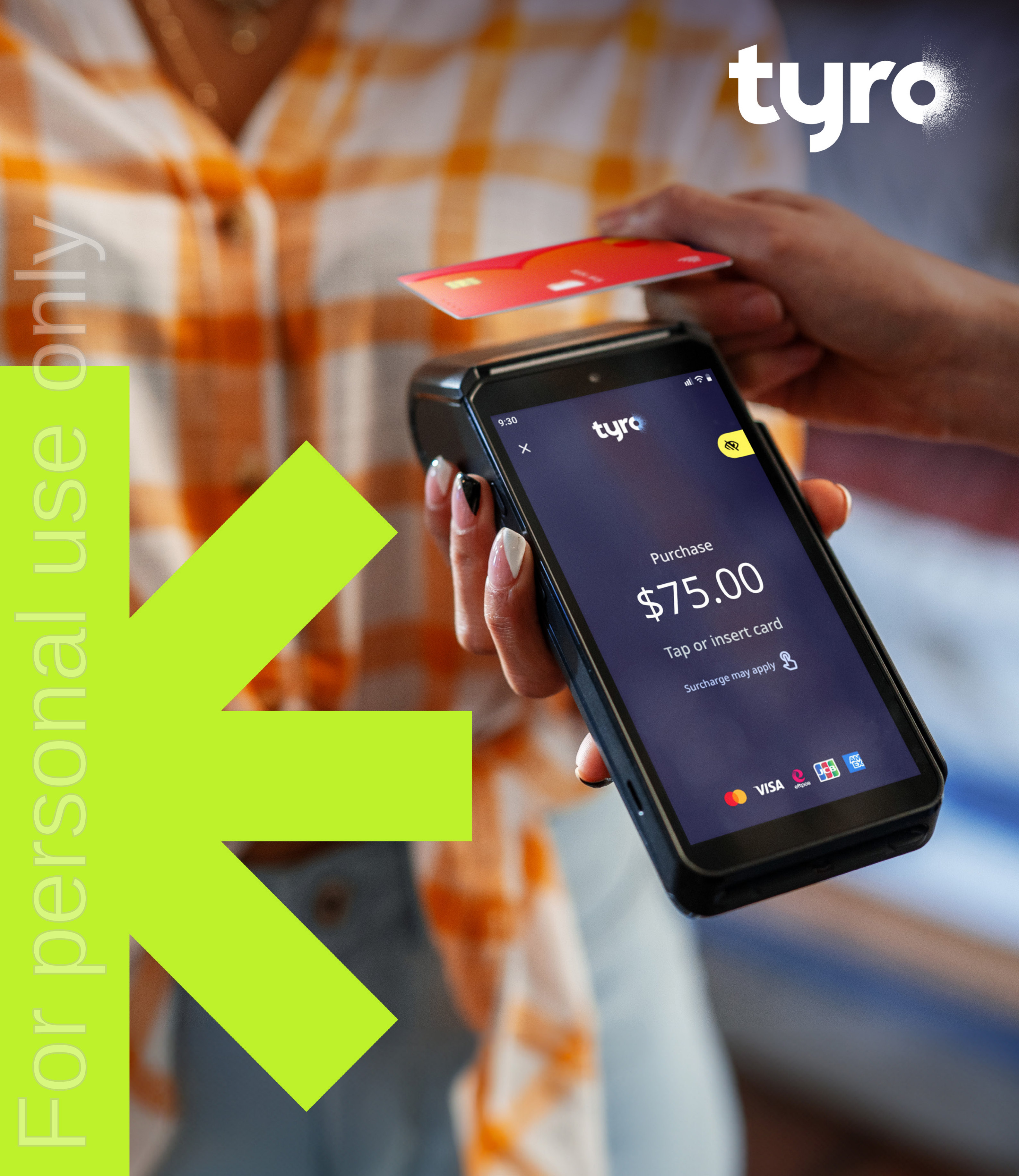

TYRO PAYMENTS LIMITED

Appendix 4D and interim financial report

For the half-year ended 31 December 2023

ABN 49 103 575 042

APPENDIX 4D (Listing rule 4.2A.3)

HALF-YEAR REPORT

NAME OF ENTITY	**TYRO PAYMENTS LIMITED**
ABN	**49 103 575 042**
REPORTING PERIOD	**FOR THE HALF-YEAR ENDED DECEMBER 2023**
PREVIOUS PERIOD	**FOR THE HALF-YEAR ENDED DECEMBER 2022**

Results for announcement to the market

KEY INFORMATION		HALF-YEAR ENDED 31 DECEMBER		
			2023	**2022**
		% change	**$'000**	**$'000**
Transaction value[1]	▲	2.2%	22,173,537	21,693,388
Revenue from ordinary activities[2] (normalised)	▲	9.5%	237,058	216,590
Gross profit[3] (normalised)	▲	10.5%	105,167	95,160
EBITDA[4]	▲	40.6%	27,348	19,456
Profit before tax[5] (normalised)	▲	233.7%	10,413	3,121
Profit before tax (statutory)	▲	367.2%	5,138	1,100
Profit after tax attributable to the ordinary equity holders of Tyro Payments Limited	▲	367.2%	5,138	1,100

Dividends

No dividends were declared or paid and are not proposed to be paid in respect of the half-year ended 31 December 2023 (H1 FY23: Nil).

Net tangible asset backing

	31 December 2023	31 December 2022
	$	$
Net tangible assets per share	$0.08	($0.01)

Net tangible assets are calculated by deducting the Bendigo and Adelaide Bank Limited alliance (**Bendigo Alliance**) customer relationship intangible assets of $64.1 million, right-of-use assets of $24.6 million and deferred tax assets of $17.1 million from net assets, while including the associated commission payable to Bendigo and Adelaide Bank Limited (**Bendigo Bank**), lease payables and deferred tax liability in total liabilities.

The ASX Listing Rules require the liabilities funding these assets to be deducted from Net Tangible Assets, however, do not allow the recognition of these intangible assets, resulting in the 8 cent net tangible asset per share in December 2023 and negative 1 cent per share in December 2022.

1. *Transaction value is a non-IFRS financial measure and is unaudited. Transaction value represents the total value of merchant sales that are processed through the Tyro payments platform and does not represent revenue in accordance with Australian Accounting Standards.*
2. *Normalised revenue is adjusted to exclude the gain on revaluation of the commission liability related to the Bendigo Alliance and the recognition the me&u investment as a financial asset after Tyro's ownership reduced in prior period and the impact was recognised as a gain on revaluation.*
3. *Normalised gross profit is adjusted to reflect the Bendigo Alliance gross profit share not deducted from statutory gross profit but reflected within the movement on commission liability relating to the Bendigo Alliance.*
4. *Tyro uses EBITDA as a non-IFRS measure of business performance, which excludes the non-cash impact of share-based payments expense, share of (loss)/gain from associates, the non-cash accounting impact of the Bendigo Alliance and other one-off costs.*
5. *Normalised net profit before tax excludes the non-cash accounting impact of the Bendigo Alliance and other one-off costs.*

APPENDIX 4D (Listing rule 4.2A.3)

HALF-YEAR REPORT (continued)

Details of associates

Details of associate entities in which Tyro holds an interest at 31 December 2023.

	Principal Activities	Principal place of business	Ownership Interest	
			31 Dec 2023 %	31 Dec 2022 %
Axis IP Pty Ltd[1]	Payments software provider	Brisbane, Australia	11.0%	11.9%

[1] In February 2023, the Group's interest in Axis IP Pty Ltd (**Paypa Plane**) decreased to 11.0% following an equity raise by Paypa Plane that the Group did not participate in.

Supplementary Information

The previous corresponding period is the half-year ended 31 December 2022.

For additional disclosure in compliance with Listing Rule 4.2A.3, refer to the accompanying Interim Financial Report (which includes the Directors' Report) for the half-year ended 31 December 2023, the Investor Presentation and ASX Media Release as released to the ASX on 27 February 2024.

Basis of Preparation

The Interim Financial Report for the half-year period ended 31 December 2023:

- is for the entity consisting of Tyro Payments Limited and its controlled entities;
- is presented in Australian dollars, with all values rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, in accordance with the Australian Securities & Investments Commission Corporations Instrument 2016/191;
- has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001;
- has been prepared on a going concern basis; and
- does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Tyro Payments Limited Annual Report for the year ended 30 June 2023 and any public announcements made by Tyro Payments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies applied by the Group in this Interim Financial Report are the same as those applied by the Group in its financial report for the year ended 30 June 2023.

This report is based on the Consolidated Financial Statements for the half-year ended 31 December 2023 which have been reviewed by Ernst & Young.

INTERIM FINANCIAL REPORT

CONTENTS

Directors' Report

The Board of Directors present their report together with the Interim Financial Report of the Group consisting of Tyro Payments Limited (the **Company**) and its controlled entities (**Tyro** or the **Group**) for the half-year ended 31 December 2023.

Directors

The following persons were directors of the Company during the half-year and up to the date of this report unless otherwise noted:

Fiona Pak-Poy (Chair)	Chair and Non-Executive Director	Independent	
Jon Davey	CEO and Managing Director	Executive	Appointed as a Director on 1 September 2023
David Fite	Non-Executive Director	Independent	
Claire Hatton	Non-Executive Director	Independent	
Aliza Knox	Non-Executive Director	Independent	
Paul Rickard	Non-Executive Director	Independent	
Shefali Roy	Non-Executive Director	Independent	

Details, including term of office, qualifications, experience and information on other directorships held by Directors, can be found on Tyro's Investor Relations website at https://investors.tyro.com/investor-centre/?page=board-of-directors.

Board Committees

The Members of the Company's Board Committees at the date of this Report are:

Audit Committee	Risk Committee	People Committee	Nominations Committee
Paul Rickard (Chair)	Paul Rickard (Chair)	Claire Hatton (Chair)	Fiona Pak-Poy (Chair)
David Fite	David Fite	Fiona Pak-Poy	David Fite
Claire Hatton	Aliza Knox	Aliza Knox	Claire Hatton
Fiona Pak-Poy	Shefali Roy	Shefali Roy	Aliza Knox
			Paul Rickard
			Shefali Roy

Principal Activities

The Group is a technology-focused and values-driven company providing Australian businesses with payment solutions and complementary business banking products. As an Australian bank, Tyro operates under the supervision of the Australian Prudential Regulation Authority (**APRA**). The Group provides credit, debit and EFTPOS card acquiring, Medicare and private health fund claiming and rebating services to Australian businesses. The Group takes money on deposit and offers unsecured cash flow based lending to Australian EFTPOS merchants. The Group has implemented appropriate systems and controls to comply with the stringent prudential and regulatory requirements within the Australian Banking System.

Directors’ Report (continued)

Review of Operations

For the half-year 31 December 2023, Tyro achieved the following financial and operating performance objectives:

	31 Dec 2023	31 Dec 2022		Variance
	$’000	$’000		%
Transaction value[1]	22,173,537	21,693,388	▲	2.2%
Payments revenue and income	223,465	209,423	▲	6.7%
Banking revenue	8,232	4,826	▲	70.6%
Other revenue and income	5,361	2,341	▲	129.0%
Revenue[2] (normalised)	**237,058**	**216,590**	▲	**9.5%**
Payments direct expenses (includes Bendigo Alliance gross profit share)	(130,792)	(121,176)	▲	7.9%
Interest expense on deposits	(1,099)	(254)	▲	332.7%
Total direct expenses[2] (normalised)	**(131,891)**	**(121,430)**	▲	**8.6%**
Gross profit[2] (normalised)	**105,167**	**95,160**	▲	**10.5%**
Operating expenses[2] (normalised)	(77,819)	(75,704)	▲	2.8%
EBITDA[3]	**27,348**	**19,456**	▲	**40.6%**
Net profit after tax (normalised)	**10,413**	**3,121**	▲	**233.7%**
Net profit after tax (statutory)	**5,138**	**1,100**	▲	**367.2%**

Discrepancies between totals and sums and components in tables are due to rounding.

1 *Transaction value is a non-IFRS financial measure and is unaudited. Transaction value represents the total value of merchant sales that are processed through the Tyro payments platform and does not represent revenue in accordance with Australian Accounting Standards.*

2 *Refer to page 28 of the Tyro H1 FY24 Investor Presentation for a reconciliation of normalised results to statutory results.*

3 *Tyro uses EBITDA as a non-IFRS measure of business performance, which excludes the non-cash impact of share-based payments expense, share of (loss)/gain from associates, the non-cash accounting impact of the Bendigo Alliance and other one-off costs.*

Group Performance

The period was characterised by strong profitability, improvements to Tyro’s product suite and increased awareness of Tyro’s offerings. Whereas our non-discretionary verticals of Health and Services grew strongly, tougher macroeconomic conditions impacted transaction value growth of Retail and Hospitality.

Operating drivers were expectedly slower in the period. Transaction value of $22.2 billion was up 2.2% on the prior comparative period (**pcp**) with our Bendigo Alliance down 10.8% while the Tyro core grew 4.1%. The Retail and Hospitality verticals which are driven by discretionary spend remained soft in the period with Retail down 2.1% and Hospitality slightly up 1.8% on the pcp. In contrast, our non-discretionary verticals (Health and Services) grew strongly at 24.2% and 7.2% respectively.

Our merchant base increased by 2.8% on the pcp with 68,780 merchants at 31 December 2023. New application growth remained strong with customer applications up 11.1% or 9,410 applications (H1 FY23: 8,473). New applications coming from the Bendigo Alliance were lower than expected. Applications were offset by elevated merchant churn of 16.0% (H1 FY23: 11.7%) driven principally from the macroeconomic environment, aggressive competitive behaviour from one of our POS partners and our early experience with our “Bring your own” (**BYO**) offering. For the period, we found that the number of merchants taking up the BYO product was skewed to the Micro segments and in some cases merchants were only intending to use the BYO product as a redundancy.

Total revenue on a normalised basis was up 9.5% to $237.1 million with payments revenue up 6.7% to $223.5 million. The increase in payments revenue was driven by a 2.2% growth in transaction value and a 4.4 basis point (bps) increase in the Tyro core merchant service fee compared to the pcp.

Directors' Report (continued)

The Group's Banking business performed strongly with revenue up 70.6% as a result of increased margin from higher interest rates and a higher average loan balance. Whilst we generated lower loan originations of $67.9 million (H1 FY23: $72.7 million) due to prudent changes to the Group's credit policy to effectively manage the current economic cycle, slowing transaction value reduced repayment rates resulting in a higher average loan balance on the pcp. The Group increased target lending margins to price in elevated system risk resulting in a higher lending interest margin.

Other revenue of $5.4 million was up 129.0% resulting from the increased interest income from cash and investments due to the increased interest rate environment, including 125bps of increases to the cash rate between 31 December 2022 and 31 December 2023.

On a statutory basis, total revenue of $254.4 million was achieved which includes $17.3 million relating to the recognition of a gain on the revaluation of the commission liability accruing to Bendigo Bank. Refer to Note 14 of the Interim Financial Report for further details.

Gross profit on a normalised basis from the Payments business was up 5.0% driven by the growth of 2.2% in transaction value and a 1.8 bps increase in the Tyro core gross profit margin. The Payments business generated a gross profit margin overall of 41.8bps (H1 FY23: 40.7bps).

Gross profit from the Group's Banking business was up 56.0% to $7.1 million. $6.8 million of the Banking gross profit related to interest income earned on monthly average loan balance of $45.2 million (H1 FY23: $5.2 million interest revenue from $42.0 million monthly average loan balance). The remaining Banking gross profit relates to a positive fair value adjustment on loans of $0.4 million (H1 FY23: negative $0.8 million) and interest paid on deposits of $1.1 million (H1 FY23: $0.3 million).

The Group generated an EBITDA of $27.3 million, up 40.6% from the pcp. The increase in EBITDA reflects the growth in normalised gross profit of 10.5% against an increase in operating costs of only 2.8% resulting in a significantly higher EBITDA margin 26.0% (H1 FY23: 20.4%).

The Group also realised a record statutory and normalised net profit after tax achieving a statutory net profit after tax of $5.1 million (H1 FY23: $1.1 million) and a normalised net profit after tax of $10.4 million (H1 FY23: $3.1 million).

Payments Business

The Group's Payments business processed $22.2 billion in transactions on behalf of our merchants in the period, a lift of 2.2% on the pcp (H1 FY23: $21.7 billion).

Tyro's core payment business generated transaction value of $19.7 billion, up 4.1% on the pcp of $18.9 billion. External factors had a pronounced impact on our discretionary versus our mainly non-discretionary verticals. In our discretionary verticals of Retail and Hospitality, transaction value growth was down 2.1% and up 1.8% respectively on the pcp. In our mainly non-discretionary verticals of Health and Services, transaction value growth was up 24.2% and 7.2% respectively on the pcp.

The Bendigo Alliance generated $2.5 billion in transaction value, down 10.8% (H1 FY23: $2.8 billion).

Below is a vertical analysis of transaction value for Tyro's Payments Business.

H1 FY24 Transaction Value	H1 FY24	H1 FY23		pcp %
Discretionary				
Retail	$5.393 billion	$5.508 billion	▼	2.1%
Hospitality	$9.455 billion	$9.286 billion	▲	1.8%
Non-Discretionary				
Health	$3.139 billion	$2.527 billion	▲	24.2%
Services/Other	$1.704 billion	$1.589 billion	▲	7.2%
Tyro core transaction value	**$19.691 billion**	**$18.910 billion**	▲	**4.1%**
Bendigo Alliance	$2.483 billion	$2.783 billion	▼	10.8%
Total transaction value	**$22.174 billion**	**$21.693 billion**	▲	**2.2%**

Directors' Report (continued)

We added 1,896 net new and active merchants to our Payments business in the period, taking the total number of merchants transacting with the Group to 68,780 – a 2.8% increase from H1 FY23. A total of 9,410 applications were received (H1 FY23: 8,473) against merchant number churn of 16.0% (H1 FY23: 11.7%). Transaction value churn of 13.2% (H1 FY23: 8.9%) reflects the macroeconomic environment and elevated competitive behaviour in the period. Tyro core added a net new 4,649 active merchants (H1 FY23: 6,849 new merchants) while Bendigo Alliance merchant base decreased by 16.5% or 2,753 merchants to 13,964 as at 31 December 2023 (H1 FY23: 16,717).

Elevated merchant churn reflects an increase in system wide insolvencies given the softer economic environment together with impacts of increased competition. Transaction value churn has also been impacted by the loss of transaction value of from one of Tyro's top 10 largest merchants who left the business in H1 FY23. However, this merchant generated a very low gross profit margin which had resulted in a negligible financial impact to the Group. Further, the Bendigo Alliance decline reflects continued deterioration in the performance of the Bendigo Alliance book. Tyro has in this period revised its expectations for future cash flows of the Bendigo Alliance cash-generating unit (**CGU**) reducing the related commission liability by $17.3 million and impairing the Bendigo Alliance customer relationships intangible asset. See Note 12 and Note 14 of the Interim Financial Report for further details.

The increase in merchant numbers of 2.8% and transaction value of 2.2% together with an increase in the Tyro core merchant service fee (**MSF**) margin of 4.4bps in the first half resulted in the Payments business revenue being up 6.7% to $223.5 million. Revenue growth was further assisted by the increase in terminal rental of $1.1 million generated from the increased merchant base.

Our Payments business recorded revenue growth of 6.7%, normalised gross profit of $92.7 million (up 5.0%), driven by transaction value growth of 2.2%, an increase in margins from pricing increases and offset slightly by an increase in direct costs of 7.9%.

Banking Business

The Group's merchant cash advance (**MCA**) in the form of a loan product generated new loan originations of $67.9 million, down 6.6% (H1 FY23: $72.7 million). In the period the Group made prudent changes to its credit policy which lowered the number of eligible merchants who could qualify for a loan product. We also dynamically lowered the maximum loan amount offered to merchants. The average loan drawdown decreased by 7.0% compared to the pcp to ~$44,000 (H1 FY23: ~$47,300). Total new and subsequent loan drawdowns remained otherwise flat with 1,544 new loans originated (H1 FY23: 1,538).

The increase in revenue resulted from increases in lending margins and a higher monthly average loan balance in H1 FY24 achieved from the result of loan origination performance in H2 FY23. The monthly average loan balance was 7.6% higher in H1 FY24 with $45.2 million compared to pcp of $42.0 million in H1 FY23. Additionally in the period, the Group priced in the elevated system risk of insolvencies and increased probability of delinquency rates into target lending margins. Both the increase in target margin and higher average loan balance in the period resulted in a 70.6% increase in Banking Revenue on the pcp.

The Group funds its MCA lending product from issuing deposit products. In the period we have seen a strong growth both in the number of active accounts and total deposit balance. The number of active accounts was up 25.4% over the pcp to 6,725 active accounts (H1 FY23: 5,362 active accounts) while the total deposit balance of $111.8 million was up $16.8m to the same time last year (H1 FY23: $95.0m). At 31 December 2023, 11.9% of Tyro's core merchant base had a deposit account in addition to our payments product (H1 FY23: 10.7%). Deposit balances not utilised to fund the MCA product are invested to generate a positive spread, with returns reflected in the Banking Gross Profit.

Lending losses have increased in the period to 2.7% of loan originations (H1 FY23: 1.2%) but are still well within our risk appetite settings. These increased lending losses are reflected in the elevated risk-based pricing changes we made in the period contributing to the 70.6% increase in Banking Revenue in the period. Total lending losses in the first half were $1.8 million (H1 FY23: $0.9 million).

Gross profit of $7.1 million was generated from our Banking business, up 56.0% (H1 FY23: $4.6 million) reflecting the increased net interest margin generated on our loan product.

Directors' Report (continued)

Financial Position

With total cash and financial investments of $150.0 million (30 June 2023: $128.9 million), Tyro has sufficient liquidity in place to continue to fund its growth strategy. The movement of positive $21.1 million in cash and financial investments is reflective of the positive free cash flow generated of $10.4 million, an outflow of $20.0 million relating primarily to timing differences in net scheme receivables offset by an inflow $30.2 million from banking cash flows.

At 31 December 2023, the Group had total assets of $447.0 million of which 33.6% related to cash and financial investments, with the remainder relating primarily to an intangible asset recognised for customer relationships on the Bendigo Alliance, the right-of-use asset recognised on the office lease at 55 Market Street, Sydney, receivables from card schemes, property, plant and equipment and loans.

The Group had total liabilities of $262.4 million of which 42.6% related to bank account deposits, with the remainder relating to trade and other payables, lease liabilities and provisions. The Group's total assets exceeded its total liabilities by $184.6 million.

Regulatory Landscape, Capital and Funding

The Group holds an authority under the *Banking Act* 1959 (Cth) to carry on a banking business as an Authorised Deposit-taking Institution and is subject to prudential capital requirements set by APRA. The Group is fully compliant with the prudential capital requirements prescribed by APRA and has sufficient capital to fund on-going operations.

The Group had cash and financial investments of $150.0 million at the end of the reporting period. The Group is also well capitalised with a total capital ratio of 53% (30 June 2023: 52%). The total capital ratio remains well above APRA Prudential Capital Requirements.

Risk Management

The Board is responsible for reviewing and approving the Group's risk management strategy, including determining the Group's appetite for risk. The CEO and Managing Director, and executive management team are responsible for implementing the risk management strategy and framework, and for developing policies, controls, processes and procedures for identifying and managing risk.

Matters subsequent to the end of the half-year

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

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

The $10 million damages payment was received on 16 February 2024.

In the opinion of the Directors, other than the proceedings against Kounta noted above, there are no other matters or circumstances which have arisen between 31 December and the date of this report that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations and the state of affairs of the Group in subsequent financial periods.

Directors' Report (continued)

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 10 of the Interim Financial Report for the half-year ended 31 December 2023.

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

F. J Pak-Poy

Fiona Pak-Poy
Chair

Jon Davey
CEO | Managing Director

Sydney, 27 February 2024

Building a better working world

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Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of Tyro Payments Limited

As lead auditor for the review of the half-year financial report of Tyro Payments Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

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

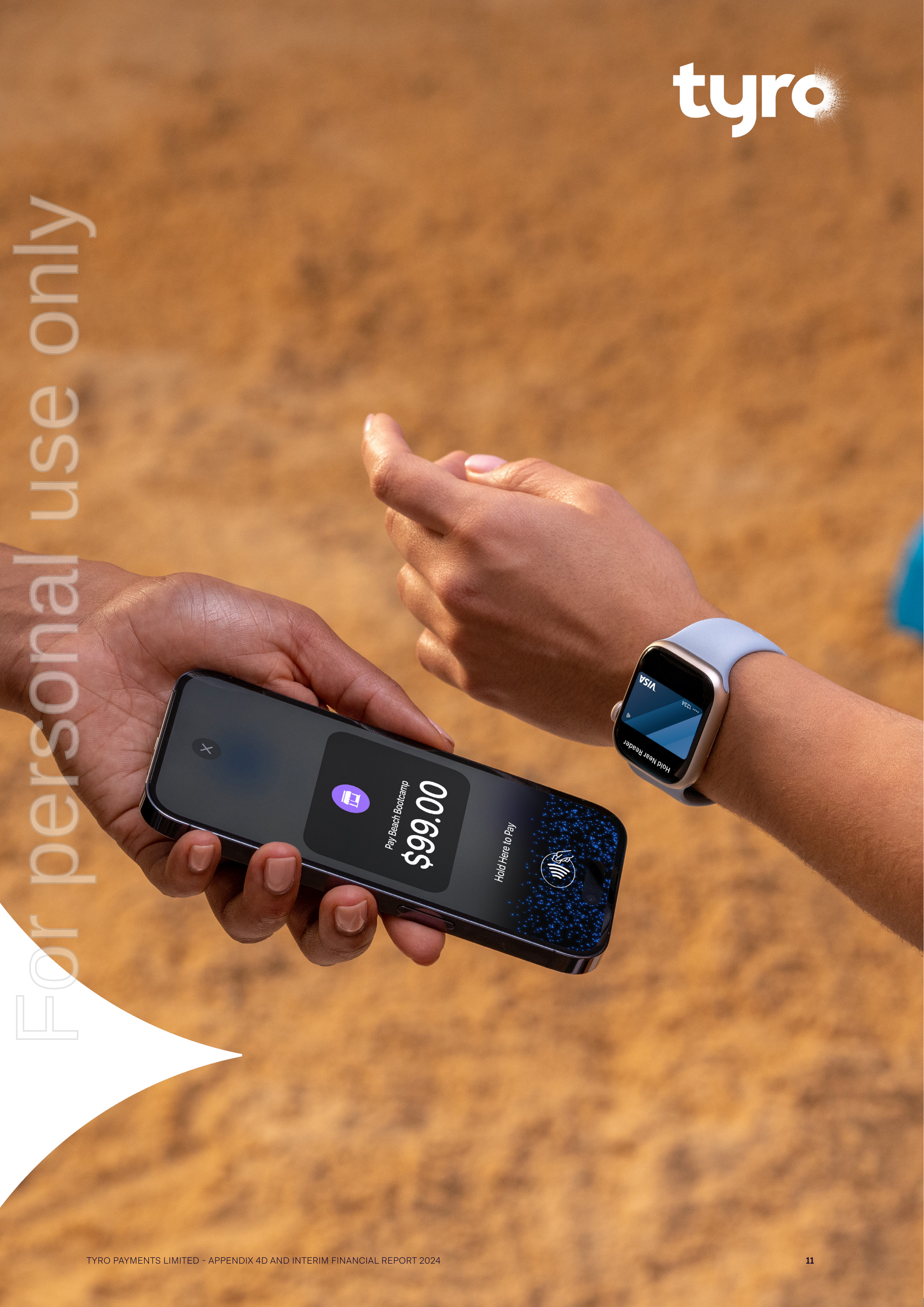
This declaration is in respect of Tyro Payments Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Anita Kariappa

Anita Kariappa
Partner
27 February 2024


tyro
Pay Beach Bootcamp
$99.00
Hold Here to Pay
VISA
Hold Near Reader

Consolidated Statement of Comprehensive Income
for the Half-Year ended 31 December 2023

	NOTE	DEC 2023 $000	DEC 2022 $000
Fees and terminal rental income	2	222,786	208,639
Gain on financial instruments	2	17,726	3,198
Interest income	2	13,140	8,208
Sale of terminal accessories and other income		730	519
Total revenue		**254,382**	**220,564**
Interchange, integration and support fees	2	(125,998)	(116,299)
Terminal accessories		(1,659)	(1,193)
Interest expense on deposits		(1,099)	(254)
Total direct expenses		**(128,756)**	**(117,746)**
Gross profit		**125,626**	**102,818**
Employee benefits expense (excluding share-based payments)	2	(48,833)	(48,933)
Share-based payments expense		(1,320)	(3,970)
Communication, hosting and licencing costs		(9,254)	(7,946)
Administrative and other expenses	2	(8,222)	(8,441)
Contractor and consulting expenses		(5,250)	(8,764)
Marketing expenses		(4,238)	(3,609)
Depreciation and amortisation	8,11,12	(20,532)	(17,213)
Impairment of intangible assets	12	(18,755)	(111)
Lending and non-lending losses	2	(2,022)	(1,028)
Other interest expense		(1,309)	(1,835)
Total operating expenses		**(119,735)**	**(101,850)**
Share of (loss)/gain from associates		(753)	132
Profit before tax expense		**5,138**	**1,100**
Income tax expense	4	-	-
Profit for the period		**5,138**	**1,100**
Other comprehensive income			
FVOCI reserve – revaluation gain, net of tax		436	82
Total comprehensive income for the period		**5,574**	**1,182**

Earnings per share for profit attributable to the Ordinary Equity Holders of Tyro Payments Limited

		CENTS	CENTS
Basic earnings per share	19	0.98	0.21
Diluted earnings per share	19	0.96	0.21

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

Consolidated Statement of Financial Position
as at 31 December 2023

	NOTE	DEC 2023 $000	JUN 2023 $000
ASSETS			
Current Assets			
Cash and cash equivalents		54,535	42,603
Due from other financial institutions	5	20,331	15,779
Trade and other receivables	6	54,439	25,360
Loans	7	37,268	43,765
Financial investments	9	9,550	15,452
Prepayments		5,676	6,238
Inventories		1,598	2,027
Total Current Assets		**183,397**	**151,224**
Non-Current Assets			
Loans	7	2,560	6,761
Financial investments	9	69,492	59,072
Investment in associate	10	1,058	1,811
Property, plant and equipment	11	47,438	42,785
Right-of-use assets	8	24,607	26,344
Intangible assets and goodwill	12	101,933	126,502
Net deferred tax assets	4	16,538	16,538
Total Non-Current Assets		**263,626**	**279,813**
Total Assets		**447,023**	**431,037**
LIABILITIES			
Current Liabilities			
Deposits		111,819	92,704
Trade and other payables	14	55,416	43,031
Lease liabilities	8	4,511	4,394
Provisions	15	5,903	6,762
Total Current Liabilities		**177,649**	**146,891**
Non-Current Liabilities			
Other payables	14	55,543	75,396
Lease liabilities	8	27,615	29,167
Provisions	15	1,638	1,899
Total Non-Current Liabilities		**84,796**	**106,462**
Total Liabilities		**262,445**	**253,353**
Net Assets		**184,578**	**177,684**
EQUITY			
Contributed equity	16	279,422	279,422
Reserves	16	60,556	59,320
Accumulated losses		(155,400)	(161,058)
Total Equity		**184,578**	**177,684**

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

Consolidated Statement of Changes in Equity

for the Half-Year ended 31 December 2023

ATTRIBUTABLE TO EQUITY HOLDERS OF TYRO PAYMENTS LIMITED	CONTRIBUTED EQUITY	FVOCI RESERVE	SHARE-BASED PAYMENTS RESERVE	GENERAL RESERVE FOR CREDIT LOSSES	ACCUMULATED LOSSES	TOTAL
	$000	$000	$000	$000	$000	$000
At 1 July 2022	**278,798**	**(689)**	**43,560**	**4,214**	**(166,283)**	**159,600**
Profit for the half-year	-	-	-	-	1,100	1,100
Other comprehensive income	-	82	-	-	-	82
Total comprehensive income	**-**	**82**	**-**	**-**	**1,100**	**1,182**
Issue of share capital – from options and rights exercised	624	-	-	-	-	624
Share-based payments	-	-	3,970	-	-	3,970
Transfer to general reserve for credit losses	-	-	-	503	(503)	-
At 31 December 2022	**279,422**	**(607)**	**47,530**	**4,717**	**(165,686)**	**165,376**
At 1 July 2023	**279,422**	**(407)**	**54,725**	**5,002**	**(161,058)**	**177,684**
Profit for the half-year	-	-	-	-	5,138	5,138
Other comprehensive income	-	436	-	-	-	436
Total comprehensive income	**-**	**436**	**-**	**-**	**5,138**	**5,574**
Share-based payments	-	-	1,320	-	-	1,320
Transfer from general reserve for credit losses	-	-	-	(536)	536	-
Transfer from FVOCI reserve	-	16	-	-	(16)	-
At 31 December 2023	**279,422**	**45**	**56,045**	**4,466**	**(155,400)**	**184,578**

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

Consolidated Statement of Cash Flows
for the Half-Year ended 31 December 2023

	NOTE	DEC 2023 $000	DEC 2022 $000
Cash flows from/(used in) operating activities			
Fees and terminal rental and other income received		220,947	206,956
Interchange, integration and support fees paid		(127,284)	(117,906)
Interest received		12,568	7,914
Interest paid		(1,260)	(183)
Payments to employees and contractors		(56,024)	(56,174)
Terminals purchased		(10,587)	(8,314)
Other operating expenses paid		(22,928)	(25,985)
Payments for terminal remediation		-	(221)
Movement in net scheme and other receivables		(17,360)	(12,737)
Net cash flows used in operating activities excluding loans and deposits		**(1,928)**	**(6,650)**
Movement in loans		9,256	(6,625)
Movement in deposits		19,115	11,738
Net cash flows from/(used in) operating activities		**26,443**	**(1,537)**
Cash flows (used in)/from investing activities			
Movement in financial investments			
Purchases		(22,116)	(2,500)
Proceeds		13,500	9,460
Movement in property, plant and equipment (excluding terminals)			
Purchases		(423)	(476)
Proceeds		-	1,205
Payments for recognised intangible assets		(4,004)	(6,555)
Net cash flows (used in)/from investing activities		**(13,043)**	**1,134**
Cash flows (used in)/from financing activities			
Proceeds from exercise of share options and rights		-	624
Payments of the principal portion of leases		(1,435)	-
Net cash flows (used in)/from financing activities		**(1,435)**	**624**
Net movement in cash and cash equivalents		**11,965**	**221**
Effect of foreign exchange rates on cash and cash equivalents		(33)	(398)
Cash and cash equivalents at beginning of period		42,603	36,885
Cash and cash equivalents at end of period		**54,535**	**36,708**

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

Notes to the Consolidated Financial Statements
for the Half-Year ended 31 December 2023

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

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

The financial report of the Group was authorised for issue in accordance with a resolution of the Directors on 27 February 2024.

a) Basis of preparation

The interim financial report is a general purpose financial report, which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the requirements of the *Corporations Act 2001*. The interim financial report complies with 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 interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the financial report of the Group for the financial year ended 30 June 2023.

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

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

b) Going concern

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

c) Material accounting policies

The accounting policies applied by the Group in this interim financial report are the same as those applied by the Group in its financial report for the year ended 30 June 2023, except for the tax consolidation for the group. The changes do not have an impact on the financial report of the Group.

Tax Consolidation

Tyro Payments Limited (the Company) and its wholly-owned Australian controlled subsidiaries (collectively, the Group) entered into a tax consolidated group on 1 July 2021. The head entity, Tyro Payments Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts using the 'stand-alone taxpayer' approach. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in their own balance sheet. Deferred tax assets relating to temporary differences, unused tax losses and unused tax credits are only recognised to the extent that it is probable that future tax profit will be available against which the benefits of the deferred tax asset can be utilised.

d) Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, Management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group.

All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to Management. Actual results may differ from judgements, estimates and assumptions.

Significant judgements, estimates and assumptions made by Management in the preparation of the Interim Financial Report, including the key sources of estimation uncertainty, are updated for the reporting date and consistent with those applied in the Group's financial report for the year ended 30 June 2023.

2. REVENUE AND EXPENSES

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

	DEC 2023 $000	DEC 2022 $000
Fees and terminal rental income		
Merchant service fee	202,916	189,850
Terminal rental income	18,039	16,899
Other fee income	1,831	1,890
	222,786	**208,639**
Gain on financial instruments		
Revaluation of commission liabilities[1]	17,324	-
Fair value gain on equity investment	-	3,974
Fair value gain/(loss) on loans[2]	402	(776)
	17,726	**3,198**
Interest income		
Interest income on loans[2]	6,772	5,237
Effective interest income	6,368	2,971
	13,140	**8,208**
Interchange, integration and support fees		
Interchange and scheme fees	(111,990)	(104,801)
Integration, support and other fees	(14,008)	(11,498)
	(125,998)	**(116,299)**
Employee benefits expense (excluding share-based payments)		
Wages, salaries and incentives	(41,374)	(42,309)
Superannuation	(4,067)	(3,923)
Other employee benefits expense	(3,392)	(2,701)
	(48,833)	**(48,933)**
Administrative and other expenses		
Terminal management and logistics	(1,819)	(2,999)
Professional services	(1,237)	(1,532)
Travel and entertainment	(553)	(489)
Insurance	(1,022)	(858)
Other expenses	(3,591)	(2,563)
	(8,222)	**(8,441)**

2. REVENUE AND EXPENSES (continued)

	DEC 2023 $000	DEC 2022 $000
Lending and non-lending losses		
Lending losses[2]	(1,844)	(889)
Non-lending losses	(178)	(139)
	(2,022)	**(1,028)**

1 *The group has revalued the commission liability by $17,324,000 (December 2022: nil) to reflect a decrease in future commission payable on Bendigo Alliance merchants. Refer to Note 14 for further details.*

2 *Fair value gain/(loss) on loans excludes interest income on loans and lending losses. Interest income on loans and lending losses have been disclosed as separate items within the Consolidated Statement of Comprehensive Income.*

3. SEGMENT REPORTING

a) Description of segments and principal activities

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

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

The Group's operating 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 the sale of terminal accessories. Direct expenses include scheme and interchange fees, integration, support and other fees and cost of terminal accessories sold.
Banking	Complementary banking services to merchants. Revenue is earned from fees charged on loans and interest income on excess deposits. Interest expense is incurred on deposits.

3. SEGMENT REPORTING (continued)

b) Revenue and gross profit by segment

	Payments[1] $000	Banking[2] $000	Corporate and other[3] $000	Total $000
December 2023				
Revenue	240,789	8,232	5,361	254,382
Gross profit	113,132	7,133	5,361	125,626
December 2022				
Revenue	209,423	4,826	6,315	220,564
Gross profit	91,931	4,572	6,315	102,818

Reconciliation of gross profit to profit before tax:

	DEC 2023 $000	DEC 2022 $000
Gross profit	125,626	102,818
Operating expenses (excl. depreciation and amortisation, share of (loss)/gain from associates and net interest expense)	(97,894)	(82,802)
Depreciation and amortisation	(20,532)	(17,213)
Share of (loss)/gain from associates	(753)	132
Other interest expense	(1,309)	(1,835)
Profit before tax	**5,138**	**1,100**

1 *Gross profit of the Payments segment is payments revenue and income less direct expenses.*
2 *Gross profit of the Banking segment is income from merchant lending adjusted for the fair value movement on loans, interest income on excess deposits and interest expense on deposits.*
3 *Gross profit of corporate and other includes income from investments and other revenue and income.*

c) Assets and liabilities by segment

	Payments $000	Banking $000	Corporate and other $000	Total $000
December 2023				
Segment assets	189,593	133,449	123,981	447,023
Segment liabilities	68,198	131,218	63,029	262,445
June 2023				
Segment assets	234,534	99,398	97,105	431,037
Segment liabilities	86,743	97,592	69,018	253,353

4. INCOME TAX

Major components of income tax benefit for the period ended 31 December 2023.

a) Income tax benefit:

	DEC 2023 $000	DEC 2022 $000
Current income tax		
Current income tax charge	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	4,980	301
Derecognition of deferred tax on temporary differences	(4,980)	(301)
Income tax expense in the statement of comprehensive income	**-**	**-**
Amount reported directly in other comprehensive income and equity		
Deferred tax related to items recognised in equity during the period	-	-
Income tax expense reported in equity	**-**	**-**

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

	DEC 2023 $000	DEC 2022 $000
Operating profit before tax	**5,138**	**1,100**
At the statutory income tax rate of 30%	(1,541)	(330)
Share-based payment remuneration	(396)	(1,191)
Amortisation of intangible asset	-	(1,985)
Loss on equity accounting	(226)	-
Entertainment and other non-deductible expenses	(49)	(67)
Recoupment of prior year losses not brought to account	4,980	3,573
Recognition of DTA on previously unrecognised tax losses	(1,963)	-
Recognition of DTA on previously unrecognised temporary differences	(805)	-
Total income tax expense	**-**	**-**

Net deferred tax assets relate to temporary differences and recognised tax losses of $16,538,000 (tax effected) as at 31 December 2023 (December 2022: $12,986,000). In addition, approximately $17,123,000 (tax effected) (December 2022: $27,860,000) of unused tax losses, credits and temporary differences have not been recognised as assets at the balance sheet date.

5. DUE FROM OTHER FINANCIAL INSTITUTIONS

	DEC 2023 $000	JUN 2023 $000
Deposits pledged as collateral	15,230	15,779
Term Deposits	5,101	-
	20,331	**15,779**

Includes term deposits with maturities greater than three months from the date of acquisition and deposits pledged to counterparties as collateral. Refer to Note 18 for details of deposits pledged as collateral.

6. TRADE AND OTHER RECEIVABLES

	DEC 2023 $000	JUN 2023 $000
Scheme and other receivables[1]	36,412	5,206
Merchant acquiring fees	17,248	14,375
Insurance receivable	820	5,820
Expected credit loss provision	(41)	(41)
	54,439	**25,360**

[1] *Scheme receivables are presented net of merchant payables in line with the Group's accounting policy.*

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

	Total $'000	Not past due $'000	1-30 Days $'000	31-60 Days $'000	61-90 Days $'000	>90 Days $'000	Impairment $'000
Carrying value - Dec 2023	54,439	54,429	51	-	-	-	(41)
Carrying value - Jun 2023	25,360	25,290	111	-	-	-	(41)

7. LOANS

	DEC 2023 $000	JUN 2023 $000
Current		
Loans (net of unearned fees)	37,268	43,765
Non-current		
Loans (net of unearned fees)	2,560	6,761
	39,828	**50,526**

Income from loans comprises interest income of $6,772,000 (December 2022: $5,237,000), fair value gain of $402,000 (December 2022: loss of $776,000) and net lending loss of $1,844,000 (December 2022: net lending loss of $889,000).

8. LEASES

Group as lessee – property lease

The Group holds a lease for the Group's headquarters. The lease has a non-cancellable period of 8 years ending in January 2031 with an option to renew for a further 5 years.

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

	RIGHT-OF-USE ASSETS $000	LEASE LIABILITIES $000
As at 1 July 2023	26,344	33,561
Depreciation expense	(1,737)	-
Interest expense	-	704
Payments	-	(2,139)
As at 31 December 2023	**24,607**	**32,126**

Lease liabilities

	DEC 2023 $000	JUN 2023 $000
Current		
Lease liability	4,511	4,394
Non-current		
Lease liability	27,615	29,167
Total lease liabilities	**32,126**	**33,561**

Lease liabilities – Maturity analysis

	DEC 2023 $000	JUN 2023 $000
Within one year	4,511	4,394
After one year but not more than five years	26,552	20,126
More than five years	6,545	15,227
Total undiscounted lease liabilities	**37,608**	**39,747**

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

	DEC 2023 $000	DEC 2022 $000
Depreciation expense of right-of-use assets	(1,737)	(1,815)
Interest expense on lease liabilities	(704)	(733)
Total amount recognised in Consolidated Statement of Comprehensive Income	**(2,441)**	**(2,548)**

9. FINANCIAL INVESTMENTS

	DEC 2023 $000	JUN 2023 $000
Current		
Floating rate notes	9,550	15,452
	9,550	**15,452**

	DEC 2023 $000	JUN 2023 $000
Non-current		
Floating rate notes	65,534	55,098
Equity Investment	3,958	3,974
	69,492	**59,072**

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

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

10. INVESTMENT IN ASSOCIATE

	DEC 2023 $000	JUN 2023 $000
Axis IP Pty Ltd (**Paypa Plane**)	1,058	1,811
	1,058	**1,811**

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

11. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of net carrying amounts at the beginning and end of the half-year:

	TERMINALS $000	FURNITURE AND OFFICE EQUIPMENT $000	COMPUTER EQUIPMENT $000	LEASEHOLD IMPROVEMENTS $000	TOTAL $000
Half-year ended 31 December 2023					
At 1 July 2023 net of accumulated depreciation	31,079	197	2,511	8,998	42,785
Additions	13,473	6	196	-	13,675
Disposals	(45)	-	-	-	(45)
Depreciation for the half-year	(7,731)	(59)	(587)	(600)	(8,977)
At 31 December 2023 net of accumulated depreciation	**36,776**	**144**	**2,120**	**8,398**	**47,438**
At 30 June 2023					
Cost	89,585	2,708	12,142	10,374	114,809
Accumulated depreciation	(58,506)	(2,511)	(9,631)	(1,376)	(72,024)
Net carrying amount	**31,079**	**197**	**2,511**	**8,998**	**42,785**
At 31 December 2023					
Cost	102,846	2,714	12,330	10,374	128,264
Accumulated depreciation	(66,070)	(2,570)	(10,210)	(1,976)	(80,826)
Net carrying amount	**36,776**	**144**	**2,120**	**8,398**	**47,438**

12. INTANGIBLE ASSETS AND GOODWILL

Reconciliation of net carrying amounts at the beginning and end of the half-year:

	INTERNALLY GENERATED SOFTWARE $000	CUSTOMER RELATIONSHIPS $000	GOODWILL $000	TOTAL $000
Half-year ended 31 December 2023				
At 1 July 2023 net of accumulated amortisation and impairment	22,267	90,548	13,687	126,502
Additions	4,004	-	-	4,004
Impairment expense	-	(18,755)	-	(18,755)
Amortisation for the half-year	(3,954)	(5,864)	-	(9,818)
At 31 December 2023 net of accumulated amortisation and impairment	**22,317**	**65,929**	**13,687**	**101,933**
At 30 June 2023				
Cost	33,117	114,913	13,687	161,717
Accumulated amortisation and impairment	(10,850)	(24,365)	-	(35,215)
Net carrying amount	**22,267**	**90,548**	**13,687**	**126,502**
At 31 December 2023				
Cost	37,121	114,913	13,687	165,721
Accumulated amortisation and impairment	(14,804)	(48,984)	-	(63,788)
Net carrying amount	**22,317**	**65,929**	**13,687**	**101,933**

12. INTANGIBLE ASSETS AND GOODWILL (continued)

Impairment considerations

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

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

Key assumptions

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

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

13. SHARE-BASED PAYMENTS

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

(a) Fair value of options under the Employee Share Option Plan (ESOP)

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

	Dec 2023 NUMBER	Dec 2023 WAEP (CENTS)	Dec 2022 NUMBER	Dec 2022 WAEP (CENTS)
Monthly linear and annual linear vesting				
Opening	5,796,693	140	11,284,622	126
Granted	-	-	-	-
Exercised	(143,475)	-	(1,286,577)	48
Forfeited or expired	(2,954,169)	149	(3,117,395)	153
Closing	**2,699,049**	**137**	**6,880,650**	**129**
Of which: Exercisable at the end of the period	**2,593,014**	**142**	**6,247,366**	**140**

13. SHARE-BASED PAYMENTS (continued)

(a) Fair value of options under the Employee Share Option Plan (ESOP) (continued)

	Dec 2023 NUMBER	Dec 2023 WAEP (CENTS)	Dec 2022 NUMBER	Dec 2022 WAEP (CENTS)
Performance based vesting				
Opening	3,318,746	165	10,479,952	165
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited or expired	(1,737,696)	154	(4,828,052)	166
Closing	**1,581,050**	**179**	**5,651,900**	**165**
Of which: Exercisable at the end of the period	**-**	**-**	**-**	**-**
Total outstanding at the end of the period	**4,280,099**		**12,532,550**	
Total exercisable at the end of the period	**2,593,014**		**6,247,366**	

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

The following table illustrates the number of outstanding rights, weighted average exercise prices (**WAEP**) in cents and movements of rights during the half-year:

	Dec 2023 NUMBER	Dec 2023 WAEP (CENTS)	Dec 2022 NUMBER	Dec 2022 WAEP (CENTS)
Performance, remuneration sacrifice rights and rights to shares under other contractual arrangements				
Opening	13,113,235	-	9,535,747	-
Granted	8,598,398	-	7,054,633	-
Exercised	(2,431,272)	-	(468,249)	-
Forfeited or expired	(1,056,661)	-	(1,196,089)	-
Closing	**18,223,700**	**-**	**14,926,042**	**-**
Of which: Exercisable at the end of the period	**2,168,678**	**-**	**1,752,435**	**-**

14. TRADE AND OTHER PAYABLES

	DEC 2023 $000	JUN 2023 $000
Current		
Scheme fees, commissions, incentives and other accruals	18,384	16,986
Commissions payable to Bendigo Bank	9,644	9,653
Accounts payable	2,935	3,475
Clearing account and other liabilities	24,453	7,917
Class action settlement[1]	-	5,000
	55,416	**43,031**
Non-current		
Commissions payable to Bendigo Bank	55,543	75,396
	55,543	**75,396**

1 *The class action settlement is the amount payable by Tyro in accordance with the Court approved settlement of the class action relating to the terminal connectivity issue in January 2021. The class action settlement was paid in August 2023 by the Group's insurer.*

Commissions payable to Bendigo Bank

The Group has an alliance with Bendigo Bank for merchant acquiring services, known as Bendigo Alliance. As part of the alliance, Bendigo Bank agreed to transfer existing and refer potential customers to the Group for the provision of a co-branded merchant acquiring service. In return, Bendigo Bank received upfront consideration and receives an ongoing commission from existing and newly referred Bendigo Bank business customers who use the Group's merchant acquiring services.

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

	DEC 2023 $000	JUN 2023 $000
Guaranteed amount	15,836	18,793
Variable amount	49,351	66,256
	65,187	**85,049**

In December 2023, the Group has revalued the commission liability by $17,324,000 (December 2022: nil). The decrease in commission payable reflects the decrease in gross margin expected to be received in future years driven by lower future transaction volumes. This was recognised within Gain on Financial Instruments in the Consolidated Statement of Comprehensive Income.

15. PROVISIONS

	ANNUAL LEAVE $000	LONG SERVICE LEAVE $000	MAKE GOOD PROVISION $000	OTHER PROVISION $000	TOTAL $000
Balance at 1 July 2023	5,372	2,350	565	374	8,661
Provisions (utilised)/provided during the period	(1,082)	(15)	8	(31)	(1,120)
As at 31 December 2023	**4,290**	**2,335**	**573**	**343**	**7,541**
Current	4,290	1,270	-	343	5,903
Non-current	-	1,065	573	-	1,638
	4,290	**2,335**	**573**	**343**	**7,541**

16. CONTRIBUTED EQUITY AND RESERVES

(i) Movement in ordinary shares on issue

	NUMBER OF SHARES	$000
At 1 July 2022	**517,721,116**	**278,798**
Share options and rights exercised	3,136,565	624
At 30 June 2023	**520,857,681**	**279,422**
Shares options and rights exercised	2,574,747	-
At 31 December 2023	**523,432,428**	**279,422**

During the half-year ended 31 December 2023, 2,574,747 ordinary shares were issued upon exercise of options and rights, raising no fully paid capital.

Terms and conditions of contributed equity

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

(ii) FVOCI reserves

	DEC 2023 $000	JUN 2023 $000
Balance at the beginning of the period	(407)	(689)
Revaluation gain, net of tax	436	282
Transfer to accumulated losses	16	-
Balance at the end of the period	**45**	**(407)**

(iii) Share-based payments reserve

	DEC 2023 $000	JUN 2023 $000
Balance at the beginning of the period	54,725	43,560
Share-based payments expensed	1,320	11,165
Balance at the end of the period	**56,045**	**54,725**

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.

16. CONTRIBUTED EQUITY AND RESERVES (continued)

(iv) General reserve for credit losses

	DEC 2023 $000	JUN 2023 $000
Balance at the beginning of the period	5,002	4,214
Transfer to/(from) accumulated losses:		
Appropriation for chargeback losses	110	200
Appropriation for lending losses	(646)	588
Balance at the end of the period	**4,466**	**5,002**
Total reserves at the end of the period	**60,556**	**59,320**

17. FAIR VALUES (INCLUDING FINANCIAL RISK MANAGEMENT)

a) Fair values

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

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

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

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

		31 DECEMBER 2023 ($'000)			
FINANCIAL ASSETS	NOTE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Floating rate notes	9	75,084	-	-	**75,084**
Loans	7	-	-	39,828	**39,828**
Equity investment	9	-	-	3,958	**3,958**
		75,084	**-**	**43,786**	**118,870**

		30 JUNE 2023 ($'000)			
FINANCIAL ASSETS	NOTE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Floating rate notes	9	70,550	-	-	**70,550**
Loans	7	-	-	50,526	**50,526**
Equity investment	9	-	-	3,974	**3,974**
		70,550	**-**	**54,500**	**125,050**

17. FAIR VALUES (INCLUDING FINANCIAL RISK MANAGEMENT) (continued)

Floating rate notes

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

Loans

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

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

The fair value of loans requires estimation of:

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

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

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

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

- the pricing of loans including adjustments for credit risk with the risk adjustments ranging between 35% and 36%;
- historical data with respect to behavioural repayment patterns – generally ranging between 3 to 12 months; and
- default experience for loans deemed uncollectable and which are valued at $nil.

These inputs directly affect the fair value of the loans. A sensitivity of a change of 10% in the value ascribed to credit risk for loans to merchants that are not trading completely will have an impact of between negative $221,000 (December 2022: $126,000) and positive $221,000 (December 2022: $126,000) to Profit before tax.

Equity investments

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

Transfer between categories

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

(b) Financial risk management

During the ordinary course of business, the Group is exposed to credit risk, operational risk, market risk (including interest rate risk and foreign exchange risk) and liquidity risk. For details on the management of these risks, refer to the financial report for the year ended 30 June 2023.

18. COMMITMENTS AND CONTINGENCIES

a) Commitments relating to BECS

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

(b) Contingent liabilities arising from commitments

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

Contingent liabilities - secured	DEC 2023 $000	JUN 2023 $000
(i) Irrevocable standby letters of credit in favour of:		
Mastercard International	3,301	3,361
Visa International	524	524
	3,825	**3,885**
(ii) Collateral in favour of:		
Bank Guarantee in favour of Bendigo and Adelaide Bank Limited - Alliance Agreement	6,000	6,000
Bank Guarantees in relation to office leases	4,905	4,893
National Australia Bank Limited - Tyro Health Facility	500	1,000
	11,405	**11,893**

Contingent liabilities - unsecured	DEC 2023 $000	JUN 2023 $000
National Australia Bank Limited - Tyro Health Letter of Indemnity	2,000	-
	2,000	**-**

The Group has provided irrevocable standby letters of credit of $3,825,000 (June 2023: $3,885,000) secured through fixed charges over term deposits with the Commonwealth Bank of Australia and Westpac Banking Corporation, to Mastercard International and Visa International. These are one-year arrangements that are subject to automatic renewal on a yearly basis. Mastercard International and Visa International, at their discretion, may increase the required amounts of the standby letters of credit upon written request to the Group. The required amounts of the standby letters of credit are dependent on Mastercard International's and Visa International's view of their risk exposure to the Group.

A bank guarantee in favour of Bendigo and Adelaide Bank Limited of $6,000,000 (June 2023: $6,000,000) is held with Westpac Banking Corporation to mitigate the default risk created by Bendigo Bank settling funds to Bendigo Alliance merchants that hold a settlement account with Bendigo Bank ahead of funds receipt from Tyro.

The bank guarantee in relation to office leases of $4,906,000 (June 2023: $4,893,000) is mainly held in relation to the lease arrangement for the 55 Market Street office premises. The amount represents 6 months rent, outgoings and GST and is refundable on expiry of the lease agreement, subject to satisfactory vacation of the leased premises.

A collateral of $500,000 (June 2023: $1,000,000) and Letter of Indemnity of $2,000,000 (June 2023: nil) in favour of National Australia Bank Limited to secure the obligations of Tyro Health Pty Ltd to National Australia Bank Limited.

19. EARNINGS PER SHARE

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

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

Earnings

	DEC 2023 $000	DEC 2022 $000
Net profit attributable to ordinary shareholders used to calculate basic and diluted earnings per share	5,138	1,100

	DEC 2023 NUMBER	DEC 2022 NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	521,896,727	518,411,648
Weighted average number of potentially dilutive ordinary shares	534,532,472	528,478,388

Earnings per share

	DEC 2023 CENTS	DEC 2022 CENTS
Basic	0.98	0.21
Diluted	0.96	0.21

20. MATTERS SUBSEQUENT TO THE END OF THE HALF-YEAR

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

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

The $10 million damages payment was received on 16 February 2024.

In the opinion of the Directors, other than the proceedings against Kounta noted above, there are no other matters or circumstances which have arisen between 31 December and the date of this report that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations and the state of affairs of the Group in subsequent financial periods.

Directors' Declaration

In the opinion of the Directors:

a) the consolidated financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the six month period ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

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

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

Fiona Pak-Poy
Chair

Jon Davey
CEO | Managing Director

Sydney, 27 February 2024

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Independent auditor's review report to the members of Tyro Payments Limited

Conclusion

We have reviewed the accompanying half-year financial report of Tyro Payments Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards

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and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Anita Kariappa

Anita Kariappa
Partner
Sydney
27 February 2024

Corporate Directory

DIRECTORS

Fiona Pak-Poy - Non-executive Director, Chair of the Board and Chair of the Nominations Committee

Jon Davey - CEO and Managing Director

David Fite - Non-executive Director

Claire Hatton - Non-executive Director and Chair of People Committee

Aliza Knox - Non-executive Director

Shefali Roy - Non-executive Director

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

REGISTERED AND PRINCIPAL ADMINISTRATIVE OFFICE IN AUSTRALIA

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

AUSTRALIAN SECURITIES EXCHANGE (ASX) LISTING

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

DIRECTOR PROFILES

Refer to profiles under Company Information - Board of Directors as listed on https://investors.tyro.com/investor-centre/

EXECUTIVE LEADERSHIP TEAM

Refer to profiles under Company Information - Senior Leadership Team as listed on https://investors.tyro.com/investor-centre/

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ASX ANNOUNCEMENTS

Details of all announcements released by Tyro Payments Limited can be found on our Investors page at https://investors.tyro.com/investor-centre/

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