		44	-	-	-	-	44
Share-based payments		-	-	3,862	-	-	3,862
Transfer to general reserve for credit losses		-	-	-	(688)	688	-
Transfer from FVOCI reserve		-	16	-	-	(16)	-
At 30 June 2024	**18**	**279,466**	**(12)**	**58,587**	**4,314**	**(134,681)**	**207,674**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 $000	2023 $000
Cash flows from operating activities			
Fees and terminal rental and other income received		444,183	417,418
Interchange, integration and support fees paid		(253,701)	(238,251)
Interest received		24,760	18,278
Interest paid		(3,115)	(1,411)
Payments to employees and contractors		(101,979)	(104,882)
Terminals purchased		(19,589)	(19,627)
Other operating expenses paid		(53,333)	(49,816)
Legal settlement and insurance recoveries received		11,750	-
Payments for terminal remediation		-	(248)
Movement in scheme and other receivables		(184)	3,767
Net cash flows from operating activities excluding loans and deposits		**48,792**	**25,228**
Movement in loans		6,792	(15,599)
Movement in deposits		(3,822)	9,431
Net cash flows from operating activities	**5**	**51,762**	**19,060**
Cash flows from investing activities			
Movement in term deposit investments			
Purchases		(11,145)	(1,000)
Proceeds on maturity		539	-
Movement in financial investments			
Purchases		(31,746)	(7,800)
Proceeds		15,000	10,460
Movement in property, plant and equipment (excluding terminals)			
Purchases		(968)	(534)
Proceeds		-	1,257
Payments for recognised intangible assets		(12,301)	(14,543)
Net cash used in investing activities		**(40,621)**	**(12,160)**
Cash flows from financing activities			
Proceeds from exercise of share options and rights		44	624
Payments of the principal portion of leases		(3,017)	(1,173)
Net cash flows used in financing activities		**(2,973)**	**(549)**
Net movement in cash and cash equivalents		**8,168**	**6,351**
Effect of foreign exchange rates on cash and cash equivalents		-	(633)
Cash and cash equivalents at beginning of year		42,603	36,885
Cash and cash equivalents at end of year	**5**	**50,771**	**42,603**

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

FINANCIAL STATEMENTS

Notes to the financial statements

For the year ended 30 June 2024

1. General information and statement of material accounting policies

The financial report of the Group was authorised for issue in accordance with a resolution of the Directors on 26 August 2024.

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 (the **Company** or **Parent Entity**) and its controlled entities (together referred to as the **Group**). Tyro Payments Limited is the ultimate parent entity of the Group.

The material 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 and 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. The Group has not assessed whether these new standards and amendments will have a material impact on the financial position or performance of the Group.

- *Non-current liabilities with Covenants (Amendments AASB 101)*
- *Classification of Liabilities as Current or Non-current (Amendments AASB 101)*
- *Presentation and Disclosure in Financial Statements (AASB 18).*
- *Insurance Contracts (AASB 17)*

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 Company 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 is able to continue as a going concern.

(c) Changes in material accounting policies

(i) Material accounting policy information

The Group adopted Disclosure of Accounting Policies (*Amendments to AASB 101* and *AASB Practice Statement 2*) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial report.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to the disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial report.

Management reviewed the accounting policies and made updates to the information disclosed in Note 1 (e) to Note 1 (ae) in certain instances in line with the amendments.

(ii) Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to AASB 112)* from 1 July 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statements of financial position because the balances qualify for offset under paragraph 74 of AASB 112. There was also no impact on the opening retained earnings as at 1 July 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised (see Note 4).

(d) Significant accounting judgements, estimates and assumptions

In applying the Group's material accounting policies, Management continually evaluates judgements, estimates and assumptions based on experience and other factors, including climate-related risks and opportunities, 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 14. 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 bonds 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 19.

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

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 AASB 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 19 (ix).

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 intangible assets with indefinite useful life e.g. goodwill is assessed for impairment at least on an annual basis. Intangible assets with finite useful lives are reviewed at least annually to determine whether any indicators of impairment exist. If an impairment indicator exists, 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 13(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.

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.

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

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 the:

- 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

In October 2020, the Group announced an alliance with Bendigo and Adelaide Bank Limited (**Bendigo Bank**) for merchant acquiring services **(Alliance)** 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.

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* (see Note 13). The useful life of the acquired intangible assets is judgmental and reviewed annually by Management with adjustments made where deemed necessary.

(e) 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 13). 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.

(f) Current and non-current classification

The Group presents assets and liabilities in the Consolidated 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.

(g) Cash and cash equivalents

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

(h) 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. Refer to Note 20(b) for details of deposits pledged as collateral.

(i) 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.

(j) 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.

(k) 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.

Notes to the financial statements (continued)

For the year ended 30 June 2024

(l) 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.

(m) 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 Consolidated Statement of Financial Position at fair value with net changes in fair value recognised in the Consolidated Statement of Comprehensive Income.

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 revaluations and impairment losses or reversals are recognised in the Statements 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.

(n) Investment in associates

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates is accounted for under the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence ceases. Goodwill on associate 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.

(o) 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:	2024	2023
Terminals	3 years	3 years
Furniture and office equipment	5 years	5 years
Computer equipment	3 - 4 years	3 - 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 disposal are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the Statements of Comprehensive Income in the year the asset is derecognised.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(p) 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.

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.

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.

Notes to the financial statements (continued)

For the year ended 30 June 2024

(p) Leases (continued)

(ii) 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). This exemption is also applied to office equipment that are 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.

(q) 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 impairment in accordance with AASB 136 *Impairment of Assets*.

Acquired intangibles as part of the Medipass acquisition were valued using the replacement cost technique.

(ii) Customer contracts and relationships

Customer contracts were acquired as part of the Tyro-Bendigo Alliance and Medipass acquisitions. They were 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
Software	Straight line	Finite (3 - 5 years)
Customer contracts and 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.

(r) 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. The Group also offsets deferred tax assets and liabilities 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.

(s) Deposits

Deposits from merchants 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.

(t) **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(d).

(u) 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.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as 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.

(v) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity net of tax from the proceeds of the issue.

(w) 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.

(x) 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.

(x) 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 as Tyro is the principal in the arrangement; and
- 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.

(y) 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.

(z) 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 14.

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.

(aa) 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 Consolidated 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.

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 using the 'stand-alone taxpayer' approach. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in their own balance sheet. 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 tax profit will be available against which the benefits of the deferred tax asset can be utilised.

Tax sharing agreements

The Company, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

(ab) 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 the Statements of 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	
Non-distinct costs: Recognised as an operating expense over the term of the service contract	• Fee for use of application software (licence fee) • Customisation costs
Distinct costs: Recognised as an operating expense as the service is received	• 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.

(ac) 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 Consolidated Statement 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 Consolidated Statement of Cash Flow 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.

(ad) 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 rates 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.

(ae) De-recognition of assets and liabilities

Assets and liabilities are de-recognised from the Consolidated Statement 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.

Notes to the financial statements (continued)

For the year ended 30 June 2024

2. Revenue and expenses

The profit before tax has been arrived at after accounting for the following items:

Fees and terminal rental income	2024 $000	2023 $000
Merchant service fee	403,865	379,057
Terminal rental income	35,396	34,774
Other fee income	4,646	3,800
	443,907	**417,631**
Interest Income		
Effective interest income	13,242	7,653
Interest income on loans[1]	12,625	11,059
	25,867	**18,712**
Gain on financial instruments		
Remeasurement of commission payable to Bendigo Bank[2]	17,324	-
Fair value gain on equity investment	-	3,974
Fair value loss on loans[1]	(116)	(1,697)
	17,208	**2,277**
Other income		
Proceeds from legal settlement[3]	8,967	-
Sale of terminal accessories and other income	1,766	1,156
	10,733	**1,156**
Interchange, integration and support fees		
Interchange and scheme fees	(218,922)	(209,399)
Integration, support and other fees	(28,706)	(22,977)
	(247,628)	**(232,376)**
Employee benefits expense (excluding share-based payments)		
Wages, salaries and incentives	(79,693)	(82,393)
Superannuation	(8,567)	(8,133)
Other employee benefits expense	(7,645)	(6,431)
	(95,905)	**(96,957)**
Administrative and other expenses		
Terminal management and logistics	(5,212)	(4,417)
Insurance	(2,101)	(1,829)
Travel and entertainment	(1,005)	(828)
Professional services[3]	(847)	(2,668)
Impairment of right-of-use assets	(235)	(1,184)
Other expenses	(6,530)	(4,318)
	(15,930)	**(15,244)**
Lending and non-lending (losses)/gains		
Lending losses[1]	(4,293)	(2,880)
Non-lending losses	(691)	(520)
Remediation provision release[4]	-	3,719
Insurance recoveries[5]	930	820
	(4,054)	**1,139**

[1] Fair value loss on loans excludes interest income on loans or lending losses. Interest income on loans and lending losses have been disclosed as separate items within the Consolidated Statement of Comprehensive Income.

[2] The Group has remeasured the commission payable to Bendigo Bank by $17,324,000 (June 2023: nil) to reflect a decrease in future commission payable on Bendigo Alliance merchants. Refer to Note 16 for further details.

[3] The Group received a settlement from Kounta for a contractual breach. $8,967,000 was recognised as other income with the remaining $1,033,000 offsetting against legal costs within professional services.

[4] The remediation provision of $3,719,000 was fully released in 2023 as the provision was no longer being expected to be utilised following the approval of the settlement of the class action by the Court

[5] The insurance recovery of $930,000 (June 2023: $820,000) relates to the recovery of remediation and legal costs incurred in relation to the January 2021 terminal connectivity incident (Note 7).

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 Managing Director and 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 and interest income on excess deposits. Interest expense is incurred on deposits.

(b) Revenue and gross profit by segment

	Payments[1]	Banking[2]	Corporate and other[3]	Total
2024				
Revenue	471,507	14,725	11,483	497,715
Gross profit	219,833	12,598	11,483	243,914
2023				
Revenue	419,215	10,550	10,011	439,776
Gross profit	184,597	9,736	10,011	204,344

Reconciliation of gross profit to profit before tax:

	2024 $000	2023 $000
Gross profit	243,914	204,344
Operating expenses (excl. depreciation and amortisation, other interest expenses and share of loss from associates)	(176,776)	(161,685)
Depreciation and amortisation	(40,890)	(36,355)
Other interest expenses	(2,827)	(3,712)
Share of loss from associates	(1,063)	(131)
Profit before tax	**22,358**	**2,461**

[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, interest income on excess deposits and interest expense on deposits.

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

(c) Assets and liabilities by segment

	Payments $000	Banking $000	Corporate and other $000	Total $000
2024				
Segment assets	257,401	41,177	152,880	451,458
Segment liabilities	87,516	90,322	65,946	243,784
2023				
Segment assets	234,534	75,824	120,679	431,037
Segment liabilities	90,392	93,569	69,392	253,353

Notes to the financial statements (continued)

For the year ended 30 June 2024

4. Income tax

(a) Income tax benefit

Major components of income tax benefit for the year ended 30 June 2024 and 30 June 2023:

	2024 $000	2023 $000
Current income tax		
Current income tax benefit	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	(3,420)	3,487
Recognition/(derecognition) of deferred tax on temporary difference	202	(2,538)
Recognition of previously unrecognised tax losses	6,565	2,603
Income tax benefit in the statement of comprehensive income	**3,347**	**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 reported in equity	-	-

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

	2024 $000	2023 $000
Operating profit before tax	**22,358**	**2,461**
At the statutory income tax rate of 30%	(6,707)	(738)
Share-based payment remuneration	(1,159)	(3,350)
Share of loss from associates	(319)	(39)
Other non-deductible expenses	(90)	(80)
Recoupment of prior year tax losses not brought to account	4,855	6,502
Fair value gains on equity investment	-	1,192
Recognition of deferred tax on previously unrecognised tax losses	6,565	2,603
Recognition/(derecognition) of deferred tax on temporary differences	202	(2,538)
Total income tax benefit	**3,347**	**3,552**

(c) Deferred income tax assets and liabilities:

	2024			2023		
	Statement of financial position	Statement of comprehensive income	Other comprehensive income and equity	Statement of financial position	Statement of comprehensive income	Other comprehensive income and equity
Net deferred tax assets	$000	$000	$000	$000	$000	$000
Commission Payable	17,723	(7,808)	-	25,531	24,771	-
Lease liabilities	9,462	(606)	-	10,068	9,936	-
Tax losses	9,168	6,565	-	2,603	2,603	-
Provisions & accruals	3,468	346	-	3,122	(3,117)	-
Fixed assets	1,111	(5,808)	-	6,919	2,181	-
Software intangibles	3,426	2,348	-	1,078	1,294	-
Financial investments	669	45	-	624	529	-
Other	369	(1,280)	-	1,649	1,130	-
Right-of-use assets	(7,089)	814	-	(7,903)	(8,622)	-
Customer relationships intangible	(18,422)	8,731	-	(27,153)	(27,153)	-
Total	**19,885**	**3,347**	**-**	**16,538**	**3,552**	**-**

Net deferred tax assets relate to temporary differences up to $19,885,000 (tax effected) as at 30 June 2024 (June 2023: $16,538,000). In addition, approximately $10,458,000 (tax effected) of unused tax losses, R&D credits and temporary differences have not been recognised as an asset at balance date (June 2023: $22,065,000).

5. Cash and cash equivalents

	2024 $000	2023 $000
Cash at bank	50,771	42,603
	50,771	**42,603**

	2024 $000	2023 $000
Reconciliation of profit after tax to net cash flows from operations		
Profit after income tax	25,705	6,013
Adjustments for:		
Remeasurement of commission payable to Bendigo Bank	(17,324)	-
Depreciation and amortisation	40,890	36,355
Impairment of intangible assets	18,755	111
Lending losses	4,293	2,880
Share-based payments expense	3,862	11,165
Other interest expenses	1,451	2,988
Share of losses from associates	1,063	131
Impairment of right-of-use asset	235	1,184
Fair value loss on loans	116	1,697
Fair value gain on equity instrument	-	(3,974)
Income tax benefit	(3,347)	(3,552)
Remediation provision release	-	(3,719)
Other	1,291	11
Changes in assets and liabilities:		
Increase in trade, other receivables and other assets	(22,908)	(2,665)
Decrease/(increase) in loans[1]	6,792	(15,599)
Purchase of terminals	(25,829)	(16,031)
(Decrease)/Increase in deposits	(3,822)	9,431
Increase/(decrease) in trade and other payables	20,652	(7,485)
(Decrease)/increase in provisions	(113)	119
Net cash flow from operating activities	**51,762**	**19,060**

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

6. Due from other financial institutions

	2024 $000	2023 $000
Term deposits	10,101	-
Deposits pledged as collateral	16,286	15,779
	26,387	**15,779**

Includes term deposits with maturities greater than three months from the date of acquisition and deposits pledged to counterparties as collateral. Refer to Note 20 for details of deposits pledged as collateral.

Notes to the financial statements (continued)

For the year ended 30 June 2024

7. Trade and other receivables

	2024 $000	2023 $000
Scheme and other receivables[1]	28,314	5,165
Merchant acquiring fees	15,865	14,375
Insurance receivable[2]	-	5,820
	44,179	**25,360**

[1] Scheme receivables are presented net of merchant payables in line with the Group's accounting policy disclosed in Note 1.
[2] The insurance receivable from June 2023 relates to the insurance recovery associated with the settlement of the class action (Note 16) and other insurance recoveries relating to the terminal connectivity issue in January 2021 (Note 2). The funds were received in August 2023 and May 2024 respectively.

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	Expected credit losses $000
Carrying value 2024	44,179	44,223	-	-	-	-	(44)
Carrying value 2023	25,360	25,290	111	-	-	-	(41)

8. Loans

	2024 $000	2023 $000
Current		
Loans (net of unearned fees)	36,677	43,765
Non-current		
Loans (net of unearned fees)	2,648	6,761
	39,325	**50,526**

Income from loans comprises interest income of $12,625,000 (June 2023: $11,059,000), fair value loss of $116,000 (June 2023: loss of $1,697,000) and net lending loss of $4,293,000 (June 2023: net lending loss of $2,880,000).

9. Leases

Group as lessee – property lease

The Group holds a lease for the Group's headquarters. The lease has a non-cancellable period of 8 years ending in 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. In May 2024, the Group entered into a lease for an office in Melbourne. The lease has a non-cancellable period of 5 years ending in June 2029 with an option to renew for a further 3 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 the Group's headquarters 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 impairment expense of $235,000 was recognised in the Consolidated Statement of Comprehensive Income (June 2023: $1,184,000).

The Group had total cash outflow for leases of $4,394,000 in 2024 (June 2023: $1,897,000). 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:

9. Leases (continued)

	Right-of-use assets $000	Lease liabilities $000
As at 1 July 2023	26,344	33,561
Additions	1,029	988
Depreciation expense	(3,508)	-
Impairment expense	(235)	-
Interest expense	-	1,386
Payments	-	(4,394)
As at 30 June 2024	**23,630**	**31,541**
As at 1 July 2022	31,158	33,993
Depreciation expense	(3,630)	-
Impairment expense	(1,184)	-
Interest expense	-	1,465
Payments	-	(1,897)
As at 30 June 2023	**26,344**	**33,561**

Current	2024 $000	2023 $000
Lease liability	4,797	4,394
Non-current		
Lease liability	26,744	29,167
Total lease liabilities	**31,541**	**33,561**

Lease liabilities – Maturity analysis Contractual undiscounted cash flows	2024 $000	2023 $000
Within one year	4,906	4,394
After one year but not more than five years	22,219	20,126
More than five years	9,380	15,227
Total undiscounted lease liabilities	**36,505**	**39,747**

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

	2024 $000	2023 $000
Depreciation expense of right-of-use assets	(3,508)	(3,630)
Interest expense on lease liabilities	(1,386)	(1,465)
Impairment on right-of-use asset	(235)	(1,184)
Rent expense on short-term leases	(292)	(114)
Total amount recognised in the statement of comprehensive income	**(5,421)**	**(6,393)**

Future rental payments

Set out below are the undiscounted future rental payments relating to periods following the exercise date of extension and termination options. These amounts are not included in the lease liability and would be payable should those options be exercised:

Extension options not expected to be exercised	2024 $000	2023 $000
More than five years	50,341	49,388
Total	**50,341**	**49,388**

Notes to the financial statements (continued)

For the year ended 30 June 2024

10. Financial investments

Current	2024 $000	2023 $000
Bonds	24,608	15,452
	24,608	**15,452**
Non-current		
Bonds	63,276	55,098
Equity investments	3,958	3,974
	67,234	**59,072**

Bonds have been classified between current and non-current based on maturity date. The bonds are held for liquidity purposes and qualify as eligible collateral for repurchase agreements with the Reserve Bank of Australia.

In prior year the equity investment held by Tyro related to meandu Australia holdings Pty Ltd **(me&u)**, which is a leading hospitality in-venue food ordering and payments app. During the period, me&u and Mr Yum Holdings Pty Ltd **(Mr Yum)** completed a merger. Mr Yum is a mobile menu ordering and payment platform used by leading hospitality and entertainment venues for dine-in, pickup and delivery. As a result of this merger, Tyro has received an equity investment in Mr Yum for its investment in me&u. Tyro has recognised a fair value loss through Other Comprehensive Income **(OCI)** on disposal of the investment in me&u of $16,000.

11. Investment in associates

Investment in associates	2024 $000	2023 $000
Axis IP Pty Ltd **(Paypa Plane)**	748	1,811
	748	**1,811**

Paypa Plane is a payments technology business transforming scheduled payments. The investment in associate is initially recognised at cost and subsequently increased or decreased by the Group's share of Paypa Plane of net profit or loss after the acquisition date.

The following table summarises the financial information and results of Paypa Plane for the year ended 30 June 2024 and 30 June 2023.

	Investment in Paypa Plane	
	2024 $000	2023 $000
Percentage ownership interest	11.0%	11.0%
Current assets	1,742	7,995
Non-current assets	1,582	4,506
Current liabilities	(590)	(514)
Non-current liabilities	(500)	(739)
Net assets (100%)	**2,234**	**11,248**
Group's share of net assets	246	1,236
Carrying amount of interest in associate[1]	**748**	**1,811**
Revenue	2,443	718
Loss from continuing operations	(7,905)	(7,006)
Total comprehensive loss	(7,905)	(7,006)
Group's share of total comprehensive (loss)/income[2]	**(1,063)**	**329**

[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 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 group's share of total comprehensive loss on investment of $1,063,000 (June 2023: loss of $131,000) has been recognised in the Consolidated Statement of Comprehensive Income in the year.

12. 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 improvements $000	Total $000
Year ended 30 June 2024					
At 30 June 2023 net of accumulated depreciation	31,079	197	2,511	8,998	42,785
Additions	26,346	16	756	36	27,154
Disposals	(202)	-	(32)	-	(234)
Depreciation for the year	(15,878)	(114)	(1,185)	(1,194)	(18,371)
At 30 June 2024 net of accumulated depreciation	**41,345**	**99**	**2,050**	**7,840**	**51,334**
At 30 June 2024					
Cost	114,125	2,724	12,689	10,409	139,947
Accumulated depreciation	(72,780)	(2,625)	(10,639)	(2,569)	(88,613)
Net carrying amount	**41,345**	**99**	**2,050**	**7,840**	**51,334**

	Terminals $000	Furniture and office equipment $000	Computer equipment $000	Leasehold improvements $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**

Notes to the financial statements (continued)

For the year ended 30 June 2024

13. 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 relationships $000	Goodwill $000	Total $000
Year ended 30 June 2024				
At 30 June 2023 net of accumulated amortisation and impairment	22,267	90,548	13,687	126,502
Additions	9,036	-	-	9,036
Impairment expense	-	(18,755)	-	(18,755)
Amortisation for the year	(8,627)	(10,384)	-	(19,011)
At 30 June 2024 net of accumulated amortisation and impairment	**22,676**	**61,409**	**13,687**	**97,772**
At 30 June 2024				
Cost	42,153	114,913	13,687	170,753
Accumulated amortisation & impairment	(19,477)	(53,504)	-	(72,981)
Net carrying amount	**22,676**	**61,409**	**13,687**	**97,772**

	Software $000	Customer relationships $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 & impairment	(10,850)	(24,365)	-	(35,215)
Net carrying amount	**22,267**	**90,548**	**13,687**	**126,502**

Impairment considerations

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group is required to make a formal estimate of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

13. Intangible assets and goodwill (continued)

(a) Intangible assets (continued)

Due to the presence of impairment indicators as at 31 December 2023, Management was required to perform an impairment assessment of the Bendigo Alliance cash-generating unit **(CGU)** within the Payments operating segment. The recoverable amount of the Bendigo Alliance CGU was determined using a value in use **(VIU)** calculation utilising discounted cash flow projections based on a detailed 3 year forecast, followed by an extrapolation of expected cash flows for the remaining 4 years. Based on the assessment, a recoverable value of $6,058,000 was calculated and an impairment expense of $18,755,000 was identified against the Bendigo Alliance customer relationships intangible asset within the CGU. The impairment was a result of a decrease in future discounted cash flows generated from the Bendigo Alliance CGU following a drop in Transaction Value **(TV)** of 10.8% and a drop in Bendigo Alliance merchants by 16.5% compared to December 2022. There were no indicators of impairment on the remaining CGUs.

Key assumptions

The cash flow projections 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 the industries in which the CGUs operate. Forecasted cash flows are risk-adjusted allowing for estimated changes in the business and the competitive trading environment.

Cash flow projections are based on forecast revenue growth arising from forecast TV for the Bendigo Alliance. The weighted average cost of capital **(WACC)** applied to the cash flow projections was 12.5% which reflects the current market assessment of the time value of money and the risks specific to the relevant segments in which the CGU operates.

(b) Goodwill

(i) Allocation of goodwill

The Group has allocated goodwill acquired through business combinations to the Tyro Health CGU. As the only CGU with a 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 as at 30 June 2024.

	Tyro Health CGU	
	2024 $000	2023 $000
Goodwill	13,687	13,687
Total allocation of goodwill	**13,687**	**13,687**

The recoverable amount of the CGU is determined based on VIU 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 WACC.

The Group determined that the carrying amount of the CGU does not exceed the recoverable amount and therefore no impairment of goodwill at 30 June 2024 has been recorded (June 2023: nil).

(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 TV 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 12.5% (June 2023: 9.0%) which reflects a 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% (June 2023: 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.

Notes to the financial statements (continued)

For the year ended 30 June 2024

14. 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 and rights 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 also subject to performance criteria.

Certain option and right grants and any shares issued or allocated 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.

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

- the term of each option or right grant ranges between a period of 1 to 10 years from the date of grant or vesting (as applicable) 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 or rights has additional time to exercise.

(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 Group'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 255,042 options exercised during the year ended 30 June 2024 (June 2023: 1,762,101) and an additional 35,493 options exercised from 30 June 2024 up to the date of the report.

The weighted average remaining contractual life for share options outstanding as at 30 June 2024 was 2 years (June 2023: 2 years).

The following table summarises further details of the Company's share options outstanding at 30 June 2024:

				Number of outstanding options		
Exercise price	**Grant date**	**Contractual life**	**Vesting conditions**	**Jun 2024**	**Jun 2023**	**As at date of report**
149 cents	02-Nov-16	7 years	5 year monthly linear vesting	-	2,397,909	-
162 cents	03-Apr-17	7 years	5 year monthly linear vesting	-	40,000	-
0 cents	31-Dec-18	6 years	5 year annual linear vesting	217,135	365,473	151,705
176 cents	19-Dec-18	5.6 years	5 year monthly linear vesting	250,000	300,000	250,000
176 cents	01-Feb-18	6 years	5 year monthly linear vesting	-	2,230,145	-
0 cents	01-Apr-19	6 years	5 year annual linear vesting	12,858	55,716	12,858
150 cents	01-May-19	7 years	4 year annual vesting, plus performance criteria	-	1,468,599	-
179 cents	01-Oct-19	7 years	4 year annual vesting, plus performance criteria	1,581,050	1,850,147	1,581,050
0 cents	01-Sep-19	6 years	5 year annual linear vesting	244,746	407,450	239,964
Total				**2,305,789**	**9,115,439**	**2,235,577**

14. Share-based payments (coninued)

(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:

	2024 number	2024 WAEP (cents)	2023 number	2023 WAEP (cents)
Monthly linear and annual linear vesting				
Opening	5,796,693	140	11,284,622	126
Granted	-	-	-	-
Exercised	(255,042)	-	(1,762,101)	35
Forfeited or expired	(4,816,912)	159	(3,725,828)	149
Total outstanding at the end of the financial year	**724,739**	**61**	**5,796,693**	**140**
Total exercisable at the end of the financial year	**630,841**	**70**	**5,374,024**	**150**
Performance based vesting				
Opening	3,318,746	166	10,479,952	165
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited or expired	(1,737,696)	154	(7,161,206)	165
Total outstanding at the end of the financial year	**1,581,050**	**179**	**3,318,746**	**166**
Total exercisable at the end of the financial year	**1,185,789**	**179**	**-**	**-**
Total outstanding share options at the end of the financial year	**2,305,789**		**9,115,439**	
Total exercisable share options at the end of the financial year	**1,816,630**		**5,374,024**	

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

During the year, the Company granted 8,128,699 (June 2023: 7,310,724) service and performance rights as part of the short and long-term incentive arrangements and 469,697 (June 2023: nil) 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:

	One-off Grant (Head of Financial Planning & Pricing)[2]	One-off Grant (CGO)[2]	One-off Grant (CPO)
Grant date	Mar-23	Apr-23	Aug-23
Vesting period	1 year with 2 equal tranches vesting after 3 and 12 months from grant date	2 years with 2 equal yearly tranches	2 years with 2 equal yearly tranches
Expiry date	Employment conditions apply	Employment conditions apply	Employment conditions apply
Share price at grant date ($)[1]	$1.49	$1.09	$1.38
Dividend yield (%)	0%	0%	0%
Expected volatility (%)	N/A	N/A	N/A
Risk-free interest rate (%)	N/A	N/A	N/A

Notes to the financial statements (continued)

For the year ended 30 June 2024

14. Share-based payments (continued)

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

	FY21 LTI Performance Rights[3]	FY23 Directors RSU[2]	FY24 Directors RSU
Grant date	Sept-23	Nov-22	Nov-23
Vesting period	None	Target conversion date – post publication of full-year results	Target conversion date – post publication of full-year results
Expiry date	Employment conditions apply	Employment conditions apply	Employment conditions apply
Share price at grant date ($)[1]	$3.15	$1.49	$1.03
Dividend yield (%)	0%	0%	0%
Expected volatility (%)	N/A	N/A	N/A
Risk-free interest rate (%)	N/A	N/A	N/A

	FY23 Service Rights (long-term)	FY23 Service Rights (short-term)	FY24 LTI Performance Rights
Grant date	Nov-23	Nov-23	Dec-23
Vesting period	4 years	1 year with 12 equal monthly tranches	3 years
Expiry date	Nov-37	Nov-35	Employment conditions apply
Share price at grant date ($)[1]	$1.22	$1.22	$1.14
Dividend yield (%)	0%	0%	0%
Expected volatility (%)	N/A	N/A	N/A
Risk-free interest rate (%)	N/A	N/A	N/A

[1] The Company considers the listed share price near grant date, when determining fair value.
[2] Awards were granted during the year ended 30 June 2023 and were issued during the year ended 30 June 2024.
[3] FY21 LTI Performance Rights were additional rights granted during the year ended 30 June 2021 and were issued during the year ended 30 June 2024, performance conditions reached above 100% of target.

	2024 number	2024 WAEP (cents)	2023 number	2023 WAEP (cents)
Opening	13,113,235	-	9,535,747	-
Granted	8,598,396	-	7,310,724	-
Exercised	(3,411,574)	-	(1,374,464)	-
Forfeited or expired	(1,416,263)	-	(2,358,772)	-
Total outstanding at the end of the financial year	**16,883,794**	-	**13,113,235**	**-**
Total exercisable at the end of the financial year	**4,185,981**	-	**2,783,331**	**-**

15. Deposits

	2024 $000	2023 $000
Deposits	74,169	70,667
Term deposits	14,713	22,037
	88,882	**92,704**

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 Financial Claims Scheme **(FCS)** of up to $250,000 per account-holder per authorised deposit-taking institution **(ADI)**.

16. Trade and other payables

	2024 $000	2023 $000
Current		
Scheme fees, commissions and other accruals	23,655	16,986
Commissions payable to Bendigo Bank	9,045	9,653
Accounts payable	1,015	3,475
Clearing account and other liabilities	31,054	7,917
Class action settlement[1]	-	5,000
	64,769	**43,031**
Non-current		
Commissions payable to Bendigo Bank	49,986	75,396
	49,986	**75,396**

[1] The class action settlement was 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 amount was paid in August 2023.

Commissions payable to Bendigo Bank

The Group has an alliance with Bendigo and Adelaide Bank for merchant acquiring services, known as the Bendigo 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. In return, Bendigo Bank received upfront consideration and receives an ongoing 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:

	2024 $000	2023 $000
Guaranteed amount	9,045	18,793
Variable amount	49,986	66,256
	59,031	**85,049**

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

During the year the Group has remeasured the commission payable to Bendigo Bank by $17,324,000 (June 2023: nil). The decrease in commission payable reflects the decrease in gross margin expected to be received in future years driven by lower future transaction volumes. This was recognised within 'Gain on Financial Instruments' in the Consolidated Statement of Comprehensive Income.

Notes to the financial statements (continued)

For the year ended 30 June 2024

17. Provisions

	Annual Leave $000	Long Service Leave $000	Make Good Provision[1] $000	Other Provisions[2] $000	Total $000
Balance at 1 July 2023	5,372	2,350	565	374	8,661
Amounts provided/(utilised or released) during the year	(462)	202	58	147	(55)
Balance at 30 June 2024	**4,910**	**2,552**	**623**	**521**	**8,606**
Current	4,910	1,501	-	521	6,932
Non-current	-	1,051	623	-	1,674
Balance at 30 June 2024	**4,910**	**2,552**	**623**	**521**	**8,606**

[1] The make good provision is for the expected costs of restoring the office space of the office leases to its original condition at the conclusion of the lease.

[2] Other provisions relates to amounts payable to suppliers and merchants based on expected costs to be incurred.

18. Contributed equity and reserves

(i) Movement in ordinary shares on issue

	Number of shares	$000
At 1 July 2022	517,721,085	278,798
Share options and rights exercised	3,136,565	624
At 30 June 2023	**520,587,650**	**279,422**
At 1 July 2023	520,857,681	279,422
Share options and rights exercised	3,666,616	-
Proceeds relating to options exercised in FY21[1]	-	44
At 30 June 2024	**524,524,266**	**279,466**

[1] Limited recourse loan proceeds from Medipass option holders in exchange of Tyro shares that are being held in escrow as part of the acquisition on 31 May 2021.

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

	2024 $000	2023 $000
Balance at the beginning of the year	(407)	(689)
Revaluation gain, net of tax	379	282
Transfer to accumulated losses	16	-
Balance at the end of the year	**(12)**	**(407)**

18. Contributed equity and reserves (continued)

(iii) Share-based payments reserve

	2024 $000	2023 $000
Balance at the beginning of the year	54,725	43,560
Share-based payments expenses	3,862	11,165
Balance at the end of the year	**58,587**	**54,725**

The share-based payments reserve is used to record the value of share-based payments or benefits provided to any Directors or 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

	2024 $000	2023 $000
Balance at the beginning of the year	5,002	4,214
Transfer from accumulated losses:		
Movement in chargeback losses reserve	(559)	200
Movement in lending losses reserve	(129)	588
Balance at the end of the year	**4,314**	**5,002**
Total reserves at the end of the year	**62,889**	**59,320**

The general reserve for credit losses has been created to satisfy APRA's prudential standards for ADI's as described in Note 1(w). 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

	2024 $000	2023 $000
Balance at the beginning of the year	(161,058)	(166,283)
Profit attributable to shareholders of the Group	25,705	6,013
Transfer to general reserve for credit losses	688	(788)
Transfer from FVOCI reserve	(16)	-
Balance at the end of the year	**(134,681)**	**(161,058)**

Notes to the financial statements (continued)

For the year ended 30 June 2024

19. 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 bonds.

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 merchant related 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.

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(w). 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. 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(w).

19. 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 2024

Standard & Poors credit rating[1]	Cash and cash equivalents $000	Due from other financial institutions $000	Trade and other receivables $000	Loans $000	Bonds $000
AAA	42,482	-	272	-	-
AA+	-	-	-	-	-
AA	-	-	-	-	-
AA-	8,289	26,387	12,582	-	25,410
A+	-	-	1,060	-	23,991
A	-	-	-	-	12,050
A-	-	-	22	-	22,932
BBB+	-	-	1,006	-	-
unrated	-	-	29,237	39,325	3,501
	50,771	**26,387**	**44,179**	**39,325**	**87,884**

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 $000	Bonds $000
AAA	35,675	-	265	-	-
AA	-	-	-	-	-
AA-	6,928	15,779	9,694	-	33,376
A+	-	-	883	-	19,013
A	-	-	-	-	7,519
A-	-	-	-	-	-
BBB+	-	-	509	-	10,642
unrated	-	-	14,009	50,526	-
	42,603	**15,779**	**25,360**	**50,526**	**70,550**

[1] Long-term credit rating

(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.

19. 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 bonds 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, bonds, 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 $808,000 (June 2023: $607,000). A decrease of 100 basis points in the general cash rate will decrease the Group's profit and decrease equity by $808,000 (June 2023: $607,000).

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

30 June 2024	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	50,771	-	-	-	50,771
Due from other financial institutions	-	16,387	10,000	-	26,387
Loans	-	21,786	14,891	2,648	39,325
Bonds	68,819	-	-	19,065	87,884
	119,590	**38,173**	**24,891**	**21,713**	**204,367**
Financial liabilities					
Deposits	(74,169)	(14,458)	(255)	-	(88,882)

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
Bonds	70,550	-	-	-	70,550
	113,153	**39,893**	**19,651**	**6,761**	**179,458**
Financial liabilities					
Deposits	(70,667)	(3,937)	(18,100)	-	(92,704)

19. 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 exposures.

Foreign currency sensitivity analysis

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

An appreciation of 15% of the US dollar compared to the Australian dollar (assuming other factors remain constant), will increase both the Group's profit and equity by $161,000 (June 2023: $177,000). A depreciation of 15% of the US dollar compared to the Australian dollar will reduce both the Group's profit and equity by $218,000 (June 2023: $240,000).

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

		AUD 2024 $000	AUD 2023 $000
USD term deposit	USD	1,963	1,961
Trade payables	USD	(194)	(20)

(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 2024 financial year in the form of Tier 1 Capital which is the highest quality component of capital.

Notes to the financial statements (continued)

For the year ended 30 June 2024

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

(vii) Capital Management (continued)

Capital Adequacy

	2024 $000	2023 $000
Tier 1 Capital		
Common Equity Tier 1 Capital		
Contributed capital	279,466	279,422
Accumulated losses & reserves	(78,783)	(107,293)
	200,683	**172,129**
Regulatory adjustments to Common Equity Tier 1 Capital		
Deferred tax assets in excess of deferred tax liabilities	(20,372)	(17,149)
Capitalised expenses	(22,676)	(20,686)
Goodwill and other intangible assets	(30,154)	(42,242)
Other adjustments	(4,811)	(5,784)
	(78,013)	**(85,861)**
Common Equity Tier 1 Capital	**122,670**	**86,268**
Total Tier 1 Capital	**122,670**	**86,268**
Tier 2 Capital		
General reserve for credit losses[1]	2,199	1,931
Total Tier 2 Capital	**2,199**	**1,931**
Total Capital	**124,869**	**88,199**
Total Risk Weighted Assets	**193,477**	**169,904**
Risk-based capital ratios	%	%
Common Equity Tier 1	63	51
Tier 1	63	51
Total Capital ratio	65	52

[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. 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.

19. 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

	Contractual cash flows (Amounts in $000)					
	< 3 months $000	> 3 to 6 months $000	> 6 months to 12 months $000	> 1 to 5 years $000	> 5 years $000	Total $000
As at 30 June 2024						
Variable rate deposits	(74,169)	-	-	-	-	(74,169)
Term deposits	(14,458)	(255)	-	-	-	(14,713)
Lease liabilities	(1,128)	(1,182)	(2,487)	(22,219)	(9,489)	(36,505)
Commissions payable to Bendigo Bank[1]	(2,000)	(1,813)	(6,187)	(34,511)	(21,220)	(65,731)
Trade payables and other liabilities	(55,724)	-	-	-	-	(55,724)
	(147,479)	**(3,250)**	**(8,674)**	**(56,730)**	**(30,709)**	**(246,842)**
As at 30 June 2023						
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[1]	(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)**

[1] Amounts falling due after greater than one year 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.

Notes to the financial statements (continued)

For the year ended 30 June 2024

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

(ix) Fair values (continued)

	30 June 2024 ($000)				30 June 2023 ($000)			
Financial Assets	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Bonds	87,884	-	-	87,884	70,550	-	-	70,550
Loans	-	-	39,325	39,325	-	-	50,526	50,526
Equity investment	-	-	3,958	3,958	-	-	3,974	3,974
	87,884	**-**	**43,283**	**131,167**	**70,550**	**-**	**54,500**	**125,050**

Bonds

The bonds invested in by the Group are of high credit quality. Bonds held by the Group have floating and fixed interest rates and have up to five years maturity. The fair value of these bonds are 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; and
- default experience for loans deemed uncollectable and which are valued at Nil.

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 will have an impact of between negative $177,000 (June 2023: $112,000) and positive $177,000 (June 2023: $112,000) to profit and loss.

Equity investments

The Group holds an investment in Mr Yum, which is held as a financial instrument as noted in Note 1 (m). The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, the fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; and discounted cash flow analysis, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Transfer between categories

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

20. 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:

Contingent liabilities - secured	2024 $000	2023 $000
(i) Irrevocable standby letters of credit in favour of:		
Mastercard International[1]	3,363	3,361
Visa International[1]	1,549	524
	4,912	**3,885**
(ii) Bank Guarantees in favour of:		
Bendigo and Adelaide Bank Limited[2]	6,000	6,000
Guarantees in relation to office leases[3]	4,874	4,893
National Australia Bank Limited (NAB) - Tyro Health[4]	500	1,000
	11,374	**11,893**
Contingent liabilities - unsecured		
NAB - Tyro Health letter of Indemnity[4]	2,000	-
	2,000	**-**

[1] Tyro has provided irrevocable standby letters of credit of $4,912,000 (June 2023: $3,885,000) 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 annual renewal. 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.

[2] 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.

[3] The bank guarantee in relation to office leases disclosed in Note 9. 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.

[4] A collateral of $500,000 (June 2023: $1,000,000) and Letter of Indemnity of $2,000,000 (June 2023: nil) in favour of NAB to enable early settlements for health claims processed by Tyro Health Pty Ltd.

21. List of subsidiaries

	Principal place of business	Ownership interest	
		2024	2023
Parent entity			
Tyro Payments Limited	Australia		
Subsidiaries			
Tyro Health Pty Ltd[1] (formerly Medipass Solutions Pty Ltd)	Australia	100%	100%
Medipass Solutions Limited[2]	United Kingdom	-	100%
Tyro Payments (Ben Alliance) Pty Ltd[3]	Australia	-	100%

[1] Tyro Health Pty Ltd was renamed from Medipass Solutions Pty Ltd on 27 July 2023.

[2] Medipass Solutions Limited was dissolved on 26 September 2023.

[3] Tyro Payments (Ben Alliance) Pty Ltd was dissolved on 10 September 2023.

Notes to the financial statements (continued)

For the year ended 30 June 2024

22. Earnings per share

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

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

Earnings	2024 $000	2023 $000
Net profit attributable to ordinary shareholders used to calculate basic and diluted earnings per share	25,705	6,013

	2024 Number	2023 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	523,160,711	519,211,261
Shares issuable in relation to share options and rights	15,305,859	16,612,223
Weighted average number of potentially dilutive ordinary shares	**538,466,570**	**535,823,484**

	2024 Cents	2023 Cents
Basic earnings per share	4.91	1.16
Diluted earnings per share	4.77	1.12

23. Auditor's remuneration

Amounts to Ernst & Young (Australia):	2024 $	2023 $
Fees for auditing the statutory financial reports[1]	452,500	440,000
Fees for other services - regulatory compliance and advisory	100,000	21,500
	552,500	**461,500**

[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.

24. 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 Independent Non-Executive Director	16 November 2018
Fiona Pak-Poy[2]	Chair and Independent Non-Executive Director	4 September 2019
Robbie Cooke[3]	Chief Executive Officer and Managing Director	18 October 2019
Jon Davey[4]	Chief Executive Officer and Managing Director	1 September 2023
David Fite	Independent Non-Executive Director	3 July 2018
Claire Hatton	Independent Non-Executive Director	5 January 2022
Aliza Knox	Independent Non-Executive Director	21 April 2021
Paul Rickard	Independent Non-Executive Director	28 August 2009
Shefali Roy	Independent Non-Executive Director	5 January 2022

Executives	Title	Appointed
Robbie Cooke[3]	Chief Executive Officer and Managing Director	23 March 2018
Jon Davey	Chief Executive Officer and Managing Director	3 October 2022
Prav Pala	Chief Financial Officer	20 October 2014
Steve Chapman	Chief Risk Officer	10 June 2021

	2024 $	2023 $
Compensation of Key Management Personnel		
Short-term benefits	2,869,733	3,032,583
Post employment benefits	164,765	141,711
Termination benefits	-	222,760
Long-term benefits (long service leave)	36,141	15,552
Share-based payments	2,178,235	2,770,675
Total	**5,248,874**	**6,183,281**

[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.
[4] Appointed as Managing Director on 1 September 2023 and appointed as Chief Executive Officer on 3 October 2022.

Notes to the financial statements (continued)

For the year ended 30 June 2024

24. Related party disclosures (continued)

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 ($)	2024 Number Outstanding	2023 Number Outstanding
FY17	FY24	$1.490	-	159,401
FY18	FY24	$1.760	-	375,000
FY19	FY25	-	28,572	57,144
FY19	FY26	$1.500	-	982,318
FY20	FY27	$1.790	802,827	802,827
FY21	FY33	-	2,159	2,159
FY21	No expiry date	-	-	66,801
FY22	FY34	-	315,976	315,976
FY22	No expiry date	-	438,745	438,745
FY23	FY33	-	750,000	750,000
FY23	FY35	-	75,428	75,428
FY23	No expiry date	-	1,642,734	1,642,734
FY24	FY36	-	274,159	-
FY24	FY38	-	283,514	-
FY24	No expiry date	-	1,612,839	-

During the year, 2,492,468 rights were granted to Key Management Personnel (June 2023: 2,468,162).

25. Parent entity disclosures

	2024 $000	2023 $000
Result of parent entity		
Profit for the year	25,036	6,650
Other comprehensive income	379	282
Total comprehensive income for the year	**25,415**	**6,932**
Financial position of parent entity at year end		
Current assets	183,727	148,641
Non-current assets	267,966	283,791
Total assets	**451,693**	**432,432**
Current liabilities	164,094	146,096
Non-current liabilities	78,404	106,462
Total liabilities	**242,498**	**252,558**
Net assets	**209,195**	**179,874**
Total equity of parent entity comprising of:		
Contributed equity	279,466	279,422
Reserves	62,889	59,320
Accumulated losses	(133,160)	(158,868)
Total equity	**209,195**	**179,874**

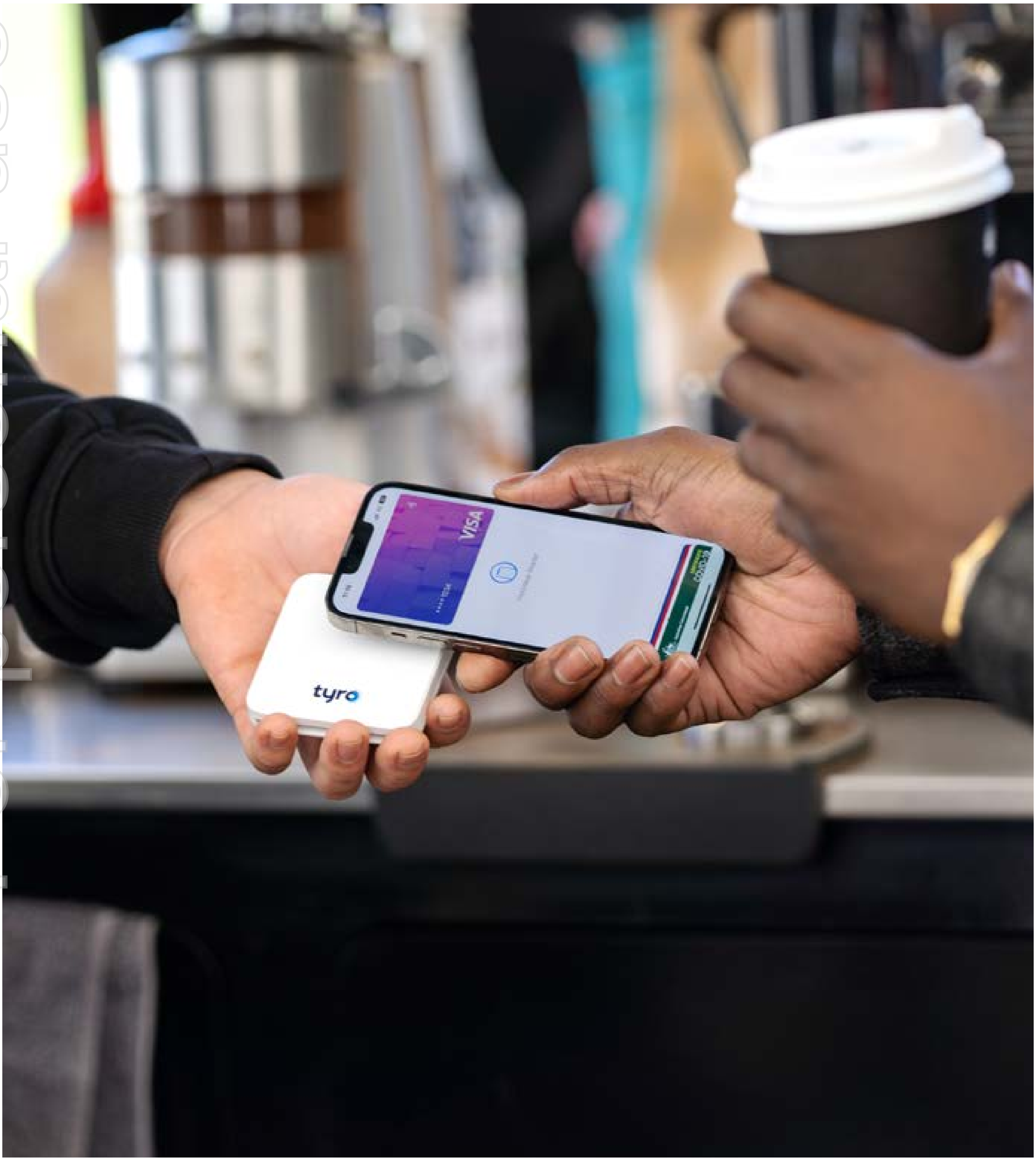
Refer to Note 20 for the commitments and contingencies of the parent.

26. Matters subsequent to the end of the financial year

On 4 July 2024, the Group created the Tyro Employee Share Trust. The purpose of the trust is to acquire Tyro shares on-market to be held within the trust for satisfying the Group's share based payments compensation obligations.

On 31 July 2024, Tyro announced Prav Pala's resignation as Chief Financial Officer. The Group has appointed Emma Burke as replacement Chief Financial Officer.

In the opinion of the Directors, other than the matters noted above, there have been no matters or circumstances which have arisen between 30 June 2024 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.



Consolidated entity disclosure statement

For the year ended 30 June 2024

Set out below is a list of entities that are consolidated by the Group while preparing consolidated financial statements at the end of the financial year ended 30 June 2024.

				Tax residency	
Entity name	**Entity type**	**Place incorporated or formed**	**% of share capital held directly or indirectly by the Company in the body corporate**	**Australian or Foreign resident**	**Jurisdiction for Foreign resident**
Tyro Payments Ltd	Body corporate	Australia	N/A	Australian	N/A
Tyro Health Pty Ltd	Body corporate	Australia	100%	Australian	N/A

Directors' Declaration

For the year ended 30 June 2024

In the opinion of the Directors:

(a) The Consolidated Financial Statements and Notes of the Group set out on pages 106 to 151 are in accordance with the *Corporations Act 2001*, including:

(i) Complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(ii) Giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the financial year ended on that date;

(b) The Consolidated entity disclosure statement as at 30 June 2024, required by section 295(3A) of the *Corporations Act 2001*, set out on page 152 is true and correct;

(c) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(d) The remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and

(e) 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 & Managing Director 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

JON DAVEY
CEO and Managing Director

Sydney, 26 August 2024

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TYRO PAYMENTS LIMITED

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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 2024, 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 material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

b. 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.

Carrying value of contingent consideration and customer relationships intangible asset

Why significant	How our audit addressed the key audit matter
As at 30 June 2024, the value of the contingent consideration is $59.0 million and customer relationship intangible asset is $59.8 million. As disclosed in Note 1(d) to 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. Customer relationship intangible assets are also recognised on the balance sheet in respect of the transaction, representing the customers transferred from Bendigo to the Group. The customer relationship intangible asset is subject to impairment indicator testing each year, and where indicators of impairment are identified, a formal impairment test is performed. Accordingly, this was considered a key audit matter due to the value of the contingent consideration liability and intangible asset, including the judgement involved in measuring the liability and assessing the carrying value of the intangible asset.	Our audit procedures included the following: ▸ Confirmed with management if there have been any changes to relevant agreements to validate our understanding of the key terms. ▸ Assessed the Group's determination of cash generating units 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. ▸ Evaluated, with the involvement of our valuation specialists, the methodology used by the Group to determine the carrying value of the contingent consideration and intangible asset at reporting date, the underlying assumptions and estimates applied, and the mathematical accuracy of the supporting calculations. ▸ Evaluated the financial performance of the alliance against forecasts on which the valuation of the contingent consideration is based. ▸ Assessed whether cash flow forecasts incorporated in the impairment assessment were consistent with Board approved forecasts and historical forecasting accuracy. ▸ Assessed the consistency of judgements and assumptions made with respect to other accounting estimates and models. ▸ Assessed the adequacy of the disclosures included in the Notes to the financial report regarding the contingent consideration and intangible asset.

Recoverability of deferred tax assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2024, deferred tax assets totals $19.9 million as disclosed in Notes 1(c), 1(d) and 4. 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 relevant tax legislation and the requirements of Australian Accounting Standards. 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.	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, adjusted for current year calculations. ▸ 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. In addition, performing sensitivity analyses and evaluating and testing the key assumptions used to determine the amounts recognised. ▸ 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. ▸ Assessed the consistency of judgements and assumptions made with respect to other accounting estimates and models. ▸ Assessed the adequacy of the disclosures included in the Notes to the financial report.

Revenue recognition – merchant service fees

Why significant	How our audit addressed the key audit matter
As disclosed in Note 2 to the financial report, the Group generated $403.9 million in revenue from merchant service fees for the year ended 30 June 2024. 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.	Our audit procedures included the following: ▸ Evaluated any changes in the Group's revenue accounting and assessed whether the Group's accounting policies comply 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.
- Assessed the adequacy of the disclosures included in the Notes to the financial report.

Carrying value of goodwill

Why significant	How our audit addressed the key audit matter
As disclosed in Note 13, the Group recorded $13.7 million in goodwill as at 30 June 2024. 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.	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. ▸ Obtained an understanding and evaluated the Group's process for performing goodwill impairment assessments and the determination of any asset impairment outcomes. ▸ 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. ▸ Tested the mathematical accuracy of the impairment models. ▸ Assessed whether cash flow forecasts incorporated in the impairment assessment were consistent with Board approved forecasts and historical forecasting accuracy. ▸ Assessed the Group's sensitivity analysis and evaluated whether any reasonably foreseeable change in assumptions could result in an impairment. ▸ Assessed the adequacy of the disclosures included in the Notes to the financial report.

IT systems and controls over financial reporting

Why significant	How our audit addressed the key audit matter
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: ▸ 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.	Our audit 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. 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.

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 2024 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:

a. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and;

b. The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. The consolidated entity disclosure statement that is true and correct and is free of 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 78 to 99 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Tyro Payments Limited for the year ended 30 June 2024, 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

Ernst & Young

Anita Kariappa

Anita Kariappa
Partner
Sydney
26 August 2024

SHAREHOLDER INFORMATION

The shareholder information set out below is based on the information recorded in the Tyro Payments Limited share register as at 31 July 2024.

Ordinary shares

Tyro has on issue 524,520,557 fully paid ordinary shares.

Voting rights

The voting rights attaching to each class of equity securities are set out below:

a. 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.

b. 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 share capital[2]
Regal Funds Management Pty Ltd and its associates	4 April 2024	32,423,410	6.19%

[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	416,787,391	79.46%	233	1.40%
10,001 to 100,000	72,613,444	13.84%	2,632	15.84%
5,001 to 10,000	17,156,644	3.27%	2,253	13.56%
1,001 to 5,000	15,102,497	2.88%	5,742	34.55%
1 to 1,000	2,860,581	0.55%	5,761	34.66%
Total	**524,520,557**	**100.00%**	**16,621**	**100.00%**
Unmarketable parcels	**951,721**	**0.18%**	**3,376**	**20.31%**

[1] Ordinary shares include shares offered to employees under the Company's incentive arrangements

Top 20 largest shareholders

	Name	Number of ordinary shares	% of issued share capital
1	CITICORP NOMINEES PTY LIMITED	83,682,707	15.95%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	80,468,255	15.34%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	65,643,186	12.51%
4	MS DANITA RAE LOWES	18,028,582	3.44%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	16,067,965	3.06%
6	UBS NOMINEES PTY LTD	16,054,421	3.06%
7	INVIA CUSTODIAN PTY LIMITED	10,657,608	2.03%
8	BNP PARIBAS NOMINEES PTY LTD	10,016,307	1.91%
9	NATIONAL NOMINEES LIMITED	8,930,805	1.70%
10	PACIFIC CUSTODIANS PTY LIMITED	5,613,899	1.07%
11	JASGO NOMINEES PTY LTD	4,560,726	0.87%
12	NEWECONOMY COM AU NOMINEES PTY LIMITED	4,055,139	0.77%
13	JH 7 PROPERTIES PTY LTD	3,272,728	0.62%
14	SOPHIA-KONSTANTINA FIONA STOLLMANN	3,261,237	0.62%
15	MR KENNETH JOSEPH HALL	3,250,000	0.62%
16	EUCLID CAPITAL PARTNERS LLC	2,425,000	0.46%
17	FINCLEAR SERVICES PTY LTD	2,194,859	0.42%
18	MR PAUL GORDON RICKARD	2,028,944	0.39%
19	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,016,084	0.38%
20	BNP PARIBAS NOMS PTY LTD	1,988,903	0.38%
	Total	**344,217,355**	**65.63%**

Unquoted equity securities

Name	No. of securities	No. of holders
Performance Rights	16,570,720	637
Option expiring various dates: Ex various prices	250,000	4
Option Expiring 31-Aug-2025: Ex nil	242,056	109
Option Expiring 30-Dec-2025: Ex nil	197,040	51
Option Expiring 30-Sep-2026: Ex $1.79	1,581,050	11
Total	**18,840,866**	

Go Online to Manage Your Shareholding

Online share registry facility

Tyro offers shareholders the use of an online share registry facility through https://investorcentre.linkgroup.com 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.

CORPORATE DIRECTORY

Directors

Fiona Pak-Poy – Non-executive Director & Chair of the Board
Jon Davey – CEO & Managing Director
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

Director Profiles

Refer to profiles on pages 64 to 71.

Executive Leadership Team

Refer to profiles on pages 72 to 73.

Company Secretary

Jairan Amigh: jamigh@tyro.com

Investor Relations

Martyn Adlam: investorrelations@tyro.com

Media

Gemma Garkut: media@tyro.com

Auditor

EY Australia
200 George Street, Sydney
NSW, 2000, Australia

Registered and Principal Administrative Office in Australia

Tyro Payments Limited
Level 18, 55 Market Street, Sydney
NSW, 2000, Australia

Phone: 1300 966 639
ABN: 49 103 575 042

Share Registry

Link Market Services Pty Limited
Level 12, 680 George Street, Sydney
NSW, 2000, Australia
Email: registrars@linkgroup.com
Phone: 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.linkgroup.com/login

Australian Securities Exchange (ASX) Listing

Tyro Payments Limited shares are listed on the ASX under the code TYR.

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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