

# Earnings Call

Second Quarter, 2024



**INSTITUTIONAL  
INVESTOR**  
2024 LATIN AMERICA EXECUTIVE TEAM - SMALL CAP

**CSU DIGITAL**

**CSUD**  
**B3 LISTED NM**

# Guidelines and legal warning



Good morning everyone, welcome to CSU's conference call regarding the second quarter of 2024. Present in the videoconference today are the CFO and IRO, **Pedro Alvarenga**, the COO and CTO, **Fabiano Droguetti** and the Company's IR team. This conference call is being recorded and all participants will be able to listen, see the speakers and follow the presentation.



The presentation will be in Portuguese with simultaneous English translation. For those who wish to listen to the presentation in English, **just press the “Interpretation” button on the bottom right corner of the screen** and choose the English option.



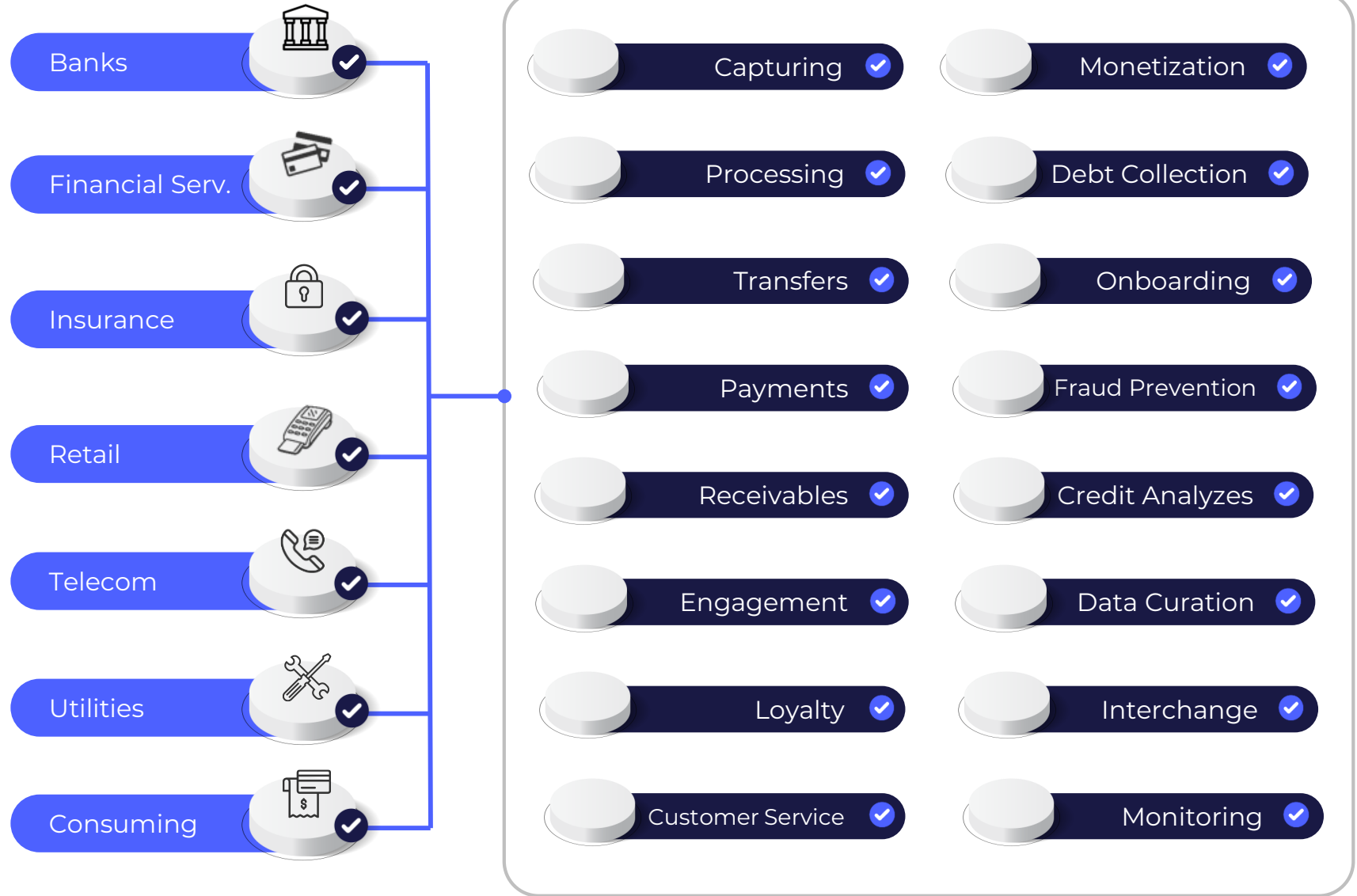
This presentation may include statements that represent expectations regarding company's future events and results, according to the Brazilian and international regulation of marketable securities. Those declarations are based on suppositions and analyses made by the Company, in accordance with its experience, economic environment, market conditions and future events expected, many of which are outside the company's control. Important factors that may lead to significant differences between actual results and disclosed expectations about future events and results include the company's business strategy, the Brazilian and international market conditions, technology, financial strategy, clients developments, financial markets conditions, uncertainty regarding its future operations, plans, goals, expectations, intentions, among others. Due to these factors, the actual company results may differ significantly than those pointed out or implicit at the expectations and declarations regarding future events and results.

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# Operating financial services can be very complex

Each business has a different dynamic, reflecting the particularities of the market in which it operates and the strategies companies pursues

- Market sectors
- Process stages



**CSU is the only truly digital company with end-to-end solutions that enable different companies to offer financial services to their customers without making large investments**

**The most robust,  
flexible and broad  
technological  
architecture in  
the market**



**+167 mi**  
invested in technology in the  
last 3 years

**+500 k**  
of development hours in the  
last years

**Technological Flexibility** ✓

Hybrid core architecture (Cloud & Mainframe) and specialized solutions to meet 100% client's needs and priorities. Faster systems integration through APIs or message queues

**Robustness & Security** ✓

Platform 100% adherent security standards (PCI) complemented by an intensive use of AI for Fraud Prevention

**Customized Offering** ✓

Microservices and modular based architecture applicable for all businesses needs

**Scalability** ✓

Efficient platform architecture suitable from niche solutions to large enterprise

**Hyperautomation & AI** ✓

Most sophisticated tools of the market in automation and AI to leverage financial and back-office services quality and productivity

**Full Service** ✓

Unique company, the only one that delivers full service solutions including Digital Payments, Embedded Finance, Loyalty, Customer Experience and business process hyperautomation

**Data Intelligence** ✓

Service-based platform bringing. With massive use of Data and AI generating business opportunities

**Agnostic** ✓

Multi-network, currencies, channels and products



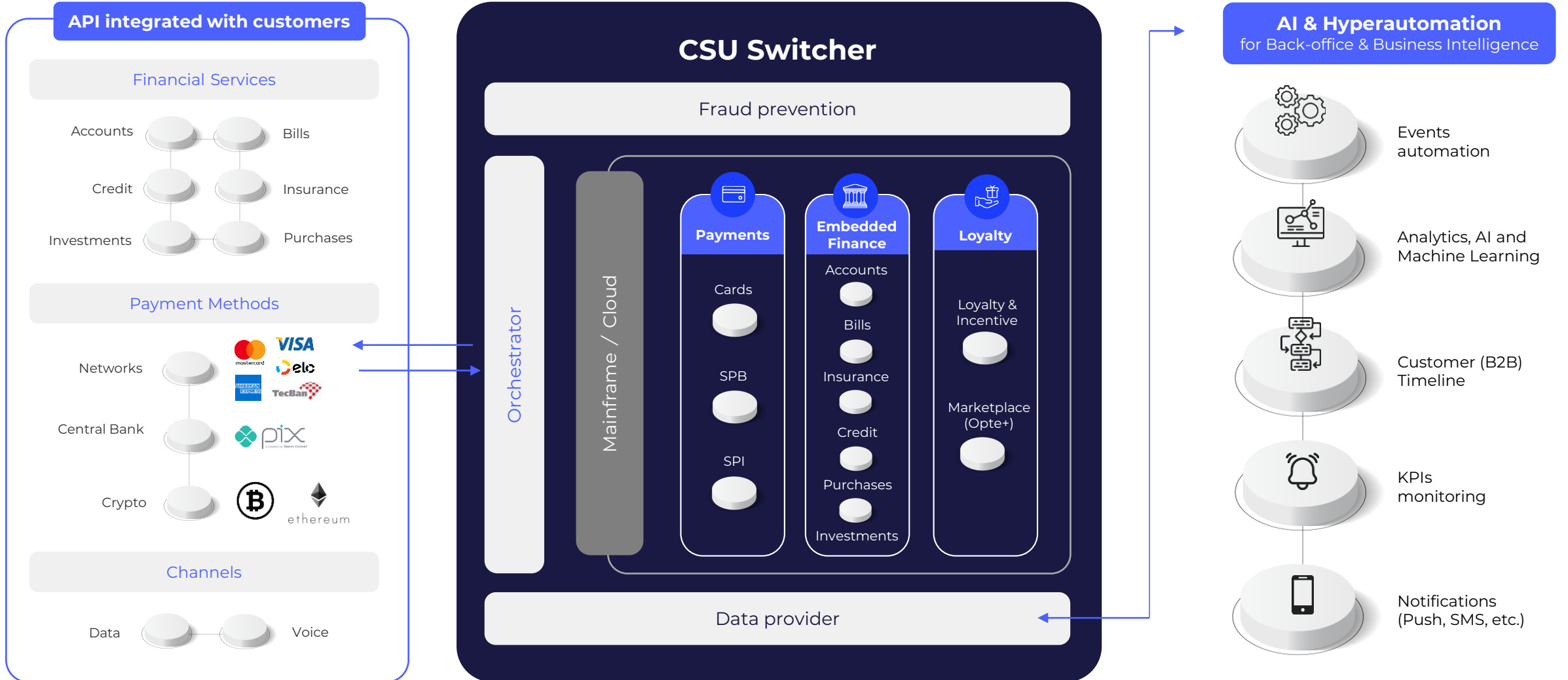
# CSU Ecosystem

Combines the best technology for financial services and business process bringing robustness, flexibility and gains of scale

**100% agnostic** platform being multi networks, currencies, channels fully integrated to client's systems

A wide range of solutions with the **flexibility to be customized** for any business, enabling faster integration with client's systems and continuous development.

**Data intelligence** provides a deep understanding of customer processes and consumer behavior, enabling **hyperautomation of workflows**, which, combined with the **use of AI**, can significantly improve the quality and productivity of operations





# Our history in numbers

Company combines deep technology, industry expertise and mission-critical management background, all offered in a service business model



**+ 40**

large corporations as customers



**32 years**

of experience



**+ 36.9 Mi**

registered cards and accounts



**+ 1.1 Bi**

processed transactions\*



**+ R\$ 368 Bi**

of TPV\*

A complex, glowing blue circuit board graphic with the letters 'AI' in the center. The circuit lines radiate outwards from the center, creating a starburst effect. The background is a dark blue gradient with faint white dots and lines, suggesting a digital or space theme.

AI

Looking to the  
**Future**

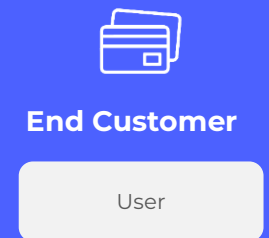
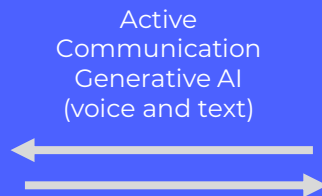
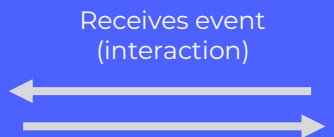
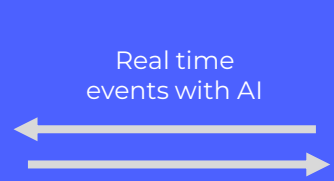
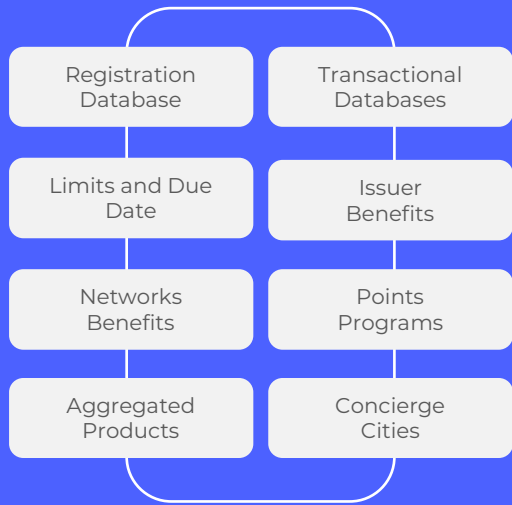
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 CSUDigital

# Application and use of Artificial Intelligence in Payments

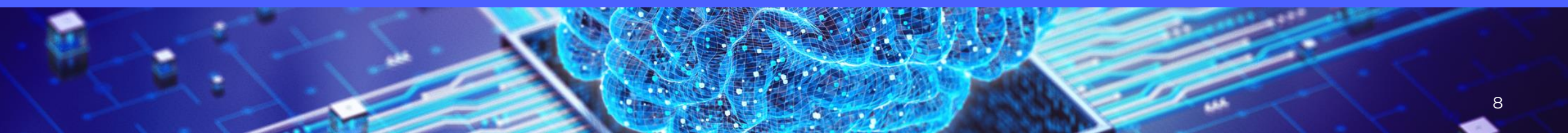


## Knowledge Sources



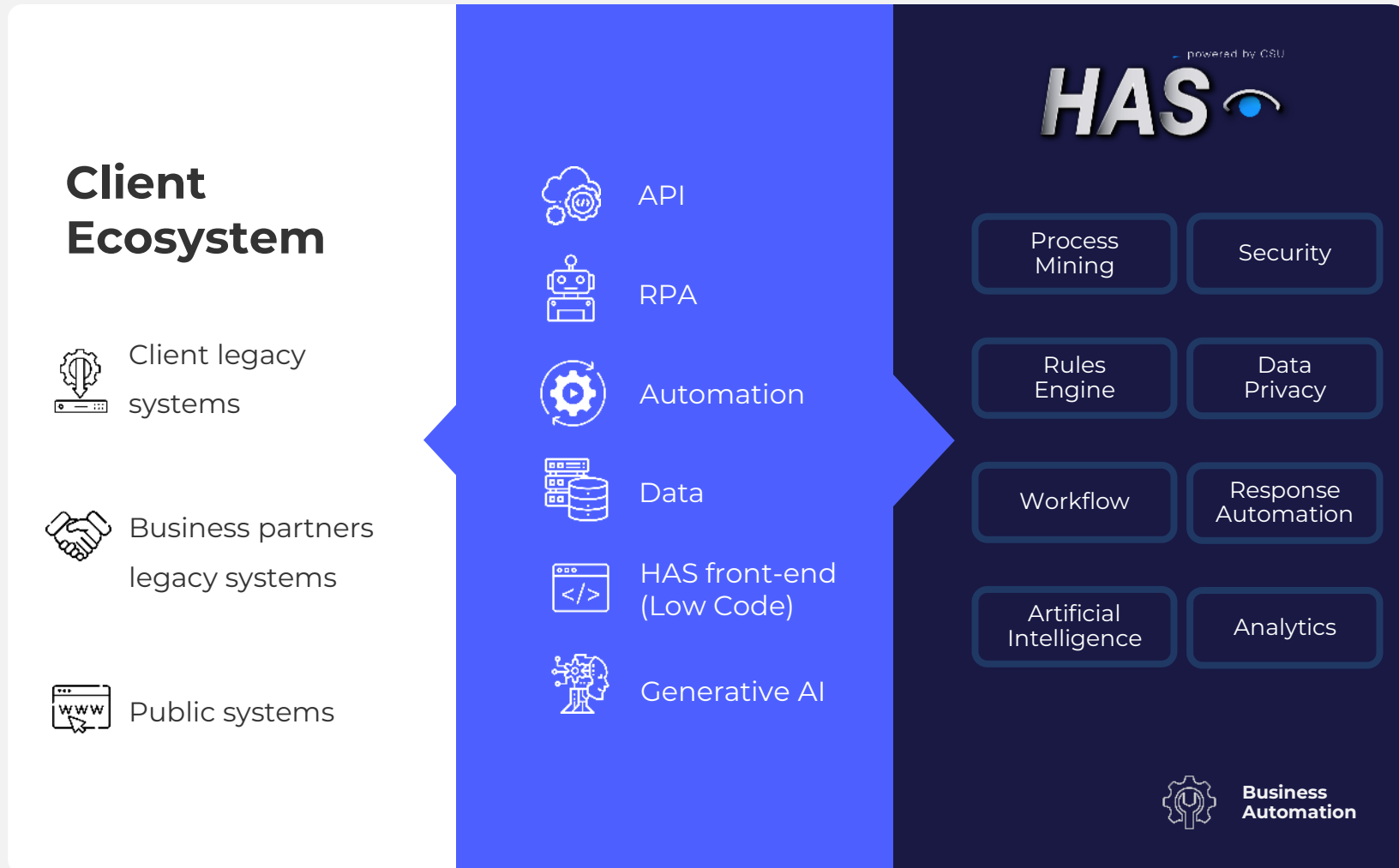
AI in the **data** layer

AI in the **interaction** layer





# Application and use of Artificial Intelligence in processes



## Unique Solution

- A **Non-Intrusive** Platform
- Uses all types of data, including **unstructured data**, integrates with multiple sources, and reads and interprets them.
- Wide range of functionalities with an **open architecture** to continuously incorporate new capabilities.
- Generates significant gains in operational **efficiency**.
- And high capacity to convert data into new customer interactions and **business opportunities**.

# New era Massive use of Hyperautomation & AI

Revolutionize the payment experience to create a personalized and secure user experience.



## Value delivered to end users

- ✓ **Shared and flexible limits between** card networks (Mastercard, Visa and Amex)
- ✓ **Benefit suggestions** based on transactional **behavior**
- ✓ **Real-time marketing campaigns**
- ✓ **Personal financial advice** (goals, spending limits, etc.)
- ✓ **Real-time use of points** during purchases
- ✓ **Satisfaction and loyalty**

## Value delivered to institutions

- ✓ **Revenue and profit growth**  
Increase in approvals (**10 p.p**)  
Cross-selling  
Cost reduction  
Profit growth
- ✓ **Process automation**  
Reduction of **+40%** in costs, **80%** in resolution time and **95%** in operational errors
- ✓ **Risk prevention**  
**+10%** reduction in fraud  
Better approval rates
- ✓ **Credit analysis**  
Behavior, profiling and best approval rate
- ✓ **Loyalty programs and Marketplace**  
Better customer engagement and reduced churn



# Our Results



# Solutions portfolio

The only company in the market with solutions for all instances of a financial transaction

## Digital Payments

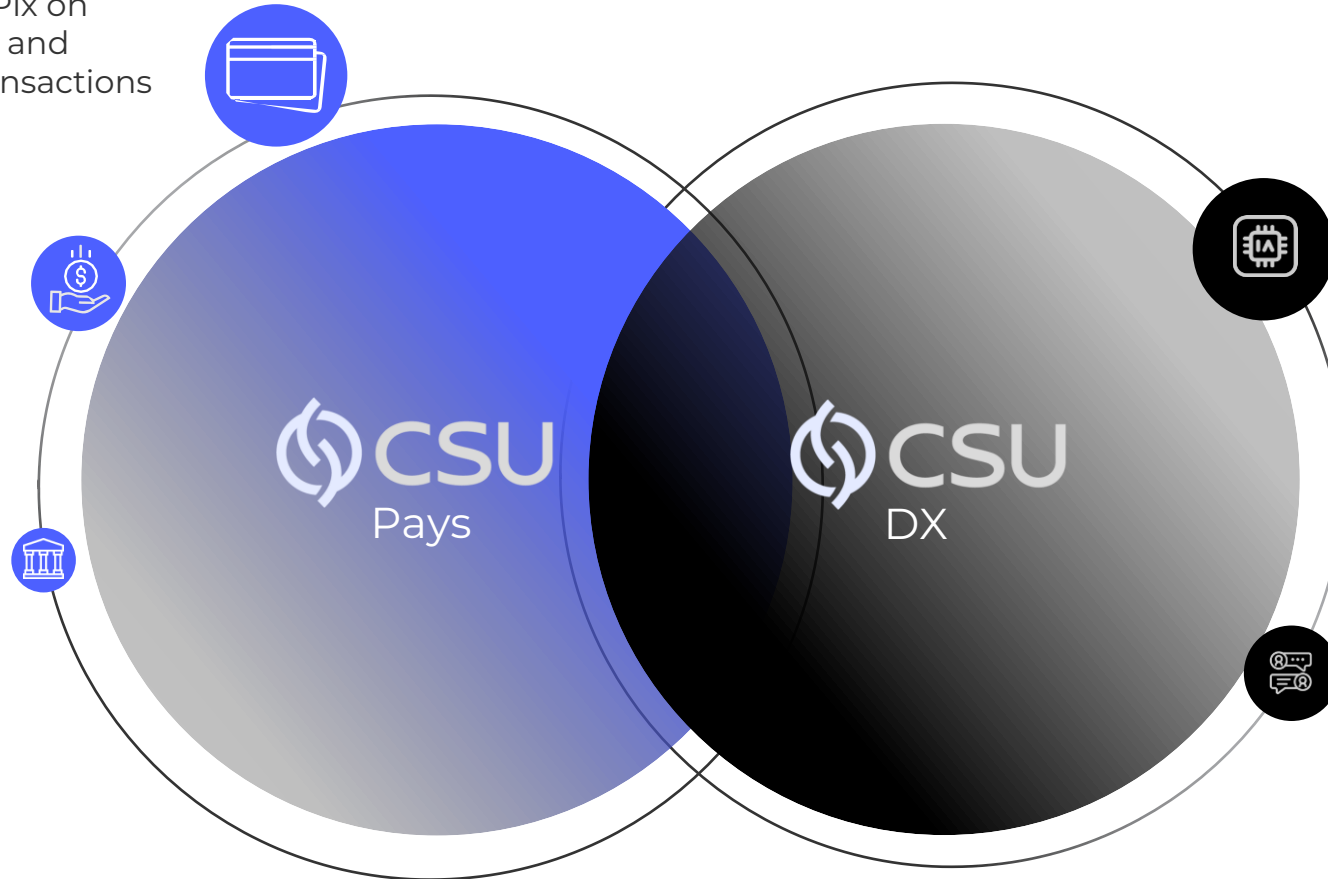
Full service for Card, Pix (instant payments), Pix on Credit (Installments) and Cryptocurrencies transactions

## Loyalty & Incentive

Infrastructure for management of Loyalty and Incentive Programs (Points and Cashback), and for marketplaces for redemption or purchase of goods and services

## Embedded Finance

Technology for Digital Accounts (individuals or enterprise) and financial services (Marketplace) via API or White-label app



NEW

## Hyperautomation & AI (HAS)

Hyperautomation platform for business process management for Exchange, Fraud, Prevention, Onboarding and Data Curation with massive usage of Artificial Intelligence (AI)

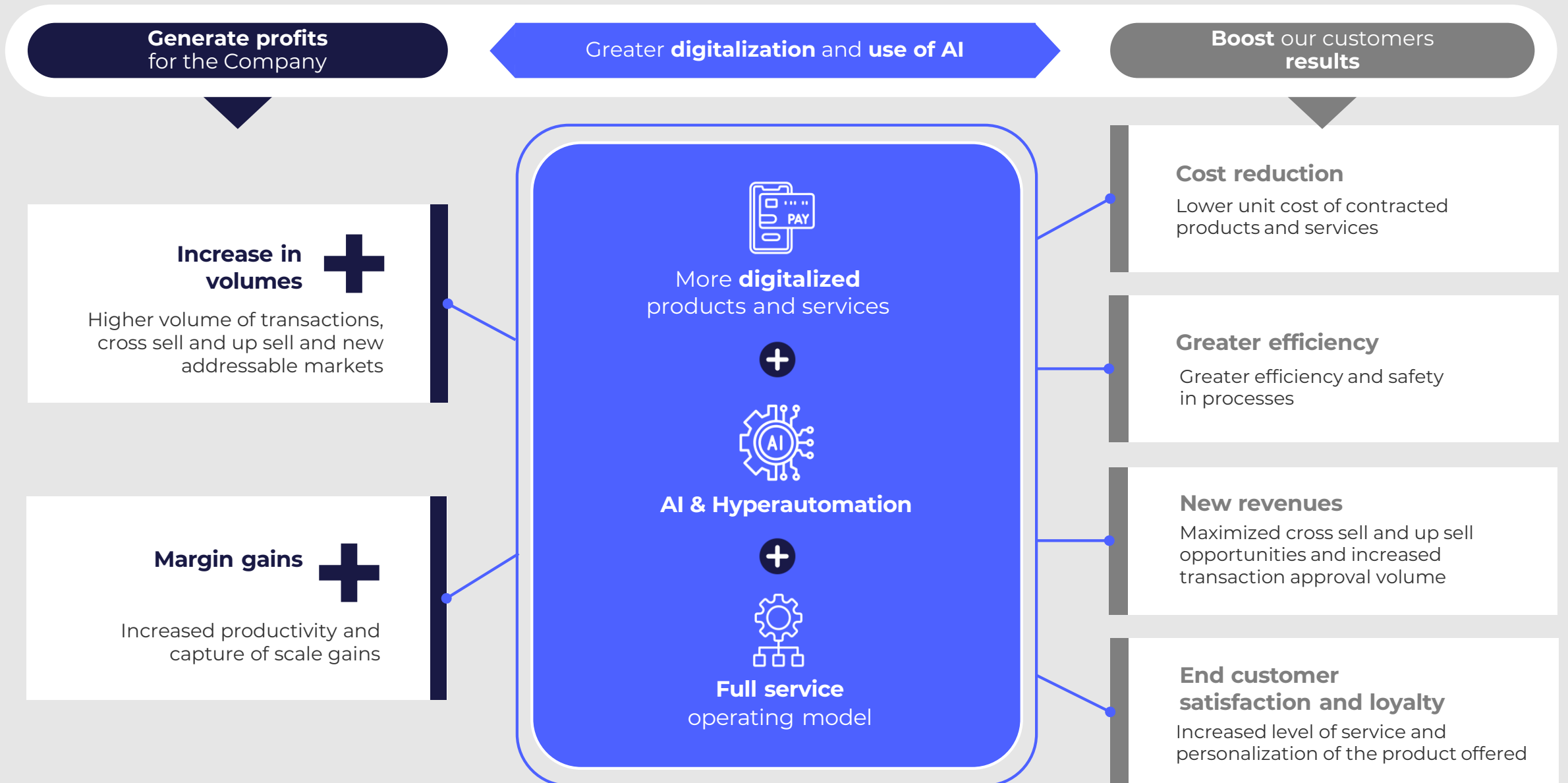
## Customer Experience

Hybrid infrastructure (technology and people) for customer service, cross and up sell and collection

Both verticals have experienced different growth dynamics in the previous years, facing **intense digitalization**, and now are ready for a **new cycle of expansion**



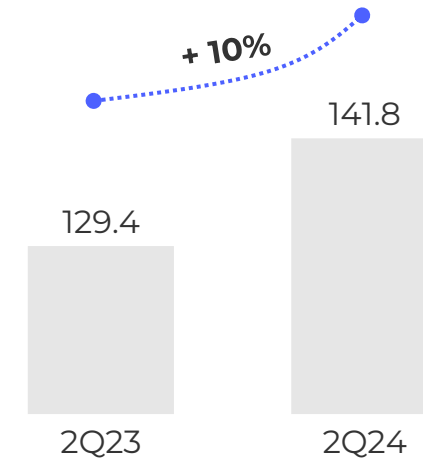
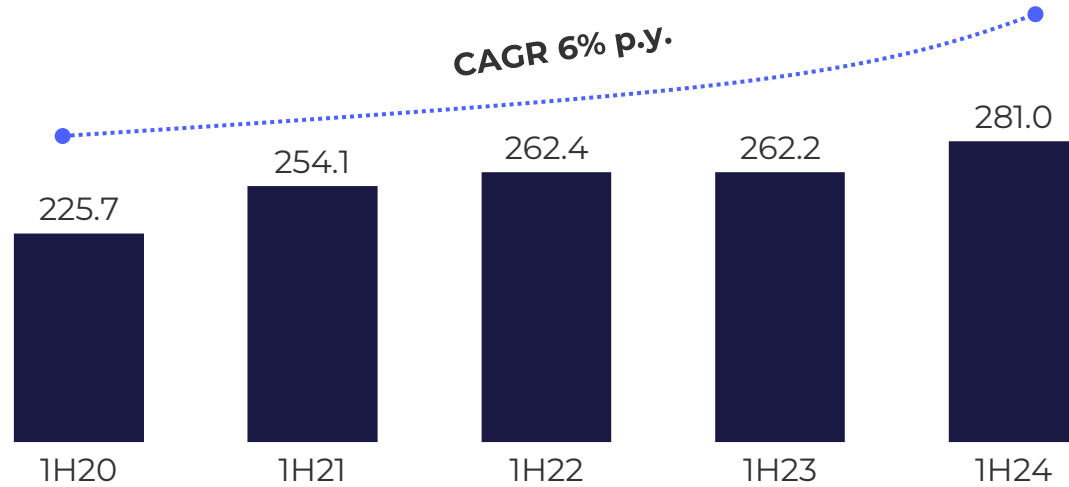
# Digitalization and the use of AI drive value generation



# Consolidated Net Revenue

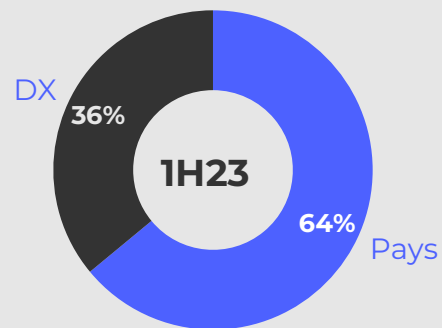
Expanded portfolio creates new opportunities, increases profitability and brings more financial stability for different cycles

Net revenue grows consistently with digital revenues standing out | (R\$ million)

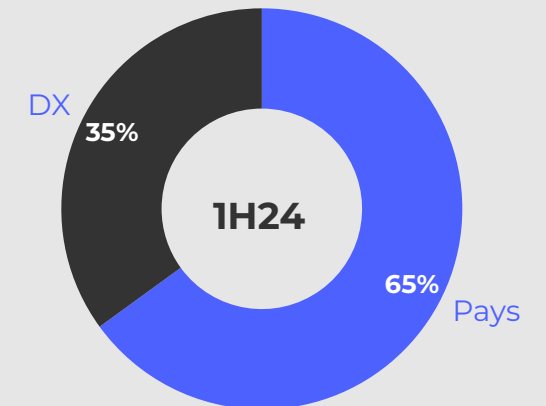
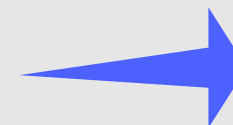


CSU Pays gains even more relevance in the business

CSU´s consolidated net revenue mix (%)

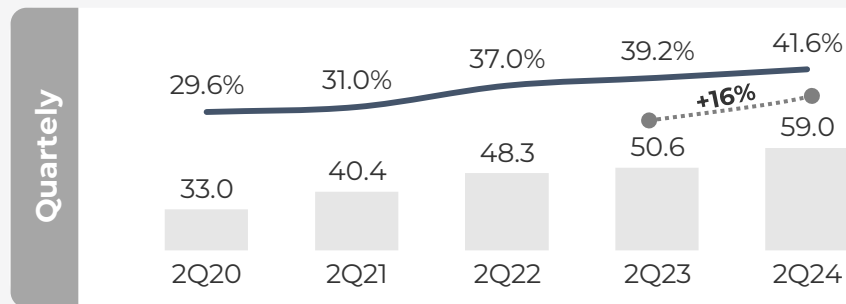
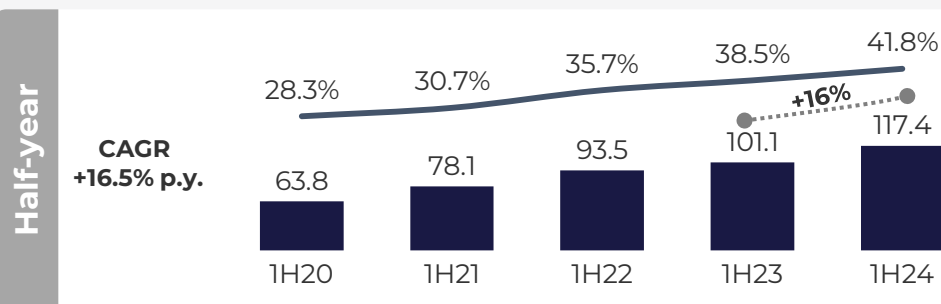


Pays + 1.0 p.p.

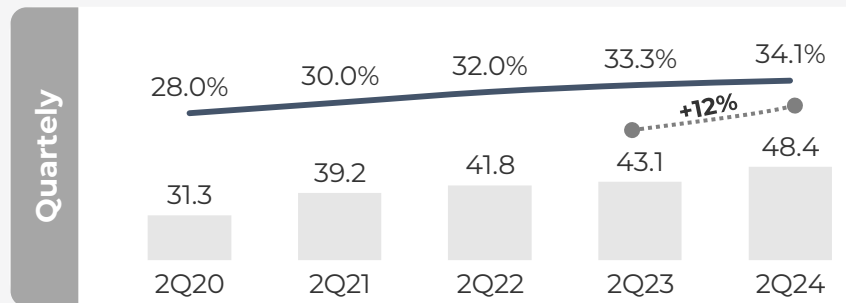
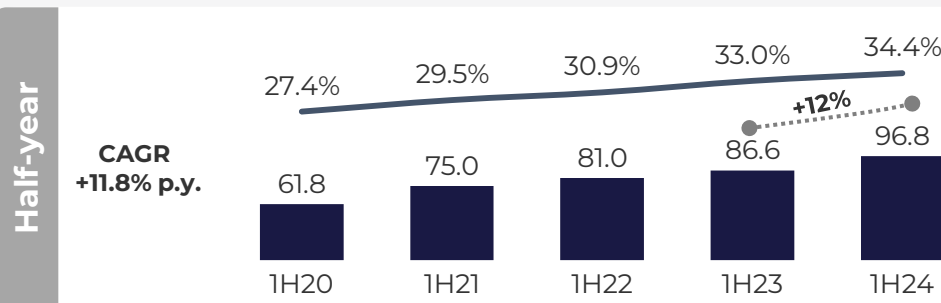


# Improved performance in both verticals lead to continuous record-breaking in profitability indicators

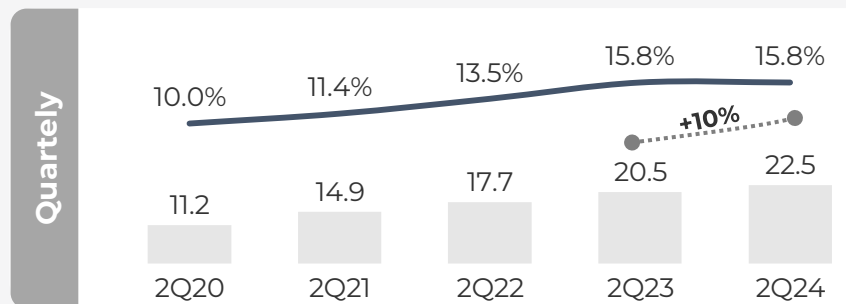
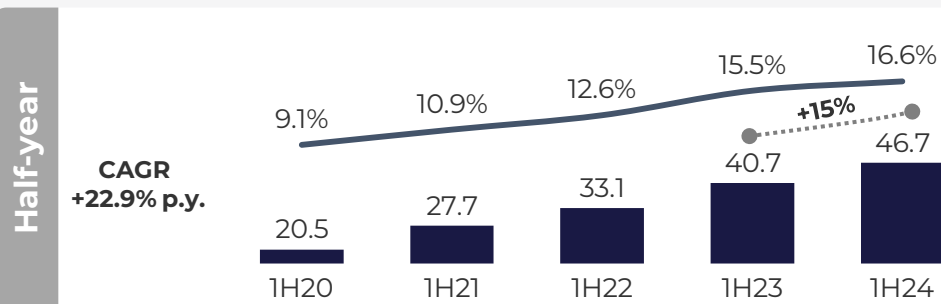
**Gross profit** (R\$ million) and **gross margin** (%) nearly doubled



**EBITDA** (R\$ million) and **EBITDA margin** (%) fast expansion



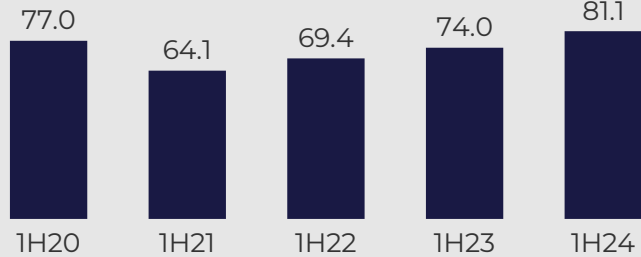
**Net income** (R\$ million) double and **net margin** (%) nearly double due operational leverage



# Financial strength brings confidence for new expansion cycle

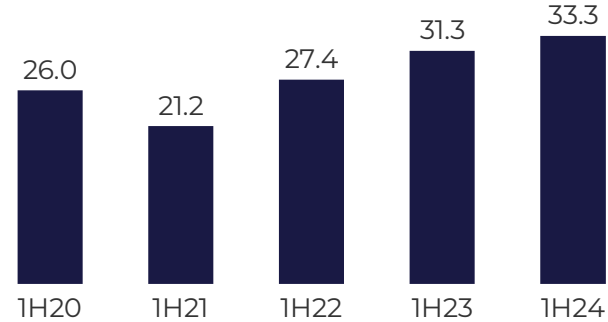
## Operational Cash Generation (R\$ million, X)

Average +84% EBITDA conversion to cash ratio leading to a sumptuous operational cash generation, allowing.....



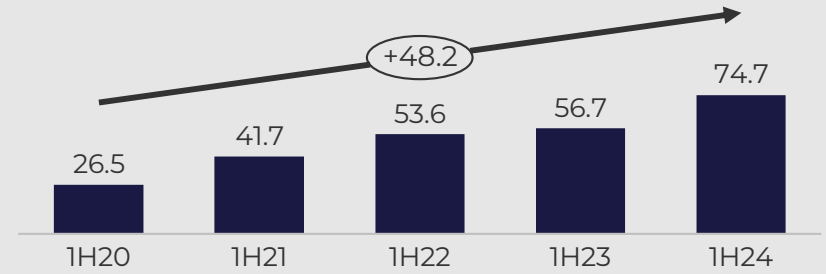
## CAPEX (R\$ million)

...tech investments increase...



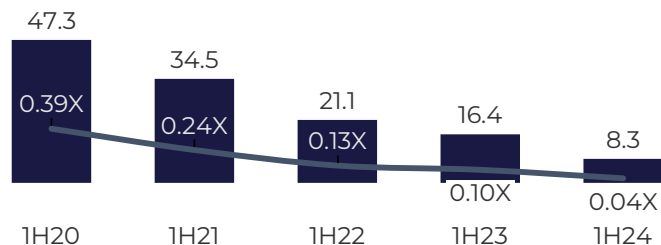
## Net Cash Position (R\$ million)

...Still, CSU is hoarding cash, which puts us in a great position to capture growth opportunities.



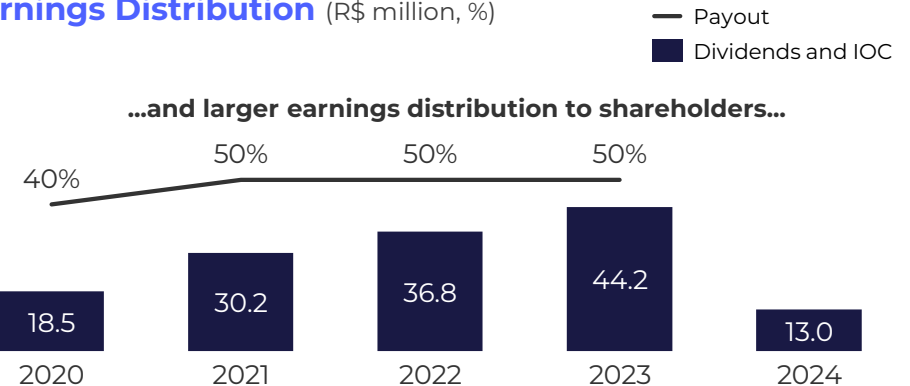
## Net Debt and Net debt/EBITDA (R\$ million, X)

...onerous debt paydowns...



## Earnings Distribution (R\$ million, %)

...and larger earnings distribution to shareholders...



\* LTM (last twelve months)



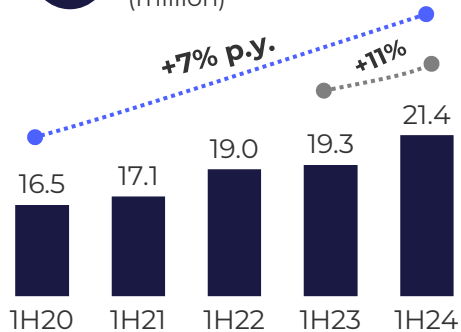
# Innovation accelerates growth and brings productivity gains



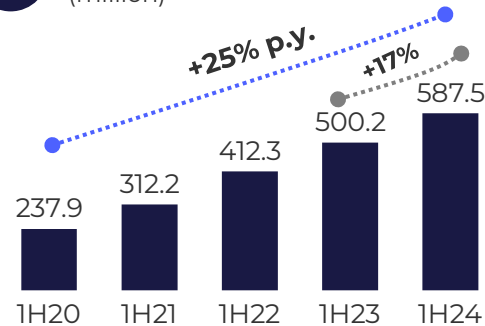
## Operational Highlights



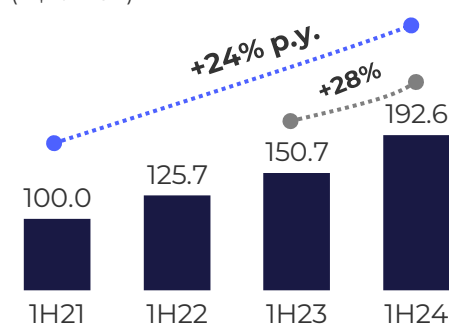
Billed units (million)



Processed transactions (million)

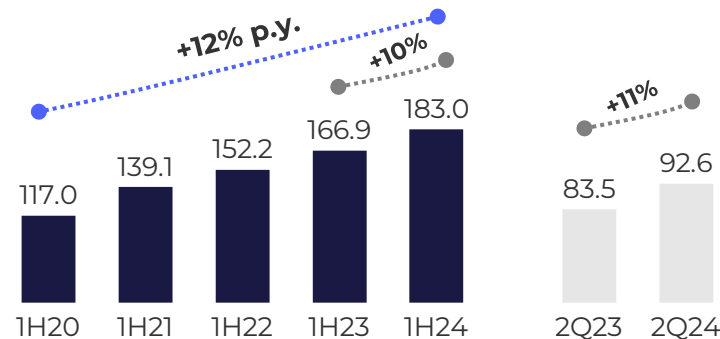


Payment volume (TPV) (R\$ billion)

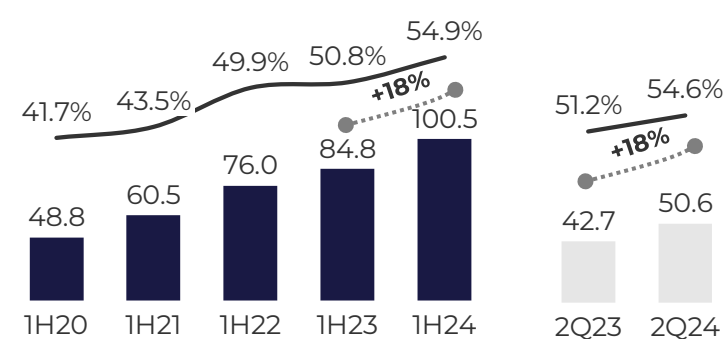


## Financial Highlights

Net Revenue (R\$ million)



Gross profit and gross margin (R\$ million and %)



Recurrently growing at a fast pace on an annual basis and attracting new customers. Worth highlight the expansion of purely digital revenues (CAGR of 14% since 1H20 and +11% vs. 2Q23), **which are the basis for a new and stronger expansion cycle**

**This new cycle of expansion is taking place on an increasingly efficient basis, with real gains in profitability (CAGR 20% p.y. since 1H20)** resulting from the digitalization of products and processes that are leveraged by the scalability of the business model



- ✓ Physical, Virtual and Digital Cards (mobile and wearables)
- ✓ Bin Sponsor
- ✓ Multi-account Virtual Wallets
- ✓ Transfers and Payments (TED, Instant Payment – Pix, Pix on Credit, Cryptocurrencies)
- ✓ Credit Marketplace
- ✓ Digital Services
- ✓ Loyalty & Incentive Programs
- ✓ Shopping Marketplace

# Focus on earnings while building new growth avenues



## Operational Highlights



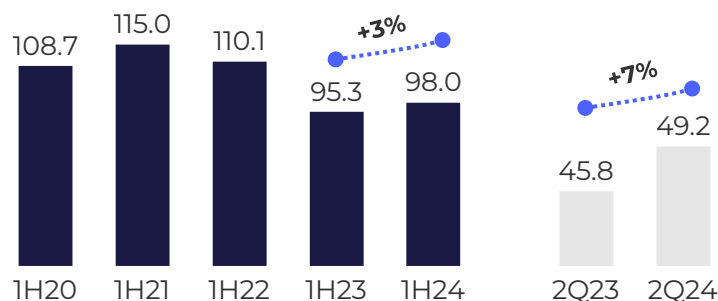
**+3.2 million**  
of managed interactions (2Q24)



**74%**  
digitalized interactions (2Q24)

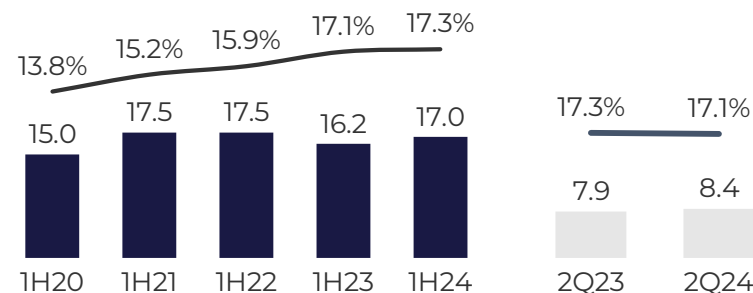
## Financial Highlights

Net Revenue  
(R\$ million)



Deep **digital transformation** of the Customer Experience service to generate higher profitability (lower price vs. higher profitability). At the same time, the foundations were laid for a **new cycle of expansion** for this vertical with the launch of **hyperautomation & AI** products, which should soon start to generate results with the signing of the first two clients.

Gross profit and gross margin  
(R\$ million and %)

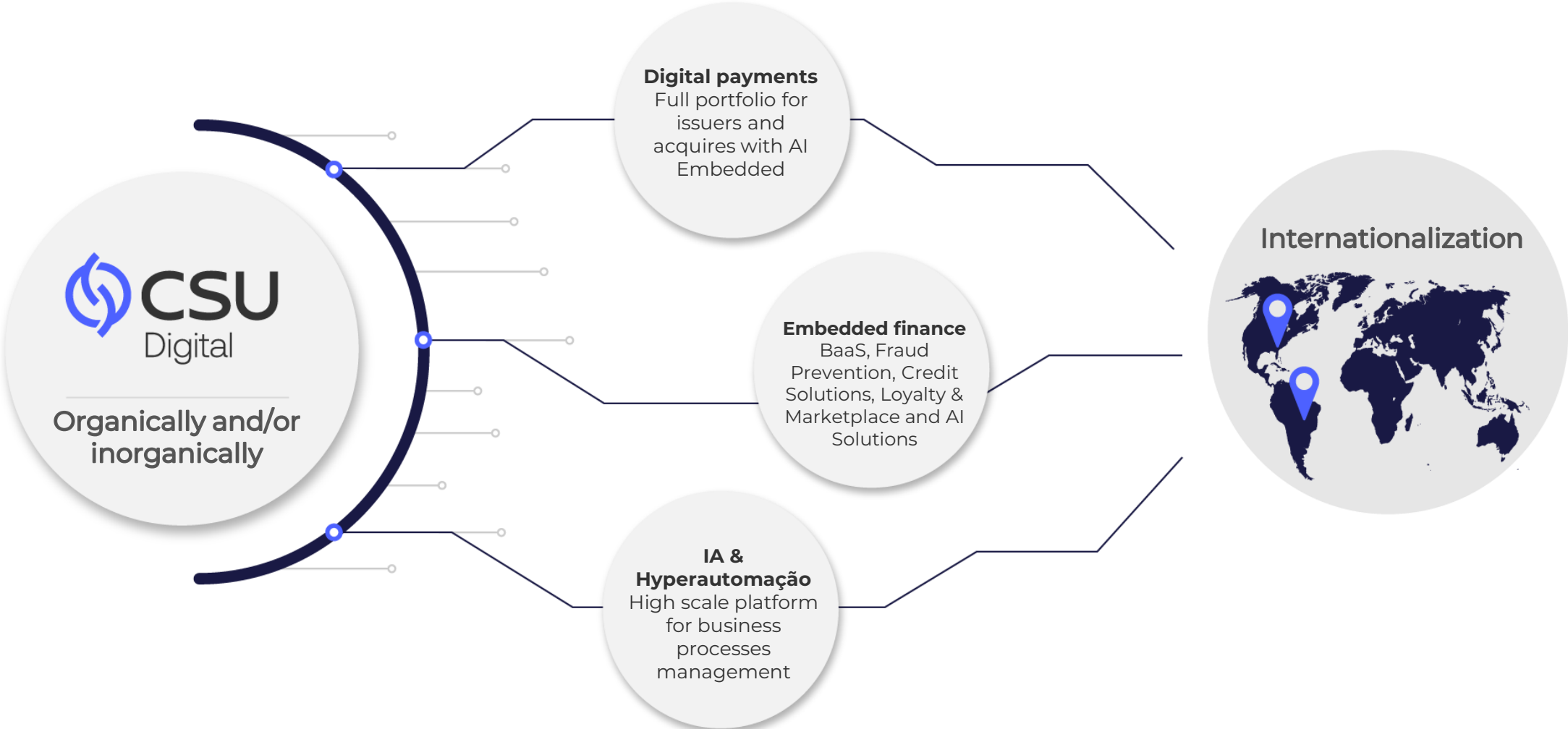


Customer Experience operations performance focused on higher value-added processes, preserving results and **increasing margins** (an increase of **5.7 p.p.** vs. 1Q19), while new avenues of growth were built. New products tend to be a **major contributor to this vertical's results.**

- ✔ Omnichannel
- ✔ Self-service App's
- ✔ Robotic process automation (RPA) & artificial intelligence (AI)
- ✔ Chatbots
- ✔ Customer support through social networks
- ✔ Mobile support
- ✔ Hyperautomation of business processes

# Four avenues driving growth have been defined

Synergistic portfolio **scaled up by the use of AI** being designed in a multigeographic concept



**100% agnostic:** multi-network, currencies, channels and products



Key

# Takeaways

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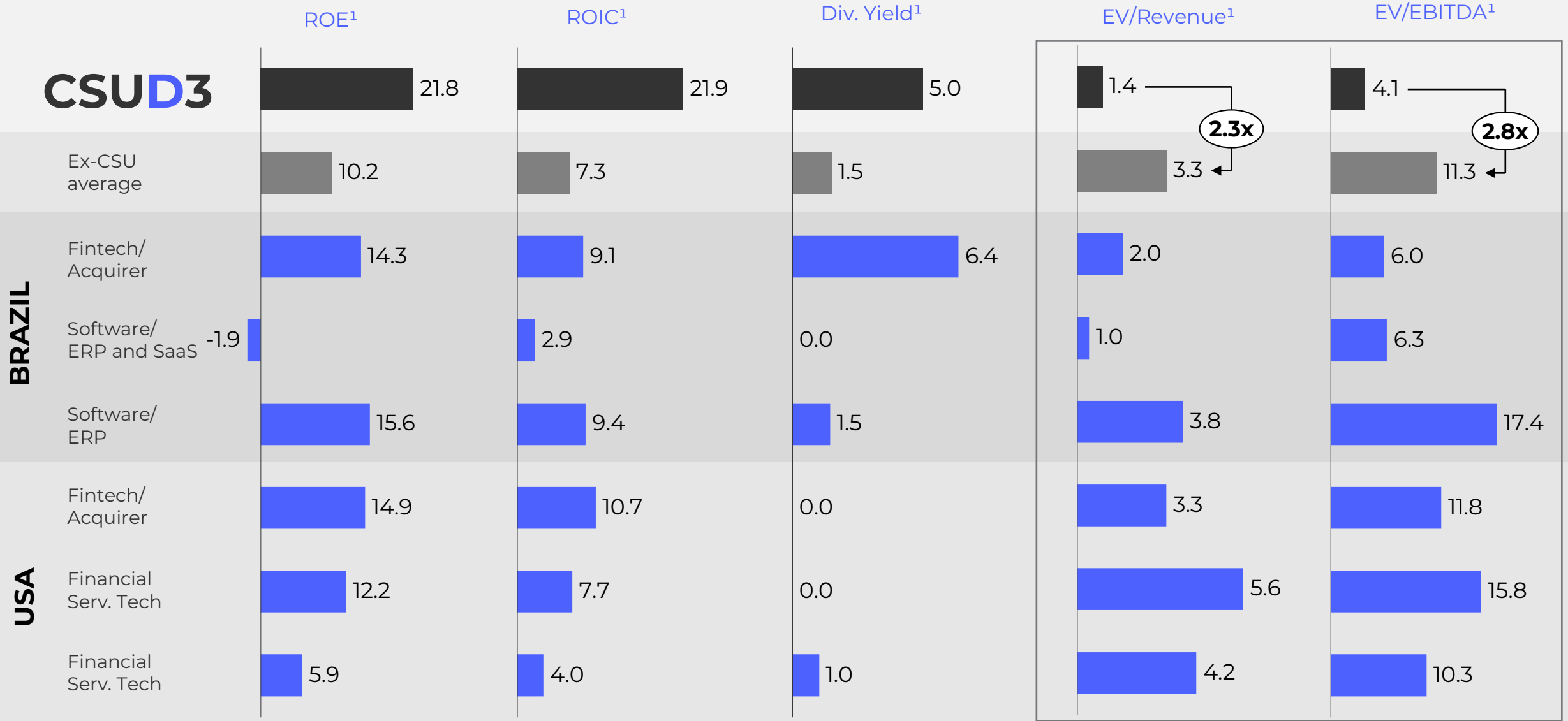
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# Company's valuation vs other players

Combination of growth and profitability generating attractive returns

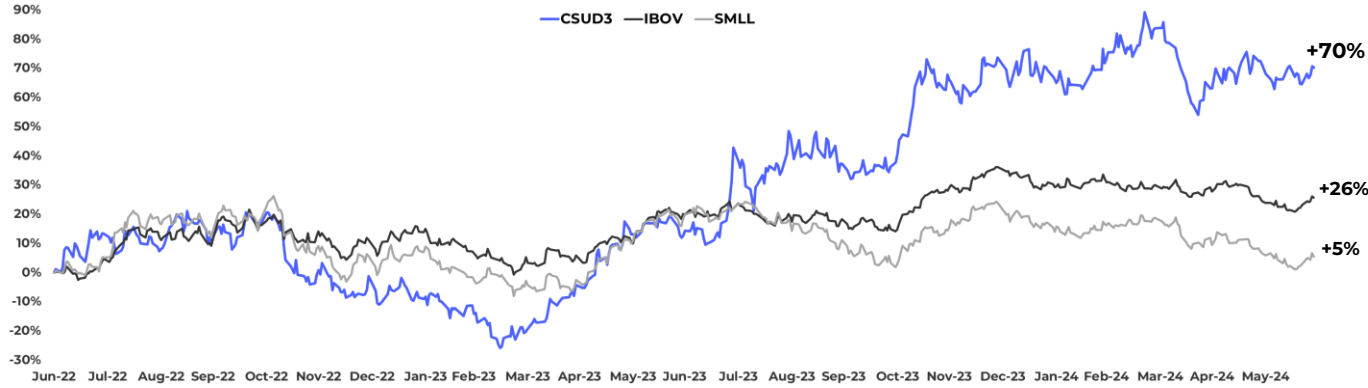


Reference dates: 06.30.2024 (source: Economática); ROE: return on equity; ROIC: return on invested capital; Dividend yield; EV: enterprise value. EV/Revenue and EV/EBITDA are widely used metrics as asset pricing multiples.

# Capital Markets

## CSUD3, IBOV and SMLL Returns

Total shareholder return of: **+96%**  
(between jun/22 and jun24)



From jun/22<sup>1</sup> to jun/24, we saw an increase of **+70%** in the shareholding position of **institutional investors**

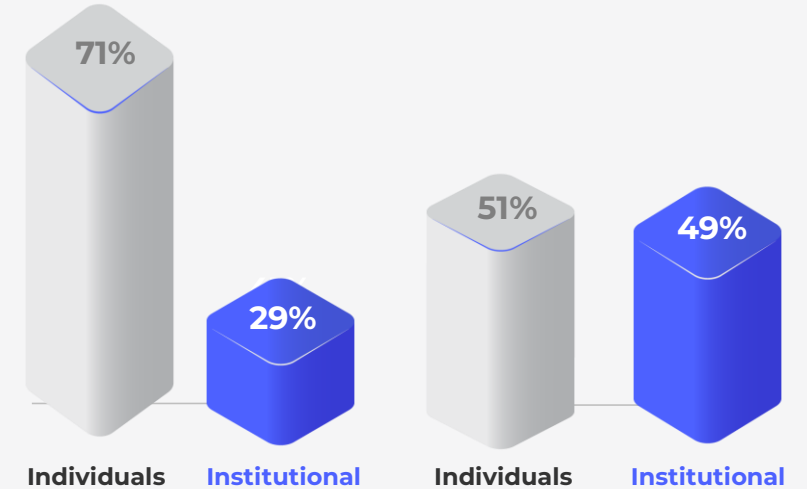


Starting from price of CSUD3 in 06.30.2022 until the close of 06.30.2024, showed an appreciation of **+70%**, and a **total shareholder return of +96%**, in this period.

## Relevance of institutional investors (funds) in the free-float (%)

**2Q22 x 2Q24**

Increase of **+20.0 p.p.**



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| Sell-Side Coverage |                |
|--------------------|----------------|
| Levante            | Eleven         |
| Toro               | MSX Invest     |
| Mirae Asset        | TC Matrix      |
| Benndorf           | Órama          |
| Warren             | Condor Insider |
| Ticker Research    | Nord           |

| Main Shareholders       | Number of Shares  | %             |
|-------------------------|-------------------|---------------|
| <b>Controlling</b>      | <b>22,683,151</b> | <b>54.3%</b>  |
| Greenville Delaware LLC | 22,591,192        | 54.1%         |
| Marcos Ribeiro Leite    | 91,959            | 0.2%          |
| <b>Management</b>       | <b>48,414</b>     | <b>0.1%</b>   |
| <b>Free Float</b>       | <b>18,546,100</b> | <b>44.4%</b>  |
| Real Investor*          | 3,852,547         | 9.2%          |
| Other Shareholders      | 14,693,553        | 35.2%         |
| <b>Treasury</b>         | <b>522,335</b>    | <b>1.2%</b>   |
| <b>TOTAL CSUD3</b>      | <b>41,800,000</b> | <b>100.0%</b> |

\* According to public data made available by the Consolidated Funds Consultation – CVM, with base date of December/2023. <sup>1</sup> Brand and ticker repositioning



# CSU Digital featured in the INSTITUTIONAL INVESTOR 2024 Latin America ranking

Small Cap - Financials non Banks



Company Board



Best IR Program



Best IR Team



Best CEO  
Marcos Ribeiro Leite



Best IR Professional  
Pedro Alvarenga

# Closing remarks

## Strong current results

Expansion of the current business with accelerated growth in profitability indicators in recent years as a result of current scale, strong digitalization and portfolio synergies

## New cycle of expansion

Ongoing launch of new solutions creates significant growth opportunities and is already attracting new clients in embedded finance and HAS

## Artificial Intelligence

Massive application and use of Artificial Intelligence in our business verticals, creating economies of scale for CSU and its customers (HAS) and leveraging revenue potential (AI)



## Strong balance sheet

Adequate capital structure and strong cash generation, which allows accelerating investments (organic or inorganic)

## Attractive remuneration to investors

Payment of **R\$ 233 million** dividends and IOC since the Company's genesis. A **50% payout** in the last three years. Already declared and paid R\$ 13.0 million referring to the results of 1Q24 and 2Q24.

## Shares still discounted to peers

CSU shares trading on July 30 2024 at 1.4x Revenue and 4.1x EV/EBITDA, while other players in related segments in Brazil and abroad are already performing at a multiple up to 4.3x higher (EV/EBITDA)

# Questions and Answers



To ask questions, **click on the raise hand icon at the bottom of your screen**, and wait for the next instructions



When announced, **a request to activate your microphone will appear on the screen** and you will be able to ask your question



To send writing questions via the Q&A icon, at the bottom of your screens, we advise you to ask them by indicating your **NAME** and **COMPANY**, following your question.







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