

# H1 FY25 Results

Moving Payments Forward. Together.



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*Managing Director*



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*Chief Financial Officer*

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Authorised for release by the Board of Cuscal Limited



## ACKNOWLEDGMENT OF COUNTRY

**Cuscal acknowledges the Traditional Custodians of the lands, seas and waters across Australia.**

We acknowledge the Gadigal peoples of the Eora Nation, whose ancestral lands and waters are where the Cuscal Limited headquarters stand. Cuscal recognises Aboriginal and Torres Strait Islander peoples' continuing connection to land, waters and culture.

We honour the wisdom of Aboriginal and Torres Strait Islander Elders past and present and embrace future generations.



The artwork depicted on this page, "Wugul Mudjin" means one family, one mob, one team in Dharug/Darug language, and was commissioned by Cuscal Limited and created in March 2024 in partnership with artist Jason Douglas of Dalmarri.

# Agenda & Presenters



	Page
<b>1</b> Introducing Cuscal	<b>5</b>
<b>2</b> H1 FY25 Results Highlights	<b>9</b>
<b>3</b> H1 FY25 Financial Performance	<b>11</b>
<b>4</b> Outlook	<b>16</b>
<b>A</b> Appendix	<b>20</b>



**Craig Kennedy**

Managing Director



**Sean O'Donoghue**

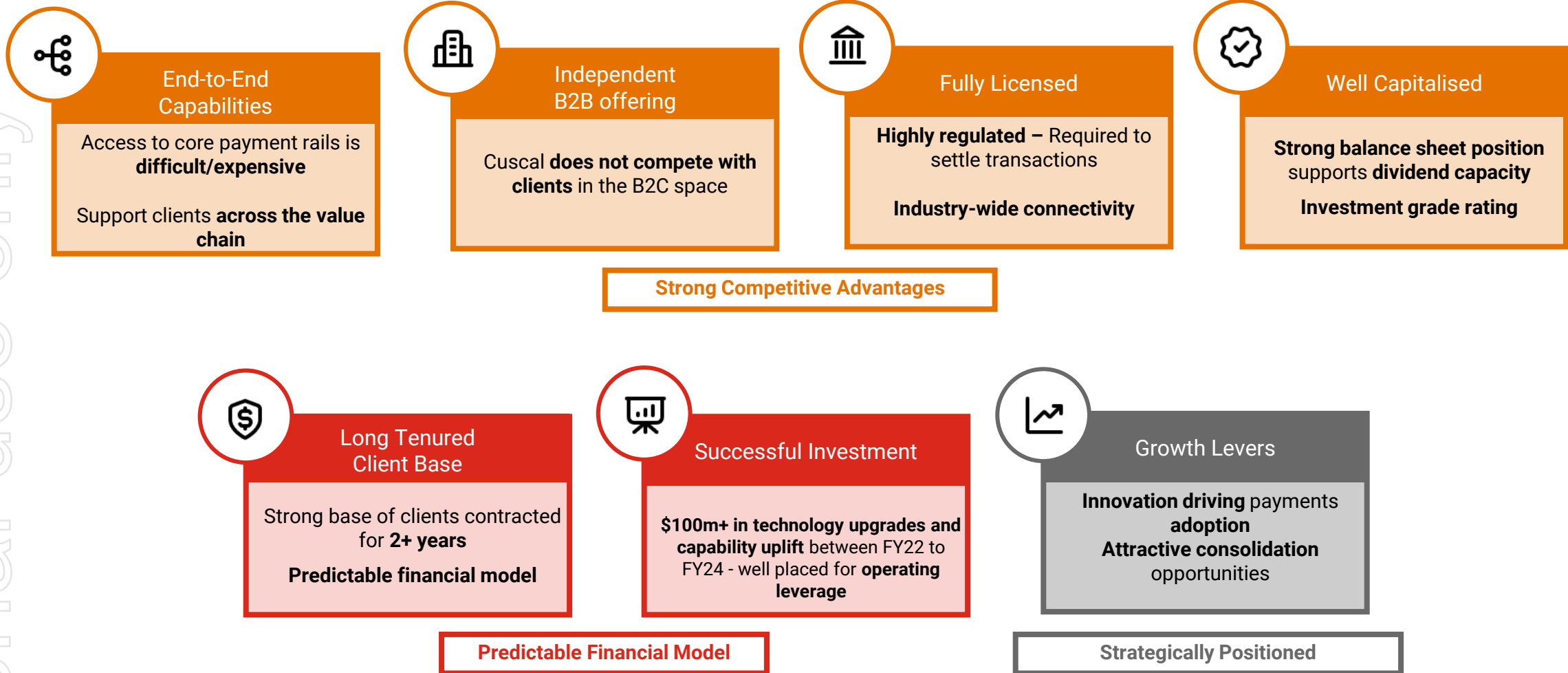
Chief Financial Officer



# Introducing Cuscal

Craig Kennedy, Managing Director

# Differentiated Role in the Australian Payments Landscape



Significant opportunity for earnings growth and margin expansion underpinned by differentiated market position, efficient operating model and growth opportunities

# Multiple Growth Levers



1	Grow Existing Capabilities	2	Expand Market Share	3	Inorganic Growth	4	Expand Into Logical Adjacencies
Organic Growth		Major Bank Focus		Track Record of Successful M&A		CDR: Regulated Data Services Opportunity	
Strong forecast structural market growth in debit card volumes and the NPP market  Cuscal holds strong market share in NPP which is growing strongly		Focus on capturing more of total market share of the Major Banks  Potential to partner with a Major Bank		Inorganic growth opportunities have included SPS and Basiq acquisitions  Provided access to new capabilities and improved positioning		Anticipated to become important pillar of Cuscal's offering  Action Initiation is a significant opportunity	
Targeted Growth Strategies		Emergence of New Competitors		Disciplined Acquisition Framework		First Mover Advantage	
Issuing – New client segments  Acquiring – Synergies between card acceptance and real time payments  Payments – Bring new clients onto NPP platform and PayTo		Opportunity to partner with new Fintech or corporate entrants and payment facilitators		Disciplined focus on Australian opportunities accretive to core capabilities		Well-positioned to build-out Regulated Data Services capabilities following Basiq acquisition	

# Opportunities and Investment For Growth



## Issuing

*Make a card payment*

- Modernising card management platforms to offer multiple card types such as credit, prepaid, debit, etc.
- Optimising time and cost to market for clients by providing PCI compliant end-to-end managed card solutions
- Opportunity to expand into new segments



## Acquiring

*Accept a card payment*

- Technological advancements and innovation driving changing behaviours
- Opportunity to grow B2B acquiring capabilities and non-card related transactions as legacy batch systems retire over time
- Cuscal well positioned given B2B focus and capability across value chain



## Payments

*Account to Account payments*

- Transition from batch to real-time payments driving change in transaction mix
- Opportunity to attract new B2B clients
- Roll-out of PayTo and increased use of PayID expected to generate opportunities to bring on new B2B clients



# H1 FY25 Results Highlights

Craig Kennedy, Managing Director

# H1 FY25 Highlights

- ✓ +7% transaction volume growth.
- ✓ Earnings growth across all core capabilities.
- ✓ Improvement in all key metrics.
- ✓ **On track to meet or modestly exceed Prospectus FY25 pro forma NPAT<sup>(1)</sup> forecast.**

(1) Pro forma Consolidated Profit attributable to the owners of Cuscal.





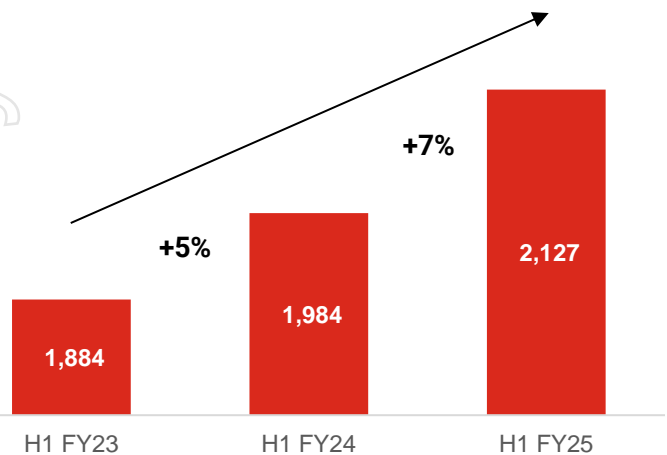
# H1 FY25 Financial Performance

Sean O'Donoghue, Chief Financial Officer

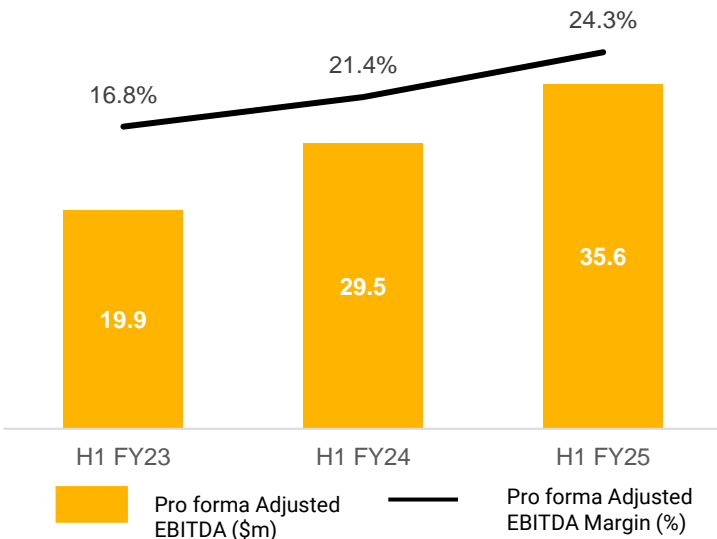
# Growth Across All Key Metrics



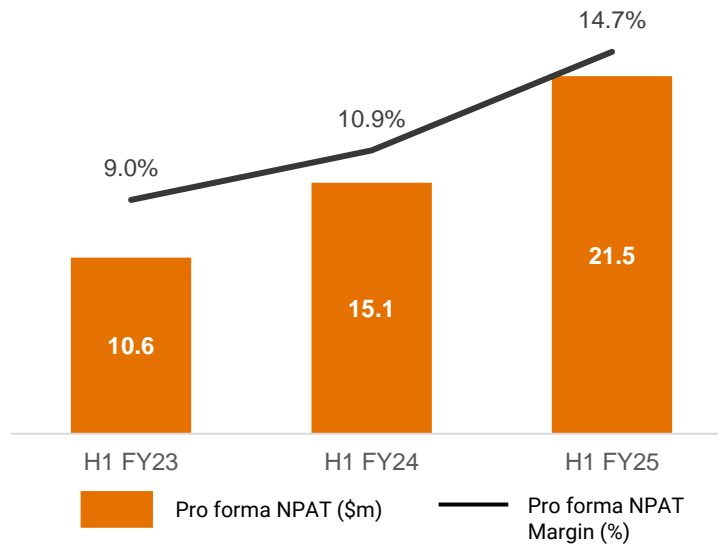
Transaction Volumes (by number, million)



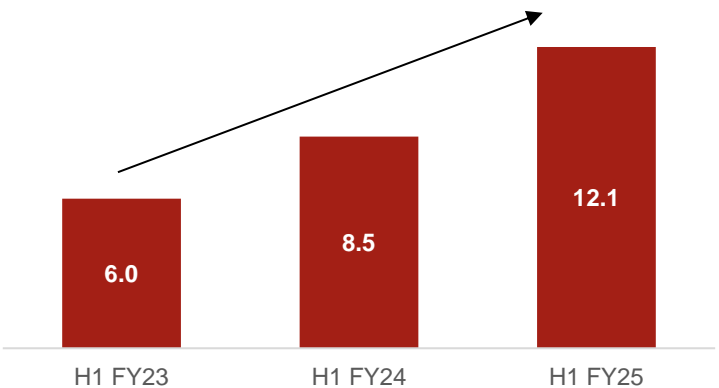
Pro forma Adjusted EBITDA (\$m) and Margin (%)



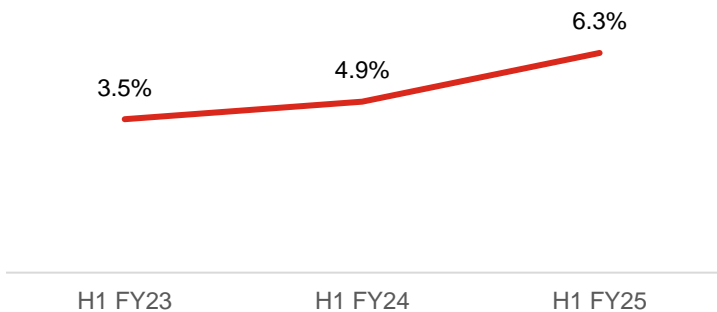
Pro forma NPAT (\$m) and Margin (%)



Pro forma EPS (cents per share)



Pro forma ROE (%)



# Adjusted NOI Growth Across All Core Capabilities



## Transaction volume growth:

- Issuing +6%
- Acquiring +6%
- Payments +11%



Continued value from diversified revenue model



## Growth in transaction-based revenue across all core capabilities

- Issuing: +6% excluding one-offs in pcg
- Acquiring: +4%
- Payments: +9% excluding one-off in pcg

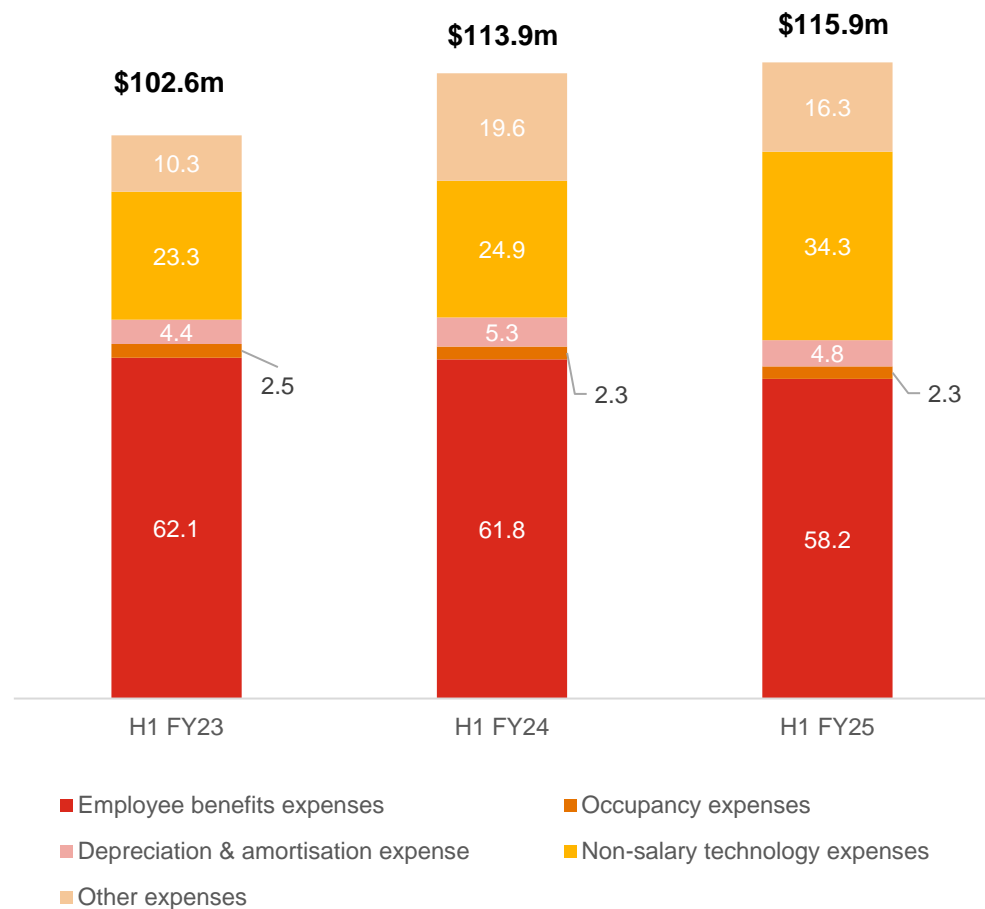


On track to meet or modestly exceed FY25 Prospectus Adjusted NOI forecast

A\$m	1H FY25	1H FY24	Growth (%)	1H FY25 Contribution to Total NOI
Issuing	85.8	80.4	7%	58%
Acquiring	15.0	14.4	4%	10%
Payments	35.0	33.8	4%	24%
Financial Crimes	8.0	7.4	8%	5%
Regulated Data Services	2.6	2.6	-	2%
Corporate	0.3	(0.5)	>100%	<1%
<b>Adjusted net operating income<sup>(1)</sup></b>	<b>146.7</b>	<b>138.1</b>	<b>6%</b>	
<b>Transaction volume (m) (by number)</b>	<b>2,127</b>	<b>1,984</b>	<b>7%</b>	

1. Adjusted net operating income is a non-IFRS measure and is derived after adjusting Total net operating income per the Statement of Profit and Loss for the impact of a \$0.7m option liability charge to interest expense for Dec 2023

# Operating Expenses Underpinning Margin Expansion



- **Pro forma Total operating expenses** ↑ 2% to **\$115.9m**
  - slower ramp up of expenses positively skewing H1 FY25 NPAT result
- **Employee benefits expenses** ↓ 6% to **\$58.2m**
  - slower than planned on-boarding of forecast FTE uplift
- **D&A** ↓ 9% to **\$4.8m**
  - intangible asset write down FY24
- **Non-salary technology expenses** ↑ 38% to **\$34.3m**
  - largely timing and nature of execution of investment program
  - ramp up of Risk & Technology Uplift programs but lower investment as legacy programs completed
- **Other expenses** ↓ 17% to **\$16.3m**
  - reduced 3<sup>rd</sup> party consultancy costs

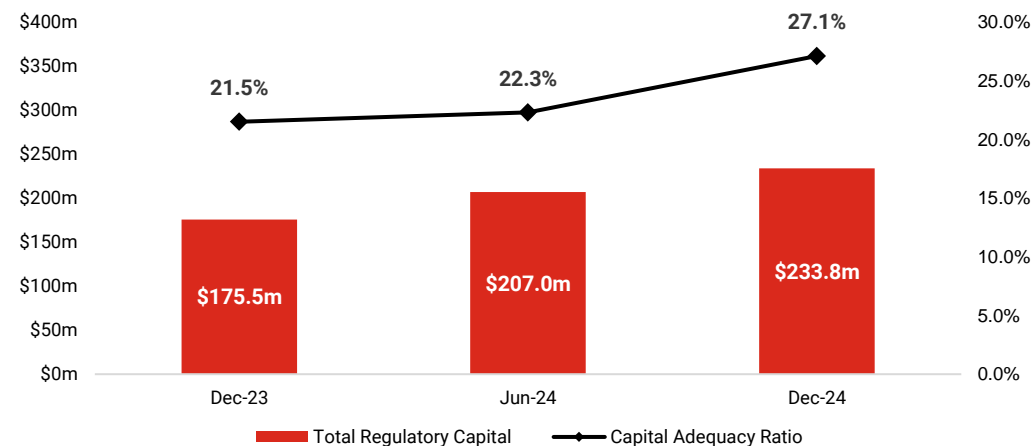
# Strong Balance Sheet



Summary balance sheet A\$m	Dec 2024	Jun 2024
Cash & cash equivalents	2,308.1	2,069.1
Receivables & investment securities	1,118.1	1,202.7
Other assets	68.6	79.9
Deferred tax assets	15.3	5.4
PPE	11.0	14.2
Intangibles	106.1	105.8
<b>Total Assets</b>	<b>3,627.2</b>	<b>3,477.1</b>
Payables, securities sold, discount securities	147.5	335.6
Client deposits	3,010.9	2,701.6
Current tax liabilities	9.2	10.0
Other liabilities & provisions	100.4	105.7
<b>Total liabilities</b>	<b>3,268.0</b>	<b>3,152.9</b>
<b>Total Equity</b>	<b>359.2</b>	<b>324.2</b>

A\$m	Dec 2024	Jun 2024
Common Equity Tier 1 capital	233.8	204.5
Total Tier 2 capital	-	2.5
<b>Total capital</b>	<b>233.8</b>	<b>207.0</b>
Risk weighted Assets	864.2	927.1
<b>Total capital ratio (%)</b>	<b>27.1%</b>	<b>22.3%</b>

Regulatory Capital & Capital Adequacy Ratio



- Capital ratios remain strong and well above prudential minimums
- Opportunities to deploy excess capital being actively pursued

December 2024 Equity includes net ~\$40 million proceeds related to the listing of Cuscal on 25 November 2024



# Outlook

Craig Kennedy, Managing Director

# Outlook

- On track to meet or modestly exceed Prospectus FY25 pro forma NPAT forecast:
  - Mid-to-high single digit transaction volume growth expected to translate to low double-digit NPAT growth.
  - H2 FY25 operating expenditure expected to be ahead of H1 due to timing of FTE onboarding.
  - Pro forma FY25 NPAT expected to be skewed to H1, with H1 NPAT ~55% of expected pro forma FY25 full year result.
- FY25 final dividend forecast of 5.5 cents per share remains unchanged<sup>(1)</sup>.
- Opportunity to deploy excess capital towards selected inorganic opportunities continues to be evaluated.

(1) A pre-IPO dividend of 4.5 cents per share was paid to existing shareholders on Cuscal's register as at 31 October 2024 in lieu of an interim dividend for the six months ending 31 December 2024.

# Well Positioned for Growth and Operating Leverage



**Revenue model  
underpinned by long-  
tenured contracted  
client base**

**Diversified model with  
multiple revenue drivers**

**Significant investment  
in operating model  
completed in recent  
years**

**Well capitalised,  
regulated balance sheet**

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# Q&A

Cuscal 



# Appendix



# Results Overview – Statutory Results



A\$m	1H FY25	1H FY24	Growth (%)
Total net operating income	146.7	137.4	7%
Total Adjusted net operating income	146.7	138.1	6%
Total operating expenses	(129.2)	(115.9)	11%
Adjusted EBITDA	22.3	27.5	(19%)
<b>Consolidated profit attributable to the owners of Cuscal (NPAT)</b>	<b>12.2</b>	<b>13.7</b>	<b>(11%)</b>
Earnings per share (c/share)	6.9	7.8	(12%)
Dividends per share (c/share)	4.5	3.5	29%
Return on Equity (%)	3.6%	4.9%	(130 bpts)
Average FTE	632	717	(12%)
Transaction volume (m)	2,127	1,984	7%

- Statutory results impact by non-recurring IPO related costs of \$13.3m in 1H FY25 and \$2.0m in 1H FY24<sup>(1)</sup>
- Transaction volume on track to FY25 Prospectus forecast.
- Average FTE decreased in 1H FY25, in-line with Prospectus forecast.
- Pre-IPO dividend of 4.5 cents per share was paid to existing shareholders on Cuscal's register as at 31 October 2024 in lieu of an 1H FY25 interim dividend.
- Total FY25 forecast full dividend of 10.0 cents per share remains unchanged.

Reconciliation of statutory NPAT to pro forma NPAT	1H'25	1H'24
<b>Consolidated profit attributable to the owners of Cuscal (NPAT)</b>	<b>12.2</b>	<b>13.7</b>
Offer costs	13.4	3.0
Share-based payments	0.6	-
Incremental listed public company costs	(0.7)	(1.0)
Tax impact of the adjustments	(4.0)	(0.6)
<b>Pro Forma Consolidated Profit attributable to the owners of Cuscal (pro forma NPAT)</b>	<b>21.5</b>	<b>15.1</b>

1. Incremental listed public company cost adjusted on 'pro forma' only i.e.. not deducted from statutory Consolidated Profit for Dec 2024 and Dec 2023

# Results Overview – Pro Forma Income Statement



A\$m	1H FY25	1H FY24	Growth (%)	Prospectus pro forma forecast FY25
Gross fee & commission revenue	176.3	166.2	6%	347.4
Direct fee & commission expense	(46.8)	(41.4)	13%	(88.0)
<b>Net fee &amp; commission revenue</b>	<b>129.5</b>	<b>124.8</b>	<b>4%</b>	<b>259.4</b>
Net interest income	16.8	13.1	28%	30.0
Other operating income / (loss)	0.4	(0.5)	>100%	0.3
<b>Total net operating income</b>	<b>146.7</b>	<b>137.4</b>	<b>7%</b>	<b>289.7</b>
Employee benefits expense	(58.2)	(61.8)	(6%)	(127.6)
Occupancy expenses	(2.3)	(2.3)	-	(4.6)
Depreciation and amortisation	(4.8)	(5.3)	(9%)	(10.1)
Non-salary technology expenses	(34.3)	(24.9)	38%	(65.3)
Other expenses	(16.3)	(19.6)	(17%)	(29.7)
<b>Total operating expenses</b>	<b>(115.9)</b>	<b>(113.9)</b>	<b>2%</b>	<b>(237.3)</b>
<b>Net profit before tax</b>	<b>30.8</b>	<b>23.5</b>	<b>21%</b>	<b>52.4</b>
Income tax expense	(9.3)	(8.8)	6%	(15.8)
<b>Net profit after tax</b>	<b>21.5</b>	<b>14.7</b>	<b>46%</b>	<b>36.6</b>
Add: loss attributable to non-controlling interests	-	0.4	(100%)	-
<b>Consolidated profit attributable to the owners of Cuscal (pro forma NPAT)</b>	<b>21.5</b>	<b>15.1</b>	<b>42%</b>	<b>36.6</b>
<b>Adjusted EBITDA</b>	<b>35.6</b>	<b>29.5</b>	<b>21%</b>	<b>62.5</b>

● Transaction volume ↑ 7%

● Total NOI ↑ 7%

● Adjusted EBITDA ↑ 21%

● Profit before tax ↑ 21%

● NPAT ↑ 42%

# Summary Cash Flow Statement



A\$m	1H FY25	1H FY24
NPAT attributable to the owners of Cuscal	12.2	13.3
Depreciation & amortisation expense	7.0	7.5
Interest on option liability	-	0.7
Share based payments	0.6	-
Decrease in FI receivables & payables, investment securities, discount securities	198.6	4.9
Decrease in repurchase agreements	(302.1)	-
Increase in client deposits	309.3	554.7
Decrease in other assets & liabilities	3.2	24.7
<b>Operating Cash Flow</b>	<b>228.8</b>	<b>605.8</b>
Repayment of Securitised loans	-	0.1
Payment for acquisition of subsidiary	(4.8)	-
Payment for intangible & PPE assets	(3.4)	(7.8)
<b>Investing Cash Flow</b>	<b>(8.2)</b>	<b>(7.7)</b>
<b>Net Cash Flow before Financing</b>	<b>220.6</b>	<b>598.1</b>
Proceeds from issue of shares (net of transaction costs)	38.3	-
Dividends paid	(16.7)	(7.0)
Settlement of employee share options	(0.6)	-
Principle component of lease liability	(2.6)	(2.5)
<b>Financing Cash Flow</b>	<b>18.4</b>	<b>(9.5)</b>
<b>Net Cash Flows</b>	<b>239.0</b>	<b>588.6</b>

- Financing cashflow includes net proceeds from issue of shares on listing of Cuscal in November 2024.
- Repurchase agreements decreased ~\$302 million as liquidity provided by agreements not required in December 2024.
- Client deposits increased ~\$309 million on higher TXN volumes.
- December 2024 dividends paid represent both the final FY24 dividend of 5.0 c/share and 'pre-IPO' dividend of 4.5 c/share paid on completion of the IPO.

# Tracking to IPO Pro Forma Forecast



A\$m	1H FY25 Results	FY25E Pro Forma Prospectus Forecasts	% of prospectus forecast
Transaction volume	2,127	4,304	49%
Gross fee and commission revenue	176.3	347.4	51%
Direct fee and commission expense	(46.8)	(88.0)	53%
<b>Net fee and commission revenue</b>	<b>129.5</b>	<b>259.4</b>	<b>50%</b>
<b>Net interest income</b>	<b>16.8</b>	<b>30.0</b>	<b>56%</b>
Other income	0.4	0.3	133%
<b>Total net operating income</b>	<b>146.7</b>	<b>289.7</b>	<b>51%</b>
Employee benefits expense	(58.2)	(127.6)	46%
Occupancy expenses	(2.3)	(4.6)	50%
Depreciation and amortization	(4.8)	(10.1)	48%
Non-salary technology expenses	(34.3)	(65.3)	53%
Other expenses	(16.3)	(29.7)	55%
<b>Total operating expenses</b>	<b>(115.9)</b>	<b>(237.3)</b>	<b>49%</b>
<b>Net profit before tax</b>	<b>30.8</b>	<b>52.4</b>	<b>59%</b>
Income tax expense	(9.3)	(15.8)	59%
<b>Net Profit after Tax (NPAT)</b>	<b>21.5</b>	<b>36.6</b>	<b>59%</b>
Add: loss attributable to non-controlling interests	-	-	-
<b>NPAT attributable to the owners of Cuscal</b>	<b>21.5</b>	<b>36.6</b>	<b>59%</b>



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Thank you