



3Q23

Results

November 8, 2023



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Earnings Call

The Company will present the results through video conference with simultaneous translation to English.

Date: Thursday, November 9, 2023.

PORTUGUESE AND ENGLISH

Time: 09:00 a.m. (ET) | 11:00 a.m. (BRT)

Earnings conference call: [click here](#)

SÃO PAULO, NOVEMBER 8th, 2023

CSU Digital S.A. (B3: CSUD3) ("CSU" or "Company"), leader in the Brazilian market of cutting-edge technology solutions for payment methods, Banking as a Service (BaaS), digital experience, and customer loyalty and incentive, announces its results for the third quarter of 2023.

All data was prepared in accordance with accounting practices adopted in Brazil observing the pronouncements, guidelines and interpretations of the Brazilian Accounting Pronouncements Committee (CPC) duly approved by the CVM, the IFRS standards issued by IASB, and in compliance with the provisions of Law 6,404/76.

In June 2022, the Company announced the restructuring of its business units, which were renamed **CSU Pays** and **CSU DX**, replacing the former names CSU.CardSystem and CSU.Contact, respectively. Subsequently, a August 2022 Shareholders Meeting approved the corporate name change to **CSU Digital S.A.**, and in the following month the Company's shares began trading on B3 – Bolsa, Brasil, Balcão under its new trading code **CSUD3**. These changes represent key steps in repositioning our business, which resulted from a vast investment program that has been carried out in recent years.

Consequently, adjustments were made (please refer to Exhibit 4) to our grouping of results by business division, according to the aforementioned changes. Such adjustments more appropriately reflect the nature of our service contracts from the perspective of end-to-end platform, thereby making it possible to compare the results achieved between the time periods.

¹ ROCE: return on capital employed; ROE: return on equity; ROIC: return on invested capital.

Quarter Highlights

Another record-breaking quarter for the main operational, income and profitability metrics

Operational indicators: Continued evolution of our operations.

- **B2B clients:** We renewed contracts that represent approximately 90% of Pays revenue, adding even more trust to our investment plan.
- **Registered cards and accounts:** Indicators keep expanding, having reached **36.3 million** registered cards and accounts **(+5.2% vs. 3Q22)**.
- **Number of transactions managed:** Expansion of **21.1%** vs. 3Q22, hitting **280.9 million** transactions in the last quarter. Financially, **R\$84.4 billion (+24.4% vs. 3Q22)** were processed on our platforms in 3Q23.
- **Number of CSU DX digitalized transactions:** exceeds **70%** of the total, including self-service interactions.

Technology platforms: Following the development of new CSU Pays platforms in 2Q23 (digital payments and BaaS), in the third quarter we announced the launch of our platform for processes hyper-automation (HAS) and for risk management, creating new, relevant growth revenues at CSU DX.

Net revenue: Expansion of operational activity levels in both business units, leading to a resumption of consolidated revenue growth compared to the prior quarter, reaching **R\$132.4 million in 3Q23 (+2.3% vs. 2Q23 and -2.9% vs. 3Q22)**. Year to date it totaled R\$394.6 million, in a minor reduction of -1.0% vs. 9M22.

Gains in efficiency: Expansion in the volume of contracted services; evolution of the digitalization agenda and disciplined expenses management elevate results.

- **Gross contribution:** Growth of **1.7%** compared to 3Q22, reaching **R\$68.0 million in 3Q23 with a margin of 51.4%**. Year to date it totaled R\$198.3 million with a margin of 50.3% (+6.0% and **+3.4 pp vs. 9M22**, respectively).
- **EBITDA:** The indicator hit a new record of **R\$46.5 million (+9.8% vs. 3Q22)** due to productivity gains and our non-stop financial diligence in controlling expenses. Year to date **it is 7.9% higher** than 9M22 **at R\$133.1 million**.
- **EBITDA margin:** Performance gains lifted the indicator, which reached 35.1% in 3Q23 **(+4.0 pp vs. 3Q22), its highest historical figure**. Year to date, margin hit 33.7% (+2.8 pp vs. 9M22).
- **Net income: Strong annual expansion of 28.4%** reaching R\$23.7 million in 3Q23. **Year to date, it grew 24.8%** compared to 9M22, **hitting R\$64.4 million**.

Profitability and capital structure: Low leverage and continuous profitability growth allow higher investments with attractive returns and shareholder remuneration.

- **Select profitability indicators:** ROCE¹, ROE, ROIC hit the excellent marks of 24%, 22% and 21%.
- **Earnings distribution: R\$7.0 million** in interest on capital due to **3Q23. Payment was made in October 2023**, which adds to the R\$12.5 million referring to the first half and paid throughout the year.

Message from Management

The third quarter of 2023 seals an important chapter in the operational evolution of our company and highlights a series of achievements from our strategic initiatives. It's worth mentioning the material gains from our efficiency improvement agenda, constant product innovation and intense technological enhancement.

When we evaluate the Company's main operational metrics, it is worth stressing:

- advances in the contract renewal agenda with our main customers, having successfully completed the long-term extension of approximately 90% of CSU Pays revenue;
- we reached 36.3 million registered cards and accounts in our databases (+5.2% vs. 3Q22);
- 280.9 million transactions were managed on our platforms in the last quarter (+21.1% vs. 3Q22) and 781.1 million transactions in the first 9 months of 2023 (+21.2% vs. 9M22), which represent R\$84.4 billion and R\$235.1 billion, respectively;
- the number of digitalized entries at CSU DX exceeds 70% of the total, an agenda that has allowed constant margin gains in this business unit.

As a consequence of this operational evolution mentioned above, and our active agenda for the digitalization of products and internal processes, financially the results become even more significant with several historical records reported:

- revenue at CSU Pays continues to expand significantly, having reached R\$84.9 million in 3Q23 and R\$251.8 million year to date (+6.9% vs. 9M22);
- amid continuous expansion, the Company's EBITDA reached its highest-ever level of R\$46.5 million with a margin of 35.1% in 3Q23 (+9.8% and +4.0 pp vs. 3Q22, respectively). Year to date it totaled R\$133.1 million with a margin of 33.7%, compared to R\$123.3 million with a margin of 30.9% in the same period of 2022;
- likewise, net income hit a record of R\$23.7 million in 3Q23 (+28.4% vs. 3Q22) with a significant increase in net margin during the quarter, which reached 17.9% (+4.4 pp vs. 3Q22). Year to date it totaled R\$64.4 million, an increase of R\$12.8 million (+24.8% vs. 9M22).

The scope achieved and the existing synergy across the business units allow the continuous evolution of operating margins, ranking CSU Digital as one of the best returns on invested capital in the market. We highlight indicators such as ROCE², ROE and ROIC that have been performing at 21%-24% per year.

The third quarter of 2023 was also marked by the completion of the transformation phase for our business verticals, which made our offers the most complete and robust on the market and the only one capable of serving any company that wants to offer financial services to its end customers.

After successfully completing the development of our comprehensive platform for financial transaction processing solutions (cards, Pix, cryptocurrencies, transfers, payments, top-ups, among others) and which are now available embedded via API in multiple interfaces (white label CSU apps and/or customer-based ones), CSU Digital now has the most advanced technology on the market in hyper-automation of business processes for front-office, middle-office and back-office operations with the launch of our HAS platform, the new CSU DX solution.

Companies that contract CSU DX platforms and apply advanced AI techniques to their various internal processes - especially in the areas of fraud prevention, exchange, curation, and onboarding - make their operations more agile, precise, and aligned with the demands of their audiences, thus delivering a truly digital experience (not just what is visible to the consumer) without friction, while significantly reducing their operating costs.

² ROCE: *return on capital employed* (retorno sobre o capital empregado); ROE: *return on equity* (retorno sobre o patrimônio líquido); ROIC: *return on invested capital* (retorno sobre o capital investido).

This recently launched initiative has generated a great deal of interest from potential customers in a wide range of industries, creating new and important avenues of growth for the company, often acting as an entry point for new contracts, followed by important cross-sell and up-sell opportunities, as this type of solution further entrenches our performance and enhances the perception of Deeply Tech company among customers.

Before closing, the Board of Directors approved the distribution of R\$7.0 million worth of interest on capital for the results of 3Q23, already paid on 10.6.2023, which added to the R\$12.5 million interest on capital declared and paid for the first half of 2023. The Company maintains a very attractive remuneration for its shareholders and demonstrates its financial solidity.

We thank everyone for the trust placed in the current Administration.

Marcos Ribeiro Leite
Founder & CEO

Consolidated results Results summary

Main indicators (R\$ thousand)	3Q23	3Q22	% Var. YoY	2Q23	% Var. QoQ	9M23	9M22	% Var.
Net revenue	132,356	136,339	-2.9%	129,356	2.3%	394,555	398,689	-1.0%
Gross contribution	67,996	66,856	1.7%	65,159	4.4%	198,264	187,013	6.0%
Contribution (%)	51.4%	49.0%	2.4 p.p.	50.4%	1.0 p.p.	50.3%	46.9%	3.4 p.p.
Gross profit	53,577	53,570	0.0%	50,643	5.8%	154,631	147,099	5.1%
Gross margin	40.5%	39.3%	1.2 p.p.	39.2%	1.3 p.p.	39.2%	36.9%	2.3 p.p.
EBITDA	46,502	42,349	9.8%	43,105	7.9%	133,141	123,339	7.9%
EBITDA margin	35.1%	31.1%	4.0 p.p.	33.3%	1.8 p.p.	33.7%	30.9%	2.8 p.p.
Net income	23,695	18,454	28.4%	20,486	15.7%	64,381	51,594	24.8%
Net margin	17.9%	13.5%	4.4 p.p.	15.8%	2.1 p.p.	16.3%	12.9%	3.4 p.p.

Net revenue: Totaled **R\$132.4 million** in 3Q23, slightly lower than in 3Q22 when it equaled R\$136.3 million (-2.9% vs. 3Q22). Year to date, net revenue totaled **R\$394.6 million** (-1.0% vs. 9M22).

It is very important to note the performance by vertical in the coming sections, considering that they are experiencing very different dynamics. **CSU Pays** (our core business) – a division that encompasses payment methods, loyalty and BaaS services – grows significantly and recurringly on an annual basis (+7% vs 9M22), including gains in its share of total net revenue. **CSU DX** – the division that encompasses Customer Experience and Middle Office (HAS) services – is undergoing a profound operational transformation and becoming increasingly digital. It includes higher value-added services in process hyper-automation through artificial intelligence (AI) to increase profitability and create new growth possibilities.

Net revenue:

R\$ 132.4 MM -2.9%
3Q23 yoy

Gross contribution:

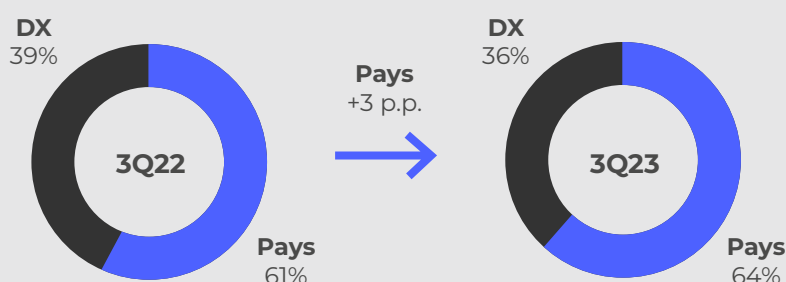
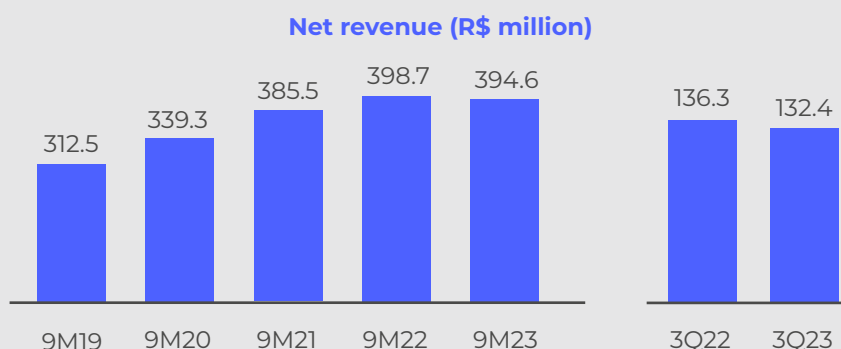
R\$ 68.0 MM +1.7%
Mg. 51.4% +2.4p.p.
3Q23 yoy

EBITDA:

R\$ 46.5 MM +9.8%
Mg. 35.1% +4.0p.p.
3Q23 yoy

Net income:

R\$ 23.7 MM +28.4%
Mg. 17.9% +4.4p.p.
3Q23 yoy



For anyone not fully familiar with the business evolution at CSU Digital, the Company has developed and executed a business model based on the full service concept. Through this model, CSU Digital offers a robust technology infrastructure in financial services (CSU Pays), while providing a comprehensive operational support (CSU DX) for these products on a daily basis drawing on broad automation and performance. This way, our clients can offer a unique, complete experience to their users on short notice and demanding minor investments.

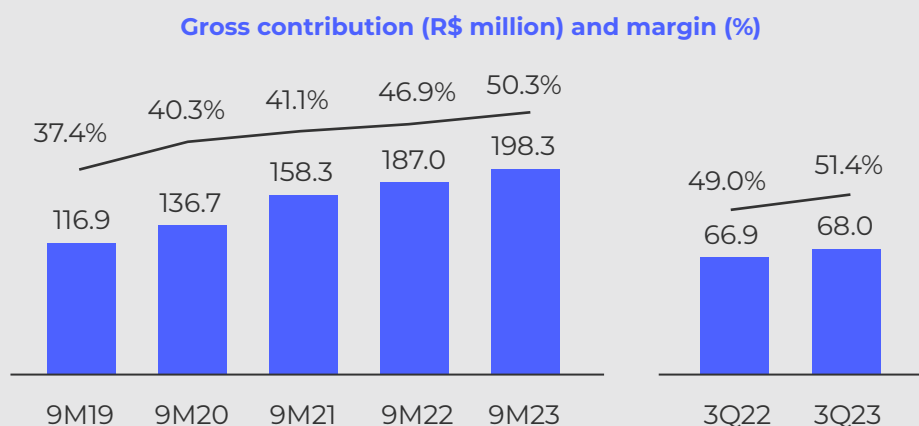
This operational fashion allows relevant synergies across our portfolio products and a high degree of revenue predictability:

- Originally, the main revenue line at CSU Pays was associated with the processing and management of card transactions, in addition to the development and management of loyalty and incentive programs, both geared towards issuers. Much of this business unit's revenue is still tied to the number of users and cards available for billing, with different amounts for each type of processing. New modalities are beginning to gain relevance on this vertical with the launch of new payment solutions (virtual cards, digital cards, digital wallets, Pix, Pix on Credit, Cryptocurrencies) and Banking as a Service (BaaS) being offered globally in an integrated fashion through CSU Switcher.
- Similarly, we guarantee full capacity (infrastructure, staff and technology) for the contracted DX services. Originally created to meet the demands of our card-centric customers on the service front, this unit experienced a real digital transformation in recent years and became tech-heavy division. From now on, it has a new type of service, the Middle Office (marketed as HAS) which uses the best artificial intelligence tools for hyper-automation of business processes.

Costs (excluding depreciation and amortization): This line suffered a significant **reduction of R\$5.1 million (-7.4%)**, ending 3Q23 at R\$64.4 million compared to R\$69.5 million recorded in 3Q22. Year to date, **the reduction reached R\$15.4 million (-7.3% vs. 9M22)** totaling R\$196.3 million compared to R\$211.7 million in the same period of the previous year. This change resulted from **effective efficiency gains** and greater consumption of digital services by our customers in both business divisions, with a consequent reduction in personnel, postage and communication costs, in contrast to an increase in contracted service costs (e.g. cloud).

Gross Contribution³: Reached **R\$68.0 million in 3Q23**, which represents a margin (as a function of revenue share) of **51.4%**, compared to R\$66.9 million and a margin of 49.0% in the same period of the previous year, an increase of **R\$1.1 million (+1.7%)** and a **2.4 pp rise** in revenue share. Year to date, it totaled **R\$198.3 million with a margin of 50.3%**, compared to R\$ 187.0 million and a margin of 46.9% in the previous year, an **increase of R\$ 11.3 million** (+6.0% and +3.4 pp vs. 9M22, respectively).

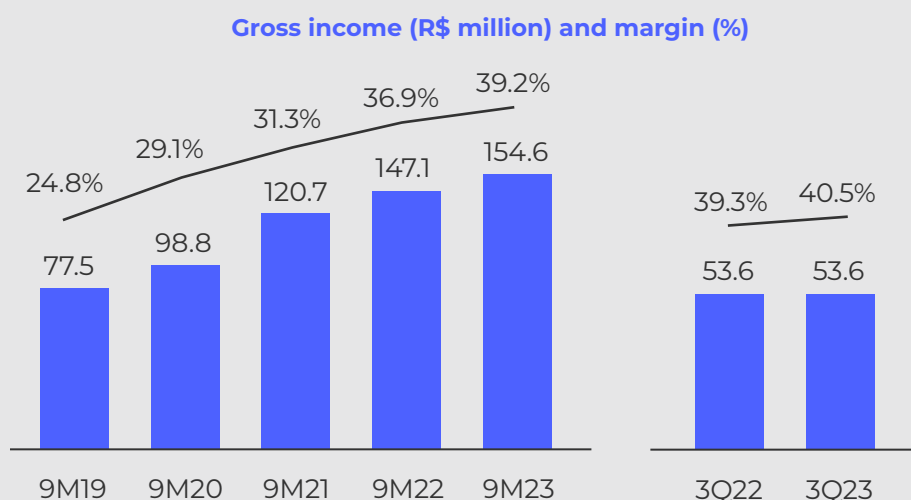
This increase is due to the greater relevance of the CSU Pays business division, which enjoys higher profitability, in addition to efficiency gains from the deep digitalization of products and processes seen in the past few years in all verticals.



³**Gross Contribution:** Non-accounting measure that considers net revenue minus costs, excluding depreciation and amortization inherent in said costs. See reconciliation in Exhibit 5.

Total costs, gross income and gross margin: If we include depreciation and amortization related to costs, the total for this line increases to R\$78.8 million in 3Q23 and R\$82.8 million in 3Q22, a **R\$4.0 million reduction** (-4.8% vs. 3Q22). Year to date, it totaled R\$239.9 million compared to R\$251.6 million in the previous year, a **saving of R\$11.7 million** (-4.6% vs. 9M22, respectively).

As a result, gross income reached **R\$53.6 million** in 3Q23, in line with the result achieved in 3Q22 with a gross margin of **40.5%**, which represents a gain of +1.2 pp vs 3Q22 when gross margin was 39.3%. Year to date, it totaled **R\$154.6 million with a margin of 39.2%** compared to R\$147.1 million and a margin of 36.9% in the previous year, an **increase of R\$7.5 million (+5.1% and +2.3 pp vs. 9M22, respectively)**.



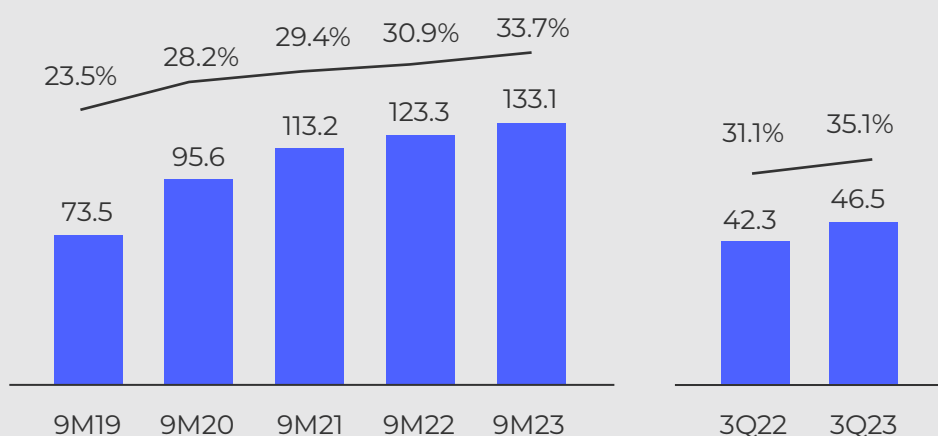
Selling, General and Administrative Expenses (SG&A): The Company's SG&A - including depreciation and amortization (D&A) - reached R\$22.8 million in 3Q23 against R\$26.2 million in the same period of 2022, a **R\$3.4 million decrease (-13.0% vs. 3Q22)**. This is explained by (i) lower spending on personnel by reaping the benefits the 2Q23 structural adjustment, (ii) lower spending on consulting and (iii) lower spending on equipment and software rental for specific projects, offset (iv) by the initial expenses in structuring our operation in United States of America. Year to date, it totaled R\$69.7 million compared to R\$68.9 million in the previous year, a minor increase of R\$0.8 million (+1.2% vs. 9M22, respectively) due to (i) higher, one-time spending on terminations and fines as disclosed in 2Q23, (ii) higher marketing expenditures (iii) of the initial costs of our internationalization project, partially offset by (iv) the positive effects (personnel, consulting and rent) highlighted above in the 3Q23 view.

SG&A (R\$ thousand)	3Q23	3Q22	% Var. YoY	2Q23	% Var. QoQ	9M23	9M22	% Var.
General and administrative	(18,824)	(20,633)	-8.8%	(20,709)	-9.1%	(58,894)	(56,231)	4.7%
Depreciation and amortization	(1,214)	(2,108)	-42.4%	(1,204)	0.8%	(3,819)	(6,595)	-42.1%
Sales and marketing	(2,736)	(3,442)	-20.5%	(2,044)	33.9%	(7,018)	(6,054)	15.9%
Total SG&A expenses	(22,774)	(26,183)	-13.0%	(23,957)	-4.9%	(69,731)	(68,880)	1.2%
% of net revenue	17.2%	19.2%	-2.0 p.p.	18.5%	-1.3 p.p.	17.7%	17.3%	0.4 p.p.

Other operating income (expenses): It reached a net revenue of R\$0.1 million in 3Q23 compared to a net expense of R\$0.4 million, evolving positively by approximately R\$0.5 million compared to the same period of the previous year. Year to date, net revenue totaled R\$0.8 million compared to a net expense of R\$1.4 million in the same period of the previous year, representing a positive evolution of R\$2.2 million.

EBITDA⁴ and EBITDA margin: Hit a **nominal record of R\$46.5 million** with a record **35.1%** margin in 3Q23, compared to R\$42.3 million and a 31.1% margin in the same quarter of 2022, in a **R\$4.2 million increase (+9.8% and +4.0 pp vs. 3Q22, respectively)**. Year to date, EBITDA totaled **R\$133.1 million with a 33.7% margin**, compared to R\$123.3 million and a 30.9% margin in the same quarter of 2022, up by R\$9.8 million (+7.9% and +2.8 pp vs. 9M22, respectively). The evolution of these indicators stems from the operational gains from our **digital transformation plan** for products and processes that aim at increasing the **efficiency** of our verticals that has been implemented over the last few years.

EBITDA (R\$ million) and EBITDA margin (%)



EBITDA reconciliation (R\$ thousand)	3Q23	3Q22	% Var. YoY	2Q23	% Var. QoQ	9M23	9M22	% Var.
Net income	23,695	18,454	28.4%	20,486	15.7%	64,381	51,594	24.8%
(+) Income taxes	6,458	7,986	-19.1%	7,572	-14.7%	21,117	21,766	-3.0%
(+) Financial result	717	515	39.2%	(673)	-	191	3,470	-94.5%
(+) Depr. and amort.	15,633	15,394	1.6%	15,720	-0.6%	47,452	46,509	2.0%
EBITDA	46,502	42,349	9.8%	43,105	7.9%	133,141	123,339	7.9%
<i>EBITDA margin</i>	<i>35.1%</i>	<i>31.1%</i>	<i>4.0 p.p.</i>	<i>33.3%</i>	<i>1.8 p.p.</i>	<i>33.7%</i>	<i>30.9%</i>	<i>2.8 p.p.</i>

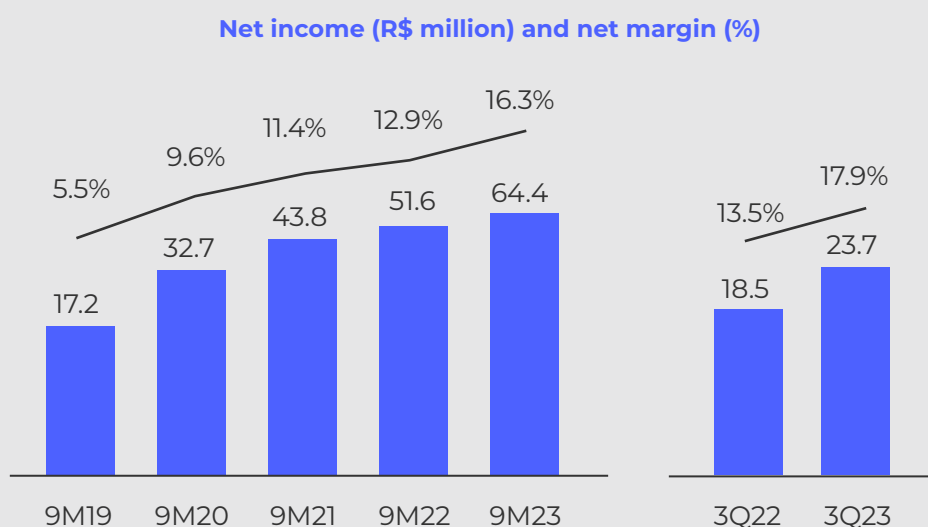
⁴EBITDA: Prepared in accordance with CVM Instruction 527/12, it is a non-accounting measure consisting of the net income for the period, plus taxes on income, financial expenses net of financial income, and depreciation and amortization.

Financial result: In this quarter the financial result totaled a net expense of R\$0.7 million compared to a net expense of R\$0.5 million in 3Q22, an increase of R\$0.2 million. Year to date, it totaled a net expense of R\$0.2 million compared to the R\$3.5 million net expense in the same period of the previous year, a saving of R\$3.3 million. The change is explained by greater financial income recorded in 2023 arising from a higher return on financial investments, positively affected by the higher CDI rate in the time period, as well as the positive effects of monetary variations on assets and liabilities.

Earnings before interest (EBIT): Strong expansion of **R\$3.8 million (+14.0%)** reaching R\$30.2 million in 3Q23 compared to R\$26.4 million in 3Q22. Year to date, it totaled R\$85.5 million compared to R\$73.4 million in the previous year, **a significant increase of R\$12.1 million (+16.5% vs. 9M22)**.

Income tax and social contribution on net income (IR/CSLL): R\$6.5 million recorded in 3Q23, a reduction compared to 3Q22, which was R\$8.0 million (-19.1% vs. 3Q22). This change in value, which is not proportional to the EBIT growth, represents a reduction in our effective tax rate due to a one-time and historical review of deferred IR/CSLL balances, combined with the recent recognition of tax benefits related to investments in technology related to the “Lei do Bem” and the increase in the distribution of interest on capital, which is deductible for tax purposes. Year to date, IR/CSLL volume totaled R\$21.1 million compared to R\$21.8 million in 9M22, down by R\$0.7 million (-3.0% vs. 9M22).

Net income and net margin: Reached a **record R\$23.7 million** in 3Q23 from R\$18.5 million in 3Q22, **an increase of R\$5.2 million (+28.4% vs. 3Q22)**. Net margin saw a significant advance during the quarter, reaching 17.9% from 13.5% in the same quarter of 2022 **(+4.4 pp vs. 3Q22)**. In the year to date, it totaled **R\$64.4 million** compared to R\$51.6 million in the same period of the previous year, an **increase of R\$12.8 million (+24.8% vs. 9M22)**. Year-to-date net margin hit 16.3% from 12.9% 9M22, up by **+3.4 pp vs. 9M22**.



CAPEX⁵

Total Capex: The Company's Capex reached R\$14.2 million in 3Q23 against R\$16.1 million in the same period of the previous year, a R\$1.9 million decrease (-11.9% vs. 3Q22). Year to date, investments total R\$45.5 million compared to R\$43.5 million in 9M22, an increase of R\$2.0 million (+4.7% vs. 9M22). A higher investment in tangible and intangible assets in the past few years is explained by the maintenance of projects that structure our BaaS solutions. Capex is also explained by the launch of new solutions and functionalities for the payment processing environment and by the greater sums dedicated to furthering even more the robustness of our data and security infrastructure, and for the development of new products in hyper-automation of CSU DX (HAS) business processes.

- **CSU Pays (89% of the total):** while continuing the investments in the development of new solutions for this unit, it totaled **R\$12.6 million** in 3Q23 from R\$14.6 million in 3Q22, down by R\$2.0 million (-13.7% vs. 3Q22). Year to date, Capex for this unit totaled R\$39.0 million compared to R\$40.4 million in 9M22, a reduction of R\$1.4 million (-3.5% vs. 9M22).
- **CSU DX (8% of the total):** equaled **R\$1.2 million** in 3Q23 compared to R\$0.2 million in 3Q22, up by R\$1.0 million (+410.1% vs. 3Q22). Year to date, it totaled R\$2.5 million compared to R\$0.9 million in 9M22, an increase of R\$1.6 million (+174.0% vs 9M22) explained by investments in new hyper-automation solutions for processes, HAS, which now become an important avenue of growth for this division.
- **Corporate (3% of the total):** equaled **R\$0.5 million** in 3Q23 compared to R\$1.3 million in 3Q22, down R\$0.8 million. Year to date, it totaled R\$4.0 million compared to R\$2.2 million recorded in 9M22, an increase of R\$1.8 million.

Investments (R\$ thousand)	3Q23	3Q22	% Var. YoY	2Q23	% Var. QoQ	9M23	9M22	% Var.
CSU Pays	12,570	14,571	-13.7%	14,973	-16.0%	39,003	40,414	-3.5%
CSU DX	1,158	227	410.1%	322	259.6%	2,513	917	174.0%
Corporate	485	1,330	-63.5%	3,239	-85.0%	4,002	2,160	85.3%
Capex	14,213	16,128	-11.9%	18,534	-23.3%	45,518	43,491	4.7%
% of net revenue	10.7%	11.8%	-1.1 p.p.	14.3%	-3.6 p.p.	11.5%	10.9%	0.6 p.p.

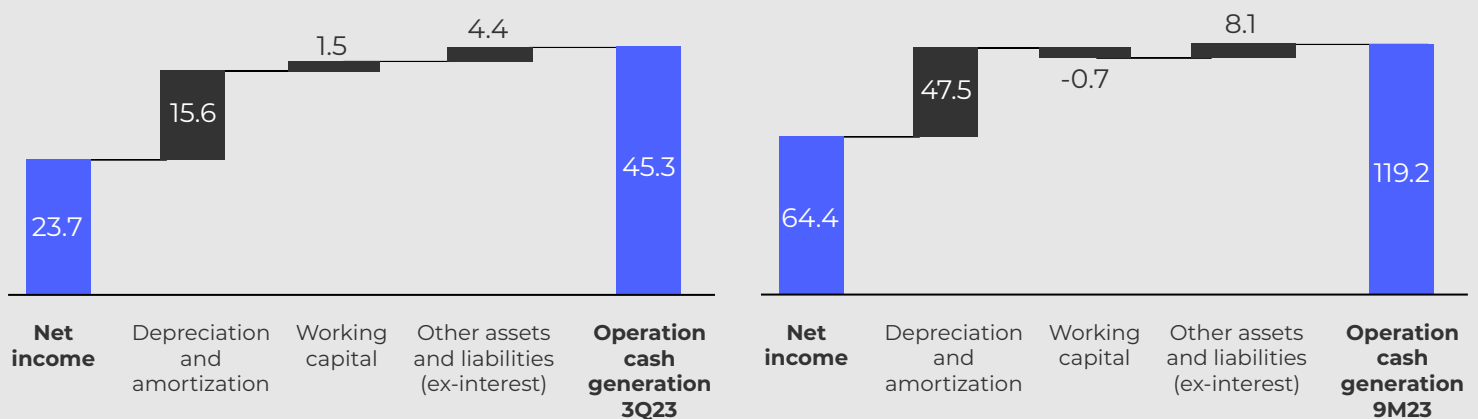
⁵CAPEX: Corporate Capex reflects mostly investments in management technology platforms, both for software and hardware, as well as improvements in general. This amount differs from "Cash Used in Investing Activities" in the Cash Flow Statement because of leasing.

Operating cash generation

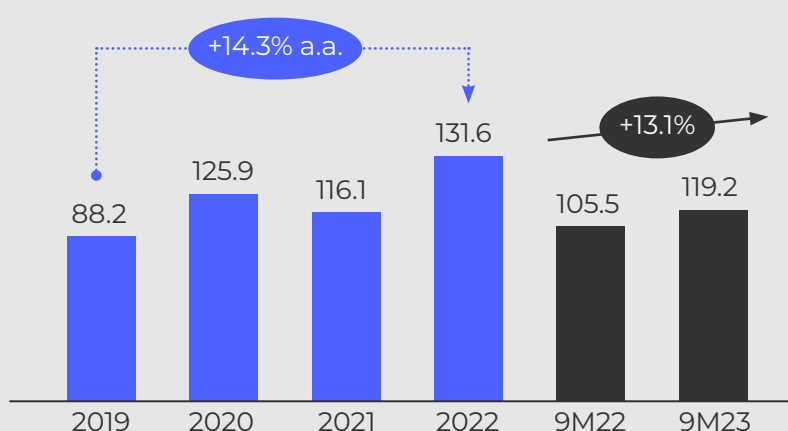
Cash generated by operational activities continues to expand rapidly and totaled **R\$45.3 million** in 3Q23, R\$10.1 million higher than the R\$35.2 million in 3Q22 (+28.8%). Year to date, cash generated by operating activities reached R\$119.2 million vs. R\$ 105.5 million in 9M22.

The Company maintains a long, consistent track record of results and cash generation. From 2019 to 2022, operational cash generation **grew 1.5x (CAGR greater than 14% p.y.)** and keeps expanding in 2023, reflecting the continuous operational advances and, consequently, the greater income earned by the company. For comparison purposes, in the first 9 months of 2023 the Company generated more than 91% of the operating cash seen in the whole of 2022.

Reconciliation of operating cash generation (R\$ million)



Historical growth of operating cash generation (R\$ million)



Capital Structure⁶

Gross debt: At the end of the quarter, gross debt totaled R\$73.2 million, from R\$87.7 million in the same period of the previous year, down by R\$14.5 million **(-16.6% vs. 3Q22)**. **Regarding onerous debt (loans)** we ended the quarter with a R\$7.9 million gross balance against R\$19.3 million in 3Q22, a **R\$11.4 million reduction (-59.2%)** stemming from repayments and amortizations.

Cash and cash equivalents: At the end of the quarter, cash and cash equivalents totaled R\$79.2 million from R\$86.6 million in the same period of the previous year, a decrease of R\$7.4 million (-8.6% vs. 3Q22). The variation resulted from (i) higher investments in technology realized between the two quarters, (ii) increased repayment of loans and financing, (iii) greater dividends in addition, (iv) to **an increased dividend payment frequency**. In recent change, the Company's started declaring and paying dividends quarterly (started in 2023 and with its first effect on cash flow in the 2nd quarter) further improving return on shareholders' capital. Until last year, the Company declared dividends on a quarterly basis but only made payments at the beginning of the following fiscal year.

Net debt: At the end of September, the Company had R\$6.0 million worth of net cash compared to R\$1.1 million of net debt in the same period of the previous year, thus posting a reduction of R\$7.1 million in net indebtedness. In analyzing onerous debt exclusively, we ended the quarter with a **net cash position of R\$71.3 million, an expansion of R\$4.0 million** compared to the R\$67.3 million balance in the same period of the previous year – even considering a greater volume of investments, repayments of loans and financing, and dividends paid in this time period, due to higher results of the Company over the last 12 months.

Net debt/LTM EBITDA: Net debt to EBITDA in the last 12 months (LTM) was negative 0.03x (net cash) in 3Q23 from 0.01x in 3Q22, influenced (i) by operational headway that prompted a higher EBITDA (denominator) and (ii) by the decrease in net debt. As a result, the Company understands that its **capital structure is appropriate** to its business and market environment, allowing it to advance with investments relevantly, remunerate its shareholders and have room for higher financial leverage, if deemed necessary, to capture asset addition opportunities.

Indebtedness (R\$ thousand)	3Q23	3Q22	% Var. YoY	2Q23	% Var. QoQ
Financing and debt loan	7,856	19,269	-59.2%	10,312	-23.8%
Short term	4,902	11,237	-56.4%	6,090	-19.5%
Long term	2,954	8,032	-63.2%	4,222	-30.0%
(-) Cash and equivalents	79,174	86,589	-8.6%	67,044	18.1%
Net onerous debt (net cash)	(71,318)	(67,320)	5.9%	(56,732)	25.7%
EBITDA LTM	175,886	161,668	8.8%	171,733	2.4%
Net onerous debt/EBITDA LTM (x)	(0.41)	(0.42)	0.01	(0.33)	(0.08)
Lease liabilities (IFRS 16)	65,300	68,408	-4.5%	73,146	-10.7%
Gross debt	73,156	87,677	-16.6%	83,458	-12.3%
(-) Cash and equivalents	79,174	86,589	-8.6%	67,044	18.1%
Net debt	(6,018)	1,088	-653.0%	16,414	-136.7%
EBITDA LTM	175,886	161,668	8.8%	171,733	2.4%
Net debt/EBITDA LTM (x)	(0.03)	0.01	(0.04)	0.10	(0.13)

⁶ **Capital Structure:** Post-IFRS 16 Data. In addition, at the end of the quarter, the Company had no foreign-currency debt and did not use derivative instruments. Cash is invested in committed Bank Deposit Certificates (CDBs) issued by top-tier banks.

Performance by business unit

CSU Digital is considered a pioneer and distinctly innovative supplier of infratech for financial services. Based on our full service model, we offer 100% of the solutions for payment methods, seamlessly integrated and ready to be offered globally, from origination, transaction processing and validation, management of multiple electronic payment methods and currencies, mechanisms for fraud analysis and prevention, all the operational back office for risk analysis, onboarding and curation, processing solutions for acquiring customers, in addition to hybrid service structures to our clients' customers. These solutions range from the origination, processing and validation of transactions, the administration of multiple electronic payment methods and multiple currencies, fraud analysis and prevention mechanisms, the entire digital back office for risk analysis, exchange, onboarding and curation, solutions processing for the acquiring companies, in addition to hybrid customer service structures for our clients.

In June 2022, the Company announced the reformulation of its business units, which were renamed **CSU Pays** and **CSU DX**, replacing CSU.CardSystem and CSU.Contact, respectively. These changes aim to strengthen the Company's position as the go-to and broadest provider of technological solutions for financial services, ensuring end-to-end support with a highly synergistic portfolio, generating cross-selling and up-selling opportunities. Therefore, some adjustments were made in this report (see Exhibit 4) concerning our results breakdown by business division, in order to reflect more appropriately the nature of our service contracts as an end-to-end platform. The results from different time periods are now better to compare.

1. CSU Pays

CSU Pays is the business division that encompasses cutting-edge solutions in Payment Methods, Loyalty and Incentives, and Banking as a Service. Innovative and trailblazing since its inception, this unit gave rise to the Company. Formed in 1992 under the name CardSystem Ltda. as the first independent processor of electronic payment methods, it was also the first to work with the three major international networks simultaneously (Visa, Mastercard and American Express) in Brazil and the first to process payments for digital wallets in South America. It was effectively a game changer in the digital financial services ecosystem in Brazil by allowing countless banks and companies from different industries to enter a large credit market through the use of cards.

We have the **broadest portfolio on the market** for card payments, including credit, debit and prepaid cards, whether physical, digital (mobile and wearables) or virtual – compatible with the major wallets (Samsung Pay, Google Play and Apple Play).

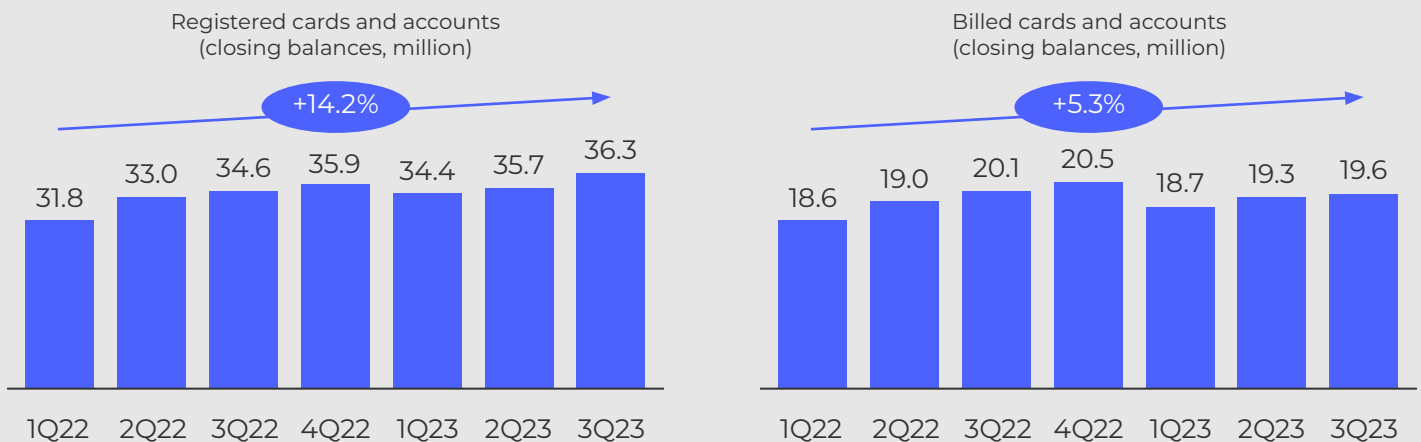
More recently, **new types of payment joined this vertical's portfolio**, with the rollout of solutions such as Pix, Pix on Credit, Cryptocurrencies, as well as a full-fledged Banking as a Service (BaaS) platform including products such as digital accounts for individuals and corporations, collection and money transfers (cash in and cash out), payment of bills, top-ups, issuance and payment of payment slips and other financial products (credit, investments, insurance), which are seamlessly integrated via our CSU Switcher platform and readily available in several geographies.

1.1 Operational performance

CSU Pays has grown at a remarkable pace over the last few years, making this division increasingly relevant to the Company's total revenue. It makes up 64% of total revenue in this quarter (+3.0 pp vs. 3Q22), a trend expected for more quarters, considering a higher dynamism in this market and the major addition of new solutions to our portfolio. Our way of operating in this segment allows a high degree of revenue predictability given its recurring nature (Platform as a Service).

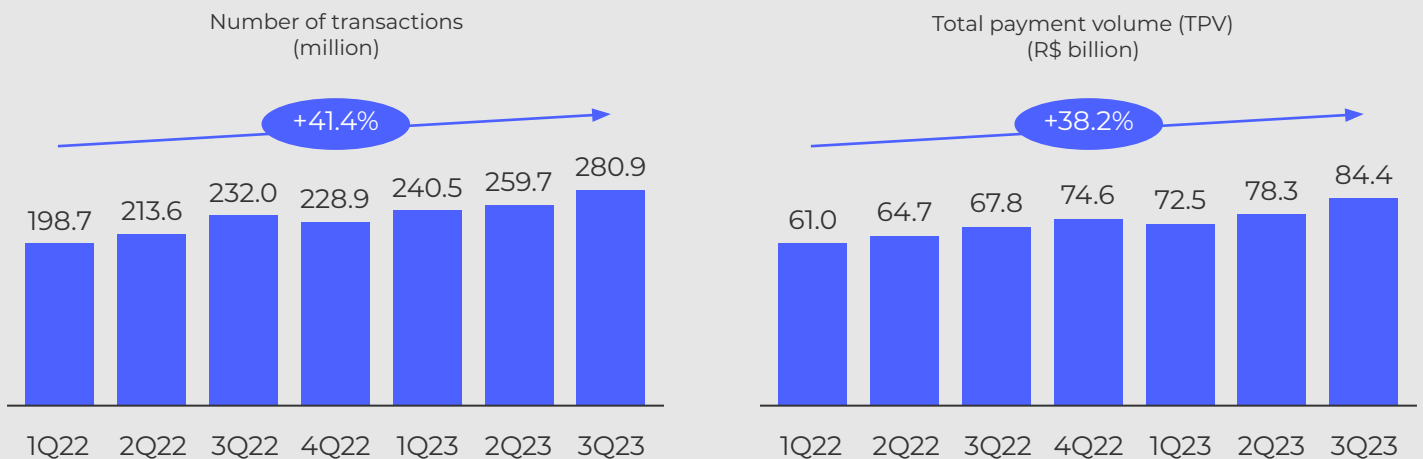
Below we highlight some of the metrics for our operations:

Billed and registered cards and accounts



- **Registered cards and accounts:** We ended 3Q23 with a **36.3 million** accounts and cards registered in our bases, against 34.6 million in the previous year, an **increase of 1.7 million (+5.2% vs. 3Q22)**. The past few quarters saw a clear expansion trend for this base, tracking the organic evolution of our clients' businesses (B2B), who witness here an important instrument to foster credit and/or cards (wallet).
- **Billed cards and accounts:** We ended 3Q23 with **19.6 million** billed and registered cards and accounts, 20.1 million in 3Q22, a **minor reduction of 0.5 million (-2.5% vs. 3Q22)**. In 1Q23 compared to 4Q22 saw a 1.5 million reduction in billed and registered cards and accounts. As mentioned back then, certain clients were more conservative at the start of 2023 amid a more uncertain market. This position led some companies to revise their policies on maintaining little active or inactive registered cards and accounts, reducing the base during the contract renewal process but not changing volume. But as seen in the chart, **this volume resumed growth in the past two quarters.**

Processing volume



- Number of transactions processed:** The different digital platforms at CSU recorded **280.9 million transactions** compared to 232.0 million in the same quarter of the previous year, in a 48.9 million increase (**+21.1% vs. 3Q22**). Year to date, the volume exceeded 781.1 million transactions compared to 644.3 million in 9M22, an increase of 136.8 million (**+21.2% vs. 9M22**). This is an important gauge of business trend for this subsegment, and serves as a thermometer for the demand of final consumers of our clients – card issuers and acquirers. As one can note, this indicator has grown uninterruptedly, which allows us to maintain a lasting performance growth in this vertical, even when there is some type of volatility in the base of accounts and cards.
- Total payment volume (TPV):** The financial volume processed on our platforms totaled **R\$84.4 billion**, from R\$67.8 billion in 3Q22, an increase of R\$16.6 billion (**+24.4% vs. 3Q22**). Year to date, it exceeded R\$235.1 billion against R\$193.5 billion in 9M22, a strong **expansion of +21.5% vs. 9M22**.

The **loyalty** platform is another important revenue subsegment at CSU Pays, providing one of the best market solutions to build loyalty and incentive programs. With these solutions, our customers are able to deepen their relationships with their consumer base, effectively creating liaison rules and boosting the use of their products and services by offering benefits. These programs are intuitive and reward consumers for using and purchasing products and services from our clients by accruing points. This balance can be redeemed through a wide range of options for new products and services offered by **more than 100 partners** (+ 2,000 establishments) tied to CSU or through cash back.

Either from card management and processing or from loyalty, much of this business unit's revenue is still tied to the number of users and **cards available for billing**. It is important to note the **number of transactions processed** on our different platforms.

Over time, the Company has reinvented itself and has **added fundamental solutions** and skills to its platform, in order to be at the forefront of the markets where it operates. In April 2023, we announced development completion and the roll out of new products for payment methods, which include new modes such as Pix, Pix on Credit (installments) and cryptocurrencies, as well as from our BaaS platform.

Both have been soft launched, bringing new possibilities for our customers to monetize their user bases, by offering a real financial services marketplace, which should change to some extent the modeling dynamics suggested in the previous paragraph.

These new business lines tend to buoy results over the coming quarters. In practice, these moves will allow the company to operate more broadly, unrestricted to the world of cards, expanding the size of our materially addressable market and preparing the company for the future of the payments universe in Brazil and worldwide.

1.2 Financial performance

Net revenue:

R\$ 84.9 MM +1.8%
3Q23 yoy

Gross contribution:

R\$ 55.1 MM +3.2%
Mg. 64.9% +0.9p.p.
3Q23 yoy

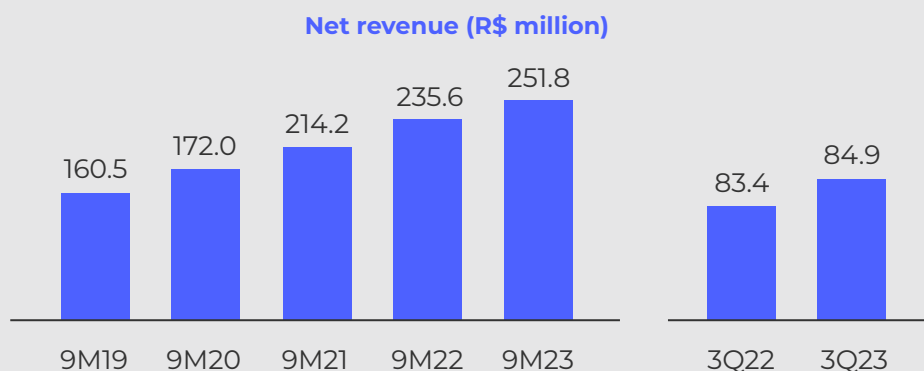
EBITDA:

R\$ 41.5 MM +10.2%
Mg. 48.9% +3.8p.p.
3Q23 yoy

Net revenue: Reached R\$84.9 million against R\$83.4 million in the same period of the previous year, a R\$1.5 million increase **(+1.8% vs. 3Q22)**. **Year to date, it reached R\$251.8 million** compared to R\$235.6 million, **an expansion that now reaches R\$16.2 million (+6.9% vs. 9M22)**. The Company was very successful in renewing contracts for longer terms with most major clients in this unit (around 90%), adding even more security to the maintenance of recurring revenue levels and creating the foundation for a new expansion cycle.

As mentioned previously, much of this unit's revenue is still explained by the number of cards and accounts available for billing, coupled with the number of transactions processed on our platforms, prompting revenue predictability. As we have already discussed, both indicators have been growing strongly throughout the years.

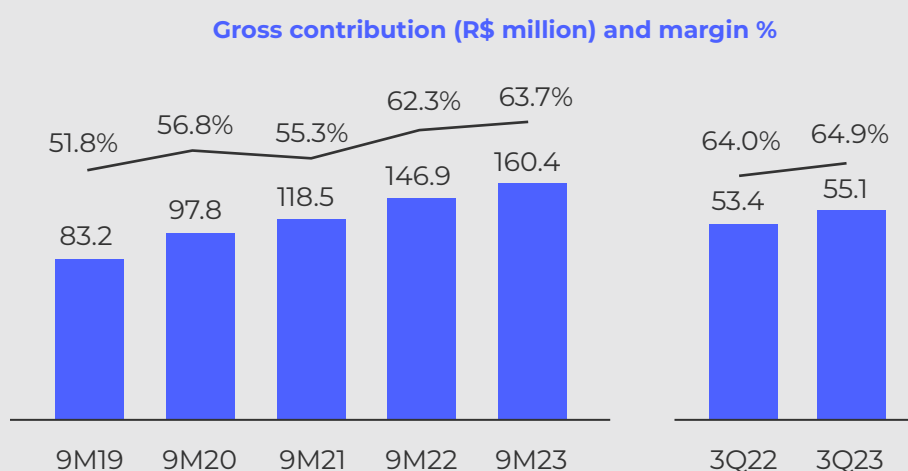
Another important indicator is **purely digital revenue**⁷ growing at a fast pace - at **5.3% and 10.7%** respectively in this quarter and year to date, compared to the same time periods in 2022, above the unit's average, as described in the first paragraph of this section. They represented **94.5% of the total in 3Q23** against 91.4% in 3Q22 **(+3.1 pp vs. 3Q22)**. This evolution has consistently raised profitability for this segment, being the main guide for growth in the coming years, as digitalization advances.



⁷Revenue from digital services: All revenues of the CSU Pays unit, except those from the issuance and/or posting of cards, letters, and physical invoices.

Costs (excluding depreciation and amortization): Totaled R\$29.8 million in 3Q23, a slight reduction compared to the same period of the previous year **(-0.7% vs. 3Q22)**. The digitalization of products and processes answers this change. On the one hand, we had (i) a reduction in costs linked to analogical services (postage), (ii) an increase in equipment and software rental, which accompanied the expansion of our processing operation. Year to date, the costs of this business division totaled R\$91.4 million compared to R\$88.7 million in 9M22, an increase of R\$2.7 million (+3.0% vs. 9M22).

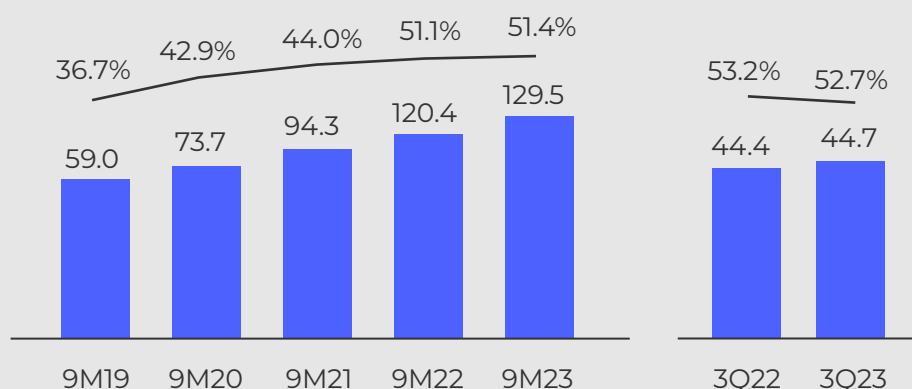
Gross contribution: As a result of the above (higher revenue and lighter costs), this metric reached a **R\$55.1 million in 3Q23 with a 64.9% margin** against R\$53.4 million and a 64.0% margin in the same period of the previous year, a R\$1.7 million increase **(+3.2% and +0.9 pp vs. 3Q22, respectively)**. Year to date, this metric totaled **R\$160.4 million with a margin of 63.7%**, compared to R\$146.9 million and a margin of 62.3% in 9M22, **up by R\$13.5 million (+9.2% and +1.4 pp vs. 9M22)**.



Total costs, gross income and gross margin: Total costs, including related depreciation and amortization, total R\$40.2 million in 3Q23 compared to R\$39.0 million in the same period of the previous year, a R\$1.2 million increase (+2.9% vs. 3Q22). Year to date, it reached a total of R\$122.3 million compared to R\$115.2 million, an increase of R\$7.1 million.

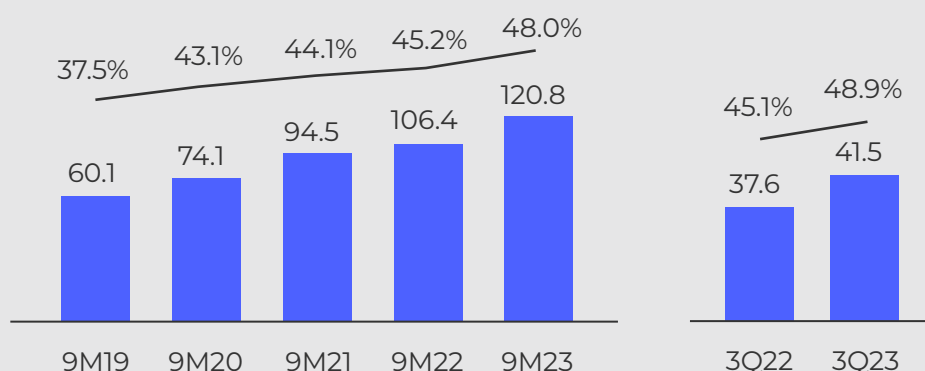
As a result, gross income reached a record **R\$44.7 million** in 3Q23, **with a 52.7% margin** against R\$44.4 million and a margin of 53.2% in the same period of the previous year, up R\$0.3 million (+0.8% and -0.5 pp vs. 3Q22, respectively). Gross Income recorded in this business division made up **84% of the Company's total** in 3Q23. Year to date, gross profit reached **R\$129.5 million with a margin of 51.4%** compared to R\$ 120.4 million with a margin of 51.1% in the same period of the previous year **(+7.6% and +0.3 pp vs. 9M22, respectively).**

Gross income (R\$ million) and margin (%)



EBITDA and EBITDA margin: Reached **R\$41.5 million** against R\$37.6 million in the same period of the previous year, a **R\$3.9 million increase (+10.2% vs. 3Q22)**. The EBITDA recorded in this business division accounted for 89% of the Company's total in 3Q23. Regarding EBITDA margin, we reached **48.9% in 3Q23** (+3.8 pp vs. 3Q22), bearing evidence of efficiency gains and the scalability of our business, as well as the solid financial discipline in controlling expenses. Year to date, EBITDA totaled **R\$120.8 million** with a **48.0%** margin, compared to R\$106.4 million and a 45.2% in 9M22, **up by R\$14.4 million (13.5% and +2.8 pp vs. 9M22).**

EBITDA (R\$ million) and EBITDA margin (%)



Main indicators (R\$ thousand)	3Q23	3Q22	% Var. YoY	2Q23	% Var. QoQ	9M23	9M22	% Var.
Net revenue	84,896	83,403	1.8%	83,530	1.6%	251,837	235,610	6.9%
Digital	80,258	76,225	5.3%	79,008	1.6%	237,081	214,235	10.7%
Analog	4,638	7,178	-35.4%	4,522	2.6%	14,756	21,375	-31.0%
Costs (ex-deprec./amort)	(29,815)	(30,019)	-0.7%	(30,385)	-1.9%	(91,389)	(88,715)	3.0%
Gross contribution	55,081	53,384	3.2%	53,145	3.6%	160,448	146,895	9.2%
Contribution (%)	64.9%	64.0%	0.9 p.p.	63.6%	1.3 p.p.	63.7%	62.3%	1.4 p.p.
(-) Depreciation/ amortization	(10,344)	(9,001)	14.9%	(10,416)	-0.7%	(30,903)	(26,501)	16.6%
Gross profit	44,737	44,383	0.8%	42,729	4.7%	129,545	120,394	7.6%
Gross margin	52.7%	53.2%	-0.5 p.p.	51.2%	1.5 p.p.	51.4%	51.1%	0.3 p.p.
Expenses	(11,128)	(15,089)	-26.3%	(13,603)	-18.2%	(36,481)	(38,847)	-6.1%
Other operational revenues/expenses	(3,171)	(2,156)	47.1%	(378)	738.9%	(5,421)	(6,234)	-13.0%
(+) Depr. and amort.	11,053	10,511	5.2%	11,128	-0.7%	33,133	31,134	6.4%
EBITDA	41,491	37,649	10.2%	39,876	4.1%	120,776	106,447	13.5%
EBITDA margin	48.9%	45.1%	3.8 p.p.	47.7%	1.2 p.p.	48.0%	45.2%	2.8 p.p.

2. CSU DX

2.1 Operational performance

CSU DX is our business division focused on the development of high-density Digital Experience operations for the customer service and business process management sub-segments.

Digitalization of this type of service is an ever-present reality, as B2B customers demand on a daily basis the management of a higher volume of interactions, growing quality and cheaper unit cost. As time advanced, we inserted technological devices and functionalities such as service robots, artificial intelligence, machine learning, mass use of data and recognition technology, as well as multiple digital service channels.

Our platforms managed approximately 3.7 million front office interactions in the last quarter, and the relevance of customer service through automated mechanisms and digital channels exceeds **70%** of the total. As a result of this transformation, this segment experienced an important gross margin increase, whose evolution can be seen in our figures across the years. In the third quarter and year to date, it expanded +1.2 pp, reaching 18.6% and 17.6%, respectively, even in a scenario of revenue pressure from a lower price per interaction that stems from digitalization – API consumption is cheaper than service position rental.

In this last quarter, we added very important capabilities to this vertical, which is entering a new era with the launch of new middle office solutions. We now offer the most technologically advanced solutions for handling and managing process chains, integrating hyper-automation tools in different areas such as fraud prevention, exchange and curation, among others, marketed under the HAS name. Through the use of artificial intelligence and other cutting-edge technologies, we enable our clients to optimize their operations, with significant advances in their service levels (greater assertiveness and shorter average handling time), combined with significant reductions in operating costs.

This is a very important movement for CSU Digital, one that opens **new growth possibilities for the Company as a whole** (new sales, cross-selling and up-selling) and (further) **deepens our connection with customers** by entering in higher added value services featuring high technological complexity. Their perception of a Deeply Tech company is augmented.

2.2 Financial performance

Net Revenue:

R\$ 47.5 MM -10.3%
3Q23 yoy

Gross contribution:

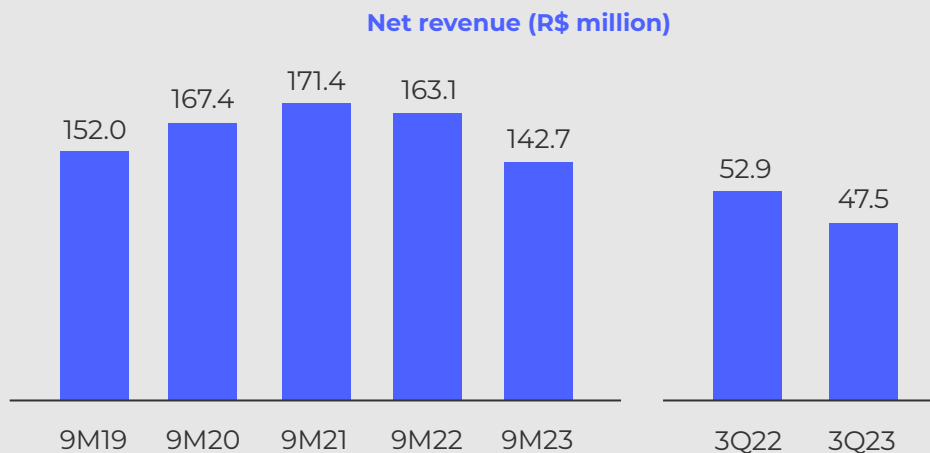
R\$ 12.9 MM -4.1%
Mg. 27.2% +1.8p.p.
3Q23 yoy

EBITDA

R\$ 5.0 MM +6.6%
Mg. 10.6% +1.7p.p.
3Q23 yoy

Net revenue: Reached R\$47.5 million in 3Q23 against R\$52.9 million in the same period of the previous year, a R\$5.6 million reduction (-10.3% vs. 3Q22). Year to date, net revenue totaled R\$142.7 million compared to R\$163.1 million in 9M22, a reduction of R\$20.4 million (-12.5% vs. 9M22). It is worth noting that we had a more turbulent first half of the year from an economic point of view, when we saw greater business conservatism at some companies. This movement has already started to slow given the recent improvement seen in inflation and interest rates in Brazil, evidenced by the resumption of **growth by R\$ 1.7 million, or 3.6% of this unit** during the quarter compared to the previous time period.

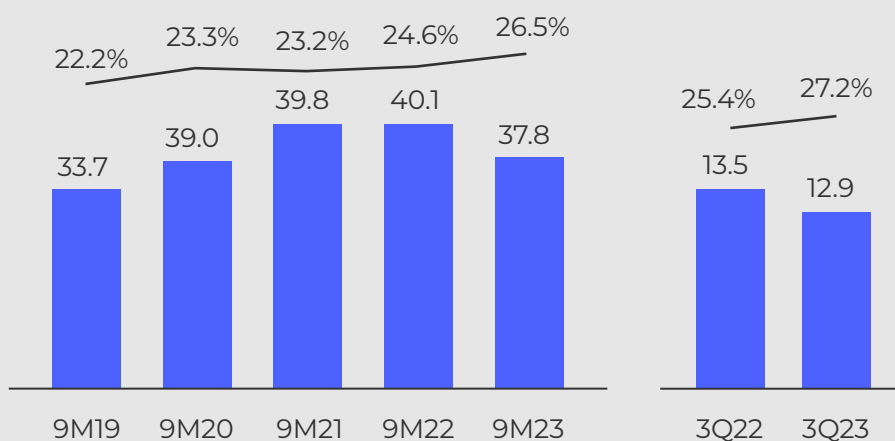
CSU DX is witnessing a deep digital transformation, with increased operational volumes and quality in service delivery, however having lower prices and, consequently, a lower cost to our customers. **We have prioritized high-density and complex operations**, thus penetrating more deeply into our clients' business, leading to a gradual increase in margins even amid lower revenue scenarios (refer to upcoming result items).



Costs (excluding depreciation and amortization): Totaled R\$34.5 million in 3Q23 against R\$39.5 million in the same period of the previous year, **a significant R\$5.0 million reduction (-12.5% vs. 3Q22)**. This follows the gradual change in the model mentioned above and brings **efficiency gains to operations** owing to more frequent self-service solutions and automated mechanisms, driving down personnel and facilities costs. Year to date, costs totaled R\$104.9 million compared to R\$123.0 million in 9M22, a reduction of R\$18.1 million (-14.7% vs. 9M22).

Gross contribution: It reached R\$12.9 million with a margin of 27.2% in 3Q23 compared to R\$13.5 million and a margin of 25.4% in the same period of the previous year. Year to date, this metric reached R\$37.8 million with a margin of 26.5% compared to R\$40.1 million and a margin of 24.6% in 9M22. The **margin expansion** (+1.8 pp vs. 3Q22 and +1.9 pp vs. 9M22) reflects the efforts to **digitalize** our service operations, a movement that tends to gain even more strength by furthering the relevance of our activities in our clients' business (Middle Office) by creating an experience with less friction and greater perceived value.

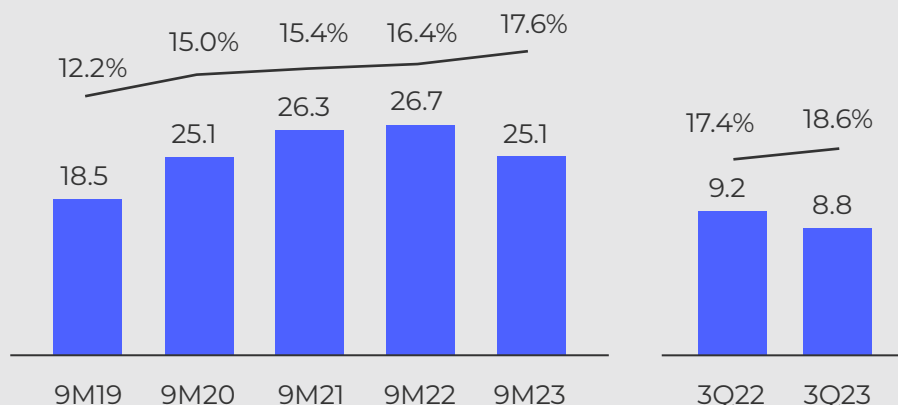
Gross contribution (R\$ million) and margin (%)



Total costs, gross income and gross margin: Including depreciation and amortization, total costs amounted to R\$38.6 million in 3Q23 against R\$43.7 million in the same period of the previous year, down by R\$5.1 million (-11.7% vs. 3Q22). Year to date, it reached R\$117.6 million against R\$136.4 million in the same period of the previous year, a R\$18.8 million increase (-13.7% vs. 9M22).

Gross income reached R\$8.8 million in 3Q23, a reduction of R\$0.4 million (-3.8%) compared to 3Q22. **Margin evolved to 18.6%** in 3Q23 against 17.4% in the same period of the previous year (+1.2 pp). Year to date, it reached R\$25.1 million with a margin of 17.6% compared to R\$26.7 million with a margin of 16.4% in 9M23 (-6.1% and +1.2 pp vs. 9M22). As already mentioned, despite the temporary revenue reduction, gross income shows little nominal change given the digitalization stage within this operation, which in practice reduces the cost per interaction charged to customers but leaves a margin that is proportionally better for the Company.

Gross income (R\$ million) and margin (%)

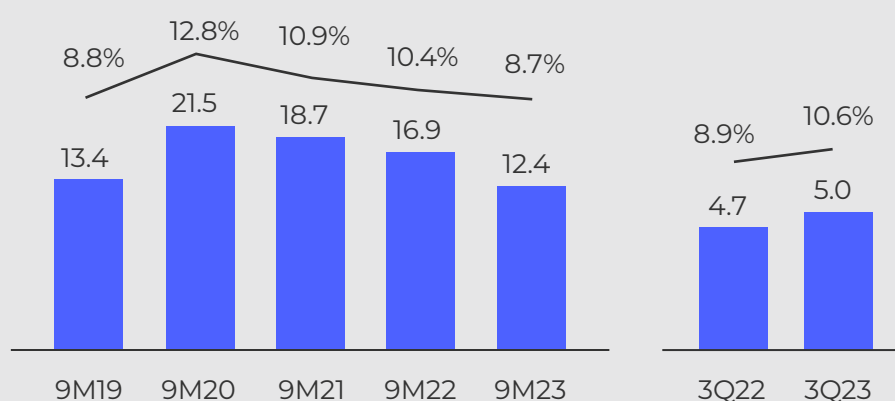


EBITDA e margem EBITDA: EBITDA reached R\$5.0 million with a 10.6% margin in 3Q23 against R\$4.7 million and an 8.9% margin in the same period of the prior year, a R\$0.3 million rise for EBITDA and +1.7 percentage point for margin. EBITDA recorded in this business division **accounted for 11%** of the Company's total in **3Q23**.

Year to date, EBITDA totaled R\$12.4 million with an 8.7% margin, compared to R\$16.9 million and a 10.4% in 9M22, a R\$4.5 million reduction (-26.8% and -1.7 pp vs. 9M22, respectively).

It is worth recalling that year to date we incurred higher one-off costs with terminations in 2Q23, which directly affected SG&A on a non-recurring basis, in addition to the temporary impact of lower operational leverage until the digitalization process stabilizes and/or new products are launched, as can be seen in the **evolution of the 3Q23 result (+ R\$1.8 million or +55% vs 2Q23)**.

EBITDA (R\$ million) and EBITDA margin (%)



Main indicators (R\$ thousand)	3Q23	3Q22	% Var. YoY	2Q23	% Var. QoQ	9M23	9M22	% Var.
Net revenue	47,460	52,936	-10.3%	45,826	3.6%	142,718	163,079	-12.5%
Costs (ex-deprec./amort)	(34,545)	(39,464)	-12.5%	(33,812)	2.2%	(104,902)	(122,961)	-14.7%
Gross contribution	12,915	13,472	-4.1%	12,014	7.5%	37,816	40,118	-5.7%
Contribution (%)	27.2%	25.4%	1.8 p.p.	26.2%	1.0 p.p.	26.5%	24.6%	1.9 p.p.
(-) Depreciation/ amortization	(4,075)	(4,285)	-4.9%	(4,100)	-0.6%	(12,730)	(13,413)	-5.1%
Gross profit	8,840	9,187	-3.8%	7,914	11.7%	25,086	26,705	-6.1%
Gross margin	18.6%	17.4%	1.2 p.p.	17.3%	1.3 p.p.	17.6%	16.4%	1.2 p.p.
Expenses	(8,037)	(8,797)	-8.6%	(9,124)	-11.9%	(26,268)	(24,168)	8.7%
Other operational revenues/expenses	(372)	(573)	-35.1%	(153)	143.1%	(772)	(1,020)	-24.3%
(+) Depr. and amort.	4,580	4,883	-6.2%	4,592	-0.3%	14,319	15,375	-6.9%
EBITDA	5,011	4,700	6.6%	3,228	55.2%	12,365	16,892	-26.8%
EBITDA margin	10.6%	8.9%	1.7 p.p.	7.0%	3.6 p.p.	8.7%	10.4%	-1.7 p.p.

Capital markets

CSU Digital S.A. shares (B3: CSUD3) have been traded on B3's Novo Mercado, the highest Corporate Governance level on the Brazilian stock market, since the May 2006 IPO.

In addition, the Company is a **member of three indexes on B3**: IGC-NM (Corporate Governance Index – Novo Mercado), IGC (Differentiated Corporate Governance Index) and ITAG (Differentiated Tag Along Stock Index).

It's important to highlight the **remarkable progress in the market's understanding of the CSU Digital case** since the repositioning of the brand and ticker. There has been a significant increase in interest in the company, as well as in the frequency of its mentions, both in the press and in official financial market profiles on social media. It can be seen that the market is increasingly coming to understand the Company's activities, its long and proven track record of operational and financial robustness, as well as the important transformations underway.

We have renewed our analyst coverage, going from 1 to **8 houses following CSUD3**: Eleven, Mirae, Órama, TC Matrix, Ticker, Condor, MSX (Sarainvest) and Nord.

During the same period, we noticed a **significant advance in the company shareholder base's maturity**, with a significant increase in the position of **institutional investors**. From the beginning of the period to the end of the quarter, we saw 60 new institutions and a **55% increase** in the shareholding position of this class of investor, which now holds 44% of CSU Digital's free float.

In line with these facts, we have seen a significant increase in the price of the CSUD3 share, which has risen +89% from its low for the current year to the end of Nov,7, 2023. Taking into account the proceeds distributed during this period, **the total shareholder return in this short period is +98%**.

Share capital: CSU Digital's share capital consists of 41.8 million common shares (ON). On 9.30.2023, 54.24% was held by the Controlling Shareholder, 1.30% was held in Treasury, 0.12% was held by the managers and 44.34% was outstanding shares (free float, of which in September 2022 the acquisition of a relevant interest by Real Investor Gestão de Recursos Ltda was announced, holding 5.25% at the time, and the updated position of 9.42% according to publicly available data by the Consolidated Funds Consultation at CVM from March 2023).

Market value: At the end of the quarter, CSUD3 shares closed at R\$15.63 representing R\$653.3 million market capitalization **(+18.9% vs. 2Q23)**, compared to R\$549.7 million in 2Q23. The Small Cap index fell by -7.2% in the time period.

Number of shareholders: At the end of the quarter, the number of shareholders was 18.8 thousand (-3.9% vs. 2Q23), against 19.6 thousand at the end of 2Q23, a 0.8 thousand reduction.

Average daily trading volume (ADTV): The average daily trading volume was R\$1.2 million in 3Q23 (+39.0% vs. 2Q23) against R\$0.9 million in 2Q23, an increase of R\$0.3 million.

Earnings distribution: Reflecting the managers' confidence in the upward evolution of the Company's results and financial health, in September 2023 we announced the payment of interest on capital in the gross amount of R\$ 7.0 million (R\$0.17 per share) referring to 3Q23 - to be assigned to the mandatory minimum dividend for the 2023 fiscal year, "ad referendum" of the 2024 Annual General Meeting. It has been paid from 10.6.2023. Year to date, CSU paid R\$56.3 million in dividends, with R\$14.6 million referring to 2022 dividends, R\$22.2 million referring to the gross amount of interest on capital for 2022 and R\$19.5 million is the gross sum of IOC for the first three quarters of 2023.

CSU vs. Peers indicators: When comparing some of the main financial metrics at CSU Digital to comparable players in Brazil and abroad, the Company enjoys **above-average returns** with substantially lower **pricing metrics (multiples)**, as shown below.

The Company's ROE stands at 21.8% (2.9x higher), ROIC of 21.2% (3.6x higher), dividend yield of 7.3% (4.3x higher). On the other hand, comparable players have an EV/Revenue multiple of 3.4x (2.7x higher than CSU) and EV/EBITDA of 12.4x (3.3x higher).



^a Reference dates: 9.30.2023; ROE: return on equity; ROIC: return on invested capital; Dividend yield; EV: enterprise value. EV/Revenue and EV/EBITDA are widely used metrics as asset pricing multiples.

Exhibits

1. Income Statement

Statement of income (R\$ thousand)	3Q23	3Q22	% Var. YoY	2Q23	% Var. QoQ	9M23	9M22	% Var.
Gross revenue	150,632	154,633	-2.6%	147,298	2.3%	449,116	451,765	-0.6%
CSU Pays	98,792	96,929	1.9%	97,266	1.6%	293,222	273,817	7.1%
CSU DX	51,840	57,704	-10.2%	50,032	3.6%	155,894	177,948	-12.4%
Deductions	(18,276)	(18,294)	-0.1%	(17,942)	1.9%	(54,561)	(53,076)	2.8%
CSU Pays	(13,896)	(13,526)	2.7%	(13,736)	1.2%	(41,385)	(38,207)	8.3%
CSU DX	(4,380)	(4,768)	-8.1%	(4,206)	4.1%	(13,176)	(14,869)	-11.4%
Net revenue	132,356	136,339	-2.9%	129,356	2.3%	394,555	398,689	-1.0%
Recurring	131,930	134,529	-1.9%	128,128	3.0%	392,004	393,283	-0.3%
% Recurring revenue	99.7%	98.7%	1.0 p.p.	99.1%	0.6 p.p.	99.4%	98.6%	0.8 p.p.
CSU Pays	84,896	83,403	1.8%	83,530	1.6%	251,837	235,610	6.9%
Digital	80,258	76,225	5.3%	79,008	1.6%	237,081	214,235	10.7%
Analog	4,638	7,178	-35.4%	4,522	2.6%	14,756	21,375	-31.0%
CSU DX	47,460	52,936	-10.3%	45,826	3.6%	142,718	163,079	-12.5%
Costs (ex-depreciation and amortization)	(64,360)	(69,483)	-7.4%	(64,197)	0.3%	(196,291)	(211,676)	-7.3%
CSU Pays	(29,815)	(30,019)	-0.7%	(30,385)	-1.9%	(91,389)	(88,715)	3.0%
Personnel	(17,792)	(18,459)	-3.6%	(18,714)	-4.9%	(56,575)	(55,184)	2.5%
Materials	(3,349)	(3,203)	4.6%	(3,244)	3.2%	(9,943)	(9,481)	4.9%
Mailings of letters and invoices	(1,573)	(3,094)	-49.2%	(1,386)	13.5%	(4,439)	(9,469)	-53.1%
Communication	(225)	(511)	-56.0%	(718)	-68.7%	(1,416)	(1,726)	-18.0%
Occupation	(1,135)	(1,121)	1.2%	(1,150)	-1.3%	(3,516)	(3,629)	-3.1%
Awards	(1,436)	(874)	64.3%	(1,183)	21.4%	(3,843)	(3,221)	19.3%
Others	(4,305)	(2,757)	56.1%	(3,990)	7.9%	(11,657)	(6,005)	94.1%
CSU DX	(34,545)	(39,464)	-12.5%	(33,812)	2.2%	(104,902)	(122,961)	-14.7%
Personnel	(29,621)	(32,484)	-8.8%	(28,147)	5.2%	(88,258)	(101,291)	-12.9%
Communication	253	(614)	-	(326)	-	(620)	(2,410)	-74.3%
Occupation	(2,937)	(3,772)	-22.1%	(2,870)	2.3%	(8,656)	(11,306)	-23.4%
Other	(2,240)	(2,594)	-13.6%	(2,469)	-9.3%	(7,368)	(7,954)	-7.4%
Gross contribution	67,996	66,856	1.7%	65,159	4.4%	198,264	187,013	6.0%
CSU Pays	55,081	53,384	3.2%	53,145	3.6%	160,448	146,895	9.2%
CSU DX	12,915	13,472	-4.1%	12,014	7.5%	37,816	40,118	-5.7%
Contribution (%)	51.4%	49.0%	2.4 p.p.	50.4%	1.0 p.p.	50.3%	46.9%	3.4 p.p.
CSU Pays	64.9%	64.0%	0.9 p.p.	63.6%	1.3 p.p.	63.7%	62.3%	1.4 p.p.
CSU DX	27.2%	25.4%	1.8 p.p.	26.2%	1.0 p.p.	26.5%	24.6%	1.9 p.p.
Total Costs (add depreciation and amortization)	(78,779)	(82,769)	-4.8%	(78,713)	0.1%	(239,924)	(251,590)	-4.6%
Gross profit	53,577	53,570	0.0%	50,643	5.8%	154,631	147,099	5.1%
CSU Pays	44,737	44,383	0.8%	42,729	4.7%	129,545	120,394	7.6%
CSU DX	8,840	9,187	-3.8%	7,914	11.7%	25,086	26,705	-6.1%
Gross margin	40.5%	39.3%	1.2 p.p.	39.2%	1.3 p.p.	39.2%	36.9%	2.3 p.p.
CSU Pays	52.7%	53.2%	-0.5 p.p.	51.2%	1.5 p.p.	51.4%	51.1%	0.3 p.p.
CSU DX	18.6%	17.4%	1.2 p.p.	17.3%	1.3 p.p.	17.6%	16.4%	1.2 p.p.
Expenses	(22,707)	(26,615)	-14.7%	(23,258)	-2.4%	(68,942)	(70,269)	-1.9%
Selling, general & administrative (SG&A)	(22,774)	(26,183)	-13.0%	(23,957)	-4.9%	(69,731)	(68,880)	1.2%
Selling	(2,736)	(3,442)	-20.5%	(2,044)	33.9%	(7,018)	(6,054)	15.9%
General and administrative	(18,824)	(20,633)	-8.8%	(20,709)	-9.1%	(58,894)	(56,231)	4.7%
Depreciation and amortization	(1,214)	(2,108)	-42.4%	(1,204)	0.8%	(3,819)	(6,595)	-42.1%
% Net revenue (SG&A)	17.2%	19.2%	-2.0 p.p.	18.5%	-1.3 p.p.	17.7%	17.3%	0.4 p.p.
Other operational revenue/expenses	67	(432)	-115.5%	699	-90.4%	789	(1,388)	-156.8%
Other operational revenue	490	199	146.2%	1,102	-55.5%	2,290	661	246.4%
Other operational expenses	(423)	(631)	-33.0%	(403)	5.0%	(1,501)	(2,049)	-26.7%
EBIT	30,870	26,955	14.5%	27,385	12.7%	85,689	76,830	11.5%
(+) Depreciation and amortization	15,633	15,394	1.6%	15,720	-0.6%	47,452	46,509	2.0%
EBITDA	46,502	42,349	9.8%	43,105	7.9%	133,141	123,339	7.9%
CSU Pays	41,491	37,649	10.2%	39,876	4.1%	120,776	106,447	13.5%
CSU DX	5,011	4,700	6.6%	3,229	55.2%	12,365	16,892	-26.8%
EBITDA margin	35.1%	31.1%	4.0 p.p.	33.3%	1.8 p.p.	33.7%	30.9%	2.8 p.p.
CSU Pays	48.9%	45.1%	3.8 p.p.	47.7%	1.2 p.p.	48.0%	45.2%	2.8 p.p.
CSU DX	10.6%	8.9%	1.7 p.p.	7.0%	3.6 p.p.	8.7%	10.4%	-1.7 p.p.
Financial result	(717)	(515)	39.2%	673	-	(191)	(3,470)	-94.5%
Financial revenue	2,310	2,911	-20.6%	3,459	-33.2%	9,146	5,497	66.4%
Financial expenses	(3,027)	(3,426)	-11.6%	(2,786)	8.7%	(9,337)	(8,967)	4.1%
EBT	30,153	26,440	14.0%	28,058	7.5%	85,498	73,360	16.5%
Taxes	(6,458)	(7,986)	-19.1%	(7,572)	-14.7%	(21,117)	(21,766)	-3.0%
Current	(5,810)	(8,122)	-28.5%	(6,042)	-3.8%	(19,262)	(22,714)	-15.2%
Deferred	(648)	136	-	(1,530)	-57.6%	(1,855)	948	-
Net income	23,695	18,454	28.4%	20,486	15.7%	64,381	51,594	24.8%
Net margin	17.9%	13.5%	4.4 p.p.	15.8%	2.1 p.p.	16.3%	12.9%	3.4 p.p.

2. Statement of Financial Position

Balance sheet - Asset (R\$ thousand)					
Asset	09/30/2023	06/30/2023	09/30/2023 vs. 06/30/2023	09/30/2022	09/30/2023 vs. 09/30/2022
Total assets	609,916	597,810	2.0%	590,084	3.4%
Current assets	171,969	157,508	9.2%	178,285	-3.5%
Cash and cash equivalents	79,174	67,044	18.1%	86,589	-8.6%
Accounts receivable from customers	73,700	70,548	4.5%	73,327	0.5%
Inventories	2,856	2,923	-2.3%	2,799	2.0%
Tax recoverable	6,259	7,124	-12.1%	4,252	47.2%
Other assets	9,980	9,869	1.1%	11,318	-11.8%
Non-current assets	437,947	440,302	-0.5%	411,799	6.3%
Long-term receivables	7,128	9,498	-25.0%	12,290	-42.0%
Accounts receivable	-	-	n.a	411	n.a
Tax recoverable	1,777	3,302	-46.2%	3,937	-54.9%
Other assets	5,351	6,196	-13.6%	7,942	-32.6%
Investments	32,231	32,374	-0.4%	25,946	24.2%
Property, plant and equipment	15,026	15,899	-5.5%	15,848	-5.2%
Intangible assets	313,161	303,860	3.1%	281,402	11.3%
Computerized systems	287,266	277,965	3.3%	255,507	12.4%
Goodwill (indefinite useful life)	25,895	25,895	0.0%	25,895	0.0%
Right-of-use assets	70,401	78,671	-10.5%	76,313	-7.7%

Liability & equity	30/09/2023	30/06/2023	30/09/2023 vs. 30/06/2023	30/09/2022	30/09/2023 vs. 30/09/2022
Liabilities + shareholder's equity	609,916	597,810	2.0%	590,084	3.4%
Current liabilities	132,977	133,033	0.0%	156,725	-15.2%
Social and labor obligations	52,818	50,092	5.4%	55,967	-5.6%
Social charges	6,760	7,946	-14.9%	7,277	-7.1%
Labor liabilities	46,058	42,146	9.3%	48,690	-5.4%
Trade payables	32,470	30,247	7.3%	33,744	-3.8%
Taxes to be collected	4,484	5,482	-18.2%	4,737	-5.3%
Federal taxes payable	2,600	3,389	-23.3%	3,211	-19.0%
State taxes payable	-	-	n.a	21	n.a
Municipal taxes payable	1,884	2,093	-10.0%	1,505	25.2%
Loans, financings and leasing liabilities	29,226	34,043	-14.1%	37,510	-22.1%
Loans and financings	4,902	6,090	-19.5%	11,237	-56.4%
Lease liabilities	24,324	27,953	-13.0%	26,273	-7.4%
Other liabilities	13,979	13,169	6.2%	24,767	-43.6%
Non-current liabilities	64,219	68,960	-6.9%	70,540	-9.0%
Loans, financings and leasing liabilities	43,930	49,415	-11.1%	50,167	-12.4%
Loans and financings	2,954	4,222	-30.0%	8,032	-63.2%
Lease liabilities	40,976	45,193	-9.3%	42,135	-2.8%
Others	206	206	0.0%	903	n.a
Deferred income taxes and social contribution	11,333	10,685	6.1%	9,220	22.9%
Legal liabilities	8,750	8,654	1.1%	10,250	-14.6%
Tax	5,465	5,119	6.8%	4,220	29.5%
Labor	2,432	2,720	-10.6%	4,196	-42.0%
Civil	853	815	4.7%	1,834	-53.5%
Shareholders' equity	412,720	395,817	4.3%	362,819	13.8%
Share capital	229,232	229,232	0.0%	169,232	35.5%
Capital reserves	2,980	2,774	7.4%	2,253	32.3%
Profit reserves	135,627	135,625	0.0%	155,438	-12.7%
Legal reserve	25,480	25,479	0.0%	18,122	40.6%
Retained profits reserve	113,211	113,210	0.0%	140,379	-19.4%
Treasury shares	- 3,064	- 3,064	0.0%	- 3,063	0.0%
Retained earnings	44,881	28,186	59.2%	35,896	25.0%

3. Cash Flow Statement

Statement of cash flows (R\$ thousand)								
Description	3Q23	2Q23	3Q23 vs. 2Q23	3Q22	3Q23 vs. 3Q22	9M23	9M22	9M23 vs. 9M22
Cash from operating activities	45,294	37,214	21.7%	35,174	28.8%	119,247	105,476	13.1%
Profit for the period	23,695	20,485	15.7%	18,454	28.4%	64,381	51,594	24.8%
Adjustments	21,025	21,327	-1.4%	17,566	19.7%	62,835	55,779	12.7%
Depreciation and amortization	15,633	15,720	-0.6%	15,394	1.5%	47,452	46,510	2.0%
Asset disposals gain/losses	8	107	-92.8%	231	-96.7%	304	450	-32.4%
Share-based payments	207	154	34.4%	167	24.0%	579	292	98.3%
Provision for impairment of trade receivables	330	815	-59.6%	319	3.3%	1,256	475	164.4%
Deferred income tax and social contribution	649	1,530	-57.6%	(136)	n.a.	1,855	(948)	n.a.
Provision for legal liabilities	230	500	-53.9%	603	-61.8%	1,652	1,609	2.7%
Equity equivalent result	1,345	-	n.a.	-	n.a.	1,345	-	n.a.
Interest, indexation and exchange gain/losses on loans, legal liabilities and escrow deposits	2,624	2,502	4.9%	988	165.5%	8,392	7,391	13.5%
Changes in assets and liabilities	6,713	2,108	218.4%	9,308	-27.9%	11,627	22,817	-49.0%
Trade receivables from customers	(3,482)	1,572	n.a.	(820)	324.7%	1,356	(6,617)	n.a.
Inventories	67	(261)	n.a.	71	-5.5%	732	172	325.6%
Escrow deposits	476	1,594	-70.1%	310	53.5%	2,370	447	430.0%
Other assets	2,648	3,436	-22.9%	(671)	n.a.	3,249	(1,891)	n.a.
Trade payables	2,224	(3,333)	n.a.	449	395.4%	(6,287)	1,619	n.a.
Social security and labor obligations	2,727	(1,476)	n.a.	2,747	-0.7%	3,530	8,031	-56.0%
Legal liabilities	(472)	(2,191)	-78.5%	1,685	n.a.	(3,905)	1,148	n.a.
Other liabilities	2,524	2,767	-8.8%	5,537	-54.4%	10,582	19,908	-46.8%
Other	(6,139)	(6,706)	-8.5%	(10,155)	-39.5%	(19,597)	(24,714)	-20.7%
Interest paid	(2,097)	(2,258)	-7.1%	(2,737)	-23.4%	(6,855)	(6,849)	0.1%
Income tax and social contribution paid	(4,042)	(4,448)	-9.1%	(7,418)	-45.5%	(12,742)	(17,865)	-28.7%
Net cash used in investing activities	(16,676)	(19,033)	-12.4%	(15,358)	8.6%	(48,200)	(41,198)	17.0%
Acquisition of property and equipment	(151)	(2,765)	-94.5%	(765)	-80.3%	(3,277)	(2,368)	38.4%
Additions to intangible assets	(15,323)	(14,991)	2.2%	(14,593)	5.0%	(42,444)	(38,830)	9.3%
Investments	(1,202)	(1,277)	-5.9%	-	n.a.	(2,479)	-	n.a.
Net cash used in financing activities	(16,489)	(31,534)	-47.7%	(9,557)	72.5%	(78,328)	(60,981)	28.4%
Receipts from loans and financing	-	-	n.a.	35	n.a.	-	34	n.a.
Amortization of loans and financing	(2,412)	(3,005)	-19.7%	(3,614)	-33.3%	(8,385)	(12,037)	-30.3%
Amortization of lease liabilities	(8,403)	(8,382)	0.3%	(7,256)	15.8%	(24,931)	(20,731)	20.3%
Dividends paid	(5,674)	(20,147)	-71.8%	1,277	n.a.	(45,012)	(28,247)	59.4%
Increase (decrease) in cash and cash equivalents	12,130	(13,353)	n.a.	10,259	18.2%	(7,281)	3,297	n.a.
Cash and cash equivalents at the beginning of the period	67,044	80,397	-16.6%	76,330	-12.2%	86,455	83,292	3.8%
Cash and cash equivalents at the end of the period	79,174	67,044	18.1%	86,589	-8.6%	79,174	86,589	-8.6%

4. Reclassification of Results by Business Unit

In order to show the adjustments made to our results by business division - in view of the reformulation of the business units into CSU Pays and CSU DX - below we provide a table featuring the quarterly results of each business and their reclassifications.

Reclassification (R\$ thousand)	3Q23	3Q22	2Q23	9M23	9M22 Recl.	9M22
Net revenue	132,356	136,339	129,356	394,555	398,689	398,689
CSU Pays	84,896	83,403	83,530	251,837	235,610	227,390
CSU DX	47,460	52,936	45,826	142,718	163,079	171,299
Gross profit	53,577	53,570	50,643	154,631	147,099	147,099
CSU Pays	44,737	44,383	42,729	129,545	120,394	118,839
CSU DX	8,840	9,187	7,914	25,086	26,705	28,260
Gross margin	40.5%	39.3%	39.2%	39.2%	36.9%	36.9%
CSU Pays	52.7%	53.2%	51.2%	51.4%	51.1%	52.3%
CSU DX	18.6%	17.4%	17.3%	17.6%	16.4%	16.5%
EBITDA	46,502	42,349	43,105	133,141	123,339	123,339
CSU Pays	41,491	37,649	39,876	120,776	106,447	104,890
CSU DX	5,011	4,700	3,229	12,365	16,892	18,449
EBITDA margin	35.1%	31.1%	33.3%	33.7%	30.9%	30.9%
CSU Pays	48.9%	45.1%	47.7%	48.0%	45.2%	46.1%
CSU DX	10.6%	8.9%	7.0%	8.7%	10.4%	10.8%
Net income	23,695	18,454	20,486	64,381	51,594	51,594
Net margin	17.9%	13.5%	15.8%	16.3%	12.9%	12.9%

5. Gross contribution reconciliation

The table below shows the reconciliation of gross contribution, which is the result of net revenue from services excluding their costs as well as depreciation and amortization inherent to them.

Gross contribution reconciliation (R\$ thousand)	3Q23	3Q22	% Var. YoY	2Q23	% Var. QoQ	9M23	9M22	% Var.
Gross profit	53,577	53,570	0.0%	50,643	5.8%	154,631	147,099	5.1%
CSU Pays	44,737	44,383	0.8%	42,730	4.7%	129,545	120,394	7.6%
CSU DX	8,840	9,187	-3.8%	7,913	11.7%	25,086	26,705	-6.1%
(+) Depr. and amort. (costs)	14,419	13,286	8.5%	14,516	-0.7%	43,633	39,914	9.3%
CSU Pays	10,344	9,001	14.9%	10,416	-0.7%	30,903	26,501	16.6%
CSU DX	4,075	4,285	-4.9%	4,100	-0.6%	12,730	13,413	-5.1%
Gross contribution	67,996	66,856	1.7%	65,159	4.4%	198,264	187,013	6.0%
CSU Pays	55,081	53,384	3.2%	53,145	3.6%	160,448	146,895	9.2%
CSU DX	12,915	13,472	-4.1%	12,014	7.5%	37,816	40,118	-5.7%
Contribution (%)	51.4%	49.0%	2.4 p.p.	50.4%	1.0 p.p.	50.3%	46.9%	3.4 p.p.
CSU Pays	64.9%	64.0%	0.9 p.p.	63.6%	1.3 p.p.	63.7%	62.3%	1.4 p.p.
CSU DX	27.2%	25.4%	1.8 p.p.	26.2%	1.0 p.p.	26.5%	24.6%	1.9 p.p.

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