Annual Report 2020

TYRO PAYMENTS LIMITED - ABN 49 103 575 042

CONTENTS

Highlights

Highlights

Rapid Response to the risks of the COVID-19 outbreak across Australia by implementing initiatives to support our merchants, our team, and our community to better deal with the crisis

AUSTRALIA'S 5TH LARGEST MERCHANT ACQUIRING BANK BY TERMINAL COUNT

22% (FY20: 62,722)

SUCCESSFUL TRIAL OF NEW TERM DEPOSIT PRODUCT - MADE AVAILABLE TO ALL ELIGIBLE MERCHANTS FROM 1 JULY 2020

Strong Balance Sheet **$188.3 million in cash** and financial investments available for future growth

32,176
MERCHANTS CHOOSING TYRO AS THEIR PAYMENTS SOLUTION
11% (FY19: 29,031)

$202.8 M
PAYMENTS REVENUE
TRANSACTION & MERCHANT GROWTH DRIVING RECORD PAYMENTS REVENUE OF $202.8 MILLION
10% (FY19: $183.7M)

$20.1B
RECORD TRANSACTIONS PROCESSED BY TYRO MERCHANTS
15% (FY19: $17.5B)

Tyro Connect launched

Telehealth payment solution launched, and successful renewal of Medicare Easyclaim

NOW ONLINE

NPS IMPROVEMENT
TO 43
HIGHLIGHTING CUSTOMER SATISFACTION AND APPROVAL OF OUR PRODUCTS
(FY19: 37)

Largest successful IPO by market capitalisation on ASX in 2019

$60.1M
RECORD MERCHANT LOAN ORIGINATIONS IN THE YEAR
15% (FY19: $52.2M)

EBITDA LOSS OF $4.4 MILLION
NARROWING 49.2%
FROM $8.6 MILLION IN FY19 HIGHLIGHTING THE OPERATING LEVERAGE OF THE BUSINESS

MORE THAN
31,900
MERCHANTS ENABLED WITH ALIPAY AS A PAYMENTS OPTION

eCommerce solution in roll-out phase and fast-tracked to merchants in response to COVID-19 adaption and innovation

ONLINE SHOP

Chair's Letter

Dear Shareholder,

On behalf of your Directors and the team at Tyro, I am pleased to present our first annual report as an ASX listed company for the financial year ended 30 June 2020. As I am sure is well understood it has been a very challenging year, particularly for our merchants with the impact of COVID-19 and the bushfires wreaking havoc on their businesses and ambitions. Our priority since mid-March has been to do all that we could to work with our impacted merchants to assist them in navigating this crisis.

We moved quickly to develop a range of responses to COVID-19 to provide assistance to our merchants and to ensure our business was positioned to rebound as quickly as possible on return to a more normal environment, including:

- loan repayment holidays for merchants with cash advance loans;
- terminal rental relief to impacted merchants;
- providing access to the Federal Government Coronavirus SME Guarantee Scheme;
- ensuring the safety of our team;
- doing all that we could to keep our team intact;
- maintaining our high service standards and reliability for our merchants;
- fast-tracking merchant access to the Tyro eCommerce platform;
- implementing a telehealth payments system for our health practitioner merchants to ensure continued service for their patients.

Our COVID-19 actions rightly overshadowed other major achievements of the team, not least being the accomplishment of the largest successful listing on the ASX by market capitalisation in calendar year 2019 - at a time when many other planned listings failed.

The team achieved this whilst also staying focused on performance - delivering strong growth in challenging conditions and entrenching our position as Australia's fifth largest merchant acquiring bank by terminal count.

Your CEO and Managing Director, Robbie Cooke, will provide more details on the steps we have taken and how our operations, team and merchants have traversed this most unusual of years. However let me acknowledge the determination, passion and huge commitment from the Tyro team in looking after our merchants and our business. I would like to thank each and every team member for their efforts in FY20 – living our values has never held truer.

> *Our priority since mid-March has been to do all that we could to work with our impacted merchants to assist them in navigating this crisis...*

FY20 FINANCIAL PERFORMANCE OVERVIEW

Pleasingly we maintained the growth of our payments business, even with the significant challenges posed by COVID-19. For FY20, transaction value increased by 15% to $20.1 billion (FY19: $17.5 billion). While this is down on our record 30% transaction value growth in the first half of FY20, it is nonetheless impressive considering Australia was in effective lockdown from late March 2020 to the end of May 2020. This growth in transaction value translated into:

- total revenue increasing 11.0% to $210.7 million (FY19: $189.8 million);
- gross profit increasing 12.3% to $93.5 million (FY19: $83.3 million); and
- EBITDA loss reducing 49.2% (before share-based payments and IPO costs) to $4.4 million (FY19 loss of $8.6 million).

Our Banking business also performed strongly with an 15% increase in loan originations in the year reaching total originations of $60.1 million (FY19: $52.2 million) translating into interest income on loans of $4.2 million (FY19: $2.9 million). Our deposit balances ended the year at $50.5 million (FY19: $26.9 million).

Our net loss after tax of $38.1 million was higher than forecast in our Prospectus due to the impact of COVID-19 on transaction value growth, merchant growth and operating margins due to a shift in card mix. Excluding the cost of the IPO and share-based payment expenses directly linked to our IPO, proforma loss before tax of $25.9 million was recorded compared to a proforma net loss in FY19 of $19.1 million.

FINANCIAL POSITION

We maintained our strong liquidity position through COVID-19 by reducing non-essential operational expenditure, along with putting a freeze on new employee hires and deferring salary reviews. Balancing against these cost control activities was our need to continue fully serving our SME merchants, which was much assisted by gaining access to the Federal Government's 'JobKeeper' support package which enabled us to keep the full Tyro team intact.

At 30 June 2020, we had $188.3 million in cash and cash equivalents and investments, up from $68.8 million as at 30 June 2019.

> *We moved quickly to develop a range of responses to COVID-19 to provide assistance to our merchants and to ensure our business was positioned to rebound as quickly as possible...*

SUSTAINABILITY

Working with over 32,000 merchants across Australia, it is important that we fulfil our mission by delivering our solutions in a manner that creates a sustainable future for all our stakeholders. This includes our shareholders, our team, our merchants, the broader community in which we operate, our suppliers, business partners and regulatory bodies. A sustainable future also includes our environmental footprint and our impact on the planet and the strategies we have in place to minimise this impact.

We have made good progress in FY20 by establishing our first sustainability framework and presenting our first sustainability report to shareholders. However, we recognise that as we continue to grow as a listed business, we will need to enhance our sustainability reporting and as such plans are in place to further strengthen this aspect of our business from FY21 onwards.

BOARD COMPOSITION

We farewelled Kerry Roxburgh, our former Chair, at the FY19 Annual General Meeting. I would like to take this opportunity again to thank Kerry for the significant contribution he made to the growth of Tyro during his tenure as Chair. In September 2019 we welcomed Fiona Pak-Poy to Tyro's Board as a non-executive director. Fiona's career in technology and financial services management consulting, venture capital investment in high tech start-ups, founding and running an online retail operation, coupled with public company board experience made Fiona a standout candidate for us.

THE YEAR AHEAD

Finally, I would like to sincerely thank our dedicated team, our merchants, shareholders and all our other partners for their ongoing support through this challenging year. We will continue throughout FY21 to support our merchants in whatever way we can to get their businesses back to normal with an expectation that there could well be additional challenges as we all seek to navigate our way out of the COVID crisis.

I look forward to joining you at our FY20 Annual General Meeting and providing you with more detail of our results. This year's AGM will be managed quite differently due to the restrictions on physical gatherings, and the need to ensure the health and safety of all attendees. We will, as a result, be conducting for the first time a fully virtual AGM. Details of how you can participate in the AGM will be included in our upcoming Notice of Meeting.

Sincerely,

David Thodey

David Thodey
Chair

18 August 2020

"We will continue throughout FY21 to support our merchants in whatever way we can to get their businesses back to normal with an expectation that there could well be additional challenges as we all seek navigate our way out of the COVID crisis.

CEO & Managing Director's Report

CEO and Managing Director's Report (cont'd)

OPERATING & FINANCIAL REVIEW

Looking back at FY20 it is difficult to imagine a year with more contrast. From the exhilarating highs of successfully undertaking our IPO in tumultuous markets. To the gut-wrenching lows caused by the combination of the devastating bushfires in January and the onset of COVID-19 from mid-March. As a team our hearts went out to our merchants as we tried to offer what assistance we could as they fought the challenges nature threw at them.

Most of our efforts in the second half of the financial year were focused on actions and initiatives designed to help our merchants on their recovery journeys, along with ensuring our business was able to continue providing the high service standards and reliability for which we are renown. David has outlined many of these actions in his letter to you and I will not repeat them here, except to call out the tremendous efforts of all Tyros in ensuring these goals were met.

Before delving into our financial performance and position, I thought it useful to provide a 'snapshot' review of the 2020 financial year, including highlighting some of the more significant actions undertaken by the team over the course of the year. This is followed by a more in-depth review of our payments and banking businesses.

FY20 Snapshot

RESULTS

Considering the impacts of COVID-19 in the second half of the year our overall result was strong in the circumstances, but clearly behind where we had forecast to be at the time of our IPO.

We exited the first half of the year with transaction values up 30% over H1 FY19. This momentum continued into January and February 2020 with year-to-date transaction value growth up to 29 February 2020 lifting 29% over the comparable prior period. However, with the introduction of mandatory lockdowns across Australia from mid-March, we saw our overall transaction value growth rate moderate back to 15% for the full year.

Despite the COVID induced slowdown we still delivered an all-time record annual transaction value of $20.1 billion with more than 32,000 merchants trusting Tyro with their payments needs. We lifted revenue 11% to a new record $210.7 million and we also booked a record level of loan originations of $60.1 million increasing 15% over the prior year. All this was achieved at a time when considerable organisational focus was on our IPO, reacting to the devastating bushfires and working with our merchants to assist them through the COVID-19 pandemic. Maintaining our operating rhythm in such a frenetic year demonstrates the robustness of our business and the depth of talent in our team.

With close to 63,000 terminals now in the field, we remain the fifth largest merchant acquiring bank in Australia with the 'big four' holding the top slots. We are gaining traction by providing functionality and features that merchants want from our proprietary payments platform. Features such as being the first bank to provide our merchants cost savings available from least cost routing, being first to market with a fully integrated Alipay solution, and providing eCommerce payments to simplify the day-to-day for merchants by providing a seamless in-store and online transaction solution with the one provider. As a tech company we are able to stay at the front of the curve when it comes to delivering payments solutions responding to our customers' needs.

Our banking operation continues to track well with all products offered to merchants growing strongly albeit from low bases.

Our merchant cash advance loan achieved a record level of originations in the year increasing 15% over the prior year to $60.1 million in an environment where we switched our loan decisioning process to a manual assessment to better address the significant lending risks posed by COVID-19. Tyro was selected by the Commonwealth Government to participate in the Coronavirus SME Guarantee Scheme (**Scheme**). The Scheme is designed to help provide businesses access to working capital and assist them through the impact of COVID-19. It has the benefit of a partial Government guarantee and all loans provided to our merchants from 12 May 2020 were made under the provisions of this new Scheme.

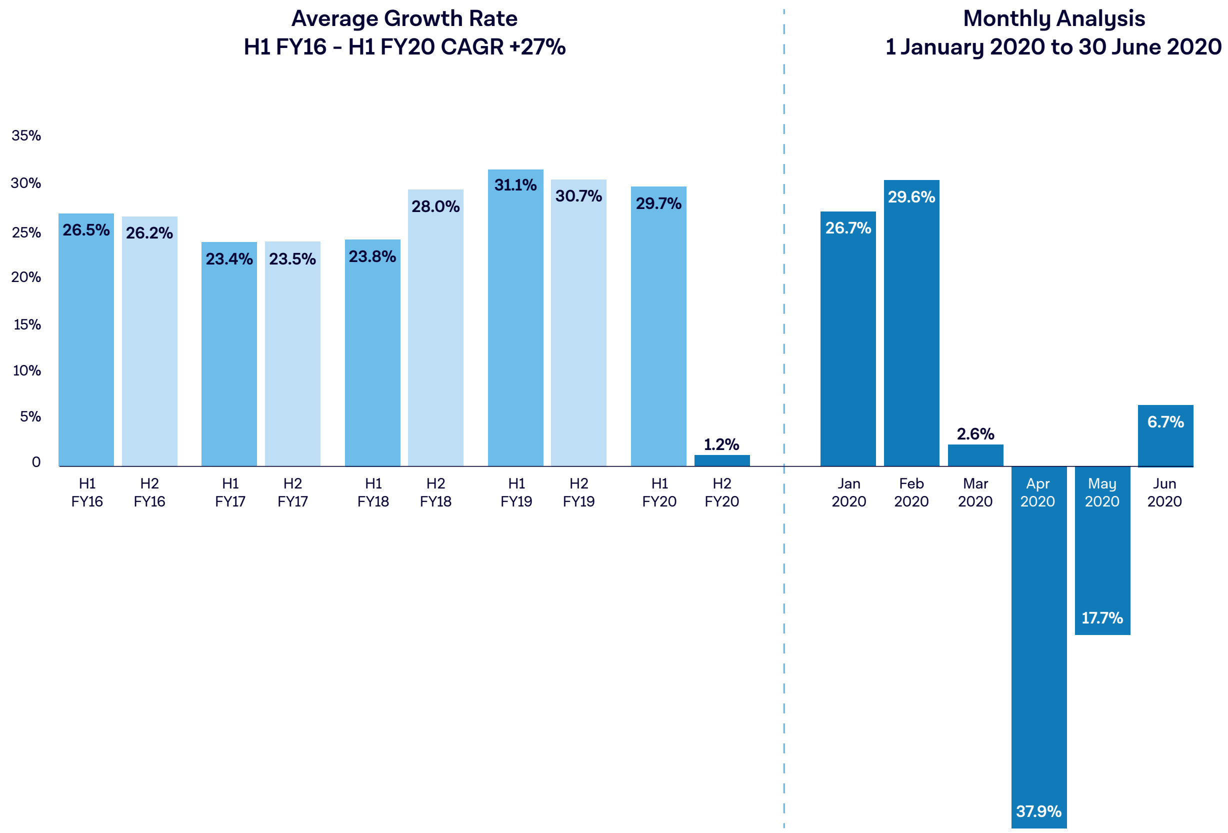
Our fee-free, interest-paying bank account now has over 3,600 active accounts representing an increase of 53% over last year with $49.7 million held in deposits at 30 June 2020. We have also launched our new term deposit account to our entire merchant base with close to $1.0 million held in these term deposit accounts at year end.

It was also pleasing to see the improvement in both our Net Promotor Score (**NPS**) and our prompted brand awareness. At 30 June 2020, we achieved an NPS score of 43, up 6 points from the 37 at 30 June 2019. This clearly reflects the satisfaction of our merchants in both our products offered and the level of service provided. Our prompted brand awareness improved to 14% from 10% a year prior. Although we have ambitions for this to be significantly higher, it provides confidence that our marketing approach and brand campaigns are resonating with merchants.

IMPACT OF COVID-19 ON RESULTS

From March 2020, with the outbreak of COVID-19 intensifying across Australia, state and territory governments mandated social distancing and lockdown policies, which forced many of our merchants, specifically in our Hospitality and Health verticals, to close their operations, either partially or completely. Although many of our merchants found innovative ways to adapt to these new trading restrictions, our payments business still experienced a rapid decline in transaction value from March 2020 (see chart 1). The low point arrived in April with transaction values down 38% and this gradually improved through the balance of the year with June seeing a return to growth (up 7%). Despite this severity of the decline, we exited FY20 with overall transaction value growth at 15% which demonstrates the strength and robustness of our business model.

CHART 1 – FY20 TRANSACTION VALUE GROWTH RATES

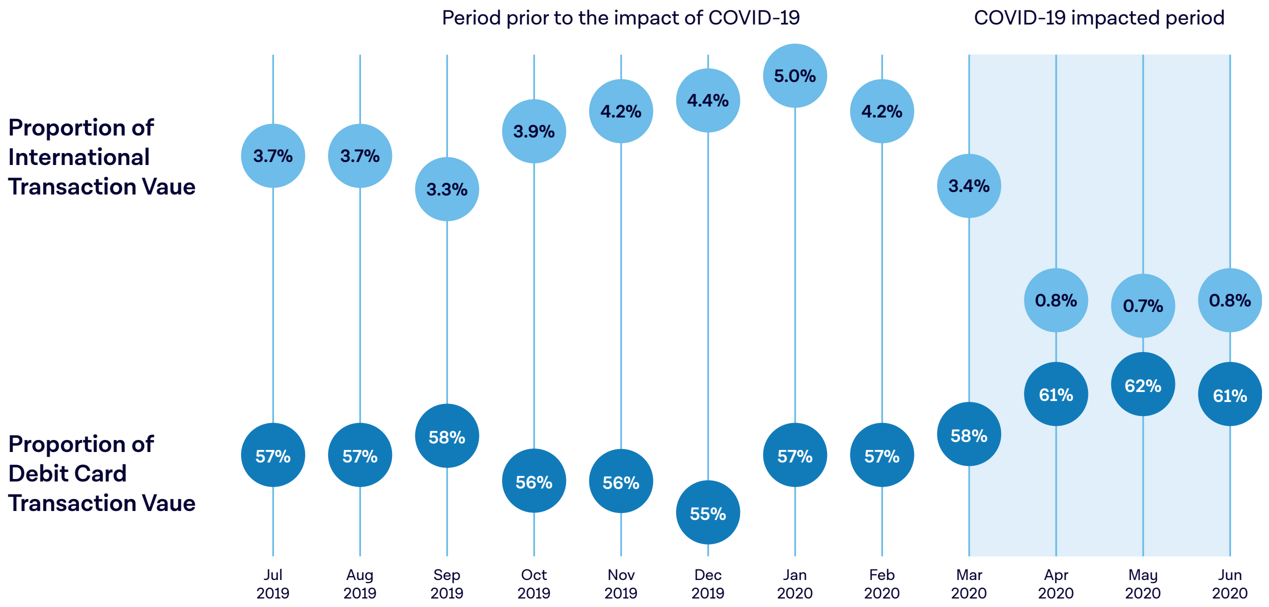


CEO and Managing Director's Report (cont'd)

IMPACT OF COVID-19 ON RESULTS (cont'd)

A further impact of COVID-19 has been the shift in the mix of card usage experienced across our network. International card usage, which carries a high merchant service fee, reduced to 0.8% of our overall mix in April through to June 2020 as international tourist numbers reduced. Conversely, debit cards, which carry a lower merchant service fee, increased from an average share of 57% pre COVID-19 to an average of 61% from April through to June 2020. Our net margin however remained stable as net merchant acquiring margins on debit cards are higher than the margins on international cards.

CHART 2 – CARD MIX TRENDS FY20



As previously mentioned, our Hospitality and Health verticals experienced the most significant impact from the mandated social distancing and lockdowns. Hospitality, which was growing at 47% prior to COVID-19, decreased 32% from March to June 2020. Health, which was growing at 15% prior to COVID-19, decreased 15% from March to June 2020.

TABLE 1 – TRANSACTION VALUE ANALYSIS BY VERTICAL

VERTICAL	TRANSACTION VALUE			
	FOR THE 8 MONTHS TO 29 FEB 2020	GROWTH OVER PCP	FOR THE 4 MONTHS TO 30 JUNE 2020	GROWTH RATE OVER PCP
Hospitality	$6.6 billion	47%	$1.8 billion	(32%)
Retail	$5.0 billion	16%	$2.3 billion	8%
Health	$1.8 billion	15%	$0.7 billion	(15%)
Service	$1.3 billion	31%	$0.7 billion	23%
TOTAL	**$14.7 billion**	**29%**	**$5.4 billion**	**(11%)**

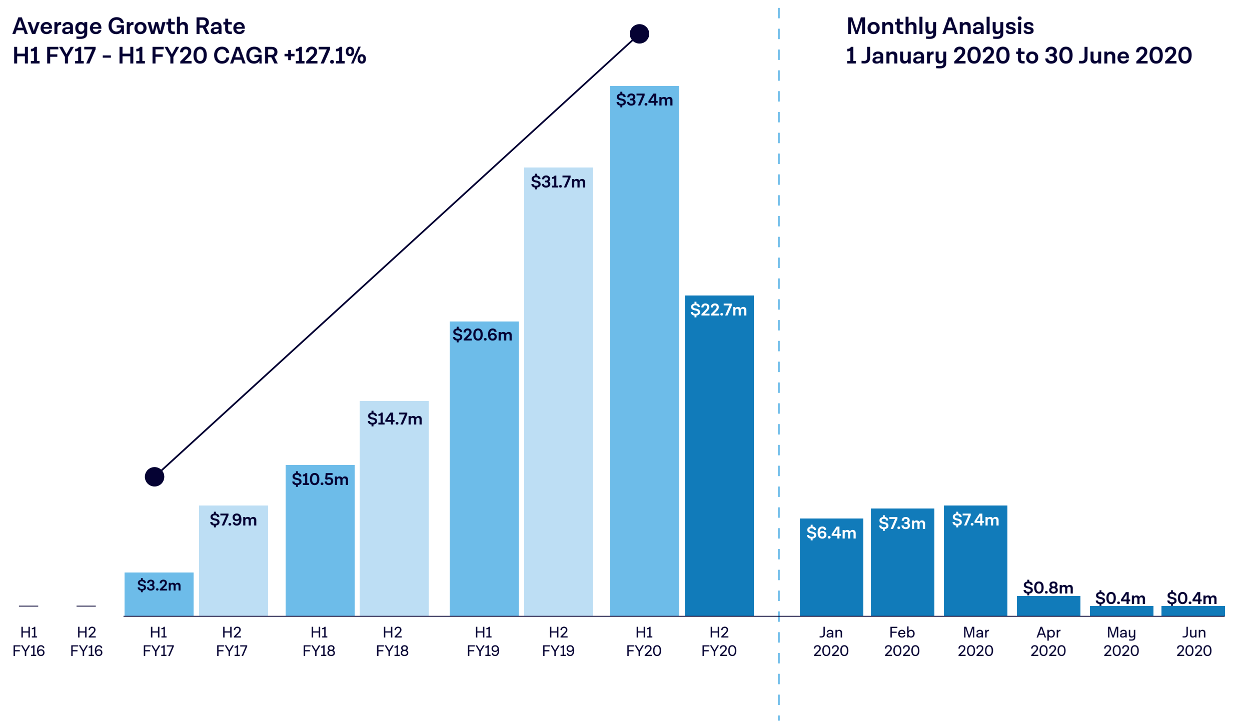
Impact on merchant acquisition

We also experienced a slowdown in our merchant acquisition from 1 March to 30 June 2020 due to the lockdown of many businesses and the focus of businesses owners on surviving through the crisis rather than reviewing their payments provider. At 29 February 2020, we were adding on average 1,050+ new merchants per month. This slowed considerably in April and May with only 614 and 747 new merchants being signed. We did however see a marked improvement in June with 907 new merchants added in the month.

Impact on loan originations

Up to 31 March 2020, we generated $58.5 million in loan originations, up 60% on the comparable prior period and we were on track to meet our target for the year. With the onset of COVID-19, we adjusted our loan decisioning process to a manual assessment to ensure credit risk in the new operating environment did not exceed our internal risk appetite. This change in approach saw originations reduce significantly with the total originations in the last quarter of the financial year totalling $1.6 million (pcp: $15.6 million). Our FY20 loan originations totalled $60.1 million (pcp: $52.2 million) – up 15% on the prior year.

CHART 3 – LOAN ORIGINATIONS



CEO and Managing Director's Report (cont'd)

OUR RESPONSE TO THE CHALLENGES OF COVID-19 ON OUR BUSINESS

The last six months have been intense and challenging both for our merchants and our team. The resilience of the organisation and our values-driven culture came to the fore over this period as we have navigated with our merchants the significant impacts of the bushfires and COVID-19. As the severity of the COVID-19 outbreak across Australia became apparent, our first response was to implement initiatives to support our merchants, our team, and our community to better deal with this crisis.

We undertook the following actions to effectively respond to the impacts of COVID-19 from March 2020:

- loan repayment holidays for merchants with cash advance loans;
- terminal rental relief to impacted merchants;
- providing access to the Federal Government Coronavirus SME Guarantee Scheme;
- ensuring the safety of our team;
- doing all that we could to keep our team intact;
- maintaining our high service standards and reliability;
- fast-tracking access to the Tyro eCommerce platform;
- implementing a telehealth payments system for our medical and health practitioner merchants to ensure continued service for their patients;
- a crisis management team met on a daily basis, chaired by our CEO and Managing Director and weekly updates on initiatives, plans and strategies to combat the COVID-19 crisis were reported to the Board as part of their weekly meetings; and
- reducing discretionary expenditure, freezing hiring and suspending all remuneration increases to best position and protect the business from the considerable uncertainty it faced.

Of particular significance were the financial assistance measures we put in place to support our merchants. Loan repayment holidays were provided for merchants affected by COVID-19 through reactive and proactive engagement. Inbound requests seeking to defer loan repayments were prioritised for immediate assessment and action, whilst an outbound contact programme provided merchants with awareness of the support available. We also provided terminal rental relief to merchants who were significantly impacted by COVID-19 by deferring rental charges.

We fast-tracked the roll-out of our eCommerce solution to our merchants to assist them to innovate and adapt to the changing ways of doing business, specifically allowing their customers to acquire goods and services through our newly introduced eCommerce payments solution. In addition we assisted our hospitality merchants in introducing mail order/ telephone order processing for those wishing to introduce take-away services.

We introduced telehealth support for our Health vertical by processing both Medicare Benefits Schedule bulk-billed telehealth claims through Tyro EFTPOS and gap fee payments through Tyro EFTPOS, mail order/telephone order processing, direct invoicing and via a virtual terminal on the Tyro eCommerce platform.

Tyro was also selected by the Commonwealth Government to participate in the Coronavirus SME Guarantee Scheme (**Scheme**). The Scheme being designed to help provide businesses access to working capital to assist them through the impact of COVID-19 and has the benefit of a partial Government guarantee. All loans provided to our merchants from 12 May 2020 were made under the provisions of this new Scheme.

To protect the safety of our team we moved swiftly in March to make the necessary arrangements for our team to effectively work from home. These arrangements covered approximately 99% of our team members with the only employees still required in office limited to certain new merchant roll-out activities. Our work from home transition was seamless and our team did not miss a beat during the lockdown. We continued to service all our merchants to our usual high standard, whilst also providing all assistance we possibly could to support those of our merchants experiencing hardship during the depths of the crisis and being there for them as their businesses started re-opening post lockdown. The high level of service and dedication of our team through this pandemic is well demonstrated by our NPS score of 43 for June 2020 which is 6 points higher than the level achieved prior to COVID-19 in June 2019. The team's focus on our operations is also evidenced by the maintenance of our leading 99.99% average availability during April through to June 2020 and our average processing time of sub 1.5 seconds per transaction.

We took all steps we could to reduce non-essential operational expenditure and this was coupled with placing a freeze on new employee hires and deferring all remuneration increases. This approach importantly enabled us to avoid having to make any organisational changes, enforced redundancies or standing-down of any team members due to the financial impact of COVID-19. This ensured we were able to maintain full operational capacity in all our teams, including our call centre and product support teams and best positioned the business to continue its focus on the growth projects and initiatives in train pre the crisis. Our approach to our team was much assisted by gaining access to the Federal Government's 'JobKeeper' support package.

We will continue to do everything we can to support our merchants and our team into FY21. We believe both Tyro and our merchants will come out stronger after the pandemic as confidence returns to the economy and the payments landscape becomes even more critical to doing business.

SIGNIFICANT BUSINESS OUTCOMES

Beyond the financial outcomes and impact of COVID-19, we have made great progress in FY20 on the following strategic initiatives:

Expansion into new verticals

We have developed our Services vertical in FY20 with the addition of over 1,850 merchants generating transaction value of $2.0 billion, up 28% from $1.5 billion in FY19. Some of the key merchants acquired in this vertical include National Billing Group, Vet Partners Australia and Belgravia Leisure Group. Merchants in our newly created Service vertical benefit from our technical capability to produce specialised solutions and domain expertise, including in eCommerce.

We are also in the pilot phase of trialling a new mobile terminal, specifically designed to meet the demands of this and other verticals by being mobile, light, easy to use and retaining the key features our merchants have come to expect from us.

Unified payments solution including eCommerce roll-out

We continued to drive the take-up of our unified payments solution by our merchants, with many of our merchants seeing the benefits of an eCommerce solution in the current operation environment and its importance for their future existence and success. We generated $10.6 million in transaction value (FY19: Nil million) from 384 merchants who now use this solution.

Our unified payments solution provides single-settlement and reporting across 'card-present' and 'card-not-present' and typically a faster settlement period compared to our competitors with T+1 day settlement compared to the industry norm of T+3 days.

Initial feedback from our merchants is that they find our eCommerce solution attractive as it enables them to provide their customers with a more seamless experience across online and offline channels (for example, where customers purchase online and seek a refund in-store). It also allows them to manage their online and offline transactions in the Tyro App or Tyro Portal in real time.

CEO and Managing Director's Report (cont'd)

SIGNIFICANT BUSINESS OUTCOMES (cont'd)

Launch of Tyro Connect

We went live with Tyro Connect in FY20. Tyro Connect is an integration hub that plugs a range of different apps that may be required by a merchant to conduct their business into the merchant POS system, making the apps easier for the merchant to use and manage. Tyro Connect works with POS software designed for cafes, restaurants, quick service restaurants, pubs, clubs, and bars.

Currently Tyro Connect is integrated to me&u, a restaurant order and payment app, Marsello, a targeted marketing app and Goggle Food to enable location-based marketing and ordering. We will continue to integrate new apps into Tyro Connect into FY21.

Release of new banking products

We expanded our merchant cash advance as a loan offering in FY20 by streamlining the loan application process with all Tyro merchants now having the ability to check their eligibility for a loan through the Tyro app. Additionally, if eligibility is not automatically satisfied through the app, a manual review can be conducted by our loans team by collecting additional information from the merchant and assessing the application with the benefit of the additional data. In the year the amount that a merchant can borrow as a first loan was increased to $100,000 with the ability to increase to $120,000 for subsequent loans. This streamlined process was impacted with the onset of COVID-19 and our focus on risk management, however we will return to the streamlined process once the impact of COVID-19 reduces.

In December 2019, we commenced a pilot of a new term deposit account. This pilot was successful, and the term deposit account became available to all Tyro merchants from 1 July 2020. At 30 June 2020, we had 38 term deposit accounts and $0.9 million held on our balance sheet.

Launch of our telehealth solution

Telehealth offers a new way to keep health practitioners and their patients in touch outside of the typical physical consultation. Tyro introduced a payment and rebating solution to facilitate telehealth by processing both Medicare Benefits Schedule bulk-billed telehealth claims through the Tyro terminal and gap fee payments through either the Tyro terminal or our eCommerce solution. It is our belief that telehealth will continue to be offered by health practitioners even after the risk of COVID-19 has reduced.

Least-cost routing

Tyro was the first Australian bank to launch least cost routing, doing so ahead of the recommended deadline date of 1 April 2018. We saw the introduction of this innovative feature, which reduces costs for merchants, as an opportunity to differentiate ourselves in the market in a way that aligns with our organisational values - specifically in doing the right thing for our merchants.

Our least-cost routing feature, 'Tap & Save', allows merchants to save money by processing each eligible contactless dual network debit card payment through the scheme that we determine to cost the merchant the least – whether that be the domestic eftpos scheme or one of the international schemes, with this determination being based on transaction size. Tap & Save is available on over 98% of our terminals on an opt-in basis - at 30 June 2020, close to 27% of our terminal fleet had opted into least-cost routing.

Financial Performance

REVENUE

Total revenue of $210.7 million was up 11.0% on FY19 ($189.8 million). The key factors driving this uplift in revenue at a segmental level are described below:

Payments Business

Our Payments business lifted revenue by 10.4% to $202.8 million (FY19: $183.7 million). The increase in revenue reflected the 15.1% increase in transaction value and a 10.8% increase in the number of merchants, although the merchant service fee (**MSF**) margin achieved was lower compared to FY19. In FY20 an MSF of 0.8953% was achieved compared to 0.9269% achieved in FY19. The FY20 MSF was impacted by the shift to debit cards which carries a lower MSF and the significant reduction in transaction value generated from international cards that generates a higher MSF, due to the travel restrictions in Australia.

Our Payments business revenue was also impacted by a 24.9% decrease in other fee income at $3.9 million (FY19: $5.2 million). $2.3 million of other fee income relates to Medicare Easyclaim revenue which decreased from $3.5 million in FY19 due to the Department of Human Services no longer paying a fee per transaction for Medicare claims processed under the terms of our new contract since February 2020.

Banking Business

Our Banking business revenue declined 38.1%. The decline was due to a fair value adjustment of $2.4 million recognised on our business loans under accounting standards due to management's conservative estimate of the potential impact of COVID-19 on future loan balances. Excluding the fair value adjustment which provides a more realistic view of banking performance, interest income on our business loans increased 43.5% to $4.2 million (FY19: $2.9 million) driven by a 15% increase in loan originations (60.0% increase prior to the onset of COVID-19).

Other Revenue

Other revenue increased 91.6% to $6.0 million (FY19: $3.1 million) principally as a result of the 'JobKeeper' subsidy of $3.9 million received from the Federal Government from 1 April 2020 to 30 June 2020.

GROSS PROFIT

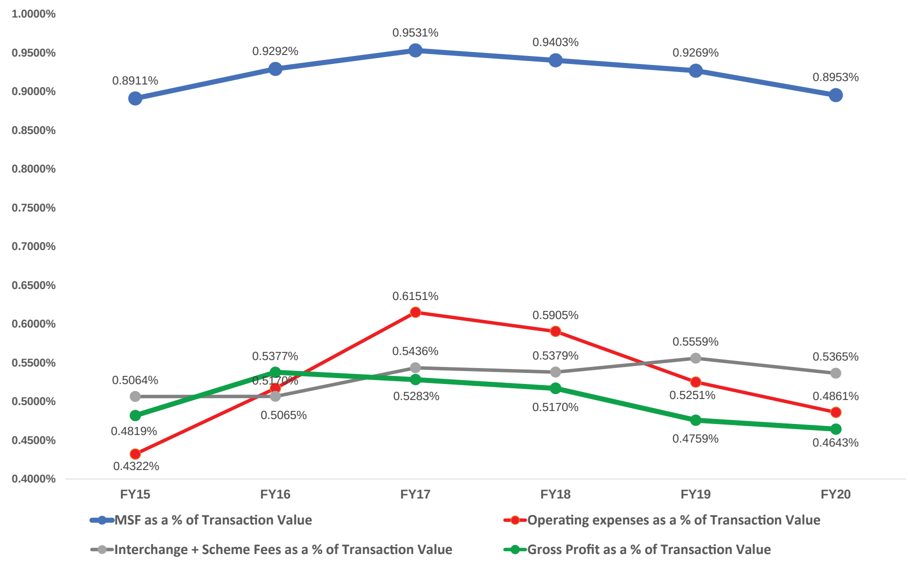
Gross profit of $93.5 million was generated in FY20, up 12.3% from FY19 ($83.3 million). Our Payments business contributed $86.1 million to total gross profit, up 11.2% on FY19 ($77.5 million) at a Merchant Acquiring Fee (**MAF**) margin of 0.3205% to transaction value compared to a margin of 0.3240% in FY19. Interchange, integration, and support fees for our payments business was up 9.8%, slightly lower than the 10.4% increase in payments revenue due to the lower direct costs incurred on debit cards.

Our banking business contributed $1.3 million to gross profit from revenue of $1.8 million at a gross profit margin of 71.6% (FY19: $2.7 million gross profit at a margin of 90.6%). The reduction in margin and gross profit from our banking business reflects the fair value adjustment of $2.4 million that directly impacts gross profit.

CEO and Managing Director's Report (cont'd)

GROSS PROFIT (cont'd)

CHART 4 – OPERATING METRICS CHART



EBITDA

Our EBITDA loss (before share-based payments and IPO costs) of $4.4 million was a 49.2% improvement on the EBITDA loss of $8.6 million incurred in FY19. We generated a positive EBITDA result of $1.5 million for the first half of FY20, however the impact of COVID-19 in the second half of FY20 resulted in lower gross profit resulting in an EBITDA loss outcome for the full year. As mentioned and to protect our business during COVID-19, we did curtail spending on marketing, travel, and certain other costs, however these savings were not sufficient to offset the lower revenue achieved.

STATUTORY EBIT

Our statutory EBIT loss for the reporting period was $37.5 million, up 85.2% from FY19 ($20.3 million). Depreciation and amortisation was up 59.3% at $12.5 million, a key component of this increase relates to the transitioning to AASB16 *Leases* and new terminal purchases to meet the growth in merchant numbers.

Further increasing the EBIT loss was IPO costs of $9.7 million and share-based payment expenses of $10.9 million of which $2.4 million directly related to the expensing of liquidity event performance rights arising as a result of the IPO.

On a proforma basis, excluding the impact of the IPO, our EBIT loss was $25.4 million, up 33.1% from FY19.

NET LOSS AFTER TAX

Net loss after tax on a statutory basis was $38.1 million, up 106.4% from FY19 ($18.4 million). On a proforma basis, net loss before tax was $25.9 million, up 35.9% from FY19.

No tax benefit was recognised in FY20 compared to a tax benefit of $1.8 million recognised in FY19, however at 30 June 2020 we have $29.3 million in recognised and unrecognised tax losses potentially available for future use.

TABLE 2 – SUMMARY FINANCIAL PERFORMANCE

	FY2020 ($'000)	FY2019 ($'000)		CHANGE (%)
Transaction Value	**20,131,045**	**17,496,322**	▲	15.1%
Payments revenue and income	202,826	183,685	▲	10.4%
Lending and investment income	3,600	5,271	▼	31.7%
Other revenue and income	4,249	814	▲	422.0%
Total Revenue	**210,675**	**189,770**	▲	**11.0%**
Payments direct expenses	(116,684)	(106,234)	▲	9.8%
Interest expenses on deposits	(516)	(276)	▲	87.0%
Total direct expenses	**(117,200)**	**(106,510)**	▲	**10.0%**
Gross profit	**93,475**	**83,260**	▲	**12.3%**
Operating expenses:				
Employee benefits expense (excl. share-based payments)	(67,662)	(60,813)	▲	11.3%
Administrative expenses	(16,598)	(17,775)	▼	6.6%
Contractor and consulting expenses	(5,913)	(7,715)	▼	23.4%
Marketing expenses	(5,716)	(4,771)	▲	19.8%
Lending and non-lending losses	(1,958)	(797)	▲	145.7%
Total operating expenses	**(97,847)**	**(91,871)**	▲	**6.5%**
EBITDA	**(4,372)**	**(8,611)**	▲	**49.2%**
Share-based-payments expense	(10,896)	(3,788)	▲	187.6%
IPO expenses	(9,730)	-	▲	100.0%
EBITDA after share-based payments and IPO expenses	**(24,998)**	**(12,399)**	▼	**101.6%**
Net lease interest expense	(535)	-	▲	100.0%
Depreciation and amortisation	(12,524)	(7,864)	▲	59.3%
Loss before tax	**(38,057)**	**(20,263)**	▼	**87.8%**
Income tax	-	1,824	▼	100.0%
Net loss after tax	**(38,057)**	**(18,439)**	▼	**106.4%**

CEO and Managing Director's Report (cont'd)

NET LOSS AFTER TAX (cont'd)

TABLE 3 – RECONCILIATION TO PROFORMA LOSS BEFORE TAX

	FY2020 ($'000)	FY2019 ($'000)		CHANGE (%)
Loss before tax (statutory)	**(38,057)**	**(20,263)**	▼	**87.8%**
Add back:				
IPO costs	9,730	-	▲	100.0%
Share-based payments expense relating to IPO	2,411	1,195	▲	101.8%
Loss before tax (proforma)	**(25,916)**	**(19,068)**	▼	**35.9%**

Financial Position

Notwithstanding the impacts of COVID-19 on our business, Tyro remains in a position of financial strength enhanced by funds raised in our IPO in December 2019 which positions us strongly for pursuing our growth plans into FY21. Cash, cash equivalents and financial investments available at 30 June 2020 totalled $188.3 million, up from $68.8 million at 30 June 2019.

At year end we held $11.9 million in merchant loans as current assets, against merchant deposits of $50.5 million (FY19: $26.9 million) as current liabilities on the balance sheet. The 87.8% increase in merchant deposit balances provides further scope to scale our loan product into FY21 once the risks of COVID-19 have subsided.

Our net asset position increased to $189.7 million at 30 June 2020, up from $93.1 million at 30 June 2019. Total assets were $263.8 million, an increase of $115.2 million which is primarily due to the funds raised in our IPO. Total liabilities at 30 June 2020 were $74.1 million, an increase of $18.5 million from the prior year primarily relating to the increased merchant deposits held.

Total capital held at 30 June 2020 was $165.8 million with a total capital ratio of 162% (FY19: $76.4 million with a capital ratio of 89%). Tyro has always held sufficient capital to meet its internal targets above APRA's prudential capital requirements.

Total capital expenditure for FY20 was $11.9 million (FY19: $11.7 million) principally made up of terminal purchases and investment in software, including capitalised internal development costs of $2.8 million.

SEGMENT FINANCIAL PERFORMANCE

PAYMENTS BUSINESS REVIEW

FY20 Highlights

- → Record $20.1 billion in transactions processed by Tyro merchants – up 15.1% (FY19: $17.5 billion).
- → 32,176 merchants choosing Tyro as their payments' solution – up 10.8% (FY19: 29,031).
- → Transaction and merchant growth driving record payments revenue of $202.8 million – up 10.4% (FY19: $183.7 million).
- → Australia's 5th largest merchant acquiring bank by terminal count – 62,722 terminals up 22.2% (FY19: 51,317).
- → NPS score for June 2020 of 43 – up 6 points from June 2019.
- → Transaction churn rate of 8% – FY19: 9.3%
- → Roll-out of eCommerce solution accelerated – 384 merchants now using eCommerce in their business generating transaction value of $10.6 million.
- → Pilot of new mobile terminal launched – ideal form factor for our new Services vertical.
- → More than 31,900 merchants enabled with Alipay as a payments option generating transaction value of $24.1 million.
- → Telehealth payment solution launched, and successful renewal of Medicare Easyclaim.
- → Tyro Connect launched.
- → 17% investment in me&u, an app-based ordering and payment solution for the Hospitality vertical.

Payments Business Financial Performance

	FY2020 ($'000)	FY2019 ($'000)		CHANGE (%)
Transaction value	**20,131,045**	**17,496,322**	▲	**15.1%**
Payments revenue and income	202,826	183,685	▲	10.4%
Payments direct expenses	(116,684)	(106,234)	▲	9.8%
Payments gross profit	**86,142**	**77,451**	▲	**11.2%**
Gross profit margin	**42.5%**	**42.2%**	▲	**30 bps**
Net merchant acquiring fee to transaction value	**0.3205%**	**0.3240%**	▼	**0.35 bps**

Performance Review

The value of transactions processed reached $20.1 billion, up 15.1% (FY19: $17.5 billion) from 32,176 merchants, up 10.8% (FY19: 29,031). Year-to-date up to 29 February 2020, transaction value growth was tracking at 29%, however with the impact of the mandated lockdowns from March to June 2020, growth for the full year moderated back to 15.1%.

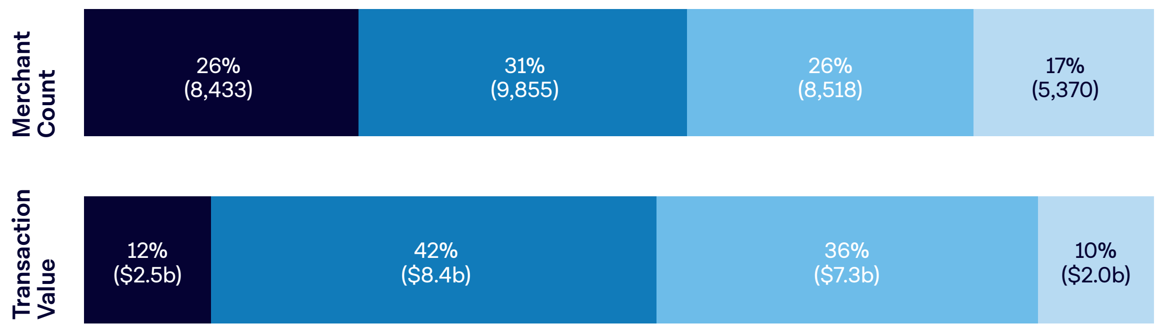
New merchant acquisition was also impacted by COVID-19. Year-to-date up to 29 February 2020, we acquired an additional 8,526 merchants with our total merchant numbers at 33,315, on track to meet our full-year target. Through the period 1 March to 30 June 2020, we only acquired an additional 3,129 merchants with application numbers decreasing 18% over the prior comparable period due to merchants focussing on trying to keep their businesses open rather than considering a change in payment providers.

Our Hospitality vertical delivered strong growth of 17.5% in transaction value, with our Retail vertical delivering 13.1% growth and our Health vertical achieving 4.6% transaction value growth. A standout performer for the year was our new Services vertical that delivered 27.8% transaction value growth.

CEO and Managing Director's Report (cont'd)

PAYMENTS BUSINESS REVIEW (cont'd)

CHART 5 – TRANSACTION VALUE AND MERCHANT COUNT BY VERTICAL



From a geographical standpoint, Queensland delivered impressive transaction value growth with that state delivering a 26.0% increase. Against this, New South Wales and Victoria, our largest states by merchant numbers achieved transaction value growth of 13.0% and 10.1% respectively reflecting the impact of COVID-19.

As mentioned we fast-tracked the roll-out of our new eCommerce solution to merchants during lockdown to assist them to adapt and innovate their businesses to cope with the challenges posed by COVID-19. This eCommerce solution now means merchants can work with us both for their in-store and online transactions and simplifies the day-to-day for our merchants by providing one point of contact together with single settlement and reconciliation, removing the need to manage multiple payment providers. At 30 June 2020, we had 384 merchants utilising our eCommerce solution with $10.6 million generated in transaction value (FY19: Nil).

Our integrated Alipay offering also remains in the roll-out phase with more than 31,900 merchants now enabled to switch on Alipay as a payment option and generated $24.1 million in the year (FY19: $12.6 million). Our Alipay offering has been significantly impacted by the lockdown of Australia's international borders, however we are confident this payment type will exhibit a strong growth profile over the coming years once the impact of COVID-19 reduces and international travel resumes.

In March 2020, we launched our telehealth payments solution in response to the requirement to keep health practitioners and patients in touch for consultations outside of the typical physical visit. Tyro introduced a payment and rebating solution to facilitate telehealth by processing both Medicare Benefits Schedule bulk-billed telehealth claims through the Tyro terminal and gap fee payments through either their Tyro terminal or our eCommerce solution. It is our belief that telehealth will continue to be offered by health practitioners even after the risk of COVID-19 has reduced.

Late in 2019 the Federal Government announced that the Medicare Easyclaim service would be put to tender. Tyro was successful in securing the right to continue providing this important service for our healthcare practitioners. For FY20 we earned $2.3 million in Medicare Easyclaim revenue (FY19: $3.5 million). As noted in our 11 December 2019 ASX release announcing our successful tender, under the terms of our new contract the Department of Human Services will no longer pay a fee per transaction for Medicare claims processed.

The growth in our transaction value and merchant numbers saw us deliver record revenue from our Payments operation of $202.8 million, up 10.4% on the $183.7 million achieved in FY19. This translated into gross profit of $86.1 million at a gross profit margin of 42.5% (FY19: 42.2%). Our Merchant Acquiring Fee (**MAF**) margin of 0.3205% to transaction value was slightly down from the 0.3240% achieved in FY19 due, in combination, to eCommerce fixed costs, lower margins achieved on larger merchants and least cost routing.

BANKING BUSINESS REVIEW

FY20 Highlights

- Record merchant loan originations of $60.1 million – up 15% (FY19: $52.2 million).
- Streamlining of loan application process – ability to apply for a loan made available to all merchants in FY20.
- Roll-out of new term deposit product for merchants.
- Record deposit balances of $50.5 million (FY19: $26.9 million).
- Targeted response to assist merchants in need through the COVID-19 period including loan repayment holiday.
- New government guaranteed loans provided to merchants from 12 May 2020.

Banking Business Financial Performance

	FY2020 ($'000)	FY2019 ($'000)	CHANGE (%)
Loan originations	**60,107**	**52,249**	**15.0%**
Interest income on loans	4,179	2,912	43.5%
Fair value adjustment	(2,361)	26	9,180.8%
Interest expense on deposits	(516)	(276)	87.0%
Banking gross profit	**1,302**	**2,662**	**51.1%**

Performance Review

Revenue from our merchant loans grew 43.5% to $4.2 million with record loan originations in the year of $60.1 million (FY19: $52.2 million) – up 15%. We achieved loan originations of $58.5 million for the 9-months to 31 March 2020, up 60% over the prior comparable period. Since 1 April 2020 only $1.6 million in new loan originations were written, highlighting the significant impact of COVID-19 on our lending business.

Prior to the onset of COVID-19, the process was improved for Tyro merchants who check their eligibility for a loan. If additional information is required to assess their eligibility, a manual assessment request can be triggered in the Tyro App. This allows our Banking Specialist team to respond promptly and collect any additional information from the merchant that may be required to support their assessment. During the current COVID-19 period from 1 April 2020, our assessment process was adjusted making use of the manual assessment process improvements. As a participating lender in the SME Guarantee Scheme, from May 2020, the automated assessment process would apply up to a maximum of $30,000 per loan and a manual assessment processes for anything above $30,000 to ensure any new lending met our internal risk tolerances and recognising the impact of the lockdowns on the ability of merchants to repay any new loans. We continue to monitor the impact of COVID-19 and will return to a higher-limit automated assessment process once the impact reduces.

The increase in loan originations and the offering of our loan product to a wider merchant base has seen loss rates remain well within our risk appetite. Loan losses as a percentage of originations at 30 June 2020 amounted to 1.8% ($1.1 million) compared to 1.0% ($0.5 million) in FY19.

Our fee free, interest paying bank account now has over 3,600 active accounts representing an increase of 52.9% with $49.7 million held in deposits at 30 June 2020 (FY19: $26.9 million). We also, in December 2019, commenced a pilot of a new term deposit account which has proved to be successful and well accepted by our merchants in the pilot phase. Off the back of the successful conclusion of the pilot, we have rolled-out the account to all eligible merchants from 1 July 2020.

The growth in loan originations delivered gross profit of $1.3 million for our banking operation representing a gross profit margin of 71.6% (FY19: 90.6%). Gross profit in FY20 was impacted by an accounting fair value adjustment against our loan balance of $2.4 million. Excluding the impact of the accounting fair value adjustment, normalised gross profit was up 39.0% to $3.7 million (FY19: $2.6 million).

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

CEO and Managing Director's Report (cont'd)

The Road Ahead

Since the establishment of Tyro 17 years ago, we have focussed on instilling a high performance, values-driven culture in our team. It is a testament to this culture that Tyro has been able to perform so strongly in these challenging times and we are more confident than ever in our future success.

Whilst we are not immune to the pressures facing the Australia economy, we have a resilient business model and plan to continue on our journey of building an ecosystem centred around payments, enhanced by value-adding features and products designed to attract new merchants and retain existing merchants. We remain focused on capturing market share in our existing verticals as businesses come back online and are looking for ways to improve their existing payments and banking solutions. As normality returns we also intend to step up our efforts in the Services and Accommodation verticals while also continuing the roll out of our relatively new eCommerce solution, which is a key element for many merchants in the post COVID environment. Our new Tyro Connect platform will be expanded with new apps added to the platform and we will accelerate the roll-out of this platform to our merchants as it continues to develop.

I look forward to providing you with more detail on the progress of our trading to-date for the first half of FY21 at our Annual General Meeting on 27 October 2020.

Robbie Cooke

Robbie Cooke
Chief Executive Officer | Managing Director

"

Whilst we are not immune to the pressures facing the Australia economy, we have a resilient business model and plan to continue on our journey of building an ecosystem centred around payments, enhanced by value-adding features and products designed to attract new merchants and retain existing merchants.

Sustainability Report

Sustainability Report

TYRO SUSTAINABILITY SCORECARD

Social – Merchant and Community Investment

CONTRIBUTIONS	FY20 PERFORMANCE

Merchant assistance programmes:
• Merchants impacted by COVID-19 who requested assistance were provided with:
  • 1 to 3 months of free terminal rental;
  • a Merchant Service Fee payment holiday in selected cases where the merchant failed either their March or April billing cycle; and
  • a 90-day loan repayment holiday for merchants with loans prior to the implementation of the new Government Coronavirus SME Loan Guarantee Scheme.
• Merchants impacted by the bushfires in January 2020 were provided with 3-months of free terminal rental.
 	
Community charitable donations:
• Contributions were made to the following causes in FY20:
  • Dementia Australia
  • Black Dog
  • Equine Welfare Fund Trust
  • Local community groups
  • Westmead Children's Hospital
  • Dandelion Support Network
  • Sydney Dogs and Cats Home
	Value of assistance:
	• $4.9 million in deferred loan repayments to COVID-19 impacted merchants.
	• $1.6 million in free terminal rental to COVID-19 impacted merchants.
	• $22,357 in deferred Merchant Service Fee payments to COVID-19 impacted merchants.
	• Free terminal rental to bushfire impacted merchants for 45 terminals.
	• Total contributions of $11,214 made in addition to employee led donations of goods and services to the community.

Social – Diversity in our Team

GENDER EQUALITY	FY20 PERFORMANCE
Women in key management:	
Key Management Personnel (including board members)	3 of 9 KMP including board members (33%)
Executive Leadership Team (**XLT**)	5 of 12 (42%)
Senior Managers	11 of 31 (35%)
Other Managers	23 of 67 (34%)

EQUAL PAY AND EQUAL OPPORTUNITY:	
Conduct a pay equity audit	An internal audit of pay equity was completed as part of the annual remuneration review process. The results of this internal audit concluded that there is no discrepancy in remuneration on the basis of gender.
Conduct an equal opportunity audit	No audit was conducted in FY20. However, an equal opportunity audit will be conducted in FY21.

DIVERSITY TRAINING:	
Conduct diversity training for all Team Members	A pilot in-person training session on unconscious bias in the workplace was conducted for 20 employees who were deemed to play critical roles in hiring at Tyro. This training will be rolled out to all employees in FY21.

Social – Team Health and Safety

SAFETY OF OUR TEAM	FY20 PERFORMANCE
Reportable incidents:	**Nil**
Number of total incidents	Nil
Number of lost time incidents	Nil
Total recordable injury frequency rate	Nil
Lost time injury frequency rate	Nil

Environment – Our environmental footprint

SAFETY OF OUR TEAM	FY20 PERFORMANCE
Scope 1, 2 and 3 emissions	We have implemented procedures for tracking our carbon emissions, water consumption and recycling and waste management initiatives for FY21 going forward. For FY20, no tracking was conducted.
Water consumption	
Recycling	
Waste management	

Governance

GOVERNANCE TARGETS	FY20 PERFORMANCE
Continue to comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition)	Achieved
Maintain a compliance record of receiving no fines or penalties for non-compliance with any of the laws, regulations or rules.	Achieved

Sustainability Report (cont'd)

DELIVERING ON OUR MISSION STATEMENT

Tyro's mission is simple – we exist to set businesses free to get on with business by simplifying payments and banking. We are a technology-focused and values-driven company providing Australian businesses with payment solutions and value-adding business banking products.

Working with over 32,000 merchants across Australia, it is important that we fulfil our mission by delivering our solutions in a such a manner that we create a sustainable future for all our stakeholders. This includes our shareholders, our people, our merchants, the broader community in which we operate, our suppliers and business partners and regulatory bodies. A sustainable future also includes our environmental footprint, our impact on the planet and the strategies we have in place to minimise this impact.

FY20 is our first year as a listed company, and the challenges from the bushfires, the floods and COVID-19 in FY20 highlights the need for our business to ensure that sustainability risks are considered by the Board and management and that appropriate strategies are put in place to address the risks posed by environmental impacts, social issues and governance responsibilities.

As we continue to grow as a listed business, we will refine our sustainability reporting with the objective of reporting with reference to the Global Reporting Initiative (**GRI**) standards from FY21 onwards.

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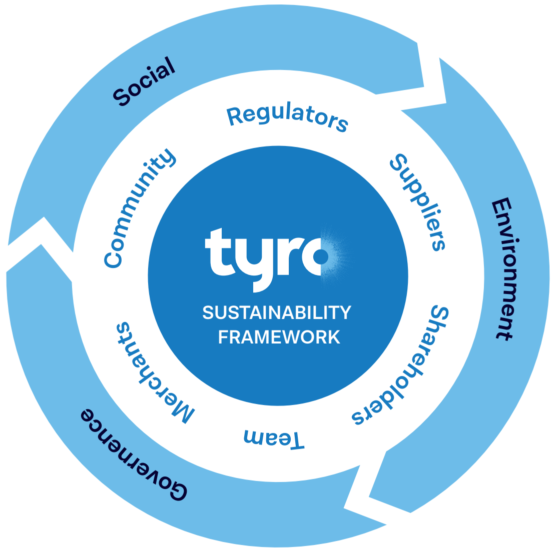
Our team members come from 43 countries, speak 56 languages, and have an average age of 34 years. 35% of our managers and 42% of our Executive Leadership Team are female.

SECTION 1 - TYRO SUSTAINABILITY FRAMEWORK

The Board and management is committed to having a sustainability framework in place that reflects the reason why we exist now and into the future. We recognise that to continue growing a strong business requires consideration of all our stakeholders and the impact of our business on those stakeholders. We are therefore committed to ensuring sustainability risks and opportunities are integrated into our purpose, strategic objectives, culture, and values.



In order to facilitate our response to sustainability issues, we have developed a sustainability framework applicable to Tyro's business that focusses on the three principal pillars of sustainability, namely:

- social issues;
- governance issuess; and
- environmental issues.

These three pillars are then applied to our dealings with our stakeholders (both internal and external). Tyro has identified the following stakeholders in our business model:

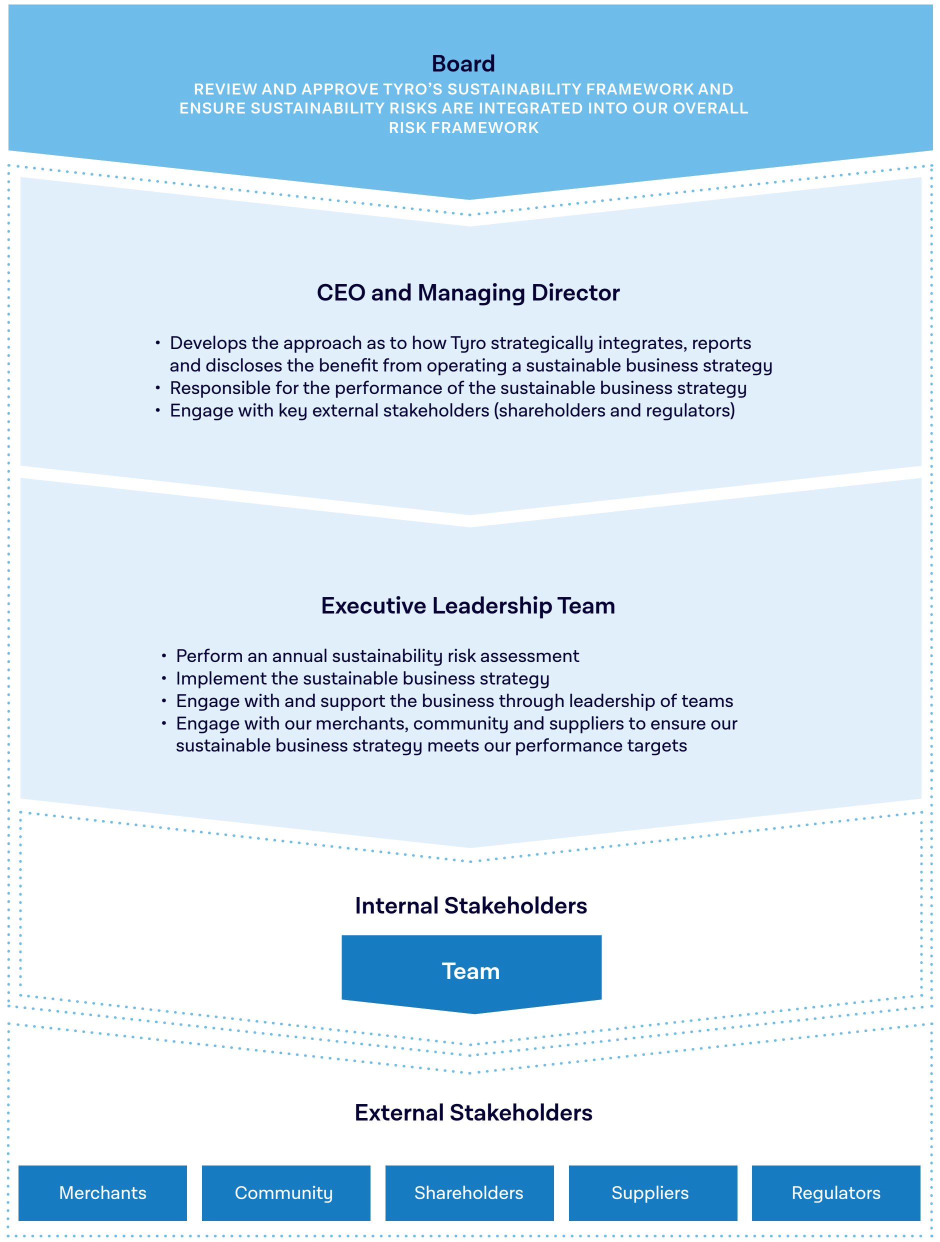
STAKEHOLDER	RELATIONSHIP
Shareholders	External: These are our Investors. They own the company and ultimately the Board is appointed to act on behalf of shareholders and is accountable to shareholders.
Team	Internal: Our employees create and deliver the products and services that our merchants need to set them free to get on with business. Our team is the reason we excel at what we do.
Merchants	External: Our merchants always come first. They are the reason we exist and they can always choose to take their business to a competitor so it is essential that we continue to innovate, to offer great products, excellent service and value for money.
Community	External: We want to be a good corporate citizen with positive links to the local communities in which we operate. We want to be seen as a responsible business, a responsible employer who is providing a great place to work and a responsible participant in doing our part to protect the planet.
Regulators	External: We need to be compliant with all laws and regulations and ensure that our business practices meet those requirements, as well as community expectations.
Suppliers	External: We collaborate with our suppliers to run the business. We aim to build good long-term relationships with suppliers and business partners, in turn ensuring they live-up to our values. We engage with our network of integrated point-of-sale system partners and independent sales organisations as part of our sales strategy.

Sustainability Report (cont'd)

SECTION 1 - TYRO SUSTAINABILITY FRAMEWORK (cont'd)

Governance of our Sustainability Framework

We currently operate under the following sustainability governance structure.



Tyro's sustainability framework has been approved by the Board and responsibility for the framework has been delegated to the CEO and Managing Director, who leads Tyro's Executive Leadership Team (**XLT**) which is responsible for reviewing Environmental, Social and Governance (**ESG**) risks and opportunities, developing a sustainability strategy and overseeing the delivery of Tyro's sustainability framework. The XLT is also responsible for communicating sustainability matters with team members and other key stakeholders.

As part of our sustainability framework, we will also be performing a sustainability risk assessment from FY21 onwards on an annual basis to ensure we:

- identify the environmental, social and governance issues and risks that may have a material impact on our value over the short, medium, and long term;
- provide both data and a supporting narrative explaining why the issue is material and how it impacts our business value chain;
- recognise the impact that our business has on stakeholders such as team members, merchants, communities, shareholders, regulators and suppliers and describe how we take the views of our stakeholders into account as part of our risk assessment;
- describe our policies and procedures for managing our environmental and social impact over the short, medium and long term; and
- develop a system to evaluate whether our sustainability policies and procedures are effective, including performance against set annual metrics and targets.

Before providing details around the management of our individual stakeholder groups, below is a summary of our response to COVID-19 in FY20.

SECTION 2 – OUR RESPONSE TO COVID-19

Many of our merchants found the impact of COVID-19 extremely challenging despite all their efforts to innovate and adapt, and notwithstanding the various assistance packages on offer from the federal, state and territory governments and from Tyro.

We are committed to doing all we possibly can to support our merchants and our team during this period of uncertainty and change. We developed a range of responses to the crisis to ensure Tyro could continue to provide critical payments and banking services to our over 32,000 merchants.

Response 1 – Formation of a crisis management team

In March 2020, with the onset of the height of the COVID-19 pandemic in Australia resulting in a nationwide lockdown, we formed a crisis management team consisting of members of our Executive Leadership Team and team members responsible for office logistics and communications This crisis management team had the central objective of protecting our team and ensuring that we could continue to service our merchants in the manner they have come to expect from Tyro. This crisis management team met on a daily basis, chaired by Robbie Cooke, our CEO and Managing Director and weekly updates on initiatives, plans and strategies to combat the COVID-19 crisis were reported to the Board.

Some of the key areas that this crisis management team focussed on include:

- Analysing and forecasting the impact of COVID-19 on Tyro, in particular our capital and liquidity requirements.
- Monitoring supply chains and providers for potential challenges for the delivery of key hardware, equipment and supplies to keep our business operating.
- Implementing a COVID-19 specific work from home policy and toolkit for team members, together with the necessary technology and equipment support, and ensuring all functions within the business continued to operate remotely and without significant disruption.

Sustainability Report (cont'd)

SECTION 2 – OUR RESPONSE TO COVID-19 (cont'd)

Response 1 – Formation of a crisis management team (cont'd)

- Supplying additional resources to team members where required, including mental health and wellbeing support.
- Cutting all non-essential expenditure such as marketing expenditure, out-of-cycle salary increases and promotions, staff training, physical travel and pausing the recruitment of any non-mission critical roles.
- Placing increased focus on the wellbeing of our team members (physical, mental and emotional) and conducting weekly employee pulse surveys in the first 8 weeks of the work from home arrangements to assess team sentiment during this period of uncertainty.

Response 2 - Servicing our network of merchants

As a provider of critical payments technology and banking services, the ability of our payments and banking network to remain functioning reliably at expected levels was our first priority.

The Tyro team did not miss a beat during the 10 weeks of lockdown, continuing to service all our merchants to our usual high standard, and providing assistance to those of our merchants experiencing hardship during the crisis and being there for them as businesses started re-opening post lockdown.

OUTCOME OF RESPONSE:

KEY FOCUS AREA OF RESPONSE	OUTCOME
Reliability - Average payments service availability from 1 March 2020 to 30 June 2020.	99.99%[1]
Speed of processing – Average time taken to authorise a payment transaction from 1 March 2020 to 30 June 2020.	1.5 seconds
Minimising merchant churn - Merchant churn rate of transaction value during the FY20 compared to FY19.	8.0% at 30 June 2020 9.3% at 30 June 2019
Response from our call centre – Ability to handle increased call volumes to assist merchants.	Increased staff in customer support teams on a 24/7 basis.
Guidelines and information support provided to merchants.	We provided merchants with general and industry specific support and information for dealing with COVID-19 issues in their respective businesses. Examples included: • sanitising of terminals; • dealing with increased security and risk issues with payments; and • working with suppliers like lovelocalretail.org and keepyourcafe.com.

1 *Our availability is expressed as a percentage of total merchant transactions that are unaffected by a Tyro acquiring service issue. We measure reliability on a transactional rather than a time ('uptime') basis as we believe this more accurately reflects the impact of service disruptions during periods of high frequency transactions (for example, peak trading windows such as lunchtimes).*

SECTION 2 – OUR RESPONSE TO COVID-19 (cont'd)

Response 3 – Fast-tracking access to the Tyro eCommerce payments portal

Lockdown laws enforced by state and territory governments in Australia in response to COVID-19 has driven a change in consumer behaviour. In many households, online grocery, apparel, takeaway food orders and entertainment purchases replaced retail and mall visits. As many of our hospitality merchants adapted to online takeaway orders, we were able to provide telephone order payments processing and an eCommerce solution to our merchants to seamlessly transition their business to eCommerce.

The Tyro eCommerce solution includes features such as e-Invoicing, virtual terminal, recurring payments and security and fraud protection matched to a competitive pricing structure and our 24/7 Australian-based customer support. The Tyro eCommerce solution connects with 11 popular and widely used shopping carts such as Shopify, OpenCart and Drupal.

OUTCOME OF RESPONSE:

KEY FOCUS AREA OF RESPONSE	OUTCOME
Merchants with Tyro eCommerce solution at 30 June 2020.	384
Transaction value of eCommerce transactions in FY20.	$10.6 million

Response 4 – Provision of a telehealth payments system

A further impact resulting from the lockdowns during COVID-19, was the ability for the public to visit medical practitioners. Telehealth was introduced by the Australian Government as a new way to keep health practitioners and patients in touch for consultations while keeping practitioners and the broader community safe.

Tyro introduced support for merchants in our health vertical by processing both Medicare Benefits Schedule (**MBS**) bulk-billed telehealth claims through Tyro EFTPOS and gap fee payments through Tyro EFTPOS, mail order/telephone order (**MOTO**) processing, direct invoicing and virtual terminals via the Tyro eCommerce platform.

OUTCOME OF RESPONSE:

KEY FOCUS AREA OF RESPONSE	OUTCOME
Health merchants with telehealth solution as at 30 June 2020.	7,974
Transaction value of all telehealth transactions in FY20 (including MOTO).	$222.3 million

Sustainability Report (cont'd)

SECTION 2 – OUR RESPONSE TO COVID-19 (cont'd)

Response 5 – Financial assistance provided to our merchants

A number of financial assistance measures were put in place in response to COVID-19 to support our merchants, as well as those merchants who had borrowed funds via a Tyro Business Loan.

Loan repayment holidays were provided for merchants affected by COVID-19 through reactive and proactive engagement. Inbound merchant requests with the need to defer loan repayments were prioritised for immediate assessment and action, whilst an outbound contact program provided merchants with awareness of the support available.

Our decisioning process was adjusted to provide more focus on performing loan assessments manually. We continue to monitor the situation and make any necessary adjustments as the conditions change.

Tyro was also selected by the Commonwealth Government to participate in the Coronavirus SME Guarantee Scheme (**Scheme**). The Scheme is designed to help provide businesses access to working capital and assist them through the impact of COVID-19. From 12 May 2020, the Tyro Business Loan was solely issued under the Scheme and was available to existing Tyro merchants. The unique features of the Tyro Business Loan that many of our merchants are familiar with were retained (including repayments being calculated as a percentage of daily EFTPOS and eCommerce takings) and some new features were added, as required under the Scheme, such as an initial six-month repayment holiday period.

We also provided terminal rental relief to merchants impacted by COVID-19 by waiving terminal rental charges for affected merchants.

OUTCOME OF RESPONSE:

KEY FOCUS AREA OF RESPONSE	OUTCOME
Number of Tyro Business Loan repayment holidays granted (1 March 2020 – 30 June 2020)	380
New Tyro Business Loans taken up by merchants under Coronavirus SME Guarantee Scheme	$0.7 million
Total terminal rental fees waived (1 March 2020 to 30 June 2020)	$1.6 million

Response 6 – Safety of our Team

One of our key focus areas in our response to COVID-19 has been to prioritise the safety and wellbeing of our team. Under the lockdown legislation put in place by the New South Wales Government in March 2020, we moved swiftly to make the necessary arrangements for our team to effectively work from home from 23 March 2020. These arrangements covered approximately 99% of all our team members with the only employees still required in office limited to certain merchant support and infrastructure requirements that could not be undertaken remotely. Our work from home response has been tremendously successful and our team maintained their high levels of productivity and motivation during the 10 weeks of compulsory lockdown continuing to service all our merchants to our usual high standard. Our team continued to support our merchants experiencing hardship throughout the crisis and as their businesses started re-opening post lockdown.

We have been fortunate that we did not need to make any reductions in our workforce due to the financial impact of COVID-19. We were able to maintain full operational capacity in all of our teams, including our customer support team and product support team. Furthermore, to ensure we are able to come out of COVID-19 as quickly as possible and return to previous growth rates, it was critical for us to maintain the bench-strength in the team, to support newly acquired merchants and maintain the roll-out of our new products pipeline. Any reductions in our workforce would have impacted this ability.

In late March 2020, we launched a weekly employee pulse survey to understand how team members were adapting to the new remote work environment, to assess whether any additional support was needed for team members and to gain some insights into the effectiveness of our numerous employee support initiatives.

Given the impact of the lockdown on the general wellbeing of team members, we developed 'mental wellness' guides for all employees, we held a Virtual Wellness Week which was specifically targeted at improving physical, mental and emotional wellbeing whilst working in isolation, and we created virtual communities leveraging our various technology platforms such as Slack and Zoom to encourage social connection during this unprecedented time.

On 1 June 2020, we re-opened our office to our team and advised that they were able to work from the office again, at their election. We formed a Safe Work Committee that was primarily focussed on the safe return to the office for all of our team members and ensuring that appropriate risk mitigation strategies were implemented.

Response 7 – Keeping Shareholders informed

Given the uncertainty surrounding the impact of COVID-19, and in particular its impact on transaction values for our payments business, the Board decided to provide weekly updates to shareholders on transaction values from 25 March 2020. These transaction value updates continued until Tyro's full-year results reporting date (18 August 2020). This temporary measure, which is a first for an Australian listed company, was introduced to address the unusual operating environment we faced and to provide transparency as to the impact on our operations.

The initiatives we have taken have been well-received by all our shareholders and the broader investment community.

Sustainability Report (cont'd)

SECTION 3 – STAKEHOLDER SUSTAINABILITY MANAGEMENT

2.1 Our Shareholders

Our shareholders include retail, self-managed superannuation funds and institutional investors. We maintain an active dialogue with our shareholders through our newly created investor relations program and by promoting effective communication with shareholders. We encourage their participation at general meetings and investor briefings and this participation helps ensure that all shareholders have access to sufficient information, thereby maintaining an informed market.

STAKEHOLDER MANAGEMENT:

ENGAGEMENT	KEY MATTERS RAISED BY STAKEHOLDER GROUP	PRINCIPAL RISKS TO/FROM STAKEHOLDER GROUP
• Regular ASX releases. • Half-year and full-year published results. • Investor presentations. • Media releases. • Annual General Meeting. • One-on-one meetings with shareholders. • Participate in investor conferences where appropriate.	• Sustainable growth and capturing market share. • Impact of COVID-19. • Future dividends and path to profitability. • Key Management Personnel remuneration. • Sustainability matters and response to ESG. • Corporate Governance. • Liquidity and future gearing. • Strategy and innovation.	• Deterioration in macroeconomic conditions. • Disruption to payments market by new operators entering the space resulting in pricing pressure, lower margins, and emergence of alternative payment methods. • Adverse regulatory measures resulting in a change in the way we do business. • Disruption, failure, obsolescence of technology or inability to scale processes. • Compliance with existing laws and regulations. • Ineffective management of our capital and liquidity.

2.2 Our Team

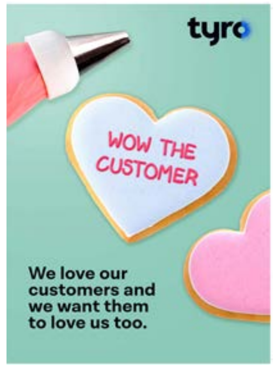
Our people are at the core of who we are. We have a strong emphasis on recruiting and retaining top talent that enhances our strong values-driven culture. The accumulation of our collective experience, shared values, and individual skills has allowed Tyro to deliver industry-leading products and solutions.

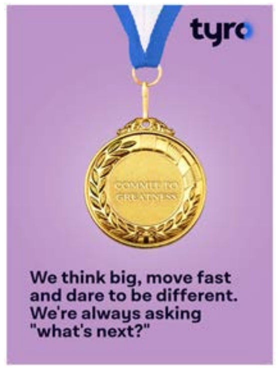
i. Values:

We are proud of our open, inclusive, and collaborative culture which has as its foundation our guiding values. We foster a high performance, values-driven culture and our most recent employee survey showed that 87% of our team members are proud to work at Tyro and 89% would recommend it as a great place to work.

As a team, we are driven by making a real difference to Australian businesses – we support them and provide solutions to their business challenges.

TYRO'S GUIDING VALUES:





ii. Diversity:

Tyro's workforce is made up of many individuals with diverse skills, values, experiences, backgrounds and attributes including those gained on account of their gender, gender identity, age, disability, ethnicity, marital or family status, religious beliefs, cultural or socio-economic background, sexual orientation, perspective and experience. Advancing our diversity, inclusion and belonging priorities is an ongoing focus for us.

We believe that such a commitment to diversity and inclusion creates a competitive advantage, enhances employee participation and in this way is essential to Tyro's continuing growth and success.

Our team members come from 43 countries, speak 56 languages, and have an average age of 34 years. 35% of our managers and 42% of our Executive Leadership Team are female.

We also celebrate diversity of thinking. Our team consists of individuals who share common values, a common vision for Tyro and common respect for their fellow team members. However, in certain circumstances they may not share the same ideas, strategies, or way of doing things. We encourage this difference in thinking to enable us to challenge each other, break down the boundaries that may be holding us back, and challenge our leadership team to shift historical thinking to adopt a new way of fulfilling Tyro's mission of being the best business bank.

For FY20, our first year as a listed ASX company, we focussed on the following key diversity objectives:

- Achieving a gender diversity in the composition of the Board of not less than 30% of our Directors of each gender.
- Rolling-out unconscious bias training to our team. In FY20 this training was focused on our hiring committees and is due to be rolled-out to the entire Tyro team in FY21.
- Mentoring programs, with a focus on creating mentoring opportunities for members of the Women of Tyro group.

Sustainability Report (cont'd)

SECTION 3 – STAKEHOLDER SUSTAINABILITY MANAGEMENT (cont'd)

ii. Diversity (cont'd):

- Career development and targeted professional development programs including those aimed at helping employees develop skills and experience in preparation for senior management and Board positions.
- Work/life balance policies including flexible work options, parental leave support, and return-to-work programs.
- Opportunities for employees on extended parental leave to maintain their connection with Tyro, for example, by offering them the option (without any obligation) to receive all-staff communications and to attend work functions and training programs through keep-in-touch days.
- Networking opportunities for women at Tyro to expand their networks beyond their team and department, via the Women of Tyro group.

As a relevant employer under the Workplace Gender Equality Act 2012, we participate in annual reporting against the standardised gender equality indicators. For FY20, our gender mix profile was as follows:

GENDER DIVERSITY	AT 30 JUNE 2020	AT 30 JUNE 2019
Board of Directors (Non-executives)	2 of 6 Directors (33%)	1 of 6 Directors (17%)
CEO and Managing Director	0 of 1 employee (0%)	0 of 1 employee (0%)
Key Management Personnel[1]	1 of 2 employees (50%)	1 of 2 employees (50%)
Other executives / general managers[1]	4 of 9 employees (40%)	3 of 8 employees (38%)
Senior managers[1]	11 of 31 employees (36%)	11 of 29 employees (38%)
Other managers[1]	23 of 67 employees (34%)	25 of 69 employees (36%)

1 *These management positions are defined in the Workplace Gender Equality Agency's guide to reporting under the Workplace Gender Equality Act 2012. Note that Key Management Personnel under these reporting guidelines does not include the CEO and Managing Director, as it does elsewhere in this report.*

Safety is one of the biggest social barriers to women fulfilling their potential in the workplace. For this reason, we actively support and assist any of our female team members that may be experiencing domestic violence or abuse at home through some of the following initiatives:

- Team members are entitled to 5 days of unpaid family and domestic violence leave each year of their employment and includes part time and casual employees. This leave entitlement refreshes each year.
- Team members may also take leave if they need to do something to deal with the impact of family and domestic violence and its impractical to do so outside their ordinary hours of work including making arrangements for their safety, or safety of a close relative.
- We also provide an Employee Assistance Program for all employees, and their immediate families, which is provided as either in-person or telephone counselling support.

In FY21, we will be introducing specific training to team members in relation to dealing with, and support offered, for domestic violence and abuse.

iii. Engagement and collaboration:

An annual Tyro 'Play Book' sets out for Tyro's team members our targets and deliverables for the year ahead. This 12-month plan, together with our regular hosted events, support our culture of collaboration and innovation. Some of the events that we conduct include our quarterly innovation days known as Blitz, quarterly tribe days to encourage effective teamwork across functions and monthly company all-hands, known as Mindshare, to enable the effective flow of pertinent organisational information.

Other engagement activities include:

- A weekly communications update from our CEO and Managing Director.
- An update from our CEO and Managing Director whenever new material ASX announcements are released to the market.
- Use of the internal messaging platform, 'Slack', collaboration platform, 'Confluence' and employee engagement platform, 'Namely'.

We also hold annual all-company employee surveys and more frequent departmental pulse surveys, that not only measures employee engagement but other workplace satisfaction factors such as collaboration, communication, enablement and management, amongst others. Through COVID-19, we have also been conducting weekly employee surveys to ensure the health and wellbeing of our team is constantly monitored and issues acted on immediately to the benefit of the team.

iv. Remuneration and employee share ownership:

Our approach to remuneration seeks to strike the right balance between:

- Attracting, motivating, and retaining the best talent.
- Reflecting the interests of our shareholders as the owners of our business.
- Respecting and 'Wow[ing] the customer'.

To enable our values-driven approach, our performance reviews include an assessment of how our team members live our values when delivering against the expectations of their roles. This contributes to the overall performance rating which impacts the team member's remuneration outcome.

In relation to our FY20 incentive program, a new component relates to overall customer satisfaction levels which applies to all team members irrespective of whether they hold a customer-facing role or not. In addition, all our sales incentive programs involve a 'balanced scorecard' approach which is designed to ensure the appropriate balance is set between financial outcomes and doing the right thing by our merchants.

We also recognise that we compete in a highly skilled, high demand talent market, and as such we offer remuneration designed to attract, motivate and retain team members who will continue to contribute to our growth and success. Our remuneration includes a mix of cash, short-term incentives in both cash and deferred equity, and a long-term incentive for key team members in deferred equity only. Our remuneration approach focusses on both financial and operational performance outcomes, together with an element of individual performance.

Tyro's People Committee is responsible for our remuneration framework and all matters relating to our team members including social sustainability of our workforce. For more information on our approach to remuneration, see our Remuneration Report on pages 78 to 110.

Sustainability Report (cont'd)

SECTION 3 – STAKEHOLDER SUSTAINABILITY MANAGEMENT (cont'd)

iv. Remuneration and employee share ownership (cont'd):

Share ownership:

Our goal is for all our team members to be shareholders in Tyro and share in the continued growth and success of Tyro. The majority of our employees were either shareholders in Tyro or had options to acquire shares prior to our listing on the ASX in December 2019. As a further incentive to encourage additional share ownership we offered team members the opportunity to acquire shares through the IPO process as part of the listing. This opportunity included:

- The right to acquire $5,000 worth of shares in Tyro as a discount of 10% to the IPO listing price; and
- The right to acquire $10,000 worth of shares in Tyro at the IPO price.

Further opportunities to acquire shares continue through team members' participation in our short-term incentive and long-term incentive equity awards as part of their remuneration package.

v. Training and development:

With a strong emphasis on our people and culture, we have a range of initiatives designed to support our team's learning and development and increase employee engagement and retention. These include bespoke leadership development programs (through the Tyro Leader Program, in partnership with the Australian Institute of Management), career pathways to provide promotion opportunities, and reward and recognition initiatives (through our peer recognition program that encourages appreciation in the workplace and rewards those who exhibit our core values).

In FY20, we invested $0.73 million in the training and development of our team which was significantly less than budgeted due to the COVID-19 pandemic when we had to pause all in-person training that had previously been scheduled.

vi. Team Safety and wellbeing

As an employer, keeping our team safe is one of our most fundamental responsibilities and the events of the past 12 months (bushfires and COVID-19) highlight the need for us to continue our focus on this important area. Refer to section 2 on page 37 for details on how we responded to the significant safety issue posed by COVID-19 on our team.

Lost-time incidents (**LTI**) is the term we use when an employee is injured while carrying out a work-related task and is consequently unable to perform his or her regular duties for a period of time after the incident. Total Recordable Injury Frequency Rate (**LTIFR**) is a term we use to refer to the number of lost-time injuries within our financial accounting period relative to the total number of hours worked in that period. There were no lost-time incidents recorded in FY20.

We also encourage all team members to focus on their own wellbeing. Through our People Team support program, we make numerous services available to team members at discounted prices to focus on wellness initiatives including fitness classes, nutritional advice, mental health support, health campaigns, financial coaching, and company-funded social activities.

vii. Ethics and integrity

Everyone at Tyro is expected to live and breathe the standards set out in our Code of Conduct in carrying out their everyday work. This code sets the framework under which all our people are expected to behave. We expect all our Directors and team members to abide by the principles and spirit of this code.

Our Code of Conduct is a broad set of guidelines and is not intended to cover every situation that may arise. It complements other policies, procedures, and guidelines we have and is intended to be consistent with them. It sets out a practical set of principles giving direction and reflecting our approach to business conduct, rather than defining a prescriptive set of rules.

- Acting honestly and with high standards of personal integrity.
- Complying with all laws, regulations and statutes that apply to Tyro and its operations.
- Observing at all times, Tyro's policy on the use of the internet, e-mail, computer systems and social media.

- Never engaging in dishonourable, unethical or unprofessional conduct likely to deceive, defraud or harm Tyro or its customers.
- Never carrying out any action, verbal or written, which is likely to discriminate, abuse, torment, harass or bully any person at any time as an employee or contractor of Tyro.

- Acting ethically and responsibly.
- Disclosing and dealing appropriately with any conflicts between your personal interests and your duties as a Director, Exco, people leader, employee or contractor.
- Never taking advantage of Tyro's property, information or customers for personal gain or to cause detriment to Tyro and its customers.

- Dealing with customers and suppliers fairly.
- Maintaining the highest standard of business principles, conduct and service at all times.
- Never carrying out an act which may damage the reputation of, or bring into disrepute, Tyro or our clients.
- Promoting Tyro in a professional and ethical manner.

Our Code of Conduct is supported by the following policies and procedures:

- Anti-bribery and corruption policy.
- Whistle-blower policy.
- Diversity policy.

Sustainability Report (cont'd)

SECTION 3 – STAKEHOLDER SUSTAINABILITY MANAGEMENT (cont'd)

2.3 Our Merchants

Australian businesses, mainly small and medium-sized enterprises (**SMEs**), are at the heart of what we do. In particular, we focus on three verticals – Health, Hospitality and Retail. This focus has enabled us to produce vertically specific products and features, meeting the needs of our merchants and solving the friction points they experience.

Our merchant-focused solutions include:

- allowing our merchants to accept multiple payment types;
- an eCommerce solution that makes it easy for merchants launching online to take payments and provides unified payments for merchants with an existing online and in-store presence;
- being the first bank to offer a least-cost routing feature (**Tap & Save**), which allows merchants to save money by processing eligible contactless multi-network debit card payments through the scheme that costs the merchant the least; and
- a fully integrated Alipay payments solution that provides our merchants with an opportunity to access the significant number of Chinese tourists visiting Australia each year.

We interact with our merchants through our call centre, product team, sales team, and our banking team and through the Tyro App and website. We also have an active social media engagement program and source feedback on our service delivery though our Net Promoter Score (**NPS**) together with targeted merchant surveys.

As part of our listing on the ASX in December 2019, we provided all our merchants with an opportunity to acquire share ownership in Tyro. This included offering each eligible merchant the right to acquire up to $15,000 worth of shares in Tyro at the IPO price. Applications under the merchant offer were accepted in full and on listing, 1.72 million shares were allocated to our merchants representing an increase in merchant ownership in Tyro of 0.5%.

STAKEHOLDER MANAGEMENT:

ENGAGEMENT	KEY MATTERS RAISED BY STAKEHOLDER GROUP	PRINCIPAL RISKS TO/FROM STAKEHOLDER GROUP
• 24/7 call centre. • Tyro product and sales team. • Tyro App, Tyro Merchant Portal and Tyro website. • Social media engagement. • Feedback from NPS surveys. • Digital and above-the-line marketing.	• Business continuity from natural disasters such as bushfires and major flood events. • Business continuity from humanitarian issues such as COVID-19. • Access to funding assistance. • Information about new payment types and banking products. • Information about responsible lending practices. • Access to eCommerce payments.	• Fraud and fraud prevention. • Errors in processing and the settlement process. • System outages. • Terminal issues that may lead to a disruption in business. • Point-of-sale system integration.

COVID-19 MERCHANT CASE STUDIES

COVID-19 has had a huge impact on all sectors, with the hospitality industry being one of the hardest hit.

Refer to our website at **https://www.tyro.com/blog/how-brisbanes-impressive-dumplings-changed-up-their-business-in-a-challenging-environment/** for a case study on how some of our merchants have opted to reinvent their way of operating to remain trading.

COVID-19 also changed the way many medical practices operated as they adapted to a situation they hadn't been confronted with before. This included changes to their in-practice processes, as well as embracing new technologies.

Refer to our website at **https://www.tyro.com/blog/how-wellers-hill-medical-centre-transitioned-to-ensure-their-patients-safety-and-continued-business/** for a case study on how medical practices adapted to this changing environment.

Sustainability Report (cont'd)

SECTION 3 – STAKEHOLDER SUSTAINABILITY MANAGEMENT (cont'd)

2.4 Our Community

The long-term success of Tyro is closely inter-related to the success of the communities in which we operate. Positive relationships with the communities in which we operate allow us to build trust and long-term sustainability of our operations.

There are categories through which Tyro looks to make a difference to our community:

i. Tyro corporate contributions

Corporate contributions include sponsorships and events in partnership with various selected charity, community, or industry bodies. Donations, or other non-financial benefits are also provided to causes where appropriate.

In FY20, Tyro made total contributions of $11,214 to good causes in addition to employee led donations of goods and services to the community.

Tyro also actively contributes to public policy debates and industry reviews to improve the payments system in Australia and customer outcomes from those reviews. In FY20, Tyro provided a submission to the current review by the Reserve Bank of Australia Payments System Board's Review of Retail Payments. The key areas of Tyro's submission related to ensuring Least Cost Routing is enforced in Australia to the benefit of merchants and their customers and improving the transparency of fees in the payments industry.

ii. Employee volunteering and fundraising

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. 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.

2.5 Regulators

Compliance with our banking licence, and the legislation, regulations, rules and standards underpinning that licence, is critical to our business sustainability, as is understanding, and being responsive to the broader economic, social and community issues impacting government policy.

Our CEO and Managing Director, our Risk Team and our Legal Team manage our relations with regulators and participate in regular meetings with government and regulatory agencies which assist us to foster constructive relationships and participate in government and industry forums.

STAKEHOLDER MANAGEMENT:

ENGAGEMENT	KEY MATTERS RAISED BY STAKEHOLDER GROUP	PRINCIPAL RISKS TO/FROM STAKEHOLDER GROUP
• Participation in company and industry meetings with government and regulators. • Participation in public forums. • Attending industry meetings. • Meetings with government bodies, elected representatives, policy officials and regulators. • Participation in regulatory review processes.	• Accountability provisions under the Banking Executive Accountability Regime (**BEAR**). • Implementation of least cost routing. • Compliance with AUSTRAC and Anti-Money Laundering / Know Your Customer regulations. • Compliance with all Corporate Governance principals. • Meeting minimum capital adequacy targets and liquidity. • Open banking and new payments platform.	• Non-compliance with applicable laws and regulations. • Reputational damage to the payments system due to unethical business practices or non-compliance. • Market disruption from new operators in the payments system that are not regulated. • Technology failures by a payments operator. • Not managing cyber threats or protecting consumer privacy through data breaches. • Impact of stress testing. • Failure of third-party service providers.

2.6 Our Suppliers

Our ability to deliver our payments and banking offering is reliant on the performance and availability of our technology and communication systems and that of our suppliers.

We are dependent on a number of key suppliers, including:

- Card schemes.
- Card issuers.
- Our Terminal hardware vendor - Worldline.
- Telecommunication and network providers.
- Point of Sale system partners who integrate with our terminals.
- Data centre providers.
- Cloud service providers.
- Third party credit agencies – we rely on the availability and accuracy of their information to assist in making informed credit assessments and in our Know Your Customer onboarding process to fulfil our anti-money laundering and counter-terrorism financing obligations.
- Third party software providers that are critical in delivering our services.
- Our eCommerce solution provider.
- Our logistics providers who deliver our terminals.

The absence of any one or more of the services above could impact our ability to provide some or all of our services for a period of time, which may adversely affect our reputation, financial position, performance and ultimate sustainability of our operations.

To protect our relationships with key suppliers, we regularly interact through meetings, tender processes and industry and product conferences.

Sustainability Report (cont'd)

SECTION 3 – STAKEHOLDER SUSTAINABILITY MANAGEMENT (cont'd)

2.6 Our Suppliers (cont'd)

STAKEHOLDER MANAGEMENT:

ENGAGEMENT	KEY MATTERS RAISED BY STAKEHOLDER GROUP	PRINCIPAL RISKS TO/FROM STAKEHOLDER GROUP
• Regular meetings with suppliers. • Events and conferences. • Tender processes. • Supplier assessments and reviews.	• Timely payment for goods and services delivered. • Fair treatment. • Meeting environmental standards that we expect to be followed.	• Obsolescence of technology and systems failures. • Providers may choose to cease to do business, or change the terms on which they do business, with us. • Reputational damage to Tyro due to suppliers not complying with Tyro's supplier code of conduct (including anti-slavery policies). • Adherence to anti-bribery and corruption policies.

SECTION 4 – ENVIRONMENTAL RESPONSIBILITY

Tyro acknowledges the increased community concern about climate change and the impact that businesses have on the environment they operate in. We also acknowledge the importance of considering the impact of climate change on the sustainability of our operations even though Tyro has a relatively low environmental footprint through our operations. The bushfires that Australia experienced in January 2020 are a timely reminder of the potential impacts of climate change with many of our merchants being directly affected by the fires while many more in the metropolitan areas were impacted by the poor air quality as a direct result of the bushfires.

Our objectives around environmental reporting are to be transparent with our shareholders by disclosing our climate change-related data, including the reporting of the risks and opportunities of climate change to our business and the financial impacts and potential actions by Tyro to mitigate the climate-related risks. However, as Tyro only listed on the ASX in December 2019, our approach to reporting on environmental issues is still under development. In FY21 we will be enhancing our systems to report on environmental sustainability and impacts, including undertaking a formal environmental risk assessment and developing an environmental management report for the Audit Committee and the Risk Committee based on the recommendations of the Financial Stability Board's Taskforce on Climate related Financial Disclosures (**TCFD**) and with reference to the Global Reporting Initiative (**GRI**) standards on climate change.

SECTION 5 – GOVERNANCE

Information relating to corporate governance is covered in detail in the Investor section of our website and economic sustainability is covered in more detail in the Directors' Report on pages 67 to 77.

Our Corporate Governance Statement describes in full our approach to corporate governance and our compliance with the Recommendations of the ASX Corporate Governance Council. Tyro has elected to early-adopt the fourth edition of the ASX Corporate Governance Principles and Recommendations, which have formed the basis of Tyro's decision making and accountability since listing on the ASX. The Corporate Governance Statement in respect of FY20 has been lodged with the ASX and is available from our website at: ***www.tyro.com/about-tyro/investors.***

This Corporate Governance Statement has been approved by the Board and is current as at 18 August 2020.

Profiles

Board of Directors

David Thodey AO

CHAIR OF THE BOARD

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

OTHER TYRO RESPONSIBILITIES:

- Member of the People Committee.

CAREER:

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

RELEVANT OTHER DIRECTORSHIPS HELD IN THE PAST THREE YEARS:

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

QUALIFICATIONS:

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

Robbie Cooke

CEO AND MANAGING DIRECTOR

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

CAREER:

Robbie has over 30 years' experience in the oil and gas, mining, lotteries, wagering and online travel industries. Prior to Tyro, Robbie was the Managing Director and CEO of Tatts Group Limited. This role concluded upon Tatts merging via a scheme of arrangement with its Australian peer, Tabcorp Holdings Limited.

Prior to Tatts, Robbie served initially as Chief Operating Officer, and then as CEO and Managing Director of one of Australia's leading online travel groups, Wotif.com Holdings Limited. During his seven years at Wotif, Robbie oversaw the group's significant scale up from startup mode, achieving a circa fivefold increase in profits and undertaking a successful IPO on the ASX in 2006.

QUALIFICATIONS:

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. Robbie also sits on the advisory board of in-home care provider Five Good Friends.

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.

Hamish Corlett

NON-EXECUTIVE DIRECTOR

Non-executive Director since April 2019 (non-independent).

OTHER TYRO RESPONSIBILITIES:

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

CAREER:

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

RELEVANT OTHER DIRECTORSHIPS HELD IN THE PAST THREE YEARS:

- Non-executive director of SomnoMed Limited, a medical company providing treatment solutions for sleep-related breathing disorders.

QUALIFICATIONS:

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

Board of Directors (cont'd)

David Fite

NON-EXECUTIVE DIRECTOR

Non-executive Director
since July 2018 (non-independent).

OTHER TYRO RESPONSIBILITIES:

- Member of the Risk Committee.

CAREER:

David has over 25 years' experience in the financial services industry. David has held various roles at Westpac Banking Corporation, including Treasurer, Assistant Chief Financial Officer and the Group Executive responsible for all retail and business banking products in Australia. David has also worked at Japan's Shinsei Bank (formerly known as The Long-Term Credit Bank of Japan) as Senior Corporate Executive Officer, Chief Financial Officer and a member of its Board. David is also an active investor in various credit, financial services and technology businesses.

RELEVANT OTHER DIRECTORSHIPS HELD IN THE PAST THREE YEARS:

- Director of Judo Capital Holdings Ltd and Judo Bank Pty Ltd, a SME challenger bank.
- Director of Evari Insure Pty Ltd and associated entities, a company that offers flexible online insurance options to small businesses across Australia.
- Director of Marsello Ltd, a company that makes intelligent marketing accessible and easy for multi-channel retailers.
- Director of MYOB Group Co Pty Ltd, a provider of accounting, tax and business services.

QUALIFICATIONS:

David holds a Bachelor of Arts in Government (magna cum laude) from Harvard College, and a Master of Business Administration and Masters in Economics from Stanford University.

Catherine Harris AO, PSM

NON-EXECUTIVE DIRECTOR

Independent non-executive Director
since December 2015.

OTHER TYRO RESPONSIBILITIES:

- Chair of the People Committee.

CAREER:

Catherine has over 40 years' experience in the retail industry. She has held Director and Chair roles at the Affirmative Action Agency, the University of NSW, University of Notre Dame, the Sydney Cricket Ground Trust, the National Gallery of Australia, the Australian Defence Force Academy, The Museum of Contemporary Art Australia, St Margaret's Public Hospital, The Australian Rugby League Commission, the Australia Japan Foundation and the Sports Australia Hall of Fame. Cathy is an Officer in the Order of Australia and was awarded the Australian Public Service Medal in 2000 and The Centenary Medal in 2001.

RELEVANT OTHER DIRECTORSHIPS HELD IN THE PAST THREE YEARS:

- Chair of Harris Farm Markets Pty Ltd, Australia's largest independent produce retailer.
- Director of The Australian Ballet.
- Director of the University of New South Wales School of Business.
- Director of Cox's River Rest Pty Ltd.

QUALIFICATIONS:

Catherine holds a Bachelor of Commerce (with merit) and an Honorary Doctorate in Business from the University of New South Wales.

Fiona Pak-Poy

NON-EXECUTIVE DIRECTOR

Independent non-executive Director
since September 2019.

OTHER TYRO RESPONSIBILITIES:

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

CAREER:

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

RELEVANT OTHER DIRECTORSHIPS HELD IN THE PAST THREE YEARS:

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

QUALIFICATIONS:

Fiona holds an Honours degree in Engineering from The University of Adelaide and a Master of Business Administration from the Harvard Business School.

Paul Rickard

NON-EXECUTIVE DIRECTOR

Independent non-executive Director
since August 2009.

OTHER TYRO RESPONSIBILITIES:

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

CAREER:

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

RELEVANT OTHER DIRECTORSHIPS HELD IN THE PAST THREE YEARS:

- Non-executive Director of ASX-listed WCM Global Growth Ltd, an independent asset management firm.
- Non-executive Director of Property Exchange Australia Ltd, a company specialising in the digital settlement of property.
- Director of OpenInvest Ltd and OpenInvest Holdings Pty Ltd, a company that offers investors access to professionally managed portfolios.
- Director of Switzer Financial Group Pty Ltd.

QUALIFICATIONS:

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

Executive Leadership Team

Jairan Amigh

COMPANY SECRETARY AND SPECIAL COUNSEL

Jay was appointed as Co-Company Secretary on 20 February 2020 and become Company Secretary on 30 June 2020 with the resignation of Sami Wilson. Jay holds Bachelors of Law and Commerce and has over 30 years in legal practice focusing on financial services and corporate governance.

Dave Coombes

CHIEF TECHNOLOGY OFFICER

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

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

Steven Chapman

HEAD OF AUDIT

Steven joined us in 2019 and leads the internal audit function, providing an independent view on whether we have an appropriate risk and control environment. Steven has over 17 years' experience in project management, audit, and risk. Steve began his career with a large UK utility firm before working for Woolworths Group, Insurance Australia Group and QBE Insurance Group.

Steven is a Chartered Global Management Accountant (CGMA) and Certified Information Systems Auditor (CISA). He also holds a Master of Arts in History (Honours) from the University of Glasgow.

Angela Green

CHIEF RISK OFFICER

Angela joined us in 2019 in the role of Chief Risk Officer. Angela has over 30 years' experience in banking and finance, management consulting and the Royal Australian Air Force. Angela has held numerous senior financial and non-financial risk management, commercial and business lending product and distribution roles at both Commonwealth Bank of Australia and the National Australia Bank.

Angela holds a Master of Business Administration from Victoria University.

Yvette Mandanas

CHIEF PEOPLE OFFICER

Yvette joined us in 2016 to establish the HR function in the role of Chief People Officer. Yvette has over 15 years' experience in HR in fast growth technology organisations. Yvette specialises in the design and delivery of HR operational, talent acquisition, leadership development and culture development initiatives to drive business strategy. Yvette has held HR leadership roles during her time at Avanade, the Microsoft technology consulting arm of Accenture, and at Nearmap, an ASX-listed market leader in geospatial map technology.

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

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

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

Executive Leadership Team (cont'd)

James Revell

CHIEF STRATEGY OFFICER

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

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

Lisa Vitaris

CHIEF MARKETING OFFICER

Lisa joined us in 2017 to drive both brand and acquisition, and in 2018 was appointed as Chief Marketing Officer. Lisa has over 16 years' experience in marketing, specialising in financial services. She has extensive experience in branding and high growth acquisition, and has held roles both client side at Aussie Home Loans and CMC Markets, as well as at advertising agencies working across Citibank, Bankwest, CommSec and IMB.

Lisa holds a Master of Business in International Marketing from the University of Technology, Sydney.

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

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

Bronwyn Yam

CHIEF PRODUCT OFFICER

Bronwyn joined us in 2017 and is our Chief Product Officer. Bronwyn has over 20 years' experience in financial services and consulting. She has extensive experience in challenging the status quo and delivering on innovative processes and solutions. Bronwyn has a passion for driving transformational change in organisations and teams leveraging on technology and disruptive thinking to deliver desired customer outcomes. Prior to joining Tyro, Bronwyn held several senior roles in strategy, lending and payments within Commonwealth Bank of Australia since 2005. Bronwyn also had a consulting career with Arthur Andersen Business Consulting in the US and across Asia, working with clients from multiple industries from manufacturing to financial services.

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

Track Record

	30 JUNE 2020 $'000	30 JUNE 2019 $'000	30 JUNE 2018 $'000	30 JUNE 2017 $'000	30 JUNE 2016 $'000
Transaction value	**20,131,045**	**17,496,322**	**13,359,608**	**10,607,068**	**8,590,407**
Total revenue	210,675	189,770	148,231	120,575	95,777
Direct expenses	(117,200)	(106,510)	(79,163)	(64,538)	(49,584)
Gross Profit	**93,475**	**83,260**	**69,068**	**56,037**	**46,193**
Operating expenses	(97,847)	(91,871)	(78,890)	(65,245)	(44,413)
EBITDA (before share-based payments and IPO costs)	**(4,372)**	**(8,611)**	**(9,822)**	**(9,208)**	**1,780**
Share-based payments	(10,896)	(3,788)	(1,411)	(1,841)	(965)
IPO Costs	(9,730)	-	-	-	-
EBITDA	**(24,998)**	**(12,399)**	**(11,233)**	**(11,049)**	**815**
Depreciation & Amortisation	(12,524)	(7,864)	(7,064)	(5,984)	(4,025)
Net interest cost	(535)	-	-	-	-
Loss before income tax	**(38,057)**	**(20,263)**	**(18,297)**	**(17,033)**	**(3,210)**
Loss after income tax	**(38,057)**	**(18,439)**	**(17,146)**	**(14,820)**	**(749)**
	$'000	$'000	$'000	$'000	$'000
Cash, cash equivalents and investments	188,324	68,758	84,251	96,755	110,027
Cash flows from operating activities	8,194	(13,931)	(12,799)	(15,571)	(3,269)

Directors' Report

Directors' Report

For the year ended 30 June 2020

The Directors present their report together with the Financial Report of Tyro Payments Limited (**Company** or **Tyro**) for the year ended 30 June 2020 and the Independent Auditor's Report thereon.

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 and Managing Director	Executive
Hamish Corlett	Non-executive Director	Non-independent
David Fite	Non-executive Director	Non-independent
Catherine Harris AO, PSM	Non-executive Director	Independent
Fiona Pak-Poy	Non-executive Director	Independent
Paul Rickard	Non-executive Director	Independent

Kerry Roxburgh retired as Non-executive Director and Chairman of the Tyro Board, effective 15 October 2019. As part of the Tyro Board's ongoing renewal and succession process, David Thodey became Tyro's Chairman on 15 October 2019.

Fiona Pak-Poy was appointed to the Tyro Board as a Non-executive Director on 4 September 2019.

Robbie Cooke was appointed as Managing Director on 18 October 2019.

Details, including term of office, qualifications, experience and information on other directorships held by Directors, can be found on pages 56 to 59 of the Annual Report.

COMPANY SECRETARIES

Jairan Amigh

(appointed as Co-Company Secretary on 20 February 2020)

Jay was appointed as Co-Company Secretary on 20 February 2020 and became sole Company Secretary on 30 June 2020 with the resignation of Sami Wilson. Jay holds Bachelors of Law and Commerce and has over 30 years in legal practice focusing on financial services and corporate governance.

Sami Wilson

(resigned as Co-Company Secretary on 30 June 2020)

Sami joined Tyro in April 2018 as General Counsel to establish the in-house legal function. He was appointed Company Secretary on 7 May 2018 and resigned as Co-Company Secretary effective 30 June 2020. Sami holds Bachelors of Law and Commerce.

MEETINGS OF DIRECTORS

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

	BOARD OF DIRECTORS MEETINGS		AUDIT COMMITTEE		RISK COMMITTEE		PEOPLE COMMITTEE	
	A	B	A	B	A	B	A	B
David Thodey	34	33	nm	nm	1	1	5	5
Robbie Cooke[1]	25	25	nm	nm	nm	nm	nm	nm
Hamish Corlett	34	33	4	4	nm	nm	5	4
David Fite	34	32	1	1	7	7	nm	nm
Catherine Harris	34	30	1	1	nm	nm	6	6
Fiona Pak-Poy	29	29	4	4	7	7	nm	nm
Paul Rickard	34	33	5	5	8	8	1	1
Kerry Roxburgh[2]	9	9	nm	nm	2	2	1	1

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 and 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 *Kerry Roxburgh retired as a Director and Chair on 15 October 2019.*

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)	Catherine Harris (Chair)
Hamish Corlett	David Fite	Hamish Corlett
Fiona Pak-Poy	Fiona Pak-Poy	David Thodey

Directors' Report (cont'd)

DIRECTORS INTEREST IN SECURITIES

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

DIRECTOR	RELEVANT INTEREST IN ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES	RIGHTS OVER ORDINARY SHARES
David Thodey	859,091	82,286	131,905
Robbie Cooke	491,936	5,504,530	1,200,000
Hamish Corlett[1]	68,199,357	68,000	89,658
David Fite[2]	18,547,995	2,919,318	89,658
Catherine Harris	627,826	164,626	106,262
Fiona Pak-Poy	32,728	83,000	73,692
Paul Rickard	2,319,660	253,940	61,432

[1] *Hamish Corlett's holding reflects shares held beneficially through associated entities and directly held shares.*
[2] *Includes options held by Euclid Capital Partners LLC, an entity controlled by David Fite.*

2020 CORPORATE GOVERNANCE STATEMENT

Tyro'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. Tyro must also comply with its constitution, the *Corporations Act 2001* (Cth), the ASX Listing Rules, the *Banking Act 1959* (Cth), including the Banking Executive Accountability Regime (contained in Part IIAA of the Banking Act 1959) amongst other laws, and, as an Authorised Deposit-taking Institution, with governance requirements prescribed by the Australian Prudential Regulation Authority (**APRA**) under Prudential Standard CPS 510 Governance and other applicable published APRA Prudential Standards.

Information about Tyro's corporate governance policies and practices can be found in the 2020 Corporate Governance Statement available at:

www.tyro.com/about-tyro/investors.

PILLAR 3 INFORMATION

Tyro provides information required by APRA prudential standard APS 330: Public Disclosure in the Regulatory Disclosures section at:

www.tyro.com/about-tyro/investors.

PRINCIPAL ACTIVITIES

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

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

OPERATING AND FINANCIAL REVIEW

1. Review of Operations and Financial Position

Refer to the CEO and Managing Director's Report on pages 13 to 29 of the Annual Report, which forms part of this Directors' Report.

2. Significant Changes in the State of Affairs

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

3. Significant Events after the end of the Financial Year

Refer to Note 24 of the Financial Report, which forms part of this Directors' Report.

4. Business Strategies and Future Prospects

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

Grow merchant share in existing core verticals

A focus on merchants in the Health, Hospitality and Retail verticals has been one of the pillars of our business model and success. This approach has enabled us to better understand each vertical and the needs of merchants that operate within it, informing the development of better solutions, and resulting in market share growth. We believe that there is still significant opportunity in these verticals.

We have over 32,000 Australian merchants, the significant majority of which are SMEs in our three core verticals. This compares to a total of 312,000 SMEs in the Health, Hospitality and Retail verticals as at 30 June 2019.

Key drivers for continued market share growth include increased marketing to drive brand awareness, more Point of Sale system integrations, additional payments methods and the development of more industry-specific solutions.

Add new core verticals

We plan on developing Accommodation and Services into core verticals (estimated to represent approximately 700,000 businesses in total as at 30 June 2019) as we believe merchants in these verticals will benefit from a merchant acquirer with the technical capability to produce specialised solutions and the preparedness to build domain expertise. We intend to use our technical capability to produce specialised solutions, including in eCommerce, to align with the identified needs in these verticals and to expand our terminal offering to provide more choice to merchants to enhance our attractiveness in these verticals.

We intend to adopt a similar approach that has proven successful in servicing Health, Hospitality and Retail verticals and will leverage our existing platform and payments domain knowledge.

Directors' Report (cont'd)

Drive expansion into eCommerce and other payment types

We will continue to drive the take-up of our unified payments solution by our merchants, particularly the approximately one third of them that we estimate to conduct online sales. Within our current merchant base, we believe that there is a significant opportunity to drive growth in eCommerce and that our merchants will benefit from our unified payments solution, which provides single-settlement and reporting across 'card-present' and 'card-not-present'. We also believe that our merchants will find this attractive as it will enable them to provide their cardholders with a more seamless experience across online and offline channels (for example, where customers purchase online and seek a refund in-store).

As the first Australian bank to provide a fully integrated Alipay solution, we intend to continue to innovate and provide multiple new and emerging payment types. In the near term, we plan to introduce payment methods like WeChat Pay and Zip Pay. We believe that having these features will position us ahead of the four major banks and assist us in retaining and growing our merchant base.

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

We believe that there is significant cross-sell opportunity within our current product suite. By promoting a greater take-up of our ancillary value-adding offerings, including loans in the form of merchant cash advances, we will seek to enhance our unit economics through greater share of merchant wallet and merchant retention. We also consider that there are opportunities to offer certain value-adding products decoupled from our payments solution, including Tyro Connect as discussed below.

Tyro Connect Launched

In recent years, there has been growth in the number of customer-facing apps participating in the payments ecosystem. These include loyalty, booking and order-ahead apps, designed to meet customer demands for enhanced convenience and service. These apps typically seek to integrate with multiple Point of Sale (POS) systems to distribute their services into merchants' operations which can create duplication, costs and other inefficiencies for POS suppliers, merchants and apps. In the current configuration, some Hospitality app solutions require additional hardware including printers and tablet devices at the premises. The proliferation of apps has resulted in friction for merchants, POS systems and app providers.

We are well placed to develop a solution, given our technology expertise, integration experience and existing network of POS system partners. This solution will aim to solve these inefficiencies via an API-based integration platform, distinct from merchant acquiring.

We are currently in the pilot phase of this solution, which is known as Tyro Connect. Tyro Connect is designed to be an integration hub for apps and POS systems – a 'plug and play' platform software solution designed to address merchant pain points around 'counter clutter' and manual processes. It also aims to make it easier for POS system partners and app providers to meet customer needs.

Tyro Connect seeks to reinforce our value proposition to merchants, while embedding us more deeply into the commerce ecosystem and enhancing our ability to capture data and insights. We also intend for this to be a standalone solution for businesses, irrespective of whether they are currently using any other of our products. If a business adopts Tyro Connect, it presents us with an opportunity to cross-sell other products. We are currently focused on use cases relevant to our core verticals, starting with Hospitality.

Tyro's key priorities and strategies for FY21 are also discussed in the CEO and Managing Director's Report on pages 13 to 29. In the Directors' opinion, any further disclosure of information on Tyro's business strategies and future prospects would be likely to result in unreasonable prejudice to the Company.

5. Material Risks to Business Strategies and Prospects for Future Financial Years

The potential material business risks that could adversely affect Tyro'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 Tyro'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 Tyro aims to manage risks in order to avoid adverse impacts on its financial and reputational standing, some risks are outside the control of the Company.

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.

TYRO'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 and 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						

Directors' Report (cont'd)

5. Material Risks to Business Strategies and Prospects for Future Financial Years (cont'd)

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

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

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

Material Risks:

Deterioration in macroeconomic conditions

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

Two of our existing core verticals (Hospitality and Retail), which accounted for 78.7% of our transaction value in FY20, are particularly exposed to discretionary spending in Australia. In addition, our growth plans into new verticals (Accommodation and Services) could also be impacted by adverse changes in consumer confidence and spending. Accordingly, any reduction in discretionary spending in these verticals could result in a decrease of our revenue and profitability.

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

Increased competitive pressures

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

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

Compliance Risk

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

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

Regulatory Risk

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

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

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

Credit Risk

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

There is a risk that our credit risk framework may not appropriately define credit assessment processes, eligibility criteria, risk grades or settings or effectively monitor portfolio risk. If our framework and policies fail to mitigate credit risk and losses from credit exceed expectations, we may experience losses that may adversely impact our financial performance, position and prospects.

Directors' Report (cont'd)

Credit Risk (cont'd)

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

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

Liquidity and Funding Risk and Capital Adequacy Risk

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

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

We forecast future capital requirements and available capital resources to manage the business to our required levels of regulatory capital, target adequacy levels and internal capital triggers, over a forecast period. This is an annual exercise with the Executive Leadership Team and the Board, performed in conjunction with the business planning and budgeting process.

Market and Investment Risk

Market and investment risk is the risk of loss arising from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility. Tyro's Asset and Liability Committee oversees management of this risk within the Board set risk appetite limits.

Operational Risk

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

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

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

Reputation Risk

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

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

Strategic Risk

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

Technology Risk

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

Sustainability and Climate Change Risk

Climate change is becoming increasingly relevant to all businesses in Australian. The ongoing effects of climate change risks may impact the long-term prosperity of Australia's economy, environment and society which may lead to adverse impacts upon our business.

We manage sustainability and climate change risk through our Sustainability Framework. Refer to pages 31 to 53 of the Annual Report for further details.

6. Dividends

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

7. Share-Based Payments

Details of share-based payments are disclosed in our Remuneration Report on pages 78 to 110 and in Note 12 of the Financial Statements.

8. Sustainability

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

Although our operations are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or any of its states or territories, we still acknowledge that it is important that by fulfilling our mission to set businesses free to get on with business by simplifying payments and banking, we do so in such a manner that we create a sustainable future for all our stakeholders. Refer to pages 31 to 53 of the Annual Report for further details on Sustainability

Audited Remuneration Report

LETTER FROM CHAIR OF THE PEOPLE COMMITTEE

Dear Shareholder,

On behalf of your Board, I am pleased to present Tyro's first Remuneration Report as an ASX listed company in a year which has proved to be extremely challenging for our community, our merchants and our team. This Report covers remuneration arrangements and outcomes for the 2020 financial year, and an outline of proposed changes to our remuneration framework for FY21.

FY20 was a momentous year for Tyro with our listing on the ASX on 6 December 2019. As part of the listing process, we undertook a comprehensive review of our remuneration structure to best ensure our remuneration framework and policies align with the targets and objectives of a growing business in the highly regulated Australian banking sector.

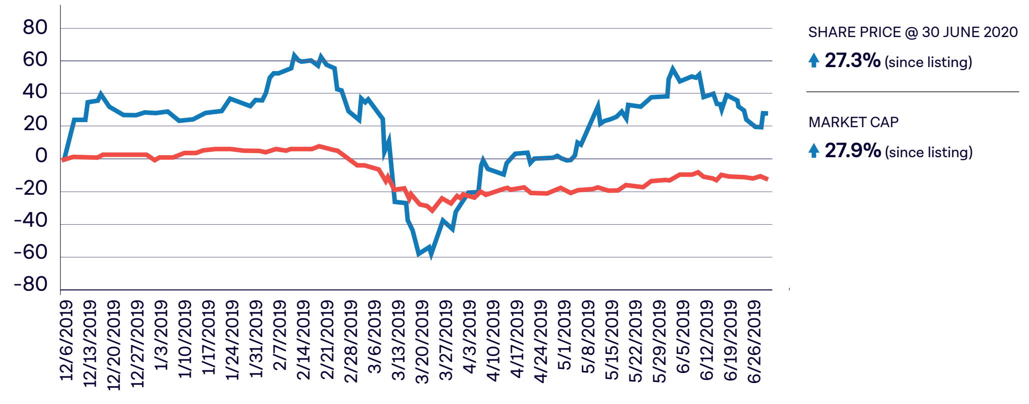
Over the past six months, we have also actively engaged with our shareholders on our approach to remuneration and governance. The support received from shareholders during this engagement is encouraging and provides us with confidence that our remuneration framework meets stakeholder expectations across all levels.

From a performance perspective, the team at Tyro has done an exceptional job in FY20. In the first half of FY20 we delivered record transaction value, revenue, and gross profit, all whilst undertaking the complex, and potentially distracting, process of listing Tyro on the ASX. This growth was then unfortunately disrupted by COVID-19 which resulted in the team having to quickly shift their focus on navigating the significant challenges that COVID-19 presented for our merchants and our business. The resilience and strength that our team displayed through this period, and the support they continue to provide to our merchants in this unprecedented humanitarian and economic crisis clearly demonstrates why your Board has great confidence in Tyro's future success.

Many of our merchants continue to find the impact of COVID-19 extremely challenging despite all their efforts to innovate and adapt, and notwithstanding the various assistance packages on offer from the federal, state and territory governments, and from Tyro. When faced with such a challenging business environment, it is encouraging to see merchants who have opted to reinvent their way of operating to remain trading, with many receiving positive feedback from customers and increased business through their innovation. The Tyro team also did not miss a beat during lockdown continuing to service all our merchants to our usual high standard, and providing all such assistance we possibly could to support our merchants experiencing hardship during the depths of the crisis, and being there for them as their businesses started to re-open as the lockdown restrictions were lifted. The team's high performance and values-driven culture is what will best ensure our return to the pace of growth we are accustomed to delivering in order to meet our strategic goals.

The exceptional performance of our team also contributed to Tyro's share price outperforming the broader ASX200 and the ASX300 (to which we were recently added), notwithstanding the challenges of the COVID-19 crisis from early March of this year. As at 30 June 2020, Tyro is up 27.3% from our listing price of $2.75 compared to the ASX300 which is down 12.1% for the same period.

Tyro's share price performance compared to the S&P/ASX300 (XKO)



> *The resilience and strength that our team displayed through this period, and the support they continue to provide to our merchants in this unprecedented humanitarian and economic crisis clearly demonstrates why your Board has great confidence in Tyro's future success...*

Remuneration Report (cont'd)

Our approach to Remuneration

We recognise that an effective remuneration framework is essential to attracting and retaining top talent and the success of our business. We have committed to a policy of a market-related and a role- specific remuneration structure for all employees including our Key Management Personnel (**KMP**).

Our employee remuneration is comprised of fixed annual remuneration (being base salary, superannuation, and any fringe benefits), together with a short-term incentive (**STI**) plan for all team members and a long-term incentive (**LTI**) plan for certain nominated personnel. The fixed annual remuneration together with the STI and LTI comprise the Total Remuneration Opportunity (**TRO**) available to team members. As mentioned, prior to listing on 6 December 2019, we conducted an evaluation of our executive remuneration against a peer benchmark group based on market capitalisation and a spectrum of relevant companies in the financial services sector of the ASX index. I am pleased to report that our remuneration outcomes for FY20 are well within the benchmarks of these peer groups.

Furthermore, key determinants in all remuneration decisions are based on our overall financial performance, customer satisfaction outcomes and individual performance (against individual key performance indicators (**KPIs**). To help inform this process, we conduct regular performance reviews. These reviews promote open and honest communication and are designed to provide the information we need to allocate incentives fairly, and to identify goals, areas for development, and training requirements for our team.

The Board is confident that our approach to remuneration drives a culture and behaviour amongst team members that supports our growing business and creates alignment with our strategy and objectives. We continue to engage with team members, shareholders, regulators and proxy advisors and remain open to exploring alternatives and considering potential changes to remuneration in the future, including considering the ongoing debate and potential regulatory changes within the financial services sector relating to remuneration. We are committed as a Board to continuously reviewing the effectiveness of our remuneration policies.

I look forward to presenting our remuneration report to you at the Tyro Annual General Meeting to be held on 27 October 2020.

Yours sincerely,

Catherine Harris AO, PSM
Chair
People Committee

TYRO'S APPROACH TO REMUNERATION

As a high-growth company with proprietary technology at our core we compete for world-class talent in the technology sector. It is therefore essential to have a remuneration approach that can lead to the recruitment and retention of the best people in order to achieve our strategic objectives. As such, we continue to invest in our people with competitive reward and remuneration structures and a culture of ownership, collaboration and teamwork.

The objective of remuneration at Tyro is to:

- align reward with strategic objectives;
- attract, motivate and retain a highly skilled team;
- 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 to drive high growth; and
- be transparent, easy to understand and delivers remuneration outcomes that meet team member expectations and make sense to Tyro's team members and external stakeholders.

Remuneration Report (cont'd)

1. INTRODUCTION

This Report forms part of the Directors' Report and sets out the remuneration arrangements of the Company for the year ended 30 June 2020 and is prepared in accordance with Section 300A of the Corporations Act. The information has been audited as required by Section 308(3C) of the Corporations Act.

The Remuneration Report details the remuneration arrangements for Tyro's KMP. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including all Directors. References in this Remuneration Report to Executives refers only to those Executives who are KMP, as outlined in section 3 below for FY20.

2. FINANCIAL PERFORMANCE AND REMUNERATION OUTCOMES

2.1 Financial Performance Outcomes

Transaction value up 15.1% to $20.1 billion	For H1 FY20, transaction value growth was up 30%, exceeding the prospectus full-year forecast growth of 28.6%. However, the impact of the bush fires in January 2020 and COVID-19 from March 2020 on merchant trading contributed to overall full-year growth moderating back to 15.1%.
Revenue up 11.0% to $210.7 million	Our Payments business lifted revenue by 10.4% to $202.8 million (FY19: $183.7 million). The increase in revenue reflected the 15.1% increase in transaction value and a 10.8% increase in the number of merchants. Our Banking business revenue declined 38.1% to $1.8 million. The decline was due to a fair value adjustment of negative $2.4 million recognised on our business loans, reflecting potential adjustments for changes in risk of our portfolio given the struggles our merchants are going through over the COVID-19 period.
Operating expenses as a percentage of both Gross Profit and Total Revenue decreased in FY20 compared to FY19 reflecting the increased operating leverage of Tyro from higher revenue	The operating expense margin is used as a factor to adjust the base financial performance pool, either up or down to ensure that transaction value growth and revenue growth does not materially impact the cost base of Tyro.
EBITDA loss down 49.2% to $4.4 million	Tyro generated a positive EBITDA result of $1.5 million for the first half of FY20, however the impact of COVID-19 in the second half of FY20 resulted in lower revenues putting us back in an EBITDA loss position. To protect our business during COVID-19, we curtailed discretionary spending on marketing, travel, and certain other costs, however these savings were not sufficient to offset the lower revenue achieved. Tyro was eligible to receive payments as part of the Federal Government's 'JobKeeper' initiative and supported by this we were able to keep our team intact.

2.2 Remuneration Outcomes

Group remuneration	No fixed annual remuneration increase will be provided to employees for FY21 until such time as Tyro and our merchants are operating in a more stable environment once the impacts of COVID-19 reduce. There was an average increase of 2.8% across the company in FY20. Our objective with fixed remuneration is to maintain a market-related remuneration position in our benchmark group and maintaining remuneration in the range of the 50th to 75th percentile of our peer benchmark groups.
CEO and Managing Director	Total statutory remuneration for the CEO and Managing Director was $2,247,965 (FY19: $2,090,357). Included in statutory remuneration are the following elements of the CEO and Managing Director's TRO together with the accounting cost of long-term benefits and share-based payments: • Fixed annual remuneration of $862,176 (FY19: $850,531). • An annual travel allowance of up to $50,000 (FY19: Nil). • A Short-Term Incentive (**STI**) of $209,077 of which 100% is payable as Service Rights (FY19: $356,900 of which 100% was payable in cash and salary sacrificed to rights under the Remuneration Sacrifice Rights Plan). • A Long-Term Incentive (**LTI**) of $556,104 (FY19: $415,000) issued as options to acquire shares based on the FY20 Employee Share Option Plan.
STI	All team members participated in Tyro's STI Plan. Excluding the CEO and Managing Director, the Board allocated $153,994 as a STI in the form of Service Rights to KMP (FY19: $151,413 of which 100% was payable in cash and $123,123 was salary sacrificed to rights under the Remuneration Sacrifice Rights Plan). The total STI allocated across the Company to all team members in the form of Service Rights (excluding the CEO and Managing Director) was $2,378,125 (FY19: $2,553,280) of which the Executive Leadership Team was allocated $580,225 (24% of the total).
LTI	38 team members participated in Tyro's LTI Plan. Excluding the CEO and Managing Director, the Board allocated $475,982 in options under the current Option Plan to KMP. The total LTI allocated across the Company (excluding the CEO and Managing Director) was $2,819,693 (FY19: $4,462,961) of which the Executive Leadership Team was allocated $1,973,197 (70% of the total).
Liquidity Event Performance Rights (LEPR)	A limited number of Executives and senior leadership team members of Tyro were granted performance rights under the LEPR Plan between FY19 and FY20. A liquidity event was triggered under the Plan with the IPO that took place on 6 December 2019. The first tranche of the Liquidity Event Performance Rights vested and became exercisable on 6 December 2019. 4,100,000 LEPRs were allocated under the Plan of which 1,366,668 have vested and 266,667 have been exercised.
Initial Public Offer (IPO) Bonus	A bonus of $490,500 was paid to the general team of which KMP received $112,000 and the Executive Leadership Team received $187,000 (38% of the total) in recognition of the efforts of the team to prepare Tyro for the IPO and listing on ASX that took place on 6 December 2019.
Non-executive Director fees	Non-executive Directors received $867,711 in fees of which $786,681 was salary sacrificed to rights under the Remuneration Sacrifice Rights Plan. Base Director fees were set at $108,000 (FY19: $90,000), an increase of 20% over FY19. The Chairman received $180,000 (FY19: $150,000) in fees while fees for Committee Chairs were $20,000 per Committee (FY19: $20,000). Non-executive Director fees were benchmarked to our peer group during the year and adjusted accordingly.
Salary Sacrifice Rights Plan	A total of $786,681[1] was salary sacrificed by Directors, Executives and other senior leadership team members in FY20 under the Remuneration Sacrifice Rights Plan (FY19: $1,423,317).

[1] *As noted below in Section 6.1, in respect of FY20, any STI payable to Executives and other senior leadership team members was paid in Service Rights and not cash, so is excluded from this figure.*

Remuneration Report (cont'd)

3. KEY MANAGEMENT PERSONNEL

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

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

NON-EXECUTIVE DIRECTORS	
David Thodey AO	Chairman (from 15 October 2019), Non-executive Director
Hamish Corlett	Non-executive Director
David Fite	Non-executive Director
Catherine Harris AO, PSM	Non-executive Director
Fiona Pak-Poy	Non-executive Director (from 4 September 2019)
Paul Rickard	Non-executive Director
FORMER NON-EXECUTIVE DIRECTORS	
Kerry Roxburgh	Chairman, Non-executive Director (until 15 October 2019)
EXECUTIVE KMP	
Robbie Cooke	CEO and Managing Director (appointed Managing Director from 18 October 2019)
Praveenesh (Prav) Pala	Chief Financial Officer
Angela Green	Chief Risk Officer

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

4. REMUNERATION GOVERNANCE

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

Tyro Remuneration Governance Framework

Board - Chaired by David Thodey

REVIEW AND APPROVE TYRO'S REMUNERATION POLICIES AND FRAMEWORK TO ENSURE THAT THEY ARE ALIGNED WITH TYRO'S PURPOSE, VALUES, STRATEGIC OBJECTIVES AND RISK APPETITE. REVIEW AND APPROVE REMUNERATION OUTCOMES FOR SENIOR EXECUTIVES, OTHERS AS REQUIRED BY THE LAW AND NON-EXECUTIVE DIRECTORS.

Board People Committee – Chaired by Catherine Harris

The Committee assists the Board with remuneration matters by providing objective oversight and making recommendations to the Board in relation to:

- Tyro's remuneration policy and frameworks;
- the remuneration of the CEO and Managing Director, other senior executives and others as required by the law; and
- the process for allocating any pool of Directors fees approved by shareholders.

Composition

The people Committee is independent of management. Accordingly, the Committee consists entirely of Non-executive Directors, the majority of whom are independent. Where appropriate, the CEO and Managing Director and Chief People Officer attend Committee meetings. However, they do not participate in formal decision-making or in discussions relating to their own remuneration.

DELEGATED BOARD COMMITTEE

CEO and Managing Director

Present proposals on remuneration, implementing remuneration polices and other matters within the authority of the Committee

Remuneration Consultants

External and independent remuneration advice and information to assist the Committee in decision making

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

The People Committee is responsible for advising the Board on:

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

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

Remuneration Report (cont'd)

4.1 Remuneration Consultants

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

In FY20, PwC was engaged to provide benchmarking data for Non-executive Directors and senior leadership team members including the CEO and Managing Director for the purposes of informing the People Committee of the current market positioning of KMP and senior leadership team members against Tyro's benchmarking peers. PwC was paid $85,272 for the benchmarking review and the review of the existing remuneration framework's compliance with BEAR. Godfrey Remuneration Group was also engaged in FY20 relating to services for providing remuneration data for Executives. Godfrey Remuneration Group was paid $11,000 for these services. E&Y was engaged in FY20 to provide remuneration advice to the Board and was paid $6,050 for the services provided.

The Board is satisfied that no remuneration recommendations (as defined in the Corporations Act 2001) were provided by PwC or any other external remuneration advisors during FY20.

5. APPROACH TO SETTING REMUNERATION LEVELS

Tyro's remuneration strategy is aligned with the Company's purpose of setting businesses free to get on with business by simplifying payments and banking.

The objective of remuneration at Tyro is to:

Align reward with strategic objectives

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

Attract, motivate and retain a highly skilled team

Our most important competitive advantage is our people and our values driven approach to 'wow'ing' 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 employee and Executive reward and shareholder outcomes through the structure of our short-term incentive plan and long-term incentive plan.

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

Be transparent, easy to understand and delivers remuneration outcomes that meet team member expectations and make sense to Tyro's team members and external stakeholders

It is important for our Board to have a clear and transparent remuneration framework that encourages shareholder confidence and allows comparisons with our peer companies.

It is also important that the hurdles required to be achieved under our framework are easy to understand. It is also critical that our team members understand, at any given point in time, the likelihood of vesting of options and rights and the potential value of remuneration attached to those awards.

5.1 Benchmarking analysis

In order to meet our commitment of ensuring remuneration is market-related together with attracting world-class talent, we adopted a benchmarking approach to setting remuneration levels for our Executives and senior leadership team.

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

MARKET CAPITALISATION PEER GROUP

Market Capitalisation range:
$1.47 BILLION TO $1.19 BILLION

-1: ARB Corporation Ltd
-2: Blackmores Ltd
-3: Clinuvel Pharmaceuticals Ltd
-4: Austal Ltd
-5: Resolute Mining Ltd
-6: Inghams Group Ltd
-7: Virgin Australia Holdings Ltd
-8: Ausdrill Ltd (Perenti)
-9: Nearmap Ltd
-10: Freedom Foods Group Ltd
-11: Smartgroup Corporation Ltd
-12: Jumbo Interactive Ltd
-13: Genworth Mortgage Insurance
-14: Lovisa Holdings Ltd
-15: G8 Education Ltd
-16: PolyNovo Ltd
-17: Costa Group Holdings Ltd
-18: Aveo Group
-19: Gold Road Resources Ltd
-20: McMillan Shakespeare Ltd

Tyro Payments Limited

Market Capitalisation range:
$1.92 BILLION TO $1.51 BILLION

+20: IOOF Holdings Ltd
+19: Healius Ltd
+18: Netwealth Group Ltd
+17: GrainCorp Limited
+16: Super Retail Group Ltd
+15: Bapcor Ltd
+14: Domain Holdings Australia Ltd
+13: Lynas Corporation Ltd
+12: Nufarm Ltd
+11: Perpetual Ltd
+10: IPH Ltd
+9: InvoCare Ltd
+8: Webjet Ltd
+7: Nanosonics Ltd
+6: MFF Capital Investments Ltd
+5: Monadelphous Group Ltd
+4: Hutchison Tel (Australia) Ltd
+3: WAM Capital Ltd
+2: Bingo Industries Ltd
+1: Credit Corp Group Ltd

Remuneration Report (cont'd)

5.1 Benchmarking analysis (cont'd)

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

FINANCIAL SERVICES PEER GROUP

5.2 Setting target remuneration

Our policy is to target a total remuneration opportunity of our Executives between the 50th and 75th percentiles of both comparator groups acknowledging that certain roles require specialist banking and payment skills and as such may need to be adjusted to recognise these unique skills.

An individual Executive's remuneration is determined by the Board after considering:

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

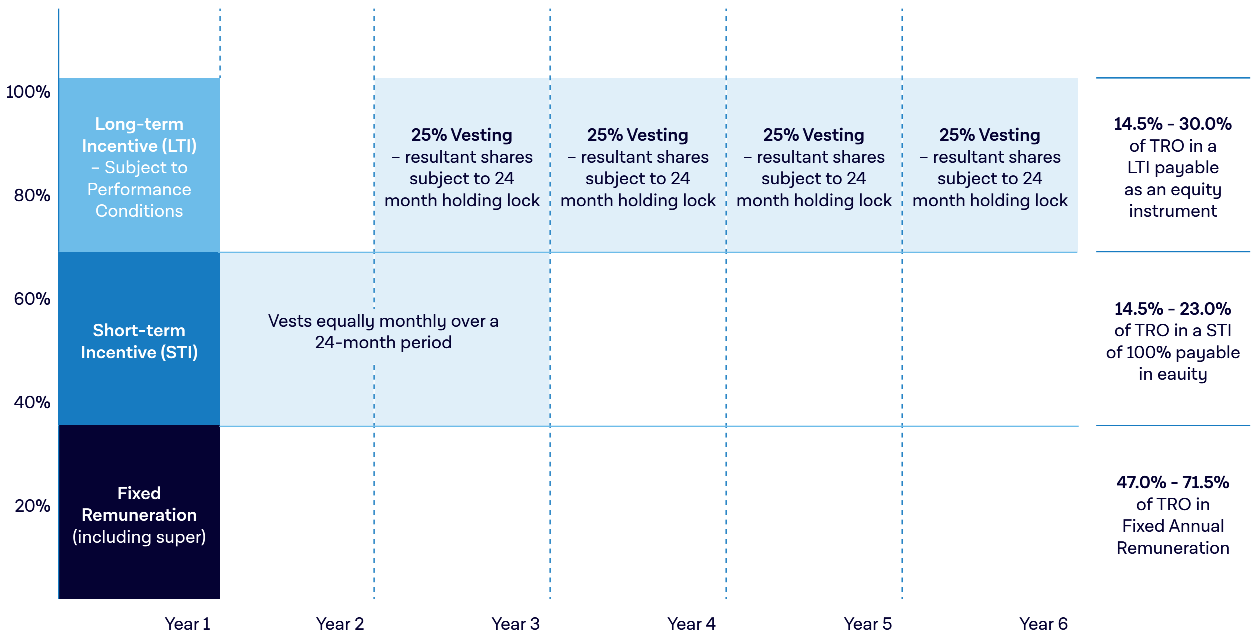
6. EXECUTIVE REMUNERATION FRAMEWORK

Tyro's Executive remuneration framework is made up of three components that when combined create a Total Remuneration Opportunity (**TRO**) for Executives and senior leadership team members.

COMPONENT	DESCRIPTION	MEASURES
FIXED ANNUAL REMUNERATION (**FAR**) Represents between 47.0% to 71.5% of TRO depending on position.	• Fixed cash remuneration comprises base salary, superannuation and any fringe benefits. • FAR is reviewed annually by the People Committee and adjustments approved by the Board. • FAR is payable in cash and there are no restrictions on timeframe before the remuneration is released.	Set at a level that results in Executives' Total Remuneration Opportunity being positioned between the 50th and 75th percentiles of companies in our comparator groups. Based on: • Benchmarking data. • Role, responsibilities and accountability. • Capability, competencies and contribution. • Industry experience and the availability of comparable talent in the domestic market.
SHORT-TERM INCENTIVE PLAN (**STI**) Represents between 14.5% to 23.0% of TRO depending on position.	• Annual grant of either cash or rights or a combination of both that is variable in value as the share price fluctuates. • For Tyro Executives in FY20, 100% of the STI is issued as Service Rights. • Service rights have no performance hurdles and will vest in equal monthly tranches over a 24-month period. • No holding lock is applied post vesting. • Claw-back provisions apply. Additionally, variable remuneration for the Executives that are 'Accountable Persons' under the Banking Executive Accountability Regime (**BEAR**) is subject to deferral requirements under the regime.	The objective is to reward Executives for achievement of revenue growth and customer satisfaction as well as achieving their individual KPIs approved by the People Committee. • 30% of the STI is based on individual KPIs. • 10% of the STI is based on achieving a specified customer satisfaction measure. • 60% of the STI is based on achieving a minimum hurdle of revenue growth over the prior financial year.
LONG-TERM INCENTIVE PLAN (**LTI**) Represents between 14.5% to 30.0% of TRO depending on position.	Market value options granted annually to reward Executives for the achievement of long-term strategic objectives that contribute to shareholder wealth creation, and encourages long-term decision making. Features: • The number of Options to be issued are determined by reference to a fair value calculation of Options conducted by an independent external consultant. • The Options vest annually in equal tranches of 25% commencing 24 months after the grant date, subject to meeting the performance hurdles. • The Options expire seven years from grant date. • The resultant shares remain subject to a holding lock for 24 months post the actual exercise date. • Subject to claw-back in accordance with BEAR deferral requirements.	The Options are subject to performance hurdles. For FY20 Options, to qualify for exercise both of the following hurdles must be satisfied: • A 20% compounded Gross Revenue growth rate per annum. • A positive Net Profit result (before tax and share-based expenses). If a tranche does not satisfy both performance hurdles on the relevant testing date, the tranche will rollover to the next testing date and must satisfy the performance criteria for that tranche. If the performance hurdles are not satisfied by the fourth testing date the options cannot be retested and are forfeited on their expiry date or earlier cessation date of the employee, under the plan rules.

Remuneration Report (cont'd)

SUMMARY OF TOTAL REMUNERATION OPPORTUNITY FOR CEO/MD AND EXECUTIVES



Remuneration Sacrifice Rights Plan

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

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

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

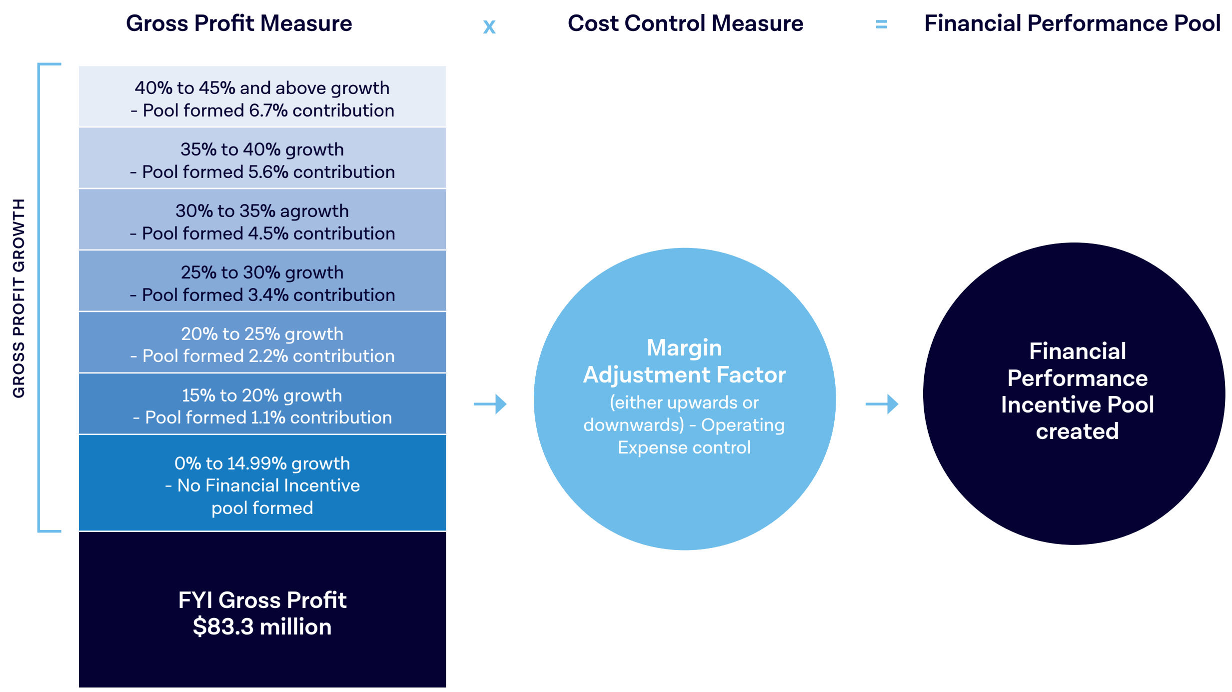
An invitation to participate in the Remuneration Sacrifice Rights Plan may specify a trading restriction, which is a period during which the shares issued on conversion of Remuneration Sacrifice Rights cannot be transferred, sold, encumbered or otherwise dealt with. The minimum trading restriction period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

Below follows a detailed description of each component of at-risk remuneration for FY20 and planned changes for FY21.

6.1 Short-term incentive plan applicable to FY20

The STI Plan for FY20 is designed to reward for the achievement of annual goals set in line with the Tyro's strategy and reflecting key growth drivers of the business to deliver returns for shareholders. The Plan provides the STI framework for the CEO and Managing Director, Executives and other senior leadership team members and employees of the Company. The CEO and Managing Director has a maximum STI potential of 50% of FAR. Excluding the CEO and Managing Director, a maximum STI potential of between 15% and 40% of the Executives FAR is available as an STI. All other employees are allocated a potential target incentive amount of between 5% and 10% of FAR.

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



Remuneration Report (cont'd)

6.1 Short-term incentive plan applicable to FY20 (cont'd)

Analysis of qualifying criteria for FY20:

COMPONENT	DESCRIPTION	OUTCOME FOR FY20
Financial performance 60% of the STI target maximum potential is allocated to Financial performance.	• An STI bonus pool is created if Gross Profit for FY20 exceeds the Gross Profit for FY19 by 15% or more. • The bonus pool is calculated as a percentage of Gross Profit with bands in operation from 1.1% of Gross Profit to a maximum of 6.7% of Gross Profit stepped per 5% incremental growth over the minimum growth of 15%. • The STI bonus pool is adjusted (either up or down) by a Margin Adjustment Factor calculated by expressing the prior year Expense Margin over the current year Expense Margin.	• Gross Profit growth for FY20 amounted to 12.3%. • No STI bonus pool was created as gross profit growth fell under the minimum hurdle of 15%.
Customer Satisfaction 10% of the STI target potential is allocated to achieving a set Customer Satisfaction rating.	• The Customer Satisfaction bonus pool is based on achieving a pre-defined Net Promotor Score (**NPS**) of 37 set by the People Committee at the start of the financial year. • Incremental step-up of the bonus pool takes place as the NPS score increases above the minimum score set up to a maximum of 43 and above.	• NPS score of 43 achieved at 30 June 2020. • Customer Satisfaction bonus pool of $1.2 million created.
Individual KPI achievement 30% of the STI target maximum potential is allocated to individuals achieving their respective KPIs.	• A STI bonus pool based on individual KPIs is calculated as 30% of the STI target maximum potential • KPIs are set at the start of the financial year. • KPI bonus pool adjusted down for the actual KPI outcomes achieved in performance reviews undertaken at the end of the financial year.	• Based on the actual team member KPI scores. • A KPI bonus pool of $1.4 million was created.

For FY20, all STIs were paid as Service Rights. Service Rights, once granted, will have no performance hurdles and will vest in equal monthly tranches over 24-months with no holding lock. In FY19, all STIs were paid as cash with Executives and other senior leadership team members given the option to salary sacrifice the STI into rights under the Remuneration Sacrifice Rights Plan (see above).

The key terms of the Service Rights relating to the FY20 STI are set out below.

TERM	DESCRIPTION
Administration	The plan is administered by the Board (or the Board's delegate).
Eligibility	Full-time and part-time employees of the Company are eligible to receive awards under the STI Plan. The Board will select eligible employees to whom awards are to be granted from time to time.
Effective date	2 September 2020
Grant date	The date specified as the grant date in each participant's offer document.
Price	The volume weighted average price (**VWAP**) of Tyro shares traded in the 10 trading days commencing on the day following the day of announcement of Tyro's FY20 full year result.
Expiry	Service rights issued under the plan will lapse 10 years after the date on which the relevant right vests.
Vesting dates	Vesting takes place in equal monthly tranches over a 24-months.
Vesting condition	The holder of the rights must be employed by us or provide services to us as a contractor or consultant on the date of vesting.
Exercise	Following satisfaction of the vesting condition on each vesting date, the relevant number of Service Rights may be exercised at nil consideration
Rights	Each service right granted entitles the holder to one Share on exercise. Shares resulting from an exercise of Service Rights rank equally with other Shares, and Shareholders are entitled to the same dividend and voting rights specified in our Constitution.
Holding lock period	None.
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.

6.2 Long-term incentive plan applicable to FY20

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

The LTI Plan for FY20 is designed to reward for the achievement of long-term targets that generate strong alignment between Executives and shareholders, and encourage decision making for long-term shareholder wealth creation. The Plan provides the LTI framework for the CEO and Managing Director, Executives and other senior leadership team members and nominated employees of the Company. The CEO and Managing Director has a maximum LTI potential of 64.5% of FAR. Excluding the CEO and Managing Director, a maximum LTI potential of between 15% and 40% of the Executives FAR is available as an LTI. All other nominated employees are allocated a potential target incentive amount generally between 10% and 20% of FAR.

Following listing on the ASX on 6 December 2019, no further Options will be granted under this Employee Share Option Plan with the grant of options in FY20 being the last grant under this Plan.

Remuneration Report (cont'd)

6.2 Long-term incentive plan applicable to FY20 (cont'd)

Analysis of qualifying criteria for FY20:

COMPONENT	DESCRIPTION	OUTCOME FOR TESTING OF HURDLES
Financial performance 100% of the LTI incentive is allocated to financial performance.	Market value options granted annually to reward Executives for the achievement of long-term strategic objectives that contribute to shareholder wealth creation, and encourages long-term decision making. The options are subject to performance hurdles. To qualify for exercise both of the following hurdles must be satisfied: • A 20% compounded Gross Revenue growth rate per annum (FY19 plan: 25% per annum). • A positive net profit result (before tax and share-based expenses). If a tranche does not satisfy both performance hurdles on the relevant testing date, the tranche will be retested at the next testing date (if any). If the performance hurdle(s) are not satisfied at the testing date for the fourth tranche, any unvested options are forfeited on the expiry date or earlier cessation date of the employee, under the plan rules.	**FY20 Plan:** • Compounded Gross Revenue growth rate of 11% achieved (1 July 2019 to 30 June 2020). • Net Loss before tax, share-based payments and IPO costs of $17.4 million achieved. • The first tranche of the FY20 LTI Plan is not due to vest until 1 October 2021, with performance hurdles to be tested as at 30 June 2021 in respect of the period from 1 July 2019 to 30 June 2021. **FY19 Plan:** • Compounded Gross Revenue growth rate of 19% achieved (1 July 2018 – 30 June 2020). • Net Loss before tax, share-based payments and IPO costs of $17.4 million achieved in FY20 and $16.5 million in FY19. • The first tranche of the FY19 LTI Plan is not due to be tested against the performance hurdles until 1 May 2021 (with performance hurdles to be tested as at 30 June 2020 in respect of the period from 1 July 2018 to 30 June 2020.

A similar option plan was in place for FY19, with the only difference being a Compounded Gross Revenue hurdle of 25% and the performance testing dates and periods being one year earlier. All other terms and conditions are consistent with the FY20 Employee Share Option Plan.

The key terms of the Employee Share Option Plan are set out in the table below.

TERM	DESCRIPTION
Administration	The plan is administered by the Board.
Eligibility	Eligible participants are Directors, Executives, Senior Leadership Team members as well as other nominated employees of the Company.
Conditions	Options granted in respect of FY20 must satisfy two performance hurdles to qualify for exercise: • 20% compound Gross Revenue growth per annum (FY19 plan – 25%); and • 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).
Effective date of the Employee Share Option Plan Rules	14 October 2016
Grant date	1 October 2019
Exercise price	$1.79 per Option (FY19 plan - $1.50)
Vesting	FY20 Options vest in equal tranches of 25%, commencing 24 months after the grant date.
Expiry	30 September 2026.
Forfeiture	FY20 Options are subject to forfeiture prior to vesting and thereafter – any Shares issued will be subject to forfeiture for a nominated period sufficient to satisfy the BEAR deferral requirements.
Rights	Each FY20 Option entitles the Option holder to one Share. Shares issued on exercise of FY20 Options rank equally with other Shares, and Shareholders are entitled to the same dividend and voting rights specified in our Constitution.
Minimum holding period and holding lock	FY20 Options must be held for a minimum period of three years from the date of the grant or until the holder ceases employment with us in accordance with the rules of the Employee Share Option Plan. Shares issued on exercise are additionally subject to a holding lock for 24 months from the date the FY20 Option is exercised.

Remuneration Report (cont'd)

6.3 Long-term incentive plan applicable from FY21

Tyro intends implementing a new LTI Plan for FY21. No grants under the new LTI Plan have been made up to the date of this report.

The new LTI Plan will be open to the CEO and Managing Director, the Executive Leadership Team (**XLT**) and other nominated employees of Tyro and will be fulfilled via an issuance of performance rights rather than options. This approach removes the inherent subjectivity arising in relation to options both with respect to fixing an appropriate exercise price and in relation to the valuation methodology applied in determining the number of instruments to be issued.

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

- the volume weighted average price (**VWAP**) of Tyro shares traded in the 10 trading days commencing on the day following the day nominated by the Board; and
- each participant's prescribed LTI entitlement that falls within the participant's TRO as approved under the Remuneration Framework. For FY21, the maximum LTI potential will be 64.5% of the CEO and Managing Director's FAR, and for the Executive Leadership Team a maximum LTI potential of between 15% to 40% of the XLTs FAR. All other nominated employees will be allocated a maximum LTI potential of between 7.5% to 20% of FAR.

The 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 (**Vesting Date**).

The 'Gateway' that must be passed prior to testing the performance hurdle is defined as Tyro reporting a positive EBITDA[1] (before share-based payments) result for the financial year immediately preceding the Vesting Date. 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.

The compound gross profit growth rates for the vesting period are yet to be determined.

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

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

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

[1] *Tyro uses EBITDA as a non-IFRS measure of business performance, which excludes the non-cash impact of share-based payments expense and expenses associated with the IPO*

Remuneration Report (cont'd)

6.4 Liquidity Event Performance Rights

A limited number of Executives and senior leadership team members of Tyro were granted performance rights under the Liquidity Event Performance Rights (**LEPR**) Plan between FY19 and FY20. A liquidity event was triggered under the Plan with the IPO that took place on 6 December 2019. The first tranche of the Liquidity Event Performance Rights vested and became exercisable on 6 December 2019. 4,100,000 LEPRs were allocated under the Plan of which 1,366,668 have vested and 266,667 have been exercised at the date of this report.

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

TERM	DESCRIPTION
Administration	The plan is administered by the Board.
Eligibility	Board determined.
Effective date of LEPR Plan Rules	9 May 2019 to 6 August 2019 (LEPR Plan Rules attached to individual grant letters)
Grant date	9 May 2019 to 6 August 2019
Price	Liquidity Event Performance Rights granted under the plan are issued for nil consideration.
Vesting dates	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. The Board may resolve that any unvested Liquidity Event Performance Rights cease to vest for the duration of any unpaid leave of absence. A liquidity event includes the IPO that took place on 6 December 2019. The first tranche of the Liquidity Event Performance Rights vested and became exercisable on 6 December 2019.
Vesting condition	The holder of the rights must be employed by us or provide services to us as a contractor or consultant on the date of vesting.
Expiry	Liquidity Event Performance Rights issued under the plan will lapse 10 years after the date on which the relevant Liquidity Event Performance Right vests.
Exercise	Following satisfaction of the vesting condition on each vesting date, the relevant number of Liquidity Event Performance Rights may be exercised at nil consideration.
Rights	Each Liquidity Event Performance Right granted entitles the holder to one Share on exercise. Shares resulting from an exercise of Liquidity Event Performance Rights rank equally with other Shares, and Shareholders are entitled to the same dividend and voting rights specified in our Constitution.
Minimum holding period and holding lock	A holder must not dispose of any Share issued, allotted or transferred on exercise of a Liquidity Event Performance Right from the date that is 12 months from the date of issue, allotment or transfer.

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.

7. SECURITIES TRADING POLICY AND HEDGING

Tyro has a Securities Trading Policy which aims to ensure that all employees understand their obligations in relation to insider trading, describes restrictions on buying and selling Tyro securities by Directors, Executives, the senior leadership team, employees and each of their closely connected persons and when approvals need to be sought. Under the Securities Trading Policy, Tyro prohibits all KMP and certain other employees from entering into arrangements which have the effect of limiting the economic risk related to an unvested share, option or other security granted or awarded under a Tyro employee incentive scheme, including those still subject to disposal restrictions.

All KMP and certain other employees are also restricted from entering into margin loans in respect to Tyro's securities, unless they have received prior written approval in accordance with the Securities Trading Policy. No hedging or margin loans were entered into by KMP during FY20 and to the date of this report.

The Securities Trading Policy can be found on the Corporate Governance page in the Investors section of the Company's website at: ***https://www.tyro.com/about-tyro/investors.***

8. EXECUTIVE REMUNERATION FOR FY20

8.1 Contracts of employment

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

NAME	CONTRACT TERM	NOTICE PERIOD	TERMINATION PAYMENT
Robbie Cooke	No fixed duration	6 months	Combination of notice and payment in lieu, totalling no less than 6 months
Prav Pala	No fixed duration	6 months	Combination of notice and payment in lieu, totalling no less than 6 months
Angela Green	No fixed duration	6 months	Combination of notice and payment in lieu, totalling no less than 6 months

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

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

Remuneration Report (cont'd)

8. EXECUTIVE REMUNERATION FOR FY20 (cont'd)

8.2 CEO and Managing Director Remuneration

Robbie Cooke entered into an employment agreement with the Company to govern his employment as CEO and Managing Director of Tyro. The CEO's FY20 remuneration is comprised of the following elements (before the accounting cost of long-term benefits and share-based payments):

- a base salary and superannuation of $862,176 per annum;
- an allowance claimable up to $50,000 annually for reimbursement of personal travel expenses between Brisbane and Sydney;
- a discretionary annual STI bonus of up to 50% of his base salary based on the performance of the Company and his achievement of key performance indicators. The award and payment of the STI is at the discretion of the Board. In respect of FY20, the target maximum STI is $431,088; and
- participation in our LTI Plan to a value equal to 64.5% of his base salary. In respect of FY20, the value of the LTI granted to Robbie is $556,104.

In addition to the LTI Option Plan, Robbie may participate in the Remuneration Sacrifice Rights Plan in respect of any annual STI granted in cash. Details of options and rights held by Robbie are set out in section 10 of this report.

8.2.1 Key Performance Indicators

The Board sets the Key Performance Indicators for Robbie's FY20 STI incentive in 2019 in line with Tyro's five-year strategy and Prospectus targets. The KPIs comprise the financial incentive and the operational incentive as outlined in the performance review below.

8.2.2 Performance review

Robbie's performance was assessed according to the KPIs within the context of the overall performance of Tyro and the senior leadership team in FY20. In summary, Robbie's short-term incentive structure comprises the following components:

- Financial Performance Incentive — Target 30% of FAR
- Individual KPI Incentive — Maximum 15% of FAR
- Customer Satisfaction Incentive — Target 5% of FAR

The first and largest consideration was the financial performance of Tyro for FY20 which leads to the financial incentive outcome. This carried a 60% weighting of maximum STI and was determined from year-on-year Gross Profit growth (refer to section 6.1 for more details on how this is calculated). No Financial Performance Incentive was paid in relation to FY20.

The second consideration is the incentive based on the achievement of specified individual KPIs. This carried a 30% weighting of maximum STI.

The third consideration is the Customer Satisfaction Incentive, which carried a 10% weighting of maximum STI. The Customer Satisfaction bonus pool was based on achieving a pre-defined Net Promotor Score (**NPS**) of 37 (as set by the People Committee at the start of the financial year). This bonus pool is subject to an incremental step-up as the NPS score increases above the minimum score, up to a maximum of 43 and above.

Assessment of Robbie's individual KPIs for FY20 are were determined by the People Committee according to the following table:

KPIS	WEIGHTING %
Liquidity Event: • Initiate investigation of liquidity event • Coordinate and run the process Execute in a way to minimise management distraction and retain focus on business performance.	40.0%
Future Growth Opportunities	15.0%
Executive Team Depth: • Review capabilities • Build team strengths	7.5%
Strategy: • Deliver new strategic plan • Drive performance to plan	25.0%
Living the Tyro Values: • WOW the Customer • Be GOOD • Commit to GREATNESS • Stay HUNGRY	12.5%

8.2.3 STI incentive

In accordance with the outcome of the Financial Performance Incentive, the Customer Satisfaction incentive and assessment of the Executive KMPs annual KPIs set by the Board at the start of the year, the Board determined the Executive KMP FY20 STI incentive to be as follows.

		ROBBIE COOKE			PRAV PALA			ANGELA GREEN		
ITEM	WEIGHTING %	TARGET $	RESULT $	RESULT %	TARGET $	RESULT $	RESULT %	TARGET $	RESULT $	RESULT %
Financial performance	60.0%	258,653	-	0.0%	103,305	-	0.0%	84,007	-	0.0%
Customer Satisfaction performance	10.0%	43,109	86,217	20.0%	17,218	34,435	20.0%	14,001	28,002	20.0%
Individual KPI performance	30.0%	129,326	122,860	28.5%	51,653	51,653	30.0%	42,004	39,904	28.5%
Total	**100.0%**	**431,088**	**209,077**	**48.5%**	**172,176**	**86,088**	**50.0%**	**140,012**	**67,906**	**48.5%**

In relation to FY20, the Board determined to pay 100% of the Executive KMPs STI in the form of Service Rights rather than the typical cash (80%) and Service Rights (20%) allocation. These Service Rights have no performance hurdles and will vest in equal monthly tranches over a 24-month period. The rights will be awarded in September 2020 and in the case of the CEO and Managing Director, are subject to approval by shareholders at the Annual General Meeting in October 2020.

8.2.4 Annual remuneration increase for FY21

No fixed annual remuneration increase will be provided to Robbie for FY21 until such time as Tyro and our merchants are operating in a more stable environment once the impacts of COVID-19 reduce. The People Committee will continue to evaluate this position through FY21 and determine an increase at an appropriate time.

Remuneration Report (cont'd)

8. EXECUTIVE REMUNERATION FOR FY20 (cont'd)

8.3 Executive statutory remuneration for FY20

The following table provides the statutory remuneration outcomes for Executive KMP for FY20 and FY19 and is prepared in accordance with Australian Accounting Standards. The statutory remuneration outcomes disclosed in this table differs from the Executive KMPs' FY20 Total Remuneration Opportunity and the elements of the remuneration framework outlined in section 6. 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 may not realise any benefit from that award.

Statutory Executive KMP Remuneration table

	SHORT-TERM					LONG-TERM				
EXECUTIVE KMP	CASH SALARY $	SUPER-ANNUATION $	NON-MONETARY BENEFITS $	CASH STI INCENTIVE $	IPO BONUS $	LONG-SERVICE LEAVE $	OPTIONS $	RIGHTS[2] $	TOTAL $	PERFORMANCE BASED EQUITY COMPONENT %
Robbie Cooke										
FY20	844,023	21,003	50,000[1]	-	-	-	641,056	691,883[3]	2,247,965	59.3%
FY19	830,000	25,271	-	-	-	-	392,525	842,261	2,090,057	59.1%
Prav Pala										
FY20	409,436	24,132	-	-	102,000	24,384	186,071	383,896[4]	1,129,919	50.4%
FY19	383,562	32,834	-	28,290	-	-	80,964	241,310	766,960	42.0%
Angela Green										
FY20	379,413	21,003	-	-	10,000	-	55,295	266,509[5]	732,220	43.9%
FY19	30,833	1,711	-	-	-	-	1,718	53,908	88,170	63.1%
Total										
FY20	1,632,872	66,138	50,000	-	112,000	24,384	882,422	1,342,288	4,110,104	
FY19	1,244,395	59,816	-	28,290	-	-	475,207	1,137,479	2,945,187	

1 *Non-monetary benefits for Robbie Cooke relate to an allowance claimable up to $50,000 annually for reimbursement of personal travel expenses between Brisbane and Sydney*

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

3 *Included in the accounting cost of Rights awarded to Robbie Cooke, is an amount of $156,809 relating to the FY20 STI Incentive of $209,077 awarded to Robbie Cooke in FY20. This accounting cost represents 75% of the total Incentive with the remaining 25% to be expensed in FY21.*

4 *Included in the accounting cost of Rights awarded to Prav Pala, is an amount of $64,566 relating to the FY20 STI Incentive of $86,088 awarded to Prav Pala in FY20. This accounting cost represents 75% of the total Incentive with the remaining 25% to be expensed in FY21.*

5 *Included in the accounting cost of Rights awarded to Angela Green, is an amount of $50,929 relating to the FY20 STI Incentive of $67,906 awarded to Angela Green in FY20. This accounting cost represents 75% of the total Incentive with the remaining 25% to be expensed in FY21.*

9. 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 $108,000 per annum before superannuation contributions. Non-executive Directors are also paid additional base fees for the following roles:

- Chair of the Board: $72,000 per annum (for total remuneration of $180,000 per annum); and
- Chair of a Board Committee: $20,000 per Committee Chair (for total remuneration of $128,000 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 FY20 in accordance with Australian Accounting Standards.

NON-EXECUTIVE DIRECTOR	FINANCIAL YEAR	CASH FEES $	SUPER-ANNUATION $	OPTIONS $	RIGHTS $	TOTAL $	PERFORMANCE BASED EQUITY COMPONENT %
David Thodey	FY20	-	-	14,272	197,525	211,797	6.7%
	FY19	45,000	4,275	8,026	-	57,301	14.0%
Kerry Roxburgh	FY20	-	-	27,067	65,611	92,678	29.2%
	FY19	-	-	20,353	164,250	184,603	11.0%
Hamish Corlett	FY20	-	-	9,048	134,261	143,309	6.3%
	FY19	18,398	1,748	2,950	-	23,096	12.8%
David Fite	FY20	-	-	18,414	134,261	152,675	12.1%
	FY19	90,000	8,550	15,846	-	114,396	13.9%
Catherine Harris	FY20	-	-	18,977	159,125	178,102	10.7%
	FY19	22,000	2,090	13,550	96,360	134,000	10.1%
Fiona Pak-Poy	FY20	-	-	9,137	110,352	119,489	7.6%
	FY19	-	-	-	-	-	-
Paul Rickard	FY20	71,333	6,777	21,065	91,993	191,168	11.0%
	FY19	-	-	14,554	142,349	156,903	9.3%
Total	FY20	71,333	6,777	117,980	893,128	1,089,218	
	FY19	175,398	16,663	75,279	402,959	670,299	

Remuneration Report (cont'd)

10. SUMMARY OF OPTIONS AND RIGHTS UNDER ISSUE

10.1 Rights

Unissued ordinary shares in Tyro held under the Liquidity Event Performance Rights Plan and the Remuneration Sacrifice Rights Plan at the date of this report are shown in the table below:

AWARD TYPE	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	% VESTED	% EXERCISED	NUMBER HELD AS RIGHTS
Remuneration sacrifice rights in respect of FY18 Executive STI	18 Apr 2019	n/a	n/a	100.0%	100.0%	Nil
Remuneration sacrifice rights in respect of FY19 Director Fees	5 Sep 2018	n/a	n/a	100.0%	100.0%	Nil
Remuneration sacrifice rights in respect of FY19 Executive STI	16 Oct 2019	n/a	n/a	100.0%	100.0%	Nil
Remuneration sacrifice rights in respect of FY20 Director Fees	16 Oct 2019	n/a	n/a	100.0%	6.2%	552,607
Liquidity Event Performance Rights	9 May to 6 Aug 2019	[1]	n/a	33.3%	6.5%	3,833,333

[1] 10 years after relevant vesting date

Rights held by Executive and Non-executive KMP

NAME		BALANCE AT START OF YEAR	GRANTED AS COMPENSATION	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
Non-Executive KMP:								
David Thodey	FY20	-	131,905	-	-	131,905	131,905	-
	FY19	-	-	-	-	-	-	-
Kerry Roxburgh	FY20	159,776	149,431	(203,590)	(105,617)[1]	-	-	-
	FY19	-	159,776	-	-	159,776	159,776	-
Hamish Corlett	FY20	-	89,658	-	-	89,658	89,658	-
	FY19	-	-	-	-	-	-	-
David Fite	FY20	-	89,658	-	-	89,658	89,658	-
	FY19	-	-	-	-	-	-	-
Catherine Harris	FY20	93,735	106,262	(93,735)	-	106,262	106,262	-
	FY19	-	93,735	-	-	93,735	93,735	-
Fiona Pak-Poy	FY20	-	73,692	-	-	73,692	73,692	-
	FY19	-	-	-	-	-	-	-
Paul Rickard	FY20	138,472	61,432	(138,472)	-	61,432	61,432	-
	FY19	-	138,472	-	-	138,472	138,472	-
Executive KMP:								
Robbie Cooke	FY20	1,306,604	270,583	(377,187)	-	1,200,000	400,000	800,000
	FY19	-	1,306,604	-	-	1,306,604	106,604	1,200,000
Prav Pala	FY20	500,000	85,792	(252,459)	-	333,333	-	333,333
	FY19	-	500,000	-	-	500,000	-	500,000
Angela Green	FY20	300,000	7,553	(107,553)	-	200,000	-	200,000
	FY19	-	300,000	-	-	300,000	-	300,000

[1] Remuneration Sacrifice Rights in respect of FY20 Director Fees lapsed per the terms of the Remuneration Sacrifice Rights Plan, in respect of the period from 16 October 2019 to 30 June 2020, following the retirement of Kerry Roxburgh as Chairman of the Board on 15 October 2019.

Remuneration Report (cont'd)

10. SUMMARY OF OPTIONS AND RIGHTS UNDER ISSUE (cont'd)

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

AWARD TYPE	GRANT DATE	VESTING DATE	VESTED %	EXERCISED (NUMBER)	FORFEITED (NUMBER)
Remuneration sacrifice rights in respect of FY18 Executive STI	18 Apr 2019	1 Jul 2019	100.0%	106,604	Nil
Remuneration sacrifice rights in respect of FY19 Director Fees	5 Sep 2018	1 Jul 2019	100.0%	391,983	Nil
Remuneration sacrifice rights in respect of FY19 Executive STI	16 Oct 2019	7 Apr 2020	100.0%	773,579	Nil
Remuneration sacrifice rights in respect of FY20 Director Fees	16 Oct 2019	1 Jul 2020	100.0%	43,814	105,617
Liquidity Event Performance Rights	9 May to 6 Aug 2019	[1]	33.3%	266,667	Nil

[1] *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.*

10.2 Options

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

AWARD TYPE	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER HELD AS OPTIONS
Options exercisable between $0.375 to $1.76 expiring between 17 October 2020 and 22 July 2024	Between 18 Oct 2013 to 19 Dec 2018	Between 17 Oct 2020 to 22 Jul 2024	$0.375 to $1.76	19,513,517
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	2,161,090
Options exercisable at Nil expiring on 31 August 2025	1 Sep 2019	31 Aug 2025	Nil	1,409,282
Options exercisable at $1.50 expiring on 30 April 2026	1 May and 6 Aug 2019	30 Apr 2026	$1.50	6,154,423
Options exercisable at $1.79 expiring on 30 September 2026	1 Oct 2019	30 Sep 2026	$1.79	7,740,124
Options exercisable at $0.08 expiring on 17 December 2020	17 Dec 2010	17 Dec 2020	$0.08	2,625,000

Options held by Executive and Non-executive KMP

NAME		BALANCE AT START OF YEAR	GRANTED AS COMPENSATION	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
Non-Executive KMP:								
David Thodey	FY20	82,286	-	-	-	82,286	2,857	79,429
	FY19	-	82,286	-	-	82,286	-	82,286
Kerry Roxburgh	FY20	346,861	-	(133,268)	-	213,593	39,151	174,442
	FY19	212,032	134,829	-	-	346,861	141,546	205,315
Hamish Corlett	FY20	68,000	-	-	-	68,000	-	68,000
	FY19	-	68,000	-	-	68,000	-	68,000
David Fite	FY20	2,919,318	-	-	-	2,919,318	2,795,991	123,327
	FY19	2,837,032	82,286	-	-	2,919,318	2,766,546	152,772
Catherine Harris	FY20	164,626	-	-	-	164,626	40,722	123,904
	FY19	67,140	97,486	-	-	164,626	24,451	140,175
Fiona Pak-Poy	FY20	-	83,000	-	-	83,000	-	83,000
	FY19	-	-	-	-	-	-	-
Paul Rickard	FY20	253,940	-	-	-	253,940	114,936	139,004
	FY19	141,354	112,586	-	-	253,940	94,364	159,576
Executive KMP:								
Robbie Cooke	FY20	3,766,945	1,737,585	-	-	5,504,530	864,068	4,640,462
	FY19	-	3,766,945	-	-	3,766,945	454,545	3,312,400
Prav Pala	FY20	1,474,909	558,830	-	-	2,033,739	625,624	1,408,115
	FY19	768,800	706,109	-	-	1,474,909	499,846	975,063
Angela Green	FY20	-	454,437	-	-	494,044	-	494,044
	FY19	-	39,607	-	-	39,607	-	39,607

Remuneration Report (cont'd)

10. SUMMARY OF OPTIONS AND RIGHTS UNDER ISSUE (cont'd)

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

AWARD TYPE	GRANT DATE	VESTING DATE	VESTED %	EXERCISED	FORFEITED
Options exercisable between $0.375 to $1.76 expiring between 17 October 2020 and 22 July 2024	Between 18 Oct 2013 to 19 Dec 2018	Monthly linear	74%	11%	3%
Options exercisable at Nil expiring between 30 December 2024 and 25 June 2025	31 Dec 2018 to 1 Apr 2019	Annual linear	20%	4%	2%
Options exercisable at Nil expiring on 31 August 2025	1 Sep 2019	Annual linear	0%	0%	7%
Options exercisable at $1.50 expiring on 30 April 2026	1 May 2019	Annually over 4 tranches based on performance conditions	0%	0%	0%
Options exercisable at $1.79 expiring on 30 September 2026	1 Oct 2019	Annually over 4 tranches based on performance conditions	0%	0%	1%
Options exercisable at $0.08 expiring on 17 December 2020	17 Dec 2010	Fully vested on grant	100%	0%	0%

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

EXECUTIVE KMP	GRANT DATE	NUMBER OF OPTIONS/ RIGHTS GRANTED	VESTING DATE	EXERCISE PRICE	VALUE OF OPTIONS/ RIGHTS AT GRANT DATE	VESTED %	VESTED (NUMBER)	FORFEITED/ LAPSED %	VALUE OF OPTIONS/ RIGHTS EXERCISED DURING THE REPORTING PERIOD
Robbie Cooke									
	19 Dec 2018	1,818,180	[1]	$1.76	$475,159	43.3%	787,878	Nil	-
	18 Apr 2019	106,604	18 Apr 2019	Nil	$109,589	100.0%	106,604	Nil	$109,589
	1 May 2019	1,567,813	[2]	$1.50	$488,235	-	-	Nil	-
	26 Jun 2019	1,200,000	[3]	Nil	$1,320,000	33.3%	400,000	Nil	-
	26 Jun 2019	380,952	[4]	Nil	$419,047	20.0%	76,190	Nil	-
	1 Oct 2019	1,737,585	[5]	$1.79	$816,231	-	-	Nil	-
	16 Oct 2019	270,583	16 Oct 2019	Nil	$356,900	100.0%	270,583	Nil	$356,900
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	-
	2 Nov 2016	141,403	[1]	$1.49	$39,580	80.0%	113,119	Nil	-
	1 Feb 2018	250,000	[1]	$1.76	$59,492	48.3%	120,823	Nil	-
	31 Dec 2018	71,428	[4]	Nil	$74,999	20.0%	14,285	Nil	-
	1 May 2019	634,681	[2]	$1.50	$197,647	-	-	Nil	-
	9 May 2019	500,000	[3]	Nil	$550,000	33.3%	166,667	Nil	$183,333
	1 Oct 2019	558,830	[5]	$1.79	$262,510	-	-	Nil	-
	16 Oct 2019	85,792	16 Oct 2019	Nil	$113,160	100.0%	85,792	Nil	$113,160
Angela Green									
	6 Aug 2019	300,000	[3]	Nil	$330,000	33.3%	100,000	Nil	$110,000
	6 Aug 2019	39,607	[2]	$1.50	$12,334	-	-	Nil	-
	1 Oct 2019	454,437	[5]	$1.79	$213,472	-	-	Nil	-
	16 Oct 2019	7,553	16 Oct 2019	Nil	$9,963	100.0%	7,553	Nil	$9,963

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).*

Remuneration Report (cont'd)

11. SUMMARY OF SHARES HELD BY EXECUTIVE AND NON-EXECUTIVE KMP

The number of ordinary shares held in Tyro for FY20 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 KMP:					
David Thodey	FY20	750,000	-	109,091	859,091
	FY19	-	-	750,000	750,000
Hamish Corlett[1]	FY20	932,444	-	181,819	1,114,263
	FY19	932,444	-	-	932,444
David Fite	FY20	20,547,995	-	(2,000,000)	18,547,995
	FY19	20,547,995	-	-	20,547,995
Catherine Harris	FY20	425,000	93,735	109,091	627,826
	FY19	425,000	-	-	425,000
Fiona Pak-Poy	FY20	-	-	32,728	32,728
	FY19	-	-	-	-
Paul Rickard	FY20	2,144,824	138,472	36,364	2,319,660
	FY19	2,144,824	-	-	2,144,824
Executive KMP:					
Robbie Cooke	FY20	-	377,187	114,749	491,936
	FY19	-	-	-	-
Prav Pala	FY20	-	252,459	20,203	272,662
	FY19	-	-	-	-
Angela Green	FY20	-	107,553	3,637	111,190
	FY19	-	-	-	-

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 who have a total interest in Tyro of 68,017,538 ordinary shares.*

12. LOANS AND OTHER TRANSACTIONS

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

Directors' Report (cont'd)

OPERATING AND FINANCIAL REVIEW (cont'd)

9. 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 Company must be indemnified by the Company, to the extent permitted by law, against:

- liabilities incurred by the person as an officer of the Company; 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 current and former Secretaries of the Company who are each 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.

The Company indemnified Tyro SaleCo Limited (a special purpose vehicle incorporated to facilitate the sale of existing shares in the Company held by shareholders wishing to sell shares into Tyro's initial public offering) and the directors (who are Directors of the Company) and company secretary (who is an employee of the Company) of Tyro SaleCo Limited, to the maximum extent permitted by law, for any loss that they may incur as a consequence of Tyro's initial public offering, subject to the terms of that Deed of Indemnity.

For the year ended 30 June 2020, no amounts have been paid pursuant to indemnities (FY19: 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. The class of officers insured by the policy includes all officers of the Company. The terms of the contracts of insurance prohibit the disclosure of the nature of the liabilities insured against and the amount of the premium. As at the date of this report, no amounts have been claimed or paid in respect of these insurance contracts other than the premium referred to above.

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

Proceedings on Behalf of the Company

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

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

Non-audit Services

Tyro may decide to employ its auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company 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.

Directors' Report (cont'd)

9. Additional Information (cont'd)

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 Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

The non-audit services paid to the auditors (Ernst & Young) was for tax compliance services amounting to $55,000 and services relating to the IPO process amounting to $223,000. Details of the audit and non-audit fees paid or payable for services provided by the auditors (Ernst & Young) are detailed in Note 22 of the Financial Report.

Auditor's Independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 113 and forms part of the Directors' Report for the financial year ended 30 June 2020.

Rounding of Amounts

The Company 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.

DIRECTORS' RESOLUTION

This Directors' Report is made in accordance with a resolution of the Directors.

David Thodey AO
Chair

Robbie Cooke
CEO | Managing Director

Sydney, 18 August 2020

Auditor's Independence Declaration

EY
Building a better working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 2020, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young

Michael Byrne
Partner
18 August 2020

Financial Report

CONTENTS

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020[1] $000	2019 $000
Fees and terminal rental income	2	**201,770**	182,787
Interest income on loans		**4,179**	2,912
Fair value (loss)/gain on loans		**(2,361)**	26
Interest income on cash and deposits		**991**	1,298
Interest income on assets at FVOCI		**791**	1,035
Sale of terminal accessories		**1,056**	898
Other revenue and income	2	**4,249**	814
Revenue		**210,675**	189,770
Interchange, integration and support fees	2	**(115,722)**	(105,489)
Interest expense on deposits		**(516)**	(276)
Terminal accessories		**(962)**	(745)
Total direct expenses		**(117,200)**	(106,510)
Gross profit		**93,475**	83,260
Employee benefits expense (excl. share-based payments)	2	**(67,662)**	(60,813)
Share-based payments expense		**(10,896)**	(3,788)
Administrative expenses	2	**(16,598)**	(17,775)
Contractor and consulting expenses		**(5,913)**	(7,715)
Marketing expenses		**(5,716)**	(4,771)
Depreciation and amortisation	10, 11, 20	**(12,524)**	(7,864)
Lending and non-lending losses	2	**(1,958)**	(797)
Net lease interest expense		**(535)**	-
Initial Public Offering (IPO) expenses [(2)]		**(9,730)**	-
Total operating expenses		**(131,532)**	(103,523)
Loss before tax expense		**(38,057)**	(20,263)
Income tax benefit	4	**-**	1,824
Loss for the year		**(38,057)**	(18,439)
Other comprehensive (loss) / income			
FVOCI reserve – net revaluation (loss)/gain, net of tax		**(96)**	42
Total comprehensive loss for the year		**(38,153)**	(18,397)

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

(1) *The current year results reflect the adoption of AASB 16 Leases (AASB 16). The Company has not restated prior periods as permitted by AASB 16. Refer to Note 1 for details on the impact of the initial adoption.*

(2) *IPO costs were $15,990,000 of which $9,730,000 have been expensed in the Statement of Comprehensive Income and $5,006,000 (after recognised tax) have been netted off against equity as disclosed in Note 17.*

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 $000	2019 $000
ASSETS			
Current assets			
Cash and cash equivalents	5	**103,761**	23,900
Due from other financial institutions	6	**18,429**	7,910
Trade and other receivables	7	**15,172**	27,762
Loans	8	**9,840**	14,924
Prepayments		**2,223**	1,943
Net investment in sublease	20	**823**	-
Inventories		**60**	60
Total current assets		**150,308**	76,499
Non-current assets			
Loans	8	**2,081**	741
Financial investments	9	**69,761**	37,159
Property, plant and equipment	10	**17,266**	18,734
Right of use assets	20	**4,528**	-
Intangible assets	11	**5,367**	2,503
Net investment in sublease	20	**544**	-
Deferred tax assets	4	**13,984**	13,028
Total non-current assets		**113,531**	72,165
TOTAL ASSETS		**263,839**	148,664
LIABILITIES			
Current liabilities			
Deposits	13	**50,542**	26,918
Trade payables and other liabilities	14	**10,332**	23,518
Lease liabilities	20	**4,672**	-
Provisions	15	**4,347**	4,113
Total current liabilities		**69,893**	54,549
Non-current liabilities			
Lease liabilities	20	**2,811**	-
Provisions	16	**1,416**	1,046
Total non-current liabilities		**4,227**	1,046
TOTAL LIABILITIES		**74,120**	55,595
NET ASSETS		**189,719**	93,069
EQUITY			
Contributed equity	17	**265,763**	141,856
Reserves	17	**28,477**	17,492
Accumulated losses	17	**(104,521)**	(66,279)
TOTAL EQUITY		**189,719**	93,069

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

Financial Statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 $000	2019 $000
Cash flows from operating activities			
Fees and terminal rental income received		**202,499**	183,137
Interchange, integration and support fees paid		**(115,986)**	(105,743)
Interest received		**6,035**	5,386
Interest paid		**(487)**	(258)
Other income received		**4,264**	1,572
Payments to employees and suppliers and IPO costs:			
Personnel expenses paid		**(70,263)**	(59,899)
Terminals purchased		**(7,176)**	(8,103)
Other operating expenses and IPO costs paid		**(43,477)**	(29,901)
Movement in net schemes and other receivables		**8,867**	(7,416)
Movement in customer loans		**294**	(8,061)
Movement in deposits		**23,624**	15,355
Net cash flows from operating activities	5	**8,194**	(13,931)
Cash flows from investing activities			
Movement in term deposit investments			
Purchases		**(10,033)**	-
Proceeds on maturity		**-**	10,037
Movement in financial investments			
Purchases		**(42,211)**	(3,500)
Proceeds		**12,967**	5,691
Movement in equity investments			
Purchases		**(3,498)**	-
Proceeds		**-**	-
Purchase of property, plant and equipment (exc. terminals)		**(1,663)**	(1,045)
Payments for recognised intangible assets		**(3,082)**	(2,518)
Payments received from sublease		**405**	-
Net cash flows from investing activities		**(47,115)**	8,665
Cash flows from financing activities			
Proceeds from issues of shares (net of transaction costs)	17	**119,994**	-
Proceeds from exercise of share options		**3,913**	598
Payments for lease liabilities		**(4,815)**	-
Net cash flows from financing activities		**119,092**	598
Net movement in cash and cash equivalents		**80,171**	(4,668)
Effect of foreign exchange rates on cash and cash equivalents		**(310)**	4
Cash and cash equivalents at beginning of year		**23,900**	28,564
Cash and cash equivalents at end of year	5	**103,761**	23,900

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 2020 – ATTRIBUTABLE TO EQUITY HOLDERS OF TYRO PAYMENTS LIMITED

	NOTE	CONTRIBUTED EQUITY $000	FVOCI RESERVE $000	SHARE-BASED PAYMENTS RESERVE $000	ACCUMULATED LOSSES $000	OPTION PREMIUM RESERVE $000	GENERAL RESERVE FOR CREDIT LOSSES $000	TOTAL $000
At 1 July 2018		**141,258**	**855**	**11,687**	**(48,514)**	**167**	**1,264**	**106,717**
Adjustment from initial adoption of AASB 9		-	(798)	-	1,328	-	-	530
Adjusted balance at 1 July 2018		**141,258**	**57**	**11,687**	**(47,186)**	**167**	**1,264**	**107,247**
Loss for the year		-	-	-	(18,439)	-	-	(18,439)
Other comprehensive income		-	42	-	-	-	-	42
Total comprehensive income		-	42	-	(18,439)	-	-	(18,397)
Option premium reserve		-	-	-	-	(167)	-	(167)
Issue of share capital – from options and rights exercised		598	-	-	-	-	-	598
Share-based payments		-	-	3,788	-	-	-	3,788
Transfer to general reserve for credit losses		-	-	-	(654)	-	654	-
At 30 June 2019		**141,856**	**99**	**15,475**	**(66,279)**	**-**	**1,918**	**93,069**
Loss for the year		-	-	-	(38,057)	-	-	(38,057)
Other comprehensive income		-	(96)	-	-	-	-	(96)
Total comprehensive income		-	(96)	-	(38,057)	-	-	(38,153)
Issue of share capital – from IPO[1]		119,994	-	-	-	-	-	119,994
Issue of share capital – from options and rights exercised		3,913	-	-	-	-	-	3,913
Share-based payments		-	-	10,896	-	-	-	10,896
Transfer to general reserve for credit losses		-	-	-	(185)	-	185	-
At 30 June 2020	17	**265,763**	**3**	**26,371**	**(104,521)**	**-**	**2,103**	**189,719**

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

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

Notes to the Financial Statements

1. STATEMENT OF ACCOUNTING POLICIES

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

The financial report of Tyro Payments Limited (the **Company**) was authorised for issue in accordance with a resolution of the Directors on 18 August 2020.

The Company is listed on the Australian Securities Exchange (**ASX**), registered and domiciled in Australia. The nature of the operations and principal activities of the Company are described in the Directors' report.

(a) Basis of preparation

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

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

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars, under the option available to the Company under ASIC Corporations Instrument 2016/191, unless otherwise stated.

(b) Going concern

The Company had net current assets of $80.4 million as at 30 June 2020 (2019: $22.0 million).

The Directors consider the Company is able to pay its debts as and when they fall due, and therefore the Company is able to continue as a going concern.

(c) New accounting standards and interpretations

(i) Changes in accounting policies

The accounting policies are consistent with those applied in the previous financial year except for:

AASB 16 Leases

On 1 July 2019, the Company adopted AASB 16 *Leases*. The primary change from the adoption of the new standard is the application of lessee's accounting principles. Under AASB 16, the lessee is required to recognise a lease on the balance sheet. This involves recognising a right-of-use (**ROU**) asset and related lease liability, being the present value of future (minimum) lease payments.

The Company elected to use the exemptions proposed by the standard on lease contracts where the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

Right-of-use assets

The Company recognises ROU assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of minimum 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 variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease liabilities (cont'd)

Following a detailed assessment of the requirements of the standard, the Company recognised the impact of AASB 16 adoption at transition date using the modified retrospective approach and did not restate comparative information as permitted by the standard. In summary, the impact of AASB 16 adoption is as follows:

Impact on the balance sheet (increase/(decrease)) as at 1 July 2019:

	AMOUNT IN $'000
Assets	
Right-of-use assets [1]	9,091
Liabilities	
Lease liabilities	11,533
Deferred rent incentive	(2,442)
Net impact on equity	-

(1) *From 1 July 2019, a portion of the ROU assets relating to the head lease has been subleased by the Company. The Company derecognised the related carrying amount of the ROU asset that it transfers to the sublessee and recognised net investment in the sublease. Any difference is recognised in the Statement of Comprehensive Income.*

After the adoption of AASB 16, the Company's statement of comprehensive income will change with interest expense recognised on the lease liability, depreciation recognised on the ROU asset and removal of administration expenses relating to the previous operating lease expense.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations, or amendments that have been issued but are not yet effective.

(ii) Accounting standards and interpretations issued but not yet effective

Interpretations and amendments to existing standards that are not yet effective are not expected to result in significant changes to the Company's accounting policies.

(d) Significant accounting judgements, estimates and assumptions

In applying the Company'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 Company. 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 Company 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 fair value is determined using the Black-Scholes option valuation model, with the assumptions detailed in Note 12. The options are expensed using a linear probability of vesting approach.

Classification and valuation of investments - The Company classifies its investments in equity securities and floating rate notes 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 Company uses a valuation technique to arrive at the fair value. The Company prioritises the use of observable market inputs in 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.

Valuation of loans - The Company classifies and measures its loans at fair value, with movements in fair value recognised directly in 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.

Notes to the Financial Statements

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

(d) Significant accounting judgements, estimates and assumptions (cont'd)

Capitalisation of internally generated software - An intangible asset arising from development expenditure on an internal project is recognised by the Company 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 Company commences amortising internally generated software projects from the point the asset is ready for use.

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

Long service leave - Entitlements that arise in respect of non-current long service leave have been measured at their present values of expected future payments. Long service leave is calculated based on assumptions and estimates of when employees will take leave and the prevailing wage rates at the time the leave will be taken. Long service leave liability 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. The Company has estimated its tax provisions based on expected outcomes after taking into account the implications of COVID-19 on the current financial year's results and the uncertainty it brings to certain variables in the Company's forecasts. Deferred tax assets are recognised for deductible temporary differences and carried forward tax losses as Management considers that it is probable that future taxable profits will be available to utilise those temporary differences. In forming their view, Management considers the probability of forecast future taxable income and performs stress testing on expected budgets to assess the likelihood of deferred tax assets being utilised. Management does not recognise deferred tax assets where utilisation is not considered probable. An assessment of research and development (**R&D**) activities and associated expenditure that is considered claimable, is conducted and reviewed by Management at least annually as part of the annual R&D tax incentive application. An assessment of the continuity of ownership test (and where applicable, the same business test) is also performed to support the recognition of any carried forward tax losses and R&D credits.

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

(e) 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 Company'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 fee, which is collected from merchants and paid to credit institutions is recognised as an expense instead of netting-off against merchant service fee income in the Statement of Comprehensive Income;
- Revenue from processing Medicare Easyclaim generated from merchants is based on a fixed fee per transaction and is recognised when transactions are processed; 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 terminal. There is no minimum rental period for merchants.

Interest income is recognised in the Statement of Comprehensive Income in accordance with AASB 9 using a method that approximates 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.

(f) Jobkeeper

The Government announced a temporary wage subsidy program of $1,500 before tax per eligible employee in March 2020 to support businesses affected by COVID-19. This subsidy is initially offered over a six month period from 30 March 2020 until 27 September 2020. The employer entity is eligible for the subsidy over the period if its GST turnover for a test period of at least one month falls short of the entity's GST turnover for the corresponding period in 2019, in line with thresholds specified by the Government. Tyro was an eligible recipient of Jobkeeper during the reporting period.

This is recognised as "Other revenue and income" in the Statement of Comprehensive Income in accordance with AASB120 *Accounting for Government Grants and Disclosure of Government Assistance.*

(g) Leases

The Company 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) Company as a lessee

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

(ii) Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

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

Notes to the Financial Statements

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

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

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and 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 expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company 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 terms and is included in revenue in the statement of profit or loss 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.

(h) 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.

(i) 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 using a method that approximates the effective interest method.

(j) Trade and other receivables

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

AASB 9 impairment requirements are based on the ECL model. This replaces the "incurred loss" approach under AASB 139. The Company 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 condition.

(k) Prepayments

Prepayments are recognised for amounts paid whereby goods have not transferred ownership to the Company 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.

(l) Inventories

(i) Cost and valuation

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

(ii) Impairment

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

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

(m) Loans

Loans to merchants are classified and measured at fair value with changes in the fair value being recognised in the Statement of Comprehensive Income. The loans are unsecured with an upfront ("unearned") fee charged to the merchant. As the merchant receives daily settlements, a percentage is taken towards loan repayments. The loan repayment includes a portion which recognises the unearned fee in the Statement of Comprehensive Income as interest income and is disclosed together with the fair value movement on loans. When the loan is uncollectible, it is written-off. Such write-offs of loans occur after all the necessary assessment 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 will be assessed on a case-by-case basis.

(n) Financial investments

Financial investments are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the investment. After initial recognition these investments are measured at fair value through other comprehensive income (**FVOCI**). Gains or losses on financial investments are recognised in a separate reserve component of equity until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is transferred to the Statement of Comprehensive Income. The recycling to the Statement of Comprehensive Income upon de-recognition does not apply to equity investments that the Company has irrevocably elected to measure at FVOCI. For these investments the cumulative gain or loss remains in equity, though the Company may reclass between equity accounts. For financial investments which are debt instruments, all counterparties are of high credit quality (in line with the Company's investment policy) and the ECL is assessed as immaterial.

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

(o) 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.

(p) 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).

(q) Other taxes

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.

Notes to the Financial Statements

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

(r) Property, plant and equipment

(i) Cost

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment in value. The Company 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:

	2020	2019
Plant and equipment:		
EFTPOS 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.

(s) Intangible assets

The Company 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 entity and their expenditure can be measured reliably with enhancements in the Company'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.*

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 (5 years)

(t) 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 a method that approximates the effective interest method.

(u) Trade and other payables

Merchant payables arise when the Company 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 Company.

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 Company.

(v) Provisions and contingencies

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

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

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

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

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

(w) General reserve for credit losses

The Company appropriates for estimated future credit losses from chargebacks, with a general reserve for credit losses. The Company 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 Company also appropriates for estimated future credit losses from loans to ensure the Company 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.

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

Notes to the Financial Statements

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

(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 Plan, 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 is determined using the Black-Scholes option valuation model.

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

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

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

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

(z) 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.

(aa) 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.

(ab) De-recognition of assets and liabilities

Assets and liabilities are de-recognised from the Statement of Financial Position upon sale, maturity or settlement. The Company 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:

	2020 $000	2019 $000
Fees and terminal rental income		
Merchant service fee	180,236	162,174
Terminal rental income	17,660	15,452
Other fee income	3,874	5,161
	201,770	182,787
Other revenue and income		
Jobkeeper receipts	3,867	-
Fair value gains on equity instruments	-	159
Fair value gain/ (loss) on debt instruments	19	(2)
Other income	363	657
	4,249	814
Interchange, integration and support fees		
Interchange and scheme fees	(108,005)	(97,259)
Integration, support and other fees	(7,717)	(8,230)
	(115,722)	(105,489)
Employee benefits expense (excluding share-based payments)		
Wages, salaries and incentives	(57,667)	(52,395)
Superannuation	(5,236)	(4,690)
Other employee benefits expense	(4,759)	(3,728)
	(67,662)	(60,813)
Administrative expenses		
Communications, hosting and licencing costs	(7,694)	(5,532)
Terminal management and logistics	(2,371)	(2,162)
Travel and entertainment	(1,208)	(1,153)
Professional services	(1,433)	(1,536)
Training and conferences	(644)	(820)
Rent[1]	-	(4,100)
Other administrative expenses	(3,248)	(2,472)
	(16,598)	(17,775)
Lending and non-lending losses		
Lending losses	(1,088)	(542)
Non-lending losses	(870)	(255)
	(1,958)	(797)

(1) *The current year results reflect the adoption of AASB 16 Leases (AASB 16). The Company has not restated prior periods as permitted by AASB 16. Refer to Note 1 for details on the impact of the initial adoption.*

Notes to the Financial Statements

3. SEGMENT REPORTING

(a) Description of segments and principal activities

For management purposes, the Company is organised into three operating segments comprising **Payments, Banking** and **Corporate and other.** 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 Company operates in one geographical segment being Australia.

The Company'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.
Corporate and other	Corporate and other includes investment income earned from financial investments and other revenue and income. Corporate includes the Company's head office and includes all employee benefits expenses and other operating expenses.

(b) Revenue and gross profit by segment

	PAYMENTS (1) $000	BANKING (2) $000	CORPORATE AND OTHER (3) $000	TOTAL $000
2020				
Revenue	202,826	1,818	6,031	**210,675**
Gross Profit	86,142	1,302	6,031	**93,475**
2019				
Revenue	183,685	2,938	3,147	189,770
Gross Profit	77,451	2,662	3,147	83,260

	2020 $000	2019 $000
Reconciliation of gross profit to loss before tax:		
Gross profit	93,475	83,260
Operating expenses excl. depreciation, amortisation and net lease interest expense	(108,743)	(95,659)
Depreciation and amortisation	(12,524)	(7,864)
Net lease interest expense	(535)	-
IPO expenses	(9,730)	-
Loss before tax	**(38,057)**	(20,263)

(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 less fair value loss on loans and interest expense on deposits.*

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

(c) Assets and liabilities by segment

	PAYMENTS $000	BANKING $000	CORPORATE AND OTHER $000	TOTAL $000
2020				
Segment assets	48,759	37,790	177,290	**263,839**
Segment liabilities	2,441	50,543	21,136	**74,120**
2019				
Segment assets	51,986	36,137	60,541	148,664
Segment liabilities	6,504	26,918	22,173	55,595

4. INCOME TAX

a) Income tax benefit

Major components of income tax benefit for the period ended 30 June 2020:

	2020 $000	2019 $000
Current income tax		
Current income tax charge	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	-	1,824
Income tax benefit in the statement of comprehensive income	-	1,824
Amount reported directly in other comprehensive income and equity		
Deferred tax related to items recognised in equity during the year	-	(183)
Deferred tax on capital raising costs	927	-
Deferred tax on unrealised gain on financial investment – FVOCI	29	36
Income tax benefit reported in equity	**956**	(147)

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

	2020 $000	2019 $000
Operating loss before tax	**(38,057)**	(20,263)
At the statutory income tax rate of 30%	11,417	6,079
Research and development incentive	70	198
Share-based payment remuneration	(3,269)	(1,137)
Entertainment expenses	(149)	(147)
Adjustment in respect to previous year	(332)	(17)
Tax effect of current year losses for which no deferred tax asset is recognised	(7,737)	(3,010)
Sale of VISA shares	-	(142)
Total income tax benefit	**-**	1,824

Notes to the Financial Statements

4. INCOME TAX (cont'd)

c) Deferred income tax assets and liabilities

	2020			2019		
	STATEMENT OF FINANCIAL POSITION $000	STATEMENT OF COMPREHENSIVE INCOME $000	OTHER COMPREHENSIVE INCOME AND EQUITY $000	STATEMENT OF FINANCIAL POSITION $000	STATEMENT OF COMPREHENSIVE INCOME $000	OTHER COMPREHENSIVE INCOME AND EQUITY $000
Deferred tax assets (DTA)						
Fixed assets	5,558	4,850	-	708	(389)	-
Provisions & accruals	2,093	(1,974)	-	4,067	1,045	-
Other	3,848	2,888	927	33	41	-
Lease break fee	-	-	-	-	(21)	-
R&D credits	274	(6,126)	-	6,400	898	-
Tax losses	1,910	-	-	1,910	(183)	-
	13,683	(362)	927	13,118	1,391	-
Right-of-use assets	(284)	(284)	-	-	-	-
Prepayments	(104)	(99)	-	(5)	4	-
Financial investments	689	745	29	(85)	429	(147)
	301	362	29	(90)	433	(147)
Total	**13,984**	**-**	**956**	13,028	1,824	(147)

Deferred tax assets relate to deductible temporary differences, unused tax losses and credits up to $13,984,000 recognised as assets as at 30 June 2020. In addition, approximately $15,206,000 of deductible temporary differences, unused tax losses and credits have not been recognised as assets at balance date.

5. CASH AND CASH EQUIVALENTS

	2020 $000	2019 $000
Deposits at call	88,761	23,900
Short term deposits	15,000	-
	103,761	23,900

	2020 $000	2019 $000
Reconciliation of loss after tax to net cash flows used in operations		
Loss for the year	(38,057)	(18,439)
Adjustments for:		
Depreciation and amortisation	12,524	7,864
Share-based payments expense	10,896	3,788
Fair value loss/(gain)	2,342	(183)
Loans written off	1,088	542
Net lease interest expense	535	-
Foreign currency loss/(gain)	310	(4)
Gain on disposal of property plant and equipment	(190)	(94)
Deferred tax benefits	-	(1,824)
Other	65	(102)
Changes in assets and liabilities:		
Decrease/(increase) in customer loans	294	(8,061)
Decrease/(increase) in interest and other receivables	8,463	(6,871)
(Increase) in prepayments	(400)	(18)
Increase in deposits	23,624	15,355
(Decrease) in interest and other payables	(14,854)	(5,402)
Increase/(decrease) in provisions	1,554	(482)
Net cash flow from operating activities	**8,194**	(13,931)

6. DUE FROM OTHER FINANCIAL INSTITUTIONS

	2020 $000	2019 $000
Term deposits	10,000	-
Deposits pledged as collateral	8,429	7,910
	18,429	7,910

Includes term deposits with maturities greater than three months from the date of acquisition and deposits pledged to counterparties as collateral. Refer to Note 19 for details of deposits pledged as collateral.

Notes to the Financial Statements

7. TRADE AND OTHER RECEIVABLES

	2020 $000	2019 $000
Scheme and other receivables	10,625	23,003
Merchant acquiring fees	4,532	4,729
Interest receivable	53	30
Expected credit loss provision	(38)	-
	15,172	27,762

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

The Company'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 2020	**15,172**	15,004	100	-	90	16	(38)
Carrying value 2019	27,762	27,223	494	-	10	35	-

8. LOANS

	2020 $000	2019 $000
Current		
Loans (net of unearned fees)	9,840	14,924
Non-current		
Loans (net of unearned fees)	2,081	741
	11,921	15,665

Income from loans comprises interest income of $4,179,000 (2019: $2,912,000), fair value (loss)/gain of ($2,361,000) (2019: $26,000) and lending loss of ($1,088,000) (2019: ($542,000)).

9. FINANCIAL INVESTMENTS

	2020 $000	2019 $000
Floating rate notes	66,134	36,948
Equity investment – meandu Australia Holdings Pty Ltd	3,499	-
Equity investments – YBF Holdings Pty Ltd and Teamsquare Pty Ltd	128	211
	69,761	37,159

The Company elected to measure the equity investments in meandu Australia Holdings Pty Ltd (**me&u**), YBF Holdings Pty Ltd and Teamsquare Pty Ltd (**YBF**) at FVOCI, resulting in no recycling of fair value changes to the Statement of Comprehensive Income upon a de-recognition event.

10. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of net carrying amounts at the beginning and end of the year.

	EFTPOS TERMINALS $000	FURNITURE AND OFFICE EQUIPMENT $000	COMPUTER EQUIPMENT $000	LEASEHOLD IMPROVEMENTS $000	TOTAL $000
Year ended 30 June 2020					
At 30 June 2019 net of accumulated depreciation and impairment	13,258	649	2,756	2,071	18,734
Additions	6,488	506	640	387	8,021
Disposals	(35)	-	-	-	(35)
Depreciation for the year	(6,848)	(356)	(1,336)	(914)	(9,454)
At 30 June 2020 net of accumulated depreciation and impairment	**12,863**	**799**	**2,060**	**1,544**	**17,266**
At 30 June 2019					
Cost	36,668	2,202	8,152	4,430	51,452
Accumulated depreciation and impairment	(23,410)	(1,553)	(5,396)	(2,359)	(32,718)
Net carrying amount	13,258	649	2,756	2,071	18,734
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**

	EFTPOS TERMINALS $000	FURNITURE AND OFFICE EQUIPMENT $000	COMPUTER EQUIPMENT $000	LEASEHOLD IMPROVEMENTS $000	TOTAL $000
Year ended 30 June 2019					
At 30 June 2018 net of accumulated depreciation and impairment	10,412	952	3,234	2,625	17,223
Additions	8,182	87	929	184	9,382
Disposals	(22)	-	-	-	(22)
Depreciation for the year	(5,314)	(390)	(1,407)	(738)	(7,849)
At 30 June 2019 net of accumulated depreciation and impairment	13,258	649	2,756	2,071	18,734
At 30 June 2018					
Cost	28,646	2,115	7,222	4,246	42,229
Accumulated depreciation and impairment	(18,234)	(1,163)	(3,988)	(1,621)	(25,006)
Net carrying amount	10,412	952	3,234	2,625	17,223
At 30 June 2019					
Cost	36,668	2,202	8,152	4,430	51,452
Accumulated depreciation and impairment	(23,410)	(1,553)	(5,396)	(2,359)	(32,718)
Net carrying amount	13,258	649	2,756	2,071	18,734

Notes to the Financial Statements

11. INTANGIBLE ASSETS

Reconciliation of net carrying amounts at the beginning and end of the year

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

Reconciliation of net carrying amounts at the beginning and end of the year

	INTERNALLY GENERATED SOFTWARE	CUSTOMER RELATIONSHIPS	TOTAL $000
Year ended 30 June 2019			
At 30 June 2018 net of accumulated amortisation and impairment	-	-	-
Additions	2,518	-	2,518
Amortisation for the year	(15)	-	(15)
At 30 June 2019 net of accumulated amortisation and impairment	2,503	-	2,503
At 30 June 2018			
Cost	-	-	-
Accumulated amortisation and impairment	-	-	-
Net carrying amount	-	-	-
At 30 June 2019			
Cost	2,518	-	2,518
Accumulated amortisation and impairment	(15)	-	(15)
Net carrying amount	2,503	-	2,503

12. SHARE-BASED PAYMENTS

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

(a) Employee Share Option Plan

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

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

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

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

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

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

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

Notes to the Financial Statements

12. SHARE-BASED PAYMENTS (cont'd)

(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. The table below lists the assumptions used in determining the fair value of the options granted during the period ended 30 June 2020:

	SEP 2019	OCT 2019
Dividend yield (%)	0%	0%
Expected volatility (%)	N/A	40%
Risk-free interest rate (%)	N/A	0.73% - 0.79%
Share price ($)[1]	$1.15 - $1.50	$1.15 - $2.00

[1] *The Company considers the volume weighted average share price near grant date, when determining fair value.*

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 8,248,341 options exercised during the period ended 30 June 2020 (2019: 1,939,496).

The weighted average remaining contractual life for share options outstanding as at 30 June 2020 was 5 years (2019: 4 years).

The following table summarises further details of the share options outstanding at 30 June 2020:

RANGE OF EXERCISE PRICES	CONTRACTUAL LIFE	VESTING CONDITIONS	NO. OF OUTSTANDING OPTIONS JUN 2020	NO. OF OUTSTANDING OPTIONS JUN 2019
179 cents	7 years	4 year annual vesting, plus performance criteria	7,740,124	-
176 cents	6 years or less	5 year monthly linear vesting	7,589,967	8,466,637
162 cents to 176 cents	7 years or less	No vesting in first 6 months of 5 year monthly linear vesting period	750,000	790,000
162 cents	7 years or less	5 year monthly linear vesting	90,000	90,000
150 cents	7 years	4 year annual vesting, plus performance criteria	6,154,423	6,154,423
37.5 cents to 149 cents	7 years or less	5 year monthly linear vesting	11,081,212	17,828,817
8 cents to 14 cents	7 years	5 year monthly linear vesting	-	829,167
0 cents	6 years	5 year annual linear vesting	3,570,372	2,611,147
Total			**36,976,098**	36,770,191

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

	JUN 2020 Number	JUN 2020 WAEP (cents)	JUN 2019 Number	JUN 2019 WAEP (cents)
Monthly linear and annual linear vesting				
Opening	30,615,768	102	32,126,443	91
Granted	1,554,294	-	3,134,471	22
Exercised	(6,623,341)	59	(896,018)	45
Forfeited or expired	(2,465,170)	109	(3,749,128)	143
Closing	**23,081,551**	**107**	30,615,768	102
Of which: Exercisable at the end of the period	**14,664,292**	**108**	8,023,259	39
Performance based vesting				
Opening	6,154,423	150	-	-
Granted	7,822,597	179	6,154,423	150
Exercised	-	-	-	-
Forfeited or expired	(82,473)	179	-	-
Closing	**13,894,547**	**166**	6,154,423	150
Of which: Exercisable at the end of the period	**-**	**-**	-	-
Total outstanding at the end of the year	**36,976,098**		36,770,191	
Total exercisable at the end of the year	**14,664,292**		8,023,259	

Refer to Note 17, for outstanding share options at the end of the period that are not part of ESOP.

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

During the period, the Company granted 1,475,617 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:

GRANT DATE	OCT-19
Vesting period	Target conversion date – post the end of the relevant financial year or post publication of half-year results
Expiry date	Employment conditions apply
Share price at grant date ($)[1]	$1.15 - $2.00
Dividend yield (%)	0%
Expected volatility (%)	N/A
Risk-free interest rate (%)	N/A

[1] *The Company considers the volume weighted average share price near grant date, when determining fair value.*

Notes to the Financial Statements

12. SHARE-BASED PAYMENTS (cont'd)

	JUN 2020 Number	JUN 2020 WAEP (cents)	JUN 2019 Number	JUN 2019 WAEP (cents)
Performance, remuneration sacrifice rights and rights to shares under other contractual arrangements				
Opening	6,998,587	-	1,200,000	-
Granted	1,475,617	-	5,798,587	-
Exercised	(1,882,647)	-	-	-
Forfeited or expired	(105,617)	-	-	-
Closing	**6,485,940**	**-**	6,998,587	-
Exercisable at the end of the period	**1,652,608**	**-**	-	-

13. DEPOSITS

	2020 $000	2019 $000
Deposits[1]	49,691	26,918
Term deposits	851	-
	50,542	26,918

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

14. TRADE PAYABLES AND OTHER LIABILITIES

	2020 $000	2019 $000
Accounts payable	665	3,320
Deferred rent incentive	-	2,654
Accruals – scheme fees, commissions, bonuses and others	5,576	6,738
Payroll Liabilities	826	3,744
Other liabilities – clearing suspense and other payables	3,265	7,062
	10,332	23,518

15. CURRENT PROVISIONS

	2020 $000	2019 $000
Leave provision		
Annual leave provision	3,721	2,882
Long service leave provision	341	280
Total leave provisions	4,062	3,162
Other provisions		
Balance at the beginning of the year	951	2,095
Provided for during the year	285	-
Released during the year	(951)	(1,144)
Balance at the end of the year	285	951
Total current provisions	**4,347**	4,113

16. NON-CURRENT PROVISIONS

	2020 $000	2019 $000
Long service leave provision	712	490
Make good provision		
Balance at the beginning of the year	556	409
Provided for during the year	148	147
Balance at the end of the year	704	556
Total non-current provisions	**1,416**	1,046

Notes to the Financial Statements

17. CONTRIBUTED EQUITY AND RESERVES

	NUMBER OF SHARES	$000
(i) Movement in ordinary shares on issue		
At 1 July 2018	**440,307,255**	**141,258**
Share options exercised	3,564,496	598
At 30 June 2019	**443,871,751**	**141,856**
Shares issued as part of IPO	45,493,432	125,000
Share options and rights exercised	10,130,988	3,913
Capital raising costs (net of tax)	-	(5,006)
At 30 June 2020	**499,496,171**	**265,763**

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.

	2020 $000	2019 $000
(ii) Share-based payments reserve		
Balance at the beginning of the year	15,475	11,687
Share-based payments expensed	10,896	3,788
Balance at the end of the year	**26,371**	15,475

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.

	2020 $000	2019 $000
(iii) General reserve for credit losses		
Balance at the beginning of the year	1,918	1,264
Transfer from accumulated losses:		
Appropriation for chargeback losses	253	223
Appropriation for lending losses	(68)	431
Balance at the end of the year	**2,103**	1,918

The general reserve for credit losses has been created to satisfy APRA's prudential standards for ADIs as described in Note 1(w). The Company 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 Company's credit risk grading system and actual experience.

	2020 $000	2019 $000
(iv) FVOCI reserve		
Balance at the beginning of the year	99	855
Adjustment from initial adoption of AASB 9	-	(798)
Total revaluations for the year	(96)	42
Balance at the end of the year	**3**	99
Total reserves at the end of the year	**28,477**	17,492

	2020 $000	2019 $000
(v) Accumulated losses		
Movements in accumulated losses were as follows:		
Accumulated losses at the beginning of the financial year	(66,279)	(48,514)
Adjustment from initial adoption of AASB 9	-	1,328
Loss attributable to shareholders of the Company	(38,057)	(18,439)
Transfer to general reserve for credit losses	(185)	(654)
Accumulated losses at the end of the financial year	**(104,521)**	(66,279)

18. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES

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

(i) Risk management

The Board has responsibility for setting Tyro'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 Tyro 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 Price 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 Company 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 Company 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 Company's credit risk management framework outlines the core values which govern its credit risk-taking activities and reflect the priorities established by the Board.

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

Credit losses from chargebacks

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

It is the Company'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.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (cont'd)

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(w). The Company does not hold any credit derivatives or collateral to offset its credit exposure. The Company's exposure to bad debts from chargebacks is not significant at the reporting date.

Credit losses from loans

The Company 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 Company manages this risk in accordance with the Board approved Lending Credit Risk Policy. Responsibility for monitoring and management of this risk is delegated to the Chief Risk Officer (**CRO**). The CRO is also responsible for ensuring the Lending Credit Risk Policy is reviewed regularly and submitted to the BRC for endorsement and approval by the Board.

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

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

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

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

30 JUNE 2019 STANDARD & POORS CREDIT RATING*	CASH AND BALANCES WITH FINANCIAL INSTITUTIONS ($000)	DUE FROM OTHER FINANCIAL INSTITUTIONS ($000)	TRADE RECEIVABLES ($000)	LOANS AND ADVANCES^ ($000)	NET INVESTMENT IN SUBLEASE ($000)
AAA	21,725	-	1,033	-	-
AA	2,175	7,839	17,102	-	-
A+	-	71	8,596	-	-
A	-	-	-	-	-
A-	-	-	222	-	-
BBB+	-	-	-	-	-
unrated	-	-	809	15,665	-
	23,900	7,910	27,762	15,665	-

*Long-term credit rating

^Includes loans issued under the Government SME guarantee scheme of $676,000.

(v) Operational risk

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

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

(vi) Market risk

Market risk is the potential loss of value or potential reduction in expected earnings resulting from movements in interest rates and currency exchanges rates. Tyro's balance sheet activities exposes 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 Company 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 Company 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 Company at this stage.

Any government securities, bank bills or other marketable instruments that the Company 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:

1) 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 Company 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 account 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 Company's profit is affected as follows:

An increase of 50 basis points for 12 months in the general cash rate (assuming other factors remain constant) will increase the Company's profit and increase equity by $748,512 (2019: $287,526). A decrease of 50 basis points in the general cash rate will have an equal and opposite effect.

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

18. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (cont'd)

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

30 JUNE 2019 ($'000)	VARIABLE INTEREST RATE	FIXED INTEREST RATE < 3 MONTHS	FIXED INTEREST RATE 3 TO 12 MONTHS	FIXED INTEREST RATE > 1 YEAR	TOTAL
Financial assets					
Cash and cash equivalents	23,900	-	-	-	23,900
Other term deposits	1,460	1,547	1,547	1,431	5,985
USD term deposit	71	-	1,854	-	1,925
Loans	-	3,750	11,174	741	15,665
Floating rate notes	36,948	-	-	-	36,948
Financial liabilities					
Deposits	(26,918)	-	-	-	(26,918)

2) 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 Company is not exposed to foreign currency risk in the settlement of merchant transactions as all monies received and paid are in Australian dollars. The Company'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 Company has some US dollar and Euro exposure.

Foreign currency sensitivity analysis

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

An appreciation of 15% of the US dollar and Euro compared to the Australian dollar (assuming other factors remain constant), will increase the Company's profit and increase equity by $311,776 (2019: $183,055). A depreciation of 15% of the US dollar and Euro compared to the Australian dollar will reduce the Company's profit and reduce equity by $230,443 (2019: $135,302).

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

		AUD 2020 ($000)	AUD 2019 ($000)
USD term deposit	USD	1,894	1,854
UnionPay deposit	USD	73	71
Trade payables	EUR	200	888

3) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions (other than those arising from interest rate risk or currency risk), for example from changes in equity prices. Further information on sensitivity to other price risk is discussed below.

(vii) Capital Management

The Company's capital management objectives are to:

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

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

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

The Board considers the Company'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 Company's ICAAP. The Company operates under the specific capital requirements set by APRA. The Company has satisfied its minimum capital requirements throughout the 2020 financial year in the form of Tier 1 capital which is the highest quality component of capital.

Capital Adequacy

	2020 ($000)	2019 ($000)
Tier 1 Capital		
Common Equity Tier 1 Capital		
Contributed capital	265,763	141,856
Accumulated losses & reserves	(78,147)	(50,704)
	187,616	91,152
Regulatory adjustments to Common Equity Tier 1 Capital		
Net deferred tax assets	(13,984)	(13,028)
Capitalised expenses	(5,169)	(2,503)
Other adjustments	(3,825)	(211)
	(22,978)	(15,742)
Common Equity Tier 1 Capital	**164,638**	75,410
Additional Tier 1 Capital	-	-
Total Tier 1 Capital	**164,638**	75,410
Tier 2 Capital		
General reserve for credit losses[1]	1,147	977
Total Tier 2 Capital	**1,147**	977
Total Capital	**165,785**	76,387
Total risk weighted assets	**102,200**	85,827
	%	%
Risk weighted capital ratios		
Common Equity Tier 1	161	88
Tier 1	161	88
Total Capital ratio	162	89

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

Notes to the Financial Statements

18. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (cont'd)

(viii) Liquidity risk

The Company's liquidity risk is the risk that the Company will have insufficient liquidity to meet its obligations as they fall due. This could potentially arise as a result of mismatched cash flows.

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

Liquidity risk management framework models the ability to fund under both normal conditions and periods of stress. The capital plan and liquidity management is reviewed at least annually.

At the reporting date, the Board of Directors determined that there was sufficient cash available to meet its financial liabilities and anticipated expenditure.

Maturity analysis

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

(AMOUNTS IN $'000S)	<3 MONTHS	3 TO 6 MONTHS	>6 TO 12 MONTHS	>1 TO 5 YEARS	>5 YEARS	TOTAL
As at 30 June 2020						
Financial liabilities						
Variable rate deposits	(49,691)	-	-	-	-	(49,691)
Term deposits	(851)	-	-	-	-	(851)
Lease liabilities	(1,237)	(1,237)	(2,561)	(2,872)	-	(7,907)
Trade payables and other liabilities	(10,332)	-	-	-	-	(10,332)
	(62,111)	**(1,237)**	**(2,561)**	**(2,872)**	**-**	**(68,781)**

(AMOUNTS IN $'000S)	<3 MONTHS	3 TO 6 MONTHS	>6 TO 12 MONTHS	>1 TO 5 YEARS	>5 YEARS	TOTAL
As at 30 June 2019						
Financial liabilities						
Variable rate deposits	(26,918)	-	-	-	-	(26,918)
Trade payables and other liabilities	(23,518)	-	-	-	-	(23,518)
	(50,436)	-	-	-	-	(50,436)

(ix) Fair values

The Company 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 Company'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, that due to their short-term maturity or repricing profile, the carrying amount is an approximation of fair value.

				30 JUNE 2020 ($000)
Financial Asset	**Level 1**	**Level 2**	**Level 3**	**Total**
Floating rate notes	66,134	-	-	66,134
Loans	-	-	11,921	11,921
Equity investment	-	-	3,627	3,627
Net investment in sublease	-	-	1,367	1,367
	66,134	**-**	**16,915**	**83,049**

				30 JUNE 2019 ($000)
Financial Asset	**Level 1**	**Level 2**	**Level 3**	**Total**
Floating rate notes	36,948	-	-	36,948
Loans	-	-	15,665	15,665
Equity investment	-	-	211	211
	36,948	-	15,876	52,824

Floating rate notes

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

Loans

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

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

The fair value of loans requires estimation of:

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

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

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

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

- Tyro pricing of loans including adjustments for credit risk – ranging between 32% and 36%;
- Historical data with respect to behavioural repayment patterns – generally ranging between 3 to 12 months; and
- Default experience for loans deemed uncollectable and which are valued at $0.
- 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 $506,000 and positive $545,000 to profit and loss.

Notes to the Financial Statements

18. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (cont'd)

Equity investments

At the reporting date, the Company held unlisted equity instruments in me&u and YBF. The valuations of me&u and YBF are level 3 financial instruments with several unobservable inputs.

The valuation of me&u was based on the transacted price which, being recent and within the last eight months, is considered to reasonably represent fair value as at 30 June 2020. Management also considered other recent evidence of the enterprise value of the investee when assessing the fair value. me&u continues to invest in development of its operations and technology, and Management will consider an updated valuation at the next reporting date.

Transfer between categories

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

19. COMMITMENTS

Commitments relating to BECS

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

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

	2020 $000	2019 $000
Contingent liabilities – secured		
(I) Irrevocable standby letters of credit in favour of:		
MasterCard International	3,294	3,254
Visa International	524	60
UnionPay International	73	71
(ii) Bank Guarantee in favour of:		
UIR Australia, the lessor of 155 Clarence Street, Sydney	4,525	4,525
Premium Custody Services, the lessor of 1.15/14-16 Lexington Drive, Bella Vista	13	-
	8,429	7,910

The Company has provided irrevocable standby letters of credit of $3,891,000 (2019: $3,385,000) secured through fixed charges over term deposits with the Commonwealth Bank of Australia and Westpac Banking Corporation, to Mastercard International, Visa International and Union Pay International. These are one-year arrangements that are subject to automatic renewal on a yearly basis. Mastercard International and Visa International, at their discretion, may increase the required amounts of the standby letters of credit upon written request to the Company. The required amounts of the standby letters of credit are dependent on Mastercard International's and Visa International's view of their risk exposure to the Company.

A bank guarantee in favour of UIR is held with the Westpac Banking Corporation in relation to the lease arrangement for the office premises. The amount represents up to 9 month's rent and includes all annual increases of 4% since 2016 until lease maturity and is refundable on expiry of the lease agreement, subject to satisfactory vacation of the leased premises.

20. LEASES

(a) Company as lessor - sublease arrangement

The arrangement relates to the sublease of Level 5 of the Company's registered office. It is a non-cancellable lease with a term of up to 2 years, 6 months and 20 days ending 21 January 2022, aligned to the Company's head-lease. The sublease agreement does not provide the lessee with the option to extend the lease. Lease payments are subject to annual increases of 4%.

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

	JUN 2020 $000
Gain on recognition of net investment in sublease	147
Interest income on net investment in sublease	113
Total amount recognised in profit and loss	**260**

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

	JUN 2020 $000
Within one year	892
After one year but not more than five years	556
Total undiscounted lease payments receivable	1,448
Unearned interest income	(81)
Net investment in sublease	**1,367**

b) Company as lessee – property lease

The property lease predominantly relates to the lease of the Company's registered office located at 155 Clarence Street, Sydney NSW. It is a non-cancellable lease with a term of up to 7 years ending 21 January 2022. The lease agreement provides the Company with the option to extend the lease for another 3 years. Lease payments are subject to annual increases of 4%.

Set out below, are the carrying amounts of the Company'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 30 June 2019	-	-
Transition adjustments	9,091	11,534
As at 1 July 2019	9,091	11,534
De-recognition due to sublease	(1,827)	-
Additional leases [1]	116	116
Depreciation expense	(2,852)	-
Interest expense	-	648
Payments	-	(4,815)
As at 30 June 2020	**4,528**	**7,483**

(1) *This includes a new 12 month property lease with an option to renew for 12 months that Tyro entered into on 26 March 2020. Tyro has elected not to treat this lease as a short term lease as it is reasonably certain that the option to renew will be exercised.*

Notes to the Financial Statements

20. LEASES (cont'd)

Lease liabilities - Maturity analysis

CONTRACTUAL UNDISCOUNTED CASH FLOWS	JUN 2020 $000
Within one year	5,035
After one year but not more than five years	2,872
Total undiscounted lease liabilities at 30 June 2020	**7,907**

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

	JUN 2020 $000
Depreciation expense of right-of-use assets	(2,852)
Interest expense on lease liabilities	(648)
Interest income from sub-leasing right-of-use assets	113
Total amount recognised in Statement of Comprehensive Income	**(3,387)**

21. EARNINGS PER SHARE

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

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

EARNINGS	JUN 2020 $000	JUN 2019 $000
Net loss attributable to ordinary shareholders used to calculate basic and diluted earnings per share	**(38,057)**	(18,439)
	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	**476,033,272**	442,718,333
Weighted average number of potentially dilutive ordinary shares	**504,695,120**	458,797,525

EARNINGS PER SHARE	JUN 2020 CENTS	JUN 2019 CENTS
Basic	**(7.99)**	(4.16)

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

22. AUDITOR'S REMUNERATION

	2020 $000	2019 $000
Fees in respect of the role of the appointed auditor		
Audit and review of the financial reports of the Company	388*	372
Audit-related services (regulatory compliance)	-	55
Fees for assurance services required by legislation to be performed by the auditor		
Discretionary fees for other assurance related services		
IPO related services	223	-
Other assurance and agreed-upon-procedures services	17	-
Fees for other non-assurance services		
Tax compliance	55	64
Other assistance and services	29	35
	712	526

** 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 as disclosed in Note 22 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 Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

23. RELATED PARTY DISCLOSURES

(a) Compensation of Key Management Personnel

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

Details of Key Management Personnel

DIRECTORS	TITLE	APPOINTED
David Thodey[1]	Non-executive Director, Chair	16 November 2018
Kerry Roxburgh	Non-executive Director, Chairman (retired 15 October 2019)	18 April 2008
Robbie Cooke[2]	Chief Executive Officer and Managing Director	18 October 2019
Hamish Corlett	Non-executive Director	18 April 2019
David Fite	Non-executive Director	03 July 2018
Catherine Harris	Non-executive Director	17 December 2015
Fiona Pak-Poy	Non-executive Director	4 September 2019
Paul Rickard	Non-executive Director	28 August 2009

[1] *Appointed Chairman 15 October 2019.*

[2] *Appointed Managing Director 18 October 2019*

Notes to the Financial Statements

23. RELATED PARTY DISCLOSURES (cont'd)

EXECUTIVES[1]	TITLE	APPOINTED
Robbie Cooke	Chief Executive Officer and Managing Director	23 March 2018
Angela Green	Chief Risk Officer	03 June 2019
Praveenesh Pala	Chief Financial Officer	20 October 2014

[1] *Key Management Personnel have been updated in 2020 financial year.*

	2020 $000	2019 $000
Compensation of Key Management Personnel		
Short-term benefits	1,708	4,444
Long-term benefits (long service leave)	24	22
Post-employment benefits (superannuation)	73	286
Share-based payments	3,781	2,413
Total	**5,586**	7,165

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($)	2020 NUMBER OUTSTANDING	2019 NUMBER OUTSTANDING
FY13/14	FY19/20	$0.375	-	442,397
FY13/14	FY20/21	$0.375	61,350	98,160
FY14/15	FY19/20	$0.450	-	234,038
FY14/15	FY21/22	$0.450	281,691	323,945
FY15/16	FY19/20	$0.600	-	171,173
FY15/16	FY22/23	$0.600	221,506	252,150
FY16/17	FY19/20	$1.490	-	149,959
FY16/17	FY23/24	$1.490	207,828	227,103
FY16/17	FY23/24	$1.620	-	200,000
FY17/18	FY19/20	$1.760	-	94,166
FY17/18	FY23/24	$1.760	500,000	1,250,000
FY17/18	FY24/25	$1.620	-	400,000
FY18/19	FY24/25	$0.000	526,668	745,237
FY18/19	FY24/25	$1.760	1,818,180	1,818,180
FY18/19	FY25/26	$1.500	2,741,001	4,599,709
FY18/19	FY28/29	$0.000	1,533,333	3,200,000
FY18/19	FY29/30	$0.000	200,000	300,000
FY18/19	No expiry date	$0.000	-	498,587
FY19/20	FY26/27	$1.790	2,833,852	-
FY19/20	No expiry date	$0.000	552,607	-

During the year, 2,833,852 options and 1,065,966 rights were granted to Key Management Personnel.

(b) Transactions with related parties

SaleCo

During the year, Tyro SaleCo Limited (**SaleCo**), an entity in which Robbie Cooke – CEO and Managing Director of Tyro Payments holds 100% of the shares, was incorporated to acquire shares that were sold by Tyro's existing shareholders that elected to sell shares as part of the IPO process. SaleCo held those shares for a short period of time, prior to the shares being transferred to certain individuals that applied to acquire shares in the IPO.

In total, SaleCo held 58,962,897 shares at a value of $162,147,967, representing 11.9% of the shares on issue as at completion of the IPO. As at 30 June 2020, SaleCo no longer held any Tyro shares.

(c) Share options with related parties (not under ESOP)

In December 2010, the Company granted 7.5 million share options to related parties for providing a (now expired) loan facility to the Company for liquidity purposes, which was drawn down and subsequently repaid. These options are not under ESOP.

As at 30 June 2020, 2.6 million options were outstanding with a WAEP of 8 cents.

	OUTSTANDING OPTIONS AT THE END OF THE YEAR
Euclid Capital Partners, related party of David Fite (Shareholder)[1]	2,625,000
Total	**2,625,000**

[1] *Appointed Director on 3 July 2018.*

24. MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

In the opinion of the Directors, there have been no matters or circumstances which have arisen between 30 June 2020 and the date of this report that have significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

Directors’ Declaration

In the Directors’ opinion:

a. the financial statements and notes set out on pages 116 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 Company’s financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

b. there are reasonable grounds to believe that the Company 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 Standards 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 Chief Executive Officer and Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.

David Thodey AO
Chair

Robbie Cooke
CEO | Managing Director

Sydney, 18 August 2020

Independent Auditor’s Report

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and 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 Company is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its 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 Company 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* (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.

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Recoverability of deferred tax assets

Why significant	How our audit addressed the key audit matter
The financial statements include $14.0 million in deferred tax assets. Assessing their recoverability was subject to significant judgements made by the Company 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. They include judgements concerning COVID-19 and the impact the pandemic may have on the Company's ability to earn sufficient future taxable profits. Accordingly, this was considered to be a key audit matter. Disclosures relating to deferred tax assets are set out in in Note 1: Statement of Accounting Policies under the section Taxation and also in Note 4: Income Tax.	Our audit procedures included the following: ▸ Assessed the mathematical accuracy of the Company'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 Company'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 Company, principally by performing sensitivity analyses and evaluating and testing the key assumptions used to determine the amounts recognised. ▸ Evaluated the Company's consideration of the impact of COVID-19 in the forecasted cash flows. ▸ We considered the consistency of judgements and assumptions made with respect to other accounting estimates and models. ▸ Assessed the historical accuracy of the Company's previous future taxable profit forecasts by comparing to actual performance. ▸ Involved our tax specialists in reviewing the Company's assessment of their ability to utilise carry forward tax losses in accordance with income tax legislation.

Independent Auditor's Report

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Revenue recognition – merchant service fees

Why significant	How our audit addressed the key audit matter
The Company generated $201.8 million in revenue from merchant service fees for the year ended 30 June 2020. Given the importance of revenue to the users of the financial statements, specifically as a key performance indicator for the Company and a key metric for senior management of the Company, this was considered to be a key audit matter.	Our audit procedures included the following: ▸ Evaluated the Company's revenue accounting and assessed whether the Company's accounting policies comply with the requirements of Australian Accounting Standards. ▸ Assessed the operating effectiveness of key controls over revenue recognition. ▸ 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 Company's operations and financial reporting systems are heavily dependent on IT systems, including automated accounting procedures and IT dependent manual controls. The Company's controls over IT systems include: ▸ The framework of governance over IT systems; ▸ Controls over program development and changes; ▸ Controls over access to programs, data and IT operations; and ▸ Governance over generic and privileged user accounts. Given the reliance on the IT systems in the financial reporting process, we considered this to be a key audit matter.	Our procedures included evaluating and testing the design and operating effectiveness of certain controls over the continued integrity of the IT systems that are relevant to financial reporting. We also carried out direct tests, on a sample basis, of system functionality that was key to our audit testing in order to assess the accuracy of certain system calculations, the generation of certain reports and the operation of certain system enforced access controls. 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.

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Independent Auditor's Report

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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 Company's 2020 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 Company'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 Company 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.

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- 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 Company'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 Company'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 Company 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.

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, related safeguards.

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

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 78 to 110 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Tyro Payments Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Independent Auditor's Report

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
18 August 2020

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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 31 July 2020.

ORDINARY SHARES

Tyro has on issue 499,646,563 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]
TDM Growth Partners and its Associates	6 Dec 2019	68,199,357	13.73%
Gockco Pty Ltd	6 Dec 2019	69,119,528	13.72%
Danita R. Lowes	6 Dec 2019	27,028,582	5.44%
Tiger Global Group Entities	11 Dec 2019	39,638,943	7.98%
FIL Limited and its related entities	10 Jun 2020	31,190,798	6.25%

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:

	ORDINARY SHARES[1]	
RANGE	NUMBER OF HOLDERS	NUMBER OF SECURITIES
100,001 and Over	189	449,915,557
10,001 to 100,000	1,012	27,293,389
5,001 to 10,000	1,320	9,544,459
1,001 to 5,000	4,201	10,572,771
1 to 1,000	4,641	2,320,387
Total	**11,363**	**499,646,563**

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 and there are 242,931,900 ordinary shares subject to voluntary escrow arrangements.

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:

		ORDINARY SHARES	
NAME		NUMBER OF SHARES	% OF TOTAL OF SHARES
1	Grokco Pty Ltd as Trustee for Groktrust	63,296,843	12.67
2	HSBC Custody Nominees (Australia) Limited	52,785,757	10.56
3	J P Morgan Nominees Australia Pty Limited	47,186,926	9.44
4	Internet Fund III Pte.Ltd.	39,638,943	7.93
5	Danita Lowes	27,028,582	5.41
6	Invia Custodian Pty Limited	20,359,993	4.07
7	David Fite	18,547,995	3.71
8	Hans-Josef Jost Stollmann	16,659,442	3.33
9	FNL Investments Pty Limited (FNL Inv Pl Staff S Plan)	13,217,473	2.65
10	BNP Paribas Nominees Pty Ltd	9,898,149	1.98
11	Citicorp Nominees Pty Limited	7,400,937	1.48
12	National Nominees Limited	6,557,530	1.31
13	Howarth Commercial Pty Ltd	6,138,405	1.23
14	Jasgo Nominees Pty Ltd ATF Jasgo Family Trust	4,860,726	0.97
15	Abyla Pty Ltd	3,625,000	0.73
16	JH 7 Properties Pty Ltd	3,272,728	0.66
17	Sophia-Konstantina Fiona Stollmann	3,261,237	0.65
18	Drop Knee Investments Pty Ltd	3,208,174	0.64
19	Gorann Pty Ltd Anne Gordon Holdings Super Fund Ac	3,089,528	0.62
20	HSBC Custody Nominees (Australia) Limited - A/C 2	2,743,461	0.55
TOTAL		**352,777,829**	**70.61**

Shareholder Information (cont'd)

DOMICILE OF ORDINARY SHAREHOLDERS

DOMICILE	NUMBER OF HOLDERS	% HOLDERS	NUMBER OF SHARES	% OF SHARES
Australian Capital Territory	158	1.39	520,314	0.10
New South Wales	5,636	49.60	345,593,626	69.17
Northern Territory	37	0.33	36,908	0.01
Queensland	1,477	13.00	7,816,788	1.56
South Australia	530	4.66	2,510,360	0.50
Tasmania	108	0.95	297,224	0.06
Victoria	2,639	23.22	93,492,139	18.71
Western Australia	674	5.93	6,362,561	1.27
Overseas	104	0.92	43,016,643	8.61
Total	**11,363**	**100.00**	**499,646,563**	**100.00**

UNQUOTED EQUITY SECURITIES

	NUMBER ON ISSUE	NUMBER OF HOLDERS
Performance rights in respect of ordinary shares issued under the Tyro STI Rights Plan, the Tyro Remuneration Sacrifice Rights Plan and the Liquidity Event Performance Rights Plan	4,385,940	12
Options in respect of ordinary shares issued under the Tyro Options Plans	39,414,130	356

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 and Managing Director

Hamish Corlett – Non-executive Director

David Fite – Non-executive Director

Catherine Harris AO PSM – Non-executive Director & Chair of People Committee

Fiona Pak-Poy – 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

1/155 Clarence Street, Sydney, NSW, 2000, Australia

Telephone: 1300 966 639

ABN: 49 103 575 042

WEBSITE ADDRESS

www.tyro.com

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 56 to 59.

EXECUTIVE LEADERSHIP TEAM

Refer to profiles on pages 60 to 63.

SPECIAL COUNSEL AND COMPANY SECRETARY

Jairan Amigh

email: jamigh@tyro.com

INVESTOR RELATIONS

Giovanni Rizzo

email: grizzo@tyro.com

MEDIA

Matt Johnston

email: mjohnston@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 ***www.tyro/about-tyro/investors.com.***

20

www.tyro.com.au