

# Annual Report 2021



TYRO PAYMENTS LIMITED - ABN 49 103 575 042

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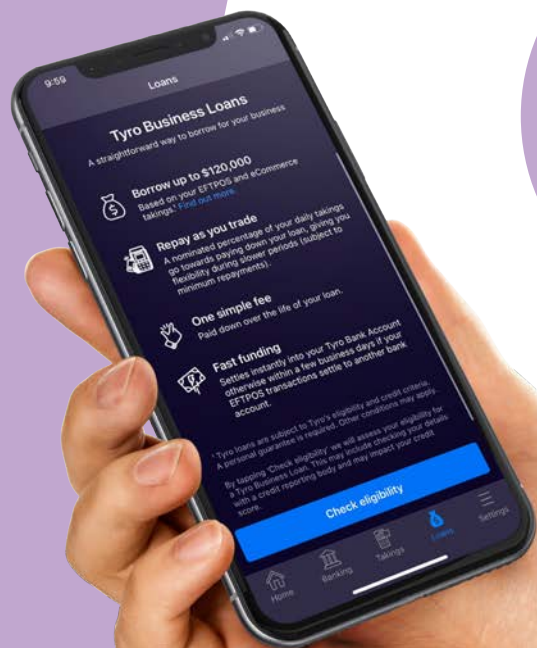
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# 21

Technology and product innovation is at the core of our value proposition to merchants, and we are continually looking for ways to enhance merchants' ability to conduct commerce.



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# HIGHLIGHTS

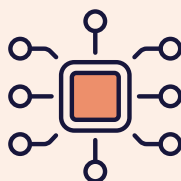
## INNOVATION - EXECUTING AGAINST OUR STRATEGY



### Bendigo Bank Alliance

Completed on 1 June 2021 with all Bendigo merchants moving over to Tyro (18,490 merchants at 30 June 2021)

**Tyro Connect** - an integration + insights platform connecting apps to POS/PMS systems enhancing value proposition to merchants



### Acquisition of Medipass -

HEALTH FINTECH INNOVATING IN CARDLESS DIGITAL HEALTHCARE CLAIMING + PAYMENTS

Investment in **Paypa Plane** - recurring payments platform will add industry leading features to our banking platform



EXCLUSIVE PAYMENT PROVIDER TO



**me&u**

WILL BECOME TYRO'S LARGEST ECOMMERCE MERCHANT

### LAUNCH OF OPEN BANKING

& IMPLEMENTATION OF MAMBU'S CLOUD-NATIVE BANKING PLATFORM



## DELIVERING STRONG FY21 RESULTS




# 58,186

MERCHANTS CHOOSING TYRO AS THEIR PAYMENTS SOLUTION PROVIDER

↑↑ **81%**  
(FY20: 32,176)

**\$25.5B**  
RECORD TRANSACTIONS PROCESSED BY TYRO MERCHANTS

↑↑ **26%**  
(FY20: \$20.1B)



# \$119.4 M

GROSS PROFIT

TRANSACTION & MERCHANT GROWTH DRIVING RECORD GROSS PROFIT OF \$119.4 MILLION

↑↑ **28%**  
(FY20: \$93.5M)



## AUSTRALIA'S 5<sup>TH</sup> LARGEST

MERCHANT ACQUIRING BANK BY TERMINAL COUNT - **104,827**



↑↑ **67%**  
(FY20: 62,722)



## RECORD EBITDA \$14.2 M - UP 424.0%

FROM A EBITDA LOSS OF \$4.4 MILLION IN FY20 HIGHLIGHTING THE OPERATING LEVERAGE OF THE BUSINESS

RECORD BRAND RECOGNITION IN THE YEAR

**Prompted 20%**

↑↑ (FY20: 14%)

**Unprompted 19%**

↑↑ (FY20: 9%)



Strong Balance Sheet **\$172.8 million in cash** and financial investments available for future growth (FY20: \$188.3 million)

# CHAIR'S LETTER

Dear Shareholder,

The industry changes that have transpired over FY21 will forever change the payments landscape in Australia. Firstly, the structural shift we are seeing in the way people pay both here in Australia and internationally will continue. Cash, as a means of payment, will continue to decrease with customers preferring contact free payments, eCommerce payments and QR code-based payments. Secondly, the advent of Open Banking which gives customers the ability to share their banking data with accredited third parties and will allow customers to get better-suited banking products and switch products or banks more easily, will provide opportunities to accredited participants that were not previously available. Tyro is perfectly placed to support our merchants in response to these industry changes with our industry leading product offerings and our future strategic priorities.

Although these industry changes have and will continue to be a positive catalyst for growth at Tyro, FY21 has also presented us with some of the biggest challenges in our history.

COVID-19 continues to remain a significant challenge to our community and businesses. While the roll-out of vaccines in Australia and globally is starting to offer hope that business can return to normal, many of our merchants are still impacted by COVID-19. There are limitations

placed on international travel, numerous state-based lockdowns, and limitations on the number of customers allowed in a venue at any time. As we did in FY20 and continued to do in FY21, we remain committed to doing all that we possibly can to support our merchants and our teams during this challenging period by offering our range of financial and wellbeing support packages to merchants. We are also ensuring we continue to provide critical payments and banking services to our 58,186 merchants.

The second major event that has challenged Tyro in FY21 was the terminal connectivity issue experienced by our merchants in January 2021. The use of any technology comes with risk and it is our role to make sure that risk is minimised for our merchants. To this end we are committed to implementing an 'industry first' failover solution that will be rolled-out over FY22 to specifically address these types of connectivity issues. We will be the first merchant acquirer in Australia to offer merchants a complete failover solution for payments going forward. Robbie will provide a more detailed analysis of this issue together with the specific steps we are taking in remediating our merchants as well as the industry leading products we are introducing to provide merchants with the best payments and business banking solutions available in Australia.

*"The industry changes that have transpired over FY21 will forever change the payments landscape in Australia."*



As a Board, we were very encouraged by the way the team at Tyro dealt with the adversity of the continued impact of COVID-19 on our merchants as well as dealing with the terminal connectivity issue. We remain confident that Tyro, as a company, with the strong team in place together with managing through the challenges of FY21 - is well placed to continue to grow and achieve the ambitious goals and strategies we have put in place.

## STRONG FY21 FINANCIAL PERFORMANCE

Against this backdrop with the structural changes in the payments industry in Australia as well as the challenges of COVID-19 and the terminal connectivity issue, I am happy to report that Tyro performed strongly in FY21.

Our transaction value increased an impressive 26% to \$25.5 billion (FY20: \$20.1 billion) from the 58,186 merchants that trust Tyro with their payments. This translated to a gross profit of \$119.4 million, up 28%. Tyro also delivered a positive EBITDA of \$14.2 million (before significant costs associated with the terminal connectivity issue and our M&A activity for the year).

The delivery of this positive EBITDA provides shareholders with confidence that Tyro is on a path to profitability as we continue to grow.

## FINANCIAL POSITION

Given the strong set of results for FY21, the Group has maintained a strong balance sheet throughout the year. The Board regularly reviews Tyro's capital structure in uncertain times like these. Tyro is debt free and as at 30 June 2021, we had \$172.8 million in cash available to support future growth.

Total capital held at 30 June 2021 was \$84 million

with a total capital ratio of 73% (FY20: \$166 million with a capital ratio of 162%). Tyro currently holds sufficient capital to meet its internal targets above APRA's prudential capital requirements.

## DELIVERING ON OUR STRATEGIC PRIORITIES

FY21 saw Tyro deliver on three key strategic initiatives that will strongly position us for increasing our pace of growth into FY22 and beyond.

The first key project that we delivered was the completion of the Bendigo Bank merchant alliance on 1 June 2021. This project was delivered on time and met all the requirements from Bendigo for a successful switchover of the Bendigo merchants to Tyro's payments platform. The alliance is progressing well with 253 Bendigo merchants now completely serviced by Tyro with the remaining Bendigo merchants to come across to Tyro over the next few months.

This Alliance, the first of its type in Australia, is a significant moment in Tyro's history and will add an annualised ~\$5 billion in transaction value to Tyro going forward.

The second strategic initiative that we delivered on was our focus on our Healthcare offering. In May we acquired Medipass. The acquisition of Medipass adds an innovative cardless digital healthcare claiming and payment platform to Tyro, that seamlessly links practitioners, funders, and patients. This, in combination with Tyro's terminal-based offering creates a simple and unified health payments solution for our health business.

Medipass' team of 20 expert people have also joined Tyro and will lead our new health business unit to drive our growth targets for the health vertical going forward.

Thirdly, we continue to focus on our eCommerce

solution with me&u now starting to process their transactions through Tyro. This clearly demonstrates the ability of our eCommerce solution, and we will continue the roll-out of this product to our merchants to assist them with their own growth ambitions.

These were the three major initiatives we implemented in 2021. However, there were many other strategic priorities that the team also delivered in FY21 such as our new Open Banking platform, our new streamlined process for improving customer call wait and response times and our ability to roll-out terminals to merchants significantly faster than we previously were able to do.

## SUSTAINABILITY

The COVID-19 pandemic has clearly demonstrated how deeply interconnected our world has become and how social and environmental issues impact all of our lives and communities.

Working with 58,186 merchants across Australia, it is important that we fulfil our mission of simplifying payments and banking for our customers. We are focused on delivering solutions that create a sustainable future for all our stakeholders. This includes our shareholders, our people, our merchants, the broader community in which we operate, our suppliers and business partners and regulatory bodies. A sustainable future also includes our environmental footprint, our impact on the planet and the strategies we have in place to minimise this impact.

FY21 saw the team at Tyro embark on the journey to commit to Tyro being a carbon neutral business through a program of reducing our current emissions per employee as well as offsetting our calculated carbon emissions through carbon certified offset programs that will start in FY22. Although this is only the start of our journey,

we recognise the fundamental importance of environmental sustainability to our business and we are committed to reducing our impact on the climate.

Our first standalone Sustainability Report for FY21 can be found on our Investor Centre at <https://investors.tyro.com>.

## PEOPLE, CULTURE AND DIVERSITY

The long term success of Tyro is built on the skills, dedication, and culture of our team. In FY21, more so than any other year, the strength of our people was abundantly displayed.

We have a strong emphasis on recruiting and retaining top talent that enhances our strong values-driven culture. The accumulation of our collective experience, shared values, and individual skills has allowed Tyro to deliver industry-leading products and solutions.

We also embrace diversity and inclusiveness and create a sense of belonging because we know this is what makes us better as a team, as a company and as members of the wider community. This year we have set numerical targets for representation of women at Tyro across our leadership teams and across the broader team targeting a 40:40:20 approach with at least 40% women, 40% men, with the remaining 20% unspecified to allow for flexibility and to recognise that gender is non-binary.

As at 30 June 2021, 33% of our executive leadership team and 37% of all our employees were women. We have two female Directors and five male Directors. More information on diversity can be found in our Corporate Governance Statement and in our Sustainability Report at <https://investors.tyro.com>.

## CHANGES TO THE BOARD

At the end of the year Cathy Harris decided to step down from the Board. I would like to again thank Cathy for her significant contribution to our Company over the last five and a half years. We have been fortunate to have the benefit of Cathy's strong customer focus and fearless counsel on the Board. We will miss Cathy's contribution to the Board. Cathy's position as Chair of the People Committee has been taken on by Fiona Pak-Poy.

On 21 April 2021 we were pleased to welcome Aliza Knox to the Board. Aliza's experience in scaling banking and financial services businesses and particularly in the digital sector makes her a great addition to Tyro's Board.

Board succession planning remains a key area of focus for the Board, and we continually evaluate the skills and competencies required for effective board governance. As part of this focus, we will be looking to add an additional director to the Board in FY22.

As Chair of the Board, I would like to thank all Board members for their contribution over this challenging year. Their dedication, expert guidance, and counsel to both me and the Tyro leadership team over the past 12-months is much appreciated.

## LOOKING FORWARD TO A SUCCESSFUL FY22

Although FY21 proved to be another year of challenges for Tyro, it presented new opportunities for the way in which we conduct business and the products we offer to our merchants.

We are looking forward to supporting our merchants as the nation emerges from COVID-19 - though it is difficult to predict when we will return

to a more normal trading environment. Our focus will be to continue to deliver innovative payments and banking products for our merchants and Robbie will be providing details of our key areas of strategic focus for FY22.

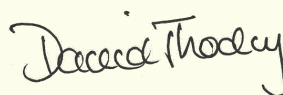
## THANKS TO OUR TEAM

We could not have achieved our FY21 results without our amazing group of people. We are fortunate to have a highly engaged, driven, and passionate team that consistently delivers on the expectations set for them. On behalf of the Board and all shareholders I would like to acknowledge the commitment and dedication of the entire Tyro team and their efforts towards delivering another successful year for Tyro.

Finally, I would like to thank all our merchants, partners and investors for their support and engagement over the past twelve-months and we look forward to working with you all in FY22.

I also look forward to seeing you all at our Annual General Meeting on 3 November 2021.

Sincerely,



**David Thodey**  
Chair

26 August 2021







# CEO | MANAGING DIRECTOR'S REPORT

# Operating & Financial Review

A very pleasing performance in the year with strong increases in transaction value, revenue, gross profit and EBITDA. The results delivered are all the more impressive when assessed against the backdrop of rolling Covid lockdowns, the terminal connectivity event in January and the distraction that inevitably comes with undertaking a major transformative project such as the Bendigo Bank Alliance. The resilience of our business has definitely shone through again this year. So it is with much appreciation that I thank the entire team at Tyro for all the effort invested to make the performance you see in this report possible.

*"...it is with much appreciation that I thank the entire team at Tyro for all the effort invested to make the performance you see in this report possible".*



I am particularly pleased with how we recovered from January's terminal connectivity issue which was a whole of organisation effort with an absolute focus on doing the right thing by affected merchants. This approach instrumental in retaining stable merchant churn metrics and seeing our new merchant application numbers return to record setting highs. This event did not sit comfortably with me nor my team, and notwithstanding 18 years of operation with no similar issue, we are building a 'failover' solution that will see us provide all our merchants with a dongle solution in combination with their standard terminals as an extra level of redundancy – an industry first move.

We are executing against our strategy of 'build', 'buy', 'invest' and/or 'partner' as outlined in our 2019 prospectus prior to listing on the ASX. The business outcomes delivered in FY21 under this plan provide us with a unique opportunity to accelerate our growth. Our combination with Medipass is a significant step in building out our core health vertical and is consistent with our strategy to build our offering through acquisition. Our alliance with Bendigo Bank is an exciting combination of Australia's fifth biggest retail bank with the fifth largest merchant acquiring bank. Partnering with Bendigo Bank sees Tyro's leading proprietary payments platform made available to Bendigo Bank's current and future business customers.

Before delving into our financial performance and position, I thought it useful to provide a 'snapshot' review of the 2021 financial year, including highlighting some of the more significant actions undertaken by the team over the course of the year. This is followed by a more in-depth review of our payments and banking businesses.

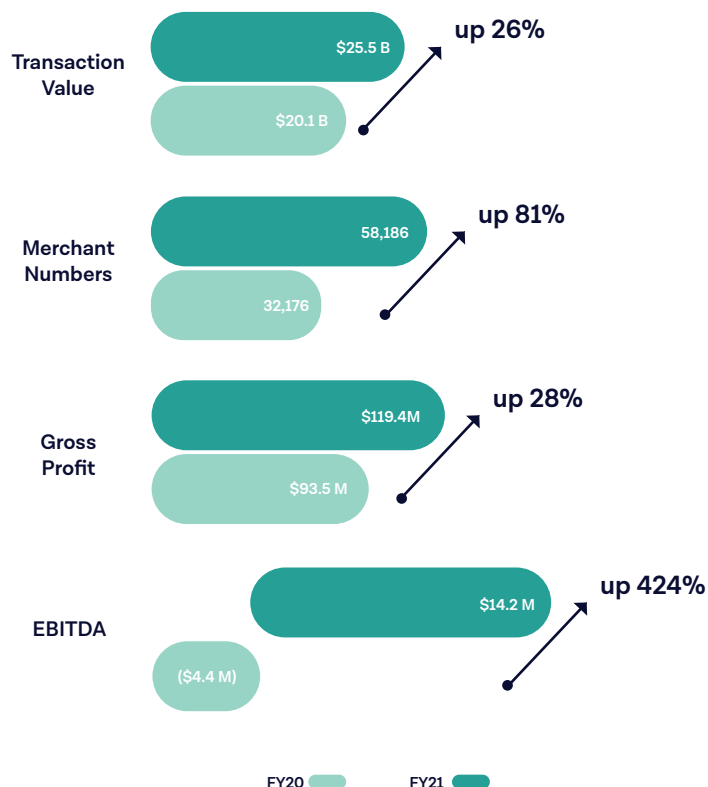
# FY21 Snapshot

## RESULTS

At a high level, we delivered an all-time high in transaction value of \$25.5 billion with more than 58,186 merchants trusting Tyro with their payments needs. We lifted revenue 13% to a new record \$238.5 million and even more impressively we lifted gross profit 28% to a new high of \$119.4. Statutory net loss after tax was \$29.8 million after accounting for \$13.2 million in costs associated with connectivity issue and \$5.0 million in costs associated with the IPO, the Bendigo transaction and the Medipass transaction. Excluding the impact of these one-off costs, net profit before tax on a normalised basis was a loss of \$10.9 million, a \$15.0 million improvement on the normalised net loss before tax generated in FY20.

Our Banking business returned to strong growth in the later part of FY21 as we switched back to an automated merchant cash advance loan approval process following a period of manual loan approvals to mitigate risks inherent due to Covid volatility. We booked \$25.8 million in loan originations for FY21 of which close to \$20 million was booked in the final three months of FY21, including a record origination month in May 2021 of \$8.1 million. Although loan originations was down 57% from the record \$60.1 million booked in FY20, the results over the last three months of FY21 demonstrate the potential this product has.

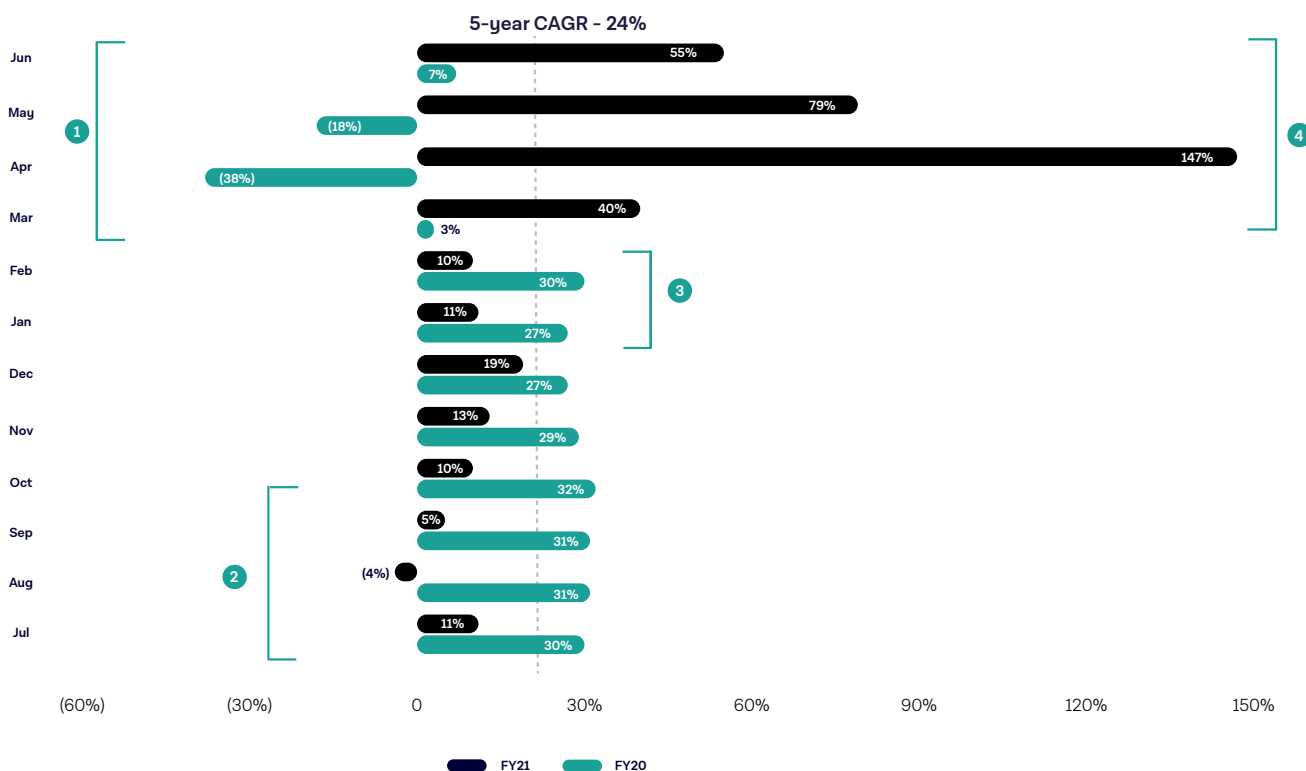
Our fee-free, interest-paying bank account and term deposit account now have over 4,650 active accounts representing an increase of 26% over last year with \$75.5 million held in deposits at 30 June 2021.



## IMPACT OF COVID-19 ON RESULTS

COVID continued to impact our results through FY21 with State and Territory governments mandating social distancing and lockdown policies whenever outbreaks of the virus occurred together with the continued lockdown of our international borders. This forced many of our merchants in all our verticals to either partially or completely close their operations for the period of the lockdown. Although many of our merchants found innovative ways to adapt to the trading restrictions, our payments business still experienced declines in transaction value whenever a lockdown occurred. The impact of these lockdowns can be seen in **Chart 1**.

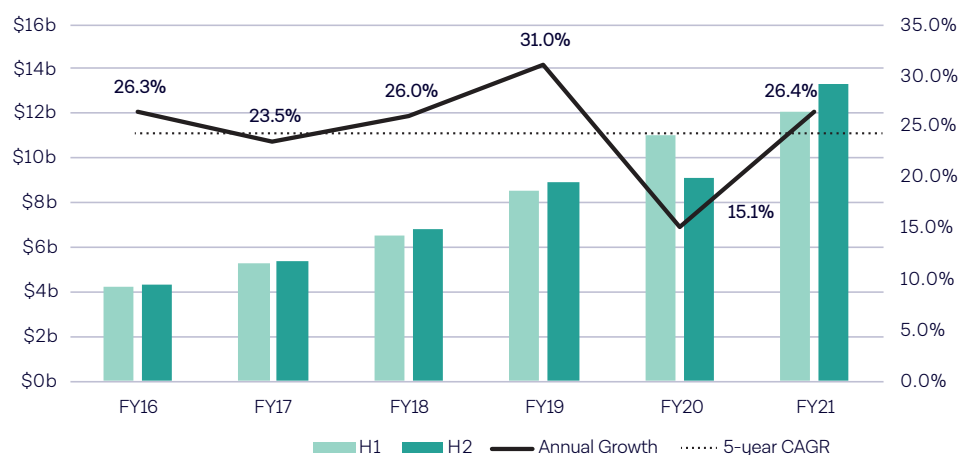
**CHART 1 - MONTHLY TRANSACTION VALUE GROWTH RATES**



- 1 - First national lockdown March 2020 to June 2020
- 2 - Second major lockdown in Victoria - July 2020 to October 2020
- 3 - Various States go into snap lockdowns - January 2021 to February 2021
- 4 - All States open and no lockdowns - March 2021 to June 2021

As can be seen in **Chart 2** our FY21 transaction value growth of 26% has outpaced our five-term CAGR of 24% and we remain confident that we can continue to achieve these long term growth rates in a normal operating environment.

**CHART 2 - ANNUAL TRANSACTION VALUE**







DRINKS		
ESPRESSO / PICCOLO / MACCHIATO	3-5	
LONG BLACK	R 4	L 4-5
FLAT WHITE		
CAPPUCCINO		
CHAI LATTE		
TEA ( LOOSE LEAF )		
HOT CHOCOLATE		
OTHERS		
BABYCCINO	2-5	
MASALA CHAI	R 4-5	L 5
MATCHA LATTE		
TURMERIC LATTE		
MOCHA		
ICED COFFE / CHOC	5	
COLD BREW	4-5	
JUICE	4-5	
SOFT DRINKS	4-5	
KOMBUCHA	4-5	
COCONUT WATER	4	
SPARKLING WATER	4 / 5	
STILL WATER	3-5	
EXTRAS		
EXTRA SHOT		
ORGANIC SYRUP / DECAF	0-5	
ALM / MAC / SOY / LF		
WINE	8-5/ 32	
BEER	6 / 8-5	

**Under 18**  
 It is against the law to sell alcohol to minors, or to allow alcohol on the premises if a minor is under the age of 18 years.

## ENHANCING OUTCOMES FOR OUR MERCHANTS IN FY21

Technology and product innovation is at the core of our value proposition to our merchants, and we are always looking for ways to enhance and simplify their ability to conduct commerce, whether that be through solutions built by our team in-house, sourced from industry-leading third parties or obtained via acquisition. Simply put our products and services are focused on addressing merchant payments pain points and we strive to make payments between merchants and their customers as fast, simple and seamless as possible. This is true to our purpose of setting businesses free to get on with business by simplifying payments and banking.

Some examples of actions the team took in the year to enhance outcomes for merchants in Australia are showcased below:



### BENDIGO BANK MERCHANT ACQUIRING ALLIANCE

We completed our merchant acquiring alliance with Bendigo Bank on 1 June 2021 and on that date the full economic benefit of Bendigo Bank's existing merchant service contracts moved to Tyro.

Our alliance with Bendigo Bank is an exciting combination of Australia's fifth biggest retail bank with us as the fifth largest (by terminal count) merchant acquiring bank in the country. Partnering with Bendigo Bank sees our leading proprietary payments platform made available to Bendigo Bank's current and future business customers – giving them access to more features, more payment options and seamless integrations to more than 320 point of sale systems. Under our long-term, collaborative, and strategic alliance, Bendigo Bank continues to provide all other banking services to these customers. This is a great example of two customer focused Australian organisations coming together to provide better solutions for Australian businesses through a partnering of capability and expertise.

As at 30 June 2021, 18,490 Bendigo Bank merchants had moved across to Tyro generating annualised transaction value of ~\$5.0 billion.

### LAUNCH OF TYRO GO – MOBILE PAYMENTS DONGLE

In June 2021, we launched the pilot of our new Tyro Go mobile payments dongle. Tyro Go will connect wirelessly to the merchant's smart phone or tablet. Tyro Go will complement our current terminal offering by:

- providing a 'failover' to all merchants should their existing terminals not function for any reason;
- facilitating our entry into the trades verticals with a fit for purpose mobile payment terminal device;
- providing a 'queue buster' for high volume retail and hospitality merchants who require a terminal for floor staff; and
- providing a more appropriate solution for micro-merchants.



"Our Tyro Go terminal will accept 'tap & save' cards, chip-based cards, and many of the current digital wallets"



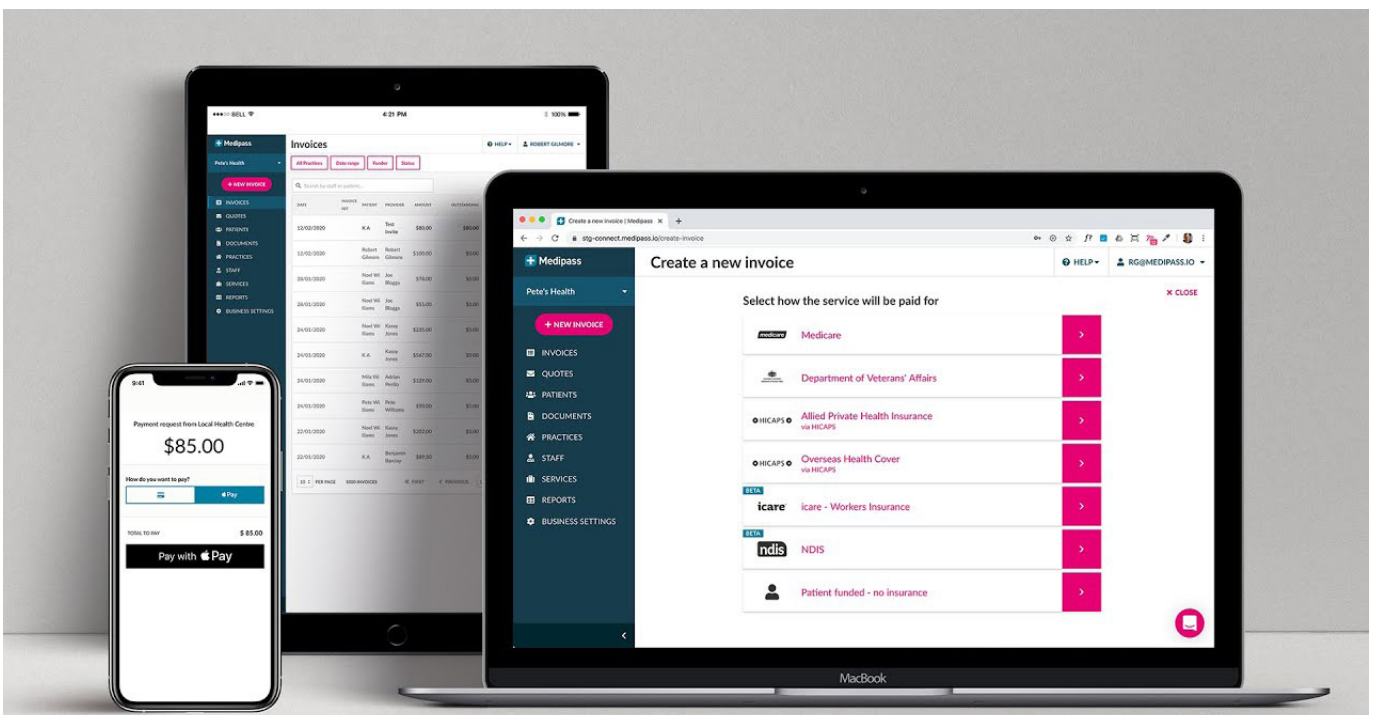
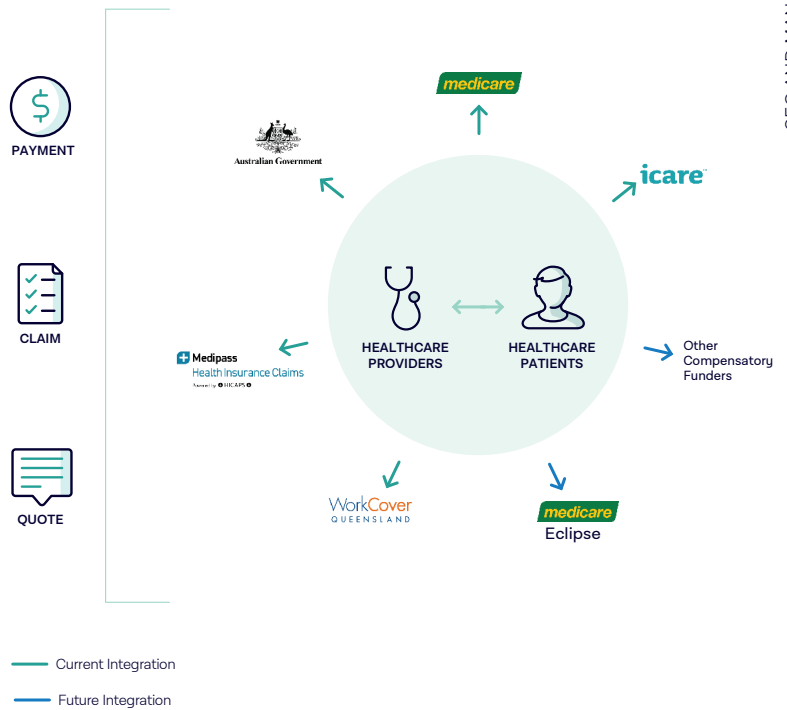
## MEDIPASS PAYMENTS SOLUTIONS

We acquired Medipass on 31 May 2021 and welcomed their 20-person strong team to Tyro. Over the past three years the Medipass team has built a multi-sided platform linking healthcare funders, healthcare providers and patients to streamline claims approval and payment acceptance. Medipass is a digital health payment platform enabling healthcare providers to accept healthcare payments without the need for a terminal. The rise of telehealth consultations, coupled with the increase in eCommerce and cashless payments more generally, means offering cardless digital payment options to patients is a commercial necessity for healthcare practitioners.

Our combination with Medipass is a significant step in building out Tyro's core health vertical and is consistent with our strategy to build our offering through acquisition where there is a distinct opportunity to gain scale and to enhance our position. By combining Medipass' platform with our existing card-present payment health offering, we can provide a simple, unified solution to healthcare practitioners for payments and claiming, as well as increasing the health providers working with us.

Medipass integrates with 18 cloud-based practice management and booking systems and has approximately 1,700 active healthcare merchants working with it. This complements, with limited overlap, the over 9,500 merchants in Tyro's health vertical and the 52 practice management systems integrated with Tyro. The acquisition will provide Tyro's health merchants greater claiming and payment capabilities extending beyond Tyro's private health insurer and Medicare Easyclaim options to include a range of State and Federal based compensatory funders. These options will continue to expand as Medipass completes further integrations.

## Multi-Sided Digital Approval + Payments Platform

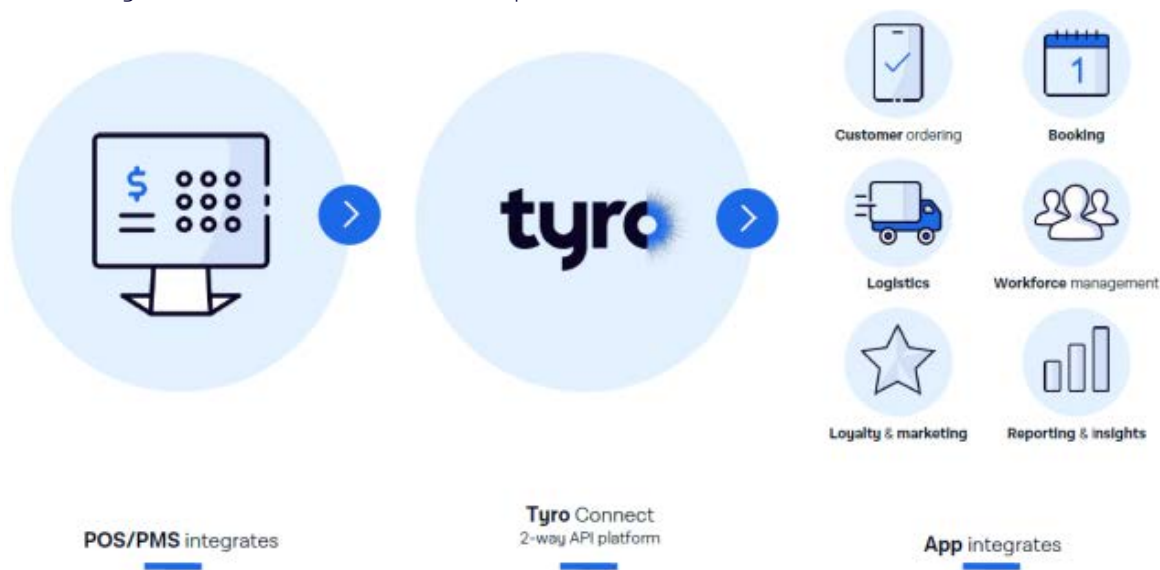


## TYRO CONNECT

Launched in the year Tyro Connect is going from strength to strength. In today's competitive and tech-enabled environment, merchants can find themselves having to juggle many different apps in order to meet customer expectations and manage day-to-day tasks. Tyro Connect enables hospitality businesses to easily integrate and more effectively use the apps they need to thrive. It is a 'plug and play' platform software solution that addresses merchant pain points around 'counter clutter' and avoiding the need to re-enter items into their point

of sale system. It provides merchants with a platform to promote data driven insights from their customers activities.

As at 30 June 2021, there were 124 active merchants using Tyro Connect with 12 class leading hospitality apps signed up and 695,000 transactions processed over the platform (FY20: Nil).



Tyro Connect is piloting a new partnership with Hubster which will enable us to make leading ordering apps including UberEats, Menulog, Easi, DoorDash, Deliveroo (and more) available to our merchants and point of sale system partners. Tyro Connect is also piloting our new menu management builder which allows our merchants to build and manage their menus with Tyro and then publish them to all of their delivery partners, which saves our merchants from having to update their menu in all the different systems.

## ECOMMERCE + ME&U

In December 2019, we made a ~16% equity investment in me&u for \$3.5 million, providing Tyro the right to be exclusive in-app payment provider to me&u. me&u is a leading Australian 'tap, order and pay' in-venue solution for the hospitality industry. It was established by the founder of Dimmi, Stevan Premutico, and enables customers to view menus, order and pay for meals via their mobile phone.

This innovative solution, made even more critical since the Covid-19 pandemic commenced making contactless payments increase in importance, improves customer experience, frees up wait staff, increases order value/frequency and is a foundation app on the Tyro Connect platform. In June 2021 me&u commenced migrating their in-app payments to Tyro's eCommerce platform and this will continue progressively through the first half of FY22.

The addition of me&u, and other key merchant accounts such as the Cheesecake Shop to our eCommerce

platform, along with the opportunity to market our eCommerce capabilities to those of our SME merchants who have an online sales presence, highlights the potential of our eCommerce payments platform and the growth opportunity it offers over coming years. This remains a significant area of focus for the team.



## OPEN BANKING

Tyro was one of the first non-major banks to become an active data holder under the Consumer Data Right or Open Banking in June 2021. Open Banking seeks to provide a safe and secure way for customers to share their data between accredited organisations to enable:

- easier comparison of financial products and providers;
- a single view of accounts across banks; and
- streamlined application processes.

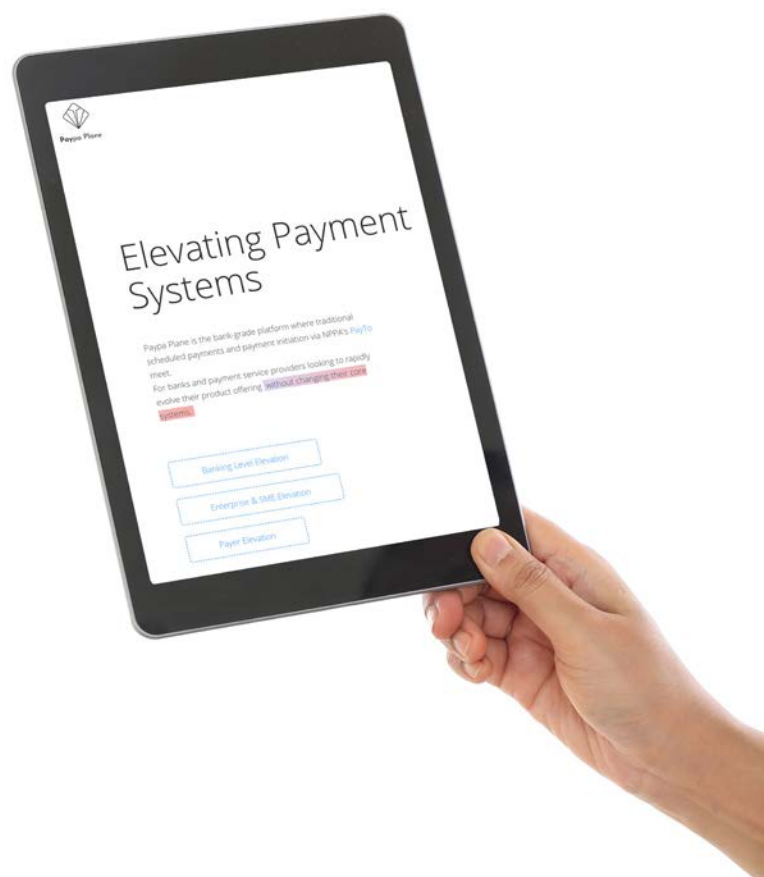
For Tyro, the first phase of Open Banking data sharing will be available to merchants who opt-in and are sole traders in relation to their Tyro bank account and/or Tyro term deposit account and includes things like transaction details and account balances and details. The next phase will commence for merchants who are sole traders in relation to their Tyro merchant loan by 1 February 2022.

## IMPROVED MERCHANT ONBOARDING PROCESS

We enabled digital applications and automated onboarding for merchants who are registered as trusts and partnerships in the year. This will significantly reduce our onboarding times for these merchants and gets Tyro a step closer to fully automated onboarding for all merchants.

## PAYPA PLANE

In December 2020 we made a 20% equity investment in Paypa Plane for \$1.9 million. The intent of this investment being to expand the payments solutions we offer merchants by integrating Paypa Plane's innovative recurring payments functionality into Tyro's bank accounts. This functionality being of particular relevance to merchants operating businesses such as childcare centres, gyms, and subscription based services.



## DENTAL REBATE ESTIMATE FEATURE

We introduced a new rebate estimator feature in the year for dental practitioners in our health vertical. Practitioners were asking for this functionality and it will significantly improve the ability for customers of dental practitioners to estimate the cost and rebate from private health funds for dental elective procedures. The addition of this new feature demonstrates our ability to develop solutions for merchants in our core verticals that can help them grow their businesses.

## TELEHEALTH

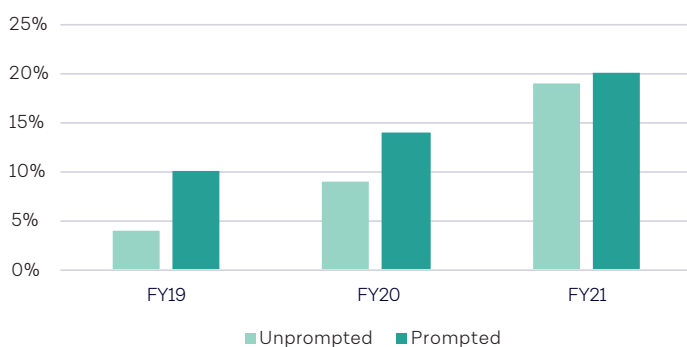
Our telehealth payments solution responds to the requirement to keep health practitioners and patients in touch for consultations outside of the typical physical visit. Tyro introduced a payment and rebating solution to facilitate telehealth by processing both Medicare Benefits Schedule bulk-billed telehealth claims through the Tyro terminal and gap fee payments through either their Tyro terminal or our eCommerce solution.

The success of telehealth in Australia will see it continue to be offered by health practitioners even after the risk of Covid has abated.

## BRAND AWARENESS

We have made significant inroads in lifting our brand awareness as a payments provider in Australia in the year as shown in **Chart 3**. Our brand development and marketing activities together with our reputation for industry leading products and features yielded strong results and saw our prompted brand awareness increase to 20% (FY20: 14%) and, even more impressively, our unprompted brand awareness increase to 19% (FY20: 9%).

CHART 3 – FY21 BRAND AWARENESS



## TERMINAL CONNECTIVITY ISSUE

On 5 January 2021, we experienced a connectivity issue with respect to some of our terminals. In accordance with our Business Continuity Management Policy and Business Continuity Plan, we immediately initiated a Major Incident Management Response upon the incident being identified to manage the incident and our recovery activities.

The root cause of the incident was established with the assistance of our terminal supplier. Specifically, an issue existed in some versions of the terminal platform software installed on the impacted terminals. This issue caused those impacted terminals to lose connectivity with our network meaning they could neither transact nor be updated remotely.

To resolve the situation we collected, repaired, and returned the impacted terminals to merchants as rapidly as was possible and at the peak of the connectivity issue, 19% of our merchants were fully impacted by the incident, and a further 11% of our merchants were impacted on a limited basis as they had multiple terminals with at least one functioning unit allowing them to continue to process payments. The majority of our merchants (70%) were unaffected by the incident.

This event did not sit comfortably with us as a team, and notwithstanding 18 years of operation with no similar issue, we are establishing a 'failover' solution to mitigate the risk of any repeat incidents of this nature again. This solution will comprise a 'dongle' supplied in combination with our standard terminals as an extra level of redundancy - this is an industry first move.

We have also implemented a remediation program for financially affected merchants and we are pleased to report strong progress in the resolution of make good claims has been made. All financially impacted merchants were invited to register with Tyro to enable remediation claims to be assessed. As at 23 August 2021 we have settled claims with approximately 85% of those merchants who have sought remediation via this process.

The remediation process remains available for claims of financially impacted merchants - providing a fast and straightforward assessment aimed at resolution without the cost, delays and uncertainty inherent in legal proceedings.



# Financial Performance

## GROUP HIGHLIGHTS:

Overall financial highlights for the Group in the 2021 financial year include:

- 26% increase in transaction value to a record \$25.5 billion (FY20: \$20.1 billion).
- 28% increase in gross profit to a record \$119.4 million (FY20: \$93.5 million).
- 424% increase in EBITDA<sup>1</sup> to a record \$14.2 million (FY20: loss of \$4.4 million).
- 58% improvement in normalised net loss before tax \$10.9 million (FY20: loss of \$25.9 million).
- \$18.3 million before tax in one-off significant costs (FY20: Nil) relating to the connectivity issue, M&A costs, and IPO costs.
- 22% improvement in statutory net loss after tax of \$29.8 million (FY20: loss of \$38.1 million).
- Well positioned balance sheet with \$83.7 million in total capital and a capital ratio of 73% (FY20: \$165.8 million and 162%).

## REVENUE

Total revenue was up 13.2% at \$238.5 million (FY20: \$210.7 million). The key factors driving this revenue uplift at a segmental level are described below:

### PAYMENTS BUSINESS

Our Payments business generated a 13.0% lift in revenue to \$229.2 million (FY20: \$202.8 million). The key factors impacting this performance were the:

- 26.4% increase in transaction value;
- 23.4% increase in the number of merchants excluding the new Bendigo merchants who only contributed for one month;
- 8.8 basis point reduction in merchant service fees (FY21: 0.8075% vs FY20: 0.8953%) reflecting the shift to debit cards which generate lower merchant service fees and a significant reduction in the use of international cards (with the retractions on international travellers) which generate higher merchant service fees; and
- 20.7% lift in terminal rental revenue to \$21.3 million (FY20: \$17.7 million) from the 16.6% increase in terminal numbers (excluding Bendigo terminals) and lower Covid terminal rental fee relief in the year as Covid impacts reduced.

### BANKING BUSINESS

Our Banking business lifted its revenue 77.2% to \$3.2 million (FY20: \$1.8 million). This performance benefited from a \$1.3 million write-back of the previous year's \$2.4 million fair value adjustment recognised on our business loans under accounting standards being management's best estimate at the time of the potential Covid impact on loan repayments. Excluding the fair value adjustment to provide a better look through of our Banking operation's performance, interest income on our business loans decreased 53.3% to \$2.0 million (FY20: \$4.2 million) reflecting our actions to restrict lending activity in the first 9-months of FY21. In FY21, loan originations decreased 57.0% with \$25.8 million of loans written compared to \$60.1 million in FY20.

<sup>1</sup> 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, expenses associated with the terminal connectivity issue and the IPO and other significant one-off costs.

## OTHER REVENUE

Other revenue remained stable at \$6.1 million (FY20: \$6.0 million). The main contribution to other revenue came from JobKeeper at \$4.5 million (FY20: \$3.9 million) and interest income of \$1.0 million (FY20: \$1.8 million).

## GROSS PROFIT<sup>1</sup>

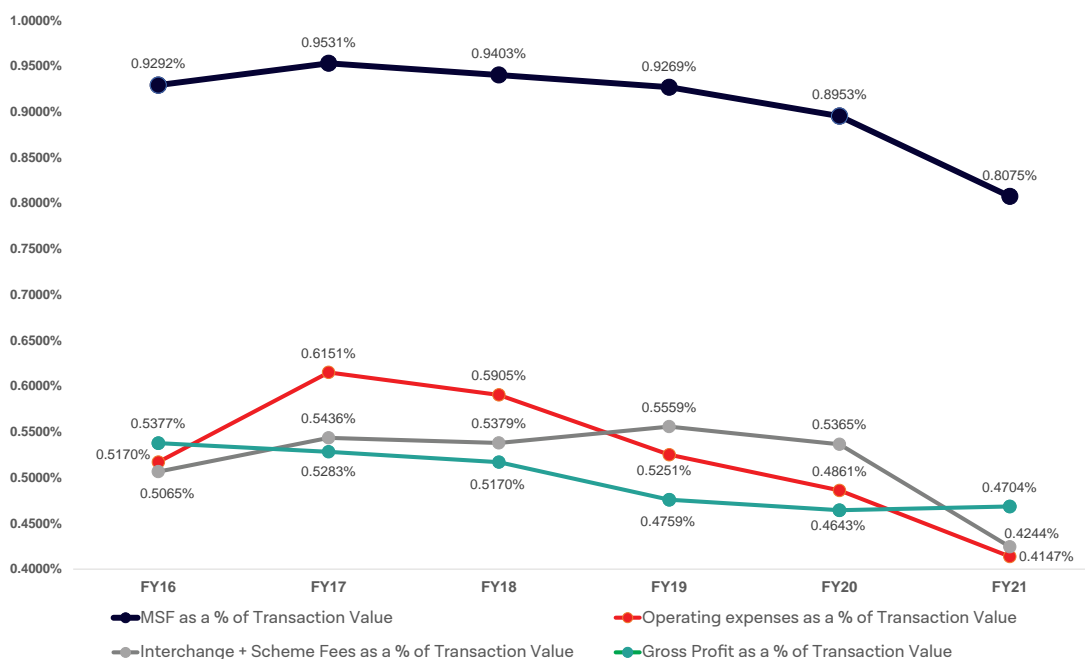
Gross profit was up 27.8% at \$119.4 million (FY20: \$93.5 million) with:

- our payments operation contribution lifting to \$110.5 million (FY20: \$86.1 million). This reflected lower interchange and scheme fee costs at a portfolio level due to the increase in the card mix of debit cards (which have lower costs) and the reduction in the card mix of international cards (which have higher costs). The margin between the merchant

service fee we charge merchants and the costs we pay to the card schemes and card issuers, namely our merchant acquiring fee margin was 0.3437% of transaction value vs 0.3205% in FY20. Interchange, integration, and support fees for our payments business were up only 1.4%, significantly lower than the 13.0% increase in payments revenue due to the lower direct costs incurred on debit cards and the significant reduction in higher direct cost international cards;

- our banking business contribution lifting to \$2.6 million (FY20: \$1.3 million). The gross profit margin was 88.2% (FY20: 71.6%). The uplift in gross profit and the margin improvement benefited significantly from the \$1.3 million write-back of the prior year provision for fair value adjustment to loans.

CHART 4 – OPERATING LEVERAGE CHART – FY21



## EBITDA<sup>2</sup>

We recorded a record positive EBITDA<sup>2</sup> of \$14.2 million (FY20: EBITDA loss of \$4.4 million). This represents a 424.0% improvement on the prior year. The record EBITDA result was driven by the 27.8% increase in gross profit against a 7.6% increase in operating costs (excluding the costs associated with the terminal connectivity issue and M&A project costs).

Our EBITDA result implies an EBITDA margin of 12% demonstrating operating leverage from scale in the year.

<sup>1</sup> Gross profit of \$119.4 million includes the JobKeeper benefit of \$4.5 million received from 1 July 2020 to 30 September 2020 and \$1.0 million in terminal rental relief provided as a result of the terminal connectivity issue less \$0.7 million in commissions amortised under the Bendigo Bank Alliance. Excluding JobKeeper in both FY21 and FY20, gross profit increased 23.0%.

<sup>2</sup> 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, expenses associated with the terminal connectivity issue and the IPO and other significant one-off costs.

## EARNINGS BEFORE INTEREST AND TAX (EBIT)

Our statutory EBIT loss for the reporting period was \$29.3 million, an improvement on the prior year (FY20: loss of \$37.5 million). Depreciation and amortisation were up 22.7% at \$15.4 million (FY20: \$12.5 million) reflecting new terminal purchases to meet the growth in merchant numbers (including terminals required for the Bendigo Bank Alliance).

Further increasing the EBIT loss was the terminal connectivity issue costs amounting to \$13.3 million (FY20: Nil), M&A project costs of \$4.7 million (FY20: Nil), IPO costs of \$0.3 million (FY20: \$9.7 million) and share-based payment expenses of \$9.3 million (FY20: \$10.9 million).

On a normalised basis, excluding the impact of the terminal connectivity costs, the M&A project costs and the IPO costs, our EBIT loss was \$10.4 million (FY20: \$25.9 million).

## NET LOSS AFTER TAX

Net loss after tax on a statutory basis improved 21.7% at \$29.8 million (FY20: \$38.1 million). On a normalised basis, net loss before tax was \$10.9 million, an improvement of 57.9% (FY20: \$25.9 million). No tax benefit was recognised in FY21 or FY20. At 30 June 2021 we have \$40.5 million in recognised and unrecognised tax losses available for probable future use.

## FINANCIAL POSITION

We continue to maintain a balance sheet that positions us well for our growth ambitions. Cash, cash equivalents and financial investments available at 30 June 2021 totalled \$172.8 million (FY20: \$188.3 million).

At year end we held \$15.4 million in merchant loans as assets, against merchant deposits of \$75.5 million (FY20: \$50.5 million) as current liabilities on the balance sheet.

Our net asset position decreased to \$180.6 million at 30 June 2021 (FY20: \$189.7). Total assets were \$396.1 million, up \$132.3 million from the FY20 position largely reflecting an intangible asset of \$110.7 million for the Bendigo Bank Alliance merchant contracts. Total liabilities at 30 June 2021 were \$215.5 million, up \$141.3 million from the FY20 position primarily relating to future commission payments of \$102.3 million under the Bendigo Bank Alliance and an increase of \$25.0 million in merchant deposits.

Total regulatory capital at 30 June 2021 was \$83.7 million with a total capital ratio of 73% (FY20: \$165.8 million with a capital ratio of 162%). Tyro has always held sufficient capital to meet its internal targets which are above APRA's prudential capital requirements.

Total capital expenditure for FY21 was \$23.1 million (FY20: \$11.9 million) in the main comprising terminal purchases and investment in software, including capitalised internal development costs of \$3.7 million (FY20: \$2.8 million).



TABLE 2 – SUMMARY FINANCIAL PERFORMANCE

	FY21 (\$'000)	FY20 (\$'000)		CHANGE %
<b>Transaction value</b>	<b>25,453,507</b>	<b>20,131,045</b>	<b>▲</b>	<b>26.4%</b>
Payments revenue and income	229,222	202,826	▲	13.0%
Lending and investment income	3,222	1,818	▲	77.2%
Other revenue and income	6,078	6,031	▲	0.8%
<b>Total revenue</b>	<b>238,522</b>	<b>210,675</b>	<b>▲</b>	<b>13.2%</b>
Payments direct expenses	(118,694)	(116,684)	▲	1.7%
Interest expenses on deposits	(379)	(516)	▼	26.6%
<b>Total direct expenses</b>	<b>(119,073)</b>	<b>(117,200)</b>	<b>▲</b>	<b>1.6%</b>
<b>Gross profit</b>	<b>119,449</b>	<b>93,475</b>	<b>▲</b>	<b>27.8%</b>
<b>Operating expenses:</b>				
Employee benefits expense (excl. share-based payments)	(76,174)	(67,662)	▲	12.6%
Administrative expenses	(22,903)	(16,598)	▲	38.0%
Contractor and consulting expenses	(7,192)	(5,913)	▲	21.6%
Marketing expenses	(5,419)	(5,716)	▼	5.2%
Lending and non-lending losses	(10,863)	(1,958)	▲	454.8%
Significant one-off costs associated with connectivity issue and M&A	17,268	-	▲	-
<b>Total operating expenses</b>	<b>(105,283)</b>	<b>(97,847)</b>	<b>▲</b>	<b>7.6%</b>
<b>EBITDA<sup>1</sup></b>	<b>14,166</b>	<b>(4,372)</b>	<b>▲</b>	<b>424.0%</b>
Share based payments expense	(9,342)	(10,896)	▼	14.3%
IPO expenses	(331)	(9,730)	▼	96.6%
Share of loss from associates	(1,119)	-	▲	-
Costs associated with terminal connectivity issue	(13,285)	-	▲	-
M&A project costs	(4,681)	-	▲	-
Bendigo partner revenue share	698	-	▲	-
Depreciation and amortisation	(15,364)	(12,524)	▲	22.7%
<b>EBIT</b>	<b>(29,258)</b>	<b>(37,522)</b>	<b>▲</b>	<b>22.0%</b>
Net interest expense	(517)	(535)	▼	3.4%
<b>Loss before tax</b>	<b>(29,775)</b>	<b>(38,057)</b>	<b>▲</b>	<b>21.8%</b>
Income tax expense	(48)	-	-	-
<b>Loss after tax</b>	<b>(29,823)</b>	<b>(38,057)</b>	<b>▲</b>	<b>21.6%</b>

**Reconciliation to normalised net loss before tax**

	FY21 (\$'000)	FY20 (\$'000)		CHANGE %
<b>Net loss before tax (statutory)</b>	<b>(29,775)</b>	<b>(38,057)</b>	<b>▲</b>	<b>21.8%</b>
<b>Add back (before tax):</b>				
IPO expenses	331	9,730	▼	96.6%
Share based payments expense relating to IPO	563	2,411	▼	76.6%
Costs associated with terminal connectivity issue	13,285	-	▲	-
M&A project costs	4,681	-	▲	-
<b>Net loss before tax (normalised)</b>	<b>(10,915)</b>	<b>(25,916)</b>	<b>▲</b>	<b>57.9%</b>

<sup>1</sup> 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, expenses associated with the terminal connectivity issue and the IPO and other significant one-off costs.



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# Segment Financial Performance

## PAYMENTS BUSINESS REVIEW

### FY21 HIGHLIGHTS

Our Payment team had a very successful year with FY21 highlights including:

- A record \$25.5 billion (FY20: \$20.1 billion) in transactions processed by Tyro merchants – an impressive 26.4% uplift in what was a challenging year.
- A 81% spike in merchants choosing Tyro as their payments solution with a record 58,186 merchants in our ecosystem – 39,696 excluding Bendigo (FY20: 32,176).
- An all-time high achieved in payments gross profit at \$110.5 million (FY20: \$86.1 million) – up 28.3%.
- Transformative Bendigo Bank Alliance completed on schedule on 1 June 2021 adding close to 19,000 new merchants and annualised transaction value of ~\$5 billion.
- Health fintech Medipass acquired in May 2021 – adding innovative card-less digital healthcare claiming and payments to Tyro's core health vertical.
- Maintained our position as Australia's 5th largest merchant acquiring bank by terminal count – 104,827 terminals up 67.1% (FY20: 62,722).
- Healthy retention metrics maintained with our merchant churn rate at 11.3% (FY20: 11.7%) and transaction churn rate of 8.7% (FY20: 8.0%).
- eCommerce transaction value at \$70.3 million (FY20: \$10.6 million) with the opportunity now to grow more significantly with in-app payment capability switching on for me&u a leading 'tap, order and pay' solution for hospitality venues.
- Pilot of 'Tyro Go' our mobile dongle launched – this new terminal type to power our entry into the trades vertical as well as providing a failover solution for merchants.
- 'Tyro Connect' performing strongly after it was launched in late FY20 - 124 merchants now using Tyro Connect in their business with 695,000 transactions processed via the platform (FY20: Nil)
- 322 point of sale system integrations – up from 308 in FY20.



## PAYMENTS BUSINESS FINANCIAL PERFORMANCE

	FY21 (\$'000)	FY20 (\$'000)		CHANGE %
Transaction value	25,453,507	20,131,045	▲	26.4%
Payments revenue and income	229,222	202,826	▲	13.0%
Payments direct expenses	(118,694)	(116,684)	▲	1.7%
<b>Payments gross profit</b>	<b>110,528</b>	<b>86,142</b>	<b>▲</b>	<b>28.3%</b>
Gross profit margin	48.2%	42.5%	▲	5.7 pts
<b>MAF margin to transaction value</b>	<b>0.3437%</b>	<b>0.3205%</b>	<b>▲</b>	<b>2.3 bps</b>

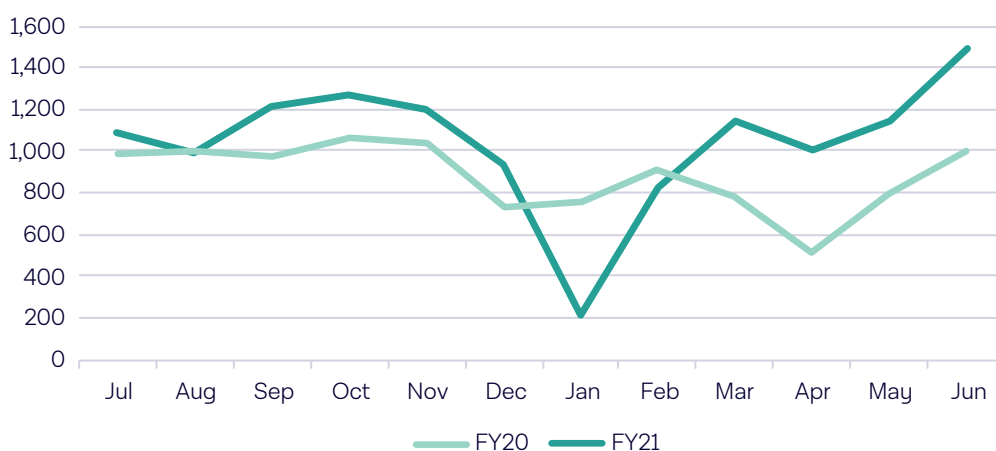
## PERFORMANCE REVIEW

FY21 was another record year for our Payments business despite the challenges presented by Covid and from the terminal connectivity issue experienced in January 2021. Our performance perhaps best evidenced by the all-time high \$25.1 billion in transactions processed (up 24.3% on FY20's \$20.1 billion) on behalf of the 39,696 merchants (up 23% on FY20's 32,176) who selected Tyro as their payments' provider. Our new merchant acquiring alliance with Bendigo Bank which commenced on 1 June 2021, delivered \$0.44 billion of the year's transaction value for the month of June from 18,490 merchants.

	TYRO PAYMENTS BUSINESS	BENDIGO BANK MERCHANT ALLIANCE	COMBINED
Transaction value (\$' billion)	\$25.1 billion	\$0.4 billion	\$25.5 billion
Merchants (Number)	39,696	18,490	58,186

New merchant acquisition started the year strongly after being impacted by Covid in the last quarter of FY20. This momentum was disrupted in January and February 2021 as we completely focused our efforts on resolving the connectivity issue and the impact it had on some of our merchants. Pleasingly we returned to strong growth in the last quarter of FY21 to finish the year with 39,696 merchants (excluding the new Bendigo Bank merchants) – up 23.4% on FY20. We averaged just under 1,000 new merchant applications per month for FY21, up 13% on FY20. Of note we achieved all-time record levels of new merchant applications in June with sign-ups reaching 1,482. Another positive indicator for our business is the stability of our merchant retention metrics which remain at comparative lows when considering for the segments we serve, with transaction value churn remaining stable at 8.7% (FY20: 8.0%) and merchant number churn decreasing 40 basis points to 11.3% (FY20: 11.7%).

CHART 5 - NEW MERCHANT APPLICATIONS



Our hospitality vertical delivered exceptionally strong transaction value growth lifting 34.0% in FY21 as states came out of lockdown and consumers spent domestically given the international border lockdown. Our retail vertical delivered a solid 18.3% growth while our health vertical achieved 12.7% in transaction value growth, still impacted to a certain extent by lower elective procedures.

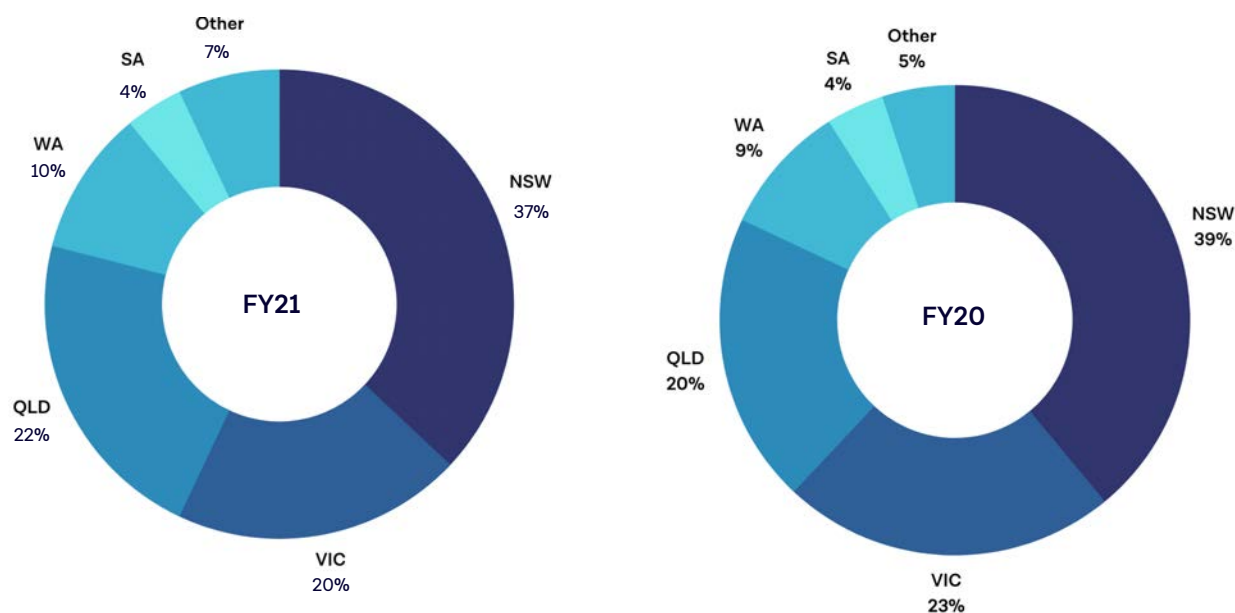
From a geographical standpoint, all states and territories outside of New South Wales and Victoria delivered standout growth for FY21, averaging growth of ~40% per state or territory. As can be seen from **Chart 6**, New South Wales delivered growth of 20%, while Victoria which was the state most impacted by lockdowns in FY21 delivered growth of only 9%.

**CHART 6 - TRANSACTION VALUE GROWTH BY STATE/TERRITORY**



In terms of total transaction value contribution by geography, **Chart 7** shows the contribution by each state and territory in FY21 and provides a comparative with FY20.

**CHART 7 - TRANSACTION VALUE CONTRIBUTION BY STATE**





On 1 June 2021, we completed the Bendigo Bank merchant acquiring Alliance we announced on 16 October 2020 on schedule. Under the Alliance Tyro exclusively provides merchant acquiring services to Bendigo Bank's existing merchant acquiring customers and Bendigo Bank will exclusively refer new merchant opportunities from its business customer base to Tyro, all under a co-brand. This transformative Alliance is expected to add an additional ~\$5.0 billion in transaction value and to be EBITDA positive in FY22.

We acquired Medipass on 31 May 2021. Medipass' functionality, insurer integrations and simplicity are its key differentiators. It integrates with 18 cloud-based practice management and booking systems and has approximately 1,700 active healthcare merchants working with it. This complements, with limited overlap, the over 9,500 merchants in Tyro's health vertical and the 52 practice management systems integrated with Tyro. The acquisition will provide Tyro's health merchants greater claiming and payment capabilities extending beyond Tyro's private health insurer and Medicare Easyclaim options to include a range of State and Federal based compensatory funders.

The growth in our transaction value and merchant numbers saw us deliver record revenue from our Payments operation of \$229.2 million, up 13.0% on the \$202.8 million achieved in FY20. This translated into record gross profit lifting 28.3% to \$110.5 million (FY20: \$86.1 million). Our Merchant Acquiring Fee (**MAF**) margin of 0.3437% to transaction value was up 2.3 basis points from the 0.3205% achieved in FY20, reflecting a card mix shift with:

- more transactions via debit cards which attract a lower merchant service fee but carry lower scheme and interchange costs; and
- fewer transactions via international credit cards due to travel restrictions, which have higher merchant service fees but also carry higher scheme and interchange costs.



## BANKING BUSINESS REVIEW

### FY21 HIGHLIGHTS

Our Banking team navigated the challenges of Covid and achieved a number of key accomplishments in FY21 including:

- Supporting our Covid-19 impacted merchants by providing loan repayment relief, this is a continuing initiative.
- During the first half of the year pivoting to a fully manual approval process for our merchant cash advance loans, to enable the volatile impacts of Covid-19 lockdowns on merchant transactions to be understood and assessed on a case-by-case basis. In addition introducing the ability to offer the Federal Government's loan guarantee scheme.
- In the second half of the year re-instating our automated approval process for our merchant cash advance loans and re-engaging our marketing efforts, delivering a rapid lift in originations.
- Delivering record monthly loan originations of ~\$8million in May 2021 with strong origination uptake (\$21.6 million) in the last four months of FY21.
- Loan originations of \$25.8 million generated in FY21, down 57% as a result of our deliberate actions to address Covid uncertainty (FY20: \$60.1 million).
- Write-back of \$1.3 million prior year fair value adjustments to loan balances due to the risk of bad debts decreasing through FY21.
- Strong uptake of the Tyro bank account and term-deposit account with deposit balances of \$75.5 million (FY20: \$50.5 million).

### BANKING BUSINESS FINANCIAL PERFORMANCE

	FY21 (\$'000)	FY20 (\$'000)		CHANGE %
Loan originations	25,843	60,107	▼	57.0%
Interest income on loans	1,952	4,179	▼	53.3%
Fair value adjustment on loan balance	1,270	(2,361)	▲	153.8%
Interest expense on deposits	(379)	(516)	▼	26.6%
<b>Banking gross profit</b>	<b>2,843</b>	<b>1,302</b>	<b>▲</b>	<b>118.4%</b>
<b>Gross profit margin</b>	<b>88.2%</b>	<b>71.6%</b>	<b>▲</b>	<b>16.6 points</b>

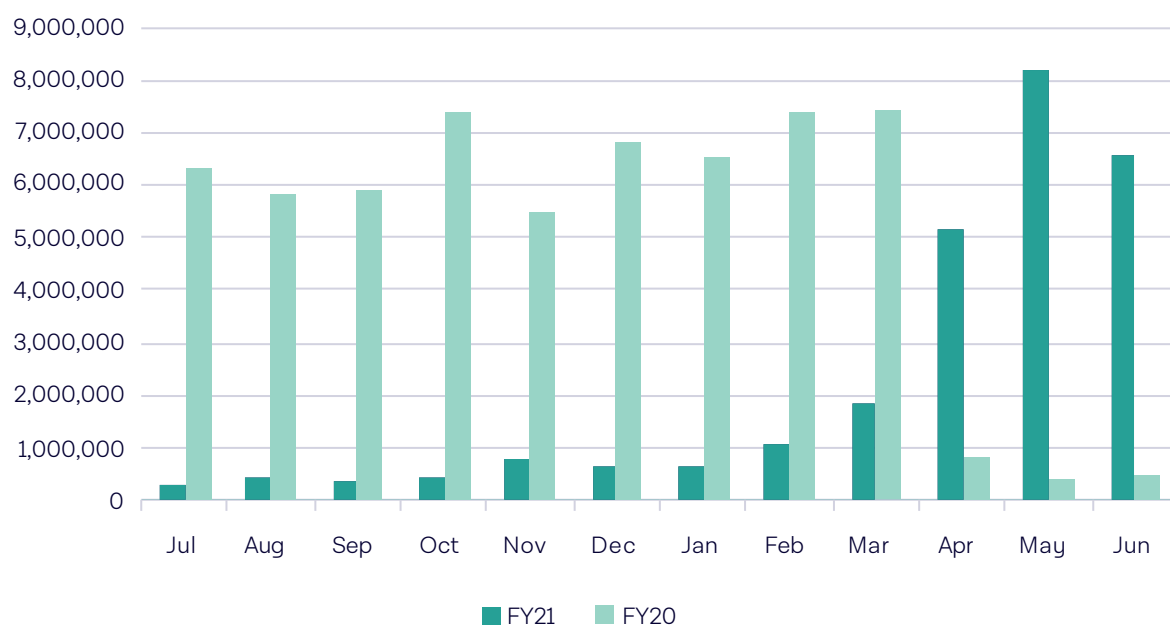
### PERFORMANCE REVIEW

Loan originations in the year of \$25.8 million were down 57.0% (FY20 of \$60.1 million). This lower level of originations reflecting our deliberate actions to address Covid uncertainty and saw revenue from our merchant loans decline 52.4% to \$2.0 million (FY20: \$4.2 million). With the onset of Covid in March 2020, we limited access to our merchant cash advance loans (from April 2020 to February 2021) by pivoting from a fully automated loan approval process to a 'desk top' assessment to enable the volatile impacts of Covid-19 lockdowns on merchant transactions to be understood and assessed on a case-by-case basis.

In March 2021 we moved back to automated approvals and recommenced promoting the product to our merchant base. This resulted in a record last quarter for FY21 with close to \$20 million in loans originated, with May 2021 setting an all-time record month of \$8.1 million in originations.

To further enhance the availability of our merchant cash advance to more merchants seeking assistance in managing their cashflows, the product can now be accessed without the prerequisite of holding a Tyro bank account.

CHART 8 - LOAN ORIGINATIONS FOR FY21



Our risk-based management of the loan product during Covid together with many merchants businesses rebounding following the initial lockdowns, saw our loss rates remain well within our risk appetite. Loan losses as a percentage of originations at 30 June 2021 amounted to 2.8% (\$0.7 million) compared to 1.8% (\$1.1 million) in FY20.

We ended the year with more than 4,600 active Tyro bank accounts (FY20: 4,379) with merchants attracted to the fee free and interest bearing features of this account. This product held \$72.5 million in deposits at 30 June 2021 (FY20: \$49.7 million). Our term-deposit account that was launched in July 2021 to all eligible merchants after a pilot phase in FY20 and ended the year with total balances of \$3.0 million.

Our Banking business delivered gross profit of \$2.8 million (FY20: \$1.3 million) representing a gross profit margin of 88.2% (FY20: 71.6%). The gross profit benefited from the write-back of the prior year fair value adjustment on loan balances of \$1.3 million. Excluding the impact of the accounting fair value adjustments for FY21 and FY20, normalised gross profit was down 57.1% to \$1.6 million (FY20: \$3.7 million) due to the 57.0% decrease in loan originations.

Although our banking operation still only represents a small part of the overall Tyro business, it presents an alternative to the major banks and has strong prospects for continued growth.

## CONTINUED ASSISTANCE PROVIDED TO MERCHANTS AND OUR TEAM

With the continued uncertainty posed by Covid, we continue to do all that we can to assist and support our merchants and our team.

For our merchants we continue to offering financial assistance for those in hardship and this includes providing terminal rental relief, loan repayment holidays and waiving notice periods / break fee for drawing on term-deposit accounts. Our Australian based customer support team is available 24/7 for our merchants wishing to discuss their particular circumstances. We also have put together information and inspiration to help merchants survive and thrive, including:

- providing educational blogs on how other business have responded / adapted and how Tyro products such as eCommerce and Tyro Connect can assist;
- sharing links to Government sites to assist merchants locate official information – in particular assistance that is available for small businesses as new economic stimulus packages are announced.

To protect the safety of our team we have moved swiftly whenever a lockdown was mandated to make the necessary arrangements for our team to work remotely. Even though the vast majority of our team worked from home during lockdowns, we continued to service all our merchants to our usual high standard. We also recognise that for life in Australia to return to 'normal' can only happen once a majority of Australians are vaccinated. To play our part in this national drive, all our team members who choose to get vaccinated will receive half a day of additional paid leave for each of their two COVID-19 vaccinations.



*"...all our team members who choose to get vaccinated will receive half a day of additional paid leave for each of their two COVID-19 vaccinations."*

## LOOKING AHEAD TO FY22

It is an exhilarating time to be a Tyro, we have achieved a lot in the last year, but it is the opportunity in front of us that for me remains large and exciting.

We have a mix of features and products in train that will continue to build out our payments centric ecosystem. Products such as the Tyro Go terminal which will open up new verticals (trades and micro merchants for example) and provide a 'queue busting' solution for larger retailers. We are assessing our next generation terminal which presents some exciting opportunities including a mPOS capability. We are looking to extend our merchant cash advance product to make it available to a wider cohort of Tyro merchants with larger advances available. With the digital claiming capabilities including State and Federal compensatory funders available via Medipass, we have an opportunity in combination with our existing health solutions, to create the leading unified claiming and payments platform for Australian healthcare practitioners.

We have created IP (both technical and commercial) in creating our payments alliance model for Bendigo Bank, which has potential applicability to other market opportunities – this is an area we remain keenly interested in exploring. We continue to have appetite for 'bolt on' acquisitions, whether large or small, which present an avenue to gain scale, leverage our platform or capabilities, enhance our market position or supplement our ecosystem.

In closing I would like to thank my brilliant team at Tyro and formally welcome the Medipass team to the family – without your commitment to the cause, sheer hard work and desire to make payments and banking better for Australian businesses particularly, the backbone of Australian business, SMEs. I would also like to thank Tyro Board both past and present for the support over the last 3½ years.

I look forward to providing you with more information on our trading performance for the beginning of FY22 at our Annual General Meeting on 3 November 2021.




**Robbie Cooke**  
CEO | Managing Director

*"...created IP (both technical and commercial) in creating our payments alliance model for Bendigo Bank, which has potential applicability to other market opportunities – this is an area we remain keenly interested in exploring..."*

*"...appetite for 'bolt on' acquisitions, whether large or small, which present an avenue to gain scale, leverage our platform or capabilities, enhance our market position or supplement our ecosystem..."*

*"...I would like to thank my brilliant team at Tyro and formally welcome the Medipass team to the family ..."*





# PROFILES

# Board of Directors



## DAVID THODEY AO

CHAIR OF THE BOARD

Independent non-executive Director since November 2018 and Chairman since 15 October 2019.

### Other Tyro Responsibilities:

- Member of the People Committee.

### Career:

David is a business leader focused on innovation, technology and telecommunications, with more than 30 years' of experience in the technology and telecommunications industries. He has a track record of creating brand and shareholder value, and has been successfully involved in innovation across a wide range of sectors. David had a successful executive career as CEO of Telstra, Australia's leading telecommunications and information services company from 2009 to 2015. He began his career at IBM, where he spent more than 22 years and held several Asia Pacific senior executive positions including Chief Executive Officer of IBM Australia and New Zealand. In 2017, David was made an Officer (AO) in the General Division of the Order of Australia for his service to business and the promotion of ethical leadership and workplace diversity.

### Relevant other Directorships held in the past three years:

- Chair of Xero Limited, a leading New Zealand based cloud-based accounting software platform for small and medium-sized businesses.
- Chair of the Commonwealth Scientific and Industrial Research Organisation (CSIRO).
- Non-executive director of Ramsay Health Care, a global hospital group.
- Former Non-executive director of Vodafone plc, a global telecommunications company (1 September 2019 to 28 July 2020).

### Qualifications:

David holds a Bachelor of Arts in Anthropology and English from Victoria University, Wellington, New Zealand, attended the Kellogg School of Management postgraduate General Management Program at Northwestern University in Chicago, USA, and was awarded an Honorary Doctorate in Science and Technology from Deakin University in 2016 and an Honorary Doctorate of Business from University of Technology Sydney in 2018.





## ROBBIE COOKE

CEO | MANAGING DIRECTOR

CEO since 31 March 2018 and Managing Director since 18 October 2019.

### Career:

Robbie has led as CEO | Managing Director three ASX listed companies in a business career spanning more than 30 years. He has traversed scale-ups, listings and significant M&A actions in technology enabled businesses delivering significant shareholder value. This included 7 years running Australia's leading online travel company Wotif.com, taking the business through scale-up from start-up mode, achieving a circa five fold increase in profits and a successful IPO in 2006. He operated the lotteries, race wagering and sports betting conglomerate Tatts Group for 5 years until its merger with Tabcorp in March 2018.

### Qualifications:

Robbie holds a Bachelor of Laws (Honours) from the University of Queensland Law School, a Bachelor of Commerce from the University of Queensland and a Graduate Diploma in Company Secretarial Practice from the Governance Institute of Australia. Robbie is a member of the Australian Institute of Company Directors, an associate of the Governance Institute of Australia and a solicitor of the Supreme Court of Queensland.



## HAMISH CORLETT

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since April 2019.

### Other Tyro Responsibilities:

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

### Career:

Hamish is a founder and partner of TDM Growth Partners, a private investment firm specialising in high growth companies globally. Hamish has over 20 years' experience in investing and investment banking. Prior to TDM, Hamish worked as an Investment Manager at Caledonia Investments, a global fund manager, and an Analyst at Caliburn Partnership (now Greenhill).

### Relevant other Directorships held in the past three years:

- Non-executive director of SomnoMed Limited, a medical company providing treatment solutions for sleep-related breathing disorders.
- Non-executive director of QBiotics Group Limited, an Australian life sciences company

### Qualifications:

Hamish holds a Bachelor of Commerce with Honours Class 1 (Accounting and Finance) from the University of Sydney and a Graduate Diploma of Counselling from the Australian College of Applied Psychologists.



## DAVID FITE

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since July 2018.

### Other Tyro Responsibilities:

- Member of the Risk Committee.

### Career:

David has over 30 years' experience in the financial services industry. David has held various roles at Westpac Banking Corporation, including Treasurer, Assistant Chief Financial Officer and the Group Executive responsible for all retail and business banking products in Australia. David has also worked at Japan's Shinsei Bank (formerly known as The Long-Term Credit Bank of Japan) as Senior Corporate Executive Officer, Chief Financial Officer and a member of its Board. David is also an active investor in various credit, financial services and technology businesses.

### Relevant other Directorships held in the past three years:

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

### Qualifications:

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



## ALIZA KNOX

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since April 2021.

### Other Tyro Responsibilities:

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

### Career:

Aliza has more than three decades of broad international marketing and management experience in the financial services and technology sectors having held senior executive roles internationally at Boston Consulting Group, Charles Schwab, Visa International, Twitter and Google. Her previous roles include Head of APAC for Cloudflare, Chief Operating Officer at Unlocked, Vice President, Asia Pacific at Twitter, Managing Director of Commerce and Online Sales & Operations for Asia Pacific at Google Asia Pacific, Senior Vice President, Commercial Solutions and Global Product Platforms at Visa International, and Senior Vice President, International Wireless and Global Expansion Asian Focus at Charles Schwab Corporation. Aliza was also named IT Woman of the Year (Asia) in 2020.

### Relevant other Directorships held in the past three years:

- Non-executive Director of Healthway Medical Group Limited in Singapore
- Former Non-executive Director of Scentre Group Limited (May 2015 to April 2020)
- Former Non-executive Director of Singapore Post Limited (August 2013 to July 2018)

### Qualifications:

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



## FIONA PAK-POY

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since September 2019.

### Other Tyro Responsibilities:

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

### Career:

Fiona has over 25 years' experience in a variety of industries, for companies ranging from startups to large public companies and not-for-profits. Fiona has served on various boards, including MYOB, StatePlus, and the commercialisation office of The University of Adelaide, Adelaide Research and Innovation. She was a strategy consultant for the Boston Consulting Group in the US and Australia, and was also a partner in an Australian venture capital fund focused on technology startups.

### Relevant other Directorships held in the past three years:

- Non-executive Director of ASX-listed iSentia Limited, a media intelligence and data technology company.
- Non-executive Director of ASX-listed Booktopia, Australia's largest online book seller.
- Director of the Sydney School of Entrepreneurship.
- Former Non-executive Director of Novotech Aus HoldCo, Asia-Pacific's leading contract research organisation (CRO) providing clinical research solutions world-wide.
- Former Non-executive Director of MYOB Group Limited prior to their buyout by KKR in April 2019 (January 2017 to April 2019).

### Qualifications:

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



## PAUL RICKARD

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since August 2009.

### Other Tyro Responsibilities:

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

### Career:

Paul was the founding Managing Director of CommSec, which he led from 1994 to 2002, and was Chairman until 2009. After a 20 year career with Commonwealth Bank finishing in the role of Executive General Manager Payments & Business Technology, Paul left in 2009 to team up with Peter Switzer and found the Switzer Super Report, a subscription based newsletter for the trustees of self-managed super funds. An expert in investment and superannuation, Paul is a regular commentator on TV, radio and online and also oversees editorial development at Switzer Financial Group Pty Ltd. In 2005, Paul was named 'Stockbroker of the Year' and admitted to the Industry Hall of Fame of the Australian Stockbrokers Foundation.

### Relevant other Directorships held in the past three years:

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

### Qualifications:

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

# Executive Leadership Team



## ROBBIE COOKE

CEO | MANAGING DIRECTOR

Robbie joined Tyro on 31 March 2018 as Chief Executive Officer and was appointed as Managing Director on 18 October 2019.

Robbie has led as CEO | Managing Director three ASX listed companies in a business career spanning more than 30 years. He has traversed scale-ups, listings and significant M&A actions in technology enabled businesses delivering significant shareholder value. This included 7 years running Australia's leading online travel company Wotif.com, taking the business through scale-up from start-up mode, achieving a circa five fold increase in profits and a successful IPO in 2006. He operated the lotteries, race wagering and sports betting conglomerate Tatts Group for 5 years until its merger with Tabcorp in March 2018.

Robbie holds a Bachelor of Laws (Honours) from the University of Queensland Law School, a Bachelor of Commerce from the University of Queensland and a Graduate Diploma in Company Secretarial Practice from the Governance Institute of Australia. Robbie is a member of the Australian Institute of Company Directors, an associate of the Governance Institute of Australia and a solicitor of the Supreme Court of Queensland.



## PRAV PALA

CHIEF FINANCIAL OFFICER

Praveenesh (Prav) joined Tyro in 2014 in the role of Chief Financial Officer. Prav has over 20 years' experience gained in professional consulting, property funds management, financial services and the payments industry. Since starting his career at PricewaterhouseCoopers, Prav has held several senior positions at QBE Insurance Group, Westfield Group, Domaine Mirvac Funds Management and ING Direct Australia, and has managed large integration and strategic finance related projects.

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



## STEVEN CHAPMAN

CHIEF RISK OFFICER AND HEAD OF INTERNAL AUDIT

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.



## JAIRAN AMIGH

COMPANY SECRETARY AND SPECIAL COUNSEL

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



## DAVE COOMBES

CHIEF TECHNOLOGY OFFICER

Dave joined us in 2017 in the role of Chief Technology Officer. Dave has over 20 years' experience building and leading teams that develop and operate large-scale mission-critical systems for high profile organisations across a range of industries including financial services, wagering, retail and telecommunications. Prior to Tyro, Dave held senior technology roles at BT Financial Group, Tabcorp and Insurance Australia Group. Dave also worked as a principal consultant at ThoughtWorks while they were pioneering the use of agile development methods for software delivery.

Dave holds a PhD in Theoretical Physics from the University of Sheffield, UK and a first class honours degree in Theoretical Physics from the University of Birmingham, UK.



## JONATHAN DAVEY

CEO - MEDIPASS

Jon joined Tyro in May 2021 in the role of CEO - Medipass after Tyro acquired Medipass.

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 and is the co-founder of a technology start-up. Jon is also on the Advisory Board of Finspo, a Fintech focused on the digital origination of mortgages and on the Technology and Innovation Advisory Board for the Australian Institute of Company Directors.



## YVETTE MANDANAS

CHIEF PEOPLE OFFICER

Yvette joined us in 2016 to establish the HR function in the role of Chief People Officer. Yvette has over 17 years' experience in HR in fast growth technology organisations. Yvette specialises in the design and delivery of HR operational, talent acquisition, leadership development and culture development initiatives to drive business strategy. Yvette has held HR leadership roles during her time at Avanade, the Microsoft technology consulting arm of Accenture, and at Nearmap, an ASX-listed market leader in geospatial map technology.

Yvette holds a Graduate Diploma in Human Resource Management from the University of Technology Sydney, has completed an Executive Program in People, Performance and Culture from Stanford University, and is a professional member of the Australian Human Resources Institute (CAHRI).



## JAMES REVELL

CHIEF STRATEGY OFFICER

James joined us in 2017 to establish the corporate strategy function, and was appointed to the leadership team as Chief Strategy Officer a year later. James specialises in analysing and driving the delivery of strategic growth opportunities in consideration of structural trends and a deep understanding of the current market. Prior to Tyro, James previously held roles at Monitor Deloitte and Telstra Digital.

James holds a first class Honours degree from the University of Cambridge and a Master of Commerce from the University of Sydney Business School.



## LISA VITARIS

CHIEF MARKETING OFFICER

Lisa joined us in 2017 to drive both brand and acquisition, and in 2018 was appointed as Chief Marketing Officer. Lisa has over 17 years' experience in marketing, specialising in financial services. She has extensive experience in branding and high growth acquisition, and has held roles both client side at Aussie Home Loans and CMC Markets, as well as at advertising agencies working across Citibank, Bankwest, CommSec and IMB.

Lisa holds a Master of Business in International Marketing and is currently completing her Master of Business Administration at the University of Technology, Sydney.



## BRONWYN YAM

CHIEF PRODUCT OFFICER

Bronwyn joined us in 2017 and is our Chief Product Officer. Bronwyn has over 25 years' experience in financial services and consulting. She has extensive experience in challenging the status quo and delivering on innovative processes and solutions. Bronwyn has a passion for driving transformational change in organisations and teams leveraging on technology and disruptive thinking to deliver desired customer outcomes. Prior to joining Tyro, Bronwyn held several senior roles in strategy, lending and payments within Commonwealth Bank of Australia since 2005. Bronwyn also had a consulting career with Arthur Andersen Business Consulting in the US and across Asia, working with clients from multiple industries from manufacturing to financial services.

Bronwyn holds a Bachelors of Arts, Business Economics from the University of California, Los Angeles (UCLA) and a Masters of Business Administration from the Hong Kong University of Science and Technology (HKUST).



## SAMI WILSON

GENERAL COUNSEL

Sami is our General Counsel and joined us in 2018 to establish the in-house legal function. Sami has over 10 years' legal experience in a diverse range of areas, including advising ASX-listed entities on corporate law and M&A and working on private equity, venture capital and banking and finance transactions. Before he joined us, Sami was a Senior Associate at Herbert Smith Freehills.

Sami holds a Bachelor of Laws (Honours) from the University of Melbourne and a Bachelor of Commerce from The University of Adelaide. Sami is admitted as a solicitor of the Supreme Courts of New South Wales and South Australia.



## GIOVANNI RIZZO

CHIEF OF INVESTOR RELATIONS

Giovanni joined Tyro in late 2020 where he established the Investor Relations function. Giovanni is a qualified Chartered Accountant and a member of Chartered Accountants Australia and New Zealand with over 20 years' professional experience working in South Africa, Canada, and Australia.

Prior to joining Tyro, Giovanni worked at PricewaterhouseCoopers before moving into Investor Relations in 2013 as Head of Investor Relations at Tatts Group Limited. Giovanni is also a Non-executive Director and Chair of the Audit Committee of ASX listed Jumbo Interactive Limited.

Giovanni holds a Bachelor of Commerce (Honours) and a Higher Diploma in the Theory of Accounting from the University of Johannesburg.

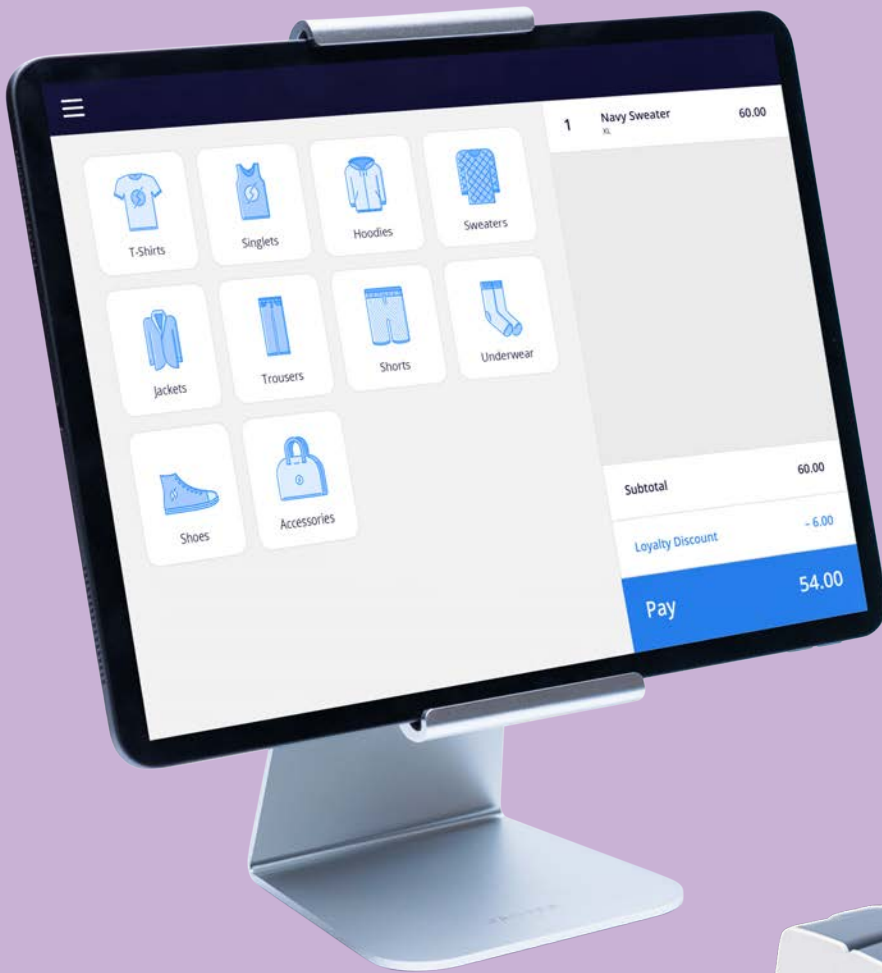


## JOSH WALTHER

CHIEF CUSTOMER OFFICER

Josh joined Tyro in 2017 in the role of Director of Sales, becoming Chief Customer Officer in 2018. Josh has more than 20 years' experience in financial services and management consulting with ING Direct, Aussie Home Loans, KPMG Consulting and Arthur Andersen Business Consulting. He has extensive experience delivering sales growth and customer experiences for financial services businesses across multiple distribution formats including direct, digital and partnerships. In his eight years at ING Direct, Josh's leadership in growing and developing consumer sales and service channels culminated in him being awarded Australian Customer Experience Executive of the Year and his team awarded Best Contact Centre in Australia.

Josh holds a Bachelor of Business (Honours – First Class) from the University of Technology, Sydney and completed the Stanford University Executive Program for Growing Companies in 2019.





# 5 YEAR TRACK RECORD

	30 JUNE 2017 \$'000	30 JUNE 2018 \$'000	30 JUNE 2019 \$'000	30 JUNE 2020 \$'000	30 JUNE 2021 \$'000
<b>Transaction value</b>	<b>10,607,068</b>	<b>13,359,608</b>	<b>17,496,322</b>	<b>20,131,045</b>	<b>25,453,507</b>
<i>Transaction value annual growth</i>	23.5%	26.0%	31.0%	15.1%	26.4%
Total revenue	120,575	148,231	189,770	210,675	238,522
<i>Total revenue annual growth</i>	25.9%	22.9%	28.0%	11.0%	13.2%
Direct expenses	(64,538)	(79,163)	(106,510)	(117,200)	(119,073)
<b>Gross profit</b>	<b>56,037</b>	<b>69,068</b>	<b>83,260</b>	<b>93,475</b>	<b>119,449</b>
<i>Gross profit annual growth</i>	21.3%	23.3%	20.5%	12.3%	27.8%
Operating expenses	(65,245)	(78,890)	(91,871)	(97,847)	(105,283)
<b>EBITDA<sup>1</sup></b>	<b>(9,208)</b>	<b>(9,822)</b>	<b>(8,611)</b>	<b>(4,372)</b>	<b>14,166</b>
Share-based payments expense	(1,841)	(1,411)	(3,788)	(10,896)	(9,342)
IPO expenses	-	-	-	(9,730)	(331)
Share of loss from associates	-	-	-	-	(1,119)
Costs associated with the connectivity issue	-	-	-	-	(13,285)
Bendigo Bank Alliance partner share	-	-	-	-	698
Mergers and acquisition costs	-	-	-	-	(4,681)
Depreciation & Amortisation	(5,984)	(7,064)	(7,864)	(12,524)	(15,364)
Net interest cost	-	-	-	(535)	(517)
<b>Loss before income tax</b>	<b>(17,033)</b>	<b>(18,297)</b>	<b>(20,263)</b>	<b>(38,057)</b>	<b>(29,775)</b>
<b>Loss after income tax</b>	<b>(14,820)</b>	<b>(17,146)</b>	<b>(18,439)</b>	<b>(38,057)</b>	<b>(29,823)</b>
Cash, cash equivalents and investments	96,755	84,251	68,758	188,324	172,780
Cash flows from operating activities	(15,571)	(12,799)	(13,931)	8,194	11,043

<sup>1</sup> Tyro uses EBITDA as a non-IFRS measure of business performance, which excludes the non-cash impact of share-based payments expense, loss on equity investments, expenses associated with the terminal connectivity issue and the IPO and other significant one-off costs.





# DIRECTORS' REPORT

# Directors' Report

## FOR THE YEAR ENDED 30 JUNE 2021

The Directors present their report together with the Financial Report of the Group consisting of Tyro Payments Limited (**Company** or **Tyro**) and its subsidiaries (**Group**) for the financial year ended 30 June 2021 and the Independent Auditor's Report thereon.

On 31 May 2021, the Company acquired a 100% ownership interest in Medipass Solutions Pty Ltd and accordingly has prepared consolidated financial statements as at 30 June 2021. Refer Note 21 for details.

## 1. 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):

David Thodey AO	Chair & Non-executive Director	Independent	
Robbie Cooke	CEO   Managing Director	Executive	
Hamish Corlett <sup>1</sup>	Non-executive Director	Independent	
David Fite	Non-executive Director	Independent	
Catherine Harris AO, PSM <sup>2</sup>	Non-executive Director	Independent	Retired on 30 June 2021
Aliza Knox <sup>3</sup>	Non-executive Director	Independent	Appointed on 21 April 2021
Fiona Pak-Poy <sup>4</sup>	Non-executive Director	Independent	
Paul Rickard	Non-executive Director	Independent	

<sup>1</sup> The last Board assessment of independence concluded that Hamish Corlett is an Independent Director.

<sup>2</sup> Catherine Harris AO, PSM retired as Chair of the People Committee on 21 June 2021 and as Non-executive Director effective 30 June 2021.

<sup>3</sup> Aliza Knox was appointed to the Tyro Board as a Non-executive Director on 21 April 2021.

<sup>4</sup> Fiona Pak-Poy was appointed as Chair of the People Committee on 21 June 2021

Details, including term of office, qualifications, experience and information on other directorships held by Directors, can be found on pages 40 to 43 of the Annual Report.

## 2. COMPANY SECRETARY

Jairan Amigh

Jay 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.

### 3. MEETINGS OF DIRECTORS

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

	BOARD OF DIRECTORS MEETINGS		AUDIT COMMITTEE		RISK COMMITTEE		PEOPLE COMMITTEE	
	A	B	A	B	A	B	A	B
David Thodey	24	24	nm	nm	nm	nm	7	7
Robbie Cooke <sup>1</sup>	24	24	nm	nm	nm	nm	nm	nm
Hamish Corlett	24	24	6	6	nm	nm	7	7
David Fite	24	24	nm	nm	8	8	nm	nm
Catherine Harris <sup>2</sup>	24	23	nm	nm	nm	nm	7	7
Aliza Knox <sup>3</sup>	3	3	nm	nm	1	1	2	2
Fiona Pak-Poy <sup>4</sup>	24	24	6	6	7	7	1	1
Paul Rickard	24	24	6	6	8	8	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 not a Non-executive Director. Robbie was invited by the Board to attend the Risk Committee, Audit Committee and People Committee meetings (or part thereof).

2 Catherine Harris retired as Chair of the People Committee on 21 June 2021 and as Non-executive Director effective 30 June 2021.

3 Aliza Knox was appointed to the Board as a Non-executive Director on 21 April 2021 and attended meetings from that date.

4 Fiona Pak-Poy retired from the Risk Committee and joined the People Committee as Chair on 21 June 2021.

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 and People Committee. The members of each Committee are as follows:

AUDIT COMMITTEE	RISK COMMITTEE	PEOPLE COMMITTEE
Paul Rickard (Chair)	Paul Rickard (Chair)	Fiona Pak-Poy (Chair)
Hamish Corlett	David Fite	Hamish Corlett
Fiona Pak-Poy	Aliza Knox	Aliza Knox
		David Thodey

## 4. DIRECTORS INTEREST IN SECURITIES

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

DIRECTOR	RELEVANT INTEREST IN ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES	RIGHTS OVER ORDINARY SHARES
David Thodey	990,996	82,286	-
Robbie Cooke	891,936	5,504,530	1,030,476
Hamish Corlett <sup>1</sup>	25,057,776	68,000	-
David Fite <sup>2</sup>	18,593,861	158,144	-
Catherine Harris	791,096	-	-
Aliza Knox	-	-	-
Fiona Pak-Poy	106,420	83,000	-
Paul Rickard	2,098,571	229,400	-

<sup>1</sup> Hamish Corlett's holding reflects shares held beneficially through associated entities and directly held shares.

<sup>2</sup> Includes shares held by Euclid Capital Partners LLC, an entity controlled by David Fite.

## 5. 2021 CORPORATE GOVERNANCE STATEMENT

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

Information about the Group's corporate governance policies and practices can be found in the 2021 Corporate Governance Statement available at: <https://investors.tyro.com/investor-centre/?page=corporate-governance>.

## 6. PILLAR 3 INFORMATION

The Group provides information required by APRA prudential standard APS 330 Public Disclosure in the Regulatory Disclosures section at: [www.tyro.com/about-tyro/investors](http://www.tyro.com/about-tyro/investors).

## 7. PRINCIPAL ACTIVITIES

The Group is a technology-focused and values-driven company providing Australian businesses with payment solutions and complementary business banking products.

As an Australian bank, the Group operates under the supervision of APRA. The Group provides credit, debit and EFTPOS card acquiring, Medicare and private health fund claiming and rebating services to Australian businesses. The Group takes money on deposit and offers unsecured cash-flow based lending to Australian EFTPOS merchants. The Group has implemented appropriate systems and controls to comply with the stringent prudential and regulatory requirements within the Australian banking system.

## Our Mission

We eliminate friction with payments + banking solutions, that:



**Businesses trust**



**Partners advocate**



**Employees are proud of**



**Our community backs**

## Our Vision

To be Australia's:



**fastest growing**



**most loved + trusted**



**sustainable**

payments + business banking partner

## 8. OPERATING AND FINANCIAL REVIEW

### DEVELOPING AND EXECUTING AGAINST OUR STRATEGY

Payments are at our core, using our proprietary technology platform to enable credit and debit card acquiring. We enhance our acquiring offering with features purpose-designed for those merchants that choose to partner with us, including our point-of-sale system integrations, least-cost routing (Tap & Save) and alternative payment types such as integrated Alipay and Zip Pay QR based payments and tele-health payments. Traditionally, we have been focused on in-store payments, but have recently expanded into eCommerce.

As part of our offering, we also provide value-adding solutions, such as our loans in the form of merchant cash advances and our fee-free, interest-bearing merchant transaction accounts and term-deposit accounts.

#### Our Products and Services

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

#### Core Products:

- **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 such as me&u whereby payment is facilitated through the app using Tyro's payments infrastructure and not through traditional point-of-sale terminals.

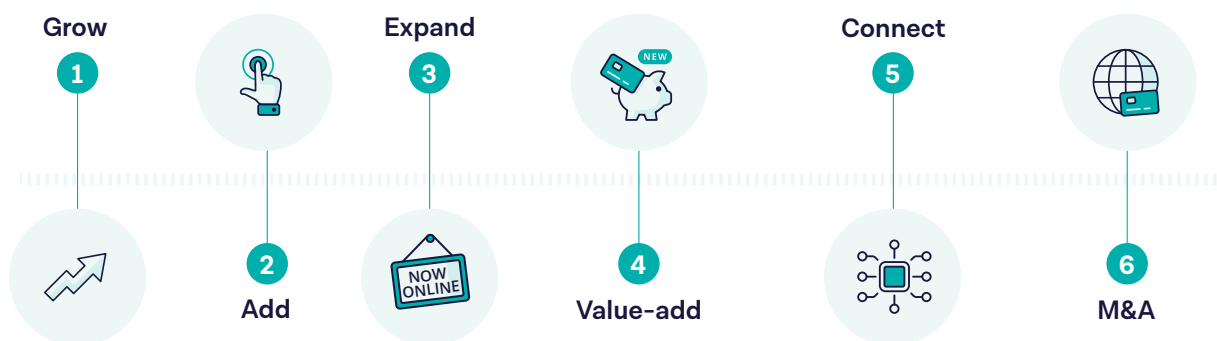
#### Value-adding Services:

- **Loans in the form of a merchant cash advance:** An unsecured merchant cash advance loan designed to help merchants finance working capital and investment needs.
- **Tyro fee-free transaction account:** A fee-free, interest-bearing transaction account available to our merchants.
- **Tyro term-deposit account:** A competitive interest-bearing fixed term deposit account available for our merchants.
- **Tyro Connect:** Tyro Connect is an integration hub for apps and POS systems – a 'plug and play' platform software solution designed to address merchant pain points around 'counter clutter' and manual processes. It also aims to make it easier for POS system partners and app providers to meet customer needs. Tyro Connect processed 695,000 transactions through the platform in FY21 generating \$26.3 million in transaction value with 124 merchants on platform and 12 apps already signed-up.



## BUSINESS STRATEGIES AND FUTURE PROSPECTS

We have a clear strategy which underpins our growth ambitions. This includes a number of key initiatives as set out below:



### 1.

**Grow merchant share in existing core verticals:** we drive continued market segment growth through a variety of approaches including: increased marketing to drive brand awareness; more point-of-sale system integrations; additional payments methods; and the development of more industry-specific solutions.

### 2.

**Add new core verticals:** we intend to add new core verticals, such as Services and Accommodation to our portfolio. We believe merchants in these verticals will benefit from a merchant acquirer with the technical capability to produce specialised solutions and the preparedness to build domain expertise.

### 3.

**Drive our expansion into eCommerce and other payment types:** there is a significant opportunity to drive growth in eCommerce within our current merchant base through our unified payments solution. Additionally, we intend to continue to innovate and provide multiple new and emerging payment types as we have with new payment methods like Alipay, Zip Pay and tele-health.

### 4.

**Cross-sell and drive expansion in lending and other value-adding services:** we will continue to promote our value-adding offerings to existing merchants (including our loans in the form of merchant cash advances, Tyro fee-free transaction account, Tyro term-deposit account and Tyro Connect) to enhance our unit economics through greater share of merchant wallet and retention.



### 5.

**Tyro Connect:** our 'plug and play' platform software solution is designed to be an integration hub for apps and point-of-sale systems, seeking to address merchant pain points around 'counter clutter' and manual processes. This platform seeks to reinforce our value proposition to merchants and embed us more deeply into the evolving commerce ecosystem.

### 6.

**Strategic investments and M&A:** we have made strategic investments in me&u and Paypa Plane. me&u is a leading Australian mobile order and pay in venue solution for the hospitality industry which seeks to improve restaurant-goers' experience, free up wait staff for higher value tasks and increase order value and frequency. As part of our investment, we have the right to provide the in-app payment solution for me&u, and me&u is one of the foundation apps on the Tyro Connect platform. Paypa Plane is the evolution of recurring payments in Australia. Paypa Plane offers an innovative platform to deliver a recurring payment solution to consumers.

The alliance we formed with Bendigo Bank to provide our payments expertise to Bendigo's business customers, with Bendigo Bank continuing to provide all other banking services to these customers under a long term, collaborative, and strategic alliance is another example of our approach to growth.

Our acquisition of Medipass, a Melbourne based health fintech was pursued to provide an immediate uplift in cardless digital health claiming and payments capabilities.

Our appetite to continue to accelerate growth and development through acquisitions and/or strategic partnerships remains a core strategy for us so long as such opportunities align from a valuation, strategy and culture perspective.



Refer to the CEO | Managing Director's Report on pages 13 to 37 of the Annual Report, which forms part of this Directors' Report for further information on how Tyro is delivering on our strategy.

Tyro's key priorities and strategies for FY22 are also discussed in the CEO | Managing Director's Report. In the Directors' opinion, any further disclosure of information on Tyro's business strategies and future prospects would be likely to result in unreasonable prejudice to the Group.

## REVIEW OF OPERATIONS AND FINANCIAL POSITION

Refer to the CEO | Managing Director's Report on pages 13 to 37 of the Annual Report, which forms part of this Directors' Report.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group during the financial period, except as otherwise noted in this Report.

## SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Refer to Note 26 of the Financial Report, which forms part of this Directors' Report.

## MATERIAL RISKS TO BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

The potential material business risks that could adversely affect the Group's achievement of its business strategies and financial prospects in future years are described below. This section does not purport to list every risk that may be associated with the Group's business now or in the future. There is no guarantee or assurance that the importance of these risks will not change, or other risks emerge. While the Group aims to manage risks in order to avoid adverse impacts on its financial and reputational standing, some risks are outside the control of the Group.

The management and oversight of risk is ultimately overseen by our Board and Risk Committee. We have an integrated Risk Management Framework in place to identify, assess, manage and report risks on a consistent basis. This framework has been developed to accord with the tolerance levels set out in our Risk Appetite Statement.



GROUP'S RISK MANAGEMENT FRAMEWORK

OUR PURPOSE	Our Strategy						RISK CULTURE
HOW MUCH RISK WE TAKE	Risk Appetite Statement						
HOW WE DEFINE RISK	Risk Management Strategy						
WHAT RISK WE TAKE	1. Strategic Risk Management						
	FINANCIAL RISK MANAGEMENT			NON-FINANCIAL RISK MANAGEMENT			
	2. Credit Risk Framework	3. Liquidity Risk Management Framework	4. Market and Investment Risk Management Framework	5. Operational Risk Management Framework	6. Compliance Risk Management Framework	7. Customer and Conduct Risk Management	
HOW WE ASSURE OURSELVES	Clear business procedures aligned to policies, risk and compliance self-assessment, control assurance program, staff training, testing adherence to policy, analysing incidents, reporting, risks/issues/breach identification and management, credit decisioning, hindsight review, profiling, stress testing, audits						
HOW WE GOVERN RISK	BOARD, BOARD RISK COMMITTEE, BOARD AUDIT COMMITTEE						
	EXECUTIVE RISK COMMITTEE						
	BUSINESS UNIT RISK MANAGEMENT						

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

- **First Line of Defence:** risk owners – business managers have primary responsibility for the identification and management of risk in the performance of their day-to-day responsibilities;
- **Second Line of Defence:** risk appetite, oversight and insight – dedicated risk management and compliance functions are accountable for risk oversight, insight and support, including the development and regular review of the Risk Management Framework and appetite, advising the business on risk management tools and strategies, and monitoring and reporting on the risk profile; and
- **Third Line of Defence:** independent assurance – internal audit is accountable for independently assuring that the Risk Management Framework is operating effectively. External audit provides assurance that risk management is appropriate in the context of their statutory and regulatory obligations.

This structured approach to risk management is key to the development of our effective risk culture.

## MATERIAL RISKS

### Deterioration in macroeconomic conditions

The Australian payments and business banking industries in which we operate depend heavily upon the overall level of consumer and business spending in Australia. A decline in general economic conditions or changes in certain macroeconomic factors (including rising unemployment, lack of income growth, reduced consumer confidence, inflation, volatility in local or global financial markets, economic tensions, health pandemics and government intervention, including with respect to changes in interest rates) may adversely affect our financial performance by reducing transaction volumes and the average purchase amount of transactions that our merchants process.

Two of our existing core verticals (Hospitality and Retail) are particularly exposed to discretionary spending in Australia. In addition, our growth plans into new verticals (Accommodation and Services) have been impacted by adverse changes in consumer confidence and spending due to Covid-19. Accordingly, any reduction in discretionary spending in these verticals could result in a decrease of our revenue and profitability.

A sustained weakening of the Australian economy could affect the financial performance of our merchants, cause a reduction in transaction volumes, and in some instances, lead to some merchants closing their business. This could materially affect demand for our products and services through reduced merchant numbers, declines in transaction volumes and reduced earnings on transactions. Further, higher interest rates or inflation, or deterioration in Australian economic conditions, may increase the likelihood that merchants and their cardholders have insufficient income to pay their debts, and could lead to increased lending losses in our banking business or an increased level of chargebacks and non-lending losses. Additionally, credit card issuers may reduce credit limits and become more selective in their card issuance practices, which could further constrain our merchants' transaction volumes and values. Any of these developments could have an adverse impact on our business, financial performance and operations.

We operate primarily in the payments and business banking industries in Australia, which are highly competitive and subject to significant change driven by factors including advancements in technology, changing consumer behaviours, new products and services, evolving industry standards, regulation, and the changing needs of our merchants. Some of our existing and potential competitors possess significant market share and resources and could increase their competitive position through increased marketing activity, product innovation, or price discounting.

Furthermore, large international competitors and/or global technology leaders, could enter the Australian payments

and business banking industries or expand their existing presence. These competitors may have greater financial resources to apply to: R&D; sales and marketing; or access to a large existing Australian merchant base, which may enable them to expand or enter into the payments and business banking industries. In addition, new or existing competitors that are not subject to Australian banking regulations (e.g. non-bank lenders) may be able to develop and operate business models with lower compliance costs.

### Compliance risk

Compliance risk entails the risk of a failure to act in accordance with laws, regulations, industry standards and codes, internal policies and procedures and principles of good governance as applicable to the Group's business. This risk includes overseeing the establishment and maintenance of risk-based controls to mitigate the risks associated with money laundering and terrorism financing.

We have a dedicated compliance team who operate within set compliance policies and supporting documentation which are subject to regular review to ensure they remain current. We have a compliance monitoring program in place to monitor adherence to policies. Our risk and controls self-assessment process is also used to identify, evaluate and manage compliance risks and for developing associated controls.

### Regulatory risk

We are subject to a range of laws and regulations across our business and operate in an industry and alongside competitors that have been subject to increasing regulatory oversight and reform in recent years. Operating in an evolving regulatory environment means that regulatory developments may occur in the future that impact our business or the products that we currently offer, or may require us to make changes to products, processes or systems that have an adverse impact on our business or financial performance.

Merchant business performance may be affected by factors beyond general economic conditions, including changes to laws and regulations in the industries in which they operate (for example, laws relating to permitted trading hours). If such risks eventuate, they may adversely impact our business, financial performance and operations.

We manage regulatory risk through monitoring changes to legislation, regulations and/or industry codes, understanding and assessing the potential impacts to our products, services, and operations and developing strategies that support the implementation of any necessary changes for our business and our merchants.

## Credit risk

We face lending credit risk in granting unsecured loans in the form of merchant cash advances to our merchants. If our merchants do not repay the principal and fees owing under their loan contract, we may experience a decrease in revenue, increase in expenses (including an increase in impairment expenses and an increase in funding costs), and/or decrease in operating cash flows received. As our loan book grows over time, this may have a material adverse impact on our business, financial condition and operating and financial performance.

We are also exposed to credit risk from our merchant acquiring activities such as being liable for chargebacks, which may lead to losses. If schemes fail to honour the settlement funds for acquired transactions, we may be unable to honour our merchants' settlement positions. This may lead to merchant dissatisfaction, loss of merchants, reputational damage, and adverse impacts on our business, financial performance and operations.

We manage credit risk through our Risk team and credit risk policies within the limits set by the Board and Risk Committee. We also obtain guarantees from the directors or principals of merchants.

## Liquidity, funding and capital adequacy risk

Liquidity and funding risk and capital adequacy risk is the risk of loss arising from the Group failing to maintain the level of capital required by prudential regulators and other key stakeholders such as shareholders and merchants to support Tyro's operations, future strategies and risk appetite.

As a licensed Authorised Deposit-taking Institution, APRA requires us to hold a certain level of equity. Our business is currently loss-making and there is no certainty our organic capital generation will meet the future requirements of our business. We may not be able raise additional capital when required or at cost effective rates or on competitive terms. An inability to raise debt or equity in the future may impact our ability to operate or grow our business. This may result in regulatory scrutiny from APRA or adverse impacts on our business position, financial performance and results of operations.

We forecast 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. This is an annual exercise with the executive leadership team and the Board, performed in conjunction with the business planning and budgeting process.

## Market and investment risk

Market and investment risk is the risk of loss arising from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility. Tyro's Asset and

Liability Committee oversees management of this risk within the Board set risk appetite limits.

## Operational risk

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events which affect our business. Our business is exposed to operational risks such as external and internal fraud, processing errors, system or hardware failure and failure of information security systems.

Loss from operational risk events could divert investment from new products into remediation of existing systems and processes, damage merchant relations or our reputation, adversely affect our financial results or position, as well as divert staff away from their core roles to remediation activity. In addition, losses could include legal or remediation costs and loss of property and/or information.

We have a dedicated Operational Risk team who provide oversight over the operational Risk Management Framework which includes the following sub-categories: internal fraud, external fraud, employment practices and workplace safety, customers, products and business practice, damage to physical assets, business disruption and systems failures, and execution, delivery and process management.

## Reputation risk

The risk of loss that directly or indirectly impacts our earnings, liquidity and capital adequacy, that is caused by adverse perceptions of the Group held by any of our merchants, the community, shareholders, investors, or regulators. There is also a risk to our reputation through the conduct of our employees or contractors (or both) or the social and/or environmental impacts of our business practices. Our brand reputation and awareness are critical to maintaining and growing our merchant base and Point of Sale system partner network.

We manage reputation risk by maintaining a values-driven culture that ensures we act with integrity and enables us to build trusted relationships with merchants and wider community.

## Strategic risk

Strategic risk is the risk that Tyro's business strategy and strategic objectives may lead to an increase in other key risks such as credit risk, capital adequacy risk or operational risk.

## Technology risk

Technology risk concerns our ability to deliver fast and easy payments solutions and access to finance for our merchants (and to successfully assess credit risk) and depends on the efficient and uninterrupted operation of

our technology platform, technology used by others and the internet generally. There is a risk that these technologies and systems may experience downtime or interruption from a range of issues such as system failures, service outages or cyber-attacks which could cause significant damage to our reputation (particularly if the failure relates to our platform), our ability to facilitate payments transactions, our ability to make informed credit decisions and assess the credit performance of our loan book, our ability to service merchants in a timely manner, and our ability to retain existing merchants and generate new merchants, any of which could have an adverse impact on our business, financial performance and operations.

### Sustainability and climate change risk

Environmental, Social and Governance (**ESG**) risks are becoming increasingly relevant to all businesses in Australia. The ongoing effects of climate change risks may impact the long term prosperity of Australia's economy, environment and society, which may lead to adverse impacts upon our business.

Tyro acknowledges the importance of considering the impact of ESG factors on the sustainability of our businesses. We further acknowledge that there is a requirement by institutional shareholders and investors to report on our sustainability framework, initiatives and performance.

Although our operations are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or any of its states or territories, we still acknowledge that it is important that by fulfilling our mission to set businesses free to get on with business by simplifying payments and banking, we do so in such a manner by which we create a sustainable future for all our stakeholders.

We manage sustainability and climate change risk through our Sustainability Framework. Refer to our Sustainability Report at <https://investors.tyro.com/investor-centre/>

## 9. DIVIDENDS

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

## 10. SHARE-BASED PAYMENTS

Details of share-based payments are disclosed in our Remuneration Report on pages 64 to 97 and in Note 14 of the Financial Report.



## 11. SUSTAINABILITY

The Group acknowledges the importance of considering the impact of environmental, social and governance factors on the sustainability of our businesses. We further acknowledge that there is a requirement by institutional shareholders and investors to report on our sustainability framework, initiatives and performance.

Although our operations are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or any of its states or territories, we still acknowledge that by working with 58,186 merchants across Australia, we are driven by our mission to set businesses free to get on with business by simplifying their payments and banking. We do this by delivering our solutions in a manner that aims to create a sustainable future for all our stakeholders. This includes our shareholders, our people, our merchants, the community in which we operate, our suppliers and business partners and regulatory bodies.

Sustainability is not only about our relationship with our merchants - it is also about our responsibility to the environment, social issues, equity, engagement with the community, good governance and ethical standards. During FY21, Tyro has undertaken a detailed assessment of our material sustainability risks and the impact of these risks on our business in the short to mid-term. This assessment included quantifying our current carbon footprint and setting a goal of achieving 'Net-Zero' carbon emissions in the next 5 years, re-affirming our diversity and inclusion targets and extending our commitment to the communities where we work.

For FY21, we have also enhanced our sustainability reporting disclosures by reporting with reference to internationally recognised sustainability standards and have provided our first standalone sustainability report. This report outlines our objectives across a range of measures and includes details on a number of initiatives underway across the business.

Tyro has always been committed to a sustainable business model and our 2021 sustainability report provides an update on our progress. We still have much to do, however we are committed to creating value and building a sustainable future for our merchants, team members, shareholders, and the broader community in which we operate.

Tyro's standalone sustainability report can be found at <https://investors.tyro.com/investor-centre/>

## 12. 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 2021, no amounts have been paid pursuant to indemnities (2020: 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 willful acts or omissions.

### 13. PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under Section 237 of the Corporations Act 2001.

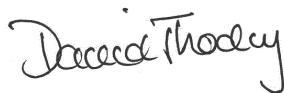
### 14. NON-AUDIT SERVICES

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

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

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

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



**David Thodey AO**  
Chair

Sydney

26 August 2021

The non-audit services paid to the auditors (Ernst & Young) was for services relating to the Tyro Bendigo Alliance amounting to \$38,000, tax compliance services amounting to \$14,000 and other tax matters amounting to \$7,000. Details of the audit and non-audit fees paid or payable for services provided by the auditors are detailed in Note 24 of the Financial Report.

### 15. 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 98 and forms part of the Directors' Report for the financial year ended 30 June 2021.

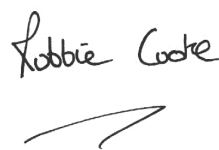
### 16. ROUNDING OF AMOUNTS

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.

### 17. REMUNERATION REPORT

The Group's Remuneration Report which forms part of the Directors' Report can be found on page 64 to 97 of this Annual Report.



**Robbie Cooke**  
CEO | Managing Director

# Audited Remuneration Report

## LETTER FROM CHAIR OF THE PEOPLE COMMITTEE

Dear Shareholder,

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 30 June 2021 (FY21).

As for most companies around the world, and as David and Robbie indicated earlier, FY21 was a challenging year for Tyro with the continued impacts of COVID-19 on our business, our merchants and our team. In addition the significant terminal connectivity incident that occurred in January this year impacted us all. Although these events had a significant impact on the business, what we as a Board and People Committee were really proud of was the way our team dealt with the events in the most challenging of circumstances. We have exited the year stronger organisationally having successfully navigated the challenges that came our way. Tyro prides itself on having a strong sense of values, culture and passion including 'Wowing the Customer', 'Being Good', 'Staying Hungry' and 'Committing to Greatness'. All of us at Tyro have worked hard to demonstrate that we live by these values through the challenges of FY21 and have always placed our merchants first.

I am pleased to have accepted the position of Chair of the People Committee from 21 June 2021 after Cathy Harris decided to step down from the Board after five and a half years of service. I would like to take this opportunity to thank Cathy for the phenomenal work she has done to put in place a best of breed People Committee and Remuneration structure that positions Tyro and our team well for the future growth. During this COVID-19 impacted economic and

social environment, the People Committee has undertaken an extensive review and deliberation of executive remuneration with the aim to strike a fair and reasonable balance between recognition and reward for management, appropriate levels to attract new employees and ultimately for the delivery of performance for shareholders.

The other area of extensive review and deliberation for the People Committee in FY21 was the hyper competitive talent environment which most companies in Australia now face, particularly in the technology fields. As you will see in this Remuneration Report, we have taken active steps to retain our talented team as well as making Tyro an employer of choice to attract new talent.

### COVID-19

Many of our merchants continue to be challenged by the devastating impacts of the COVID-19 pandemic and the associated on-again off-again lock-downs. When faced with such a challenging business environment, it is encouraging to see that so many of our merchants have reinvented their way of operating to remain trading and we have proactively worked with our merchants, both large and small, to assist in this process. We have also continued to provide assistance as needed in the form of loan repayment deferrals, terminal rental relief or such other assistance as may be needed from time to time.

*"We have exited the year stronger organisationally having successfully navigated the challenges that came our way"*



We received \$4.5 million in JobKeeper payments for the period 1 July 2020 to 30 September 2020 after which we ceased receiving any contribution from this Federal Government assistance scheme. The JobKeeper assistance payments received in the first quarter of FY21 were important in such uncertain times, enabling Tyro to retain our full complement of employees on board throughout FY21 and enabling us to assist our merchants through the challenges they faced.

## TERMINAL CONNECTIVITY ISSUE

In January 2021, Tyro experienced a significant terminal connectivity issue that impacted some of our merchants to varying degrees. In Tyro's 18-year history, an event of this nature has never occurred. As Robbie mentioned, although the incident arose from circumstances outside our control, the event did not sit well with his team nor with the Board. It was a moment when the strength, resilience and expertise of our team came to the fore.

We are proud of the immense efforts of our team over the period of the incident to get merchants back online as rapidly as possible and we have been working tirelessly since then to do the right thing by the merchants that were affected with our ongoing remediation efforts. On behalf of the People Committee I would like to thank each and every Tyro for your immense contribution during this period.

## FINANCIAL PERFORMANCE

For shareholders, the performance of Tyro in FY21 has been a standout despite the operational environment. The Company delivered transaction value growth of 26%, gross profit growth of 28% and achieved a record EBITDA of \$14.2 million. This performance saw Tyro's share price at 30 June 2021 close at \$3.68, representing shareholder value growth of 5.1% from a year ago and 33.8% growth since our listing on the ASX on 6 December 2019.

### TYRO'S SHARE PRICE PERFORMANCE COMPARED TO THE S&P/ASX300



## CHANGES TO REMUNERATION AT TYRO

We recognise that an effective remuneration framework is essential to attracting and retaining top talent and the success of our business. In FY21, the Board continued to consider how to strike the right balance in our remuneration framework so as to:

- engage and fairly reward employees for their contribution to the business' long term success;
- retain the great team we have in place at Tyro;
- attract world-class talent to join our team; while
- ensuring optimal outcomes for shareholders.

To achieve these objectives, we have put in place the following measures in FY21 to complement our existing remuneration framework:

- above inflation remuneration increases to meet current hyper competitive market expectations for certain skills sets.
- an updated long term incentive plan better aligned to the long term needs of Tyro.
- an updated short term incentive plan together with amending the make-up of the STI target components to better reflect the strategic direction of Tyro.
- improved employee benefits such as primary and secondary parental leave benefits.

We will continue to monitor the remuneration framework to ensure we maintain the strong link between performance and reward and to drive the long term business outcomes as well as listening and acknowledging the feedback from stakeholders.

## FY21 REMUNERATION OUTCOMES

The Board has carefully considered and balanced the FY21 Executive Key Management Personnel (**KMP**) remuneration and executive leadership team (**XLT**) outcomes, reflecting on the impact of COVID-19 on our results, the impact of the terminal connectivity issue and the need to fairly reward both the Executive KMP and the broader team for the dedication they have shown in ensuring Tyro delivered a strong set of financial results in such a challenging year.

Below is a summary of the STI and LTI outcomes for the Executive KMP.

## FY21 Short Term Incentive Plan

This new plan was introduced in FY20 and amended in FY21 to better align the strategy of Tyro to performance both for financial measures and customer performance measures. The plan was also extended to a greater portion of the Tyro team to assist in retaining key talent and attracting new talent to the team.

The overall FY21 STI outcome came in at 89% of target with the outcomes of each component of the FY21 STI Plan as follows:

- Financial (60% of the plan) – The target set by the Board for achievement of the financial component of the STI in FY21 was gross profit growth of 23%. In determining the gross profit growth the Board excluded the JobKeeper benefits received by Tyro in FY21 but retained the JobKeeper benefits received in FY20 as part of the calculation. Based on this calculation Tyro achieved gross profit growth of 23% resulting in Executive KMP achieving this incentive on target.
- Customer Metrics (30% of the plan) –
  - For the customer satisfaction metric (10%), the Board set a target score for Tyro to achieve a Net Promoter Score (**NPS**) of 43. Due to the impact of the terminal connectivity issue, we achieved a NPS score of 21 resulting in this part of the STI component not being achieved.
  - For the merchant number churn metric (5%), Tyro achieved merchant churn of 11.3% against a target of 10%. This resulted in Tyro achieving 75% of target.
  - For the transaction value churn metric (5%), Tyro achieved transaction value churn of 8.7% against a target of 8.0%. This resulted in Tyro achieving 75% of target.
  - Finally, for the merchant applications metric (10%), Tyro achieved an average of 1,116 applications per month for the period March 2021 to June 2021 against a target of 1,000 applications resulting in 122% achievement against target.
- Individual Key Performance Indicators (10% of the plan) – The Executive KMP achieved between 90% to 95% of their individual key performance targets for FY21.

### FY21 Long Term Incentive Plan

The FY21 LTI Plan was made available to 43 employees made up of Executive KMP, the XLT and key employees identified by the CEO and the Board.

Performance Rights were granted in February 2021 to these employees with vesting based on the achievement of EBITDA and gross profit performance hurdles – This plan is not due to be tested until FY23 and as such no vesting has occurred.

### FY19 and FY20 Legacy Long Term Incentive Plan

The legacy FY19 and FY20 Performance Option Plans continue into FY21. These plans are tested for vesting on an annual basis. The results of testing in FY21 are as follows:

- Financial (100% of the plan) – The performance hurdle of achieving a positive net profit before tax and share based payments was not achieved at the first testing date and as such no vesting has taken place. This award will be re-tested in FY22.

### Long Term Retention Plan

As mentioned earlier, we find ourselves in a hyper competitive talent environment in Australia, particularly in the technology fields. To address this situation, we have implemented a number of retention strategies as described in this Report, including remuneration increases, an improved STI Plan, and other improved employee benefits. However, to reinforce our retention initiatives (below Executive KMP and XLT level), a new one-off FY22 LTI retention plan has been put in place utilising long term equity grants in the form of service rights with vesting taking place in three annual tranches commencing in FY23. It is anticipated that these retention service rights will be granted to 53 Team members at a cost of approximately \$3.4 million over the full term of the plan.

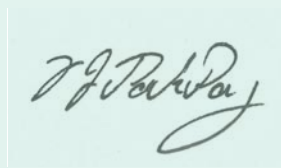
## RESULTS OF ENGAGEMENT AND LOOKING AHEAD

We are committed as a Board to continuously reviewing the effectiveness of our remuneration framework and always welcome your feedback on our Remuneration Report. Following on from the engagement we had with stakeholders in FY21, changes were made to our Remuneration Report and our remuneration framework to address the feedback we received. These changes included:

- disclosing how we link Tyro's performance to remuneration (refer to section 4 of this Report);
- improving the transparency around disclosing STI awards specifically in circumstances when the actual award exceeds the target award (refer to section 3.3 and section 5.2 of this Report); and
- reviewing the performance hurdles used for our long term incentive plan (refer to section 3.10 of this Report).

I look forward to presenting our Remuneration Report to you at the Tyro Annual General Meeting to be held on 3 November 2021.

Yours sincerely,



**Fiona Pak-Poy**  
Chair - People Committee

## 1. INTRODUCTION

This Report forms part of the Directors' Report and sets out the remuneration arrangements of the Company for the year ended 30 June 2021 and is prepared in accordance with Section 300A of the Corporations Act. The information has been audited as required by Section 308(3C) of the Corporations Act.

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 Company, directly or indirectly, including all Directors. References in this report to **Executives** refers only to those executives who are KMP, as outlined in section 2 below for FY21.

## 2. WHO IS COVERED IN THIS REPORT

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

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

NON-EXECUTIVE DIRECTORS	
David Thodey AO	Chair, Non-executive Director
Hamish Corlett	Non-executive Director
David Fite	Non-executive Director
Aliza Knox	Non-executive Director (commenced as KMP from 21 April 2021)
Fiona Pak-Poy	Non-executive Director
Paul Rickard	Non-executive Director
FORMER NON-EXECUTIVE DIRECTORS	
Catherine Harris AO, PSM	Non-executive Director (ceased as KMP from 30 June 2021)
EXECUTIVE KMP	
Robbie Cooke	CEO   Managing Director
Praveenesh (Prav) Pala	Chief Financial Officer
Steven Chapman	Chief Risk Officer (commenced as KMP from 11 June 2021)
FORMER EXECUTIVE KMP	
Angela Green	Chief Risk Officer (ceased as KMP from 10 June 2021)

There have been no changes in KMP since the end of the reporting period.

## 3. APPROACH TO REMUNERATION

Tyro's remuneration strategy is aligned with the Company's purpose of setting businesses free to get on with business by simplifying payments and banking. The achievement of our strategy is supported by our remuneration framework and all remuneration decisions are guided by the execution of that business strategy.

Our approach to remuneration is summarised in the following table with a detailed analysis of each component of Tyro's Remuneration Framework provided in Sections 3.1 to 3.12.

## TYRO'S PURPOSE - SETTING BUSINESSES FREE TO GET ON WITH BUSINESS BY SIMPLIFYING PAYMENTS AND BANKING

### STRATEGIC PRIORITIES



Grow merchant share in existing core verticals



Enter new core verticals



Drive expansion into eCommerce + other payment types



Cross-sell and drive growth in lending and other value-adding services



Tyro Connect



M&A and strategic partnerships

### REMUNERATION PRINCIPLES

Align reward with strategic objectives.

Our remuneration framework aligns both the short term and long term rewards of employees and Executives with Tyro's strategic goals and core values.

Attract, motivate and retain a highly skilled team.

Our most important competitive advantage is our people and our values driven approach to 'wowing' the customer. To attract and retain our talented team, we target remuneration at levels that ensure we can access the limited and competitive talent pool to drive our business forward.

Our approach to remuneration also motivates team members to drive overall customer satisfaction and perform well in all market conditions and economic cycles.

Incentivise and reward high performance that delivers sustainable long term value creation and reflects the interests of our shareholders as the owners of our business.

We aim to generate strong alignment between our team and Executive's reward and shareholder outcomes through the structure of our short term incentive plan and long term incentive plan.

It is critical that our team and Executives have an ownership mindset that enhances Tyro's long term value, rather than focusing on short term gains.

Be transparent, easy to understand.

Be transparent, easy to understand and deliver remuneration outcomes that meet team member and external stakeholder expectations.

### REMUNERATION FRAMEWORK

COMPONENT	ALIGNMENT TO PERFORMANCE	ALIGNMENT TO STRATEGY
Fixed Annual Remuneration (base + superannuation) ( <b>FAR</b> )	<ul style="list-style-type: none"> <li>Set at a market competitive level in relation to the scope, complexity, capabilities and individual performance in the role</li> <li>Provides recognition for day-to-day, operational activities in the role.</li> </ul>	<ul style="list-style-type: none"> <li>Set to attract, retain and engage the best people to design and lead the delivery of our strategy.</li> </ul>
Short Term Incentive Plan ( <b>STI</b> )	<ul style="list-style-type: none"> <li>Performance assessed against:               <ul style="list-style-type: none"> <li>Financial measures (target 60%).</li> <li>Customer metrics (target 30%).</li> <li>Individual KPI achievement (target 10%).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Linked to Tyro's key strategic priorities.</li> <li>The 25% of the award that is deferred into equity supports Executives' alignment with shareholder interests, as well as Executive retention.</li> </ul>
Long Term Incentive Plan ( <b>LTI</b> )	<ul style="list-style-type: none"> <li>Performance assessed against financial measures (target 100%)</li> <li>EBITDA positive hurdle as the first gateway to vesting.</li> <li>Achievement of a 20% compound gross profit growth rate (target) over the period of the award.</li> </ul>	<ul style="list-style-type: none"> <li>Targeting sustained growth in gross profit and shareholder wealth creation through a pathway to profitability.</li> <li>The three-year vesting period encourages consideration of long term decision making and value creation, as well as operating as a retention tool.</li> <li>With a significant portion of potential remuneration based on equity, the Board provides alignment between the interests of Executives with shareholders.</li> </ul>

### 3.1 BENCHMARKING ANALYSIS

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

As a technology company with a banking licence we do not have any direct ASX-listed peers of a similar size. As such, we used two comparator groups. The first comparator group is based on the market capitalisation of ASX listed companies with ASX rankings within a range of 20 above and below (40 companies in total) of a median of \$1.5 billion (excluding REITs and secondary ASX listings).

#### MARKET CAPITALISATION PEER GROUP



The second comparator group, used to validate the primary market capitalisation peer group, was based on financial services companies in the ASX300, and companies in the ASX 300 Diversified Financials index, excluding those that are above a market capitalisation of \$5.0 billion and below that of \$0.5 billion (excluding REITs, insurance companies, income trusts and secondary ASX listings). This group consists of 31 companies against which our remuneration is benchmarked.

#### FINANCIAL SERVICES PEER GROUP



### 3.2 SETTING TARGET REMUNERATION

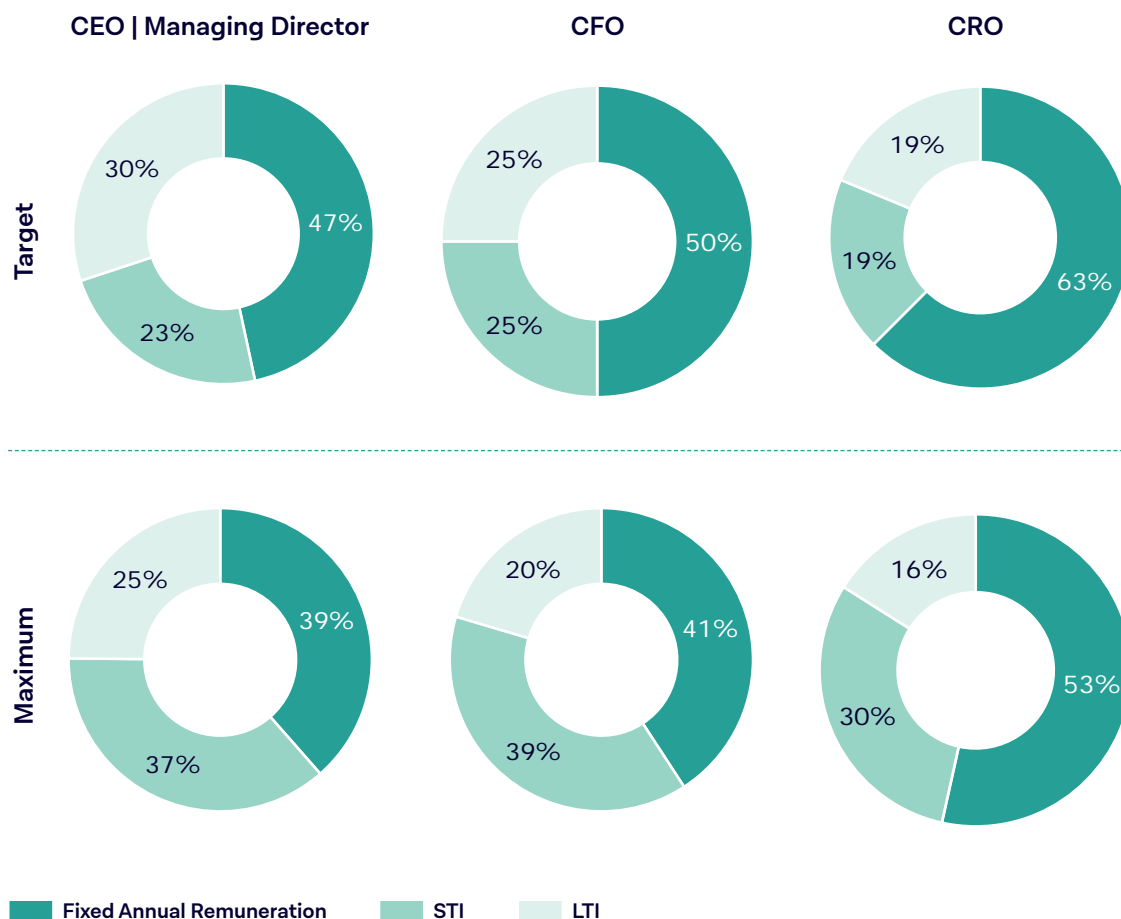
Our policy is to target a total remuneration opportunity for our Executive KMP and executive leadership team (**XLT**) between the 50<sup>th</sup> and 75<sup>th</sup> percentiles of both comparator groups acknowledging that certain roles require specialist banking and payment skills and as such may need to be adjusted to recognise these unique skills.

An individual KMPs and XLTs remuneration is determined by the Board after considering:

- the benchmarking data provided by our independent remuneration advisors for each Executive KMP and XLTs role compared to both the market capitalisation comparator group and financial services comparator group;
- individual performance, Banking Executive Accountability Regime (**BEAR**) accountabilities, role complexity, and regulatory requirements specific to the role; and
- industry experience and the availability of comparable talent in the domestic market.

### 3.3 TOTAL REMUNERATION OPPORTUNITY FOR EXECUTIVE KMP

The charts below show the remuneration mix and total remuneration opportunity (TRO) for Executive KMP at target opportunity for FY21 and at maximum opportunity for FY21, comprising FAR, STI cash, STI deferred and LTI granted.



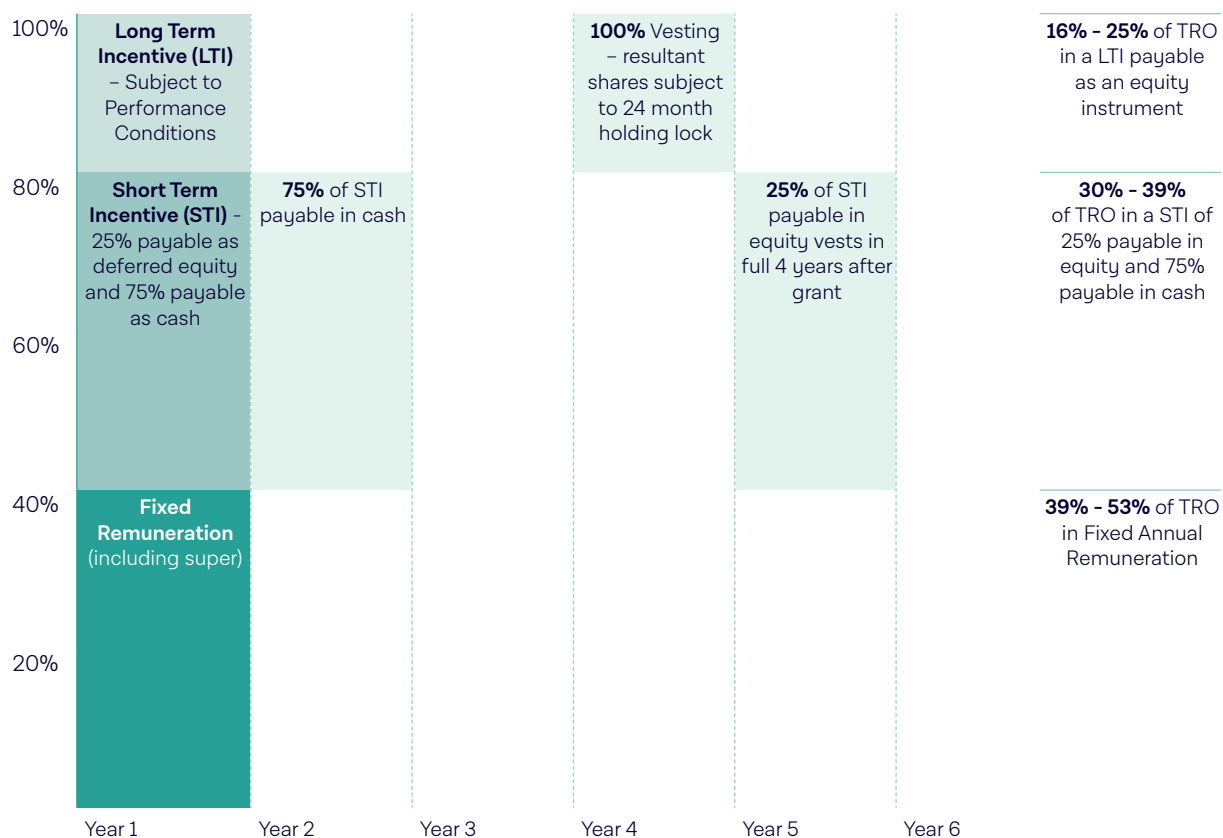
EXECUTIVE KMP	FAR	STI - TARGET	LTI - TARGET	AT TARGET		AT MAXIMUM		
				TOTAL	TOTAL	FAR	STI - MAXIMUM	LTI - MAXIMUM
Robbie Cooke	\$990,000	\$495,000	\$638,500	<b>\$2,123,500</b>	\$990,000	\$940,500	\$638,500	<b>\$2,569,000</b>
Prav Pala	\$520,000	\$260,000	\$260,000	<b>\$1,040,000</b>	\$520,000	\$494,000	\$260,000	<b>\$1,274,000</b>
Steven Chapman <sup>1</sup>	\$360,000	\$108,000	\$108,000	<b>\$576,000</b>	\$360,000	\$205,200	\$108,000	<b>\$673,200</b>

The actual remuneration mix will vary based on Tyro's performance and individual performance each year.

<sup>1</sup> Steven Chapman was appointed as Chief Risk Officer on 11 June 2021. The FAR and incentive targets listed above represent his TRO from 11 June 2021. The actual remuneration and incentive opportunity for Steven for FY21 will differ to the above TRO due a different TRO being in place while Steven was Head of Internal Audit.

### 3.4 TIMELINE FOR PAYMENT OF REMUNERATION

The chart below shows the timeline of when the total maximum FY21 remuneration opportunity is payable to Executive KMP.



### 3.5 SHORT TERM INCENTIVE PLAN APPLICABLE TO FY21

The STI Plan for FY21 is designed to reward for the achievement of annual goals set in line with the Tyro's strategy and reflecting key growth drivers to deliver returns for shareholders. The Plan provides the STI framework for the CEO, Executive KMP and XLT members and employees of the Company. The CEO has a target STI potential of 50% of FAR. Excluding the CEO, a target STI potential of between 30% to 50% of Executive KMP fixed annual remuneration is available as an STI. All other XLT and other qualifying employees are allocated a potential target incentive amount of between 7.5% and 55% of FAR.

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 STI award for Executive KMP and the XLT is delivered 75% in cash and 25% in equity (Service Rights) that vest in 4-years with no performance hurdle but subject to clawback provisions and irrespective of continuous service. For all other employees the STI award is delivered 25% cash and 75% in equity (Service Rights) vesting in equal tranches over a 3-year period with a 24-month holding lock post vesting of each tranche irrespective of continuous service.

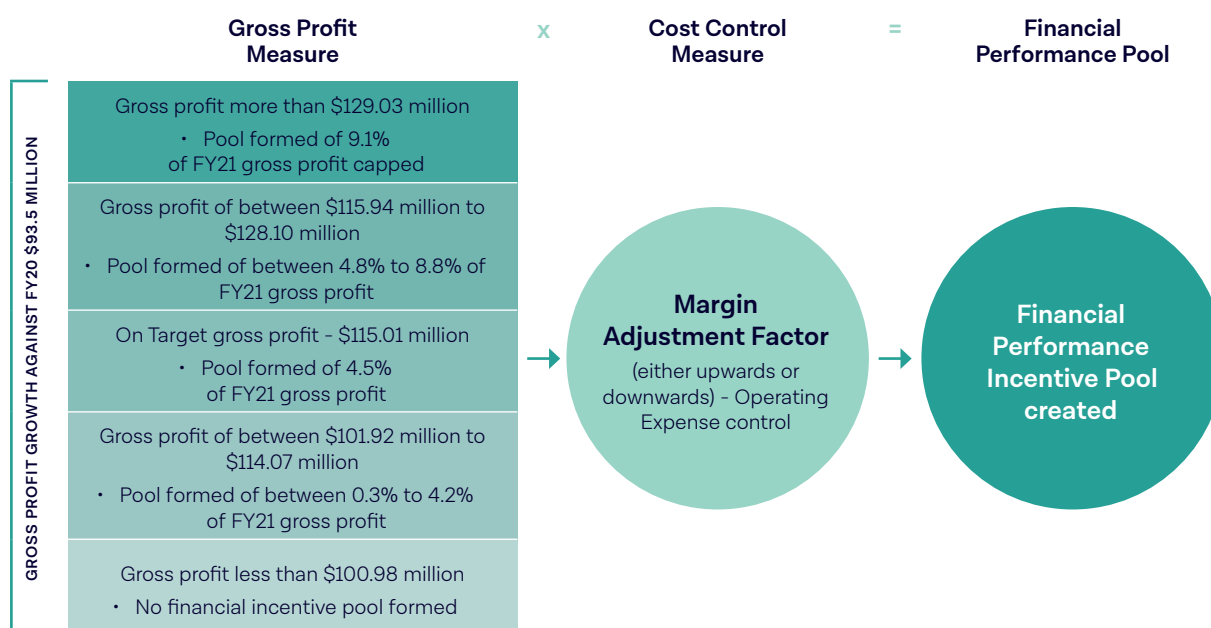
An analysis of how the FY21 STI is calculated, specifically how the financial incentive pool is created and the measures and weighting applied to financial performance outcomes and customer performance outcomes is set out below.



## Financial performance targets for FY21 - 60% of target STI

FINANCIAL PERFORMANCE MEASURES	WEIGHTING AT TARGET	WEIGHTING AT MAXIMUM	TARGET	RATIONALE FOR METRIC
Gross profit growth	60%	120%	23% growth from FY20 gross profit (excluding JobKeeper contribution received in FY21)	<ul style="list-style-type: none"> <li>Key indicator of financial performance</li> <li>Ensures continued focus on growth</li> <li>Balances growth in transaction value with generating new business at profitable margins</li> </ul>

## CALCULATION OF FINANCIAL INCENTIVE POOL



## Customer Performance Targets for FY21 - 40% of target STI

CUSTOMER PERFORMANCE MEASURES	WEIGHTING AT TARGET	WEIGHTING AT MAXIMUM	TARGET	RATIONALE FOR METRIC
Transaction value churn	5%	10%	8% or less churn	<ul style="list-style-type: none"> <li>Key indicator of merchant retention focussing on retention of large merchants</li> <li>Aligns to 'Wowing the Customer' value</li> </ul>
Merchant number churn	5%	10%	10% or less churn	<ul style="list-style-type: none"> <li>Key indicator of merchant retention focussing on retention of all merchants</li> <li>Aligns to 'Wowing the Customer' value</li> </ul>
Customer satisfaction	10%	20%	NPS of 47 or greater	<ul style="list-style-type: none"> <li>Key indicator of merchant satisfaction</li> <li>Aligns to 'Wowing the Customer' value</li> </ul>
Merchant applications	10%	20%	Average of 1,000 new merchant applications per month for the period 1 March 2021 to 30 June 2021	<ul style="list-style-type: none"> <li>Key indicator of winning new business</li> <li>Aligns to 'Stay Hungry' value</li> </ul>

The actual awards based on the mix of the STI components can be above target up to the maximum indicated. Refer to Section 5.2 of this report for an analysis of the FY21 STI outcomes against the above targets.

## Individual Key Performance Indicators for FY21 - 10% of target STI

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

These KPIs are reviewed annually and form the basis of the evaluation of an individuals achievement against the 10% target. For FY21, the average achievement for all employees came out at 76%.

## The key terms of the Service Rights relating to the FY21 STI are set out below.

TERM	DESCRIPTION
Administration	The plan is administered by the Board (or the Board's delegate).
Eligibility	Full-time and part-time employees of the Company are eligible to receive awards under the STI Plan. The Board will select eligible employees to whom awards are to be granted from time to time.
Grant date	The date specified as the grant date in each participant's offer document.
Expiry	Service 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 4-years (irrespective of continuous service) after grant with no performance hurdle. For all other employees vesting takes place in equal tranches over a 3-year period (irrespective of continuous service) with a 24-month holding lock post vesting of each tranche.
Vesting condition	The holder of the rights must be employed by us or provide services to us as a contractor or consultant on the date of vesting.
Exercise	Following satisfaction of the vesting condition on each vesting date, the relevant number of Service Rights may be exercised at nil consideration
Rights	Each service 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	For all other employees excluding Executive KMP and XLT a 24-month holding lock post vesting of each tranche.
Clawback provisions	Service rights are subject to a claw back in the vesting period with no holding lock post vesting.
Amendments	The Board may amend the terms of the plan without consent of the participants if the amendment does not reduce the rights of the participants.
Other terms	The rules of the plan include other terms relating to the administration, transfer, termination and variation of the plan.



### 3.6 LONG TERM PERFORMANCE INCENTIVE PLAN APPLICABLE TO FY21

The FY21 LTI Plan is open to the CEO, the Executive KMP, executive leadership team (**XLT**) and other nominated employees of Tyro and has been fulfilled via an issuance of performance rights.

The number of performance rights to be issued for each participant will be 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 day nominated by the Board; and
- each participant's prescribed LTI entitlement that falls within the participant's Total Remuneration Opportunity (**TRO**) as approved under the remuneration framework. For FY21, the maximum LTI potential is 64.5% of the CEOs Fixed Annual Remuneration (**FAR**), between 30% and 50% for the Executive KMP and a maximum LTI potential of between 15% to 40% for the XLT. Any other nominated employees have been allocated a maximum LTI potential of between 7.5% to 20% of their FAR in FY21.

The FY21 performance rights will vest subject to passing a 'Gateway' and then satisfying a prescribed 'Performance Hurdle', and will vest in one tranche 3 years following the effective date of the plan.

The 'Gateway' that must be passed prior to testing the performance hurdle is defined as Tyro reporting a positive EBITDA<sup>1</sup> (before share-based payments) result for the financial year immediately preceding the vesting date, namely FY23. If the 'Gateway' is passed, the number of performance rights that qualify for exercise will depend on the vesting percentage determined by reference Tyro's compound gross profit growth rate during the vesting period (Performance Hurdle).

#### Compound gross profit growth rate applicable to FY21 LTI plan - Performance Hurdle

GROSS PROFIT CAGR (1 SEP 2020 – 31 AUG 2023 (FY20 TO FY23))	VESTING PERCENTAGE (OF GRANTED PERFORMANCE RIGHTS)
Less than 12.5%	Nil
12.5%	30%
Above 12.5% to less than 20%	Straight line vesting between 30% and 100%
20% ('target')	100%
Above 20% and capping at 30%	Straight line vesting between 100% and 150%

<sup>1</sup> Tyro uses EBITDA as a non-IFRS measure of business performance, which excludes the non-cash impact of share-based payments expense, expenses associated with the IPO and any one-off exceptional items.

Performance rights will be subject to forfeiture prior to vesting (**malus**) and any shares issued after the vesting date will be subject to forfeiture for a 2 year period following expiry of the holding lock sufficient to satisfy BEAR clawback requirements (**clawback**).

...the average KPI achievement for all employees came out at 76% for FY21

**The remaining key terms of the LTI Plan are set out in the table below.**

TERM	DESCRIPTION
Administration	The plan is administered by the Board.
Eligibility	Eligible participants are Directors, Executive KMP, XLT as well as other nominated employees of the Company.
Conditions	Performance rights granted in respect of the FY21 LTI Plan must satisfy passing a 'Gateway' and then the Performance Hurdle to qualify for exercise. Refer to the explanation of the Gateway and Performance Hurdle provided above.
Effective date	1 February 2021.
Grant date	1 February 2021.
Exercise price	Nil
Vesting	Subject to passing the 'Gateway' and satisfying the Performance Hurdle, the Performance Rights vest in one tranche 3 years following the Effective Date.
Forfeiture	The FY21 LTI performance rights are subject to forfeiture prior to vesting and thereafter any shares issued will be subject to clawback for up to a further 2 year period following the expiry of the 'Holding Lock' (ie. awards can be forfeited up to 6 years from the grant date.
Rights	Each FY21 LTI performance right entitles the rights holder to one share. Shares issued on exercise of FY21 LTI performance rights rank equally with other shares, and shareholders are entitled to the same dividend and voting rights specified in Tyro's constitution.
Minimum holding period and holding lock	Shares issued on exercise are subject to a holding lock for 12 months post the actual exercise date.

### 3.7 LEGACY LONG TERM INCENTIVE PLANS IN OPERATION IN FY21

Historically, share-based compensation benefits have been granted under the employee share option plan, adopted by the Company in October 2016. The employee share option plan was established to grant options over Shares to Directors and all eligible employees of the Company.

The performance-based LTI Plans for FY19 and FY20 are designed to reward for the achievement of long term targets that generate strong alignment between Executives and shareholders, and encourage decision making for long term shareholder wealth creation. These legacy LTI plans were provided to the CEO, Executive KMP and executive leadership team (**XLT**) and nominated employees of the Company.

Following listing on the ASX on 6 December 2019, no further options will be granted under this employee share option plan with the grant of options in FY20 being the last grant under this plan.

#### Qualifying criteria for FY20 and FY19 LTI plan

COMPONENT	DESCRIPTION
<b>Financial performance</b> 100% of the LTI incentive is allocated to financial performance.	<p>Market value options granted annually to reward Executives for the achievement of long term strategic objectives that contribute to shareholder wealth creation, and encourages long term decision making.</p> <p>The options are subject to performance hurdles. To qualify for exercise both of the following hurdles must be satisfied:</p> <ul style="list-style-type: none"> <li>• A 20% compound Gross Revenue growth rate per annum (FY19 plan: 25% per annum).</li> <li>• A positive net profit result (before tax and share-based expenses).</li> </ul> <p>If a tranche does not satisfy both performance hurdles on the relevant testing date, the tranche will be retested at the next testing date (if any).</p> <p>If the performance hurdle(s) are not satisfied at the testing date for the fourth tranche, any unvested options are forfeited on the expiry date or earlier cessation date of the employee, under the plan rules.</p>

## Outcome of testing for achievement of vesting

Both the FY19 and FY20 options were tested on 23 July 2021 and did not meet the performance hurdles set for vesting based on both the Net Profit hurdle and the Gross Revenue Hurdle. These options will be retested in FY22.

The key terms of the FY20 and FY19 LTI employee share option plan are set out in the table below.

TERM	DESCRIPTION
Administration	The plan is administered by the Board.
Eligibility	Eligible participants are Directors, Executives, XLT as well as other nominated employees of the Company.
Conditions	Options granted in respect of FY20 must satisfy two performance hurdles to qualify for exercise: <ul style="list-style-type: none"> <li>• 20% compound Gross Revenue growth per annum (FY19 plan – 25%); and</li> <li>• a positive Net Profit result (before tax and share-based expenses).</li> </ul> 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).
Effective date of the Employee Share Option Plan Rules	14 October 2016
Grant date	1 October 2019
Exercise price	\$1.79 per option (FY19 plan - \$1.50)
Vesting	FY20 options vest in equal tranches of 25%, commencing 24 months after the grant date.
Expiry	30 September 2026.
Forfeiture	FY20 options are subject to forfeiture prior to vesting and thereafter – any shares issued will be subject to forfeiture for a nominated period sufficient to satisfy the BEAR deferral requirements.
Rights	Each FY20 option entitles the option holder to one share. Shares issued on exercise of FY20 options rank equally with other shares, and shareholders are entitled to the same dividend and voting rights specified in Tyro's constitution.
Minimum holding period and holding lock	FY20 options must be held for a minimum period of three years from the date of the grant or until the holder ceases employment with us in accordance with the rules of the employee share option plan.  Shares issued on exercise are additionally subject to a holding lock for 24 months from the date the FY20 option is exercised.



### 3.8 LIQUIDITY EVENT PERFORMANCE RIGHTS

A limited number of Executive KMP and executive leadership team (**XLT**) of Tyro were granted performance rights under the Liquidity Event Performance Rights (**LEPR**) Plan between FY19 and FY20. A liquidity event was triggered under the Plan with the IPO that took place on 6 December 2019. The first tranche of the Liquidity Event Performance Rights vested and became exercisable on 6 December 2019. 4,100,000 LEPRs were allocated under the Plan of which 2,733,336 have vested and 1,633,334 have been exercised at the date of this report.

**Key terms of the LEPR plan are set out in the table below.**

TERM	DESCRIPTION
Administration	The plan is administered by the Board.
Eligibility	Board determined.
Effective date of LEPR Plan Rules	9 May 2019 to 6 August 2019 (LEPR Plan Rules attached to individual grant letters)
Grant date	9 May 2019 to 6 August 2019
Price	Liquidity Event Performance Rights granted under the plan are issued for nil consideration.
Vesting dates	<p>Vesting will occur in three equal tranches, as follows:</p> <ul style="list-style-type: none"> <li>• one third on the date of the liquidity event;</li> <li>• one third on the date that is 12 months after the Initial Vesting Date; and</li> <li>• one third on the date that is 24 months after the Initial Vesting Date.</li> </ul> <p>The Board may resolve that any unvested Liquidity Event Performance Rights cease to vest for the duration of any unpaid leave of absence.</p> <p>A liquidity event includes the IPO that took place on 6 December 2019. The first tranche of the Liquidity Event Performance Rights vested and became exercisable on 6 December 2019.</p>
Vesting condition	The holder of the rights must be employed by Tyro or provide services to Tyro as a contractor or consultant on the date of vesting.
Expiry	Liquidity Event Performance Rights issued under the plan will lapse 10 years after the date on which the relevant Liquidity Event Performance Right vests.
Exercise	Following satisfaction of the vesting condition on each vesting date, the relevant number of Liquidity Event Performance Rights may be exercised at nil consideration.
Rights	Each Liquidity Event Performance Right granted entitles the holder to one share on exercise. Shares resulting from an exercise of Liquidity Event Performance Rights rank equally with other shares, and shareholders are entitled to the same dividend and voting rights specified in Tyro's constitution.
Minimum holding period and holding lock	A holder must not dispose of any share issued, allotted or transferred on exercise of a Liquidity Event Performance Right from the date that is 12 months from the date of issue, allotment or transfer.

### 3.9 REMUNERATION SACRIFICE RIGHTS PLAN

Employees and Directors may also participate in the Remuneration Sacrifice Rights Plan, following invitation by the Board. Historically only Directors, Executive KMP and members of the executive leadership team (**XLT**) have been invited to participate in the Remuneration Sacrifice Rights Plan. Under the plan, the Board invites participants to apply for Remuneration Sacrifice Rights by sacrificing a percentage of their pre-tax short term incentive (or pre-tax fees in the case of Directors) in exchange for rights that automatically convert into shares. The participation in the Remuneration Sacrifice Rights Plan does not change the Total Remuneration Opportunity (**TRO**) of any individual employee.

No payment is required to be made on conversion of these rights and issued rights are not subject to performance or employment related hurdles or conditions. The shares issued on conversion of the Remuneration Sacrifice Rights will be restricted for a period following the date of the grant of the rights.

Shares resulting from conversion of Remuneration Sacrifice Rights may be subject to trading restrictions (as nominated by the relevant Director or employee) but otherwise rank equally with other shares, and Shareholders are entitled to the same dividend and voting rights as ordinary shares, as specified in Tyro's constitution.

An invitation to participate in the Remuneration Sacrifice Rights Plan may specify a trading restriction, which is a period during which the shares issued on conversion of Remuneration Sacrifice Rights cannot be transferred, sold, encumbered or otherwise dealt with. The minimum trading restriction period is one year from the date of grant of the rights, with a maximum trading restriction period being 15 years for the date of the grant of the rights. Subject to these minimum and maximum trading restrictions, the trading restriction applicable to individual Remuneration Sacrifice Rights is nominated by the relevant Director or employee. The trading restriction period will be lifted on the earlier of the date in the invitation letter, or the date the participant ceases to be an employee, or the Director ceases to hold that role.

### 3.10 FY22 LTI PERFORMANCE PLAN

In relation to the FY22 LTI Performance Plan, It is proposed that this be fulfilled via an issuance of performance rights (as was the case in FY21) on terms similar to the FY21 plan as set out in Section 3.6 of this Report.

The only change being proposed to the plan for FY22 is to amend the Performance Hurdle applicable to this issuance from those applicable to the FY21 plan.

#### Performance hurdle applicable to FY22 LTI plan

In FY22, the number of performance rights that will qualify for exercise will depend on the vesting percentage determined by reference to Tyro's FY24 statutory EBITDA (which excludes share based payment expenses) as specified below.

STATUTORY EBITDA OUTCOME	VESTING PERCENTAGE	COMPOUNDED ANNUAL GROWTH FROM FY21 EBITDA
\$49.0 million	70%	81.7%
\$54.5 million	80%	94.6%
\$59.9 million	90%	107.3%
\$65.4 million	100%	120.2%

### 3.11 FY22 LTI RETENTION PLAN

In light of the current significant hyper-competitive employment market, Tyro has implemented a number of retention strategies as described in this Report, including remuneration increases, an improved STI Plan, and other improved employee benefits. However, to reinforce Tyro's retention initiatives (below Executive KMP and XLT level), a new FY22 LTI retention plan has been put in place utilising long term equity grants in the form of service rights.

**The key terms of the LTI Retention Plan are set out in the table below.**

TERM	DESCRIPTION
Administration	The plan is administered by the Board.
Eligibility	Full-time and part-time employees of the Company are eligible to receive awards under this plan. The Board will select eligible employees to whom awards are to be granted from time to time (excluding Executive KMP and XLT).
Conditions	The holder of the rights must be employed by Tyro or provide services to Tyro as a contractor or consultant on the date of vesting.
Effective date	The date specified as the effective date in each participant's offer document.
Grant date	The date of the instrument of grant.
Exercise price	Nil
Vesting	To vest in three annual tranches commencing on the anniversary of grant date. Once vested there are no conditions which must be satisfied before the service rights can be exercised.
Forfeiture	If an employee ceases employment for any reason, any unvested service rights lapse and any vested service right may be exercised up until the date that is 30 days after the date of cessation of employment.
Rights	Each FY22 LTI retention right entitles the rights holder to one share. Shares issued on exercise of FY22 LTI retention rights rank equally with other shares, and shareholders are entitled to the same dividend and voting rights specified in Tyro's constitution.
Minimum holding period and holding lock	No holding lock applies following exercise of the relevant service right.

### 3.12 FY22 MEDIPASS LTI PLAN

Following the acquisition of Medipass on 31 May 2021, certain Medipass team members received a grant of a combination of service rights and performance rights in FY22. These service rights and performance rights are being issued to Medipass employees to align their interests and achieve retention outcomes to create long term shareholder value and drive growth of the overall Tyro business.

The details of these service rights and performance rights are summarised below.

#### Key terms of the Medipass service rights plan:

Number of service rights granted to Medipass employees	1,058,194
Value of service rights granted	\$4.0 million
Grant date	The date of the instrument of grant.
Price	Service rights granted under the plan are issued for nil consideration.
Vesting date	31 May 2026



Vesting condition	The holder of the rights must be employed by us or provide services to us as a contractor or consultant on the date of vesting.
Expiry	The date specified as the expiry date in each participant's offer document.
Exercise	Following satisfaction of the vesting condition on the vesting date, the relevant number of service rights may be exercised at nil consideration.
Rights	Each service right granted entitles the holder to one share on exercise. Shares resulting from the exercise of service rights rank equally with other shares, and shareholders are entitled to the same dividend and voting rights specified in Tyro's constitution.
Minimum holding period and holding lock	It is a requirement that a participant in the plan remains employed by Tyro at the vesting date.

### Key terms of the Medipass performance rights plan:

Number of performance rights granted to Medipass employees	1,058,194
Value of performance rights granted	\$4.0 million
Grant date	The date of the instrument of grant.
Price	Performance rights granted under the plan are issued for nil consideration.
Vesting date	30 June 2026
Vesting condition	100% vesting on accomplishment of the 5-year forecast EBITDA for the combined Medipass and Tyro Health Business Unit phased per the table detailed below.
Expiry	The date specified as the expiry date in each participant's offer document.
Exercise	Following satisfaction of the vesting condition on the vesting date, the relevant number of performance rights may be exercised at nil consideration.
Rights	Each performance right granted entitles the holder to one Share on exercise. Shares resulting from the exercise of performance rights rank equally with other shares, and shareholders are entitled to the same dividend and voting rights specified in Tyro's constitution.
Minimum holding period and holding lock	It is a requirement that a participant in the plan remains employed by Tyro at the vesting date.

### Vesting performance hurdle for Medipass performance rights plan

Below is the phased vesting on the accomplishment of the 5-year forecast EBITDA for the combined Medipass and Tyro Health Business Unit.

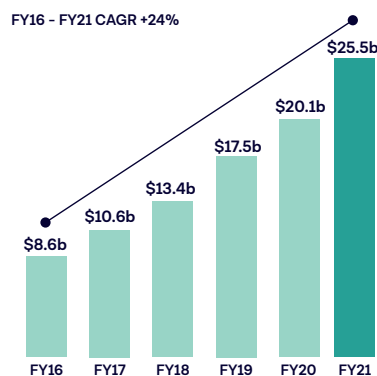
PERFORMANCE TO EBITDA TARGET	PERCENTAGE OF RIGHTS TO VEST
\$38.4 and above (100%)	100%
\$34.6 million to \$38.3 million	75%
\$30.7 million to \$34.5 million	50%
\$29.6 million to \$30.6 million	25%
Below \$29.6 million	0%

## 4. TYRO PERFORMANCE AND REMUNERATION OUTCOMES

One of the key principles of Tyro's remuneration framework is to align Executive KMP, executive leadership team (XLT) and employee remuneration outcomes with financial and customer performance. This section provides a summary of Tyro's performance outcomes for FY21 and the link to remuneration.

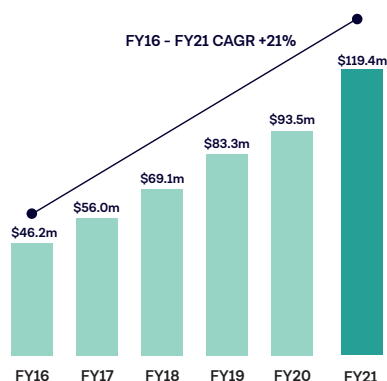
### 4.1 FINANCIAL PERFORMANCE OUTCOMES

**Transaction value up 26% to \$25.5 billion**



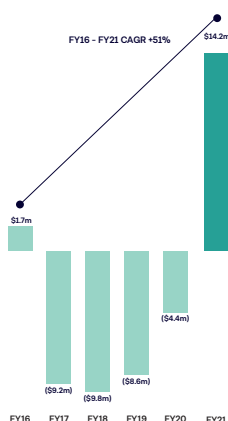
- Transaction value growth of 26% for FY21 exceeds long term CAGR of 24%.
- Bendigo Bank alliance contributed \$439.9 million to transaction value from 1 June 2021.

**Gross profit up 28% to \$119.4 million**



- Our Payments business lifted gross profit by 29% to \$110.5 million (FY20: \$86.1 million). The increase in gross profit reflects the 26% increase in transaction value and improvement in margins due to a change in card mix.
- Our Banking business gross profit increased 118% to \$2.8 million (FY20: \$1.3 million). The increase was driven by a reversal of fair value adjustments recognised in the prior year.
- Gross profit includes \$6.1 million primarily made up of JobKeeper receipts and interest income.

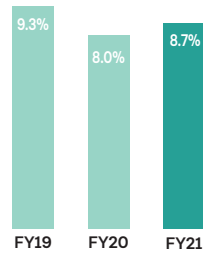
**Positive EBITDA of \$14.2 million up 424% from a loss of \$4.4 million in FY20**



- Tyro generated a positive EBITDA result of \$14.2 million before share based payments, IPO costs, costs associated with the terminal connectivity issue, and Medipass and Bendigo transaction costs.

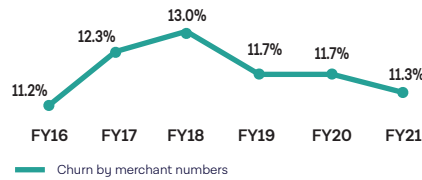
## 4.2 CUSTOMER PERFORMANCE OUTCOMES

**Transaction value churn of 8.7% - up from 8.0% in FY20**



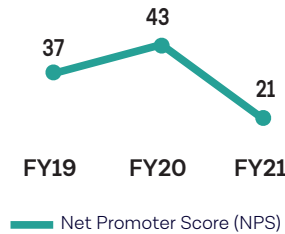
- Transaction value churn represents the value of transactions lost from merchants that have not transacted in a 12-month period.

**Merchant number churn of 11.3% - down from 11.7% in FY20**



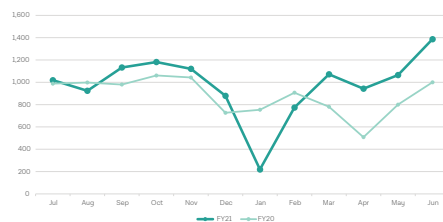
- Merchant churn represents the number of merchants that have not transacted in a 12-month period.

**Customer satisfaction - Net Promoter Score (NPS) of 21 achieved in FY21 - down from 43 in FY20**



- NPS was impacted by the terminal connectivity issue in January 2021 and declined from an all-time high of 43.9 to negative 24.7 immediately after the incident.
- NPS has now rebounded to 21.0 at the date of this report.

**Merchant applications - Average of 1,116 applications per month for the period 1 March 2021 to 30 June 2021 (average of 772 in FY20)**



- We averaged 1,116 new merchant applications per month for the period 1 March 2021 to 30 June 2021, up 44.6% on the same period in FY20 with transaction value churn remaining stable at 8.7% and merchant number churn decreasing 40 basis points to 11.3%.

## 4.3 SUMMARY REMUNERATION OUTCOMES

REMUNERATION AREA	SUMMARY ANALYSIS
<b>Group remuneration</b>	<p>After no fixed annual remuneration increases were provided to employees for the previous 18-months prior to January 2021 due to the impact of COVID-19, an average increase of 4.4% across the Company was implemented with effect from January 2021.</p> <p>Certain employees in areas of high skill demand received above average increases to ensure that Tyro remains competitive to the market for these skills.</p> <p>Our objective with fixed remuneration is to maintain a market-related remuneration position in our benchmark group and maintaining remuneration in the range of the 50<sup>th</sup> to 75<sup>th</sup> percentile of our peer benchmark groups.</p>
<b>CEO</b>	<p>Total statutory remuneration for the CEO was \$2,172,215 (FY20: \$2,211,997). Included in statutory remuneration are the following elements of the CEOs Total Remuneration Opportunity (<b>TRO</b>) together with the accounting cost of long term benefits and share-based payments:</p> <ul style="list-style-type: none"> <li>• Fixed annual remuneration of \$927,985 (FY20: \$865,026).</li> <li>• An annual travel allowance to a maximum of \$50,000 – FY21 claim was \$34,693 (FY20: \$14,032).</li> <li>• A short term incentive (STI) of \$442,881 of which 25% is payable as service rights and 75% as cash (FY20: \$209,077 of which 100% was issued as service rights).</li> <li>• A long term incentive (LTI) of \$556,104 issued as performance rights under the FY21 LTI plan.</li> </ul> <p>Refer to Section 5.2 and 5.3 of this report for further details.</p>
<b>STI</b>	<p>All team members participated in Tyro's STI plan. Excluding the CEO, the Board allocated \$284,907 to Executive KMP as a STI of which 25% is payable as service rights and 75% as cash (FY20: \$153,994 of which 100% was issued as service rights).</p> <p>The total STI allocated across the Company to all team members in the form of a combination of cash and service rights (excluding the CEO and Executive KMP) was \$5.77 million (FY20: \$2.38 million).</p> <p>Refer to Section 5.2 of this report for further details.</p>
<b>LTI</b>	<p>43 team members participated in Tyro's FY21 LTI plan. Excluding the CEO, the Board allocated \$361,794 in performance rights under the plan to Executive KMP.</p> <p>The total LTI allocated across the Company (excluding the CEO and Executive KMP) was \$1,852,032 (FY20: \$2,819,693).</p> <p>Refer to Section 3.6 of this report for further details.</p>
<b>Liquidity Event Performance Rights (LEPR)</b>	<p>A limited number of Executive KMP and XLT of Tyro were granted performance rights under the LEPR plan between FY19 and FY20. A liquidity event was triggered under the plan with the IPO that took place on 6 December 2019. The first tranche of the Liquidity Event Performance Rights vested and became exercisable on 6 December 2019 with the second tranche vesting and becoming exercisable on 6 December 2020. 4,100,000 LEPRs were allocated under the plan of which 2,733,334 have vested and 1,633,334 have been exercised.</p> <p>Refer to Section 3.8 of this report for further details.</p>
<b>Non-executive Director fees</b>	<p>Non-executive Directors received \$877,449 in fees of which \$770,150 will be salary sacrificed to rights under the remuneration sacrifice rights plan. Base Director fees were set at \$108,000 (FY20: \$108,000). The Chairman received \$180,000 (FY20: \$180,000) in fees while fees for Committee Chairs were \$20,000 per Committee (FY20: \$20,000).</p> <p>Non-executive Director fees were benchmarked to our peer group during the year and adjusted with the Non-executive Directors resolving to only take up the increase from 1 July 2021.</p> <p>Refer to Section 6 of this report for further details.</p>

## 5. EXECUTIVE REMUNERATION FOR FY21

### 5.1 CONTRACTS OF EMPLOYMENT

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

NAME	CONTRACT TERM	NOTICE PERIOD	TERMINATION PAYMENT
Robbie Cooke	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
Steven 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.

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

### 5.2 STI OUTCOMES

The outcome of the FY21 financial, customer and individual performance targets and the Executive KMPs scorecard are summarised below.

#### Financial component - 60% of total STI

The actual result for FY21 was achievement of 23% gross profit growth from FY20 (excluding JobKeeper benefits received in FY21) and a margin improvement adjustment factor of 1.18 resulting in 117% of the target being achieved. The margin adjustment factor relates to the improved expense margin of 88% achieved in FY21 compared to 104% in FY20.

	FY21	FY20	GROWTH	COMMENTARY
Gross profit	119,449	93,475	27.8%	Gross profit growth was driven by a 26% increase in transaction value and an improvement in the merchant acquiring fee due to a shift in card mix
Less: JobKeeper benefit	(4,484)	-	-	The JobKeeper benefits for FY21 have been excluded from gross profit for FY21 however are retained for the comparison period of FY20
<b>Adjusted gross profit for STI calculation</b>	<b>114,965</b>	<b>93,475</b>	<b>23.0%</b>	<b>Target of 23% growth achieved resulting in 100% of financial STI component becoming available</b>
Operating expenses	105,283	97,847	7.6%	Before share based payments
Margin improvement adjustment factor	1.18	-	-	Improved expense margin of 88% achieved in FY21 compared to 104% in FY20.
<b>STI financial component outcome</b>	<b>117%</b>	<b>-</b>	<b>-</b>	<b>100% of the financial STI component x margin adjustment factor of 1.18</b>

**Customer Metrics - 30% of total STI**

	TARGET	ACHIEVEMENT	STI OUTCOME
Customer satisfaction	NPS of 46	NPS of 21	0%
Merchant number churn	10.0%	11.3%	75%
Transaction value churn	8.0%	8.7%	75%
Merchant applications (March to June 2021)	Ave. 1,000 per month	Ave. 1,116 per month	122%

**Executive KMP scorecard for FY21****Robbie Cooke - CEO**

MEASURE	TARGET	WEIGHTING (AT TARGET)	FY21 OUTCOME			WEIGHTED OUTCOME
			THRESHOLD	TARGET	MAXIMUM	
Financial	23% gross profit growth	60%				117%
Transaction value churn	Less than 8% churn	5%				75%
Merchant number churn	Less than 10% churn	5%				75%
Merchant satisfaction	NPS of 47 or greater	10%				0%
Merchant applications	Average of 1,000 or greater applications per month (March to June 2021)	10%				78%
Individual KPIs	Achievement of KPIs	10%				90%

Assessment of Robbie's individual KPIs for FY21 are were determined by the People Committee according to the following table:

KPIs	WEIGHTING %
Recovery from COVID-19 – Tyro + its merchants	25.0%
<ul style="list-style-type: none"> <li>Protect the business</li> <li>Appropriately assist Tyro's merchants</li> <li>Bring the business back to growth</li> </ul>	
Future Growth Opportunities	25.0%
Executive Team Depth:	8.0%
<ul style="list-style-type: none"> <li>Review capabilities</li> <li>Build team strengths</li> </ul>	
Strategy:	8.0%
<ul style="list-style-type: none"> <li>Deliver new strategic plan</li> <li>Drive performance to plan</li> </ul>	
Continue focus on operationalising risk framework and driving risk culture	8.0%
Scalability / Automation / Innovation	8.0%
<ul style="list-style-type: none"> <li>High performing team</li> </ul>	8.0%
Living the Tyro Values:	10.0%
<ul style="list-style-type: none"> <li>WOW the Customer</li> <li>Be GOOD</li> <li>Commit to GREATNESS</li> <li>Stay HUNGRY</li> </ul>	

### Prav Pala - CFO

MEASURE	TARGET	WEIGHTING (AT TARGET)	FY21 OUTCOME			WEIGHTED OUTCOME
			THRESHOLD	TARGET	MAXIMUM	
Financial	23% gross profit growth	60%				117%
Transaction value churn	Less than 8% churn	5%				75%
Merchant number churn	Less than 10% churn	5%				75%
Merchant satisfaction	NPS of 47 or greater	10%				0%
Merchant applications	Average of 1,000 or greater applications per month (March to June 2021)	10%				78%
Individual KPIs	Achievement of KPIs	10%				95%

### Steven Chapman - CRO

MEASURE	TARGET	WEIGHTING (AT TARGET)	FY21 OUTCOME			WEIGHTED OUTCOME
			THRESHOLD	TARGET	MAXIMUM	
Financial	23% gross profit growth	60%				117%
Transaction value churn	Less than 8% churn	5%				75%
Merchant number churn	Less than 10% churn	5%				75%
Merchant satisfaction	NPS of 47 or greater	10%				0%
Merchant applications	Average of 1,000 or greater applications per month (March to June 2021)	10%				78%
Individual KPIs	Achievement of KPIs	10%				95%

### Overall STI financial outcomes

The following table provides the FY21 STI outcomes awarded to Executive KMP. Under the FY21 STI plan 25% of the awarded STI is provided in equity in the form of Service Rights, with vesting occurring 4-years from grant and subject to service conditions.

	ACTUAL STI AWARDED \$	CASH \$	DEFERRED \$	SERVICE RIGHTS ISSUED	STI MAXIMUM \$	STI ACTUAL AS A % OF STI MAXIMUM %
Robbie Cooke	442,881	331,161	110,720	To be issued in FY22	940,500	47.1%
Prav Pala	233,924	175,443	58,481	To be issued in FY22	494,000	47.4%
Steven Chapman	50,983	38,237	12,746	To be issued in FY22	107,667	47.4%
<b>Total</b>	<b>727,788</b>	<b>544,841</b>	<b>181,947</b>		<b>1,542,167</b>	<b>47.2%</b>

### 5.3 EXECUTIVE KMP REMUNERATION TABLE

The following table provides the statutory remuneration outcomes for Executive KMP for FY21 and FY20 and is prepared in accordance with Australian Accounting Standards. The statutory remuneration outcomes disclosed in this table differs from the Executive KMPs' FY21 Total Remuneration Opportunity (**TRO**) and the elements of the remuneration framework outlined in Section 3. Differences arise mainly due to the accounting treatment of long term benefits (which include annual leave and long service leave) and share-based payments (performance rights, LEPRs, remuneration sacrifice rights and option plans). Disclosures include an accounting value for current year rights and all unvested option plan awards.

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

#### Statutory Executive KMP remuneration table

EXECUTIVE KMP	CASH SALARY \$	SUPER-ANNUATION \$	NON-MONETARY BENEFITS \$	SHORT TERM			LONG TERM		TOTAL \$	PERFORMANCE BASED EQUITY COMPONENT %
				CASH STI INCENTIVE \$	OTHER/ IPO BONUS \$	LONG-SERVICE LEAVE \$	OPTIONS \$	RIGHTS <sup>2</sup> \$		
<b>Robbie Cooke</b>										
FY21	906,290	21,694	34,693 <sup>1</sup>	332,161	-	-	497,512	379,865 <sup>3</sup>	2,172,215	55.7%
FY20	844,023	21,003	14,032 <sup>1</sup>	-	-	-	641,056	691,883	2,211,997	60.3%
<b>Prav Pala</b>										
FY21	453,525	21,694	-	175,443	-	39,916	146,738	246,983 <sup>4</sup>	1,084,299	52.5%
FY20	409,436	24,132	-	-	102,000	24,384	186,071	383,896	1,129,919	50.4%
<b>Steven Chapman<sup>6</sup></b>										
FY21	28,615	1,808	-	38,237	-	-	35,971	38,935 <sup>5</sup>	143,566	n/a
FY20	-	-	-	-	-	-	-	-	-	-
<b>Angela Green<sup>7</sup></b>										
FY21	367,386	21,694	-	-	22,038 <sup>7</sup>	-	2,768	76,184	490,070	16.1%
FY20	379,413	21,003	-	-	10,000	-	55,295	266,509	732,220	43.9%
<b>Total</b>										
FY21	1,755,816	66,890	34,693	545,841	22,038	39,916	682,989	741,967	3,890,151	
FY20	1,632,872	66,138	14,032	-	112,000	24,384	882,422	1,342,288	4,074,136	

1 Non-monetary benefits for Robbie Cooke relate to an allowance claimable to a maximum of \$50,000 annually for reimbursement of personal travel expenses.

2 Rights relate to the Remuneration Sacrifice Rights Plan, the LEPR Plan and the Service Rights awarded in FY20 under the STI Plan. These rights are classified as long term due to the terms of each respective Plan.

3 Included in the FY21 cost of Rights awarded to Robbie Cooke, is an amount of \$110,720 relating to the FY21 STI incentive and an amount of \$113,985 relating to the amortised accounting cost of the FY20 STI incentive.

4 Included in the FY21 accounting cost of Rights awarded to Prav Pala, is an amount of \$58,481 relating to the FY21 STI incentive and an amount of \$46,933 relating to the the amortised accounting cost of the FY20 STI incentive.

5 Included in the FY21 accounting cost of Rights awarded to Steve Chapman, is an amount of \$12,746 relating to the FY21 STI incentive and an amount of \$13,115 relating to the the amortised accounting cost of the FY20 STI incentive.

6 Steven Chapman commenced as KMP effective 11 June 2021. Pro rata Fixed Remuneration figures provided from 1 June 2021 to 30 June 2021. The STI, Options and Rights figures represent the full FY21 charges.

7 Angela Green ceased employment with the Company effective 10 June 2021. The amount of \$22,038 relates to 1 months notice payment received. This amount is included as 'Other/IPO Bonus' remuneration.



## 6. NON-EXECUTIVE DIRECTOR REMUNERATION

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

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

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

As at the date of this report, the Non-executive Director base fee agreed to be paid by us is \$140,000 effective from 1 July 2021 (FY20: \$108,000) per annum before superannuation contributions. Non-executive Directors are also paid additional base fees for the following roles:

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

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

Remuneration is reviewed annually and any increase to it will be at the discretion of the Board but will not exceed the aggregate amount approved by Shareholders. The table below outlines the statutory remuneration paid to Non-executive Directors in FY21 in accordance with Australian Accounting Standards.

NON-EXECUTIVE DIRECTOR	FINANCIAL YEAR	CASH FEES	SUPER-ANNUATION	OPTIONS	RIGHTS <sup>1</sup>	TOTAL	PERFORMANCE BASED EQUITY COMPONENT	
							\$	\$
<b>David Thodey</b>	FY21	-	-	7,691	197,100	204,791		3.8%
	FY20	-	-	14,272	197,525	211,797		6.7%
<b>Hamish Corlett</b>	FY21	-	-	4,752	118,260	123,012		3.9%
	FY20	-	-	9,048	134,261	143,309		6.3%
<b>David Fite</b>	FY21	-	-	9,829	118,260	128,089		7.7%
	FY20	-	-	18,414	134,261	152,675		12.1%
<b>Catherine Harris<sup>2</sup></b>	FY21	-	-	10,179	140,160	150,339		6.8%
	FY20	-	-	18,977	159,125	178,102		10.7%
<b>Aliza Knox<sup>3</sup></b>	FY21	23,349	-	-	-	23,349		-
	FY20	-	-	-	-	-		-
<b>Fiona Pak-Poy</b>	FY21	-	-	-	118,260	118,260		-
	FY20	-	-	9,137	110,352	119,489		7.6%
<b>Paul Rickard</b>	FY21	76,667	7,283	11,234	78,110	173,294		6.5%
	FY20	71,333	6,777	21,065	91,993	191,168		11.0%
<b>Kerry Roxburgh<sup>4</sup></b>	FY21	-	-	-	-	-		-
	FY20	-	-	27,067	65,611	92,678		29.2%
<b>Total</b>	FY21	100,016	7,283	43,685	770,150	921,134		
	FY20	71,333	6,777	117,980	893,128	1,089,218		

1. Included in rights for FY21 are the fees Non-executive Directors have salary sacrificed to be issued as service rights in FY22.

2. Catherine Harris stepped down from the Board on 30 June 2021. Remuneration details are provided for the full year.

3. Aliza Knox was appointed to the Board on 21 April 2021. The table above reflects the Non-executive Director fees received from that date.

4. Kerry Roxburgh stepped down from the Board on 15 October 2019.

## 7. SUMMARY OF OPTIONS AND RIGHTS UNDER ISSUE

### 7.1 RIGHTS

Unissued ordinary shares in Tyro held under service rights plans, the FY21 LTI performance rights plan, the Liquidity Event Performance Rights plan and remuneration sacrifice rights plans at the date of this report are shown in the table below:

AWARD TYPE	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	% VESTED	% EXERCISED	NUMBER HELD AS RIGHTS
Remuneration sacrifice rights in respect of FY18 Executive STI	18 Apr 2019	n/a	n/a	100.0%	100.0%	Nil
Remuneration sacrifice rights in respect of FY19 Director Fees	5 Sep 2018	n/a	n/a	100.0%	100.0%	Nil
Remuneration sacrifice rights in respect of FY19 Executive STI	16 Oct 2019	n/a	n/a	100.0%	100.0%	Nil
Remuneration sacrifice rights in respect of FY20 Director Fees	16 Oct 2019	n/a	n/a	100.0%	85.0%	Nil
Liquidity Event Performance Rights	9 May to 6 Aug 2019	<sup>1</sup>	n/a	66.7%	39.8%	1,966,666
FY20 STI service rights	14 Dec 2020	<sup>1</sup>	n/a	40.1%	11.9%	570,651
FY21 LTI performance rights	5 Feb 2021	<sup>2</sup>	n/a	0%	0%	750,233

<sup>1</sup> 10 years after relevant vesting date

<sup>2</sup> FY21 LTI performance rights expire immediately after vesting date should the performance hurdles not be met. Should the performance hurdles be met on vesting date, then shares are issued to plan participants without the requirement to exercise.

#### Rights held by Executive and Non-executive KMP

NAME		BALANCE AT START OF YEAR	GRANTED AS COMPENSATION	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
<b>NON-EXECUTIVE KMP:</b>								
<b>David Thodey</b>	FY21	131,905	-	(131,905)	-	-	-	-
	FY20	-	131,905	-	-	131,905	131,905	-
<b>Hamish Corlett</b>	FY21	89,658	-	(89,658)	-	-	-	-
	FY20	-	89,658	-	-	89,658	89,658	-
<b>David Fite</b>	FY21	89,658	-	(89,658)	-	-	-	-
	FY20	-	89,658	-	-	89,658	89,658	-
<b>Catherine Harris<sup>1</sup></b>	FY21	106,262	-	(106,262)	-	-	-	-
	FY20	93,735	106,262	(93,735)	-	106,262	106,262	-
<b>Aliza Knox</b>	FY21	-	-	-	-	-	-	-
	FY20	-	-	-	-	-	-	-
<b>Fiona Pak-Poy</b>	FY21	73,692	-	(73,692)	-	-	-	-
	FY20	-	73,692	-	-	73,692	73,692	-
<b>Paul Rickard</b>	FY21	61,432	-	(61,432)	-	-	-	-
	FY20	138,472	61,432	(138,472)	-	61,432	61,432	-

NAME		BALANCE AT START OF YEAR	GRANTED AS COMPENSATION	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
<b>EXECUTIVE KMP:</b>								
<b>Robbie Cooke</b>	FY21	1,200,000	230,476	-	-	1,430,476	826,240	604,236
	FY20	1,306,604	270,583	(377,187)	-	1,200,000	400,000	800,000
<b>Prav Pala</b>	FY21	333,333	77,790	(166,667)	-	244,456	10,805	233,652
	FY20	500,000	85,792	(252,459)	-	333,333	-	333,333
<b>Steven Chapman<sup>2</sup></b>	FY21	-	22,187	(2,718)	-	19,469	302	19,167
	FY20	-	7,951	(7,951)	-	-	-	-
<b>Angela Green<sup>3</sup></b>	FY21	200,000	62,626	(107,671)	(154,955)	-	-	-
	FY20	300,000	7,553	(107,553)	-	200,000	-	200,000

1 Catherine Harris stepped down from the Board on 30 June 2021. Details are provided for the full year.

2 Steven Chapman commenced as KMP effective 11 June 2021. Details of his rights prior to the commencement as KMP are included in this table.

3 Angela Green ceased employment with the Company effective 10 June 2021. All remaining rights were forfeited from that date.

Details of rights vested, exercised and forfeited in the year are included in the table below.

AWARD TYPE	GRANT DATE	VESTING DATE	VESTED %	EXERCISED (NUMBER)	FORFEITED (NUMBER)
Remuneration sacrifice rights in respect of FY18 Executive STI	18 Apr 2019	1 Jul 2019	100.0%	106,604	Nil
Remuneration sacrifice rights in respect of FY19 Director fees	5 Sep 2018	1 Jul 2019	100.0%	391,983	Nil
Remuneration sacrifice rights in respect of FY19 Executive STI	16 Oct 2019	7 Apr 2020	100.0%	773,579	Nil
Remuneration sacrifice rights in respect of FY20 Director fees	16 Oct 2019	1 Jul 2020	100.0%	596,421	105,617
Liquidity Event Performance Rights	9 May to 6 Aug 2019	Refer to Note 1	66.7%	1,633,334	100,000
FY20 STI service rights	14 Dec 2020	Refer to Note 2	40.1%	87,073	73,824
FY21 LTI performance rights	5 Feb 2021	Refer to Note 3	0%	Nil	84,083

1 Vesting occurs 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.

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

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

## 7.2 OPTIONS

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

AWARD TYPE	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER HELD AS OPTIONS
Options exercisable between \$0.375 to \$1.76 expiring between 17 October 2020 and 22 July 2024	Between 18 Oct 2013 to 19 Dec 2018	Between 17 Oct 2020 to 22 Jul 2024	\$0.375 to \$1.76	14,241,742
Options exercisable at Nil expiring between 30 December 2024 and 25 June 2025	31 Dec 2018 to 26 Jun 2019	Between 30 Dec 2024 and 25 Jun 2025	Nil	1,670,812
Options exercisable at Nil expiring on 31 August 2025	1 Sep 2019	31 Aug 2025	Nil	1,033,074
Options exercisable at \$1.50 expiring on 30 April 2026	1 May and 6 Aug 2019	30 Apr 2026	\$1.50	5,762,443
Options exercisable at \$1.79 expiring on 30 September 2026	1 Oct 2019	30 Sep 2026	\$1.79	6,647,422
Options exercisable at \$0.08 expiring on 17 December 2020	17 Dec 2010	17 Dec 2020	\$0.08	-

### Options held by Executive and Non-executive KMP

NAME		BALANCE AT START OF YEAR	GRANTED AS COMPENSATION	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
<b>NON-EXECUTIVE KMP:</b>								
<b>David Thodey</b>	FY21	82,286	-	-	-	82,286	5,714	76,572
	FY20	82,286	-	-	-	82,286	2,857	79,429
<b>Hamish Corlett</b>	FY21	68,000	-	-	-	68,000	-	68,000
	FY20	68,000	-	-	-	68,000	-	68,000
<b>David Fite</b>	FY21	2,919,318	-	(2,761,174)	-	158,144	57,822	99,464
	FY20	2,919,318	-	-	-	2,919,318	2,795,991	123,327
<b>Catherine Harris<sup>1</sup></b>	FY21	164,626	-	(55,888)	(107,618)	1,120	1,120	-
	FY20	164,626	-	-	-	164,626	40,722	123,904
<b>Aliza Knox</b>	FY21	-	-	-	-	-	-	-
	FY20	-	-	-	-	-	-	-
<b>Fiona Pak-Poy</b>	FY21	83,000	-	-	-	83,000	-	83,000
	FY20	-	83,000	-	-	83,000	-	83,000
<b>Paul Rickard</b>	FY21	253,940	-	(24,540)	-	229,400	106,682	122,718
	FY20	253,940	-	-	-	253,940	114,936	139,004

NAME		BALANCE AT START OF YEAR	GRANTED AS COMPENSATION	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
<b>EXECUTIVE KMP:</b>								
<b>Robbie Cooke</b>	FY21	5,504,530	-	-	-	5,504,530	1,303,894	4,200,636
	FY20	3,766,945	1,737,585	-	-	5,504,530	864,068	4,640,462
<b>Prav Pala</b>	FY21	2,033,739	-	(225,553)	-	1,808,186	492,644	1,315,542
	FY20	1,474,909	558,830	-	-	2,033,739	625,624	1,408,115
<b>Steven Chapman<sup>2</sup></b>	FY21	342,334	-	-	-	342,334	-	342,334
	FY20	181,337	160,997	-	-	342,334	-	342,334
<b>Angela Green<sup>3</sup></b>	FY21	494,044	-	-	(494,044)	-	-	-
	FY20	-	454,437	-	-	494,044	-	494,044

1 Catherine Harris stepped down from the Board on 30 June 2021. Details are provided for the full year.

2 Steven Chapman commenced as KMP effective 11 June 2021. Details of his options prior to the commencement as KMP are included in this table.

3 Angela Green ceased employment with the Company effective 10 June 2021. All remaining options were forfeited from that date.

Details of all current options vested, exercised and forfeited are included in the table below.

AWARD TYPE	GRANT DATE	VESTING DATE	VESTED %	EXERCISED	FORFEITED
Options exercisable between \$0.375 to \$1.76 expiring between 17 October 2020 and 22 July 2024	Between 18 Oct 2013 to 19 Dec 2018	Monthly linear	85%	32%	6%
Options exercisable at Nil expiring between 30 December 2024 and 25 June 2025	31 Dec 2018 to 1 Apr 2019	Annual linear	38%	17%	11%
Options exercisable at Nil expiring on 31 August 2025	1 Sep 2019	Annual linear	18%	10%	22%
Options exercisable at \$1.50 expiring on 30 April 2026	1 May 2019	Annually over 4 tranches based on performance conditions	0%	0%	6%
Options exercisable at \$1.79 expiring on 30 September 2026	1 Oct 2019	Annually over 4 tranches based on performance conditions	0%	0%	15%
Options exercisable at \$0.08 expiring on 17 December 2020	17 Dec 2010	Fully vested on grant	100%	100%	0%

### 7.3 EQUITY GRANTS TO EXECUTIVE KMP

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

EXECUTIVE KMP	GRANT DATE	NUMBER OF OPTIONS/ RIGHTS GRANTED	VESTING DATE	EXERCISE PRICE	VALUE OF OPTIONS/ RIGHTS AT GRANT DATE	VESTED %	VESTED (NUMBER)	FORFEITED/ LAPSED %	VALUE OF OPTIONS/ RIGHTS EXERCISED DURING THE REPORTING PERIOD
<b>Robbie Cooke</b>									
	19 Dec 2018	1,818,180	<sup>1</sup>	\$1.76	\$475,159	63.3%	1,151,514	Nil	-
	1 May 2019	1,567,813	<sup>2</sup>	\$1.50	\$488,235	-	-	Nil	-
	26 Jun 2019	1,200,000	<sup>3</sup>	Nil	\$1,320,000	66.7%	800,000	Nil	-
	26 Jun 2019	380,952	<sup>4</sup>	Nil	\$419,047	40.0%	152,380	Nil	-
	1 Oct 2019	1,737,585	<sup>5</sup>	\$1.79	\$816,231	-	-	Nil	-
	2 Sep 2020	62,975	<sup>6</sup>	Nil	\$209,077	41.7%	26,240	Nil	-
	1 Feb 2021	167,501	<sup>7</sup>	Nil	\$556,104	-	-	Nil	-
<b>Prav Pala</b>									
	10 Oct 2014	211,268	<sup>1</sup>	\$0.45	\$31,211	100.0%	211,268	Nil	\$31,211
	6 Oct 2015	166,129	<sup>1</sup>	\$0.60	\$26,479	100.0%	166,129	Nil	-
	2 Nov 2016	141,403	<sup>1</sup>	\$1.49	\$39,580	100.0%	141,403	Nil	-
	1 Feb 2018	250,000	<sup>1</sup>	\$1.76	\$59,492	68.3%	170,827	Nil	-
	31 Dec 2018	71,428	<sup>4</sup>	Nil	\$74,999	40.0%	28,570	Nil	\$15,000
	1 May 2019	634,681	<sup>2</sup>	\$1.50	\$197,647	-	-	Nil	-
	9 May 2019	500,000	<sup>3</sup>	Nil	\$550,000	66.7%	333,334	Nil	\$183,333
	1 Oct 2019	558,830	<sup>5</sup>	\$1.79	\$262,510	-	-	Nil	-
	2 Sep 2020	25,930	<sup>6</sup>	Nil	\$86,088	41.7%	10,805	Nil	-
	1 Feb 2021	51,860	<sup>7</sup>	Nil	\$163,359	-	-	Nil	-
<b>Steven Chapman<sup>8</sup></b>									
	1 May 2019	181,337	<sup>2</sup>	\$1.50	\$197,647	-	-	Nil	-
	1 Oct 2019	160,997	<sup>5</sup>	\$1.79	\$262,510	-	-	Nil	-
	2 Sep 2020	7,246	<sup>6</sup>	Nil	\$24,057	41.7%	3,020	Nil	\$9,024
	1 Feb 2021	14,941	<sup>7</sup>	Nil	\$47,064	-	-	Nil	-
<b>Angela Green<sup>9</sup></b>									
	6 Aug 2019	300,000	<sup>3</sup>	Nil	\$330,000	66.7%	200,000	33.3%	\$110,000
	6 Aug 2019	39,607	<sup>2</sup>	\$1.50	\$12,334	-	-	100.0%	-
	1 Oct 2019	454,437	<sup>5</sup>	\$1.79	\$213,472	-	-	100.0%	-
	2 Sep 2020	20,453	<sup>6</sup>	Nil	\$67,906	41.7%	7,671	62.5%	\$25,468
	1 Feb 2021	42,173	<sup>7</sup>	Nil	\$132,845	-	-	100.0%	-

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

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

<sup>3</sup> 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.

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

- 5 Options granted vest annually in equal 25% tranches over a period of four years, commencing 24 months after the grant date and subject to the following performance conditions: (i) 20% compound gross revenue growth per annum; and (ii) a positive net profit result (before tax and share-based expenses). If a tranche does not satisfy both performance criteria on the relevant testing date, the tranche will be retested at the next testing date (if any).
- 6 Vesting occurs equally on a monthly basis over a 24-month period from the Initial Vesting Date.
- 7 Subject to passing the 'Gateway' and satisfying the Performance Hurdle, the Performance Rights vest in one tranche 3 years following the Effective Date.
- 8 Steven Chapman commenced as KMP effective 11 June 2021. Details of his options prior to the commencement as KMP are included in this table.
- 9 Angela Green ceased employment with the Company effective 10 June 2021. All remaining options were forfeited from that date.

## 8. SUMMARY OF SHARES HELD BY EXECUTIVE AND NON-EXECUTIVE KMP

The number of ordinary shares held in Tyro at 30 June 2021 by each KMP, including their personally related parties, is set out below.

NAME		BALANCE AT START OF YEAR	RECEIVED DURING THE YEAR ON EXERCISE OF OPTIONS/RIGHTS	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
<b>NON-EXECUTIVE KMP:</b>					
<b>David Thodey</b>	FY21	859,091	131,905	-	990,996
	FY20	750,000	-	109,091	859,091
<b>Hamish Corlett<sup>1</sup></b>	FY21	1,114,263	89,658	-	1,203,921
	FY20	932,444	-	181,819	1,114,263
<b>David Fite</b>	FY21	18,547,995	2,850,832	(2,804,966)	18,593,861
	FY20	20,547,995	-	(2,000,000)	18,547,995
<b>Catherine Harris<sup>2</sup></b>	FY21	627,826	162,150	-	789,976
	FY20	425,000	93,735	109,091	627,826
<b>Aliza Knox</b>	FY21	-	-	-	-
	FY20	-	-	-	-
<b>Fiona Pak-Poy</b>	FY21	32,728	73,692	-	106,420
	FY20	-	-	32,728	32,728
<b>Paul Rickard</b>	FY21	2,319,660	85,972	(307,061)	2,098,571
	FY20	2,144,824	138,472	36,364	2,319,660
<b>EXECUTIVE KMP:</b>					
<b>Robbie Cooke</b>	FY21	491,936	-	-	491,936
	FY20	-	377,187	114,749	491,936
<b>Prav Pala</b>	FY21	272,662	392,220	-	664,882
	FY20	-	252,459	20,203	272,662
<b>Steven Chapman</b>	FY21	5,658	3,020	-	8,678
	FY20	-	-	5,658	5,658

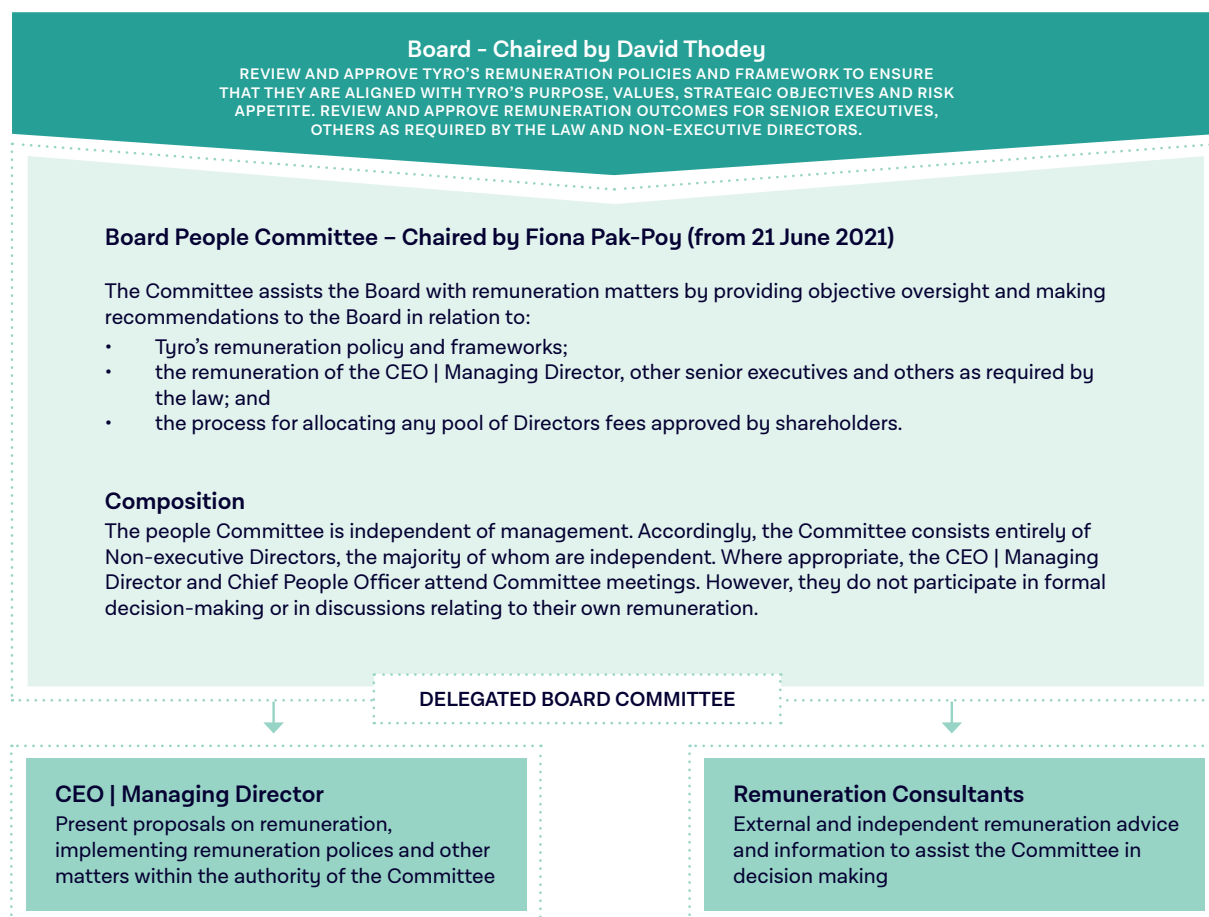
1 Shares indicated in the table are beneficially held by Hamish Corlett. Hamish Corlett also has a relevant interest in TDM Growth Partners Pty Ltd and other associated entities who have a total interest in Tyro of 23,853,855 ordinary shares.

2 Catherine Harris stepped down from the Board on 30 June 2021. Details are provided for the full year.

## 9. REMUNERATION AND BOARD GOVERNANCE

The People Committee consists of four Non-executive Directors, with one performing the role of Chair. This Committee provides Tyro with a robust governance framework to ensure remuneration policies, practices and outcomes are reasonable and consistent with shareholder expectations. The diagram below provides an overview of this framework.

### TYRO REMUNERATION GOVERNANCE FRAMEWORK



For further details regarding the People Committee Charter, refer to our Investor Relations website at: [www.tyro.com/about-tyro/investors/](http://www.tyro.com/about-tyro/investors/)

The People Committee is responsible for advising the Board on:

- annual allocation of the pool of fees approved by shareholders for Directors;
- annual remuneration of the CEO | Managing Director, the CEO | Managing Director's direct reports and any other persons under the Banking Executive Accountability Regime (**BEAR**), amongst others;
- performance review of the CEO, executive leadership team and other BEAR accountable persons;
- employee equity plans;
- the monitoring of culture, including risk culture;
- the BEAR requirements around remuneration of accountable persons;
- executive recruitment, termination policies and succession planning;
- recruitment, reappointment and removal of Directors;
- performance and development of Directors including ongoing skills assessment, professional development and annual evaluation of the performance of the Board; and
- strategic people initiatives, including diversity and related disclosures, including sustainability reporting.

Remuneration is set by the Board with the advice of People Committee and is reviewed on an annual basis. During this process, consideration is given to the overall performance of Tyro, as well as prevailing market conditions.



## 9.1 BOARD GOVERNANCE

Information relating to corporate governance is covered in detail in the Investor section of our website and economic sustainability is covered in more detail in the Directors' Report on pages 52 to 63.

Our Corporate Governance Statement describes in full our approach to corporate governance and our compliance with the Recommendations of the ASX Corporate Governance Council. Tyro complies with the fourth edition of the ASX Corporate Governance Principles and Recommendations, which have formed the basis of Tyro's decision making and accountability since listing on the ASX. The Corporate Governance Statement in respect of FY21 has been lodged with the ASX and is available from our website at: <https://investors.tyro.com/investor-centre/?page=corporate-governance>.

This Corporate Governance Statement has been approved by the Board and is current as at 26 August 2021.

## 9.2 REMUNERATION CONSULTANTS

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

In FY21, KPMG was engaged to provide benchmarking data for Non-executive Directors, Executive KMP and the executive leadership team (**XLT**) for the purposes of informing the People Committee of the current market positioning of KMP and XLT against Tyro's benchmarking peers. KPMG was paid \$22,000 for the benchmarking review and the review of the existing remuneration framework's compliance with BEAR. Godfrey Remuneration Group was also engaged in FY21 relating to services for providing remuneration data for Executives. Godfrey Remuneration Group was paid \$16,000 for these services.

The Board is satisfied that no remuneration recommendations (as defined in the Corporations Act 2001) were provided by KPMG, Godfrey Remuneration Group or any other external remuneration advisors during FY21.

## 9.3 LOANS AND OTHER TRANSACTIONS

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



# Auditor's Independence Declaration



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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 2021, 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; and
- b) no contraventions of 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.

A handwritten signature in blue ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Michael Byrne'.

Michael Byrne  
Partner  
26 August 2021





ANNANDALE  
VILLAGE  
DENTISTRY



ANNANDALE  
VILLAGE  
DENTISTRY





# FINANCIAL REPORT



FY21

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# FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 \$000	GROUP 2020 \$000
Fees and terminal rental income	2	228,069	201,770
Interest income on loans		1,952	4,179
Fair value gain/(loss) on loans		1,270	(2,361)
Interest income on cash and deposits		394	991
Interest income on assets at FVOCI		557	791
Sale of terminal accessories		1,152	1,056
Other revenue and income	2	5,128	4,249
<b>Total revenue</b>		<b>238,522</b>	<b>210,675</b>
Interchange, integration and support fees	2	(117,371)	(115,722)
Interest expense on deposits		(379)	(516)
Terminal accessories		(1,323)	(962)
<b>Total direct expenses</b>		<b>(119,073)</b>	<b>(117,200)</b>
<b>Gross profit</b>		<b>119,449</b>	<b>93,475</b>
Employee benefits expense (excluding share-based expense)	2	(76,174)	(67,662)
Share-based payments expense		(9,342)	(10,896)
Administrative expenses	2	(22,903)	(16,598)
Contractor and consulting expenses		(7,192)	(5,913)
Marketing expenses		(5,419)	(5,716)
Depreciation and amortisation	9, 12, 13	(15,364)	(12,524)
Lending and non-lending losses	2	(10,863)	(1,958)
Net interest expense		(517)	(535)
<b>Total operating expenses</b>		<b>(147,774)</b>	<b>(121,802)</b>
Share of loss from associates	11	(1,119)	-
Initial Public Offering (IPO) expenses		(331)	(9,730)
<b>Loss before tax expense</b>		<b>(29,775)</b>	<b>(38,057)</b>
Income tax expense	4	(48)	-
<b>Loss for the year</b>		<b>(29,823)</b>	<b>(38,057)</b>
<b>Other comprehensive income/(loss)</b>			
FVOCI reserve - revaluation gain/(loss), net of tax		105	(96)
<b>Total comprehensive loss for the year</b>		<b>(29,718)</b>	<b>(38,153)</b>
<b>Earnings per share for loss attributable to the Ordinary Equity Holders of Tyro Payments Limited</b>		<b>Cents</b>	<b>Cents</b>
Basic loss per share	23	<b>(5.90)</b>	(7.99)
Diluted loss per share	23	<b>(5.90)</b>	(7.99)

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



## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTE	2021 \$'000	GROUP 2020 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	84,521	103,761
Due from other financial institutions	6	19,191	18,429
Trade and other receivables	7	17,095	15,172
Loans	8	13,408	9,840
Prepayments		3,337	2,223
Net investment in sublease	9	-	823
Inventories		128	60
<b>Total current assets</b>		<b>137,680</b>	<b>150,308</b>
<b>Non-current assets</b>			
Loans	8	1,979	2,081
Financial investments	10	69,068	69,761
Investment in associates	11	4,998	-
Property, plant and equipment	12	26,027	17,266
Right of use assets	9	1,654	4,528
Intangible assets and goodwill	13	140,867	5,367
Net investment in sublease	9	-	544
Deferred tax assets	4	13,856	13,984
<b>Total non-current assets</b>		<b>258,449</b>	<b>113,531</b>
<b>Total assets</b>		<b>396,129</b>	<b>263,839</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Deposits	15	75,481	50,542
Trade payables and other liabilities	16	29,215	10,332
Lease liabilities	9	2,812	4,672
Provisions	17	15,382	4,347
<b>Total current liabilities</b>		<b>122,890</b>	<b>69,893</b>
<b>Non-current liabilities</b>			
Other liabilities	16	90,478	-
Lease liabilities	9	-	2,811
Provisions	17	1,227	1,416
Deferred tax liabilities	4	870	-
<b>Total non-current liabilities</b>		<b>92,575</b>	<b>4,227</b>
<b>Total liabilities</b>		<b>215,465</b>	<b>74,120</b>
<b>Net assets</b>		<b>180,664</b>	<b>189,719</b>
<b>Equity</b>			
Contributed equity	18	274,436	265,763
Reserves	18	40,827	28,477
Accumulated losses	18	(134,599)	(104,521)
<b>Total equity</b>		<b>180,664</b>	<b>189,719</b>

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

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 \$'000	GROUP 2020 \$'000
<b>Cash flows from operating activities</b>			
Fees and terminal rental income received		227,920	202,499
Interchange, integration and support fees paid		(117,800)	(115,986)
Interest received		3,018	6,035
Interest paid		(415)	(487)
JobKeeper and other income received		6,069	4,264
Payments to employees, suppliers and IPO costs:			
Personnel expenses paid		(75,125)	(70,263)
Terminals purchased		(16,360)	(7,176)
Other operating expenses and IPO costs		(30,635)	(43,477)
Movement in net scheme and other receivables		(7,650)	8,867
Movement in customer loans		(2,918)	294
Movement in deposits		24,939	23,624
<b>Net cash flows from operating activities</b>		<b>11,043</b>	<b>8,194</b>
<b>Cash flows from investing activities</b>			
Movement in term deposit investments			
Purchases		-	(10,033)
Proceeds on maturity		5,028	-
Movement in financial investments			
Purchases		(11,883)	(42,211)
Proceeds		8,951	12,967
Movement in equity investments			
Investments in associates		(2,491)	(3,498)
Purchase of property, plant and equipment (excluding terminals)		(1,205)	(1,663)
Payments for recognised intangible assets		(28,076)	(3,082)
Payments received from sublease		376	405
<b>Net cash used in investing activities</b>		<b>(29,300)</b>	<b>(47,115)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of transaction costs)		-	119,994
Proceeds from exercise of share options		4,059	3,913
Payments for lease liabilities		(5,069)	(4,815)
<b>Net cash flows from financing activities</b>		<b>(1,010)</b>	<b>119,092</b>
<b>Net movement in cash and cash equivalents</b>		<b>(19,267)</b>	<b>80,171</b>
Effect of foreign exchange rates on cash and cash equivalents		27	(310)
Cash and cash equivalents at beginning of year		103,761	23,900
<b>Cash and cash equivalents at end of year</b>	5	<b>84,521</b>	<b>103,761</b>

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

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	CON- TRIBUTED EQUITY \$000	FVOCI RESERVE \$000	SHARE- BASED PAYMENTS RESERVE \$000	GENERAL RESERVE FOR CREDIT LOSSES \$000	ACCU- MULATED LOSSES \$000	TOTAL \$000	
<b>GROUP</b>							
<b>At 1 July 2019</b>	<b>141,856</b>	<b>99</b>	<b>15,475</b>	<b>1,918</b>	<b>(66,279)</b>	<b>93,069</b>	
Loss for the year	-	-	-	-	(38,057)	(38,057)	
Other comprehensive income	-	(96)	-	-	-	(96)	
<b>Total comprehensive income</b>	<b>-</b>	<b>(96)</b>	<b>-</b>	<b>-</b>	<b>(38,057)</b>	<b>(38,153)</b>	
Issue of share capital – from IPO <sup>1</sup>	119,994	-	-	-	-	119,994	
Issue of share capital – from options and rights exercised	3,913	-	-	-	-	3,913	
Share-based payments	-	-	10,896	-	-	10,896	
Transfer to general reserve for credit losses	-	-	-	185	(185)	-	
<b>At 30 June 2020</b>	<b>265,763</b>	<b>3</b>	<b>26,371</b>	<b>2,103</b>	<b>(104,521)</b>	<b>189,719</b>	
<b>At 1 July 2020</b>	<b>265,763</b>	<b>3</b>	<b>26,371</b>	<b>2,103</b>	<b>(104,521)</b>	<b>189,719</b>	
Loss for the year	-	-	-	-	(29,823)	(29,823)	
Other comprehensive income	-	185	-	-	-	185	
Deferred tax on equity movements	-	(80)	-	-	-	(80)	
<b>Total comprehensive income</b>	<b>-</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>(29,823)</b>	<b>(29,718)</b>	
Issue of ordinary shares	8,673	-	-	-	-	8,673	
Share-based payments	-	-	11,990	-	-	11,990	
Transfer to general reserve for credit losses	-	-	-	255	(255)	-	
<b>At 30 June 2021</b>	<b>18</b>	<b>274,436</b>	<b>108</b>	<b>38,361</b>	<b>2,358</b>	<b>(134,599)</b>	<b>180,664</b>

1 Net of related capital raising after-tax costs of \$5,006,000.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 1. GENERAL INFORMATION AND STATEMENT OF ACCOUNTING POLICIES

### General Information

The financial report of the Group was authorised for issue in accordance with a resolution of the Directors on 26 August 2021.

The Group is 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.

On 13 April 2021, Tyro Payments (Ben Alliance) Pty Ltd was incorporated as a wholly owned subsidiary of Tyro Payments Limited, to serve as the employing entity for staff moving from Bendigo and Adelaide Bank Ltd as part of the alliance.

On 31 May 2021, the Company acquired a 100% ownership interest in Medipass Solutions Pty Ltd and its controlled entities (**Medipass**).

As a result of the transactions noted above, the financial report is now prepared on a consolidated basis. The financial report includes the consolidated financial statements of Tyro Payments Limited and its controlled entities (together referred to as the Group). In the comparative period there was no consolidated group and therefore Group balances represent the Company on a stand-alone basis.

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

### (a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and 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.

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

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, under the option available to the Group under ASIC Corporations Instrument 2016/191, unless otherwise stated.

### (b) Going concern

The Group had net current assets of \$14.8 million as at 30 June 2021 (2020: \$80.4 million). The Directors consider the Group is able to pay its debts as and when they fall due, and therefore the Group is able to continue as a going concern.

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

In applying the Group's accounting policies, Management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to Management.

Actual results may differ from judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by Management in the preparation of these financial statements are outlined as follows:

**Share-based payments transactions** - The Group recognises the cost of equity-settled transactions with employees (including Key Management Personnel) and other stakeholders by reference to the fair value of the equity instruments at the date on which they are granted. The valuation assumptions are detailed in Note 14. The equity-settled instruments are expensed using a linear probability of vesting approach.

**Classification and valuation of investments** - The Group classifies its investments in floating rate notes and equity securities where it does not exercise significant influence or control as *Financial Investments – at 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 the footnotes.

The equity investment in Medipass is deemed to be a business combination and is accounted for using the acquisition method of accounting. See Note 1(d) paragraph (i) and Note 21 for further details.

Investments in associated companies are accounted for using the equity method of accounting less impairment losses. See Note 1(m) and Note 11 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 test” under IFRS 9 “Financial Instruments”, and is therefore measured at fair value through the Statement 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 including an adjustment for loans to customers impacted by COVID-19. Inputs into the valuation model are detailed in the footnotes.

**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.

**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. Depreciation charges for property, plant and equipment are included in the footnotes for amortisation of intangible assets with finite useful lives. 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.

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

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

**Initial Public Offering (IPO) costs** – During the year ended 30 June 2020, the Company undertook an IPO to list on the ASX. Costs incurred that are directly attributable and incremental to the issuance of new equity (net of tax) have been recognised in equity as an offset to the value of capital raised. The Company exercised judgement in determining an allocation methodology (between equity and expense) for costs which relate to both the issuance of new equity and other activities. The Company’s methodology was determined with reference to the number of new shares issued in raising capital, and the nature and purpose of services rendered in incurring costs. All other costs were taken directly to the Statement of Comprehensive Income during the year ended 30 June 2020.

**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:

- implications of COVID-19 on current year results and future forecasts;
- 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 Alliance

During the year ended 30 June 2021, the Group announced an alliance with Bendigo and Adelaide Bank Limited (**Bendigo Bank**) for merchant acquiring services (**Alliance**). As part of the Alliance, Bendigo Bank agreed to transfer existing, and refer potential, customers to the Group for the provision of a co-branded merchant acquiring service and receive upfront consideration and commission from existing and newly referred Bendigo Bank business customers who use the Group’s merchant acquiring services. The Group does not view the Alliance as meeting the definition of a business under AASB 3 *Business Combinations*, and accordingly has applied the following accounting policies.

The Alliance has been agreed for a ten year period. 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 will be payable based on revenue achieved. The trail commission payable is initially measured at fair value in accordance with AASB 13 *Fair Value Measurement* and remeasured in subsequent periods to reflect actual and revised estimates of future revenue.

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

- 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 will then be reviewed annually for any indicator of impairments in accordance with AASB 136 *Impairment of Assets*. The useful life of the acquired intangible assets is judgmental and reviewed annually by Management with adjustments made where deemed necessary.

	AT TRANSACTION DATE \$'000
<b>Intangible assets</b>	
Customer contracts and relationships	111,762
<b>Commission and other payables</b>	
Financial liability at amortised cost	39,800
Contingent consideration	62,962
Upfront consideration paid (exclusive of GST)	9,000

## (d) Basis of consolidation

### (i) Business combinations

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

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

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see Note 1(p)). 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 subsequently 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.

### (e) Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current and non-current classification. An asset is current when it is:

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

or:

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

All other assets are classified as non-current.

A liability is current when:

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

or:

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

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

The Group classifies all other liabilities as non-current.

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

### (f) Cash and cash equivalents

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

### (g) Due from other financial institutions

Includes term deposits with maturities greater than three months from the date of acquisition, and term deposits pledged to counterparties as collateral. These are initially measured at fair value and subsequently measured at amortised cost less allowance for expected credit losses, using the effective interest method.

### (h) Trade and other receivables

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

AASB 9's impairment requirements are based on the ECL model. This replaces the "incurred loss" approach under AASB 139. The Group has applied the simplified approach to calculate ECL for trade receivables where a loss allowance is based on lifetime ECL at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

### (i) Loans

Loans to merchants are classified and measured at fair value with changes in the fair value being recognised in the Statement 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 Statement of Comprehensive Income as interest income and is disclosed together with the fair value movement on loans. 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 Statement of Comprehensive Income. Subsequent recoveries are recognised against these write-offs.

Over the reporting period, specific requests for the loans to be put on a "repayment holiday" due to hardship were assessed on a case-by-case basis. Where appropriate, these loans may have qualified for, and were provided, a repayment holiday for an initial period of up to three months. Further extension requests are assessed on a case-by-case basis. The agreed revised repayment schedule of these loans is reflected in the fair value calculation.

## (j) Prepayments

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

## (k) Inventories

### (i) Cost and valuation

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

### (ii) Impairment

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

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

## (l) Financial investments

### Recognition and initial measurement

The classification of financial investments at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset 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 'solely payments of principal and interest (**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.

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

### Subsequent measurement

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

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

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

## (m) Investment in associates

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



## (n) Property, plant and equipment

### (i) Cost

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

### (ii) Depreciation

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

Estimated useful lives are as follows:

PLANT AND EQUIPMENT:	2021	2020
Terminals	3 years	3 years
Furniture and office equipment	5 years	5 years
Computer equipment	4 years	4 years
Leasehold improvements	Remaining term of lease	Remaining term of lease

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

### (iii) Impairment

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

### (iv) Derecognition and disposal

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

## (o) Leases

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

### (i) Group as a lessee

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

#### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

### (ii) Lease liabilities

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

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

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

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

**(iv) Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the Statement of Comprehensive Income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**(p) Intangible assets and goodwill****(i) Internally generated 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 Statement of Financial Position in accordance with AASB 138 *Intangible Assets*.

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

Internally generated software acquired as part of the Medipass acquisition is valued using the replacement cost technique. This technique estimates the fair value as all costs necessary to construct a similar asset of equivalent utility at prices applicable at the time of reconstruction.

**(ii) Customer contracts and relationships**

The customer contracts were acquired as part of the Tyro-Bendigo Alliance (see Note 1(c) for details) and Medipass acquisition (see Note 21). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

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

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

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is not amortised and is tested annually for impairment. Tyro completed the acquisition of Medipass on 31 May 2021. AASB 3 makes provision for a measurement period of 12 months to finalise the valuation of assets acquired in a business combination. Due to the proximity of the completion of the deal to 30 June 2021, Tyro is continuing to gather information that is relevant to the valuation of the assets, specifically with respect to the appropriate recognition of revenue on custom software development carried out for customers and the associated deferred revenue balances. The amounts included in Tyro's financial statements as at 30 June 2021 in respect of net assets acquired and goodwill represent Tyro's provisional valuation of those assets.

In future periods, goodwill will be subject to annual impairment testing using appropriate assumptions to be determined by management.

**(q) Deferred tax asset**

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

**(r) Deposits from customers**

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

**(s) Trade and other payables**

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

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

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

**Commissions payable to Bendigo Bank**

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

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

**(t) Provisions and contingencies**

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

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

Contingent liabilities are not recognised in the Statement 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.

The Group is contingently liable for processed credit card sales transactions in the event of a dispute between the cardholder and a merchant. If a dispute is resolved in the cardholder's favour, the Group will credit or refund the amount to the cardholder and charge back the transaction to the merchant. If the Group is unable to collect the amount from the merchant, the Group will bear the loss for the amount credited or refunded to the cardholder.

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

**(u) Contributed equity**

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

**(v) General reserve for credit losses**

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

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

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

## (w) Revenue recognition

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

1. identify the contract with a customer;
2. identify separate performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to each performance obligations identified in Step 2; and
5. recognise revenue when a performance obligation is satisfied.

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 Statement of Comprehensive Income; and
- revenue from Dynamic Currency Conversion transactions generated from merchants is calculated based on the individual value of the transactions and is recognised once the transaction has been processed.

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

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

## (x) JobKeeper

The Federal Government announced a temporary wage subsidy program of \$1,500 per fortnight before tax per eligible employee in March 2020 to support businesses affected by COVID-19. This subsidy was initially offered over a six month period from 30 March 2020 until 27 September 2020. This scheme was subsequently extended to 28 March 2021. The employer entity was eligible for the subsidy over the period if its Goods and Services Tax (**GST**) turnover for a test period of at least one month fell short of the entity's GST turnover for the corresponding period in 2019, in line with thresholds specified by the Federal Government. The Company was an eligible recipient of JobKeeper under the initial scheme during the reporting period.

This is recognised as "Other revenue and income" in the Statement of Comprehensive Income in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

## (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 options or 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/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 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 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.

## **(ab) Goods and Services Tax**

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 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 Statement of Cash Flows and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

## **(ac) Foreign currency translation**

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

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

## **(ad) De-recognition of assets and liabilities**

Assets and liabilities are de-recognised from the 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.

## 2. REVENUE AND EXPENSES

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

	2021 \$000	GROUP 2020 \$000
<b>Fees and terminal rental income</b>		
Merchant service fee	205,542	180,236
Terminal rental income	21,320	17,660
Other fee income	1,207	3,874
	<b>228,069</b>	<b>201,770</b>
<b>Other revenue and income</b>		
JobKeeper receipts	4,484	3,867
Other income	644	382
	<b>5,128</b>	<b>4,249</b>
<b>Interchange, integration and support fees</b>		
Interchange and scheme fees	(108,014)	(108,005)
Integration, support and other fees	(9,357)	(7,717)
	<b>(117,371)</b>	<b>(115,722)</b>
<b>Employee benefits expense (excluding share-based payments)</b>		
Wages, salaries and incentives	(64,914)	(57,667)
Superannuation	(5,636)	(5,236)
Other employee benefits expense	(5,624)	(4,759)
	<b>(76,174)</b>	<b>(67,662)</b>
<b>Administrative expenses</b>		
Communications, hosting and licencing costs	(9,896)	(7,694)
Terminal management and logistics	(3,981)	(2,371)
Professional services	(2,593)	(1,433)
Insurance	(1,597)	(1,088)
Travel and entertainment	(423)	(1,208)
Training and conferences	(139)	(644)
Other administrative expenses	(4,274)	(2,160)
	<b>(22,903)</b>	<b>(16,598)</b>
<b>Lending and non-lending losses</b>		
Lending losses	(722)	(1,088)
Non-lending losses	(516)	(870)
Impairment of intangible assets	(277)	-
Terminal incident <sup>1</sup>	(9,348)	-
	<b>(10,863)</b>	<b>(1,958)</b>

<sup>1</sup> For further information on the terminal incident see Note 1(c) and Note 17.

### 3. SEGMENT REPORTING

#### (a) Description of segments and principal activities

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

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

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

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

#### (b) Revenue and gross profit by segment

	PAYMENTS <sup>1</sup> \$000	BANKING <sup>2</sup> \$000	CORPORATE AND OTHER <sup>3</sup> \$000	GROUP TOTAL \$000
<b>2021</b>				
Revenue	229,222	3,222	6,078	<b>238,522</b>
Gross profit	110,528	2,843	6,078	<b>119,449</b>
<b>2020</b>				
Revenue	202,826	1,818	6,031	<b>210,675</b>
Gross profit	86,142	1,302	6,031	<b>93,475</b>

	2021 \$000	2020 \$000
<b>Reconciliation of gross profit to loss before tax:</b>		
Gross profit	119,449	93,475
Operating expenses (excl. depreciation and amortisation, loss on equity investments and net interest expense)	(131,893)	(108,743)
Depreciation and amortisation	(15,364)	(12,524)
Share of loss on investment in associates	(1,119)	-
Net interest expense	(517)	(535)
IPO expenses	(331)	(9,730)
<b>Loss before tax</b>	<b>(29,775)</b>	<b>(38,057)</b>

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 fair value movement on loans and interest expense on merchant deposits.

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

### 3. SEGMENT REPORTING (continued)

#### (c) Assets and liabilities by segment

	PAYMENTS \$000	BANKING \$000	CORPORATE AND OTHER \$000	GROUP TOTAL \$000
<b>2021</b>				
Segment assets	234,848	35,955	125,326	<b>396,129</b>
Segment liabilities	104,525	75,481	35,459	<b>215,465</b>
<b>2020</b>				
Segment assets	48,759	37,790	177,290	<b>263,839</b>
Segment liabilities	2,441	50,543	21,136	<b>74,120</b>

### 4. INCOME TAX

#### (a) Income tax expense:

Major components of income tax expense for the period ended 30 June 2021:

	2021 \$000	2020 \$000
<b>Current income tax</b>		
Current income tax charge	-	-
<b>Deferred income tax</b>		
Relating to origination and reversal of temporary differences	1,883	-
Derecognition of DTA on temporary difference	(518)	-
Derecognition of previously recognised R&D tax credits & tax losses	(1,413)	-
<b>Income tax expense in the Statement of Comprehensive Income</b>	<b>(48)</b>	<b>-</b>
<b>Amount reported directly in other comprehensive income and equity</b>		
Deferred tax related to items recognised in equity during the year	-	-
Deferred tax on capital raising costs	-	927
Deferred tax on unrealised gain on financial investment – FVOCI	(80)	29
<b>Income tax (expense)/benefit reported in equity</b>	<b>(80)</b>	<b>956</b>

#### (b) Reconciliation of income tax expense and prima facie tax:

	2021 \$000	2020 \$000
<b>Operating loss before tax</b>	<b>(29,775)</b>	<b>(38,057)</b>
At the statutory income tax rate of 30%	8,932	11,417
Research and development incentive	-	70
Share-based payment remuneration	(2,803)	(3,269)
Entertainment expenses	(36)	(149)
Investment loss	(336)	-
Adjustment in respect to previous year	-	(332)
Tax effect of current year losses for which no deferred tax asset is recognised	(5,805)	(7,737)
<b>Total income tax expense</b>	<b>(48)</b>	<b>-</b>



## 4. INCOME TAX (continued)

### (c) Deferred income tax assets and liabilities

GROUP	2021				2020		
	STATEMENT OF FINANCIAL POSITION \$000	STATEMENT OF COMPREHENSIVE INCOME \$000	OTHER COMPREHENSIVE INCOME AND EQUITY \$000	ACQUIRED IN BUSINESS COMBINATIONS \$000	STATEMENT OF FINANCIAL POSITION \$000	STATEMENT OF COMPREHENSIVE INCOME \$000	OTHER COMPREHENSIVE INCOME AND EQUITY \$000
<b>Deferred tax assets (DTA)</b>							
Fixed assets	4,835	(723)	-	-	5,558	4,850	-
Provisions & accruals	5,480	3,387	-	-	2,093	(1,974)	-
Other	2,400	(1,448)	-	-	3,848	2,888	927
R&D credits	-	(274)	-	-	274	(6,126)	-
Tax losses	-	(1,910)	-	-	1,910	-	-
	<b>12,715</b>	<b>(968)</b>	<b>-</b>	<b>-</b>	<b>13,683</b>	<b>(362)</b>	<b>927</b>
Right-of-use assets	347	631	-	-	(284)	(284)	-
Prepayments	-	104	-	-	(104)	(99)	-
Financial investments	794	185	(80)	-	689	745	29
	<b>1,141</b>	<b>920</b>	<b>(80)</b>	<b>-</b>	<b>301</b>	<b>362</b>	<b>29</b>
<b>Total</b>	<b>13,856</b>	<b>(48)</b>	<b>(80)</b>	<b>-</b>	<b>13,984</b>	<b>-</b>	<b>956</b>
<b>Deferred tax liabilities (DTL)</b>							
Other Intangible Assets	(870)	-	-	(870)	-	-	-
<b>Total</b>	<b>(870)</b>	<b>-</b>	<b>-</b>	<b>(870)</b>	<b>-</b>	<b>-</b>	<b>-</b>

Deferred tax assets and liabilities relate to temporary differences, unused tax losses and credits. In addition, approximately \$27,550,000 of deductible temporary differences, unused tax losses and credits have not been recognised as assets at 30 June 2021.

## 5. CASH AND CASH EQUIVALENTS

	GROUP	
	2021 \$000	2020 \$000
Deposits at call	69,521	88,761
Short term deposits	15,000	15,000
	<b>84,521</b>	<b>103,761</b>

## 5. CASH AND CASH EQUIVALENTS (continued)

	2021 \$000	GROUP 2020 \$000
<b>Reconciliation of loss after tax to net cash flows used in operations</b>		
Loss for the year	(29,823)	(38,057)
<b>Adjustments for:</b>		
Depreciation and amortisation	15,364	12,524
Impairment of intangible assets	277	-
Share-based payments expense	9,342	10,896
Fair value (gain)/loss	(1,270)	2,342
Share of loss from associates	1,119	-
Impairment of investment in sublease	842	-
Loans written off	722	1,088
Net interest expense	517	535
Foreign currency (gain)/loss	(27)	310
Gain on disposal of property plant and equipment	(107)	(190)
Deferred tax expense	48	-
Other	104	65
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in customer loans <sup>1</sup>	(2,918)	294
(Increase)/decrease in interest and other receivables	(2,103)	8,463
Increase in terminals	(16,360)	(7,176)
Increase in prepayments	(1,113)	(400)
Increase in term deposits held as collateral	(5,762)	-
Increase in retail deposits	24,938	23,624
Increase/(decrease) in interest and other payables	5,409	(7,678)
Increase/(decrease) in deferred tax balances	998	-
Increase in provisions	10,846	1,554
<b>Net cash flow from operating activities</b>	<b>11,043</b>	<b>8,194</b>

<sup>1</sup> Movement in customer loan balances excludes adjustments for write offs and fair value adjustments.

## 6. DUE FROM OTHER FINANCIAL INSTITUTIONS

	2021 \$000	GROUP 2020 \$000
Term deposits	5,000	10,000
Deposits pledged as collateral	14,191	8,429
	<b>19,191</b>	<b>18,429</b>

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.

## 7. TRADE AND OTHER RECEIVABLES

	2021 \$000	GROUP 2020 \$000
Scheme and other receivables	10,108	10,625
Merchant acquiring fees	7,033	4,532
Interest receivable	13	53
Expected credit loss provision	(59)	(38)
	<b>17,095</b>	<b>15,172</b>

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

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

	TOTAL \$000	CURRENT \$000	1-30 DAYS \$000	31-60 DAYS \$000	61-90 DAYS \$000	>90 DAYS \$000	IMPAIRMENT \$000
<b>Group</b>							
Carrying value 2021	17,095	16,935	11	-	52	156	(59)
Carrying value 2020	15,172	15,004	100	-	90	16	(38)

## 8. LOANS

	2021 \$000	GROUP 2020 \$000
<b>Current</b>		
Loans (net of unearned fees)	13,408	9,840
<b>Non-current</b>		
Loans (net of unearned fees)	1,979	2,081
	<b>15,387</b>	<b>11,921</b>

Income from loans comprises interest income of \$1,952,190 (2020: \$4,178,986), fair value gain of \$1,269,623 (2020: loss of \$2,361,098) and lending loss of \$721,673 (2020: loss of \$1,088,105).

## 9. LEASES

### (a) Company as lessor – sublease arrangement

The arrangement relates to the sublease of Level 5 of the Company's registered office. It is a non-cancellable lease with a term of up to 2 years, 6 months and 20 days ending 20 January 2022, aligned to the Company's head-lease. The sublease agreement does not provide the lessee with the option to extend the lease. Lease payments are subject to annual increases of 4%.

Lease income recognised in the Statement of Comprehensive Income are as follows:

	2021 \$000	GROUP 2020 \$000
(Loss)/gain on investment in sublease	(842)	147
Income from net investment in sublease	57	113
<b>Total amount recognised in profit and loss</b>	<b>(785)</b>	<b>260</b>

Set out below is a maturity analysis of lease receivables, showing undiscounted lease payments to be received after the reporting date.

## 9. LEASES (continued)

	2021 \$000	GROUP 2020 \$000
Within one year	-	892
After one year but not more than five years	-	556
<b>Total undiscounted lease payments receivable</b>	<b>-</b>	<b>1,448</b>
Unearned interest income	-	(81)
<b>Net investment in sublease</b>	<b>-</b>	<b>1,367</b>

The lessee has been adversely impacted by COVID-19 during the year and has been unable to pay rent as and when it falls due. Accordingly, Management has taken the decision to write off this amount in full during the year.

### (b) Company as lessee – property lease

The property lease predominantly relates to the lease of the Company's registered office located at 155 Clarence Street, Sydney NSW. It is a non-cancellable lease with a term of up to 7 years ending 21 January 2022.

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

	RIGHT-OF-USE ASSETS \$000	GROUP LEASE LIABILITIES \$000
<b>As at 30 June 2019</b>	-	-
Transition adjustments	9,091	11,534
<b>As at 1 July 2019</b>	<b>9,091</b>	<b>11,534</b>
De-recognition due to sublease	(1,827)	-
Additions	116	116
Depreciation expense	(2,852)	-
Interest expense	-	648
Payments	-	(4,815)
<b>As at 30 June 2020</b>	<b>4,528</b>	<b>7,483</b>
<b>As at 1 July 2020</b>	4,528	7,483
Additions	33	33
Depreciation expense	(2,907)	-
Interest expense	-	365
Payments	-	(5,069)
<b>As at 30 June 2021</b>	<b>1,654</b>	<b>2,812</b>

### Lease liabilities – Maturity analysis

	2021 \$000	GROUP 2020 \$000
<b>Contractual undiscounted cash flows</b>		
Within one year	2,872	5,035
After one year but not more than five years	-	2,872
<b>Total undiscounted lease liabilities</b>	<b>2,872</b>	<b>7,907</b>

## 9. LEASES (continued)

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

	2021 \$000	GROUP 2020 \$000
Depreciation expense of right-of-use assets	(2,907)	(2,852)
Interest expense on lease liabilities	(365)	(648)
Income from sub-leasing right-of-use assets	57	113
<b>Total amount recognised in Statement of Comprehensive Income</b>	<b>(3,215)</b>	<b>(3,387)</b>

## 10. FINANCIAL INVESTMENTS

	2021 \$000	GROUP 2020 \$000
Floating rate notes	69,068	66,134
Equity investment – meandu Australia Holdings Pty Ltd	-	3,499
Equity investments – YBF Holdings Pty Ltd and Teamsquare Pty Ltd	-	128
	<b>69,068</b>	<b>69,761</b>

YBF Holdings Pty Ltd and Teamsquare Pty Ltd (**YBF**) is a Melbourne-based tech and innovation co-working hub that took operational control and ownership of the Tyro Fintech Hub (co-working space) in Sydney. As part of this arrangement Tyro took an equity stake in YBF.

The Group elected to measure the equity investments in YBF at FVOCI, resulting in no recycling of fair value changes to the Statement of Comprehensive Income upon a de-recognition event.

During the financial year, the Group vested the right to appoint a member to the board of meandu Australia Holdings Pty Ltd (**me&u**), implying significant influence. Accordingly, this investment is now accounted for as an Investment in Associate using the equity method.

## 11. INVESTMENT IN ASSOCIATES

	2021 \$000	GROUP 2020 \$000
Axis IP Pty Ltd	1,666	-
meandu Australia Holdings Pty Ltd	3,332	-
<b>Closing balance</b>	<b>4,998</b>	<b>-</b>

Axis IP Pty Ltd (**Paypa Plane**) is a payments technology business transforming scheduled payments, in which Tyro took a 20% shareholding in December 2020. The investment is recognised at cost using the equity method. The carrying amount of the investment is increased or decreased by the Company's share of Axis IP Pty Ltd's net assets after acquisition date.

me&u is a leading hospitality in-venue food ordering and payments app in which Tyro made a 16% equity investment, providing Tyro with the right to be the exclusive in-app payment provider.

The carrying value of the investment is increased or decreased by the Company's share of me&u's net assets after the date at which this accounting approach was adopted.

The following table summarises the financial information and results of me&u and Paypa Plane. The information includes the results of me&u since the equity accounting method was adopted and of Paypa Plane since Tyro's investment in December 2020.

## 11. INVESTMENT IN ASSOCIATES (continued)

	INVESTMENT IN MEANDU AUSTRALIA HOLDINGS PTY LTD		INVESTMENT IN AXIS IP PTY LTD	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Percentage ownership interest</b>	<b>16.04%</b>	-	<b>20.0%</b>	-
Non-current assets	76	-	690	-
Current assets	5,743	-	637	-
Non-current liabilities	(48)	-	(283)	-
Current liabilities	(2,489)	-	-	-
<b>Net assets (100%)</b>	<b>3,282</b>	-	<b>1,044</b>	-
Group share of net assets	526	-	209	-
<b>Carrying amount of interest in associate<sup>1</sup></b>	<b>3,332</b>	-	<b>1,666</b>	-
Revenue	3,206	-	269	-
Profit from continuing operations	(5,580)	-	(1,120)	-
Total comprehensive income	(5,580)	-	(1,120)	-
<b>Group's share of total comprehensive income</b>	<b>(895)</b>	-	<b>(224)</b>	-
<b>Share of loss on investment recognised in year<sup>2</sup></b>	<b>(895)</b>	-	<b>(224)</b>	-

<sup>1</sup> The difference between the carrying value of investments and the Group's share of net assets relates to intangible assets and goodwill not recognised on the balance sheet of me&u and Paypa Plane.

<sup>2</sup> A total loss on investment of \$1,119,000 has been recognised in the 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
<b>Year ended 30 June 2021</b>					
At 30 June 2020 net of accumulated depreciation and impairment	12,863	799	2,060	1,544	17,266
Additions	18,266	24	1,122	-	19,412
Acquisitions through business combination	-	29	9	-	38
Disposals	(67)	-	-	-	(67)
Depreciation for the year	(8,062)	(307)	(1,249)	(1,004)	(10,622)
At 30 June 2021 net of accumulated depreciation and impairment	23,000	545	1,942	540	26,027
<b>At 30 June 2020</b>					
Cost	42,543	2,708	8,758	4,817	58,826
Accumulated depreciation and impairment	(29,680)	(1,909)	(6,698)	(3,273)	(41,560)
Net carrying amount	12,863	799	2,060	1,544	17,266
<b>At 30 June 2021</b>					
Cost	59,610	2,771	9,955	4,817	77,153
Accumulated depreciation and impairment	(36,610)	(2,226)	(8,013)	(4,277)	(51,126)
<b>Net carrying amount</b>	<b>23,000</b>	<b>545</b>	<b>1,942</b>	<b>540</b>	<b>26,027</b>

## 12. PROPERTY, PLANT AND EQUIPMENT (continued)

	TERMINALS \$000	FURNITURE AND OFFICE EQUIPMENT \$000	COMPUTER EQUIPMENT \$000	LEASEHOLD IMPROVEMENTS \$000	TOTAL \$000
<b>Year ended 30 June 2020</b>					
At 30 June 2019 net of accumulated depreciation and impairment	13,258	649	2,756	2,071	18,734
Additions	6,488	506	640	387	8,021
Disposals	(35)	-	-	-	(35)
Depreciation for the year	(6,848)	(356)	(1,336)	(914)	(9,454)
At 30 June 2020 net of accumulated depreciation and impairment	12,863	799	2,060	1,544	17,266
<b>At 30 June 2019</b>					
Cost	36,668	2,202	8,152	4,430	51,452
Accumulated depreciation and impairment	(23,410)	(1,553)	(5,396)	(2,359)	(32,718)
Net carrying amount	13,258	649	2,756	2,071	18,734
<b>At 30 June 2020</b>					
Cost	42,543	2,708	8,758	4,817	58,826
Accumulated depreciation and impairment	(29,680)	(1,909)	(6,698)	(3,273)	(41,560)
<b>Net carrying amount</b>	<b>12,863</b>	<b>799</b>	<b>2,060</b>	<b>1,544</b>	<b>17,266</b>

## 13. INTANGIBLE ASSETS AND GOODWILL

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

	INTERNALLY GENERATED SOFTWARE \$000	CUSTOMER CONTRACTS AND RELATIONSHIPS \$000	GOODWILL \$000	TOTAL \$000
<b>Year ended 30 June 2021</b>				
At 30 June 2020 net of accumulated amortisation and impairment	5,170	197	-	5,367
Additions	3,762	111,763	-	115,525
Acquisitions through business combinations	5,500	2,900	13,687	22,087
Impairment expense	(277)	-	-	(277)
Amortisation for the year	(851)	(984)	-	(1,835)
At 30 June 2021 net of accumulated amortisation and impairment	13,304	113,876	13,687	140,867
<b>At 30 June 2020</b>				
Cost	5,350	250	-	5,600
Accumulated amortisation and impairment	(180)	(53)	-	(233)
Net carrying amount	5,170	197	-	5,367
<b>At 30 June 2021</b>				
<b>Cost</b>	<b>14,613</b>	<b>114,912</b>	<b>13,687</b>	<b>143,212</b>
Accumulated amortisation and impairment	(1,309)	(1,036)	-	(2,345)
<b>Net carrying amount</b>	<b>13,304</b>	<b>113,876</b>	<b>13,687</b>	<b>140,867</b>

## 13. INTANGIBLE ASSETS AND GOODWILL (continued)

	INTERNALLY GENERATED SOFTWARE \$000	CUSTOMER CONTRACTS AND RELATIONSHIPS \$000	TOTAL \$000
<b>Year ended 30 June 2020</b>			
At 30 June 2019 net of accumulated amortisation and impairment	2,503	-	2,503
Additions	2,832	250	3,082
Amortisation for the year	(165)	(53)	(218)
At 30 June 2020 net of accumulated amortisation and impairment	5,170	197	5,367
<b>At 30 June 2019</b>			
Cost	2,518	-	2,518
Accumulated amortisation and impairment	(15)	-	(15)
Net carrying amount	2,503	-	2,503
<b>At 30 June 2020</b>			
Cost	5,350	250	5,600
Accumulated amortisation and impairment	(180)	(53)	(233)
<b>Net carrying amount</b>	<b>5,170</b>	<b>197</b>	<b>5,367</b>

### Impairment testing for CGUs containing goodwill

Tyro has used a provisional valuation of the intangible assets acquired from Medipass and has therefore not tested for impairment for the initial reporting period. See Note 1(p) for further information.

## 14. SHARE BASED PAYMENTS

The Company 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 over ordinary shares in the Company to employees or Directors who provide services to the Company.

Options 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 granted will vest in proportion to the time that passes linearly during the vesting schedule, subject to maintaining continuous status as an employee or Director with the Company during the vesting period. The options generally vest in equal amounts each month over the vesting period.
Annual linear vesting schedule	Options vest similarly to the monthly linear vesting schedule; except they vest in equal amounts annually over the vesting period.
Performance linear vesting schedule	Options vest in equal amounts annually over the vesting period and are also subject to performance criteria.

All option grants and any shares issued on the exercise of those options must be held for a minimum period commencing on the date on which the options are granted and continuing until the earlier of:

- the date which is 3 years after the date on which options are granted; or
- the date on which the participant ceases employment with the Company.

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

- the term of each option grant ranges primarily between 6 – 7 years from the date of grant or such shorter term as provided in the ESOP or grant letter;
- each option entitles the holder to one ordinary fully paid share;
- all awards granted under the ESOP are equity-settled;
- a 2-year holding lock applies to those options with annual linear or performance linear vesting schedules. For annual linear options, the lock period applies following the relevant vesting date, and for performance linear options the lock period applies from exercise date. During this period the shares issued cannot be transferred, sold, encumbered or otherwise dealt with; and



## 14. SHARE BASED PAYMENTS (continued)

- 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 held by an employee or Director do not lapse on cessation of employment or Directorship and that the relevant holder of options has additional time to exercise their options.

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

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

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

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

There were 5,166,415 options exercised during the period ended 30 June 2021 (2020: 6,623,341).

The weighted average remaining contractual life for share options outstanding as at 30 June 2021 was 4 years (2020: 5 years).

RANGE OF EXERCISE PRICES	CONTRACTUAL LIFE	VESTING CONDITIONS	NUMBER OF OUTSTANDING OPTIONS	
			JUN 2021	JUN 2020
179 cents	7 years	4 year annual vesting, plus performance criteria	6,647,422	7,740,124
176 cents	6 years or less	5 year monthly linear vesting	6,830,283	7,589,967
162 cents to 176 cents	7 years or less	No vesting in first 6 months of 5 year monthly linear vesting period	591,495	750,000
162 cents	7 years or less	5 year monthly linear vesting	70,678	90,000
150 cents	7 years	4 year annual vesting, plus performance criteria	5,762,443	6,154,423
37.5 cents to 149 cents	7 years or less	5 year monthly linear vesting	6,749,286	11,081,212
0 cents	6 years	5 year annual linear vesting	2,703,886	3,570,372
<b>Total</b>			<b>29,355,493</b>	<b>36,976,098</b>

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

	JUN 2021 NUMBER	JUN 2021 WAEP (CENTS)	JUN 2020 NUMBER	JUN 2020 WAEP (CENTS)
<b>Monthly linear and annual linear vesting</b>				
Opening	23,081,551	107	30,615,768	102
Granted	-	-	1,554,294	-
Exercised	(5,166,415)	74	(6,623,341)	59
Forfeited or expired	(969,508)	73	(2,465,170)	109
<b>Closing</b>	<b>16,945,628</b>	<b>119</b>	<b>23,081,551</b>	<b>107</b>
<b>Of which: Exercisable at the end of the year</b>	<b>12,689,820</b>	<b>110</b>	<b>14,664,292</b>	<b>108</b>
<b>Performance based vesting</b>				
Opening	13,894,547	166	6,154,423	150
Granted	-	-	7,822,597	179
Exercised	-	-	-	-
Forfeited or expired	(1,484,682)	171	(82,473)	179
<b>Closing</b>	<b>12,409,865</b>	<b>165</b>	<b>13,894,547</b>	<b>166</b>
<b>Of which: Exercisable at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total outstanding at the end of the year</b>	<b>29,355,493</b>		<b>36,976,098</b>	
<b>Total exercisable at the end of the year</b>	<b>12,689,820</b>		<b>14,664,292</b>	

Refer to Note 25 for outstanding share options at the end of the period that are not part of ESOP.

## 14. SHARE BASED PAYMENTS (continued)

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

During the period, the Company granted 731,548 performance rights as part of the short term incentive (STI) arrangement and 834,316 performance rights as part of the long term incentive (LTI) plan. The following model inputs were used in the Black-Scholes valuation model to determine the fair values:

	STI RIGHTS	LTI RIGHTS
Grant date:	Jul-20	Sep-20
Vesting period	2 years	3 years
Expiry date	10 years following the vesting of the rights (or 30 days following cessation of employment, if earlier)	Sep-23
Share price at grant date (\$)¹	\$3.50	\$3.60
Dividend yield (%)	0%	0%
Expected volatility (%)	N/A	N/A
Risk-free interest rate (%)	N/A	N/A

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

#### Group

	JUN 2021 NUMBER	JUN 2021 WAEP (CENTS)	JUN 2020 NUMBER	JUN 2020 WAEP (CENTS)
Opening	6,485,940	-	6,998,587	-
Granted	1,565,864	-	1,475,617	-
Exercised	(2,031,510)	-	(1,882,647)	-
Forfeited or expired	(607,744)	-	(105,617)	-
<b>Closing</b>	<b>5,412,550</b>	-	<b>6,485,940</b>	-
<b>Exercisable at the end of the year</b>	<b>1,356,092</b>	-	<b>1,652,608</b>	-

## 15. DEPOSITS

	GROUP	
	2021 \$000	2020 \$000
Deposits¹	72,470	49,691
Term deposits	3,011	851
	<b>75,481</b>	<b>50,542</b>

¹ The deposits are at call, earn a daily interest with rates that increase for every dollar held for longer than 30 days, 60 days and 90 days, and are guaranteed by the Australian Government up to \$250,000 per customer.

## 16. TRADE PAYABLES AND OTHER LIABILITIES

	GROUP	
	2021 \$000	2020 \$000
<b>Current</b>		
Accounts payable	3,993	665
Accruals – scheme fees, commissions, bonuses and others	11,101	5,576
Payroll liabilities	33	826
Commissions payable to Bendigo Bank	11,795	-
Other liabilities – clearing suspense and other payables	2,293	3,265
	<b>29,215</b>	<b>10,332</b>
<b>Non-current</b>		-
Commissions payable to Bendigo Bank	90,478	-
	<b>90,478</b>	-

## 17. CURRENT AND NON-CURRENT PROVISIONS

	GROUP	
	2021 \$000	2020 \$000
<b>Current</b>		
Annual leave provision	4,916	3,721
Long service leave provision	376	341
<b>Total leave provisions</b>	<b>5,292</b>	<b>4,062</b>
<b>Other provisions</b>		
Balance at the beginning of the year	285	951
Provision during the year	9,008	285
Provision released during the year	(56)	(951)
<b>Balance at the end of the year</b>	<b>9,237</b>	<b>285</b>
<b>Make good provision</b>		
Balance at the beginning of the year	-	-
Transfer from non-current provisions	704	-
Provision during the year	149	-
<b>Balance at the end of the year</b>	<b>853</b>	-
<b>Total current provisions</b>	<b>15,382</b>	<b>4,347</b>
<b>Non-current</b>		
<b>Long service leave provision</b>	<b>1,227</b>	<b>712</b>
<b>Make good provision</b>		
Balance at the beginning of the year	704	556
Transfer to current provisions	(704)	-
Provision during the year	-	148
<b>Balance at the end of the year</b>	<b>-</b>	<b>704</b>
<b>Total non-current provisions</b>	<b>1,227</b>	<b>1,416</b>

## 17. CURRENT AND NON-CURRENT PROVISIONS (continued)

\$9,008,000 of other provisions is a provision for remediation of the terminal outage incident in January 2021. Settlement offers have been made to impacted customers. Compensation payments are either in discussion or being made to those customers where they have registered. Tyro continues to encourage customers to register or contact Tyro where they may have been impacted by the January incident.

The Make Good provision is for the costs of restoring the office space at 155 Clarence Street to its original condition at the conclusion of the lease.

## 18. CONTRIBUTED EQUITY AND RESERVES

### (i) Movement in ordinary shares on issue

	NUMBER OF SHARES	GROUP \$000
<b>At 1 July 2019</b>	<b>443,871,751</b>	<b>141,856</b>
Shares issued as part of IPO	45,493,432	125,000
Share options and rights exercised	10,130,988	3,913
Capital raising costs (net of tax)	-	(5,006)
<b>At 30 June 2020</b>	<b>499,496,171</b>	<b>265,763</b>
<b>At 1 July 2020</b>	<b>499,496,171</b>	<b>265,763</b>
Share options and rights exercised	9,822,925	4,059
Shares issued in consideration for acquisition of Medipass	1,220,694	4,614
Equity instruments issued in consideration for acquisition of Medipass <sup>1</sup>	1,132,632	-
<b>At 30 June 2021</b>	<b>511,672,422</b>	<b>274,436</b>

<sup>1</sup> 1,132,632 of the shares issued to Medipass shareholders have been accounted for as options and recognised through the share-based payments reserve. See Note 21 for further details

### 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 full paid up.

### (ii) Share-based payments reserve

	2021 \$000	GROUP 2020 \$000
Balance at the beginning of the year	26,371	15,475
Share-based payments transactions	9,342	10,896
Equity instruments issued in consideration for acquisition of Medipass	2,648	-
<b>Balance at the end of the year</b>	<b>38,361</b>	<b>26,371</b>

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

contractual agreements.

## 18. CONTRIBUTED EQUITY AND RESERVES (continued)

### (iii) General reserve for credit losses

	GROUP	
	2021 \$000	2020 \$000
Balance at the beginning of the year	2,103	1,918
Transfer from accumulated losses:		
Appropriation for chargeback losses	(12)	253
Appropriation for lending losses	267	(68)
<b>Balance at the end of the year</b>	<b>2,358</b>	<b>2,103</b>

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

### (iv) FVOCI reserve

	GROUP	
	2021 \$000	2020 \$000
Balance at the beginning of the year	3	99
Deferred tax on equity movements	(80)	-
Revaluations gain/(loss)	185	(96)
<b>Balance at the end of the year</b>	<b>108</b>	<b>3</b>
<b>Total reserves at the end of the year</b>	<b>40,827</b>	<b>28,477</b>

### (v) Accumulated losses

	GROUP	
	2021 \$000	2020 \$000
Balance at the beginning of the year	(104,521)	(66,279)
Loss attributable to shareholders	(29,823)	(38,057)
Transfer to general reserve for credit losses	(255)	(185)
<b>Balance at the end of the year</b>	<b>(134,599)</b>	<b>(104,521)</b>

## 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, net investment in sublease, 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**).

## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (continued)

### (ii) Risk controls

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

### (iii) Internal audit

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

### (iv) Credit risk

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

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

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

#### **Credit losses from chargebacks**

In addition, the Group is subject to the risk of credit card losses via chargebacks. The maximum period the Group is potentially liable for such chargebacks is 120 days after the date of the transaction. The Group manages credit risk associated with its merchant portfolio both at an individual and a portfolio level, by monitoring the concentration of risk by industry and type of counterparty.

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

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

#### **Credit losses from loans**

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

To manage the risk of credit losses, various underwriting criteria is in place before a loan can be offered. A merchant must also have a minimum acquiring transaction history to be eligible for a loan offer, as well as providing a personal guarantee. Loans issued under the Government SME guarantee scheme are guaranteed up to 50% of the loan balance by the Australian Government.

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

## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (continued)

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

30 JUNE 2021					
STANDARD & POORS CREDIT RATING <sup>1</sup>	CASH AND CASH EQUIVALENTS	DUE FROM OTHER FINANCIAL INSTITUTIONS	TRADE AND OTHER RECEIVABLES	LOANS <sup>2</sup>	NET INVESTMENT IN SUBLEASE
(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
AAA	39,857	-	379	-	-
AA	44,664	19,191	9,852	-	-
A+	-	-	5,815	-	-
A	-	-	92	-	-
A-	-	-	-	-	-
BBB+	-	-	234	-	-
unrated	-	-	723	15,387	-
	<b>84,521</b>	<b>19,191</b>	<b>17,095</b>	<b>15,387</b>	<b>-</b>

30 JUNE 2020					
STANDARD & POORS CREDIT RATING <sup>1</sup>	CASH AND CASH EQUIVALENTS	DUE FROM OTHER FINANCIAL INSTITUTIONS	TRADE AND OTHER RECEIVABLES	LOANS <sup>2</sup>	NET INVESTMENT IN SUBLEASE
(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
AAA	31,218	-	1,638	-	-
AA	72,543	18,356	8,249	-	-
A+	-	73	4,415	-	-
A	-	-	-	-	-
A-	-	-	-	-	-
BBB+	-	-	168	-	-
unrated	-	-	702	11,921	1,367
	<b>103,761</b>	<b>18,429</b>	<b>15,172</b>	<b>11,921</b>	<b>1,367</b>

1 Long term credit rating

2 Includes loans issued under the Government SME guarantee scheme of \$251,000.

### (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.

### (vi) Market risk

Market risk is the potential loss of value or potential reduction in expected earnings resulting from movements in interest rates and currency exchanges rates. 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 prices 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 government securities, bank bills or other marketable instruments 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:

## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (continued)

### (i) Interest rate risk

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

#### Interest rate sensitivity analysis

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

An increase of 50 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 \$563,431 (2020: \$748,512). A decrease of 50 basis points in the general cash rate will have an equal and opposite effect.

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

30 JUNE 2021	VARIABLE INTER-EST RATE (\$'000)	< 3 MONTHS (\$'000)	FIXED INTEREST RATE 3 TO 12 MONTHS (\$'000)	> 1 YEAR (\$'000)	TOTAL (\$'000)
<b>Financial assets</b>					
Cash and cash equivalents	69,521	15,000	-	-	84,521
Other term deposits	-	8,471	2,991	6,000	17,462
USD term deposit	-	1,729	-	-	1,729
Loans	-	2,866	10,543	1,978	15,387
Floating rate notes	69,068	-	-	-	69,068
<b>Financial liabilities</b>					
Deposits	(72,470)	(2,961)	(50)	-	(75,481)

30 JUNE 2020	VARIABLE INTER-EST RATE (\$'000)	< 3 MONTHS (\$'000)	FIXED INTEREST RATE 3 TO 12 MONTHS (\$'000)	> 1 YEAR (\$'000)	TOTAL (\$'000)
<b>Financial assets</b>					
Cash and cash equivalents	88,761	15,000	-	-	103,761
Other term deposits	1,924	1,547	12,991	-	16,462
USD term deposit	73	-	1,894	-	1,967
Loans	-	3,182	6,658	2,081	11,921
Floating rate notes	66,134	-	-	-	66,134
<b>Financial liabilities</b>					
Deposits	(49,691)	(851)	-	-	(50,542)

### (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 from foreign suppliers are transacted in foreign currencies at the exchange rate prevailing at the transaction date. At the reporting date the Group has some US dollar and Euro exposures.

#### Foreign currency sensitivity analysis

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

An appreciation of 15% of the US dollar and Euro compared to the Australian dollar (assuming other factors remain constant), will increase the Group's profit and increase equity by \$67,527 (2020: \$311,776). A depreciation of 15% of the US dollar and Euro compared to the Australian dollar will reduce the Group's profit and reduce equity by \$49,911 (2020: \$230,443).



## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (continued)

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

		AUD 2021 \$000	GROUP AUD 2020 \$000
USD term deposit	USD	1,729	1,894
UnionPay deposit	USD	-	73
Trade payables	EUR	2,106	200
Trade payables	USD	6	-

### (iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions (other than those arising from interest rate risk or 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 loss 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 2021 financial year in the form of Tier 1 Capital which is the highest quality component of capital.

## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (continued)

### Capital Adequacy

	2021 \$000	2020 \$000
<b>GROUP</b>		
<b>Tier 1 Capital</b>		
<b>Common Equity Tier 1 Capital</b>		
Contributed capital	274,435	265,763
Accumulated losses & reserves	(96,127)	(78,147)
	<b>178,308</b>	<b>187,616</b>
<b>Regulatory adjustments to Common Equity Tier 1 Capital</b>		
Net deferred tax assets	(13,856)	(13,984)
Capitalised expenses	(7,800)	(5,169)
Goodwill and other intangible assets	(69,234)	-
Other adjustments	(4,999)	(3,825)
	<b>(95,889)</b>	<b>(22,978)</b>
<b>Common Equity Tier 1 Capital</b>	<b>82,419</b>	<b>164,638</b>
Additional Tier 1 Capital	-	-
<b>Total Tier 1 Capital</b>	<b>82,419</b>	<b>164,638</b>
<b>Tier 2 Capital</b>		
General reserve for credit losses <sup>1</sup>	1,273	1,147
<b>Total Tier 2 Capital</b>	<b>1,273</b>	<b>1,147</b>
<b>Total Capital</b>	<b>83,692</b>	<b>165,785</b>
<b>Total risk weighted assets</b>	<b>115,357</b>	<b>102,200</b>
	<b>%</b>	<b>%</b>
<b>Risk weighted capital ratios</b>		
Common Equity Tier 1	71	161
Tier 1	71	161
Total Capital ratio	73	162

<sup>1</sup> 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. This could potentially arise as a result of mismatched cash flows.

The Group manages this risk by the Board approved liquidity framework. Responsibility for liquidity management is delegated to the CFO and CEO. The CFO manages liquidity on a daily basis and submits regular reports to the 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. Liquidity risk management framework models the 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.

### Maturity analysis

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

## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (continued)

### Financial liabilities

	CONTRACTUAL CASH FLOWS (AMOUNTS IN \$'000S)					TOTAL
	< 3 MONTHS	3 TO 6 MONTHS	>6 TO 12 MONTHS	>1 TO 5 YEARS	>5 YEARS	
<b>As at 30 June 2021</b>						
Variable rate deposits	(72,470)	-	-	-	-	(72,470)
Term deposits	(3,011)	-	-	-	-	(3,011)
Lease liabilities	(1,286)	(1,286)	(300)	-	-	(2,872)
Commissions payable to Bendigo Bank	(2,043)	(2,058)	(7,899)	(42,350)	(63,343)	(117,693)
Trade payables and other liabilities	(27,172)	-	-	-	-	(27,172)
	<b>(105,982)</b>	<b>(3,344)</b>	<b>(8,199)</b>	<b>(42,350)</b>	<b>(63,343)</b>	<b>(223,218)</b>
<b>As at 30 June 2020</b>						
Variable rate deposits	(49,691)	-	-	-	-	(49,691)
Term deposits	(851)	-	-	-	-	(851)
Lease liabilities	(1,237)	(1,237)	(2,561)	(2,872)	-	(7,907)
Trade payables and other liabilities	(10,332)	-	-	-	-	(10,332)
	<b>(62,111)</b>	<b>(1,237)</b>	<b>(2,561)</b>	<b>(2,872)</b>	<b>-</b>	<b>(68,781)</b>

Amounts falling due after greater than 5 years include variable component of commissions payable to Bendigo and Adelaide Bank under the Tyro-Bendigo Alliance.

### (ix) Fair values

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

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

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

The table below shows the Group's financial assets and financial liabilities 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, that due to their short term maturity or repricing profile, the carrying amount is an approximation of fair value.

FINANCIAL ASSETS	30 JUNE 2021 (\$000)				30 JUNE 2020 (\$000)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Floating rate notes	69,068	-	-	69,068	66,134	-	-	66,134
Loans	-	-	15,387	15,387	-	-	11,921	11,921
Equity investment	-	-	-	-	-	-	3,627	3,627
Net investment in sublease	-	-	-	-	-	-	1,367	1,367
	<b>69,068</b>	<b>-</b>	<b>15,387</b>	<b>84,455</b>	<b>66,134</b>	<b>-</b>	<b>16,915</b>	<b>83,049</b>

## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (continued)

### Floating rate notes

The floating rate notes invested in by the Group have a short term repricing profile and are of high credit quality. The fair value of these floating rate notes is obtained from an independent third-party pricing service that uses tradable 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 will be 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 35% and 37%;
- historical data with respect to behavioural repayment patterns - generally ranging between 3 to 12 months;
- default experience for loans deemed uncollectable and which are valued at \$0; and
- an estimate for the deterioration in credit risk of merchants as a result of COVID-19.

These inputs directly affect the fair value of the loans. A sensitivity of a change of 10% in the value ascribed to credit risk for loans to merchants that are either not trading completely, or are on repayment holidays, will have an impact of between negative \$26,738 and positive \$26,738 to profit and loss.

### Equity investments

At the reporting date, the Group held unlisted equity instruments in me&u, YBF and Paypa Plane and 100% of the share capital of Medipass which was acquired on 31 May 2021. Further detail can be found of the Medipass acquisition in Note 21. The valuations of YBF is a level 3 financial instruments with several unobservable inputs. me&u and Paypa Plane are valued using the equity accounting method as noted in Note 11.

### Net investment in sublease

The arrangement relates to the sublease of Level 5 of the Company's registered office. It is a non-cancellable lease with a term of up to 2 years, 6 months and 20 days ending 21 January 2022, aligned to the Company's head-lease. The sublease agreement does not provide the lessee with the option to extend the lease. The lessee has been adversely impacted by COVID-19 during the year and has been unable to pay rent as and when it falls due. Accordingly, the Company has taken the decision to impair the investment in full during the year.

### 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.

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

	GROUP	
	2021 \$000	2020 \$000
<b>Contingent liabilities - secured</b>		
<b>(i) Irrevocable standby letters of credit in favour of:</b>		
Mastercard International	3,129	3,294
Visa International	524	524
UnionPay International	-	73
<b>(ii) Bank Guarantee in favour of:</b>		
UIR Australia (lessor of 155 Clarence Street, Sydney)	4,525	4,525
Premium Custody Services (lessor of 1.15/14-16 Lexington Drive, Bella Vista)	13	13
Bendigo and Adelaide Bank Limited – Alliance Agreement	6,000	-
	<b>14,191</b>	<b>8,429</b>

The Group has provided irrevocable standby letters of credit of \$3,653,183 (2020: \$3,891,000) secured through fixed charges over term deposits with the Commonwealth Bank of Australia and Westpac Banking Corporation, to Mastercard International, Visa International and Union Pay International. These are one-year arrangements that are subject to automatic renewal on a yearly basis. Mastercard International and Visa International, at their discretion, may increase the required amounts of the standby letters of credit upon written request to the Company. 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 Company.

A bank guarantee in favour of UIR Australia is held with Westpac Banking Corporation in relation to the lease arrangement for the office premises. The amount represents up to 9 month's rent and includes all annual increases of 4% since 2016 until lease maturity and is refundable on expiry of the lease agreement, subject to satisfactory vacation of the leased premises.

### (b) Commitments relating to Tyro – Bendigo Bank Alliance

During the year ended 30 June 2021, the Group announced an alliance with Bendigo and Adelaide Bank Limited (**Bendigo Bank**) for merchant acquiring services (**Alliance**). As part of the Alliance, Bendigo Bank agreed to transfer existing and refer potential customers to the Group for the provision of a co-branded merchant acquiring service and receive upfront consideration and commission from existing and newly referred Bendigo Bank business customers who use the Group's merchant acquiring services.

The present value of commitments arising from 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:

	GROUP	
	2021 \$000	2020 \$000
Guaranteed amount	39,183	-
Variable amount	63,090	-
	<b>102,273</b>	<b>-</b>

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

## 20. COMMITMENTS AND CONTINGENCIES (continued)

### (c) Commitments relating to lease at 55 Market Street

On 23 June 2021, the Company entered into an agreement for a lease at 55 Market Street terminating in January 2031, with an option to renew for a further 5 years. The annual rental charge is \$7,208,085 in the first year with annual reviews of 3.25% in year 2 and 3, and of 3.5% in years 4 to 8.

On 2 July 2021 Tyro obtained a Bank Guarantee from Westpac Banking Corporation for \$4,867,529 which has been provided to the lessor.

## 21. ACQUISITION OF SUBSIDIARY

On 31 May 2021, the Company acquired a 100% ownership interest in Medipass, a Melbourne-based digital health payments business.

Included in the identifiable assets and liabilities acquired at the date of acquisition of Medipass are inputs (a software platform, customer contracts, customer relationships), production processes and an organised workforce. The Company has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Company has concluded that the acquired asset is a business.

Acquisition of Medipass adds an innovative cardless digital healthcare claiming and payment platform, that seamlessly links practitioners, funders and patients. Medipass' digital health payments platform will be integrated with the Company's card-present health solution to provide a unified health payment offering that delivers both card-present and card-not-present transactions. The acquisition will provide the Company's health merchants greater claiming and payment capabilities extending beyond the Company's private health insurer and Medicare Easyclaim options to include a range of State and Federal based compensatory funders.

For the one-month trading in 2021, Medipass contributed reported revenue of \$222,278 and a loss of \$131,162 to the Group's results.

The following summarises the major classes of consideration transferred, the recognised amounts of assets acquired, and liabilities assumed, and the goodwill recognised as a result of the acquisitions at the acquisition date:

### (a) Consideration transferred

	2021 \$000
Cash	13,541
Share capital issued (1,220,694 ordinary shares)	4,614
Equity instruments (1,132,632 ordinary shares)	2,648
<b>Total consideration transferred</b>	<b>20,803</b>

As part of the transaction, a limited recourse loan totalling \$1,675,138 was made to Medipass option holders to allow them to exercise their options prior to the completion of the transaction. The Tyro shares that were issued in exchange for the shares issued on the exercise of these options are being held in escrow with a holding lock period of 1-3 years. Tyro will only have recourse in respect of the loan to the proceeds arising from disposal of the shares.

These shares have been treated as share options in Tyro's equity reserves. They have been valued using the Black-Sholes method and recognised in the Share Based Payment Reserve. For further detail on how Tyro values its share options, see Note 1(c) and Note 14.

#### (i) Equity instruments issued

The fair value of ordinary shares issued was based on the 20 day volume weighted average share sale price of the Company at 31 May 2021 of \$3.78 per share.

### (b) Acquisition costs

The Company incurred acquisition-related costs of \$1,136,364 on legal fees and due diligence costs. These costs have been included in 'administrative expenses'.

## 21. ACQUISITION OF SUBSIDIARY (continued)

### (c) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition.

	2021 \$000
Cash and cash equivalents	171
Trade receivables	126
Prepayments and other debtors	242
Software - Medipass platform	5,500
Customer relationships	2,900
Property, plant and equipment	38
Loans and borrowings	(113)
Deferred tax liabilities	(870)
Trade and other payables	(878)
<b>Total identifiable net assets acquired</b>	<b>7,116</b>

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

ASSETS ACQUIRED	VALUATION TECHNIQUE	DESCRIPTION
Software	Replacement cost	Estimates the Fair Value as all costs necessary to construct a similar asset of equivalent utility at prices applicable at the time of reconstruction.
Customer relationships	Multi-excess earnings method	Estimates Fair Value based on the present value of the cash flows derived from the intangible asset adjusted for charges relating to the supporting assets used to derive that income. This return on assets is deducted as a contributory asset (CAC) in the DCF.

### (d) Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	2021 \$000
Consideration transferred	20,803
Fair value of identifiable assets	(7,116)
<b>Goodwill</b>	<b>13,687</b>

None of the goodwill recognised is expected to be deductible for tax purposes.

## 22. LIST OF SUBSIDIARIES

	PRINCIPAL PLACE OF BUSINESS	OWNERSHIP INTEREST	
		2021	2020
<b>Parent entity</b>			
Tyro Payments Limited	Australia		
<b>Subsidiaries</b>			
Medipass Solutions Pty Ltd	Australia	100%	-
Medipass Solutions Limited	United Kingdom	100%	-
Tyro Payments (Ben Alliance) Pty Ltd	Australia	100%	-

## 23. EARNINGS PER SHARE

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

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

### Earnings

	JUNE 2021 \$000	JUNE 2020 \$000
Net loss attributable to ordinary shareholders used to calculate basic and diluted earnings per share	(29,823)	(38,057)
	JUNE 2021 NUMBER	JUNE 2020 NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	505,773,888	476,033,272
Weighted average number of potentially dilutive ordinary shares	531,633,132	504,695,120
	JUNE 2021 CENTS	JUNE 2020 CENTS
Basic loss per share	(5.90)	(7.99)
Diluted loss per share	(5.90)	(7.99)

Diluted EPS is consistent with basic EPS due to the Group currently generating negative earnings.

## 24. AUDITOR'S REMUNERATION

	GROUP	
	2021 \$000	2020 \$000
<b>Fees in respect of the role of the appointed auditor</b>		
Audit and review of the financial reports <sup>1</sup>	425	388
<b>Fees for assurance services required by legislation to be performed by the auditor</b>	-	-
<b>Discretionary fees for other assurance related services</b>	-	-
IPO related services	-	223
Other assurance and agreed-upon-procedures services	38	17
<b>Fees for other non-assurance services</b>		
Tax compliance	14	55
Other assistance and services	7	29
	<b>484</b>	<b>712</b>

<sup>1</sup> 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 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 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.



## 25. RELATED PARTY DISCLOSURES

### (a) Compensation of Key Management Personnel

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to the following Key Management Personnel.

DIRECTORS	TITLE	APPOINTED
David Thodey	Non-executive Director, Chair	16 November 2018
Robbie Cooke	CEO   Managing Director	18 October 2019
Hamish Corlett	Non-executive Director	18 April 2019
David Fite	Non-executive Director	3 July 2018
Catherine Harris <sup>1</sup>	Non-executive Director	17 December 2015
Aliza Knox	Non-executive Director	21 April 2021
Fiona Pak-Poy	Non-executive Director	4 September 2019
Paul Rickard	Non-executive Director	28 August 2009

EXECUTIVES	TITLE	APPOINTED
Robbie Cooke	CEO   Managing Director	23 March 2018
Steven Chapman	Chief Risk Officer	11 June 2021
Angela Green <sup>2</sup>	Chief Risk Officer	3 June 2019
Praveenesh Pala	Chief Financial Officer	20 October 2014

1 Retired as Non-executive Director on 30 June 2021.

2 Employment ceased on 10 June 2021.

	2021 \$000	GROUP 2020 \$000
<b>Compensation of Key Management Personnel</b>		
Short term benefits	2,458	1,708
Long term benefits (long service leave)	40	24
Post-employment benefits (superannuation)	74	73
Share-based payments	2,355	3,781
<b>Total</b>	<b>4,927</b>	<b>5,586</b>

## 25. 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 (\$)	GROUP	
			2021 NUMBER OUTSTANDING	2020 NUMBER OUTSTANDING
FY13/14	FY20/21	\$0.375	-	61,350
FY14/15	FY21/22	\$0.450	28,169	281,691
FY15/16	FY22/23	\$0.600	187,634	221,506
FY16/17	FY23/24	\$1.490	159,401	207,828
FY17/18	FY23/24	\$1.760	375,000	500,000
FY18/19	FY24/25	\$0.000	480,953	526,668
FY18/19	FY24/25	\$1.760	1,818,180	1,818,180
FY18/19	FY25/26	\$1.500	2,686,131	2,741,001
FY18/19	FY28/29	\$0.000	966,666	1,533,333
FY18/19	FY29/30	\$0.000	-	200,000
FY19/20	FY26/27	\$1.790	2,540,412	2,833,852
FY19/20	No expiry date	\$0.000	-	552,607
FY20/21	No expiry date	\$0.000	234,302	-
FY20/21	FY32/33	\$0.000	93,433	-

During the year, 393,079 rights were granted to Key Management Personnel.

### (b) Transactions with related parties – Tyro SaleCo Limited (SaleCo)

Tyro SaleCo Limited (**SaleCo**) was registered on 5 November 2019, for the purpose of facilitating the initial public offering (**IPO**) and ASX listing of the Company. Robbie Cooke CEO | Managing Director of the Company holds 100% of the shares in SaleCo.

In total, SaleCo held 58,962,897 shares at a value of \$162,147,967, representing 11.9% of the shares on issue as at completion of the IPO. As at 30 June 2021, SaleCo no longer held any shares in the Company.

As SaleCo has now served its sole function of facilitating the sale of shares in the Company by existing shareholders into the IPO, SaleCo was deregistered during the current financial year.

### (c) Share options with related parties (not under ESOP)

In December 2010, the Company granted 7.5 million share options to related parties for providing a (now expired) loan facility to the Company for liquidity purposes, which was drawn down and subsequently repaid. These options were not issued under the ESOP.

As at 30 June 2021, there were no options outstanding.

	GROUP	
	2021 NUMBER	2020 NUMBER
Euclid Capital Partners LLC, related party of David Fite	-	2,625,000
Total	-	<b>2,625,000</b>

## 26. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In the opinion of the Directors, there have been no matters or circumstances which have arisen between 30 June 2021 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.

## 27. PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended 30 June 2021 the parent entity of the Group was Tyro Payments Limited.

	2021 \$000	2020 \$000
<b>Result of parent entity</b>		
Loss for the year	(29,690)	(38,057)
Other comprehensive income	105	(96)
<b>Total comprehensive income for the year</b>	<b>(29,585)</b>	<b>(38,153)</b>
<b>Financial position of parent entity at year end</b>		
Current assets	137,401	150,308
Non-current assets	257,131	113,531
Total assets	394,532	263,839
Current liabilities	122,098	69,893
Non-current liabilities	91,637	4,227
Total liabilities	213,735	74,120
<b>Net assets</b>	<b>180,797</b>	<b>189,719</b>
<b>Total equity of parent entity comprising of:</b>		
Contributed equity	274,436	265,763
Reserves	40,827	28,477
Accumulated losses	(134,466)	(104,521)
<b>Total equity</b>	<b>180,797</b>	<b>189,719</b>

## 28. CONTINGENT LIABILITIES

In relation to the January 2021 terminal incident and as previously noted in Tyro's ASX Announcement on 19 January 2021, during the reporting period, Tyro has received correspondence from a law firm advising that it is investigating a potential class action against the Company with respect to the terminal incident. As at the reporting date and to the date of signing, no proceedings have been served on the Company in relation to the incident.

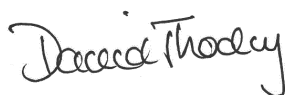
## DIRECTORS' DECLARATION

In the Directors' opinion:

- a. the financial statements and notes set out on pages 101 to 147 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
- c. the remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and
- d. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in the financial statements.

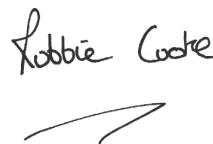
The Directors have been given the declarations by the CEO | Managing Director and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

The declaration is made in accordance with a resolution of the Directors.



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**David Thodey AO**  
Chair



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**Robbie Cooke**  
CEO | Managing Director

Sydney 26 August 2021



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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 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 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.



**Valuation of contingent consideration**

**Why significant**

As detailed in Note 1(c) of the financial report, during the financial year the Group entered into a long-term merchant acquiring alliance with Bendigo and Adelaide Bank Limited. The consideration included a contingent component based on future revenue that is recorded as a liability. The contingent consideration is required to be re-measured at each reporting date to reflect the Group’s estimate of the amount of further consideration it expects to pay.

Given the value of the liability and the judgement involved in measuring the financial liability, this was considered to be a key audit matter.

**How our audit addressed the key audit matter**

Our audit procedures included the following:

- ▶ Read the purchase agreements to obtain an understanding of the key terms.
- ▶ Evaluated, with the involvement of our valuation experts, the methodologies used by Management and the external valuation expert to determine the value of the contingent consideration at reporting date, the underlying assumptions and estimates applied, and the mathematical accuracy of the calculations made.
- ▶ We considered the consistency of judgements and assumptions made with respect to other accounting estimates and models.
- ▶ Evaluated the qualifications, competence and objectivity of the experts used by the Group to value the contingent consideration and the scope of their work.
- ▶ Assessed the adequacy of the related disclosures within the financial report regarding the contingent consideration.

**Remediation provisions**

**Why significant**

As detailed in Note 17, during the financial year, the Group has recorded and made disclosures in relation to matters requiring merchant remediation in connection with a terminal outage incident that affected some of the Group’s EFTPOS terminal fleet held by merchants.

This was a key audit matter due to the significant judgment required to determine a reliable estimate of the provision.

Key areas of judgment included:

**How our audit addressed the key audit matter**

Our audit procedures included the following:

- ▶ We developed an understanding of the Group’s processes for identifying potential merchant-related remediation obligations.
- ▶ We held discussions with management, reviewed Board of Directors and Board committee minutes, reviewed correspondence with merchants and attended Board Audit Committee and Board Risk Committee meetings.
- ▶ We discussed ongoing and potential legal matters with management, including General Counsel, and obtained external legal confirmations.



Why significant	How our audit addressed the key audit matter
<ul style="list-style-type: none"> <li>▶ The decision as to whether to recognise a provision and/or disclose a contingent liability, including whether sufficient information existed to allow a provision to be reliably measured; and</li> <li>▶ Assumptions used to estimate the merchant related remediation payments, including how many merchants will claim compensation and average compensation amounts.</li> </ul>	<ul style="list-style-type: none"> <li>▶ We assessed key assumptions used to estimate the merchant-related remediation amounts, including a consideration of compensation experience to date.</li> <li>▶ Tested the mathematical accuracy of the provision calculations made.</li> <li>▶ For those matters where the Group determined that a sufficiently reliable estimate of the amount of the obligation could be made and for which no provisions have been recognised, we assessed the appropriateness of this conclusion and any related contingent liability disclosure.</li> <li>▶ We considered the existence of any economic benefits that would require disclosure as contingent assets.</li> <li>▶ We considered the adequacy of the disclosures within the financial report related to the provision</li> </ul>

**Recoverability of deferred tax assets**

Why significant	How our audit addressed the key audit matter
<p>The financial statements include \$13.9 million in deferred tax assets. The assessment of their recoverability was subject to significant judgements made by the Group in forecasting future taxable profits and determining the availability and expected timing of utilising the deferred tax assets against future taxable income in accordance with tax legislation.</p> <p>The judgements involve expected business growth which is dependent upon market and economic conditions. They include judgements concerning COVID-19 and the impact the pandemic may have on the Group’s ability to earn sufficient future taxable profits.</p> <p>Accordingly, this was considered to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ Assessed the mathematical accuracy of the Group’s deferred tax asset utilisation model.</li> <li>▶ Agreed the amount of unused tax benefits carried forward as deferred tax assets to prior period lodged income tax returns.</li> <li>▶ Evaluated the Group’s assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on most recent Board approved forecasts, prepared by the Group, principally by performing sensitivity analyses and evaluating and testing the key assumptions used to determine the amounts recognised.</li> <li>▶ Evaluated the Group’s consideration of the impact of COVID-19 in the forecasted cash flows.</li> </ul>



Why significant	How our audit addressed the key audit matter
<p>Disclosures relating to deferred tax assets are set out in Notes 1(c) and 4.</p>	<ul style="list-style-type: none"> <li>▶ Considered the consistency of judgements and assumptions made with respect to other accounting estimates and models.</li> <li>▶ Assessed the historical accuracy of the Group's previous future taxable profit forecasts by comparing to actual outcomes.</li> <li>▶ 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.</li> </ul>

**Revenue recognition - merchant service fees**

Why significant	How our audit addressed the key audit matter
<p>As detailed in Note 2 of the financial report, the Group generated \$205.5 million in revenue from merchant service fees for the year ended 30 June 2021.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ Evaluated the Group's revenue accounting and assessed whether the Group's accounting policies comply with the requirements of Australian Accounting Standards.</li> <li>▶ Assessed the operating effectiveness of key controls over revenue recognition.</li> <li>▶ 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.</li> <li>▶ Analysed accounting entries impacting revenue that did not arise from the system-generated reporting of underlying transactions.</li> </ul>





**IT systems and controls over financial reporting**

Why significant	How our audit addressed the key audit matter
<p>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:</p> <ul style="list-style-type: none"> <li>▶ The framework of governance over IT systems;</li> <li>▶ Controls over program development and changes;</li> <li>▶ Controls over access to programs, data and IT operations; and</li> <li>▶ Governance over generic and privileged user accounts.</li> </ul> <p>Given the reliance on the IT systems in the financial reporting process, we considered this to be a key audit matter.</p>	<p>Our procedures included evaluating and testing the design and operating effectiveness of certain controls over the continued integrity of the IT systems that are relevant to financial reporting.</p> <p>We also carried out direct tests, on a sample basis, of system functionality that was key to our audit testing in order to assess the accuracy of certain system calculations, the generation of certain reports and the operation of certain system enforced access controls.</p> <p>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.</p>

**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 2021 annual report, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the financial report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the

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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.



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Page 7

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 64 to 97 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Tyro Payments Limited for the year ended 30 June 2021, 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.

A handwritten signature in blue ink, appearing to read 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in blue ink, appearing to read 'M Byrne'.

Michael Byrne  
Partner  
Sydney  
26 August 2021





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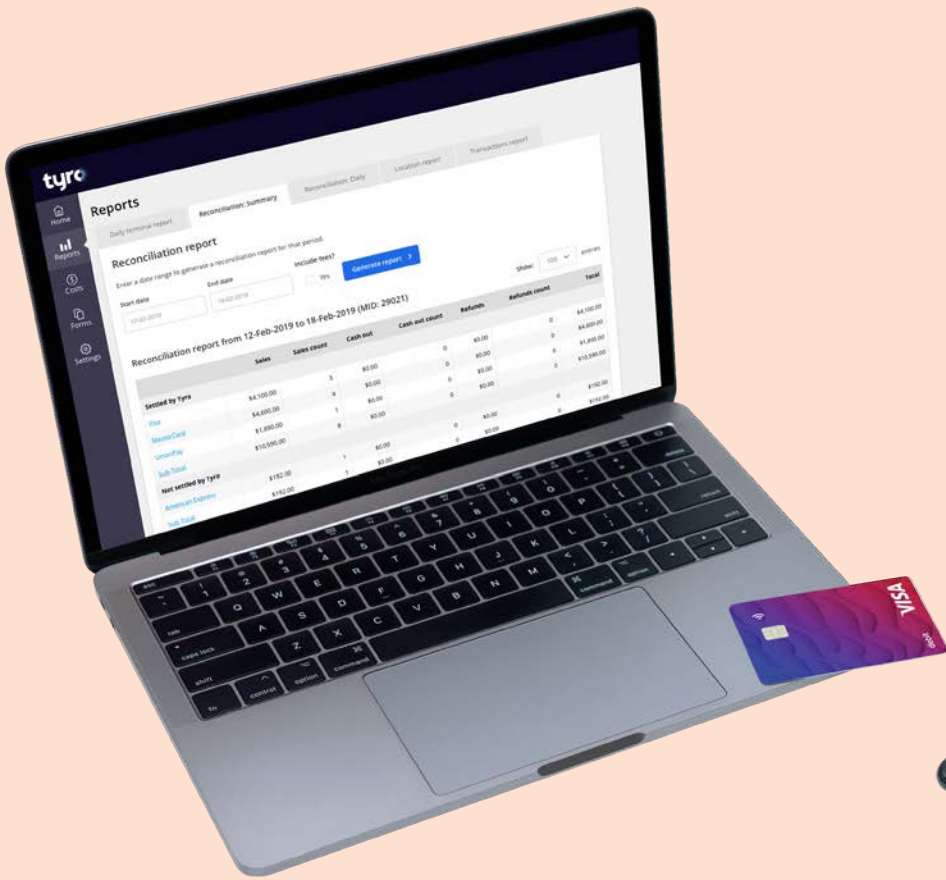
GOLDER NUGGET

BIGGIE SMORES

BANANAS FOR PASSIONFRUIT

COOKIES & CREAM

CHOC FOR





# ADDITIONAL INFORMATION

# Shareholder Information

The shareholder information set out below is based on the information recorded in the Tyro Payments Limited share register as at 15 August 2021.

## ORDINARY SHARES

Tyro has on issue 512,821,941 fully paid ordinary shares.

## VOTING RIGHTS

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

- Ordinary shares – On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- Options and rights – No voting rights.

## SUBSTANTIAL SHAREHOLDERS

The following is a summary of the current substantial shareholders pursuant to notices lodged with the ASX in accordance with section 671B of the Corporations Act:

NAME	DATE OF INTEREST	NUMBER OF ORDINARY SHARES <sup>1</sup>	% OF ISSUED CAPITAL <sup>2</sup>
Gockco Pty Ltd	6 Dec 2019	69,119,528	13.72%

- As disclosed in the last notice lodged with the ASX by the substantial shareholder.
- 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 <sup>1</sup>	
	NUMBER OF HOLDERS	NUMBER OF SECURITIES
100,001 and Over	158	442,212,954
10,001 to 100,000	1,502	38,034,767
5,001 to 10,000	2,044	15,228,894
1,001 to 5,000	5,564	14,424,776
1 to 1,000	5,860	2,920,550
<b>Total</b>	<b>15,128</b>	<b>512,821,941</b>

- Ordinary shares include shares offered to employees under the Company's incentive arrangements.

There were no holders of less than a marketable parcel of ordinary shares.



## TOP 20 LARGEST SHAREHOLDERS

The names of the 20 largest quoted equity security holders as they appear on the Tyro share register are listed below:

NAME	ORDINARY SHARES	
	NUMBER OF SHARES	% OF TOTAL OF SHARES
1 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	84,135,471	16.41
2 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	79,381,160	15.48
3 CBC CO PTY LIMITED <CANNON-BROOKES H/T A/C>	66,396,843	12.95
4 NATIONAL NOMINEES LIMITED	23,353,919	4.55
5 MS DANITA RAE LOWES	19,528,582	3.81
6 INVIA CUSTODIAN PTY LIMITED <BANGARIE PROPERTY PL A/C>	18,500,000	3.61
7 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	17,587,191	3.43
8 CITICORP NOMINEES PTY LIMITED	14,307,986	2.79
9 HANS-JOSEF JOST STOLLMANN	13,811,154	2.69
10 BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	10,354,552	2.02
11 PACIFIC CUSTODIANS PTY LIMITED TYR EMP SUB REGISTER	5,428,736	1.06
12 JASGO NOMINEES PTY LTD <JASGO FAMILY A/C>	5,060,726	0.99
13 JH 7 PROPERTIES PTY LTD	3,272,728	0.64
14 SOPHIA-KONSTANTINA FIONA STOLLMANN	3,261,237	0.64
15 DROP KNEE INVESTMENTS PTY LTD <DROP KNEE A/C>	2,868,174	0.56
16 SINALUNGA PTY LTD <THE SINALUNGA A/C>	2,482,978	0.48
17 EUCLID CAPITAL PARTNERS LLC	2,425,000	0.47
18 MR KERRY CHISHOLM DART ROXBURGH	2,120,540	0.41
19 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,053,596	0.4
20 AUSTRALIAN DIRECT INVESTMENTS PTY LIMITED <SUPER FUND A/C>	2,027,055	0.4
<b>TOTAL</b>	<b>378,357,628</b>	<b>73.79</b>

## DOMICILE OF ORDINARY SHAREHOLDERS<sup>1</sup>

DOMICILE	NUMBER OF HOLDERS	% HOLDERS	NUMBER OF SHARES	% OF SHARES
Australian Capital Territory	216	1.40	667,656	0.13
New South Wales	7,433	48.80	406,645,510	79.34
Northern Territory	54	0.35	164,289	0.03
Queensland	2,044	13.42	12,100,920	2.36
South Australia	921	6.05	6,628,169	1.29
Tasmania	147	0.97	501,997	0.10
Victoria	3,448	22.64	78,012,707	15.22
Western Australia	856	5.62	6,705,587	1.31
Overseas	114	0.75	1,089,381	0.22
<b>Total</b>	<b>15,233</b>	<b>100.00</b>	<b>512,516,216</b>	<b>100.00</b>

<sup>1</sup> As at 31 July 2021

## UNQUOTED EQUITY SECURITIES

	NUMBER ON ISSUE
Performance rights in respect of ordinary shares issued under the Tyro STI Rights Plan, the Tyro Remuneration Sacrifice Rights Plan and the Liquidity Event Performance Rights Plan	3,157,067
Options in respect of ordinary shares issued under the Tyro Options Plans	28,479,769

## GO ONLINE TO MANAGE YOUR SHAREHOLDING

### Online share registry facility

Tyro offers shareholders the use of an online share registry facility through [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) or <https://investorcentre.linkmarketservices.com.au/> to conduct standard shareholding enquiries and transactions, including:

- update registered address;
- lodge or update banking details;
- notify Tax File Number / Australian Business Number;
- check current and previous shareholding balances; and
- appoint a proxy to vote at the Annual General Meeting.

# Corporate Directory

## DIRECTORS

David Thodey AO - Chair of the Board

Robbie Cooke - CEO | Managing Director

Hamish Corlett - Non-executive Director

David Fite - Non-executive Director

Aliza Knox - Non-executive Director

Fiona Pak-Poy - Non-executive Director & Chair of People Committee

Paul Rickard - Non-executive Director & Chair of Audit Committee and Risk Committee

## REGISTERED AND PRINCIPAL ADMINISTRATIVE OFFICE IN AUSTRALIA

Tyro Payments Limited

1/155 Clarence Street, Sydney, NSW, 2000, Australia

Telephone: 1300 966 639

ABN: 49 103 575 042

## WEBSITE ADDRESS

[www.tyro.com](http://www.tyro.com)

<https://investors.tyro.com/investor-centre/>

## AUSTRALIAN SECURITIES EXCHANGE (ASX) LISTING

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

## DIRECTOR PROFILES

Refer to profiles on pages 40 to 43.

## EXECUTIVE LEADERSHIP TEAM

Refer to profiles on pages 44 to 47.

## SPECIAL COUNSEL AND COMPANY SECRETARY

Jairan Amigh

email: [jamigh@tyro.com](mailto:jamigh@tyro.com)

## INVESTOR RELATIONS

Giovanni Rizzo

email: [grizzo@tyro.com](mailto:grizzo@tyro.com)

## MEDIA

Monica Appleby

email: [mappleby@tyro.com](mailto:mappleby@tyro.com)

## AUDITOR

E&Y Australia

200 George Street

Sydney, NSW, 2000, Australia

## SHARE REGISTRY

Link Market Services Pty Limited

Level 12, 680 George Street

Sydney, NSW, 2000, Australia

email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

Telephone within Australia 1300 554 474

Telephone outside Australia +61 1300 554 474

Fax +61 2 9287 0303

To maintain or update your details online and enjoy full access to all your holdings and other valuable information, simply visit <https://investorcentre.linkmarketservices.com.au>.

## TYRO ASX ANNOUNCEMENTS

Details of all announcements released by Tyro Payments Limited can be found on our Investors page at <https://investors.tyro.com/investor-centre/>





