Annual Report 2022

Tyro Payments Limited ABN 49 103 575 042

2022

tyro


IL PUPAZZO
Gross Weight 16kg

‘Setting businesses free to get on with business by simplifying payments and commerce’

About this Report

Reporting approach

We are pleased to present our 2022 annual reporting suite to our Shareholders and other stakeholders, which, for the first time has been prepared with reference to integrated reporting frameworks. This reporting suite provides a consolidated review of our financial, economic, social and environmental performance on matters material to our strategy and our ability to create and sustain value into the future.

2022 Annual reporting suite

Our 2022 Annual Report should be read in conjunction with the other reports that comprise our 2022 annual reporting suite. They are available at Tyro's Investor Centre.

- Media Release: *https://investors.tyro.com/investor-centre/?page=results-centre*
- Corporate Governance Statement: *https://investors.tyro.com/investor-centre/?page=corporate-governance*
- Investor Presentation: *https://investors.tyro.com/investor-centre/?page=results-centre*
- Sustainability Report: *https://investors.tyro.com/investor-centre/?page=sustainability*

2022 Financial Report

The Financial Report and Notes set out on pages 107 to 154 are prepared in accordance with the *Corporations Act 2001*, including complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements. The remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 *Related Party Disclosures* and the Corporations Regulations 2001 and the financial statements and notes also comply with International Financial Reporting Standards (**IFRS**) as disclosed in the Financial Report.

Scope and boundaries

The contents of this report relate to Tyro Payments Limited (**Tyro** or the **Company**) and its subsidiaries (the **Group**) for the 2022 financial year. This report covers the Group's performance for the year ended 30 June 2022, compared to the prior year ended 30 June 2021 and the matters included address material issues for the Group. The process Tyro utilised in determining and applying materiality is included in the Notes to the Financial Report. References to H1 FY22, refer to the six months ended 31 December 2021. References to H2 FY22, refer to the six months ended 30 June 2022.

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

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

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

Highlights

TRANSACTION VALUE

$34.2 BILLION

UP 34%

EBITDA

$10.7M

RECORD LOAN ORIGINATIONS

$99.1 MILLION

UP 283%

Launch of Web Banking

Launch of Tyro Go Card Reader

LIFT IN NPS

+34

(FY21: +21)

NEW APPLICATION NUMBERS

14,777

applications

GROSS PROFIT (NORMALISED)

$148.5 MILLION
UP 24%

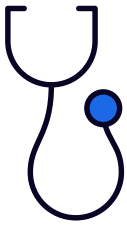
MERCHANT NUMBERS

63,770
UP 10%

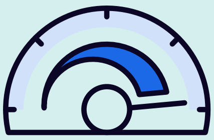
EXCLUSIVE TELSTRA PARTNERSHIP

+4,500
new merchant leads

New Tyro Health Business Launched



88.6%



OPERATING LEVERAGE ACHIEVED IN Q4 FY22

LOW TRANSACTION VALUE CHURN

9.2%
(FY21: 8.7%)

TYRO CONNECT GROWING STRONGLY
2.2 MILLION
TRANSACTIONS
PROCESSED THROUGH THE PLATFORM IN FY22

BENDIGO TRANSACTION VALUE AHEAD OF ESTIMATES

$5.2 BILLION

Chair's Letter

Dear Shareholders

In my letter to you last year, I said that 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. I also mentioned that it was going to be very difficult to predict when we will return to a more normal trading environment and FY22 has proven to be a challenging and volatile business environment.

For the first four months of FY22, we again experienced significant Covid-related lockdowns in New South Wales, ACT and Victoria which continued to impact our transaction value and path to profitability. In early 2022, the world saw a material uptick in inflation driven by global supply chain issues with central banks hiking interest rates at the fastest pace in over 30 years. Although these significant challenges have and will continue to affect the business environment in which we operate, Tyro continues to have a strong customer base and payments capability.

In November 2021, as bond yields and interest rates started to increase - many investors changed focus from revenue growth to a free cash flow valuation perspective. This shift in valuation dynamics has had a significant impact on Tyro's share price which started FY22 at $3.76 a share and finished the year at $0.60 a share. We acknowledge the concern from shareholders about this drop in share price. The Board has worked with the management team to adopt strategies to fast track our path to profitability and free cash flow without impacting our future growth profile. Robbie will provide more details in his report on Tyro's strategy going forward.

Tyro now operates on a much larger scale compared to when we listed in December 2019. We have grown annual transaction value from $17.5 billion as recorded in FY19 to $34.2 billion for FY22. This equates to an annualised constant growth rate of 25% over the 3-year period notwithstanding the significant disruption of Covid on our business for most of that time. We have increased our merchants from 29,000 at IPO to just over 63,700 at 30 June 2022, operating over 109,000 terminals, reinforcing our position as Australia's 5th largest merchant acquirer by terminal numbers. This increased scale has translated to Tyro generating positive EBITDA and nearing positive free cash flow.

Our merchant retention metrics remained strong in FY22 notwithstanding the challenges of the terminal incident in early 2021. To date, $5.0 million has been paid to merchants under the remediation scheme (this was fully accrued for in FY21). Furthermore, our defence of the class action continues to progress.

The $668 billion Australian payments industry is an ever-changing environment in which we are well positioned to accelerate our growth and capture a much larger market share. As we look to capitalise on the opportunity in front of us, we are seeing a greater appetite from micro and small businesses to adopt new payment technology and digital payments. With our new products and technology, the Board remains optimistic about Tyro's future as we focus on top line growth, our margins and operating expenses. We are now at the point where we must show strong operating leverage in the business.

Our Reporting Framework and Sustainability

Consistent with best practice, we have adopted a new disclosure format for our Annual Reporting suite of documents. In our Sustainability Report, we have highlighted how we create value for all our stakeholders including enhanced disclosure on the use of all our Capitals. This report provides a consolidated review of our financial, economic, social and environmental performance on matters material to our strategy and our ability to create and sustain value into the future.

We are committed to building a sustainable business that has a strong social conscience and we are focussed on delivering solutions that create a sustainable future for all our stakeholders. From an environmental perspective, we are focussed on reducing Tyro's impact on climate change and whilst we are not an intensive emitter of carbon dioxide, this year we will become a 'Net Zero' carbon neutral business by signing up to the Climate Active Australia initiative and developing our first formal emissions inventory, including the purchase of carbon offsets to achieve Net Zero. We are also focussed on assisting our merchants to understand their own impact on climate change and developing ideas on how we can assist them in their journey to become carbon neutral.

This is just the start of our move to a more comprehensive and more transparent review of our business which we will build on in FY23 and beyond.

Financial Position

Given the results for FY22, the Group has continued to maintain a strong balance sheet throughout the year and the Board regularly reviews Tyro's capital structure. Tyro is debt free and as at 30 June 2022, we had $122.8 million in cash available to support our future growth plans and path to profitability. Total capital held at 30 June 2022 was $72 million with a total capital ratio of 39% (FY21: $84 million with a capital ratio of 73%). Tyro currently holds sufficient capital to meet its internal targets above APRA's prudential capital requirements and the Board does not believe that we will need to raise any additional capital until we reach a positive free cash flow.

People, Culture and Diversity

At Tyro, we embrace a workplace that is safe, inclusive and welcoming for all our employees. We recognise that our merchants and the community in which we operate are diverse and multi-cultural, and we are committed to ensuring that our team reflects this diverse community.

In FY22, we introduced our first ever cultural diversity survey to better understand ourselves and how our broad-based diversity compares to the community in which we operate. We have initially looked at the cultural diversity of our Board and Executive Leadership Team and will implement initiatives in FY23 across our entire team. The learnings from these initiatives will guide our thinking and setting targets for broad-based diversity rather than only being focussed on gender diversity.

We have also made good progress on the gender diversity targets we set in the prior year. We target representation of women at Tyro across our leadership teams and across the broader team on 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.

The Tyro Board and CEO

Hamish Corlett decided to step down from the Board in November 2021. I would like to thank Hamish for his significant contribution to Tyro and the expert global payments knowledge he brought to the Board. As part of our Board renewal programme, we appointed two new members to the Board in January 2022. Claire Hatton and Shefali Roy were appointed Non-executive Directors with effect from 5 January 2022.

Based in Sydney and with extensive career experience spanning senior executive and country leadership roles in technology and travel businesses in Australia, Asia and the UK, Claire brings extensive commercial leadership experience to Tyro.

Shefali has extensive C-Suite / senior leadership roles in operations, compliance and regulatory affairs at global multinational companies and brings a wealth of technology expertise and knowledge to the Board.

Robbie Cooke announced in June 2022 that he will be leaving Tyro to pursue other career opportunities. The Board commenced an executive search process canvassing both internal and external candidates to identify a suitable CEO successor and Robbie has committed to work with Tyro's Board to ensure a smooth transition.

Looking forward to FY23

In FY22, we undertook a detailed review of Tyro and the payments industry as a whole in Australia and refined our strategy for the next period ahead. We have three key strategic priorities for FY23, being:

- the roll-out of our new Tyro Go card reader to accelerate our growth into the Micro and SME segments of the market and to provide merchants with an alternative form factor that meets their business needs;
- the roll-out of our new Tyro Pro android-based terminal that will support open-source software and enhanced integration with POS providers; and
- the digitisation of our merchant onboarding process and merchant support to enhance our customer service and improve the onboarding experience for merchants.

Our results for FY22 and the strategic plan we have put in place for FY23 positions us well on our journey to profitability and positive free cash flow. This next year should see us make progress in achieving those goals.

The Board and management will continue to focus on finding areas of operating expenses which we can rationalise without impacting our strong growth profile.

Thank you

Despite the challenging year and the significant decline in our market value – we believe the company can deliver value for all our stakeholders. We would like to thank our shareholders for your support.

I would like to thank our CEO, Robbie Cooke, for his leadership of Tyro over the last 4 years and for leading us through the IPO. Robbie will be leaving us on 31 December 2022 and we wish him success in his future career. Also, our thanks to our dedicated staff for their work and commitment.

Finally, I would like to thank all our merchants, partners and other stakeholders for their support and engagement over the past twelve-months and we look forward to working with you all in FY23. I also look forward to seeing all our shareholders at our Annual General Meeting on 24 November 2022 which will be held in-person for the first time in 3 years.

Sincerely,

David Thodey
Chair

29 August 2022


No appointments.™
Just come in.
just
trading hours
join our team!
#STYLECUTS FOREVERYBODY

CEO | Managing Director's Report

(Incorporating the Operating and Financial Review)

I have always been inspired by the tenacity and courage of the founding Tyro team that back in 2003 challenged the status quo by building a truly unique Australian payment business. The impetus then was to build a payments solution that better served Australia's SMEs and that ambition remains a core part of Tyro's DNA today. We continue to work with some amazing businesses, are genuinely inspired by their success and gain immense satisfaction in assisting them grow and thrive. This is the essence of Tyro and what drives us as a team.

There is no denying it has been a challenging year for our business. Covid lockdowns impacted our performance in the first half exacerbated by increased wage costs fuelled by tech talent shortages. In the second half the shift in investment appetite for tech and payments companies globally saw the market's focus move away from strong revenue growth companies to a preference for those delivering positive EBITDA and cashflow. For Tyro, these challenges had to be navigated whilst still bedding in the not as yet earnings accretive Medipass acquisition and conducting the Bendigo Bank Alliance migration.

Against that backdrop and at a high level we delivered transaction value of $34.2 billion (up 34% on FY21) with more than 63,500 merchants (up 10% on FY21) trusting us with their payments needs. We lifted revenue 36% to a $326.1 million and we lifted normalised gross profit 24% to $148.5 million. We delivered a normalised EBITDA outcome for FY22 of $10.7 million down from FY21's $14.2 million, reflecting $4.7 million in additional costs from the Medipass operation (pre any revenue uplift from integration with the Tyro Health platform) and the absence of $4.5 million in JobKeeper benefits received in FY21.

We put initiatives in place in the second half of the year, which started contributing in the last quarter of FY22, to continue driving revenue performance whilst focusing on reducing headcount (see chart 1 below) and holding operating costs flat. These actions produced an improved operating margin in the Q4 (see chart 2 below) which is expected to further improve into FY23 (discussed further in this Report).

Chart 1 - Employee Headcount

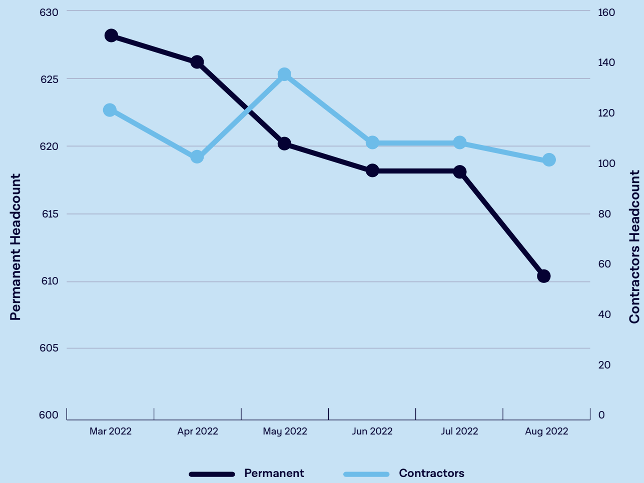
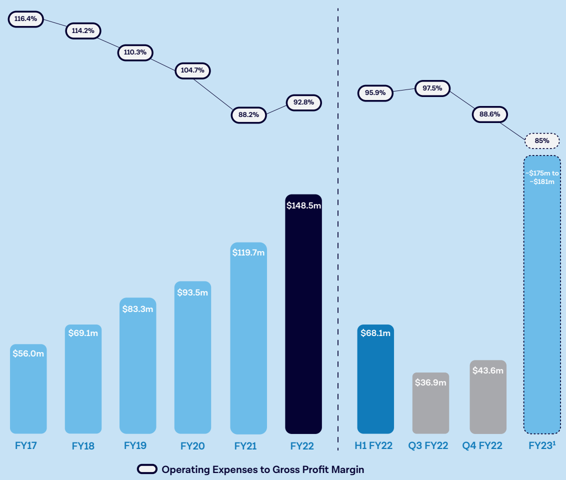
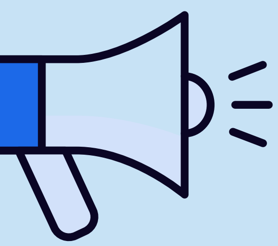


Chart 2 - Operating Expenses Compared to Gross Profit (FY17 to FY22)



Before discussing our financial performance for the year in more detail, I would like to spend some time focussing on the environment Tyro operates in and the shifts we have made in FY22 to enhance future outcomes for our merchants and shareholders alike.



"There is no denying it has been a challenging year for our business. Covid lockdowns impacted our performance in the first half exacerbated by increased wage costs fuelled by tech talent shortages..."

The Payments Landscape and Competition

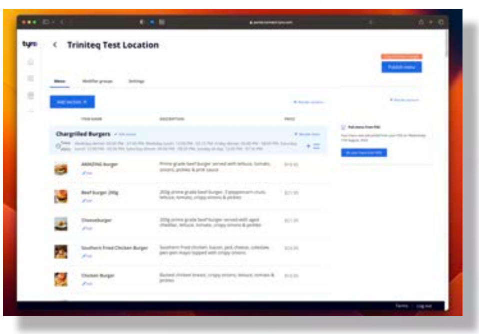
We operate in one of the most competitive industries globally – the landscape today is as competitive as it was 5 years ago. From the entry of new international and domestic merchant acquirers, the establishment of new players, new investment in payment tech by the big four banks and new payment types emerging such as BNPL, QR code payments and the NPP, competition is ever present to Tyro. Despite this environment, Tyro has over the last 5 years continued to capture segment share with 7x the card-present system growth and our segment share of total card-present payments reaching 5.1% at 30 June 2022 and segment share for SMEs in health, hospitality and retail estimated at 19.2%.

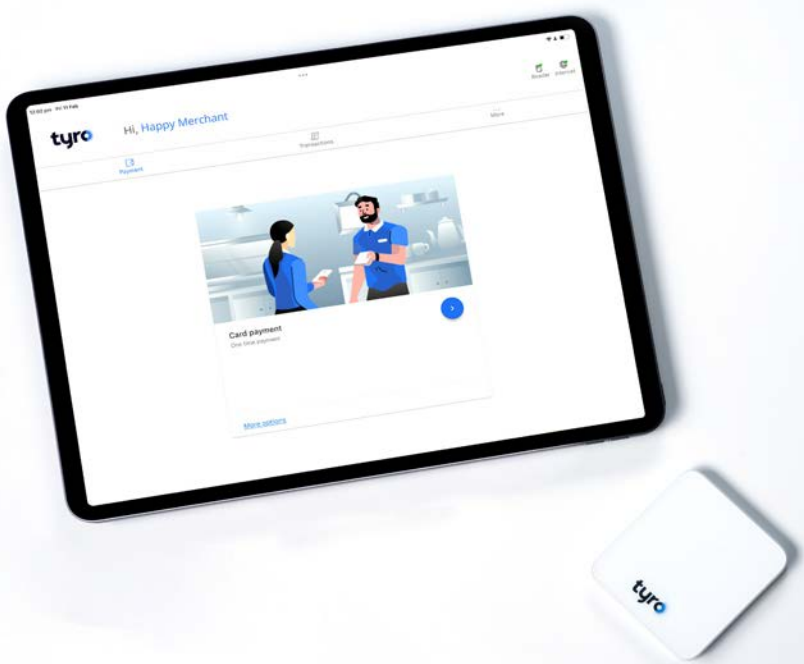
Strategy

The strategy articulated in our Prospectus in 2019 has seen Tyro's transaction value doubling in the space of 4 years. Given the passage of time and the dynamic nature of the industry we saw FY22 as an opportune time to reassess our strategic plan. In the year we undertook a comprehensive review process with our management team and the Board to evaluate our past strategy and define a refined strategic plan for the next 3-years.

Some of the key strategic priorities we have identified are:

- a continued focus on the needs and wants of the Australian SME segment with our differentiated offering leveraging our proprietary technology;
- stepping up our concentration on the health vertical through the combination of our Medipass acquisition and our existing health business to create a class leading health payments and claiming business in Australia;
- refining our approach to the servicing of micro merchants. Previously, we did not differentiate between micro, small, medium and large merchants. Given the scale of our portfolio of merchants now, it is seen as an opportune time to have a separate strategy for our different size of merchants to ensure we provide the right product and service to them subject to their needs;
- entering the trades, services and accommodation verticals underwritten by industry relevant features and products;
- launching new payments devices, including the Tyro Go reader and our new android-based Tyro Pro terminal;
- digitising our merchant onboarding and servicing capabilities;
- expanding our merchant acquisition footprint through new partnerships and alliances;
- providing a unified commerce offering to merchants, including card-present and eCommerce payments, banking and data insights; and
- expanding our portfolio of banking products and leveraging our valuable banking licence.





Tyro Health Business

Tyro's new Tyro Health business unit was launched on 1 July 2022 and brings together all our health offerings under the one leadership team - this includes the Medipass digital platform as well as Tyro's existing health specific claiming offerings on our EFTPOS terminal. This combined team of 60 has deep health industry expertise, covering sales, support, marketing, engineering and product development.

This Medipass and Tyro combination provides Tyro's health merchants greater claiming and payment capabilities extending beyond Tyro's existing terminal-based claiming to facilitate a range of new experiences such as telehealth, in-home and online claiming and payments. In addition, our digital capability integrates a range of state and federal based compensatory funders to enable digital claiming with merchants.

Tyro's health business now integrates with 77 health specific third-party software vendors and supports approximately 13,989 active healthcare merchants across all healthcare professions including allied health, GPs, specialists and hospitals.

FY22 saw Tyro Health integrate new insurers and schemes, including WorkSafe Victoria, Comcare and nib. Tyro Health customers can now use Tyro's offerings to raise digital claims through to these insurers and schemes. In addition, our EFTPOS terminals can now be accessed from Medipass, enabling merchants to access all of Tyro's functionality from the one portal. Tyro Health will be launching our integration to Medicare ECLIPSE in early FY23, which will enable us to dramatically increase our offering to medical specialists and GPs.

"Tyro Health will be launching our integration to Medicare ECLIPSE in early FY23, which will enable us to dramatically increase our offering to medical specialists and GPs."

New Products and Development of Features

In May 2022, we rolled-out our new Tyro Go mobile payments reader to merchants with over 336 readers already in use at 30 June 2022. Tyro Go connects wirelessly to the merchant's smart phone or tablet and will complement our current terminal offering by:

- providing a more appropriate solution for micro merchants;
- facilitating our entry into the trades and services verticals with a fit for purpose mobile payment terminal device; and
- providing a 'queue buster' for high volume retail and hospitality merchants who require a terminal for floor staff.

In early 2023, we will launch our new Tyro Pro android-based terminal to merchants. The Tyro Pro terminal will offer a best-in-class experience for our merchants supporting Android apps under the Android 10 protocol. This new platform will unlock the full potential of digital commerce in-store for merchants. We will progressively roll-out these new terminals and new features to our merchants as our existing fleet is retired.

We will continue to drive our expansion into eCommerce and other payment types within our current merchant base through our unified payments solutions and build up features relevant to our current and targeted merchant base across our key verticals. Additionally, our online growth strategy will focus on larger merchants, ISVs (independent software vendors) and POS (point of sale) partners where we see many opportunities to drive unified payments through the use of integrated technologies and third-party partnership capabilities.

Banking

After the impact of Covid on lending in FY20 and FY21, we saw a lift in interest in our merchant cash advance lending product in FY22 writing close to $100 million in new loan originations (FY21 $25.8 million in originations).

Tyro was also 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 is now 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 information like transaction details and account balances and details.

Financial Performance

After a muted start to FY22 with Covid induced lockdowns impacting our merchants in New South Wales, ACT and Victoria between July 2021 to October 2021, we experienced a bounce back for the remainder of the financial year delivering transaction value of $34.2 billion (FY21 $25.5 billion) with more than 63,500 merchants trusting Tyro with their payments needs. The strategic importance of our alliance with Bendigo Bank is clear in our result. The alliance performed ahead of our forecast when announcing the partnership back in October 2020, adding $5.2 billion in transactions to our FY22 performance.

We lifted revenue 36% to $326.1 million and we lifted normalised gross profit 24% to $148.5 million.

The Covid lockdowns did impact our profitability in the year. We lost an estimated $1.3 billion in transaction value in New South Wales alone between July and October 2021 from the lockdowns. Using our current margins, this translated to lost EBITDA of approximately $4.5 million to $5.0 million. Our FY22 performance was further impacted by the absence of the $4.5 million in JobKeeper received in FY21 and carrying the first time costs of our Medipass operation. Against this backdrop we delivered a normalised EBITDA result for FY22 of $10.7 million (FY21 $14.2 million).

The 4th quarter of FY22 gives a better line of sight of our performance without the impact of Covid from an operating margin and a merchant acquiring fee perspective. We implemented a price increase in March 2022 after not passing on scheme and interchange fee increases incurred in H1 FY22 to assist our merchants impacted by the lockdowns and we also implemented operating cost saving initiatives whist maintaining investment in those projects expected to deliver meaningful growth in the coming years.

The table on the next page (table 1) best summarises the significant steps we have taken over the 4th quarter of FY22 to improve our operating leverage and move Tyro to profitability and positive free cash flow.

"The strategic importance of our alliance with Bendigo Bank is clear in our result. The alliance performed ahead of our forecast when announcing the partnership back in October 2020, adding $5.2 billion in transactions to our FY22 performance."

Table 1: Q4 FY22 Performance

	H1 FY22 $'000	Q3 FY22 $'000	Q4 FY22 $'000
Transaction value	**15,826,286**	**8,652,378**	**9,718,789**
Payments gross profit	64,962	35,788	40,731
Banking gross profit	2,434	584	2,212
Corporate gross profit	667	502	623
Total gross profit	**68,063**	**36,874**	**43,566**
Operating Leverage	**95.9%**	**97.5%**	**88.6%**

Merchant Service Fee (MSF)[1] as a proportion of transaction value	80.8bps	82.7bps	85.1bps
Net Merchant Acquiring Fee[1] (MAF) as a proportion of transaction value	32.2bps	32.6bps	33.9bps
Payments Gross Profit Margin[1] as a proportion of transaction value	41.3bps	42.0bps	42.8bps
Operating leverage (operating costs as a % of gross profit)	**95.9%**	**97.5%**	**88.6%**

[1] *Based on Tyro Core Payments Business including Medipass*

Statutory net loss after tax was $29.6 million after accounting for $11.2 million in amortisation of the intangible asset recognised on the completion of the Bendigo Alliance. Furthermore, statutory net loss includes $4.7 million in transitional costs associated with moving the Bendigo merchants to the Tyro platform and $3.6 million in losses from our investments in me&u and Paypa Plane. Excluding the impact of these costs, net profit before tax on a normalised basis was a loss of $16.1 million (FY21 $9.8 million).

Below follows a more detailed analysis of our financial performance on a Group and segmental basis.

Group Highlights:

Overall financial highlights for the Group in the 2022 financial year include:

- **34% increase** in **transaction value** to **$34.2 billion** (FY21: $25.5 billion).
- **10% growth** in **merchant numbers** to **63,770 merchants** (FY21: 58,186 merchants).
- **283% increase** in **loan originations** to a **record of $99.1 million** (FY21: $25.8 million).
- **24% increase** in **normalised gross profit** to **$148.5 million** (FY21: $119.7 million).
- 25% decrease in **EBITDA** to **$10.7 million** (FY21: $14.2 million) – FY21 had the benefit of $4.5 million in JobKeeper with no such benefit in FY22.
- Well positioned balance sheet with **$71.7 million** in **total capital** and a capital ratio of 39% (FY21: $83.7 million and 73%).

Table 2: Summary Financial Performance

	FY22 $'000	FY21 $'000		CHANGE %
Transaction value	**34,197,453**	**25,453,507**	▲	**34.4%**
Payments revenue and income[1]	318,847	230,204	▲	38.5%
Lending income	5,504	3,222	▲	70.8%
JobKeeper receipts	-	4,484	▼	100.0%
Other revenue and income	1,792	1,594	▲	12.5%
Total revenue[1]	**326,143**	**239,505**	▲	**36.2%**
Payments direct expenses[1]	(177,366)	(119,392)	▲	48.6%
Interest expenses on deposits	(274)	(379)	▼	27.7%
Total direct expenses[1]	**(177,640)**	**(119,771)**	▲	**48.3%**
Gross profit[1]	**148,503**	**119,734**	▲	**24.0%**
Operating expenses[1]:				
Employee benefits expense (excl. share-based payments)[1]	(92,628)	(75,365)	▲	22.9%
Contractor and consulting expenses[1]	(13,826)	(7,192)	▲	92.2%
Communications, hosting and licensing costs	(14,321)	(9,896)	▲	44.7%
Administrative expenses[1]	(10,414)	(6,181)	▲	68.5%
Marketing expenses	(5,532)	(5,419)	▲	2.1%
Lending and non-lending losses[1]	(1,115)	(1,515)	▼	26.4%
Total operating expenses[1]	**(137,836)**	**(105,568)**	▲	**30.6%**
EBITDA[1,2]	**10,667**	**14,166**	▼	**24.7%**
Share-based payments expense	(5,199)	(9,342)	▼	44.3%
Costs associated with the terminal connectivity issue	300	(13,285)	▼	102.3%
Amortisation of Bendigo Alliance intangible asset	(11,176)	(698)	▲	1,501.1%
Bendigo Alliance gross profit share	8,490	698	▲	1,116.3%
Bendigo Alliance transitional costs	(4,669)	-	▲	-
Mergers and acquisition costs	-	(4,681)	▼	100.0%
Other one-off costs	(409)	(331)	▲	23.6%
Share of loss from associates	(3,558)	(1,119)	▲	217.9%
Depreciation and amortisation	(20,505)	(14,666)	▲	39.8%
Statutory EBIT	**(26,059)**	**(29,258)**	▲	**10.9%**
Net interest expense	(3,558)	(517)	▲	588.2%
Statutory loss before tax	**(29,617)**	**(29,775)**	▲	**0.5%**
Income tax expense	-	(48)	▼	100.0%
Statutory loss after tax	**(29,617)**	**(29,823)**	▲	**0.7%**

1 *Normalisation adjustments relate to the transition of Bendigo merchants to the Tyro platform. Refer to page 14 of the Tyro FY22 Investor Presentation for a reconciliation of statutory to normalised results.*

2 *Tyro uses EBITDA as a non-IFRS measure of business performance, which excludes the non-cash impact of share-based payments expense, share of losses from associates, expenses associated with the terminal connectivity issue and the IPO and other significant one-off costs. Refer to page 14 of the Tyro FY22 Investor Presentation for a reconciliation of statutory to normalised results.*

Reconciliation to normalised net loss before tax

	FY22 $'000	FY21 $'000		CHANGE %
Statutory net loss before tax	**(29,617)**	**(29,775)**	▲	**0.5%**
Add back				
Share-based payments expense relating to IPO	-	563	▼	100.0%
Costs associated with the terminal connectivity issue	(300)	13,285	▼	102.3%
Amortisation of Bendigo Alliance intangible asset	11,176	698	▲	1,501.1%
Bendigo Alliance gross profit share	(8,490)	(698)	▲	1,116.3%
Bendigo Alliance transitional costs	4,669	-	▲	-
Interest cost on Bendigo Alliance	2,534	-	▲	-
Mergers and acquisition costs	-	4,681	▼	100.0%
Other one-off costs	409	331	▲	23.6%
Share of loss from associates	3,558	1,119	▲	217.9%
Normalised net loss before tax	**(16,061)**	**(9,796)**	▼	**64.0%**

Segmented Financial Performance

Payments Business

Table 3: Payments Summary Financial Performance

	FY22 $'000	FY21 $'000		CHANGE %
Transaction value	**34,197,453**	**25,453,507**	▲	**34.4%**
Payments revenue and income	318,848	230,204	▲	38.5%
Payments direct expenses	(177,367)	(119,392)	▲	48.6%
Gross profit	**141,481**	**110,812**	▲	**27.7%**

Merchant Service Fee (MSF) as a % of transaction value	82.5bps	80.7bps	▲	1.8 bps
Net Merchant Acquiring Fee (MAF) as a % of transaction value	32.8bps	34.7bps	▼	1.9 bps
Payments Gross Profit Margin as a % of transaction value	41.9bps	43.8bps	▼	1.9 bps

Highlights

After experiencing another year impacted by Covid lockdowns our payments business nonetheless produced the key highlights and performance metrics for FY22 below:

- **$34.2 billion** (FY21: $25.5 billion) in **transactions processed** by Tyro merchants – a 34.4% lift.
- A **10% growth** in **merchants** choosing Tyro as their payments solution with **63,770** merchants in our ecosystem. Of note, Tyro core payments business excluding Bendigo grew its merchant base to 46,376 merchants – a lift of 17% (FY21: 39,696).
- **Payments gross profit** at **$141.5 million** (FY21: $110.8 million) – **up 27.7%**.
- Our **Bendigo Bank Alliance** generated transaction value of **$5.2 billion**.
- Our **new health business** which incorporates Medipass (acquired in May 2021) **added 2,263 new merchants** through the year finishing the year with 12,463 merchants generating transaction value of **$3.3 billion** (FY21: 2.8 billion) – with an additional 1,526 health providers exclusively using our health claiming solutions.
- We strengthened our position as **Australia's 5th largest merchant acquiring bank** by terminal count – 109,248 terminals up 4.2% (FY21: 104,827).
- Our **retention** metrics were maintained with our **merchant churn** rate at **10.5%** (FY21: 11.3%) and **transaction value churn** rate of **9.2%** (FY21: 8.7%).
- **eCommerce transaction value** continued to grow generating **$519.9 million** in transaction value – **a lift of 639.7%** (FY21: $70.3 million).
- We entered into an **exclusive partnership** to provide merchant acquiring services to **Telstra's business customers** through over 350 Telstra retail stores and Telstra Business Technology Centres, as well as online. This new acquisition pipeline for Tyro has performed above our expectations and will prove to be a strong application channel going forward.
- We **launched our 'Tyro Go' mobile card reader** in May 2022 – this new terminal type aims to open our path into the trades and services vertical as well as better serve the micro segment.
- **'Tyro Connect'** continues to grow with **2,188,189 transactions processed** via the platform (FY21: 695,000)
- **348 point of sale system integrations** – up from 322 in FY21.
- **Prompted brand awareness** of **19%** (FY21: 20%).

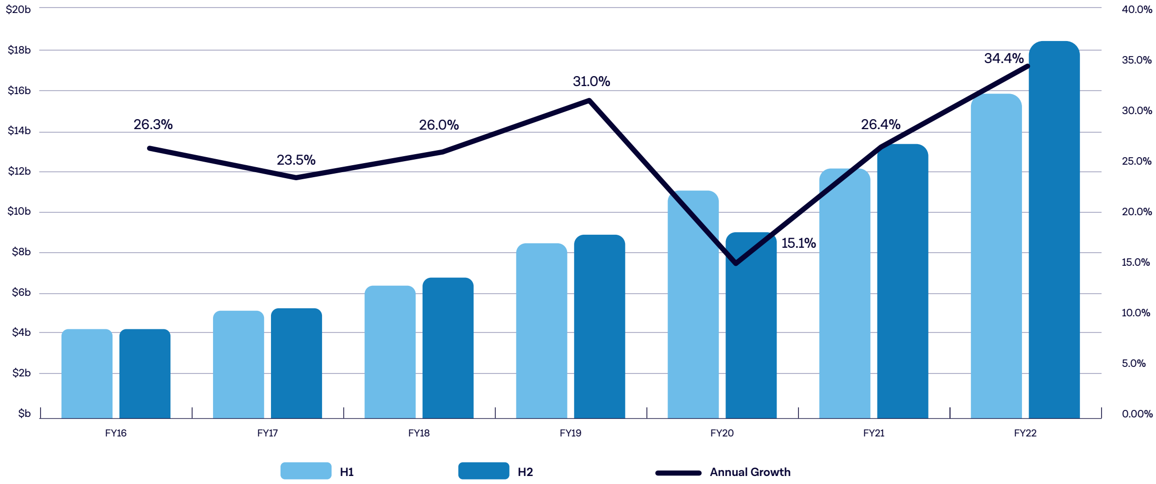
Performance Review

FY22 can be summarised as the tale of two halves for our Payments business. The first half result was impacted by Covid induced lockdowns in NSW and ACT resulting in negative transaction value growth of 9.4% for H1 FY22 for those jurisdictions. Excluding those regions, the balance of Tyro's core payments business generated transaction value growth of 23.1% in H1 FY22. We lost an estimated $1.3 billion in transaction value in New South Wales alone between July and October 2021.

As we moved out of lockdowns in October 2021, we returned to our more typical transaction value growth rates for our Tyro core portfolio and ended the second half of FY22 with growth of 21.4% with NSW and ACT returning to their historical growth profiles.

Our new Bendigo portfolio of merchants performed ahead of our expectation with a total transaction value contribution for FY22 of $5.2 billion, 4.5% ahead of our estimates when we announced the Alliance with Bendigo.

Chart 3: Transaction Value Growth (FY16 - FY22)



The transaction value performance for the year was driven by our merchant acquisition success and the outperformance of our Hospitality and Retail verticals as consumers embraced life without lockdowns.

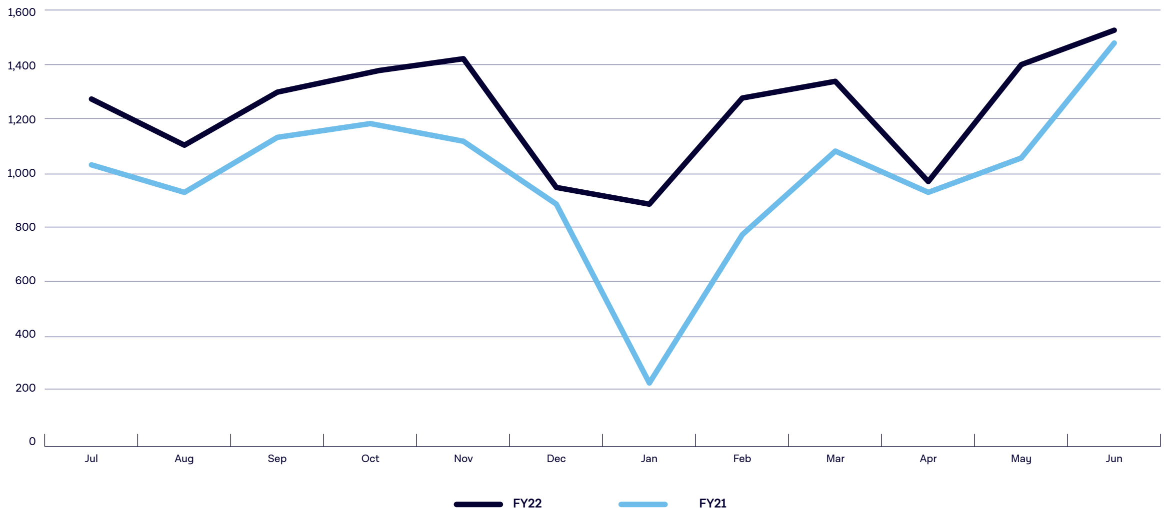
On the merchant acquisition front, our core Tyro portfolio added 12,908 new merchant applications, with Bendigo contributing a further 1,869 merchant applications equating to an average run-rate of close to 1,250 merchants per month – precisely on target with our merchant growth ambitions. At 30 June 2022, we finished the year with a total of 63,770 merchants, up 9.6% on FY21.

Our Tyro core portfolio had 46,376 merchants (FY21: 39,696) and our Bendigo portfolio had 17,394 merchants (FY21: 18,490).

Another positive indicator for our business is the stability of our merchant retention metrics which remain low when considering for the segments we serve, with transaction value churn remaining slightly up at 9.2% (FY21: 8.7%) and merchant number churn decreasing 80 basis points to 10.5% (FY21: 11.3%).

The chart below (chart 4) shows the strong merchant acquisition over FY22 compared to FY21.

Chart 4: Monthly Merchant Acquisition



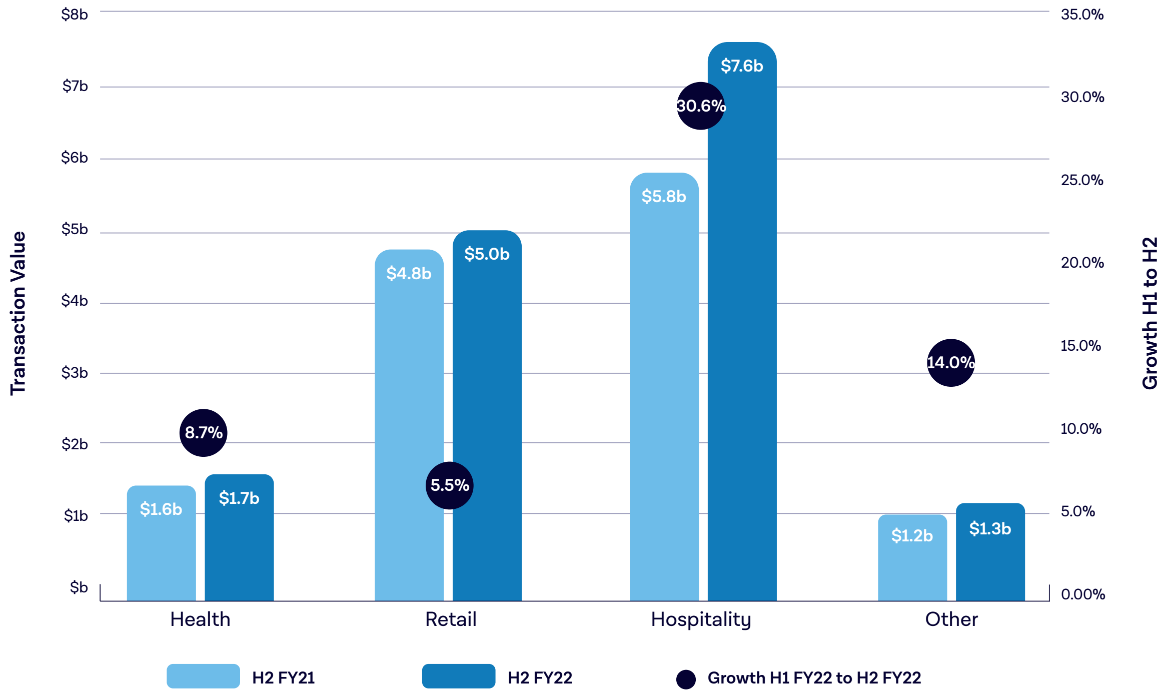
The second element of our strong transaction value growth was the outperformance of our hospitality and retails verticals. The concept of 'revenge spending' was evident as lockdowns ended and consumers embraced spending at hospitality and retail venues.

Our hospitality vertical delivered $13.4 billion in transaction value for FY22, a lift of 18.6% (FY21: $11.3 billion). However, looking at the second half of FY22, hospitality delivered growth of 30.6%. Our retail vertical delivered $9.8 billion in transaction value, a lift of 12.6% with the second half delivering growth of 5.5%.

Our new health business, Tyro Health, ended FY22 with 13,989 active merchants (which includes merchants with unique settlement arrangements), an increase of 29% (FY21: 10,791).

We have also adopted a new 'total locations' reporting metric for our health business. Reporting total locations enables us to offer a holistic view of all customers of Tyro Health products, whilst factoring in the complexity that comes with the health industry. Tyro Health ended FY22 with 16,917 active locations across Australia using Tyro Health offerings, an increase of 31% (FY21: 12,922) with 28% of these locations actively using Tyro Health's digital offering, up from 19% in FY21.

Chart 5: FY22 Transaction Value by Vertical (excludes transaction value from Bendigo)



From a geographical standpoint, all states and territories outside of New South Wales delivered growth for our Tyro core business in FY22, averaging growth of between 10% to 23% per state or territory.

As can be seen from Table 4 below, New South Wales delivered growth of 4.7%, while Victoria which was the state most impacted by lockdowns in FY21 delivered the strongest growth in FY22 of 22.6%.

Table 4: Transaction Value by State and Territory (excludes transaction value from Bendigo)

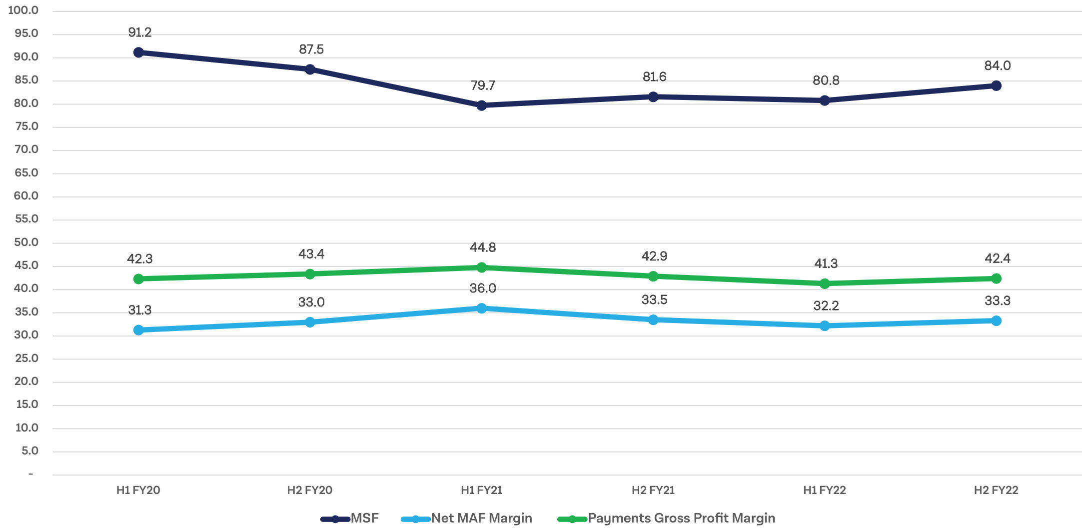
TRANSACTION VALUE PERFORMANCE	FY22 $'MILLION	FY21 $'MILLION	GROWTH RATE %	PROPORTION OF TOTAL TV %
NSW	9,940	9,471	4.7%	34%
Victoria	6,630	5,132	22.6%	23%
Queensland	6,707	5,553	17.2%	23%
Western Australia	3,000	2,523	15.9%	11%
South Australia	1,200	1,061	11.6%	4%
Tasmania	550	496	9.8%	2%
ACT	650	581	10.6%	2%
NT	300	213	29.0%	1%

Off the back of the transaction value growth, our Payments business generated a 38.5% lift in revenue to $318.8 million (FY21: $230.2 million) and a 27.7% lift in gross profit to $141.5 million (FY21: $110.8 million).

Our net Merchant Acquiring Fee (**MAF**) margin was negatively impacted in the first three-quarters of FY22 as we deferred our usual annual merchant pricing adjustments which was scheduled to have taken place in H1 FY22. The deferral being made to assist merchants during the heightened Covid lockdowns in the first half of FY22. We passed on a 2-basis point price increase for the last quarter of FY22 which brought our margins back in line with FY21 margins.

Chart 6 below provides an analysis of our margins over FY22 for the Group payments business compared to historical margins. As can be seen, our margins have returned to historical averages after passing on the 2-basis point price increase in Q4 FY22. Furthermore, we did not provide any terminal rental relief in H2 FY22 which assisted our Payments gross profit margin. The run-rate from Q4 is the first 'clean' period we have seen in 3 years not impacted by Covid and gives us a clear pathway to driving operating leverage from these margin levels.

Chart 6: Tyro Core Payments Business Margins as a proportion of Transaction Value (bps)



Our Bendigo alliance is performing ahead of our expectations and the strategic importance of the alliance is clear in our result. This saw the alliance add $5.2 billion in transactions to our performance in the year and a gross profit contribution, after allowing for Bendigo Bank's gross profit share, of $20.1 million.


SAM TAYLOR
VISA
tyro

Banking Business

Table 5: Banking Summary Financial Performance

	FY22 $'000	FY21 $'000		CHANGE %
Loan originations	**99,071**	**25,843**	▲	**283.4%**
Interest income	4,877	1,952	▲	149.8%
Fair value gain on loans	627	1,270	▼	50.6%
Interest expense on deposits	(274)	(379)	▲	27.7%
Gross profit	**5,230**	**2,843**	▲	**84.0%**

Gross profit as a % of revenue	95.0%	88.2%	▲	6.8 pts
Lending loss rate as a % of originations	0.6%	2.7%	▲	2.1 pts

Highlights

Our banking business produced the key highlights and performance metrics for FY22 below:

- Close to **$100 million** in total **originations** with **$12.7 million achieved** in **June 2022** alone – **up 283.4%** (FY21: $25.8 million)
- **Maximum single advance** increased to **$350,000** from the previous maximum of $120,000
- **Average loan drawdown** of **$47,100** – up from $35,500 in FY21
- **$39.5 million of loans** carried on the balance sheet at **30 June 2022** compared to $15.4 million at 30 June 2021.
- **Interest income of $4.9 million** (FY21: $2.0 million) at an effective yield of 20%
- **Low loss to origination rate** achieved in FY22 of **0.6%** (FY21: 2.8%).
- **Deposit balances of $83.3 million** (FY21: $75.5 million) from over 5,000 active accounts

Performance Review

Our merchant cash advance (**MCA**) loan product returned to record growth in the year with $99.1 million in new originations (FY21: $25.8 million). The features of our MCA were improved in the year to allow advances up to a maximum of $350,000 (previous maximum $120,000) together with an improved automated approval process through the Tyro app.

The increase in originations has seen lending income from the MCA increase 149.8% in FY22 to $5.5 million. $4.9 million of revenue was generated from interest on the MCA and a further $0.6 million recorded in revenue as a fair value gain on the loans at 30 June 2022. At 30 June 2022, loans of $39.5 million were carried on the balance sheet compared to $15.4 million at 30 June 2021 with an average loan origination amount in the period of $47,100 compared to $35,500 in the pcp.

Our credit risk was well managed through the year with our loan loss to origination rate being the lowest annual rate since we launched our MCA product. Total losses of only $0.6 million were booked for the year compared to $0.7 million in FY21 resulting in a loan loss to origination rate of 0.61% (FY21: 2.79%).

Tyro's Bank Account continued to see encouraging uptake. This fee-free and interest paying business transaction deposit account had 5,097 active accounts in existence at 30 June 2022, representing a 10.7% increase on the prior year (FY21: 4,603 active accounts). Total deposits held by the Group on the Tyro Bank Account amounted to $79.2 million compared to $72.5 million at 30 June 2021. The Group's term deposit product continues to offer merchants an attractive interest rate with total term deposits of $4.1 million on the balance sheet at 30 June 2022, up $1 million from 12 months ago.

Gross profit of $5.2 million from Tyro's banking business was up 84.0% (FY21: $2.8 million) on a 95.0% gross profit margin. This performance reflects the increased interest generated from MCA loan product together with lower interest expense on business deposit accounts and term deposit accounts.

Our banking business still only represents less than 5% of our total Group gross profit, but the results from FY22 show the potential of this business and the value that our banking licence brings to Tyro through the provision of capital in the form of deposits to fund the growth in our loan book. Not many other unsecuritised lenders in Australia are in this envious position.

Chart 7: Loan Originations (FY16 to FY22)

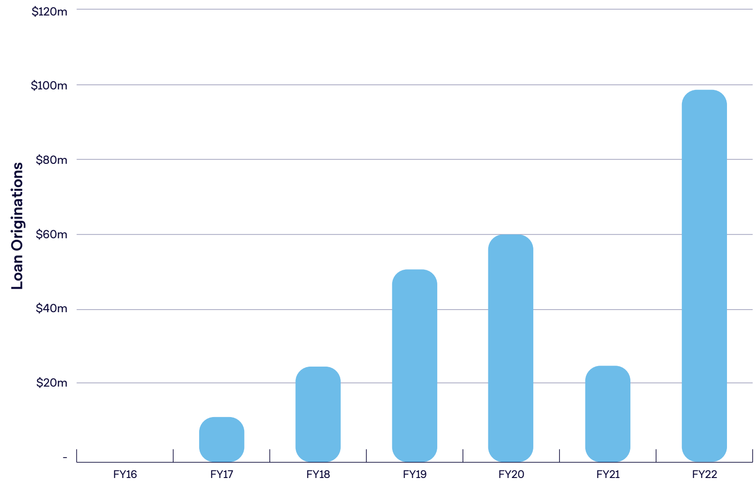
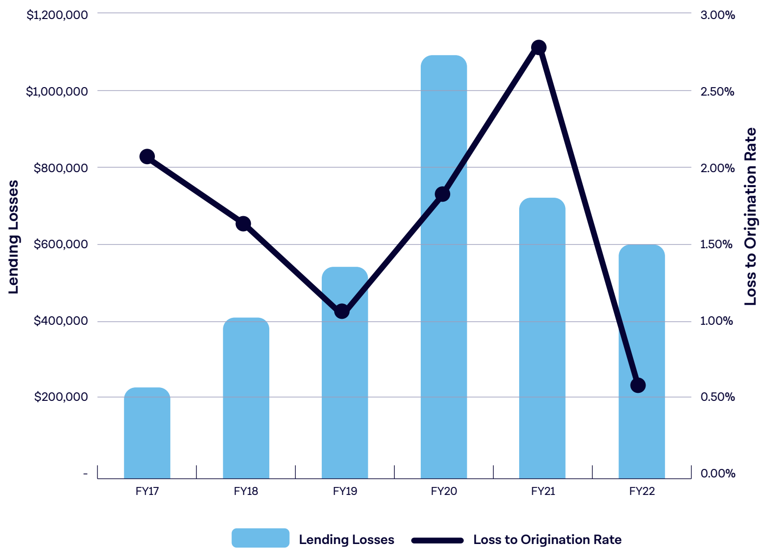
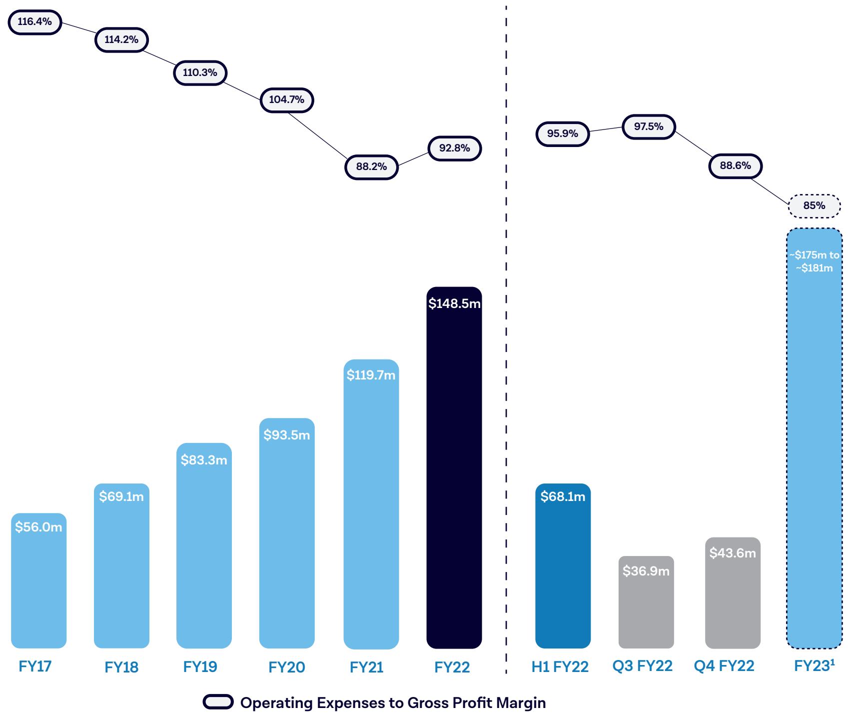


Chart 8 - Annual Loan Loss to Originations Rate (FY17 to FY22)



Group EBITDA

Chart 9 - Operating Expenses Compared to normalised Gross Profit (FY17 to FY22)



[1] *Refer to Page 34 for information on forward-looking statements*

A positive EBITDA result of $10.7 million was achieved for the year and, whilst lower than the $14.2 million generated in FY21, reflected continuing investment in growth initiatives including the recently announced exclusive partnership with Telstra, tech wage pressures and first-time costs associated with the Medipass operation. As mentioned our EBITDA performance was also impacted by the estimated absence of $1.3 billion in transaction value in NSW alone between July and October 2021 from Covid lockdowns, translating to lost EBITDA of approximately $4.5 million to $5.0 million coupled with not receiving JobKeeper in FY22 ($4.5 million in FY21).

Group net loss after tax

Our statutory EBIT loss for the reporting period was $26.1 million (FY21: loss of $29.3 million).

Depreciation and amortisation was up 106.2% at $31.7 million (FY21: $15.4 million) reflecting amortisation of $11.2 million on the accounting treatment of the Bendigo alliance (FY21: $0.7 million). Excluding the Bendigo amortisation charge, depreciation and amortisation was up 39.8% reflecting new terminal purchases to meet the growth in merchant numbers (including terminals required for the Bendigo Bank Alliance).

On a normalised basis, excluding the impact of one-off project costs incurred as part of the Bendigo alliance, our EBIT loss was $15.0 million (FY21: $9.3 million).

Net loss after tax on a statutory basis for FY22 was level with the prior year at $29.6 million (FY21: $29.8 million). On a normalised basis, net loss before tax was $16.1 million (FY21: $9.8 million). No tax benefit was recognised in FY22 or FY21. At 30 June 2022 we have $47.6 million in recognised and unrecognised tax losses available for probable future use.

Financial Position

With cash and financial investments of $122.8 million (30 June 2021: $172.8 million) Tyro has sufficient liquidity in place to continue to fund its strategy. The movement in cash of $50.0 million is reflective principally of the $24.1 million increase in loan balances at 30 June 2022 offset by $7.8 million in customer deposits held. Furthermore, the Group had terminal purchases of $14.0 million in the year, $5.0 million in merchant remediation payments and an investment of $10.2 million relating to our new HQ.

At 30 June 2022, Tyro had total assets of $410.1 million of which 30.0% related to cash and financial investments. 40.0% of our total assets relate primarily to intangible assets recognised for customer contracts on the Bendigo Alliance and the right of use asset recognised on our new office lease. The remaining 30% of total assets is made of customer loans held at year end, property plant and equipment and deferred tax assets.

Tyro had total liabilities of $250.5 million of which 33.3% related to the merchant bank account deposits, with the remainder relating to commissions payable to Bendigo under the alliance agreement, trade and other liabilities, lease liabilities and provisions. The Group's total assets exceeded its total liabilities by $159.6 million.

The Group is also well capitalised with a total capital ratio of 39%. The movement in the ratio from 73% at 30 June 2021 reflects the recognition of right of use assets of $33 million and office fit outs of $10 million, an increase in the lending book and losses for the year (before share-based payments expense). The total capital ratio remains well above APRA Prudential Capital Requirements.

Looking Ahead

Tyro has had a strong start to the first half FY23 with transaction values year-to-date 26 August 2022 lifting 57% on the same period last year to $6.3 billion.

Our eCommerce transactions continued to grow strongly albeit from a small base, recording $40.6 million, up 16% on the same period last year.

Our payments business for July 2022 on a normalised basis (post Bendigo gross profit share), generated a gross profit of $14.1 million an increase of 46%.

In our banking business, loan originations in the first 8 weeks of the financial year totalled $19.6 million up 91% on the same period last year.

Finally, EBITDA for July 2022 came in at $2.2 million at an operating leverage of 86%.

We have remained focussed on reducing employee head count with a ~30 headcount reduction in both permanent and contractor positions from May 2022 as shown in chart 1 and will continue to focus on customer growth and margin improvement into FY23.

For the first time, Tyro has provided its earnings guidance range for FY23 as set out in table 6 below[5].

The Group is targeting to be positive free cash flow[4] exiting FY23 (after all operating expenses and capital expenditure) and based on the financial position at 30 June 2022, Tyro's cash and financial investments are expected to be sufficient to support the Group through to positive free cash flow.

Chart 10 - Transaction Value Growth H1 FY23

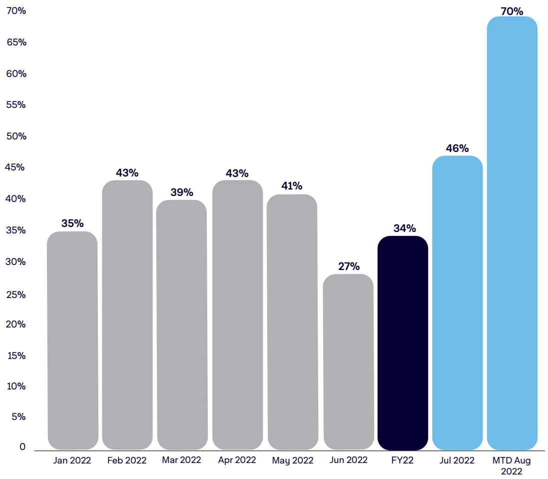


Table 6: FY23 Guidance[5]

	FY23(F) GUIDANCE RANGE		
Transaction Value	$40 billion	to	$42 billion
Gross Profit[1] (after Bendigo commission)	$175 million	to	$181 million
Operating Leverage[2]		~85%	
EBITDA[3] (before share-based payments)	$23 million	to	$29 million
EBITDA margin at midpoint		*~15%*	

1 *Gross profit is stated as normalised gross profit, namely adjusted for Bendigo Alliance support fees associated with transition of Bendigo merchants to the Tyro platform. Bendigo gross profit share is not deducted from statutory gross profit but deducted to calculate normalised gross profit.*

2 *Operating leverage assumes lending losses of $1.5 million in FY23 and is measured as operating costs (including lending and non-lending losses) divided by gross profit (after Bendigo commission).*

3 *Tyro uses EBITDA as a non-IFRS measure of business performance, which excludes the non-cash impact of share-based payments expense, share of losses from associates, and other significant one-off costs.*

4 *Free cash flow is calculated before changes in banking funds and timing differences relating to net scheme receivables. It is calculated as EBITDA before share based payments adjusted for non-cash items in Tyro's working capital movements, statutory adjustments (including rent payments) and capital expenditure including internally generated intangibles. Terminal capital expenditure includes both new and replacement terminals.*

5 ***Forward-Looking Statements -*** *Tyro's financial expectations and guidance included in this announcement are subject to there being no material deterioration in market or macroeconomic conditions, and are based on a number of key assumptions which may not prove to be correct, or which may change over time, including no lockdowns, no material changes to current business plan and no material change in the regulatory environment.*

During the ordinary course of business, the Group is exposed to credit risk, operational risk, market risk and liquidity risk. For details on the management of these risks, please refer to the Annual Report including the Financial Report for the year ended 30 June 2022.

Certain statements contained in this announcement are forward-looking statements or statements about future matters, including indications and expectations of, and guidance and outlook on, the future earnings, financial position and/or performance of Tyro. These statements are based on information available as at the date of this announcement, and involve known and unknown risks and uncertainties and other factors (many of which are beyond the control of Tyro).

No representation is made or guarantee given that the occurrence of any of the events expressed or implied in these statements will actually occur. Actual future events may vary from these forward-looking statements and it is cautioned that undue reliance should not be placed on any forward-looking statement.

Dedicated Tyros

Finally, I would like to thank the entire Tyro team for all their efforts in the year in building out a stronger and more resilient business. I look forward to seeing the team execute on our new strategy from FY23 onwards and writing the next chapter of Tyro's success. Our new teamwork value of 'Win Together' summarises Tyro best, "We are a united team. With growth mindsets and without ego, we embrace diversity to collaborate, innovate, and accelerate".

Sincerely,

Robbie Cooke

Robbie Cooke
CEO | Managing Director

29 August 2022

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

Profiles

Board of Directors

DAVID THODEY AO

CHAIR OF THE BOARD

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

Other Tyro Responsibilities:

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

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.
- Non-executive director of Ramsay Health Care, a global hospital group.
- Former Chair of the Commonwealth Scientific and Industrial Research Organisation (November 2015 to 2021).
- Former non-executive director of Vodafone plc, a global telecommunications company (September 2019 to July 2020).

Career:

David is a business leader with more than 40 years experience in the technology and telecommunication 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.

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 March 2018 and Managing Director since 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 fivefold 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.

DAVID FITE

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since July 2018.

Other Tyro Responsibilities:

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

Relevant other Directorships held in the past three years:

- Director of Judo Capital Holdings Ltd and Judo Bank Pty Ltd, an 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 multichannel retailers.
- Director of MYOB Group Co Pty Ltd, a provider of accounting, tax and business services.

Career:

David has over 30 years experience in the financial services industry. David has held various roles at Westpac Banking Corporation, including Treasurer, Assistant Chief Financial Officer and the Group Executive responsible for all retail and business banking products in Australia. David has also worked at Japan's Shinsei Bank (formerly known as The 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.

Qualifications:

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

CLAIRE HATTON

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since January 2022.

Other Tyro Responsibilities:

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

Relevant other Directorships held in the past three years:

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

Career:

Claire has extensive career experience spanning senior executive and country leadership roles in technology and travel businesses in Australia, Asia and the UK. Claire spent 7 years on the Google Australia commercial leadership team before transitioning into a portfolio career and non-executive roles. She is currently a non-executive Director of Australian Pacific Travel Group and Lifestyle Communities Ltd, a Director and co-founder of Full Potential Labs, and co-host of the innovation-focussed 'Don't Stop Us Now' podcast.

Qualifications:

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

ALIZA KNOX

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since April 2021.

Other Tyro Responsibilities:

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

Relevant other Directorships held in the past three years:

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

Career:

Aliza has more than four decades of broad international marketing and management experience in the financial services and technology sectors having held senior executive roles internationally at Boston Consulting Group, Charles Schwab, Visa International, Twitter and Google. Her previous roles include Head of APAC for Cloudflare, Chief Operating Officer at Unlockd, Vice President, Asia Pacific at Twitter, Managing Director of Commerce and Online Sales & Operations for Asia Pacific at Google Asia Pacific, Senior Vice President, Commercial Solutions and Global Product Platforms at Visa International, and Senior Vice President, International Wireless and Global Expansion Asian Focus at Charles Schwab Corporation. Aliza was also named IT Woman of the Year (Asia) in 2020 and to the Top 100 Women in Tech in Singapore in 2021.

Qualifications:

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

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.

Relevant other Directorships held in the past three years:

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

Career:

Fiona has over 25 years experience in a variety of industries, for companies ranging from start-ups to large public companies and not-for-profits. Fiona has served on various boards including MYOB, StatePlus and the commercialisation office of The University of Adelaide, 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 focussed on technology start-ups.

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.

Relevant other Directorships held in the past three years:

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

Career:

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

Qualifications:

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

SHEFALI ROY

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since January 2022.

Other Tyro Responsibilities:

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

Relevant other Directorships held in the past three years:

- Director of Ada's List, a UK based network and community for women in technology.
- Former Director of the Maker Foundation, originators of the DAI stable coin (April 2020 to July 2021).

Career:

Shefali is a Founding Partner of First Look, a London based venture fund investing in women and diverse entrepreneurs building technology in finance, health, work, and real estate. Until September 2020, Shefali was the COO and CCO at TrueLayer headquartered in the U.K. Prior to that she held C-Suite/senior leadership roles in operations, compliance and regulatory affairs at Stripe, Apple, Christies and Goldman Sachs. Shefali is an Associate Fellow at Said Business School, Oxford and lectures on start-ups, organisational behaviour and leadership, fintech and defi. She holds strategic advisory positions at the Barefoot College, and Nye Health, and her interests lie at the intersection of economics, technology and ethics.

Qualifications:

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

Executive Leadership Team

ROBBIE COOKE

CEO | MANAGING DIRECTOR

Robbie joined Tyro in March 2018 as Chief Executive Officer and was appointed as Managing Director in 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.

MONICA APPLEBY

CHIEF PEOPLE, CULTURE AND COMMUNICATIONS OFFICER

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

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

Monica holds commerce, law and change management qualifications.

JAIRAN AMIGH

COMPANY SECRETARY AND SPECIAL COUNSEL

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

ROBIN GEORGE

ACTING CHIEF MARKETING OFFICER

With a passion for Fintech and brand building, Robin joined Tyro in December of 2018 and brings more than 20 years of marketing experience to the business, with over a decade in financial services.

Robin has a well-rounded marketing background having worked in both creative agencies and client-side roles in the UK and Australia, across a broad range of marketing disciplines - customer and relationship marketing, digital marketing and brand marketing and communications.

Robin holds a Bachelor of Business degree majoring in Marketing and Economics from QUT and a post graduate certificate in Integrated Marketing Communications.

JONATHAN DAVEY

CEO - TYRO HEALTH

Jon joined Tyro in May 2021 in the role of CEO - Medipass after Tyro acquired Medipass and more recently as CEO of the newly formed Tyro Health business. Jon's expertise is in leading businesses through the changes necessary to succeed in a digital world. Prior to joining Medipass, Jon was accountable for Digital, Innovation and Customer Experience at National Australia Bank. He is the founder of National Australia Bank's Innovation and Corporate Venture Capital teams.

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

STEVEN CHAPMAN

CHIEF RISK OFFICER

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

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

JOSH COUPLAND

CHIEF STRATEGY OFFICER

Josh leads Tyro's corporate strategy function. Prior to joining Tyro in early 2018, Josh built a successful consulting career at Monitor Deloitte in the UK, working with clients across multiple industries including financial services. He has over 11 years of experience leading teams on projects spanning corporate strategy, M&A, and business transformation.

Josh holds a BSc in Business and Financial Economics from the University of Leeds.

PAUL KEEN

CHIEF TECHNOLOGY OFFICER

Paul joined Tyro in August 2022 in the role of Chief Technology Officer. Paul has over 20 years experience in leading engineering teams in large ASX listed companies. Prior to joining Tyro, Paul was Vice President of Engineering for Nuix, leading Nuix's engineering teams and related activities. Paul's previous roles included Head of Group Architecture and Engineering at Qantas, Chief Technology Officer at Airtasker and Chief Information Officer at Dick Smith Electronics. Prior to these experiences, Paul was a General Manager in Salmat's Software Development team and a General Manager of Technology and Development at RedBalloon.

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

GEORGE MERVITZ

HEAD OF INTERNAL AUDIT

George joined Tyro in August 2021 and prior to his Head of Internal Audit role he held various senior leader roles at IAG which included widespread commercial, audit and project responsibilities. He spent almost 4 years supporting IAG's Asia division in uplifting governance and maturing internal control environments.

George is a multi-skilled senior South African qualified Chartered Accountant (CA(SA)) with extensive experience in professional services and corporate financial services. George has a Big 4 consulting background, having worked at both PricewaterhouseCoopers (South Africa) and EY (Cayman Islands).

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 (CA) 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.

SAMI WILSON

GENERAL COUNSEL

Sami is Tyro's General Counsel and joined Tyro in 2018 to establish the in-house legal function. Sami has over 12 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.

BRONWYN YAM

CHIEF PRODUCT OFFICER

Bronwyn joined Tyro 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 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).

5 Year Track Record

	FY18	FY19	FY20	FY21	FY22
Transaction value	**13,359,608**	**17,496,322**	**20,131,045**	**25,453,507**	**34,197,453**
Transaction value annual growth	*26.0%*	*31.0%*	*15.1%*	*26.4%*	*34.4%*
Total revenue (normalised)	148,231	189,770	210,675	239,505	326,143
Total revenue annual growth	*22.9%*	*28.0%*	*11.0%*	*13.7%*	*36.2%*
Direct expenses	(79,163)	(106,510)	(117,200)	(119,771)	(177,640)
Gross profit (normalised)[1]	**69,068**	**83,260**	**93,475**	**119,734**	**148,503**
Gross profit annual growth	*23.3%*	*20.5%*	*12.3%*	*28.1%*	*24.0%*
Operating expenses (normalised)	(78,890)	(91,871)	(97,847)	(105,568)	(137,836)
EBITDA[2]	**(9,822)**	**(8,611)**	**(4,372)**	**14,166**	**10,667**
Share-based payments expense	(1,411)	(3,788)	(10,896)	(8,779)	(5,199)
Depreciation & Amortisation	(7,064)	(7,864)	(12,524)	(14,666)	(20,505)
EBIT (normalised)[3]	**(18,297)**	**(20,263)**	**(27,792)**	**(9,279)**	**(15,037)**
Net interest cost (normalised)	-	-	(535)	(517)	(1,024)
Loss before tax (normalised) [3]	**(18,297)**	**(20,263)**	**(28,327)**	**(9,796)**	**(16,061)**
Adjustments to normalised earnings					
Amortisation of Bendigo Alliance intangible asset	-	-	-	(698)	(11,176)
Bendigo Alliance gross profit share	-	-	-	698	8,490
Interest cost on Bendigo Alliance	-	-	-	-	(2,534)
Bendigo Alliance transitional expenses	-	-	-	-	(4,669)
Costs associated with the connectivity issue	-	-	-	(13,285)	300
IPO expenses and other	-	-	(9,730)	(894)	(409)
Share of loss from associates	-	-	-	(1,119)	(3,558)
Mergers and acquisition costs	-	-	-	(4,681)	-
Loss before income tax (statutory)	**(18,297)**	**(20,263)**	**(38,057)**	**(29,775)**	**(29,617)**
Loss after income tax (statutory)	**(17,146)**	**(18,439)**	**(38,057)**	**(29,823)**	**(29,617)**
Cash, cash equivalents and investments	84,251	68,758	188,324	172,780	122,768
Cash flows from operating activities	(12,799)	(13,931)	8,194	11,043	(25,319)

1 *Normalised gross profit is adjusted for Bendigo support fees of $2.3 million associated with transition of Bendigo merchants to the Tyro platform and the Bendigo gross profit share of $8.5 million not deducted from statutory gross profit but deducted to calculate normalised gross profit. Refer to page 14 of the Tyro FY22 Investor Presentation for a reconciliation of statutory to normalised results.*

2 *Tyro uses EBITDA as a non-IFRS measure of business performance, which excludes the non-cash impact of share-based payments expense, share of losses from associates, expenses associated with the terminal connectivity issue and the IPO and other significant one-off costs. Refer to page 14 of the Tyro FY22 Investor Presentation for a reconciliation of statutory to normalised results.*

3 *EBIT and normalised net loss before tax excludes expenses associated with the IPO including the share-based payments expense relating to Liquidity Event Performance Rights that vested as a result of the IPO, the non-cash accounting impact of the Bendigo Alliance, expenses associated with the terminal connectivity issue and significant one-off expenses. Refer to page 14 of the Tyro FY22 Investor Presentation for a reconciliation of statutory to normalised results..*

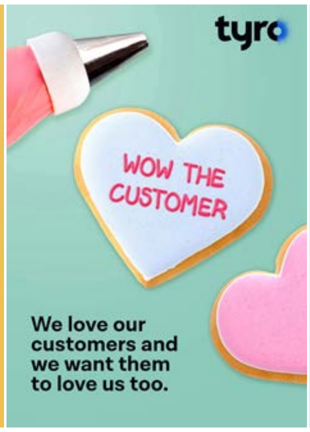
Sustainability

Sustainability

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.

Following on from our first Sustainability Report released in FY21, we have evolved our reporting and have adopted a new disclosure format for our annual report suite to highlight how we create value for all our stakeholders including enhanced disclosure on the use of our Capitals and providing a consolidated review of our financial, economic, social and environmental performance on matters material to our strategy and our ability to create and sustain value into the future. More details of this disclosure can be found in our comprehensive Sustainability Report. This is just the start of our move to a more comprehensive and more transparent review of our business which we will build on in FY23 and beyond. To view our 2022 Sustainability Report please refer to: *https://investors.tyro.com/investor-centre/?page=sustainability*

"We are proud of our open, inclusive, and collaborative culture which has at its foundation our guiding values."



Our People and Culture

Our people are at the core of who we are. 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.

Our Values

We are proud of our open, inclusive and collaborative culture which has, at its foundation our guiding values. We foster a high performance, values-driven culture and our most recent employee survey showed that 71% of our team members are proud to work at Tyro and 78% would recommend it as a great place to work.

We recently introduced a new teamwork value at Tyro to complement and enhance our existing values. Our new value:

"Win together - We are a united team. With growth mindsets and without ego, we embrace diversity to collaborate, innovate, and accelerate"

Diversity and Inclusion

Tyro's workforce has grown and diversified as our merchants, products and services have expanded. Our team members speak 53 languages and have an average age of 35. Our Executive Leadership Team (**XLT**) is 21% female while 12.5% of our senior managers are female and 49% of our other managers are female. We ended FY22 with 15% more people than the prior year reflecting organic head count growth to better service our merchants. In total we have 612 team members.

As part of our commitment to diversity, we initiated a new cultural and ethnicity diversity survey in FY22. We surveyed our Board of Directors and Executive Leadership Team to obtain an understanding and acknowledgment of our cultural differences. We will be rolling this survey out to all our team members in FY23. The purpose of this survey is to collect data about where our people come from, what groups they identify with, and what languages they speak which will assist us to dispel negative stereotypes and personal biases about different groups and setting meaningful social targets to increase representation of currently under-represented groups.

Professional Development and Tyro Graduate Program

We introduced LinkedIn Learning for all our employees, offering free access to over 8,000 learning courses and every member of our team is supported with bespoke training that builds their career in line with their development plan. Our links to Australian Institute of Management and our customised Tyro Leader Program means that all our managers have the opportunity to excel.

We launched our Tech Graduate Program in June 2021 with 12 graduates and 4 interns joining over the course of the year. This initiative is a win-win for both our grads and Tyro. We benefit from great new energy and ideas and the opportunity to help grow the careers of some young technologists, all the while attracting top talent to our team.

Below is a summary of our diversity outcomes achieved in FY22 against our targets.

MEASURE OF SUCCESS	FY22 OUTCOME	TARGET
Representation of gender groups.	Our overall Tyro team has a gender balance of 36% female, 62% male and 2% undisclosed/other.	A gender balance of 40:40:20 achieved across the whole of Tyro with a balance of 40% female, 40% male and 20% non-binary to be achieved by 30 June 2023.
Gender balance for Directors.	Our Board has a gender balance of 57% female and 43% male.	A gender balance of 40:40:20 to be achieved by 30 June 2022.
Elimination of gender pay gaps.	A salary review and benchmarking exercise was conducted across the whole business in January 2022 as part of the fixed remuneration review for Tyro. Any gender pay gaps were addressed as part of this review.	Remuneration equity across all genders.
Launching Tyro's own LGBTQIA+ advocacy network, Tyro Pride.	In FY22, Tyro Pride was officially launched.	Ensure Tyro is a leading employer for the LGBTQIA+ community.
Completed Tyro's inaugural submission to the Australian Workplace Equality Index (**AWEI**) for FY22.	Received data to benchmark ourselves against other organisations.	Ensure Tyro is a leading employer for Workplace Equality.

The long-term success of Tyro is closely inter-related to the success of the communities in which we

Tyro Pride

Our Community

operate. Positive relationships with the community allow us to build trust and long-term sustainability of our operations.

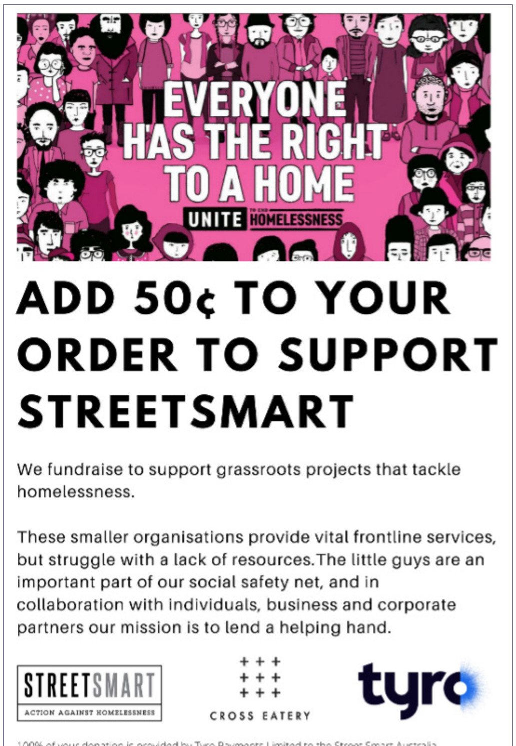
Our employees want to give back, so we make it easy for them. Our team members proactively engage with their local communities through organising fundraising events, assisting in community projects and donating their expertise where needed by communities important to them. We offer our team the support and resources they may need to assist in these proactive initiatives including the ability to take a paid volunteer day annually.

Although we are still a relatively small company that is not generating profits, we are actively looking at ways in which we can make corporate charitable contributions and become involved in corporate social responsible projects. Current projects that we are actively looking at include how we can use our payments expertise to roll-out new payments methods to charitable organisations. An example of a charity that we are currently working with is Jeans for Genes (discussed below).

Tyro also actively contributes to public policy debates and industry reviews to improve the payments system in Australia and customer outcomes from those reviews.

Sheep Dog

We have developed charitable donation functionality for our merchants which allows cardholders to make donations to charities at participating Tyro merchants.



A merchant can configure a different charity per location and enable the feature per terminal.

Donations are not included in the merchant's daily settlement, they are kept separate and settled directly with the charities.

In FY22, our merchants raised over $50,000 for their selected charities through utilising this technology.

Jeans for Genes

Jeans for Genes is one of Australia's oldest and most beloved charity days supporting vital research to find treatments and cures for children's genetic diseases like cancer, cystic fibrosis, and life-threatening metabolic disorders.

The Children's Medical Research Institute (**CMRI**) relies on the money raised by Jeans for Genes Day, and other community fundraising, to keep its labs open and, for nearly 27 years, Australians have seen the streets awash with denim, with volunteers out in force to sell merchandise and collect donations.

Recognising that charities have been hard hit by the COVID-19 pandemic, Tyro has again worked with the CMRI by providing 50 terminals at no upfront cost. Furthermore, more than 30 of our dedicated Tyros volunteered their time on 5 August to assist with fundraising for such an amazing cause.

The Environment

Limiting our environmental impact is part of our social license granted to us by our merchants and their customers. Although we have a limited emissions inventory, we recognise that a business's impact on the environment is a concern to all our stakeholders.

In 2021, the Board adopted Tyro's first Sustainability Framework which included the management of environmental risks and opportunities. We established a sustainability champions group to further implement environmental change across Tyro. The sustainability working group raises awareness, identifies strategic sustainable initiatives and focuses its efforts on reducing Tyro's carbon footprint.

We are committed to reducing our carbon inventory to achieve 'Net Zero'. In FY22 we signed on to Climate Active Australia and are currently undertaking our accreditation process to achieve 'Net Zero'. As part of this accreditation, we will acquire 4,250 tCO2e carbon offsets in FY23 for those emissions that cannot yet be reduced in order to obtain our status as a carbon neutral company. Ultimately, our strategy will see us target 'Net Zero' without the need to acquire carbon offsets.

Further details on climate change risk mitigation and progress against targets can be found within our 2022 Sustainability Report. To view the 2022 Sustainability Report please refer to: *https://investors.tyro.com/investor-centre/?page=sustainability*

Stories from our Tyros

"…having joined the team fairly recently, I am really enjoying working here at Tyro. Tyros are friendly and approachable from the get-go, and despite feeling this workplace is too good to be true, 8 months in, our leaders and staff alike remain approachable, supportive and keen to work together to solve a common challenge for our customers' benefit.

I particularly appreciate how accessible and approachable our CEO is, providing updates to all staff regularly and consistently encouraging us to speak up about ideas and pain points. Finally, the passion and commitment of our people as well as regular in-office activities really makes working here meaningful and fun…."

Debbie Rowlands
TYRO KNOWLEDGE MANAGER

"...Tyro stands out to me as an employer for two reasons: the flexibility, which is essential to me as a father of two children. Second, Tyro always makes an effort to promote from within for most open positions, and I serve as an example because I took on additional responsibilities within a year of starting my job.

During the FY22, we optimised the Lending Credit Risk Policy to meet the needs of our merchants and to remain competitive in the market. As a result, our lending portfolio has grown significantly surpassing all previous records, and losses remained below acceptable limits..."

Sabbir Mohammed
TYRO HEAD OF CREDIT

Directors' Report

Directors' Report

The Directors present their report together with the Financial Report of the consolidated entity (referred to hereafter as the **Group** or **Tyro**) consisting of Tyro Payments Limited and the entities it controlled at the end of, or during, the year ended 30 June 2022 (**FY22**).

1. 2022 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 (**BEAR**) (contained in Part IIAA of the Banking Act 1959) amongst other laws, and, as an Authorised Deposit taking Institution (**ADI**), 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 2022 Corporate Governance Statement available at: *https://investors.tyro.com/investor-centre/?page=corporate-governance*.

2. Pillar 3 information

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

3. Directors

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

David Thodey AO	Chair & Non-executive Director	Independent	
Robbie Cooke	CEO | Managing Director	Executive	
Hamish Corlett	Non-executive Director	Independent	Resigned 3 November 2021
David Fite	Non-executive Director	Independent	
Claire Hatton	Non-executive Director	Independent	Appointed 5 January 2022
Aliza Knox	Non-executive Director	Independent	
Fiona Pak-Poy	Non-executive Director	Independent	
Paul Rickard	Non-executive Director	Independent	
Shefali Roy	Non-executive Director	Independent	Appointed 5 January 2022

Details, including term of office, qualifications, experience and information on other directorships held by Directors, can be found on pages 37 to 41 of the Annual Report.

4. Company Secretary

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

5. Meetings of Directors

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

	BOARD OF DIRECTOR MEETINGS		AUDIT COMMITTEE MEETINGS		RISK COMMITTEE MEETINGS		PEOPLE COMMITTEE MEETINGS	
	A	B	A	B	A	B	A	B
David Thodey	15	15	4	4	nm	nm	8	8
Robbie Cooke[1]	15	15	nm	nm	nm	nm	nm	nm
Hamish Corlett	5	5	1	1	nm	nm	4	4
David Fite	15	15	3	3	6	6	nm	nm
Claire Hatton[2]	9	8	3	3	nm	nm	3	3
Aliza Knox	15	15	nm	nm	6	6	8	8
Fiona Pak-Poy	15	15	5	5	nm	nm	8	8
Paul Rickard	15	15	5	5	6	6	nm	nm
Shefali Roy[3]	9	9	nm	nm	3	3	3	3

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 *Claire Hatton was appointed to the Board, Audit Committee and People Committee on 5 January 2022 and attended meetings from that date.*

3 *Shefali Roy was appointed to the Board, People Committee and Risk Committee on 5 January 2022 and attended meetings from that date.*

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)
David Fite	David Fite	Claire Hatton
Claire Hatton	Aliza Knox	Aliza Knox
Fiona Pak-Poy	Shefali Roy	Shefali Roy
David Thodey		David Thodey

6. Directors interest in securities

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

DIRECTOR[1]	RELEVANT INTEREST IN ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES	RIGHTS OVER ORDINARY SHARES
David Thodey	1,056,996	82,287	59,367
Robbie Cooke	990,996	5,504,530	1,223,587
David Fite	16,593,861	158,144	35,620
Claire Hatton	14,583	-	-
Aliza Knox	-	-	-
Fiona Pak-Poy	106,420	83,000	76,857
Paul Rickard	2,126,740	201,231	46,723
Shefali Roy	-	-	-

1 *Includes shares held by entities controlled by Directors*

7. Operating and Financial Review

Refer to the CEO | Managing Director's Report on pages 15 to 35 of the Annual Report, which forms part of this Directors' Report for details of Tyro's principal activities, business strategies and financial performance and position for the year ended 30 June 2022.

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

The potential 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:** Business managers are responsible for the identification and management of risk as part of their day-to-day responsibilities;
- **Second Line of Defence:** The Risk team is accountable for providing risk advice, oversight and challenge to the business. They maintain the Risk Management Framework and report to Board on the risk appetite, risk profiles, frameworks, policies and other risk management tools to guide the business; and
- **Third Line of Defence:** Internal Audit is accountable for independently assuring that the Risk Management Framework is operating effectively and our risk management practices are appropriate in the context of statutory and regulatory obligations.

KEY AREAS OF POTENTIAL RISK	MITIGATION STRATEGIES AND ACTIVITIES
Talent Ability to attract, develop and retain talent to deliver on strategy.	• Attraction and retention strategies, including competitive monetary and non-monetary benefits and flexible work policies. • Culture and remuneration frameworks ensure employees are clear on expectations and accountabilities and demonstrate risk behaviours that lead to appropriate outcomes. • Introduction of new resourcing options to ensure we have access to an expanded talent pool.
Project delivery Ability to deliver new products and innovations that meet customers' needs.	• Project governance structures and policies. • Prioritisation process to identify which are most important and urgent and allocate resources accordingly. • Project managers in place to plan, execute and control delivery. • Regular monitoring and reporting to identify and mitigate issues that arise.
Technology failure Failure or disruption of our technology platform, resulting in disruption to merchants' businesses, leading to customer churn, loss of data, and/or reputational damage.	• Tyro relies on established technology partners who deploy high availability services and tools. • Regular monitoring of platform and database performance. • Business continuity, disaster recovery, and crisis management plans in place and tested regularly.
Regulatory and compliance Ability to manage regulatory and compliance risk that may impact Tyro's products, reputation and/or financial returns.	• Dedicated Compliance team who monitor and provide input on any emerging changes to legislation, regulations and/or industry codes, and assess potential business impacts. • Compliance frameworks, policies and training are provided for all employees, supported by internal and external audits. • Risk and controls self-assessment process used to identify, evaluate, and manage compliance risks and develop associated controls. • Proactive and regular dialogue with regulators and industry bodies.
Capital management and access The risk that our performance falls short of expectations resulting in negative shareholder/market sentiment, increasing the cost of capital and/or impacting access to capital.	• Defined capital risk indicators set in the Group Risk Appetite Statement. • Capital ratio operating targets are regularly reviewed in the context of the external economic and regulatory outlook with the objective of maintaining balance sheet strength.
Cybersecurity Security controls and processes are insufficient, leading to a breach and resulting in loss of system functionality or data, business disruption, customer churn and/or reputational damage.	• Security team provide oversight of critical cyber-control activities to defend against the evolving threat environment. • Proactive tools and processes provide enhanced detection and monitoring capabilities, secure configuration, vulnerability management and strong authentication methods. • Increased supplier monitoring to understand and mitigate any weaknesses in their cyber defence and resilience capabilities. • Security and awareness programs for all employees and annual cybersecurity scenario exercise with the Executive team and Board.
Business resilience Ability to withstand and adapt to disruptions that may impact business operations, people, and/or assets.	• Business Continuity & Technology Disaster Recovery plans and testing in place for critical systems and processes. • Key supplier governance, selection and monitoring processes enable us to identify and manage the risk of third-party disruptions. • Crisis management exercises with the Executive Leadership team and Board.
Third Party Failure to choose and manage third-party suppliers effectively, resulting in loss of system functionality or data, business disruption, customer churn and/or reputational damage.	• Tyro is committed to obtaining goods and services in a transparent, ethical, and competitive manner, consistent with our risk profile and policies. • Suppliers are assessed to identify and mitigate modern slavery risks and issues. • Contract owners maintain in-life relationship management to ensure compliance with contractual obligations, performance requirements, business resilience and security assurance.
Credit and fraud risk Losses from failure of counterparties to meet their financial obligations to Tyro.	• Defined credit risk and fraud risk indicators set in the Group Risk Appetite Statement. • Tyro's credit risk management framework and policies outline the core values which govern credit risk-taking activities and reflect the priorities established by the Board. • Regular monitoring of credit quality, arrears, policy exceptions and policy breaches. • Established provisions for credit impairment based on current information and our expectations.

KEY AREAS OF POTENTIAL RISK	MITIGATION STRATEGIES AND ACTIVITIES
Market Risk Losses from unexpected changes in market rates and prices.	• Defined market risk indicators set in the Group Risk Appetite Statement. • Tyro's market risk policy outlines how Tyro will manage market risks particular to our business. • Tyro's Asset and Liability Committee provides oversight and management within the Board set risk appetite limits.
Liquidity Risk Ability to meet financial obligations as they fall due.	• Defined liquidity risk indicators set in the Group Risk Appetite Statement. • Tyro's liquidity risk framework and policies outline the necessary component functions to carry out effective liquidity management from identification through to a liquidity crisis management. • Forecasting of future capital requirements and available capital resources to manage the business to our required levels of regulatory capital, target adequacy levels and internal capital triggers, over a forecast period.
Pandemic Ability to manage Tyro's potential financial, operational, and people risks from COVID-19.	• Regular oversight and monitoring of financial and operational impacts by Executive Leadership team and Board. • Ongoing support of customers experiencing financial hardship. • Proven ability to work remotely through the use of technology. • Processes in place to ensure employees have a safe and effective working environment.
Competition and disruption New competitors or technologies that impact Tyro's ability to drive customer growth and deliver on our strategy.	• Tyro's strategy actively aims to address competition risk. • Processes in place for monitoring and responding to competitor and market activity. • Development of strategic partnerships and acquisitions in companies that drive new technology.
Environmental and social risks Ability to recognise and address environmental, social or corporate governance (ESG) issues.	• Tyro's approach to sustainability and climate change risk is managed through our Sustainability Framework with priority targets set by the Board. • Regular review and oversight of ESG initiatives and risks by our Executive Leadership team. • 'Net-zero' carbon emissions, diversity, and inclusion target commitments.
Concentration risk Reliance on a limited number of products, industry verticals and geographical regions to drive growth.	• Focus on promoting value-adding services to existing customers: merchant cash advance, transaction account, term deposit account and Tyro Connect. • Growth of our Health business through the acquisition of Medipass and a simple, unified solution for payments and claiming. • Expansion into new verticals with a fit for purpose mobile payment terminal device.
Geopolitical Geopolitical issues and tension could threaten the Australian economy and destabilise supply chains, disrupting operations and impact our business and growth strategy.	• The Board monitors conditions and maintains provisions and capital for a range of potential economic scenarios. • Investment in expanding and updating our terminal offering to mitigate potential hardware supply issues. • Monitoring and ensuring sufficient hardware stock levels to meet customer demand.
Economic environment Significantly weakened global conditions could harm our business and financial position.	• Regular financial oversight and monitoring across markets. • Detailed financial analysis, scenario modelling and stress testing for a range of economic scenarios.
Digital adoption Ability to respond to customers' demand for simple and innovative digital services and products.	• Acceleration of our digital strategy. • Investing in technology and digital platforms to help drive efficiency and improve customer experience.
Machine learning and Artificial Intelligence Ability to manage risks and opportunities from Artificial Intelligence and machine learning related products and features, leading to reputational, regulatory and/or financial impacts.	• Investing in our products and technology to leverage Artificial Intelligence and machine learning.

9. Environmental regulation

Although our operations are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or any of its states or territories, we still acknowledge that by working with over 63,700 merchants across Australia, we are committed to delivering our solutions in a manner that aims to create a sustainable future for all our stakeholders. This includes our shareholders, our people, our merchants, the community in which we operate, our suppliers and business partners and regulatory bodies.

Further details on climate change risk mitigation and progress against targets can be found within our 2022 Sustainability Report. To view the 2022 Sustainability Report please refer to: *https://investors.tyro.com/investor-centre/?page=sustainability*

10. Dividends

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

11. Share-based payments

Details of share-based payments are disclosed in our Remuneration Report on pages 69 to 103 and in Note 14 of the Financial Report.

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 2022, no amounts have been paid pursuant to indemnities (FY21: Nil). The Company's Constitution also allows the Company to pay insurance premiums for contracts insuring the current and former Directors and Secretaries of the Company in relation to any such liabilities and legal costs.

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

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

13. Proceedings on behalf of the Group

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

It is currently not possible to reliably determine the ultimate impact on the Group of the claims raised in this proceeding and accordingly no provision has been recognised.

No other 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.

The non-audit services paid to the auditors (Ernst & Young) was for services relating to tax compliance amounting to $17,000. 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 105 and forms part of the Directors' Report for the financial year ended 30 June 2022.

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. Significant events after 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 2022 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.

18. Remuneration Report

The Group's Remuneration Report which forms part of the Directors' Report can be found on page 69 to 103 of this Annual Report.

David Thodey AO
Chair

Robbie Cooke
CEO | Managing Director

Sydney, 29 August 2022

Remuneration Report

Letter from the Chair of the People Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present our Remuneration Report for the financial year ended 30 June 2022.

The past three years have certainly presented us with numerous challenges. From the devastating impact of the COVID-19 pandemic to the terminal outage we experienced in January 2021 to the significant macro-economic climate that we find ourselves in, including inflationary pressure and rising interest rates that is impacting all tech stocks across the globe, our Tyro team has truly been tested in most challenging business conditions.

I am pleased to report that through all these challenges, our team at Tyro continues to deliver quality service and products to our existing and new merchants. This is evidenced in the growth delivered for the year as highlighted in our Annual Report. Transaction values are up 34% for the year, normalised gross profit is up 24%, and over 14,000 new merchants were added to our portfolio. This growth speaks to the significant contribution that every Tyro has made in FY22. I would like to thank all Tyros for their dedication, teamwork and commitment to put our customers first.

Outside of our financial and operational performance, our Tyro team has also been working on prioritising cultural, gender and social equity, addressing the impact of climate change on our business, and focussing on the demand for talent. As part of this work, I am proud to announce that Tyro has adopted a new team value in FY22 which we call our '*Win Together*' value. This new value supports our existing values of '*Be Good*', '*Wow the Customer*', '*Commit to Greatness*' and '*Stay Hungry*' and recognises that to achieve our mission and vision, we can only do so by being a united team with a growth mindset that embraces diversity, enabling us to collaborate, innovate, and accelerate.

"This growth speaks to the immense contribution that every Tyro has made in FY22."

Changes to remuneration in FY22

In FY22, the Board has made a number of remuneration decisions to better align remuneration with shareholder wealth creation whilst placing a greater focus on linking remuneration to performance and retention. The changes made to the remuneration framework were as follows:

- With the rapid acceleration seen in the demand for talent in FY22 and related increased remuneration requirements, we refreshed our market data for impacted roles. Our remuneration strategy is to provide fixed annual remuneration (comprised of base salary and superannuation) between the 50th and 75th percentile, with technology roles necessarily skewed to the higher end of the range. This refreshed data was used as part of our annual remuneration review with increases to fixed remuneration provided in January 2022.
- To further attract and retain talent, we introduced a long-term retention incentive plan in the form of service rights for all our team members (excluding the Executive KMP and XLT). These service rights vest equally over a 3-year period with the vesting condition being that the employee remains employed by Tyro at each vesting date.
- In FY21, our STI plan for Executive KMP and the XLT was 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 was delivered 25% cash and 75% in 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. Through engagement with our team, we have refined the plan for FY22 for all employees other than Executive KMP and XLT to allow for 33% of the award to be paid in cash with the remaining 67% issued as service rights that vest equally monthly over a 12-month period from the grant date with the vesting condition being that the employee remain employed by Tyro through the 12-month period. Furthermore, we removed the 24-month holding lock from the award. The objective of these refinements is to improve the value of the award for employees over the short-term while still ensuring that an element of retention is built into the award.

Changes to remuneration in FY22 (continued)

- A further refinement we made to our FY22 STI plan was to amend the weighting of the component parts that make up the award. The financial component which previously amounted to 60% of the total award was reduced to 50% in FY22 and the customer satisfaction metric (measured using Net Promoter Score (NPS) and merchant uptake of multiple products) was increased to 20% from 10% in FY21. This change was made to enhance both the Board and management's emphasis placed on our value to 'Wow the Customer'.
- Following engagement with stakeholders on the FY22 LTI Plan, the Board has refined the FY23 LTI Plan by amending the financial performance hurdles applicable to vesting for the plan. 50% of the plan award will now vest based on the achievement of a statutory EBITDA performance hurdle in FY25 while a new performance hurdle representing the remaining 50% of the plan award has been added based on the achievement of a TSR ranking relative to the XTX index at 30 June 2025. This change has been made to better align our LTI Plan with shareholder wealth creation of the medium to long term.

Evolving our way of working

We introduced numerous Company defining initiatives in FY22 to better support our team, to retain and attract the very best talent and to build on our high-performing culture.

- We moved into our new offices in Sydney in April 2022. This move was necessitated by our previous lease coming to an end at the close of 2021. Our new Sydney HQ has been designed with flexibility in mind and to enable team members to do their best work, whatever their day may involve, be that focussed work, meetings, attending company-wide all hands sessions we call Mindshares, catching up with fellow Tyros over lunch, a game of table tennis, or Friday drinks. The energy that this move has brought back into our team, after the extended lockdowns that all Tyros endured over Covid, has been refreshing to see. We want to create an even greater place to work and grow where our strategy, purpose and values are 'alive', with all Tyros empowered to deliver their best work and drive amazing outcomes for Tyro.
- We also introduced a new 'Way of Work' in late April 2022. We have adopted a 'remote-friendly' (rather than 'remote-first') business model for employees, and we recognise that flexibility is about more than just remote working. Employees can now choose when they want to come into the office, and we have empowered our senior leaders and our teams to develop a model that best fits their needs.
- We are very pleased to also have officially launched our Tech Graduate Program in June 2021 with 12 graduates and 4 interns joining over the course of the year. This initiative is a win-win for both our grads and Tyro. We benefit from great new energy and ideas and the opportunity to help grow the careers of some young technologists, all the while attracting top talent to our team.

"We are confident that we have developed a robust and fit for purpose remuneration framework that serves Tyro well."

Remuneration outcomes for FY22

With respect to the annual salary reviews conducted in January 2022 and our stated strategy to provide fixed annual remuneration (comprised of base salary and superannuation) between the 50th and 75th percentile (based on independent benchmark data), with technology roles skewed to the higher end of the range, we provided our team with an overall average remuneration increase of 4.3% (excluding the Executive KMP and XLT). Executive KMP and XLT were provided with an average increase of 8%.

The overall FY22 STI outcome came in at 46% (FY21: 89%) of target with a total STI of $4.9 million paid to employees. Of this, $2.1 million will be paid in cash with the remaining $2.8 million to be issued as service rights.

The FY22 LTI Plan was made available to 77 employees made up of Executive KMP, the XLT and key employees identified by the CEO and the Board. Performance Rights were granted in February 2022 to these employees with vesting based on the achievement of a defined range of statutory EBITDA outcomes in FY24 – this plan is not due to be tested until FY24 and as such no vesting has occurred. No vesting has taken place on the FY19, FY20 or FY21 LTI plans as the performance hurdles for vesting were not met in FY22. These will be retested in FY23 again.

Non-executive Director fees for FY22

Since listing on the ASX in 2019 no changes were made to Non-executive Director fees until FY22. In FY21, the Board undertook a review of Non-executive Directors' fees and received independent advice from external consultants, which highlighted that our Non-executive Directors' fees had fallen below market peers. In order to ensure that Tyro remains able to attract and retain directors of appropriate skill and experience, the Board resolved to make an increase in base Non-executive Directors' fees that would commence in FY22 of 29.6%, which along with the fees for our two additional Non-executive Directors appointed during FY22, the total fees are still well within the Non-executive Director fee pool of $1.4 million approved in 2019. The Chair fees have not changed from the prior year.

Looking ahead to FY23

We are committed as a Board to continuously reviewing the effectiveness of our remuneration framework and always welcome your feedback on our Remuneration Report. We are confident that we have developed a robust and fit for purpose remuneration framework that serves Tyro well. It appropriately balances fixed annual remuneration for all Tyros to reward core performance, has a STI that underpins the achievement of financial and operating targets, and a LTI that is focussed on delivering long term shareholder wealth creation.

I look forward to presenting our Remuneration Report to you at the Tyro Annual General Meeting to be held on 24 November 2022.

Yours sincerely,

Fiona Pak-Poy
Chair - People Committee

Audited Remuneration Report

This Report forms part of the Directors' Report and sets out the remuneration arrangements of the Group for the year ended 30 June 2022 and is prepared in accordance with Section 300A of the *Corporations Act*. The information has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

The report details the remuneration arrangements for Tyro's Key Management Personnel (**KMP**). KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors. References in this report to Executives refers only to those executives who are KMP, as outlined in section 1 below for FY22.

REMUNERATION REPORT 2022

1. Who is covered in this Report

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

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

NON-EXECUTIVE DIRECTORS	
David Thodey AO	Chair, Non-executive Director
David Fite	Non-executive Director
Claire Hatton	Non-executive Director (commenced as KMP from 5 January 2022)
Aliza Knox	Non-executive Director
Fiona Pak-Poy	Non-executive Director
Paul Rickard	Non-executive Director
Shefali Roy	Non-executive Director (commenced as KMP from 5 January 2022)
FORMER NON-EXECUTIVE DIRECTORS	
Hamish Corlett	Non-executive Director (ceased as KMP from 3 November 2021)

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

EXECUTIVE KMP	
Robert (Robbie) Cooke	CEO | Managing Director
Praveenesh (Prav) Pala	Chief Financial Officer
Steven Chapman	Chief Risk Officer

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

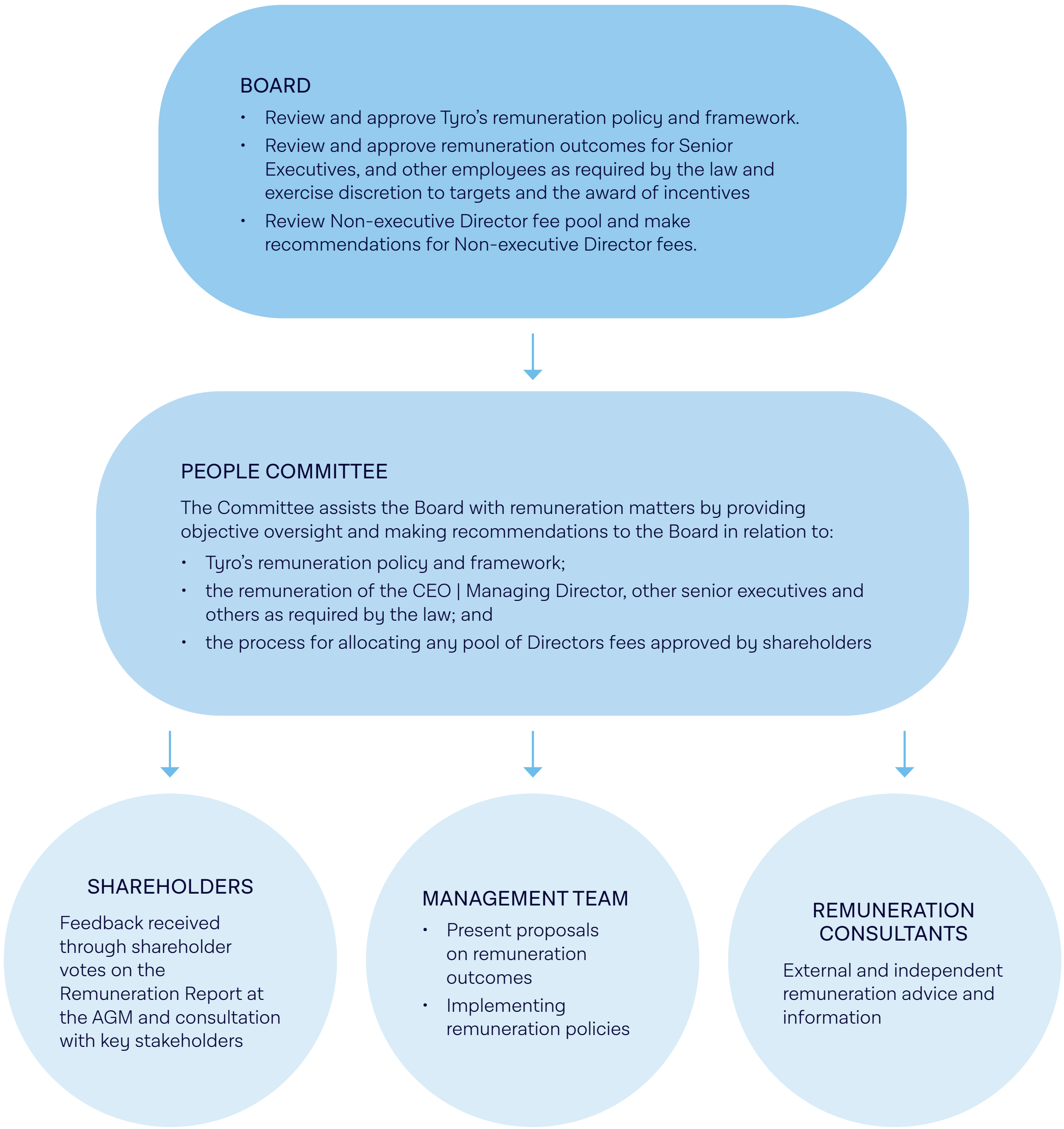
2. Remuneration governance

Tyro's remuneration governance and framework is overseen by the People Committee (the **Committee**) as a formal committee of the Board. The Committee consists of five 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.

The Committee considers matters relating to the remuneration of KMP as well as the remuneration policies of the Group generally. This includes reviewing and recommending to the Board, the remuneration of the Chair and Non-executive Directors, Executive KMP and other direct reports to the CEO.

The principal responsibilities of the Committee are outlined in the People Committee Charter, available on the corporate governance page of the Group's website: *https://investors.tyro.com/investor-centre/?page=corporate-governance*. Under the Committee Charter, the majority of Committee members must be independent non-executive directors and the Chair of the Committee must be an independent non-executive director. Currently, all members of the Committee (including the Chair of the Committee) are independent non-executive directors.

Details of members of the Committee and their background are included in the Directors' Report on pages 57 to 67. The following diagram represents the Group's remuneration decision-making structure.



2.1 Use of remuneration advisors

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

In FY22, 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 Non-executive Directors, KMP and the XLT against Tyro's benchmarking peers. KPMG was paid $64,900 for the benchmarking review and the review of the existing remuneration framework's compliance with Banking Executive Accountability Regime (**BEAR**).

Godfrey Remuneration Group was also engaged in FY22 relating to services for providing remuneration data for Executives. Godfrey Remuneration Group was paid $16,500 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 FY22.

2.2 Remuneration Report approval at 2021 Annual General Meeting (AGM)

The Company received a vote of 90% in favour of the adoption of the 2021 remuneration report at the 2021 AGM (85% vote in favour at the 2020 AGM).

3. Remuneration framework

3.1 Approach to remuneration

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

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

Strategy

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 other strategic partnerships

Remuneration Principles

Align reward with strategic objectives.	Our remuneration framework aligns both the short-term and long-term rewards of employees and Executives with Tyro's strategic goals and core values and linking variable pay outcomes to both Group and individual performance.
Attract, motivate and retain a highly skilled team.	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.
Promoting gender pay equality.	We are committed to equal pay for equal work and have recently introduced policies to review our gender pay equality on an annual basis. Each year we also complete the Workplace Gender Equality Agency gender equality program reporting. The findings from this annual report help us tailor our approach to ensure we're achieving pay parity.

Remuneration Overview

COMPONENT	ALIGNMENT TO PERFORMANCE	ALIGNMENT TO STRATEGY
Fixed Annual Remuneration (**FAR**) Consisting of: • *Base salary* • *Superannuation*	• Set at a market competitive level in relation to the scope, complexity, capabilities and individual performance in the role. • Targeted at the 50th to 75th percentile of relevant external peer group. • Provides recognition for day-to-day, operational activities in the role.	• Set to attract, retain and engage the best people to design and lead the delivery of our strategy. • Annual pay reviews occur in December each year with remuneration changes effective from 1 January.
Short-Term Incentive Plan (**STI**) *At risk component set as a percentage of FAR granted in a mix of cash and service rights to all employees*	Performance assessed against: • Financial measures (target 50%). • Customer metrics (target 40%). • Individual KPI achievement (target 10%).	• Linked to Tyro's key strategic priorities. • The 25% of the award that is deferred into equity supports Executives' alignment with shareholder interests, as well as Executive retention.
Long-Term Incentive Plan (**LTI**) *At risk component set as a percentage of FAR and granted in the form of performance rights annually to participating executives*	• Performance assessed against financial measures (target 100%) • 50% of the LTI award is subject to the satisfaction of an EBITDA hurdle with the vesting percentage determined by reference to Tyro's statutory EBITDA (before share-based payments) 3-year CAGR to FY25. • 50% of each participant's total LTI entitlement will be subject to satisfaction of a relative TSR hurdle with the vesting percentage determined by reference to Tyro's relative TSR ranking relative to the TSR for the XTX index.	• Targeting profitability and shareholder wealth creation through EBITDA growth and outperformance of TSR. • The three-year vesting period encourages consideration of long-term decision making and value creation, as well as operating as a retention tool. • With a significant portion of potential remuneration based on equity, the Board provides alignment between the interests of Executives with shareholders.

3.2 Remuneration benchmarking and review

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

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

The second comparator group, used to validate the primary market capitalisation peer group, 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.

We will take into account the fall in our market capitalisation over the past 6 months as part of the benchmarking review we undertake in FY23 acknowledging that many of the companies against whom we benchmark have experienced similar falls in market capitalisation.

3.3 Design of FY22 STI Plan

The FY22 STI Plan is designed to reward for the achievement of annual goals set in line with Tyro's strategy and reflecting key growth drivers to deliver returns for shareholders. The Plan provides the STI framework for the CEO, Executive KMP and XLT members and employees of the Group.

There were two changes to the FY22 STI design with the performance measures changing relating to the amendment of the weighting of the financial measure from 60% to 50% and the increase of the customer satisfactions measure increasing in weighting from 10% to 20%. A second change was made for all employees other than Executive KMP and XLT to allow for 33% of the award to be paid in cash with the remaining 67% issued as service rights that vest equally monthly over a 12-month period from the grant date.

The number of employees who will participate in the STI for FY22 is 571 (FY21: 406).

In terms of the Executive KMP and XLT, the CEO has a target STI potential of 50% of FAR. Excluding the CEO, a target STI potential of between 35% to 50% of Executive KMP FAR is available as an STI. All other XLT and other qualifying employees are allocated a potential target incentive amount of between 15% and 55% of FAR.

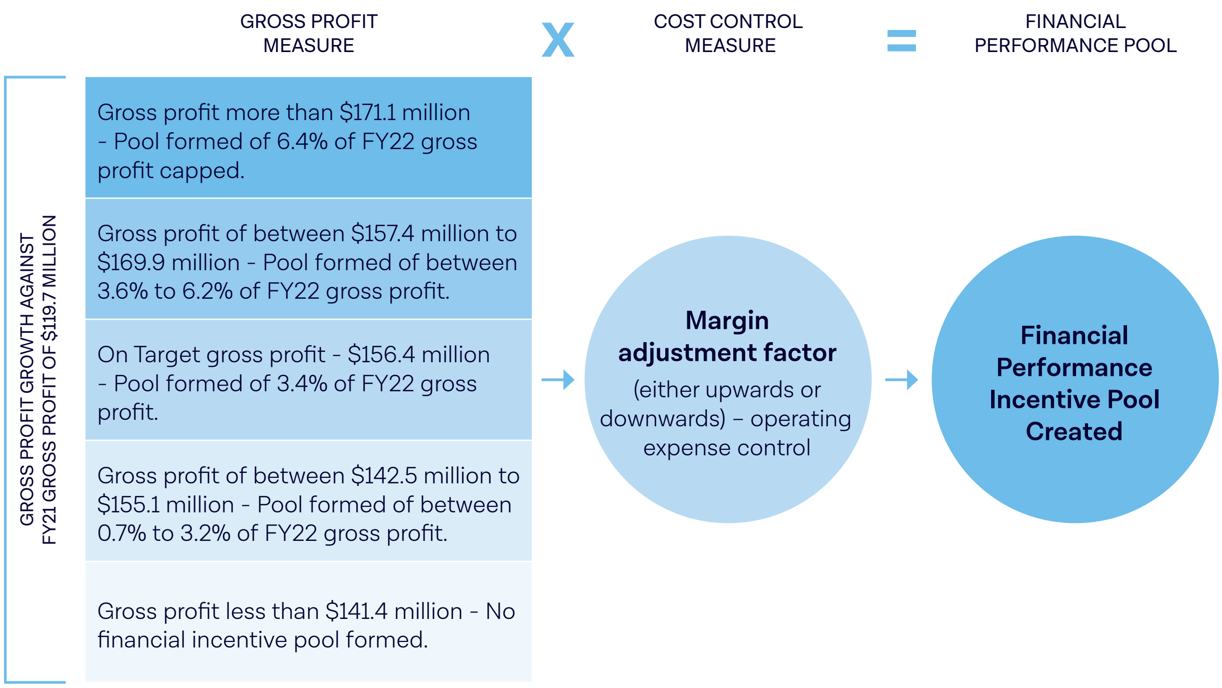
The STI award for Executive KMP and the XLT is delivered 75% in cash and 25% in equity (Service Rights) that vest in 4-years with no performance hurdle but subject to malus and clawback provisions and irrespective of continuous service. For all other employees, the STI award is delivered 33% cash and 67% in equity (Service Rights) vesting in equal tranches over a 12-month period with no holding lock post vesting of each tranche irrespective of continuous service.

An analysis of how the FY22 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.

3.3.1 Financial performance targets for FY22 – 50% of target STI:

FINANCIAL PERFORMANCE MEASURES	WEIGHTING AT TARGET	WEIGHTING AT MAXIMUM	TARGET	RATIONALE FOR METRIC
Normalised gross profit growth	50%	100%	$156.4 million normalised gross profit for FY22	• Key indicator of financial performance. • Ensures continued focus on growth. • Balances growth in transaction value with generating new business at profitable margins.

CALCULATION OF FINANCIAL INCENTIVE POOL



3.3.2 Customer Performance Targets for FY22 - 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	• Key indicator of merchant retention focussing on retention of large merchants. • Aligns to all our Group values.
Merchant number churn	5%	10%	10% or less churn	• Key indicator of merchant retention focussing on retention of all merchants. • Aligns to all our Group values.
Customer satisfaction	10%	20%	NPS of 43 or greater	• Key indicator of merchant satisfaction. • Aligns to all our Group values.
Customer satisfaction	10%	20%	30% or more of merchants signing on for two or more Tyro products	• Growth in value adding products. • Aligns to 'Wow(ing) the Customer' value.
Merchant applications	10%	20%	Average of 1,300 new merchant applications per month for FY22	• Key indicator of winning new business. • Aligns to 'Stay Hungry' value.

3.3.3 Individual Key Performance Indicators for FY22 - 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 individual's achievement against the 10% target. For FY22, the average achievement for all employees came out at 75%.

3.3.4 Use of discretion:

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

The Board retains the full discretion in relation to revising STI targets where material changes have occurred during the year. Furthermore, all equity granted in relation to STI awards to Executive KMP and XLT are subject to malus and clawback provisions and the Board has the discretion to adjust, lapse/forfeit, or require repayment of an award under the terms of the Group's malus and clawback policy.

3.3.5 The key terms of the Service Rights relating to the FY22 STI are set out below:

TERMS	DESCRIPTION
Administration	The plan is administered by the Board (or the Board's delegate).
Eligibility	Full-time and part-time employees of the Company are eligible to receive awards under the STI Plan. The Board will select eligible employees to whom awards are to be granted from time to time.
Grant date	The date specified as the grant date in each participant's offer document.
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 the XLT, vesting takes place 4 years (irrespective of continuous service) after grant with no performance hurdle and no holding lock post vesting.
	For all other employees vesting takes place in equal tranches over a 12-month period (irrespective of continuous service) with no holding lock post 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	None.
Clawback provisions	Incentives may be clawed back where there has been a material misrepresentation of the financial outcomes on which the payment had been assessed and/or the participant's actions have been found to be fraudulent, dishonest or in breach of the Group's Code of Conduct (e.g. misconduct).
Amendments	The Board may amend the terms of the plan without consent of the participants if the amendment does not reduce the rights of the participants.
Other terms	The rules of the plan include other terms relating to the administration, transfer, termination and variation of the plan.

3.4 Design of FY22 LTI Plan

The FY22 LTI is designed to reward participants for their contributions towards achieving the Group's strategic priorities orientated around delivering long term sustainable shareholder value creation.

The FY22 LTI Plan is open to the CEO, Executive KMP, Executive Leadership Team (**XLT**) and other nominated employees of Tyro and has been fulfilled via an issuance of performance rights. For FY22, there were 77 participants invited to participate in the plan (FY21: 43 participants).

There were no changes to the design of the plan in FY22, however the performance measures in place were amended from FY21 to focus on long-term shareholder wealth creation centred on an EBITDA profitability measure rather than gross profit and revenue measures as used in prior years as Tyro moves to profitability.

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

The number of performance rights to be issued to each participant 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 announcement of Tyro's FY21 full year result; and
- each participant's prescribed LTI entitlement that falls within the participant's Total Remuneration Opportunity (**TRO**) as approved under the remuneration framework. For FY22, the maximum LTI potential is 64.5% of the CEOs Fixed Annual Remuneration (**FAR**), between 40% 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 FY22.

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).

TARGET FY22 LTI (% OF PARTICIPANT FAR) ÷ VWAP OF TYRO SHARES 10-DAYS COMMENCING ON 27 AUGUST 2021 = NUMBER OF PERFORMANCE RIGHTS ALLOCATED

3.4.2 Performance hurdle applicable to FY22 LTI plan

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
Below $49.0 million	0%
$49.0 million	70%
$54.5 million	80%
$59.9 million	90%
$65.4 million and over	100%

In addition to the performance hurdle, employees who participate in the FY22 LTI must remain employed by Tyro at the vesting date in order for the Performance Rights to vest.

3.4.3 The key terms of the Performance Rights relating to the FY22 LTI plan are set out below:

TERMS	DESCRIPTION
Administration	The plan is administered by the Board (or the Board's delegate).
Eligibility	Eligible participants are Directors, Executive KMP, the XLT as well as other nominated employees of the Group.
Grant date	The date specified as the grant date in each participant's offer document.
Exercise price	Nil
Vesting dates	Subject to satisfying the Performance Hurdle, the Performance Rights vest in one tranche 3 years following the Effective Date.
Vesting condition	The holder of the rights must be employed by Tyro on the date of vesting and the number of Performance Rights that qualify for exercise will depend on satisfaction of the performance hurdles set out above.
Exercise	Once a FY22 LTI Performance Right has vested and subject to the Plan Rules, participants will be allocated with that number of fully paid Tyro Shares that corresponds to the relevant 'Vesting Percentage' multiplied by the number of FY22 LTI Performance Rights granted to participants.
Rights	Each Performance Right granted entitles the holder to one share on exercise. Shares resulting from an exercise of Performance Rights rank equally with other shares, and shareholders are entitled to the same dividend and voting rights specified in our constitution.
Holding lock period	Any Vested Shares issued to participants following the vesting of the FY22 Performance Rights, will remain subject to a 12-month holding lock, commencing on the date that the Vested Shares are issued. During the Holding Lock Period, the Vested Shares cannot be transferred, sold, encumbered or otherwise dealt with.
Clawback provisions	The Performance Rights to be subject to forfeiture prior to vesting and thereafter any shares issued will be subject to claw back for up to a further 2-year period following the expiry of the 'holding lock (i.e. awards can be forfeited up to 6 years from the Grant Date).
Amendments	The Board may amend the terms of the plan without consent of the participants if the amendment does not reduce the rights of the participants.
Other terms	The rules of the plan include other terms relating to the administration, transfer, termination and variation of the plan.

3.5 Design of FY23 LTI Plan

Following engagement with stakeholders on the FY22 LTI Plan, the Board has refined the FY23 LTI Plan by amending the financial performance hurdles applicable to vesting for the plan. 50% of the plan award will now vest based on the achievement of a statutory EBITDA performance hurdle in FY25 while a new performance hurdle representing the remaining 50% of the plan award has been added based on the achievement of a TSR ranking relative to the XTX index at 30 June 2025. This change has been made to better align our LTI Plan with shareholder wealth creation of the medium to long term.

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

EBITDA hurdle (50% of the Award)

50% of a participant's total LTI entitlement will be subject to satisfaction of an EBITDA hurdle with the vesting percentage determined by reference to Tyro's statutory EBITDA (before share-based payments) 3-year CAGR to FY25 as specified below:

STATUTORY EBITDA (BEFORE SHARE-BASED PAYMENTS) 3-YEAR CAGR TO FY25	PERCENTAGE OF AWARDS VESTING
Below 20%	0%
At 20%	50%
Above 20% and below 60%	Pro-rata (50% to 99%)
At or above 60%	100%

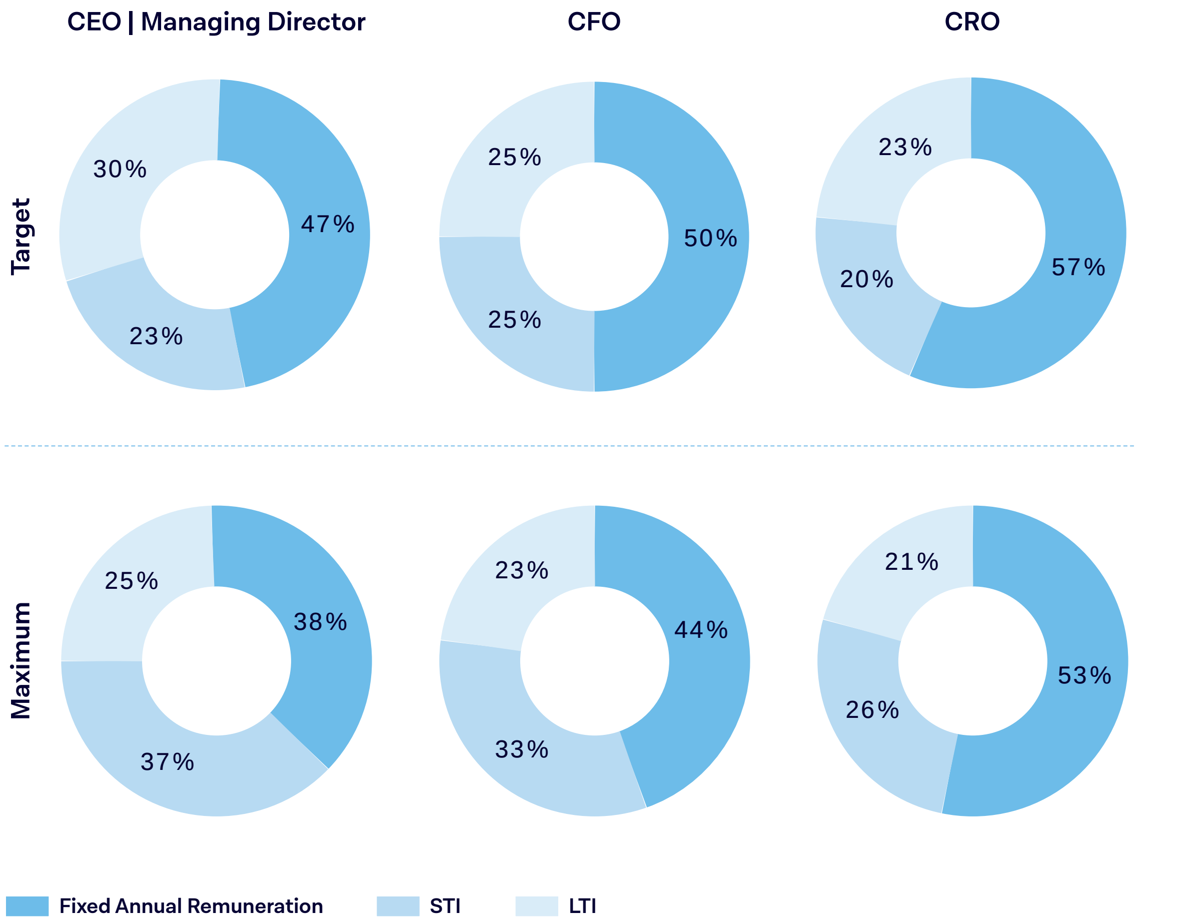
Total Shareholder Return (TSR) (50% of the Award)

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

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

4. Key remuneration components for Executive KMP

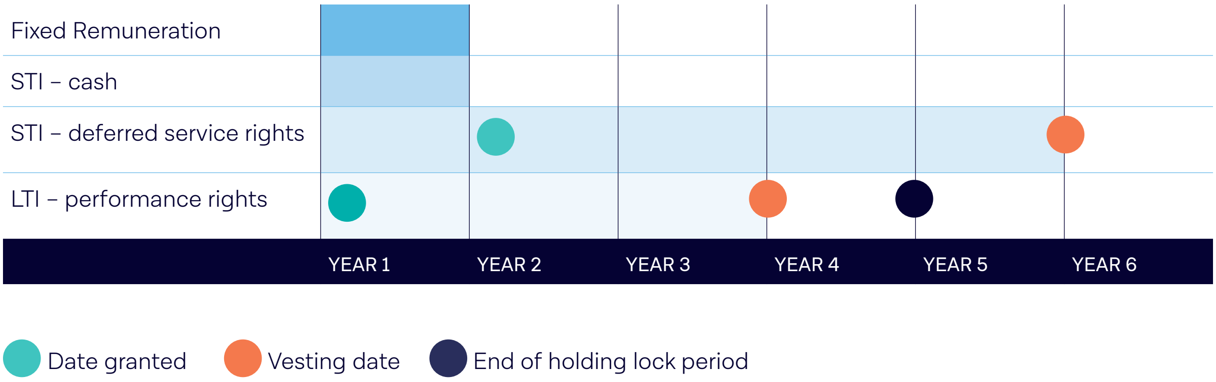
The charts below show the remuneration mix and total remuneration opportunity (**TRO**) for Executive KMP at target opportunity for FY22 and at maximum opportunity for FY22, comprising FAR, STI cash, STI deferred and LTI granted.



EXECUTIVE KMP	FAR	STI AT TARGET	LTI AT TARGET	TRO AT TARGET	FAR	STI AT MAXIMUM	LTI AT MAXIMUM	TOTAL AT MAXIMUM
Robbie Cooke	$990,000	$495,000	$638,500	**$2,123,500**	$990,000	$960,000	$638,500	**$2,588,500**
Prav Pala	$610,000	$305,000	$305,000	**$1,220,000**	$610,000	$457,500	$305,000	**$1,372,500**
Steve Chapman	$380,000	$133,000	$152,000	**$665,000**	$380,000	$190,000	$152,000	**$722,000**

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

4.1 Executive KMP remuneration time horizon



4.2 Changes to Executive KMP remuneration for FY22

Robbie Cooke did not receive an increase to his FAR for FY22 and no changes were made to his STI or LTI arrangements. The remuneration arrangements for Robbie Cooke's successor as CEO will be disclosed to the market as part of the announcement on the appointment of the CEO.

The CFO's FAR increased to $610,000 in FY22 (FY21: $520,000). His STI and LTI allocations as a proportion of FAR did not change. Our CRO was granted a 5.6% increase to his FAR for FY22 to $380,000 (FY21: $360,000) with no change to his STI and LTI allocations.

4.3 Contracts of employment

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

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

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

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

5. Tyro's FY22 performance and link to remuneration

One of the key principles of Tyro's remuneration framework is to align Executive KMP, the XLT and employee remuneration outcomes with financial and customer performance. This section provides a summary of Tyro's performance outcomes for FY22 and the link to remuneration.

5.1 Financial performance outcomes

FINANCIAL MEASURE	FY18	FY19	FY20	FY21	FY22	5-YEAR CAGR
Transaction value	$13.4 billion	$17.5 billion	$20.1 billion	$25.5 billion	$34.2 billion	26.4%
Gross profit (normalised)	$69.1 million	$83.3 million	$93.5 million	$119.7 million	$148.5 million	21.5%
EBITDA (normalised[1])	($9.8 million)	($8.6 million)	($4.4 million)	$14.2 million	$10.7 million	N/M
EBITDA (statutory[1])	($9.8 million)	($8.6 million)	($4.4 million)	($3.1 million)	$14.4 million	N/M
Free cash flow[2]	($12.4 million)	($13.8 million)	($24.0 million)	($3.3 million)	($7.3 million)	N/M

1. *Tyro uses EBITDA as a non-IFRS measure of business performance, which excludes the non-cash impact of share-based payments expense, share of losses from associates, expenses associated with the terminal connectivity issue and the IPO and other significant one-off costs. Refer to the page 14 of the FY22 Investor Presentation for a reconciliation of statutory to normalised results.*
2. *Free cash flow is calculated before changes in banking funds and timing differences relating to net scheme receivables. It is calculated as EBITDA before share-based payments adjusted for non-cash items in Tyro's working capital movements, statutory adjustments (including rent payments) and capital expenditure including internally generated intangibles. Terminal capital expenditure includes both new and replacement terminals.*

Financial performance outcomes linked to FY22 STI - Financial component representing 50% of total STI:

The actual result for FY22 was the achievement of 28.9% gross profit growth from FY21 (excluding JobKeeper benefits received in FY21) and an operating margin adjustment factor of 0.99 resulting in 50.4% of the target being achieved. The margin adjustment factor relates to the decreased operating margin of 92% achieved in FY22 compared to 90% in FY21 (before lending and non-lending losses and the JobKeeper benefit received in FY21).

	FY22 $'000	FY21 $'000	GROWTH	COMMENTARY
Gross profit (normalised)	148,503	119,734	24.0%	Gross profit growth was driven by a 34.2% increase in transaction value and a 10% increase in merchant count.
Less: JobKeeper benefit	-	(4.484)	-	The JobKeeper benefits for FY21 have been excluded from gross profit for FY21 as this was excluded from the STI calculation for FY21. No benefit was received in FY22.
Adjusted gross profit for STI calculation	**148,503**	**115,250**	**28.9%**	**28.9% growth achieved resulting in 51% of financial STI component at target becoming available.**
Operating Expenses (normalised)	(137,836)	(105,568)	30.6%	The increase in operating expenses reflects higher headcount and wage inflation together with higher administration costs.
Operating margin adjustment factor	0.99x	1.18x		Normalised operating leverage for FY22 amounted to 92.8% compared to operating leverage for FY21 (before JobKeeper) of 91.6%
STI financial component outcome	**50.4%**	**117.0%**		

5.2 Customer performance outcomes

CUSTOMER MEASURE	FY18	FY19	FY20	FY21	FY22
Transaction value churn (%)	-	9.3%	8.0%	8.7%	9.2%
Merchant count churn (%)	13.0%	11.7%	11.7%	11.3%	10.5%
Net Promoter Score (#)	-	37	43	21	34
Merchants accepting two or more Tyro products (#)	-	-	-	15%	14%
Merchant applications (#)	8,041	10,218	10,547	11,813	14,777

Customer performance outcomes linked to FY22 STI - Customer component metrics representing 40% of total STI:

			STI OUTCOME					
	FY22 TARGET	FY22 ACHIEVEMENT	BELOW THRESH-OLD	THRESH-OLD	TARGET	MAXI-MUM	% OF TAR-GET	% OF MAX
Transaction value churn (%)	8.0%	9.2%					74%	40%
Merchant count churn (%)	10.0%	10.5%					74%	40%
Net Promoter Score (#)	NPS of 43	NPS of 34					0%	0%
Merchants accepting two or more Tyro products	30%	14%					0%	0%
Merchant applications (#)	Ave. of 1,300 p/m	Ave. of 1,231 p/m					65%	35%

5.3 CEO | Managing Director Key Performance Indicators

Under the FY22 STI Plan, Executive KMP and the XLT are required to individually achieve against a balanced scorecard that comprises a mixture of financial and non-financial key performance indicators (**KPIs**). These KPIs represent 10% of the total STI. The Board performed an assessment of Robbie Cooke's individual KPIs for FY22 with the results of his assessment reflected in his total FY22 STI outcome.

6. FY22 Executive KMP remuneration outcomes

6.1 FY22 STI outcomes

The following table provides the FY22 STI outcomes awarded to Executive KMP. Under the FY22 STI plan 75% of the award is made in non-restricted cash and 25% of the awarded STI is provided in equity in the form of Service Rights, with vesting occurring 4-years from grant.

EXECUTIVE KMP	ACTUAL STI AWARDED	CASH	DEFERRED – TO BE ISSUED AS SERVICE RIGHTS	STI AT TARGET	STI ACHIEVED AS A % OF TARGET	STI ACHIEVED AS A % OF MAXIMUM
	$	$	$	$	%	%
Robbie Cooke	236,860	177,645	59,215	495,000	48%	25%
Prav Pala	164,244	123,183	41,061	305,000	54%	36%
Steve Chapman	70,291	52,718	17,573	133,000	53%	37%

6.2 FY22 LTI outcomes

The following table provides the FY22 LTI outcomes awarded to Executive KMP. Under the FY22 LTI plan, Performance Rights are granted in the year with vesting to take place 3-years from grant subject to performance conditions being met.

EXECUTIVE KMP	NUMBER OF PERFORMANCE RIGHTS GRANTED	FAIR VALUE OF PERFORMANCE RIGHTS GRANTED	FAIR VALUE AT GRANT DATE	GRANT DATE	AS A % OF TOTAL REMUNERATION[1]
Robbie Cooke	164,575	$638,500	$3.86	1 Mar 2022	N/A
Prav Pala	75,387	$290,000	$3.86	1 Mar 2022	35.2%
Steve Chapman	29,657	$108,000	$3.86	1 Mar 2022	23.9%

1 *Based on total statutory remuneration as reported on page 93.*

6.3 Legacy LTI Plan outcomes

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

DETAILS	FY19 AWARD	FY20 AWARD	FY21 AWARD		FY22 AWARD
			LTI AWARD	MEDIPASS AWARD	
Instrument	Options	Options	Rights	Rights	Rights
Grant date	1 May 2019	1 Oct 2019	1 Feb 2021	1 Jul 2021	1 Mar 2022
Test date	1 May 2022	1 Oct 2021	1 Sep 2023	30 Jun 2026	1 Sep 2024
Vesting date	[1]	[4]	1 Sep 2023	30 Jun 2026	1 Sep 2024
Vesting hurdle(s)	[2]	[5]	[6]	[7]	[8]
Test result	Performance hurdles not met[3]	Performance hurdles not met[3]	Not due for testing	Not due for testing	Not due for testing

[1] *FY19 LTI options vest in equal tranches of 25%, commencing on 1 May 2021.*

[2] *Options granted in respect of FY19 must satisfy two performance hurdles to qualify for exercise:*
- *25% compound gross revenue growth from 1 July 2018 to end of financial year of testing; and*
- *a positive Net Profit result (before tax and share-based expenses) for financial year of testing.*

[3] *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).*

[4] *FY20 LTI options vest in equal tranches of 25%, commencing on 1 October 2021.*

[5] *Options granted in respect of FY20 must satisfy two performance hurdles to qualify for exercise:*
- *20% compound gross revenue growth from 1 July 2019 to end of financial year of testing; and*
- *a positive Net Profit result (before tax and share-based expenses) for financial year of testing.*

[6] *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 (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).*

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

[8] *Refer to page 83 for a summary of the FY22 LTI vesting performance hurdles.*

The FY19 performance options were tested on 1 May 2022 as part of testing for the second vesting date. The compound gross revenue for the period 1 July 2018 to 30 June 2021 was 12.8% and a net loss before tax and share-based payments of $20.4 million was recorded resulting in the performance hurdles not being achieved. The FY19 options will be retested on 1 May 2023.

The FY20 performance options were tested on 1 October 2021 as part of testing for the first vesting date. The compound gross revenue for the period 1 July 2019 to 30 June 2021 was 13.2% and a net loss before tax and share-based payments of $20.4 million was recorded resulting is the performance hurdles not being achieved. The FY20 options will be retested on 1 Oct 2022.

7. Statutory Executive KMP Remuneration

The following table provides the statutory remuneration outcomes for Executive KMP for FY22 and FY21 and is prepared in accordance with Australian Accounting Standards. The statutory remuneration outcomes disclosed in this table differs from the Executive KMPs' FY22 Total Remuneration Opportunity (**TRO**) and the elements of the remuneration framework outlined in Section 4 of this Report. Differences arise mainly due to the accounting treatment of long-term benefits (which include annual leave and long service leave) and share-based payments (performance rights, LEPRs, remuneration sacrifice rights and option plans). Disclosures include an accounting value for current year rights and all unvested option plan awards.

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

NAME	CASH SALARY $	SUPER ANNUATION $	NON-MONETARY BENEFITS $	CASH STI AWARD $	LONG SERVICE LEAVE $	OPTIONS[9] $	RIGHTS[2] $	TOTAL $	PERFORMANCE BASED EQUITY COMPONENT $
EXECUTIVE KMP									
Robbie Cooke									
FY22	**970,954**	**23,568**	**-**	**177,645**	**-**	**(760,912)[1]**	**(172,588)[1,4]**	**238,667**	**N/A**
FY21	906,290	21,694	34,693[3]	332,161	-	497,512	379,865	2,172,215	55.7%
Prav Pala									
FY22	**573,932**	**23,568**	**-**	**123,183**	**55,450**	**5,422**	**132,677[5]**	**914,232**	**15.1%**
FY21	453,525	21,694	-	175,443	39,916	146,738	246,983	1,084,299	52.5%
Steve Chapman[6]									
FY22	**360,000**	**23,568**	**-**	**52,718**	**-**	**(1,420)**	**42,979[7]**	**477,845**	**8.7%**
FY21	28,615	1,808	-	38,237	-	35,971	38,935	143,566	n/a
Angela Green[8]									
FY22	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
FY21	389,424[8]	21,694	-	-	-	2,768	76,184	490,070	16.1%
Total									
FY22	**1,904,886**	**70,704**	**-**	**353,546**	**55,450**	**(756,910)**	**3,068**	**1,630,744**	
FY21	1,777,854	66,890	34,693	545,841	39,916	682,989	741,967	3,890,150	

1 *Under accounting rules, any unvested share-based instruments of the CEO | Managing Director are deemed forfeited as a result of resignation. Changes to this treatment, if any, will be reflected in next year's Remuneration Report.*

2 *Rights relate to the Remuneration Sacrifice Rights Plan, the LEPR Plan and the Service Rights awarded in FY21 and FY22 under the STI Plan. These rights are classified as long term due to the terms of each respective Plan.*

3 *Non-monetary benefits for Robbie Cooke in FY21 relate to an allowance claimable to a maximum of $50,000 annually for reimbursement of personal travel expenses.*

4 *Included in the FY22 cost of Rights awarded to Robbie Cooke, is an amount of $59,215 relating to the FY22 STI incentive and an amount of $26,025 relating to the amortised accounting cost of the FY21 STI incentive.*

5 *Included in the FY22 cost of Rights awarded to Prav Pala, is an amount of $41,061 relating to the FY22 STI incentive and an amount of $13,746 relating to the amortised accounting cost of the FY21 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 *Included in the FY22 cost of Rights awarded to Steve Chapman, is an amount of $17,573 relating to the FY22 STI incentive and an amount of $2,996 relating to the amortised accounting cost of the FY21 STI incentive.*

8 *Angela Green ceased employment with the Company effective 10 June 2021. Included in her cash salary for FY21 is an amount of $22,038 relating to 1 months' notice payment received.*

9 *The negative accounting value of options for FY22 relates to management's judgement that the FY19 LTI Option Plan only has a certain percentage probability of vesting. As such, a proportion of the prior year share-based payments expense for these options have been reversed.*

8. 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 (FY21: $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 FY22 in accordance with Australian Accounting Standards.

NAME		CASH FEES $	SUPERANNUA-TION $	OPTIONS[5] $	RIGHTS[1] $	TOTAL $	PERFOR-MANCE BASED EQUITY COM-PONENT %
NON-EXECUTIVE DIRECTOR							
David Thodey	**FY22**	**231,000**	**-**	**(5,368)**	**-**	**225,632**	**-**
	FY21	-	-	7,691	197,100	204,791	3.8%
Hamish Corlett[2]	**FY22**	**-**	**-**	**(16,751)**	**46,663**	**29,912**	**-**
	FY21	-	-	4,752	118,260	123,012	3.9%
David Fite	**FY22**	**140,000**	**14,000**	**(4,457)**	**-**	**149,543**	**-**
	FY21	-	-	9,829	118,260	128,089	7.7%
Claire Hatton[4]	**FY22**	**68,889**	**6,889**	**-**	**-**	**75,778**	**-**
	FY21	-	-	-	-	-	-
Aliza Knox[3]	**FY22**	**161,273**	**16,127**	**-**	**-**	**177,400**	**-**
	FY21	23,349	-	-	-	23,349	-
Fiona Pak-Poy	**FY22**	**-**	**-**	**8,911**	**159,998**	**168,909**	**5.3%**
	FY21	-	-	-	118,260	118,260	-
Paul Rickard	**FY22**	**90,000**	**9,000**	**(7,886)**	**90,000**	**181,114**	**-**
	FY21	76,667	7,283	11,234	78,110	173,294	6.5%
Shefali Roy[4]	**FY22**	**68,889**	**6,889**	**-**	**-**	**75,778**	**-**
	FY21	-	-	-	-	-	-
Total	**FY22**	**760,051**	**52,905**	**(25,551)**	**296,661**	**1,084,066**	
	FY21	100,016	7,283	33,506	629,990	770,795	

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

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

3 *Aliza Knox was appointed to the Board on 21 April 2021. The FY21 data in the table above reflects the Non-executive Director fees received from that date. Included in the FY22 fees is the cash amount earned in FY21 and only paid in FY22.*

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

5 *The negative accounting value of options for FY22 relates to management's judgement that the FY19 LTI Option Plan only has a certain percentage probability of vesting. As such, a proportion of the prior year share-based payments expense for these options have been reversed.*

9. Summary of Options and Rights under issue

9.1 Rights

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

AWARD TYPE	GRANT DATE	EXPIRY DATE	EXER-CISE PRICE	% VEST-ED	% EXER-CISED	NUMBER HELD AS RIGHTS
Remuneration sacrifice rights in respect of FY18 Executive STI Plan	18 Apr 2019	n/a	n/a	100%	100%	Nil
Remuneration sacrifice rights in respect of FY19 Director Fees	5 Sep 2018	n/a	n/a	100%	100%	Nil
Remuneration sacrifice rights in respect of FY19 Executive STI Plan	16 Oct 2019	n/a	n/a	100%	100%	Nil
Remuneration sacrifice rights in respect of FY20 Director Fees	16 Oct 2019	n/a	n/a	85%	85%	Nil
Remuneration sacrifice rights in respect of FY21 Director Fees	27 Oct 2020	n/a	n/a	100%	0%	231,971
Remuneration sacrifice rights in respect of FY22 Director Fees	3 Nov 2021	n/a	n/a	100%	0%	76,460
Liquidity Event Performance Rights	9 May to 6 Aug 2019	[1]	n/a	100%	80%	800,000
FY20 STI service rights	14 Dec 2020	[1]	n/a	79%	42%	287,985
FY21 LTI performance rights	5 Feb 2021	[2]	n/a	0%	0%	647,834
FY21 STI service rights	2 Sep 2021	[1]	n/a	0%	0%	802,227
FY22 LTI performance rights	1 Mar 2022	[2]	n/a	0%	0%	1,041,406
Medipass service rights	1 Jul 2021	[1]	n/a	0%	0%	1,008,597
Medipass performance rights	1 Jul 2021	[2]	n/a	0%	0%	1,008,597
FY22 LTI service rights	1 Feb 2022	[1]	n/a	8%	1%	2,959,630

1 *10 years after relevant vesting date*

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

Rights held by Non-executive Directors

NAME		BALANCE AT START OF YEAR	GRANTED AS COMPENSATION[1]	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
NON-EXECUTIVE DIRECTOR								
David Thodey	**FY22**	**-**	**59,367**	**-**	**-**	**59,367**	**59,367**	**-**
	FY21	131,905	-	(131,905)	-	-	-	-
Hamish Corlett[2]	**FY22**	**-**	**47,647**	**-**	**-**	**47,647**	**35,620**	**12,027**
	FY21	89,658	-	(89,658)	-	-	-	-
David Fite	**FY22**	**-**	**35,620**	**-**	**-**	**35,620**	**35,620**	**-**
	FY21	89,658	-	(89,658)	-	-	-	-
Claire Hatton	**FY22**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY21	-	-	-	-	-	-	-
Aliza Knox	**FY22**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY21	-	-	-	-	-	-	-
Fiona Pak-Poy	**FY22**	**-**	**76,857**	**-**	**-**	**76,857**	**35,620**	**41,237**
	FY21	73,692	-	(73,692)	-	-	-	-
Paul Rickard	**FY22**	**-**	**46,723**	**-**	**-**	**46,723**	**23,527**	**23,196**
	FY21	61,432	-	(61,432)	-	-	-	-
Shefali Roy	**FY22**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY21	-	-	-	-	-	-	-

1 *Rights granted as compensation in FY22 relate to director fees sacrificed in FY21 and FY22*

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

Rights held by Executive KMP

NAME		BALANCE AT START OF YEAR	GRANTED AS COMPENSATION[1]	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
EXECUTIVE KMP								
Robbie Cooke	**FY22**	**1,430,476**	**193,111**	**(400,000)**	**-**	**1,223,587**	**857,728**	**365,859**
	FY21	1,200,000	230,476	-	-	1,430,476	826,240	604,236
Prav Pala	**FY22**	**244,456**	**90,459**	**(190,437)**	**-**	**144,478**	**-**	**144,478**
	FY21	333,333	77,790	(166,667)	-	244,456	10,805	233,651
Steve Chapman[1]	**FY22**	**19,469**	**32,942**	**(3,926)**	**-**	**48,485**	**-**	**48,485**
	FY21	-	22,187	(2,718)	-	19,469	302	19,167
Angela Green[2]	**FY22**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY21	200,000	62,626	(107,671)	(154,955)	-	-	-

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

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

9.2 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	% VESTED	% EXERCISED	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	91%	49%	9,264,774
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	54%	30%	1,145,376
Options exercisable at Nil expiring on 31 August 2025	1 Sep 2019	31 Aug 2025	Nil	33%	21%	683,623
Options exercisable at \$1.50 expiring on 30 April 2026	1 May and 6 Aug 2019	30 Apr 2026	\$1.50	0%	0%	4,895,120
Options exercisable at \$1.79 expiring on 30 September 2026	1 Oct 2019	30 Sep 2026	\$1.79	0%	0%	5,584,832

Options held by Non-executive Directors

NAME		BALANCE AT START OF YEAR	GRANTED AS COMPENSATION	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
NON-EXECUTIVE DIRECTOR								
David Thodey	**FY22**	**82,286**	**-**	**-**	**-**	**82,286**	**8,571**	**73,715**
	FY21	82,286	-	-	-	82,286	5,714	76,572
Hamish Corlett[1]	**FY22**	**68,000**	**-**	**-**	**(68,000)**	**-**	**-**	**-**
	FY21	68,000	-	-	-	68,000	-	68,000
David Fite	**FY22**	**158,144**	**-**	**-**	**-**	**158,144**	**75,679**	**82,465**
	FY21	2,919,318	-	(2,761,174)	-	158,144	57,822	100,322
Claire Hatton	**FY22**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY21	-	-	-	-	-	-	-
Aliza Knox	**FY22**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY21	-	-	-	-	-	-	-
Fiona Pak-Poy	**FY22**	**83,000**	**-**	**-**	**-**	**83,000**	**-**	**83,000**
	FY21	83,000	-	-	-	83,000	-	83,000
Paul Rickard	**FY22**	**229,400**	**-**	**(28,169)**	**-**	**201,231**	**91,378**	**109,853**
	FY21	253,940	-	(24,540)	-	229,400	106,682	122,718
Shefali Roy	**FY22**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY21	-	-	-	-	-	-	-

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

Options held by Executive KMP

NAME		BALANCE AT START OF YEAR	GRANTED AS COMPENSATION	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
EXECUTIVE KMP								
Robbie Cooke	**FY22**	**5,504,530**	**-**	**-**	**-**	**5,504,530**	**1,743,720**	**3,760,810**
	FY21	5,504,530	-	-	-	5,504,530	1,303,894	4,200,636
Prav Pala	**FY22**	**1,808,186**	**-**	**(194,700)**	**-**	**1,613,486**	**390,805**	**1,222,681**
	FY21	2,033,739	-	(225,553)	-	1,808,186	492,644	1,315,542
Steve Chapman[1]	**FY22**	**342,334**	**-**	**-**	**-**	**342,334**	**-**	**342,334**
	FY21	342,334	-	-	-	342,334	-	342,334
Angela Green[2]	**FY22**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY21	494,044	-	-	(494,044)	-	-	-

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

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

9.3 Equity grants to Executive KMP

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

GRANT DATE	NUMBER OF OPTIONS/ RIGHTS GRANTED	VEST-ING DATE	EXERCISE PRICE	VALUE OF OPTIONS/ RIGHTS AT GRANT DATE	VESTED %	VESTED (NUMBER)	FOR-FEITED/ LAPSED %	VALUE OF OPTIONS/ RIGHTS EXERCISED DURING THE REPORTING PERIOD
Robbie Cooke								
19 Dec 2018	1,818,180	1	$1.76	$475,159	81.7%	1,515,150	Nil	-
1 May 2019	1,567,813	2	$1.50	$488,235	0.0%	Nil	Nil	-
26 Jun 2019	1,200,000	3	Nil	$1,320,000	100.0%	1,200,000	Nil	-
26 Jun 2019	380,952	4	Nil	$419,047	60.0%	228,570	Nil	-
1 Oct 2019	1,737,585	5	$1.79	$816,231	0.0%	Nil	Nil	-
2 Sep 2020	62,975	6	Nil	$209,077	87.5%	55,104	Nil	-
1 Feb 2021	167,501	7	Nil	$556,104	0.0%	Nil	Nil	-
2 Sep 2021	28,536	8	Nil	$108,437	0.0%	Nil	Nil	-
1 Mar 2022	164,575	9	Nil	$279,778	0.0%	Nil	Nil	-
Prav Pala								
10 Oct 2014	211,268	1	$0.45	$31,211	100.0%	211,268	Nil	-
6 Oct 2015	166,129	1	$0.60	$26,479	100.0%	166,129	Nil	$26,479
2 Nov 2016	141,403	1	$1.49	$39,580	100.0%	141,403	Nil	-
1 Feb 2018	250,000	1	$1.76	$59,492	86.7%	216,664	Nil	-
31 Dec 2018	71,428	4	Nil	$74,999	60.0%	42,856	Nil	-
1 May 2019	634,681	2	$1.50	$197,647	0.0%	Nil	Nil	-
9 May 2019	500,000	3	Nil	$550,000	100.0%	500,000	Nil	-
1 Oct 2019	558,830	5	$1.79	$262,510	0.0%	Nil	Nil	-
2 Sep 2020	25,930	6	Nil	$86,088	87.5%	22,690	Nil	-
1 Feb 2021	51,860	7	Nil	$163,359	0.0%	Nil	Nil	-
2 Sep 2021	15,072	8	Nil	$57,274	0.0%	Nil	Nil	-
1 Mar 2022	75,387	9	Nil	$128,158	0.0%	Nil	Nil	-
Steve Chapman[10]								
1 May 2019	181,337	2	$1.50	$197,647	0.0%	Nil	Nil	-
1 Oct 2019	160,997	5	$1.79	$262,510	0.0%	Nil	Nil	-
2 Sep 2020	7,246	6	Nil	$24,057	87.5%	6,342	Nil	$21,050
1 Feb 2021	14,941	7	Nil	$47,064	0.0%	Nil	Nil	-
2 Sep 2021	3,285	8	Nil	$12,483	0.0%	Nil	Nil	-
1 Mar 2022	29,657	9	Nil	$50,417	0.0%	Nil	Nil	-

GRANT DATE	NUMBER OF OPTIONS/ RIGHTS GRANTED	VEST-ING DATE	EXERCISE PRICE	VALUE OF OPTIONS/ RIGHTS AT GRANT DATE	VESTED %	VESTED (NUMBER)	FOR-FEITED/ LAPSED %	VALUE OF OPTIONS/ RIGHTS EXERCISED DURING THE REPORTING PERIOD
Angela Green[11]								
6 Aug 2019	300,000	3	Nil	$330,000	66.7%	200,000	33.3%	-
6 Aug 2019	39,607	2	$1.50	$12,334	0.0%	Nil	100.0%	-
1 Oct 2019	454,437	5	$1.79	$213,472	0.0%	Nil	100.0%	-
2 Sep 2020	20,453	6	Nil	$67,906	37.5%	7,671	62.5%	-
1 Feb 2021	42,173	7	Nil	$132,845	0.0%	Nil	100.0%	-

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

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

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

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

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

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

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

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

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

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

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

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

The number of ordinary shares held in Tyro at 30 June 2022 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
NON-EXECUTIVE DIRECTOR					
David Thodey	**FY22**	**990,996**	**-**	**66,000**	**1,056,996**
	FY21	859,091	131,905	-	990,996
Hamish Corlett[1,2]	**FY22**	**1,203,921**	**-**	**-**	**1,203,921**
	FY21	1,114,263	89,658	-	1,203,921

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
David Fite	**FY22**	**18,593,861**	**-**	**(2,000,000)**	**16,593,861**
	FY21	18,547,995	2,850,832	(2,804,966)	18,593,861
Claire Hatton	**FY22**	**-**	**-**	**14,583**	**14,583**
	FY21	-	-	-	-
Aliza Knox	**FY22**	**-**	**-**	**-**	**-**
	FY21	-	-	-	-
Fiona Pak-Poy	**FY22**	**106,420**	**-**	**-**	**106,420**
	FY21	32,728	73,692	-	106,420
Paul Rickard	**FY22**	**2,098,571**	**28,169**	**-**	**2,126,740**
	FY21	2,319,660	85,972	(307,061)	2,098,571
Shefali Roy	**FY22**	**-**	**-**	**-**	**-**
	FY21	-	-	-	-

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

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
EXECUTIVE KMP					
Robbie Cooke	**FY22**	**491,936**	**400,000**	**136,565**	**1,028,501**
	FY21	491,936	-	-	491,936
Prav Pala	**FY22**	**664,882**	**347,922**	**(359,178)**	**653,626**
	FY21	272,662	392,220	-	664,882
Steve Chapman[1]	**FY22**	**8,678**	**2,114**	**6,040**	**16,832**
	FY21	5,658	3,020	-	8.678

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

11. Other information

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

Auditor's Independence Declaration

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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 2022, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b) no contraventions of any applicable code of professional conduct in relation to the audit; and

c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Michael Byrne
Partner
29 August 2022

Financial Report


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Financial Statements

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 $000	2021 $000
Fees and terminal rental income	2	317,699	228,069
Interest income on loans		4,877	1,952
Fair value gain on loans		627	1,270
Interest income on cash and deposits		170	394
Interest income on assets at FVOCI		583	557
Sale of terminal accessories		1,148	1,152
Other revenue and income	2	1,039	5,128
Total revenue		**326,143**	**238,522**
Interchange, integration and support fees	2	(169,824)	(117,371)
Interest expense on deposits		(274)	(379)
Terminal accessories		(1,366)	(1,323)
Total direct expenses		**(171,464)**	**(119,073)**
Gross profit		**154,679**	**119,449**
Employee benefits expense (excluding share-based expense)	2	(92,628)	(76,174)
Share-based payments expense		(5,199)	(9,342)
Communication, hosting and licencing costs		(14,321)	(9,896)
Administrative expenses	2	(12,978)	(13,007)
Contractor and consulting expenses		(13,726)	(7,192)
Marketing expenses		(5,532)	(5,419)
Depreciation and amortisation	9, 12, 13	(31,681)	(15,364)
Lending and non-lending losses	2	(1,115)	(10,863)
Lease interest expense		(3,558)	(517)
Total operating expenses		**(180,738)**	**(147,774)**
Share of loss from associates	11	(3,558)	(1,119)
Initial Public Offering (IPO) expenses		-	(331)
Loss before tax expense		**(29,617)**	**(29,775)**
Income tax expense	4	-	(48)
Loss for the year		**(29,617)**	**(29,823)**
Other comprehensive income/(loss)			
FVOCI reserve – revaluation (loss)/gain, net of tax		(1,008)	105
Total comprehensive loss for the year		**(30,625)**	**(29,718)**

		CENTS	CENTS
Earnings per share for loss attributable to the Ordinary Equity Holders of Tyro Payments Limited			
Basic loss per share	23	**(5.74)**	(5.90)
Diluted loss per share	23	**(5.74)**	(5.90)

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

Statement of Financial Position

AS AT 30 JUNE 2022

	NOTE	2022 $000	2021 $000
Assets			
Current assets			
Cash and cash equivalents	5	36,885	84,521
Due from other financial institutions	6	14,698	19,191
Trade and other receivables	7	22,704	17,095
Loans	8	34,262	14,378
Prepayments		3,643	3,337
Financial investments	10	10,474	21,618
Inventories		388	128
Total current assets		**123,054**	**160,268**
Non-current assets			
Loans	8	5,242	1,009
Financial investments	10	62,221	47,450
Investment in associates	11	1,942	4,998
Property, plant and equipment	12	41,452	26,027
Right of use assets	9	31,158	1,654
Intangible assets and goodwill	13	132,033	140,867
Deferred tax assets	4	12,986	12,986
Total non-current assets		**287,034**	**234,991**
Total assets		**410,088**	**395,259**
Liabilities			
Deposits	15	83,273	75,481
Trade payables and other liabilities	16	37,425	29,215
Lease liabilities	9	1,897	2,812
Provisions	17	10,532	15,382
Total current liabilities		**133,127**	**122,890**
Non-current liabilities			
Other liabilities	16	83,553	90,478
Lease liabilities	9	32,096	-
Provisions	17	1,712	1,227
Total non-current liabilities		**117,361**	**91,705**
Total liabilities		**250,488**	**214,595**
Net assets		**159,600**	**180,664**
Equity			
Contributed equity	18	278,798	274,436
Reserves	18	47,085	40,827
Accumulated losses	18	(166,283)	(134,599)
Total equity		**159,600**	**180,664**

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 2022

	NOTE	2022 $000	2021 $000
Cash flows from operating activities			
Fees and terminal rental income received		315,579	227,920
Interchange, integration and support fees paid		(175,919)	(117,800)
Interest received		5,585	3,018
Interest paid		(581)	(415)
Other income received[1]		1,827	6,069
Payments to employees and contractors		(99,067)	(76,592)
Terminals purchased		(13,966)	(16,360)
Communication, hosting and licencing costs paid		(14,321)	(9,896)
Other operating expenses paid		(21,395)	(19,272)
Payments for terminal remediation		(5,041)	-
Movement in net scheme and other receivables		(1,722)	(7,650)
Net cash flows from operating activities excluding loans and deposits		**(9,021)**	**(10,978)**
Movement in loans		(24,090)	(2,918)
Movement in deposits		7,792	24,939
Net cash flows from operating activities		**(25,319)**	**11,043**
Cash flows from investing activities			
Movement in term deposit investments			
Proceeds on maturity		5,000	5,028
Movement in financial investments			
Purchases		(33,072)	(11,883)
Proceeds		28,500	8,951
Movement in equity investments			
Investments in associates		(501)	(2,491)
Purchase of property, plant and equipment (excluding terminals)		(13,858)	(1,205)
Proceeds received from sale of property, plant and equipment (excluding terminals)		166	-
Payments for recognised intangible assets		(10,497)	(28,076)
Payments received from sublease		-	376
Net cash used in investing activities		**(24,262)**	**(29,300)**
Cash flows from financing activities			
Proceeds from exercise of share options		4,362	4,059
Payments of the principal portion of leases		(2,788)	(5,069)
Net cash flows from financing activities		**1,574**	**(1,010)**
Net movement in cash and cash equivalents		**(48,007)**	**(19,267)**
Effect of foreign exchange rates on cash and cash equivalents		371	27
Cash and cash equivalents at beginning of year		84,521	103,761
Cash and cash equivalents at end of year	5	**36,885**	**84,521**

[1] *FY21 included JobKeeper receipts of $4,483,500 (FY22: nil).*

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 2022

	NOTE	CON-TRIBUTED EQUITY $000	FVOCI RE-SERVE $000	SHARE-BASED PAYMENTS RESERVE $000	GENERAL RESERVE FOR CREDIT LOSSES $000	ACCU-MULATED LOSSES $000	TOTAL $000
At 1 July 2020		**265,763**	**3**	**26,371**	**2,103**	**(104,521)**	**189,719**
Loss for the year		-	-	-	-	(29,823)	(29,823)
Other comprehensive income		-	185	-	-	-	185
Deferred tax on equity movements		-	(80)	-	-	-	(80)
Total comprehensive income/(loss)		**-**	**105**	**-**	**-**	**(29,823)**	**(29,718)**
Issue of ordinary shares		8,673	-	-	-	-	8,673
Share-based payments		-	-	11,990	-	-	11,990
Transfer to general reserve for credit losses		-	-	-	255	(255)	-
At 30 June 2021		**274,436**	**108**	**38,361**	**2,358**	**(134,599)**	**180,664**
At 1 July 2021		**274,436**	**108**	**38,361**	**2,358**	**(134,599)**	**180,664**
Loss for the year		-	-	-	-	(29,617)	(29,617)
Other comprehensive loss		-	(1,008)	-	-	-	(1,008)
Total comprehensive loss		**-**	**(1,008)**	**-**	**-**	**(29,617)**	**(30,625)**
Issue of ordinary shares		-	-	-	-	-	-
Issue of share capital – from options and rights exercised		4,362	-	-	-	-	4,362
Share-based payments		-	-	5,199	-	-	5,199
Transfer to general reserve for credit losses		-	-	-	1,856	(1,856)	-
Transfer from FVOCI reserve		-	211	-	-	(211)	-
At 30 June 2022	**18**	**278,798**	**(689)**	**43,560**	**4,214**	**(166,283)**	**159,600**

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 2022

1. General information and statement of accounting policies

The financial report of the Group was authorised for issue in accordance with a resolution of the Directors on 29 August 2022.

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.

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

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

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with 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.

(b) Going concern

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

(c) Significant accounting judgements, estimates and assumptions

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

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

Classification and valuation of investments -The Group classifies its investments in floating rate notes (**FRNs**) 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 21 for further details.

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

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

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

Valuation of loans – The Group's lending product differs from a conventional lending asset that accrues interest over time. Under the Group's current terms, a merchant borrows a loan amount plus an upfront fee. The total loan plus fee amount does not change regardless of early or late repayment. As such, the product fails the "solely payments of principal and interest 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.

Impairment for intangibles - The Group determines whether goodwill, and other identifiable intangible assets with indefinite useful lives are impaired at least on an annual basis. Other intangible assets are reviewed at least annually to determine whether any indicators of impairment exist, and if necessary an impairment analysis is performed. Impairment testing requires an estimation of the recoverable amount of the cash generating units to which the goodwill and other intangible assets with indefinite useful lives are allocated. Refer to Note 13 (b) for the key assumptions used.

Estimation of useful lives of assets - The estimation of the useful lives of assets has been primarily based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against their remaining useful lives. Adjustments to useful lives are made when considered necessary. 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.

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

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

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

- 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

The Alliance has been agreed for a ten year period starting in June 2021. The trail commission payable on the existing customer network and future rollouts includes a guaranteed component for the first four years. An additional variable amount is payable based on revenue achieved. The trail commission payable was initially measured at fair value in accordance with AASB 13 *Fair Value Measurement* and is 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 included:

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

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

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

Tyro-Bendigo Alliance (continued)

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

(d) Basis of consolidation

(i) Business combinations

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

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

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see Note 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 subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

(ii) Subsidiaries

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

(iii) Transactions eliminated on consolidation

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

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

(e) Current and non-current classification

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

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

or

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

All other assets are classified as non-current.

A liability is current when:

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

or

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

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

The Group classifies all other liabilities as non-current.

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

(f) Cash and cash equivalents

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

(g) Due from other financial institutions

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

(h) Trade and other receivables

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

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

(i) Loans

Loans to merchants are classified and measured at fair value with changes in the fair value being recognised in the 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. 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.

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

(j) Prepayments

Prepayments are recognised for amounts paid whereby goods have not transferred ownership to the Group or where services have not yet been provided. Upon receipt of goods or the service the corresponding asset is recognised in the 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 The classification of financial investments at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures financial assets held at amortised cost or debt instruments held at fair value through other comprehensive income at its fair value plus transaction costs.

In order for a debt investment to be classified and measured at amortised cost or fair value through other comprehensive income (**OCI**), it needs to give rise to cash flows that are '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. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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

Subsequent measurement

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

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

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

(m) Investment in associates

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

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

(n) Property, plant and equipment

(i) Cost

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

(ii) Depreciation

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

Estimated useful lives are as follows:

PLANT AND EQUIPMENT:	2022	2021
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, lease payments made at or before the commencement date less any lease incentives received and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease liabilities

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

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

(o) Leases (continued)

(ii) Lease liabilities (continued)

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

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

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

(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) 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*.

Acquired intangibles as part of the Medipass acquisition was 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 and Medipass acquisitions. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

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

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

(iii) Goodwill

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

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

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

(q) Deferred tax asset

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

(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.

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.

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

(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) Employee benefits

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

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

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

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

(y) Share-based payment transactions

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

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

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

No expense is recognised for awards that do not ultimately vest. Details of the types of share-based payments and their respective terms and vesting conditions are disclosed in Note 14.

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

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

(z) Income taxes

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

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

(aa) SaaS arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the Group the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

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

ACCOUNTING TREATMENT	COST
Non-distinct costs: Recognised as an operating expense over the term of the service contract.	• Fee for use of application software (licence fee) • Customisation costs
Distinct costs: Recognised as an operating expense as the service is received.	• Configuration costs • Data conversion and migration costs • Testing cost • Training costs

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

(ab) Goods and Services Tax (GST)

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

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

The net amount of GST recoverable from or payable to the taxation authority is included as part of other receivables or other payables in the 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:

	2022 $000	2021 $000
Fees and terminal rental income		
Merchant service fee	283,633	205,542
Terminal rental income	31,809	21,320
Other fee income	2,257	1,207
	317,699	**228,069**
Other revenue and income		
Jobkeeper receipts	-	4,484
Other income	1,039	644
	1,039	**5,128**
Interchange, integration and support fees		
Interchange and scheme fees	(155,252)	(108,014)
Integration, support and other fees	(14,572)	(9,357)
	(169,824)	**(117,371)**
Employee benefits expense (excluding share-based payments)		
Wages, salaries and incentives	(79,431)	(64,914)
Superannuation	(7,180)	(5,636)
Other employee benefits expense	(6,017)	(5,624)
	(92,628)	**(76,174)**
Administrative expenses		
Terminal management and logistics	(4,065)	(3,981)
Professional services	(1,381)	(2,593)
Insurance	(1,697)	(1,597)
Travel and entertainment	(1,009)	(423)
Other administrative expenses	(4,826)	(4,413)
	(12,978)	**(13,007)**
Lending and non-lending losses		
Lending losses	(600)	(722)
Non-lending losses	(515)	(516)
Terminal outage incident[1]	-	(9,348)
Impairment of intangible assets	-	(277)
	(1,115)	**(10,863)**

[1] *For further information on the terminal outage incident see 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 and 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[1] $000	BANKING[2] $000	CORPORATE AND OTHER[3] $000	TOTAL $000
2022				
Revenue	318,847	5,504	1,792	326,143
Gross profit	147,657	5,230	1,792	154,679
2021				
Revenue	229,222	3,222	6,078	238,522
Gross profit	110,528	2,843	6,078	119,449

Reconciliation of gross profit to loss before tax:

	2022 $000	2021 $000
Gross profit	154,679	119,449
Operating expenses (excl. depreciation and amortisation, share of loss from associates and net interest expense)	(145,499)	(131,893)
Depreciation and amortisation	(31,681)	(15,364)
Share of losses on investment in associates	(3,558)	(1,119)
Lease interest expense	(3,558)	(517)
IPO expenses	-	(331)
Loss before tax	**(29,617)**	**(29,775)**

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

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

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

3. Segment reporting (continued)

(c) Assets and liabilities by segment

	PAYMENTS $000	BANKING $000	CORPORATE AND OTHER $000	TOTAL $000
2022				
Segment assets	216,972	71,556	121,560	410,088
Segment liabilities	97,714	83,273	69,501	250,488
2021				
Segment assets	234,848	35,955	124,456	395,259
Segment liabilities	104,525	75,481	34,589	214,595

4. Income tax

(a) Income tax expense:

Major components of income tax expense for the period ended 30 June 2022:

	2022 $000	2021 $000
Current income tax		
Current income tax charge	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	2,703	1,883
Derecognition of DTA on temporary difference	(2,703)	(518)
Derecognition of previously recognised R&D tax credits & tax losses	-	(1,413)
Income tax expense in the statement of comprehensive income	**-**	**(48)**
Amount reported directly in other comprehensive income and equity		
Deferred tax on unrealised gain on financial investment – FVOCI	-	(80)
Income tax (expense)/benefit reported in equity	**-**	**(80)**

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

	2022 $000	2021 $000
Operating loss before tax	**(29,617)**	**(29,775)**
At the statutory income tax rate of 30%	8,885	8,932
Share-based payment remuneration	(1,560)	(2,803)
Entertainment expenses	(83)	(36)
Share of losses from associates	(1,067)	(336)
Amortisation of intangible asset	(596)	-
Tax effect of current year losses for which no deferred tax asset is recognised	(5,579)	(5,805)
Total income tax expense	**-**	**(48)**

4. Income tax (continued)

(c) Deferred income tax assets and liabilities:

	2022			2021			
	STATEMENT OF FINANCIAL POSITION $000	STATEMENT OF COM-PREHENSIVE INCOME $000	OTHER COM-PRE-HENSIVE INCOME AND EQUITY $000	STATEMENT OF FINANCIAL POSITION $000	STATEMENT OF COM-PREHENSIVE INCOME $000	OTHER COM-PRE-HENSIVE INCOME AND EQUITY $000	ACQUIRED IN BUSINESS COM-BINA-TIONS $000
Deferred tax assets and liabilities							
Fixed assets	5,258	423	-	4,835	(723)	-	-
Provisions & accruals	6,999	1,519	-	5,480	3,387	-	-
Other	518	(1,882)	-	2,400	(1,448)	-	-
R&D credits	-	-	-	-	(274)	-	-
Tax losses	-	-	-	-	(1,910)	-	-
Right-of-use assets	851	504	-	347	631	-	-
Prepayments	-	-	-	-	104	-	-
Financial investments	95	(699)	-	794	185	(80)	-
Other Intangible Assets	(735)	135	-	(870)	-	-	(870)
Total	**12,986**	**-**	**-**	**12,986**	**(48)**	**(80)**	**(870)**

Net deferred tax assets relate to temporary differences up to $12,986,000 (tax effected) as at 30 June 2022. In addition, approximately $34,623,000 (tax effected) of unused tax losses, credits and temporary differences have not been recognised as an asset at balance date.

5. Cash and cash equivalents

	2022 $000	2021 $000
Deposits at call	36,885	69,521
Short term deposits	-	15,000
	36,885	**84,521**

5. Cash and cash equivalents (continued)

	2022 $000	2021 $000
Reconciliation of loss after tax to net cash flows used in operations		
Loss for the year	(29,617)	(29,823)
Adjustments for:		
Depreciation and amortisation	31,681	15,364
Share-based payments expense	5,199	9,342
Fair value gain on loans	(627)	(1,270)
Share of losses from associates	3,558	1,119
Lending losses	600	722
Lease interest expense	3,497	517
Deferred tax expense	-	48
Other	131	1,089
Changes in assets and liabilities:		
Increase in loans[1]	(24,090)	(2,918)
Purchase of terminals	(14,779)	(16,360)
Increase in trade and other receivables and other assets	(5,531)	(3,216)
Increase in term deposits held as collateral	(507)	(5,762)
Increase in deposits	7,792	24,938
Increase in trade payables and other liabilities	2,287	5,409
Increase in deferred tax balances	-	998
(Decrease)/increase in provisions	(4,913)	10,846
Net cash (used in)/flow from operating activities	**(25,319)**	**11,043**

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

6. Due from other financial institutions

	2022 $000	2021 $000
Term deposits	-	5,000
Deposits pledged as collateral	14,698	14,191
	14,698	**19,191**

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

	2022 $000	2021 $000
Scheme and other receivables	13,206	10,121
Merchant acquiring fees	9,536	7,033
Expected credit loss provision	(38)	(59)
	22,704	**17,095**

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
Carrying value							
2022	22,704	22,724	18	-	-	-	(38)
Carrying value							
2021	17,095	16,935	11	-	52	156	(59)

8. Loans

	2022 $000	2021 $000
Current		
Loans (net of unearned fees)	34,262	14,378
Non-current		
Loans (net of unearned fees)	5,242	1,009
	39,504	**15,387**

Income from loans comprises interest income of $4,876,914 (2021: $1,952,190), fair value gain of $627,295 (2021: gain of $1,269,623) and net lending loss of $599,760 (2021: net lending loss of $721,673).

9. Leases

(a) Group as lessee – property lease

The Group entered into an agreement for a lease at 55 Market Street to January 2031, with an option to renew for a further 5 years. In 2022 the Group has recognised a non-cash right-of-use asset for $33,578,000 (2021: $33,000) and a lease liability for $33,041,000 (2021: $33,000). The Group had total cash outflow for leases of $2,849,000 in 2022 (FY21: $5,069,000).

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	LEASE LIABILITIES $000
As at 1 July 2020	4,528	7,483
Additions	33	33
Depreciation expense	(2,907)	-
Interest expense	-	365
Payments	-	(5,069)
As at 30 June 2021	**1,654**	**2,812**
As at 1 July 2021	1,654	2,812
Additions	33,578	33,041
Depreciation expense	(4,051)	-
Interest expense	-	1,013
Payments	-	(2,849)
Derecognition of short term leases	(23)	(24)
As at 30 June 2022	**31,158**	**33,993**

Lease liabilities – Maturity analysis

	2022 $000	2021 $000
Contractual undiscounted cash flows		
Within one year	1,897	2,872
After one year but not more than five years	19,076	-
More than five years	20,671	-
Total undiscounted lease liabilities	**41,644**	**2,872**

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

	2022 $000	2021 $000
Depreciation expense of right-of-use assets	(4,051)	(2,907)
Interest expense on lease liabilities	(1,013)	(365)
Income from sub-leasing right-of-use assets	-	57
Total amount recognised in the Statement of Comprehensive Income	**(5,064)**	**(3,215)**

9. Leases (continued)

(b) Group as lessor – sublease arrangement

The arrangement related to the sublease of Level 5 of the 155 Clarence Street lease. In prior year the lessee was adversely impacted by COVID-19 and the lease was terminated. As the lessee was unable to repay the rent, Management took the decision to write off this amount.

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

	2022 $000	2021 $000
Loss on investment in sublease	-	(842)
Income from net investment in sublease	-	57
Total amount recognised in profit and loss	**-**	**(785)**

10. Financial investments

	2022 $000	2021 $000
Current		
Convertible note in meandu Australia Holdings Pty Ltd	1,510	-
Floating rate notes	8,964	21,618
	10,474	**21,618**

	2022 $000	2021 $000
Non-current		
Floating rate notes	62,221	47,450
	62,221	**47,450**

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

The Group invested in a convertible note in meandu Australia Holdings Pty Ltd (me&u) in March 2022. The convertible note has a maturity date of 30 September 2022. The convertible note may convert into shares in me&u and accrues 8% interest.

11. Investment in associates

	2022 $000	2021 $000
Investment in associates		
Axis IP Pty Ltd	1,482	1,666
meandu Australia Holdings Pty Ltd	460	3,332
	1,942	**4,998**

Investment in associates are recognised at cost using the equity accounting method. The carrying amounts of the investment in associates are increased or decreased by the Group's share of meandu Australia Holdings Pty Ltd.'s (me&u) and Axis IP Pty Ltd.'s (Paypa Plane) net assets after acquisition date.

me&u is a leading hospitality in-venue food ordering and payments app in which Tyro has a 14.4% equity investment.

Paypa Plane is a payments technology business transforming scheduled payments, in which Tyro took a 20.0% shareholding in December 2020. In November 2021, the Group invested a further $501,000 in Paypa Plane, increasing the ownership from 20.0% to 21.3%. Tyro's ownership subsequently reduced to 17.1% in February 2022 after Paypa Plane had an additional equity raising round in which Tyro did not participate.

The following table summarises the financial information and results of meandu Australia Holdings Pty Ltd and Axis IP Pty Ltd.

	INVESTMENT IN MEANDU AUSTRALIA HOLDINGS PTY LTD		INVESTMENT IN AXIS IP PTY LTD	
	2022 $000	2021 $000	2022 $000	2021 $000
Percentage ownership interest	14.4%	16.0%	17.1%	20.0%
Non-current assets	1,372	76	2,038	690
Current assets	48,009	5,743	1,324	637
Non-current liabilities	-	(48)	(25)	(283)
Current liabilities	(58,474)	(2,489)	(497)	-
Net Assets (100%)	**(9,093)**	**3,282**	**2,840**	**1,044**
Group share of net assets	(1,313)	526	485	209
Carrying amount of interest in associate[1]	**460**	**3,332**	**1,482**	**1,666**
Revenue	7,734	3,206	144	269
Loss from continuing operations	(20,163)	(5,580)	(6,535)	(1,120)
Total comprehensive loss	(20,163)	(5,580)	(6,535)	(1,120)
Group's share of total comprehensive loss[2]	**(2,872)**	**(895)**	**(686)**	**(224)**

1 *The difference between the carrying value of investments and the Group's share of net assets relates to intangible assets and goodwill not recognised on the balance sheet of meandu Australia Holdings Pty Ltd and Axis IP Pty Ltd.*

2 *A total loss on investment of $3,558,173 (FY21: $1,119,442) 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 IMPROVE-MENTS $000	TOTAL $000
Year ended 30 June 2022					
At 30 June 2021 net of accumulated depreciation and impairment	23,000	545	1,942	540	26,027
Additions	14,779	2	2,505	10,214	27,500
Disposals	(57)	(10)	(173)	-	(240)
Depreciation for the year	(9,813)	(198)	(1,076)	(748)	(11,835)
At 30 June 2022 net of accumulated depreciation and impairment	**27,909**	**339**	**3,198**	**10,006**	**41,452**
At 30 June 2021					
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)
Net carrying amount	**23,000**	**545**	**1,942**	**540**	**26,027**
At 30 June 2022					
Cost	74,033	2,756	11,873	10,213	98,875
Accumulated depreciation and impairment	(46,124)	(2,417)	(8,675)	(207)	(57,423)
Net carrying amount	**27,909**	**339**	**3,198**	**10,006**	**41,452**
Year ended 30 June 2021					
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**
At 30 June 2020					
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**
At 30 June 2021					
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)
Net carrying amount	**23,000**	**545**	**1,942**	**540**	**26,027**

13. Intangible assets and goodwill

(a) Intangible assets

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

	SOFTWARE $000	CUSTOMER RELATION-SHIPS $000	GOODWILL $000	TOTAL $000
Year ended 30 June 2022				
At 30 June 2021 net of accumulated amortisation and impairment	13,304	113,876	13,687	140,867
Additions	6,961	-	-	6,961
Amortisation for the year	(4,116)	(11,679)	-	(15,795)
At 30 June 2022 net of accumulated amortisation and impairment	16,149	102,197	13,687	132,033
At 30 June 2021				
Cost	14,613	114,912	13,687	143,212
Accumulated amortisation and impairment	(1,309)	(1,036)	-	(2,345)
Net carrying amount	13,304	113,876	13,687	140,867
At 30 June 2022				
Cost	21,574	114,912	13,687	150,173
Accumulated amortisation and impairment	(5,425)	(12,715)	-	(18,140)
Net carrying amount	**16,149**	**102,197**	**13,687**	**132,033**
Year ended 30 June 2021				
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
At 30 June 2020				
Cost	5,350	250	-	5,600
Accumulated amortisation and impairment	(180)	(53)	-	(233)
Net carrying amount	5,170	197	-	5,367
At 30 June 2021				
Cost	14,613	114,912	13,687	143,212
Accumulated amortisation and impairment	(1,309)	(1,036)	-	(2,345)
Net carrying amount	**13,304**	**113,876**	**13,687**	**140,867**

13. Intangible assets and goodwill (continued)

(b) Goodwill

i) Allocation of goodwill

The Group has allocated goodwill acquired through business combinations to the Tyro Health Cash Generating Unit ("CGU"). As the only CGU with non-amortising intangible asset, the Group determined the Tyro Health CGU to be the only CGU subject to an annual impairment test. The Group performed its annual impairment test in June 2022.

	TYRO HEALTH CGU	
	2022 $000	2021 $000
Goodwill	13,687	13,687
Total allocation of goodwill	**13,687**	**13,687**

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

The Group determined that the carrying amount does not exceed the recoverable amount. No impairment of goodwill at 30 June 2022 has been recorded.

ii) Key assumptions and sensitivity

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

Cash flow projections during the forecast period are based on forecast revenue growth arising from increasing total transactions volumes for Tyro Health. Forecast increases in gross margin and operating costs have been included to support the forecast growth in volumes. The pre-tax discount rate applied to the cash flow projections was 8.8% which reflects current market assessment of the time value of money and the risks specific to the relevant segments in which the CGU operates. Terminal growth rate is 3.6% consistent with industry forecasts specific to the CGU.

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

14. Share based payments

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

(a) Employee Share Option Plan

The Employee Share Option Plan (**ESOP**) was established to grant options 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.

14. Share based payments (continued)

(a) Employee Share Option Plan (continued)

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
- 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 4,310,080 options exercised during the period ended 30 June 2022 (2021: 5,166,415).

The weighted average remaining contractual life for share options outstanding as at 30 June 2022 was 4 years (2021: 4 years).

The following table summarises further details of the Company's share options outstanding at 30 June 2022:

RANGE OF EXERCISE PRICES	CONTRACTUAL LIFE	VESTING CONDITIONS	NUMBER OF OUTSTANDING OPTIONS	
			JUN 2022	JUN 2021
179 cents	7 years	4 year annual vesting, plus performance criteria	5,584,832	6,647,422
176 cents	6 years or less	5 year monthly linear vesting	5,214,675	6,830,283
162 cents to 176 cents	7 years or less	No vesting in first 6 months of 5 year monthly linear vesting period	161,181	591,495
162 cents	7 years or less	5 year monthly linear vesting	40,000	70,678
150 cents	7 years	4 year annual vesting, plus performance criteria	4,895,120	5,762,443
37.5 cents to 149 cents	7 years or less	5 year monthly linear vesting	3,948,918	6,749,286
0 cents	6 years	5 year annual linear vesting	1,919,848	2,703,886
Total			**21,764,574**	**29,355,493**

14. Share based payments (continued)

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

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

	JUN 2022 NUMBER	JUNE 2022 WAEP (CENTS)	JUNE 2021 NUMBER	JUN 2021 WAEP (CENTS)
Monthly linear and annual linear vesting				
Opening	16,945,628	119	23,081,551	107
Granted	-	-	-	-
Exercised	(4,310,080)	70	(5,166,415)	74
Forfeited or expired	(1,350,926)	119	(969,508)	73
Closing	**11,284,622**	**126**	**16,945,628**	**119**
Of which: Exercisable at the end of the year	**9,332,889**	**108**	**12,689,820**	**110**
Performance based vesting				
Opening	12,409,865	165	13,894,547	166
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited or expired	(1,929,913)	166	(1,484,682)	171
Closing	**10,479,952**	**165**	**12,409,865**	**165**
Of which: Exercisable at the end of the year	**-**	**-**	**-**	**-**
Total outstanding at the end of the year	**21,764,574**		**29,355,493**	
Total exercisable at the end of the year	**9,332,889**		**12,689,820**	

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

	FY22 LTI PERFORMANCE RIGHTS	FY22 SERVICE RIGHTS (GENERAL TEAM RETENTION)	FY21 SERVICE RIGHTS (GENERAL TEAM STI)
Grant date:	Mar-22	Feb-22	Sep-21
Vesting period	2.5 years	Annual vesting over 3 years in 3 equal tranches	Annual vesting over 3 years in 3 equal tranches
Expiry date	Employment conditions apply	Employment conditions apply	Employment conditions apply
Share price at grant date ($)[1]	$1.70	$2.24	$3.80
Dividend yield (%)	0%	0%	0%
Expected volatility (%)	N/A	N/A	N/A
Risk-free interest rate (%)	N/A	N/A	N/A

	FY21 SERVICE RIGHTS (XLT STI)	FY22 SERVICE RIGHTS (JULY 21)	FY21 MEDIPASS SERVICE RIGHTS
Grant date:	Sep-21	Jul-21	Jul-21
Vesting period	4 years	Annual vesting over 3 years in 3 equal tranches	31 May 2026
Expiry date	Employment conditions apply	Employment conditions apply	Employment conditions apply
Share price at grant date ($)[1]	$3.80	$2.24	$3.76
Dividend yield (%)	0%	0%	0%
Expected volatility (%)	N/A	N/A	N/A
Risk-free interest rate (%)	N/A	N/A	N/A

	FY21 MEDIPASS PERFORMANCE RIGHTS	FY21 DIRECTOR RSU	FY22 DIRECTOR RSU
Grant date:	Jul-21	Oct-20[2]	Nov-21
Vesting period	5 years	Target conversion date – post publication of full-year results	Target conversion date – post publication of full-year results
Expiry date	Employment conditions apply	Employment conditions apply	Employment conditions apply
Share price at grant date ($)[1]	$3.76	$3.32	$3.88
Dividend yield (%)	0%	0%	0%
Expected volatility (%)	N/A	N/A	N/A
Risk-free interest rate (%)	N/A	N/A	N/A

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

2 *The FY21 Director RSU were granted during the year ended 30 June 2021 and were issued during the year ended 30 June 2022*

14. Share based payments (continued)

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

	JUN 2022 NUMBER	JUN 2022 WAEP (CENTS)	JUN 2021 NUMBER	JUN 2021 WAEP (CENTS)
Opening	5,412,550	-	6,485,940	-
Granted	7,538,559	-	1,565,864	-
Exercised	(1,571,915)	-	(2,031,510)	-
Forfeited or expired	(1,843,447)	-	(607,744)	-
Closing	**9,535,747**	**-**	**5,412,550**	**-**
Exercisable at the end of the year	**1,363,456**	**-**	**1,356,092**	**-**

15. Deposits

	2022 $000	2021 $000
Deposits[1]	79,204	72,470
Term deposits	4,069	3,011
	83,273	**75,481**

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

16. Trade payables and other liabilities

	2022 $000	2021 $000
Current		
Accounts payable	6,370	3,993
Scheme fees, commissions, incentives and other accruals	15,701	11,101
Commissions payable to Bendigo Bank	9,228	11,795
Clearing account and other liabilities	6,126	2,326
	37,425	**29,215**
Non-current		
Commissions payable to Bendigo Bank	83,553	90,478
	83,553	**90,478**

17. Current and non-current provisions

	ANNUAL LEAVE $000	LONG SERVICE LEAVE $000	MAKE GOOD PROVISION $000	OTHER PROVISION $000	TOTAL $000
Balance at 1 July 2021	4,916	1,603	853	9,237	16,609
Amounts provided/(utilised) during the period	681	263	(305)	(5,004)	(4,365)
Balance at 30 June 2022	**5,597**	**1,866**	**548**	**4,233**	**12,244**
Current	5,597	702	-	4,233	10,532
Non-current	-	1,164	548	-	1,712
Balance at 30 June 2022	**5,597**	**1,866**	**548**	**4,233**	**12,244**

The make good provision is for the costs of restoring the office space at 55 Market Street to its original condition at the conclusion of the lease. Tyro has utilised and released the Make Good provision for 155 Clarence Street during the period.

In the prior year, the Group raised 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 have been 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. Total payments for remediation during the year totalled $5,041,000. The remaining provision at 30 June 2022 was $3,967,000 (30 June 2021: $9,008,000).

18. Contributed equity and reserves

(i) Movement in ordinary shares on issue

	NUMBER OF SHARES	$000
At 1 July 2020	**499,496,171**	**265,763**
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[1]	1,132,632	-
At 30 June 2021	**511,672,422**	**274,436**
At 1 July 2021	**511,672,422**	**274,436**
Share options and rights exercised	5,881,995	4,362
At 30 June 2022	**517,554,417**	**278,798**

1 *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 paid up in full.

(ii) FVOCI reserve

	2022 $000	2021 $000
Balance at the beginning of the year	**108**	**3**
Deferred tax on equity movements	-	(80)
Revaluation (loss)/gain, net of tax	(1,008)	185
Transfer to accumulated losses	211	-
Balance at the end of the year	**(689)**	**108**

18. Contributed equity and reserves (continued)

(iii) Share-based payments reserve

	2022 $000	2021 $000
Balance at the beginning of the year	**38,361**	**26,371**
Deferred tax on equity movements	5,199	9,342
Equity instruments issued in consideration for acquisition of Medipass	-	2,648
Balance at the end of the year	**43,560**	**38,361**

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

(iv) General reserve for credit losses

	2022 $000	2021 $000
Balance at the beginning of the year	**2,358**	**2,103**
Deferred tax on equity movements		
Appropriation for chargeback losses	567	(12)
Appropriation for lending losses	1,289	267
Balance at the end of the year	**4,214**	**2,358**
Total reserves at 30 June 2022	**47,085**	**40,827**

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

(v) Accumulated losses

	2022 $000	2021 $000
Balance at the beginning of the year	**(134,599)**	**(104,521)**
Deferred tax on equity movements	(29,617)	(29,823)
Transfer to general reserve for credit losses	(1,856)	(255)
Transfer from FVOCI reserve	(211)	-
Balance at the end of the year	**(166,283)**	**(134,599)**

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**).

(ii) Risk controls

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

(iii) Internal audit

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

(iv) Credit risk

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

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

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

Credit losses from chargebacks

In addition, the Group is subject to the risk of credit card losses via chargebacks. The maximum period the Group is potentially liable for such chargebacks is up to 120 days after the latter of the transaction date or the expected delivery date. The Group manages credit risk associated with its merchant portfolio both at an individual and a portfolio level.

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

As part of equity, a General Reserve for Credit Losses (**GRCL**) is maintained to cover losses due to uncollectible chargebacks that have not been specifically identified. The reserve is calculated based on 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 are in place before a loan can be offered. A merchant must satisfy the onboarding requirements to be eligible for a loan offer, as well as providing a personal guarantee. Tyro only offers loans to merchants with a Tyro EFTPOS terminal.

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

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

(iv) Credit risk (continued)

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

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

30 JUNE 2021 STANDARD & POORS CREDIT RATING[1]	CASH AND CASH EQUIVALENTS $000	DUE FROM OTHER FINANCIAL INSTITUTIONS $000	TRADE AND OTHER RECEIVABLES $000	LOANS[2] $000
AAA	39,857	-	379	-
AA	-	-	-	-
AA-	44,664	19,191	9,852	-
A+	-	-	5,815	-
A	-	-	92	-
A-	-	-	-	-
BBB+	-	-	234	-
unrated	-	-	723	15,387
	84,521	**19,191**	**17,095**	**15,387**

1 *Long-term credit rating*

2 *Includes loans issued under the Government SME guarantee scheme of $38,643 (FY21: 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.

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

(vi) Market risk

Market risk is the potential loss of value or potential reduction in expected earnings resulting from movements in interest rates and foreign exchange 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 floating rate notes that the Group holds are for investment or liquidity purposes and held in the normal course of business in line with investment and liquidity guidelines.

Each component of market risk is detailed below as follows:

(i) Interest rate risk

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

Interest rate sensitivity analysis

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

An increase of 200 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 $1,580,021 (2021: $2,253,724). A decrease of 100 basis points in the general cash rate decrease the Group's profit and decrease equity by $790,010 (2021: $1,126,862).

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

30 JUNE 2022	VARIABLE INTEREST RATE $000	< 3 MONTHS $000	FIXED INTEREST RATE 3 TO 12 MONTHS $000	> 1 YEAR $000	TOTAL $000
Financial assets					
Cash and cash equivalents	36,885	-	-	-	36,885
Due from other financial institutions	-	12,791	20	-	12,811
USD term deposit	-	1,887	-		1,887
Loans	-	21,530	12,732	5,242	39,504
Floating rate notes	71,185	-	-	-	71,185
Convertible note in meandu Australia Holdings Pty Ltd	-	1,510	-	-	1,510
Financial liabilities					
Deposits	(79,204)	(4,069)	-	-	(83,273)

30 JUNE 2021	VARIABLE INTEREST RATE $000	< 3 MONTHS $000	FIXED INTEREST RATE 3 TO 12 MONTHS $000	> 1 YEAR $000	TOTAL $000
Financial assets					
Cash and cash equivalents	69,521	15,000	-	-	84,521
Due from other financial institutions	-	8,471	2,991	6,000	17,462
USD term deposit	-	1,729	-	-	1,729
Loans	-	8,978	5,400	1,009	15,387
Floating rate notes	69,068	-	-	-	69,068
Financial liabilities					
Deposits	(72,470)	(2,961)	(50)	-	(75,481)

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

(vi) Market risk (continued)

(ii) Foreign currency risk

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

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

Foreign currency sensitivity analysis

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

Group

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 $245,656 (2021: $67,527). 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 $181,572 (2021: $49,911).

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

		AUD 2022 $000	AUD 2021 $000
USD term deposit	USD	1,887	1,729
Trade payables	EUR	(2,862)	(2,106)
Trade payables	USD	(412)	(6)
Trade payables	GBP	(6)	-

(iii) Other price risk

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

(vii) Capital Management

The Group's capital management objectives are to:

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

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

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

The Board considers the Group's strategy, financial performance objectives, and other factors relating to the efficient management of capital in setting target ratios of capital above the regulatory required levels. These processes are formalised within the Group's ICAAP. The Group operates under the specific capital requirements set by APRA. The Group has satisfied its minimum capital requirements throughout the 2022 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)

(vii) Capital Management (continued)

Capital Adequacy

	2022 $000	2021 $000
Tier 1 Capital		
Common Equity Tier 1 Capital		
Contributed capital	278,798	274,436
Accumulated losses & reserves	(124,672)	(96,127)
	154,126	**178,309**
Regulatory adjustments to Common Equity Tier 1 Capital		
Deferred tax assets in excess of deferred tax liabilities	(13,721)	(13,856)
Capitalised expenses	(12,974)	(7,800)
Goodwill and other intangible assets	(55,361)	(69,234)
Other adjustments	(2,542)	(4,999)
	(84,598)	**(95,889)**
Common Equity Tier 1 Capital	**69,528**	**82,420**
Additional Tier 1 Capital	-	-
Total Tier 1 Capital	**69,528**	**82,420**
Tier 2 Capital		
General reserve for credit losses[1]	2,123	1,273
Total Tier 2 Capital	**2,123**	**1,273**
Total Capital	**71,651**	**83,693**
Total risk weighted assets	**185,613**	**115,357**

	%	%
Risk-based capital ratios		
Common Equity Tier 1	37	71
Tier 1	37	71
Total Capital ratio	39	73

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

(viii) Liquidity risk

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

Maturity analysis

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

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

(viii) Liquidity risk (continued)

Financial liabilities

AS AT 30 JUNE 2022	CONTRACTUAL CASH FLOWS < 3 MONTHS $000	3 TO 6 MONTHS $000	>6 TO 12 MONTHS $000	>1 TO 5 YEARS $000	>5 YEARS $000	TOTAL
Variable rate deposits	(79,204)	-	-	-	-	(79,204)
Term deposits	(4,069)	-	-	-	-	(4,069)
Lease liabilities	-	-	(1,897)	(19,076)	(20,671)	(41,644)
Commissions payable to Bendigo Bank	(2,273)	(2,360)	(4,783)	(42,598)	(51,920)	(103,934)
Trade payables and other liabilities	(28,009)	-	-	-	-	(28,009)
	(113,555)	**(2,360)**	**(6,680)**	**(61,674)**	**(72,591)**	**(256,860)**
AS AT 30 JUNE 2021						
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	(17,215)	-	-	-	-	(17,215)
	(96,025)	**(3,344)**	**(8,199)**	**(42,350)**	**(63,343)**	**(213,261)**

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

	30 JUNE 2022 ($000)				30 JUNE 2021 ($000)			
FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Floating rate notes	71,185	-	-	71,185	69,068	-	-	69,068
Loans	-	-	39,504	39,504	-	-	15,387	15,387
Convertible note in meandu Australia Holdings Pty Ltd	-	-	1,510	1,510	-	-	-	-
	71,185	**-**	**41,014**	**112,199**	**69,068**	**-**	**15,387**	**84,455**

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

(ix) Fair values (continued)

Floating rate notes

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

Loans

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

The fair value model 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 $nil; 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 $46,628 and positive $46,628 to profit and loss.

Equity investments

At the reporting date, the Group held unlisted equity instruments in meandu Australia Holdings Pty Ltd and Axis IP Pty Ltd and 100% of the share capital of Medipass which was acquired on 31 May 2021. meandu Australia Holdings Pty Ltd and Axis IP Pty Ltd are valued using the equity accounting method as noted in Note 11.

Transfer between categories

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

20. Commitments and contingencies

(a) Commitments relating to BECS

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

(b) Contingent Liabilities arising from commitments

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

	2022 $000	2021 $000
Contingent liabilities - secured		
(i) Irrevocable standby letters of credit in favour of:		
Mastercard International	3,287	3,129
Visa International	524	524
	3,811	**3,653**
(ii) Bank Guarantees in favour of:		
UIR Australia (lessor of 155 Clarence Street, Sydney)	-	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	6,000
Bendigo and Adelaide Bank Limited to guarantee the Bendigo office	7	-
Leader Autainvest II Pty Ltd (guarantee to secure the obligation under the lease of 55 Market Street, Sydney)	4,867	-
	10,887	**10,538**

The Group has provided irrevocable standby letters of credit of $3,811,066 (2021: $3,653,183) secured through fixed charges over term deposits with the Commonwealth Bank of Australia and Westpac Banking Corporation, to Mastercard International and Visa International. These are one-year arrangements that are subject to automatic renewal on a yearly basis. Mastercard International and Visa International, at their discretion, may increase the required amounts of the standby letters of credit upon written request to the Group. The required amounts of the standby letters of credit are dependent on Mastercard International's and Visa International's view of their risk exposure to the Group.

A bank guarantee in favour of UIR Australia was held with Westpac Banking Corporation in relation to the lease arrangement for the 155 Clarence Street office premises. The amount was refunded on completion of the make good.

A bank guarantee in favour of Leader Autainvest II Pty Ltd is held with Westpac Banking Corporation in relation to the lease arrangement for the 55 Market Street office premises. The amount represents 6 months rent, outgoings and GST and is refundable on expiry of the lease agreement, subject to satisfactory vacation of the leased premises.

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

20. Commitments and contingencies (continued)

(c) Commitments relating to Tyro – Bendigo Bank Alliance

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

	2022 $000	2021 $000
Guaranteed amount	28,108	39,183
Variable amount	64,673	63,090
	92,781	**102,273**

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

21. Acquisition of subsidiary

Acquisitions for the year ended 30 June 2022

There were no acquisitions for the year ended 30 June 2022.

Acquisitions for the year ended 30 June 2021

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 set is a business.

The 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 one-month trading in 2021, Medipass contributed reported revenue of $222,278 and a net loss of $131,162 to the Group's results.

The following summarises the major classes of consideration transferred, the recognised amounts of assets acquired, liabilities assumed, and the goodwill recognised 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 share options)	2,648
Total consideration transferred	**20,803**

As part of the transaction, a non-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 deal. The Tyro shares that were issued in exchange for these shares are being held in escrow with a holding lock period of 1-3 years and will be issued only on repayment of the loan.

These shares have been treated as share options in Tyro's equity reserves. They have been valued using the Black-Scholes 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.

Equity instruments issued

The fair value of ordinary shares issued was based on the listed share price of the Company at 31 May 2021 of $3.78 per share.

21. Acquisition of subsidiary (continued)

(b) Acquisition costs

The Company incurred acquisition-related costs of $1,136,364 on legal fees and due diligence costs. These costs were included in 'administrative expenses' in FY21.

(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)
Total identifiable net assets acquired	**7,116**

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 of 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 discounted cash flow model.

(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
Goodwill	**13,687**

None of the goodwill recognised is expected to be deductible for tax purposes.

22. List of subsidiaries

	PRINCIPAL PLACE OF BUSINESS	OWNERSHIP INTEREST 2022	OWNERSHIP INTEREST 2021
Parent entity			
Tyro Payments Limited	Australia		
Subsidiaries			
Medipass Solutions Pty Ltd	Australia	100%	100%
Medipass Solutions Limited	United Kingdom	100%	100%
Tyro Payments (Ben Alliance) Pty Ltd	Australia	100%	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

	2022 $000	2021 $000
Net loss attributable to ordinary shareholders used to calculate basic and diluted earnings per share	(29,617)	(29,823)
	2022 NUMBER	**2021 NUMBER**
Weighted average number of ordinary shares used in calculating basic earnings per share	515,660,709	505,773,888
Weighted average number of potentially dilutive ordinary shares	542,333,850	531,633,132
	2022 CENTS	**2021 CENTS**
Basic	(5.74)	(5.90)
Diluted	(5.74)	(5.90)

Diluted EPS is consistent with basic EPS due to the Group currently generating negative earnings.

24. Auditor's remuneration

	2022 $000	2021 $000
Fees in respect of the role of the appointed auditor		
Audit and review of the financial reports[1]	415	425
Fees for assurance services required by legislation to be performed by the auditor	-	
Discretionary fees for other assurance related services		
Other assurance and agreed-upon-procedures services	-	38
Fees for other non-assurance services		
Tax compliance	17	14
Other assistance and services	-	7
	432	**484**

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

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

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

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

25. Related party disclosures

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	Chair and Non-executive Director	16 November 2018
Robbie Cooke[1]	Chief Executive Officer and Managing Director	18 October 2019
Hamish Corlett[2]	Non-executive Director	18 April 2019
David Fite	Non-executive Director	3 July 2018
Claire Hatton	Non-executive Director	5 January 2022
Aliza Knox	Non-executive Director	21 April 2021
Fiona Pak-Poy	Non-executive Director	4 September 2019
Paul Rickard	Non-executive Director	28 August 2009
Shefali Roy	Non-executive Director	5 January 2022
EXECUTIVES	**TITLE**	**APPOINTED**
Robbie Cooke[1]	Chief Executive Officer and Managing Director	23 March 2018
Steve Chapman	Chief Risk Officer	11 June 2021
Praveenesh Pala	Chief Financial Officer	20 October 2014

1 *Resigned as Chief Executive Officer and Managing Director on 29 June 2022 effective 29 December 2022*

2 *Retired as Non-executive Director on 3 November 2021*

	2022 $000	2021 $000
Compensation of Key Management Personnel		
Short-term benefits	3,018	2,458
Long-term benefits (long service leave)	55	40
Post-employment benefits (superannuation)	124	74
Share-based payments	(483)[1]	2,355
Total	**2,714**	**4,927**

1 *The negative accounting value mainly relates to management's judgement that the FY19 LTI Option Plan only has a certain percentage probability of vesting. As such, a proportion of the prior year share-based payments expense for these options have been reversed.*

Interests held by Key Management Personnel

Share options and rights held by Key Management Personnel to purchase ordinary shares have the following expiry dates and exercise prices.

ISSUE YEAR	EXPIRY YEAR	EXERCISE PRICE ($)	2022 NUMBER OUTSTANDING	2021 NUMBER OUTSTANDING
FY14/15	FY21/22	$0.450	-	28,169
FY15/16	FY22/23	$0.600	21,505	187,634
FY16/17	FY23/24	$1.490	159,401	159,401
FY17/18	FY23/24	$1.760	375,000	375,000
FY18/19	FY24/25	$0.000	480,953	480,953
FY18/19	FY24/25	$1.760	1,818,180	1,818,180
FY18/19	FY25/26	$1.500	2,618,131	2,686,131
FY18/19	FY28/29	$0.000	800,000	966,666
FY19/20	FY26/27	$1.790	2,540,412	2,540,412
FY20/21	No expiry date	$0.000	234,302	234,302
FY20/21	FY32/33	$0.000	76,192	93,433
FY21/22	No expiry date	$0.000	535,833	-
FY21/22	FY33/34	$0.000	46,893	-

During the year, 582,726 rights were granted to Key Management Personnel (2021: 393,079).

26. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2022, the parent entity of the Group was Tyro Payments Limited.

	2022 $000	2021 $000
Result of parent entity		
Loss for the year	(28,197)	(29,690)
Other comprehensive loss	(1,008)	105
Total comprehensive loss for the year	**(29,205)**	**(29,585)**
Financial position of parent entity at year end		
Current assets	122,152	159,989
Non-current assets	288,846	234,543
Total assets	**410,998**	**394,532**
Current liabilities	132,484	122,098
Non-current liabilities	117,361	91,637
Total liabilities	**249,845**	**213,735**
Net assets	**161,153**	**180,797**
Total equity of parent entity comprising of:		
Contributed equity	278,798	274,436
Reserves	47,085	40,827
Accumulated losses	(164,370)	(134,466)
Total equity	**161,153**	**180,797**

27. 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 2022 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.

28. Contingent liabilities

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

It is currently not possible to reliably determine the ultimate impact on the Group of the claims raised in this proceeding and accordingly no provision has been recognised.

Directors' Declaration

In the opinion of the Directors:

(a) the Consolidated Financial Statements and Notes of the Group set out on pages 107 to 157 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 2022 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.

David Thodey

Robbie Cooke

David Thodey AO
Chair

Robbie Cooke
CEO | Managing Director

Sydney, 29 August 2022

Independent audit report to the members of Tyro Payments Limited

Building a better working world

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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 2022, 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 2022 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	How our audit addressed the key audit matter
As detailed in Note 1(c) of the financial report, the Group has a long-term merchant acquiring alliance with Bendigo and Adelaide Bank Limited. The consideration under the alliance contract included a contingent component based on future revenue that is recorded as a liability. The contingent consideration is required to be re-measured at each reporting date to reflect the Group's estimate of the amount of further consideration it expects to pay. Given the value of the contingent consideration liability recorded and the judgement involved in measuring the liability, this was considered to be a key audit matter.	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 methodology used by the Group to determine the value of the contingent consideration at reporting date, the underlying assumptions and estimates applied, and the mathematical accuracy of the supporting calculations. ▸ We considered the consistency of judgements and assumptions made with respect to other accounting estimates and models. ▸ Evaluated the financial performance of the alliance against forecasts on which the valuation of the contingent consideration is based. ▸ Assessed the adequacy of the related disclosures within the financial report regarding the contingent consideration.

Remediation provisions

Why significant	How our audit addressed the key audit matter
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 in January 2021 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:	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
▸ 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 ▸ Assumptions used to estimate the merchant related remediation payments, including how many merchants will claim compensation and average compensation amounts.	▸ We assessed key assumptions used to estimate the merchant-related remediation amounts, including testing of compensation experience to date. ▸ Tested the mathematical accuracy of the provision calculations made. ▸ For those matters where the Group determined that a sufficiently reliable estimate of the amount of the obligation could not be made and for which no provisions have been recognised, we assessed the appropriateness of this conclusion and any related contingent liability disclosure. ▸ We considered the existence of any economic benefits that would require disclosure as contingent assets. ▸ We considered the adequacy of the disclosures within the financial report related to the provision.

Recoverability of deferred tax assets

Why significant	How our audit addressed the key audit matter
The financial statements include $13.0 million of deferred tax assets. The assessment of their recoverability was subject to significant judgements made by the Group in forecasting future taxable profits and determining the availability and expected timing of utilising the deferred tax assets against future taxable income in accordance with tax legislation. The judgements involve expected business growth which is dependent upon market and economic conditions and the ability of the Group to generate sufficient future taxable profits. Accordingly, this was considered to be a key audit matter.	Our audit procedures included the following: ▸ Assessed the mathematical accuracy of the Group's deferred tax asset utilisation model. ▸ Agreed the amount of unused tax benefits carried forward as deferred tax assets to prior period lodged income tax returns. ▸ Evaluated the Group's assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on most recent Board approved forecasts, prepared by the Group, principally by performing sensitivity analyses and evaluating and testing the key assumptions used to determine the amounts recognised. ▸ Considered the consistency of judgements and assumptions made with respect to other accounting estimates and models.

Why significant	How our audit addressed the key audit matter
Disclosures relating to deferred tax assets are set out in in Notes 1(c) and 4.	▸ Assessed the historical accuracy of the Group's previous future taxable profit forecasts by comparing to actual outcomes. ▸ Involved our taxation specialists in reviewing the Group's assessment of their ability to utilise carry forward tax losses in accordance with income tax legislation.

Revenue recognition – merchant service fees

Why significant	How our audit addressed the key audit matter
As detailed in Note 2 of the financial report, the Group generated $283.6 million in revenue from merchant service fees for the year ended 30 June 2022. Given the importance of revenue to the users of the financial report, specifically as a key performance indicator for the Group and a key metric for senior management of the Group, this was considered to be a key audit matter.	Our audit procedures included the following: ▸ Evaluated the Group's revenue accounting and assessed whether the Group's accounting policies complied with the requirements of Australian Accounting Standards. ▸ Assessed the operating effectiveness of key controls over the recording of revenue. ▸ For a sample of merchant service fee revenue transactions, we obtained supporting evidence such as customer contracts and transaction records to support the timing and value of revenue recognised. ▸ Analysed accounting entries impacting revenue that did not arise from the system-generated reporting of underlying transactions.

IT systems and controls over financial reporting

Why significant	How our audit addressed the key audit matter
The Group's operations and financial reporting systems are heavily dependent on IT systems, including automated accounting procedures and IT dependent manual controls. The Group's controls over IT systems include: ▸ The framework of governance over IT systems; ▸ Controls over program development and changes;	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.

- Controls over access to programs, data and IT operations; and
- Governance over generic and privileged user accounts.

Given the reliance on the IT systems in the financial reporting process, we considered this to be a key audit matter.

We also carried out specific tests, on a sample basis, of system functionality that was key to our audit approach in order to assess the accuracy of certain system calculations, the generation of certain reports and the operation of certain system enforced access controls.

Where we noted design or operating effectiveness matters relating to IT system controls relevant to our audit, we performed alternative audit procedures. We also considered mitigating controls in order to respond to the impact on our overall audit approach.

Carrying value of goodwill

Why significant	How our audit addressed the key audit matter
As detailed in Note 13, the Group recorded $13.7 million in goodwill as at 30 June 2022. Goodwill is tested annually for impairment and requires the Group to estimate the recoverable amount of the relevant cash-generating unit (CGU) to be determined. The key inputs and judgements involved in the impairment assessment includes: ▸ Determination of CGUs; ▸ Discount rates, terminal growth rates and revenue and expense assumptions used in the discounted cashflow models; and ▸ Considering the sensitivity of the impairment assessment to reasonable possible changes in key assumptions. Given the high degree of judgement and complexity in assessing the carrying value of goodwill, we considered this to be a key audit matter.	Our audit procedures included the following: ▸ Assessed the Group's determination of CGUs used in the impairment model, based on our understanding of the nature of the Group's business and the economic environment in which it operates. ▸ Understood and evaluated the Group's process for performing goodwill impairment assessments and the determination of any asset impairment outcomes. ▸ We involved our valuation specialists to assist in assessing the appropriateness of the impairment models including key inputs into the models such as the discount rates and growth rates. ▸ We tested the mathematical accuracy of the impairment models. ▸ We assessed whether cash flow forecasts incorporated in the impairment assessment were consistent with Board approved forecasts. ▸ We assessed the Group's sensitivity analysis and evaluated whether any reasonably foreseeable change in assumptions could lead to an impairment. ▸ We assessed the adequacy of the disclosures in Note 13 to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2022 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 69 to 103 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Tyro Payments Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Michael Byrne
Partner
Sydney
29 August 2022


BREAKERS
CAFE


IL PUPAZZO
BARBERA
BORGHETTI
BLACK LIQUORE ALLA SAMBUCA
LA BAMBOLA
VERMENTINO

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 2022.

Ordinary Shares

Tyro has on issue 517,960,449 fully paid ordinary shares.

Voting Rights

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

a. Ordinary shares – On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
b. Options and rights – No voting rights.

Substantial Shareholders

The following is a summary of the current substantial shareholders pursuant to notices lodged with the ASX in accordance with section 671B of the Corporations Act:

NAME	DATE OF INTEREST	NUMBER OF ORDINARY SHARES[1]	% OF ISSUED CAPITAL[2]
Grockco Pty Ltd	6 Dec 2019	69,119,528	13.72%
FIL Limited	17 Dec 2021	30,720,474	5.96%

1. *As disclosed in the last notice lodged with the ASX by the substantial shareholder.*
2. *The percentage set out in the notice lodged with the ASX is based on the total issued share capital of Tyro at the date of interest.*

On Market Buy-Back

There is no current on-market buy-back in respect of Tyro's ordinary shares.

Distribution of Securities Held

Analysis of number of ordinary shareholders by size of holding:

RANGE	ORDINARY SHARES[1]	%	NO. OF HOLDERS	%
100,001 and Over	395,728,563	76.40	272	1.31
10,001 to 100,000	77,953,436	15.05	2,920	14.03
5,001 to 10,000	21,076,483	4.07	2,789	13.40
1,001 to 5,000	19,572,955	3.78	7,508	36.08
1 to 1,000	3,629,012	0.70	7,321	35.18
Total	**517,960,449**	**100.00**	**20,810**	**100.00**
Unmarketable Parcels	0	0.00	0	0.00

1. *Ordinary shares include shares offered to employees under the Company's incentive arrangements.*

There were no holders of less than a marketable parcel of ordinary shares.

Top 20 Largest Shareholders

The names of the 20 largest quoted equity security holders as they appear on the Tyro share register are listed below:

NAME	NUMBER OF SHARES	% OF TOTAL SHARES
1 CBC CO PTY LIMITED	64,719,528	12.50
2 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	59,355,497	11.46
3 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	35,189,198	6.79
4 CITICORP NOMINEES PTY LIMITED	30,228,840	5.84
5 MS DANITA RAE LOWES	19,028,582	3.67
6 INVIA CUSTODIAN PTY LIMITED	17,500,000	3.38
7 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	15,211,613	2.94
8 NATIONAL NOMINEES LIMITED	13,654,093	2.64
9 HANS-JOSEF JOST STOLLMANN	10,659,442	2.06
10 DYNAMIC SUPPLIES INVESTMENTS PTY LTD	8,600,000	1.66
11 PACIFIC CUSTODIANS PTY LIMITED	6,224,377	1.20
12 BNP PARIBAS NOMINEES PTY LTD	6,002,721	1.16
13 JASGO NOMINEES PTY LTD	5,060,726	0.98
14 BNP PARIBAS NOMS PTY LTD	3,470,012	0.67
15 JH 7 PROPERTIES PTY LTD	3,272,728	0.63
16 SOPHIA-KONSTANTINA FIONA STOLLMANN	3,261,237	0.63
17 UBS NOMINEES PTY LTD	3,118,150	0.60
18 DROP KNEE INVESTMENTS PTY LTD	2,568,174	0.50
19 SINALUNGA PTY LTD	2,482,978	0.48
20 EUCLID CAPITAL PARTNERS LLC	2,425,000	0.47
Total	**312,032,896**	**60.26**

Domicile of Ordinary Shareholders[1]

DOMICILE	NUMBER OF SHARES	%	NUMBER OF HOLDERS	%
Australia	**516,306,006**	**99.69**	**20,473**	**99.11**
Australia Capital Territory	2,516,556	0.49	350	1.69
New South Wales	362,595,252	70.01	9,590	46.42
Northern Territory	406,373	0.08	88	0.43
Queensland	32,789,953	6.33	3,065	14.84
South Australia	9,195,329	1.78	1,247	6.04
Tasmania	1,158,824	0.22	233	1.13
Victoria	93,594,807	18.07	4,567	22.11
Western Australia	14,048,912	2.71	1,333	6.45
Overseas	**1,624,795**	**0.31**	**185**	**0.89**
Total	**517,930,801**	**100.00**	**20,658**	**100.00**

1 *As at 31 July 2022.*

Unquoted Equity Securities

	NUMBER ON ISSUE
Performance rights in respect of ordinary shares issued under the Tyro STI and LTI Rights Plans, the Tyro Remuneration Sacrifice Rights Plan and the Liquidity Event Performance Rights Plan	8,849,345
Options in respect of ordinary shares issued under the Tyro Options Plans	21,659,439

Go Online to Manage Your Shareholding

Online share registry facility

Tyro offers shareholders the use of an online share registry facility through *www.linkmarketservices.com.au* or *https://investorcentre.linkmarketservices.com.au/* to conduct standard shareholding enquiries and transactions, including:

- update registered address;
- lodge or update banking details;
- notify Tax File Number / Australian Business Number;
- check current and previous shareholding balances; and
- appoint a proxy to vote at the Annual General Meeting.

Corporate Directory

Directors

David Thodey AO - Chair of the Board

Robbie Cooke – CEO | Managing Director

David Fite – Non-executive Director

Claire Hatton – Non-executive Director

Aliza Knox – Non-executive Director

Fiona Pak-Poy – Non-executive Director & Chair of People Committee

Shefali Roy - Non-executive Director

Paul Rickard – Non-executive Director & Chair of Audit Committee and Risk Committee

Registered and Principal Administrative Office in Australia

Tyro Payments Limited

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Sydney, NSW, 2000, Australia

Telephone: 1300 966 639

ABN: 49 103 575 042

Website Address

www.tyro.com

https://investors.tyro.com/investor-centre/

Australian Securities Exchange (ASX) Listing

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

Director Profiles

Refer to profiles on pages 37 to 41.

Executive Leadership Team

Refer to profiles on pages 42 to 45.

Special Counsel and Company Secretary

Jairan Amigh

email: *jamigh@tyro.com*

Investor Relations

Giovanni Rizzo

email: *grizzo@tyro.com*

Media

Monica Appleby

email: *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*

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/*

www.tyro.com