



# Earnings Call

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Fourth Quarter, 2023

**CSUD**  
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# Guidelines and legal warning



Good morning everyone, welcome to CSU's conference call regarding the fourth quarter of 2023. Present in the videoconference today are the CFO and IRO, **Pedro Alvarenga**, the 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.

The information and opinion hereby displayed should not be understood as investment recommendation to potential investors, and no investment decision should rely upon the veracity and completeness of that information and opinions. None of the company's representatives will have any responsibility regarding eventual losses that may happen as a result of the use of this presentation's content.

# Performance in 2023

A 4-year plan, defined and well executed, led to consistent results and a solid capital structure. New technologies and products bringing confidence for a new cycle of expansion



**Priority #1:**  
Operational consistency and loyalty



**Priority #2:**  
Outstanding financial performance in continuous evolution



**Priority #3:**  
New avenues for growth

## Operational

- ✔ Number of accounts and cards increase to **36.9 million**
- ✔ **+24%** increase in number of transactions managed
- ✔ **+22%** increase in total payment volume (TPV)
- ✔ **Digitalization** reaches 95% in CSU Pays and 71% in CSU DX
- ✔ **>90%** of contracts renewed

## Financial

- ✔ Net Revenue evolution
  - CSU Pays grows steadily to R\$ 338 million (+5.4% vs. 2022)
  - CSU DX evolved throughout the second half of the year and it was 8% higher in 4Q23 vs 2Q23
- ✔ EBITDA **surpassed** R\$ 181 million, +9.2% vs. 2022
- ✔ Net income **grows +20.2%** and exceeds R\$ 88 million
- ✔ Cash generation reaches **R\$ 152 million**, a conversion ratio of 84%
- ✔ ROCE, ROE and ROIC of **25%, 22% e 21%, respectively**

## New Solutions & AI

- ✔ **Complete digital** payments portfolio
- ✔ **Full-service solution** for Embedded Finance arena
- ✔ Loyalty **gains even more strength** given the synergy with the new portfolio
- ✔ CX day-by-day getting more digital and efficient
- ✔ **Hyperautomation** for business processes
- ✔ **AI** as a lever for **new business**





Our  
**Results**



# Solutions Portfolio

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

### Embedded Finance

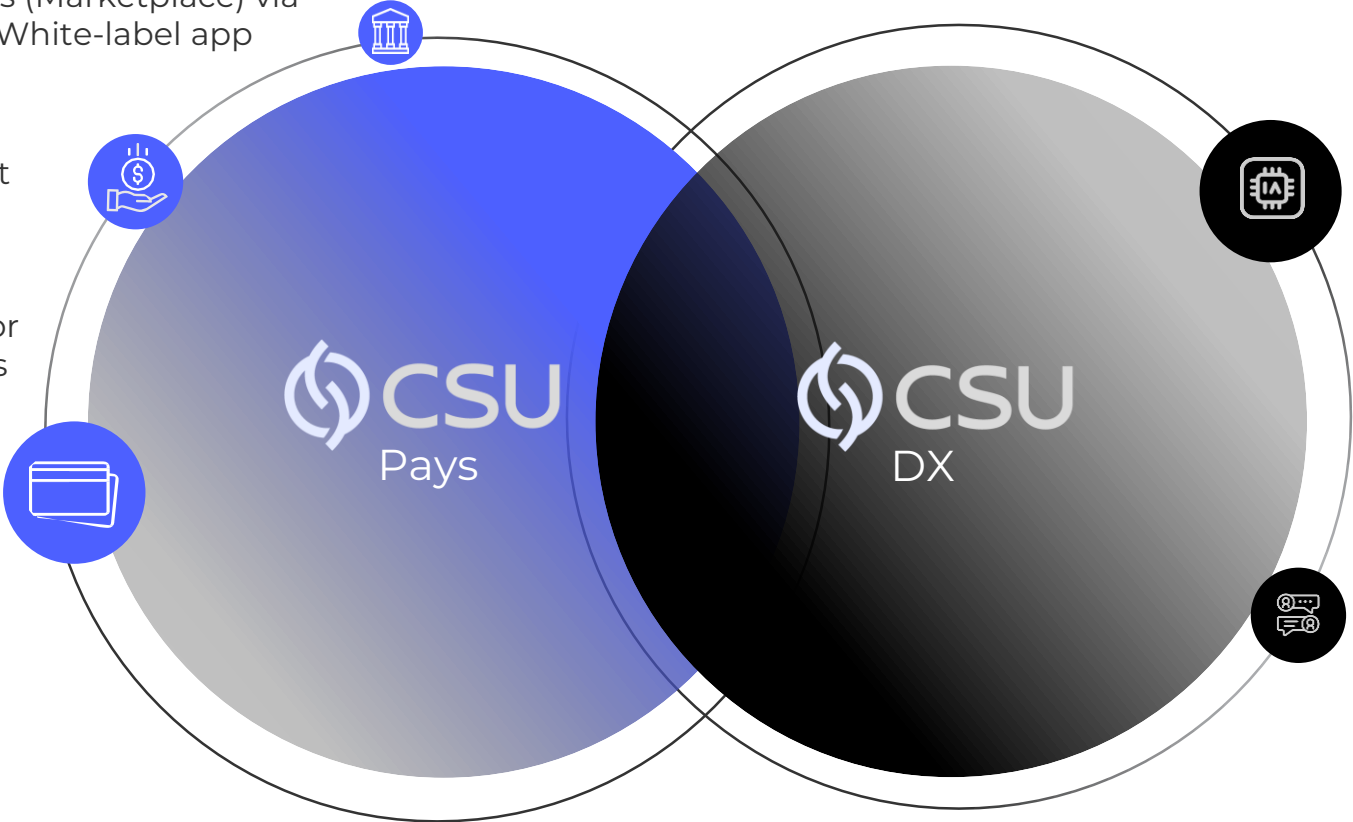
Technology for Digital Accounts (customer or enterprise) and financial services (Marketplace) via API or White-label app

### Loyalty & Incentive

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

### Digital Payments

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



**NEW**

### Hyperautomation & AI

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

### Customer Experience

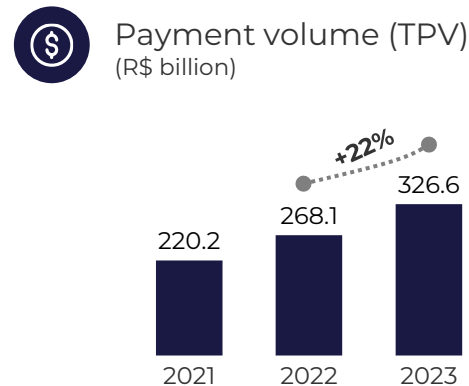
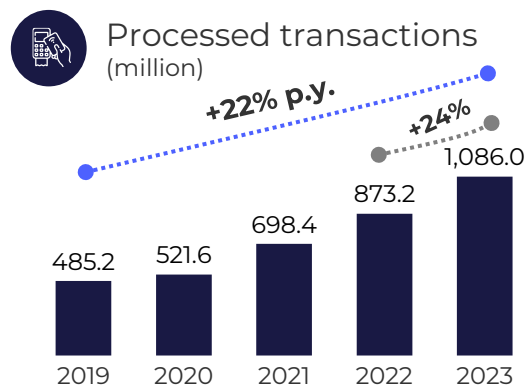
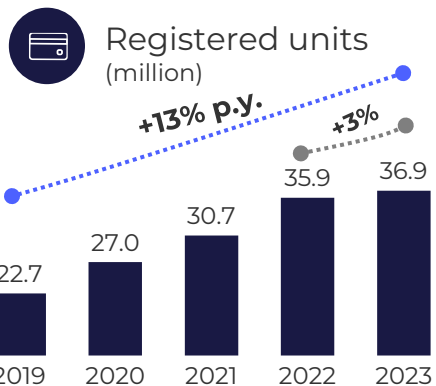
Hybrid infrastructure (technology and people) for customer service, monetization and collection

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

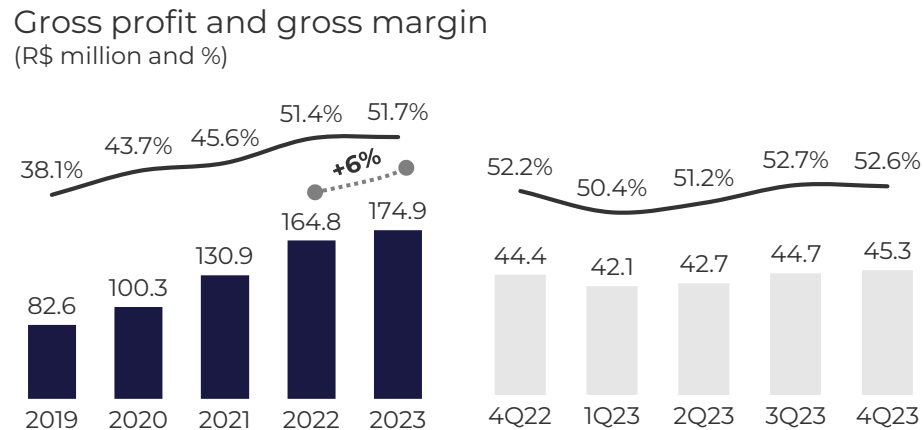
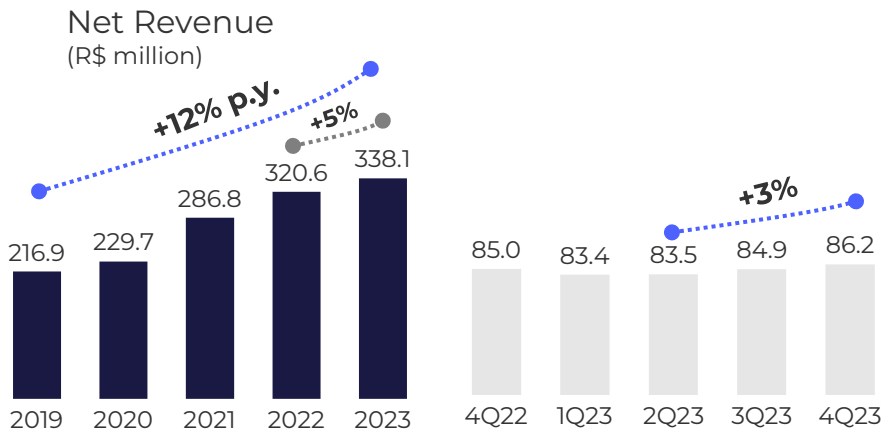
# Innovation accelerates growth and productivity



## Operational Highlights



## Financial Highlights



Solid relationships (>90% of contracts renewed in 2023), recurrence, consistent operational growth and a new portfolio are the **basis for a new cycle of expansion**

**Efficiency and profitability gains (CAGR 21% p.y. since 2019)** from the digitization of products and processes 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



**+3.9 million**

of managed interactions (4Q23)



**+34.7%**

interactions compared to 4Q22

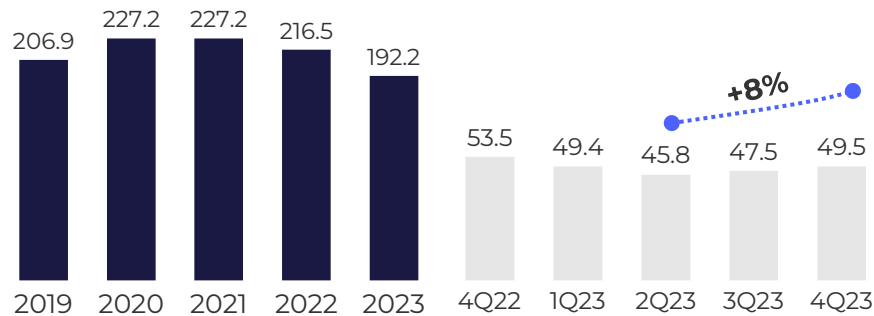


**71%**

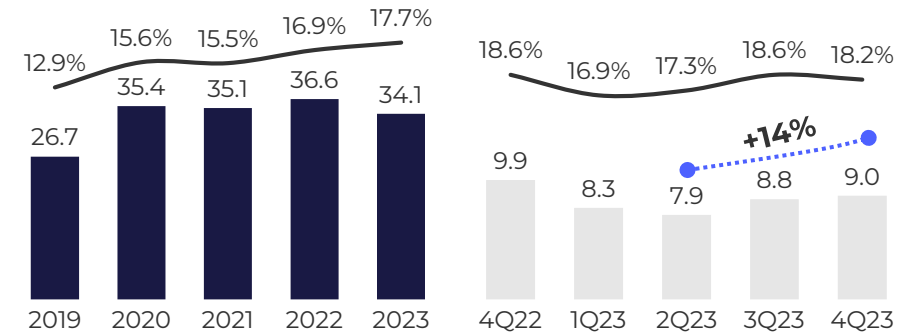
average of digitalized interactions (2023)

## Financial Highlights

Net Revenue (R\$ million)



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



Undergoing a **profound digital transformation**, increasing operational volumes and service quality, while the chain benefits from lower costs. In addition, important **new avenues for growth and profitability are opening up with the launch of HAS**

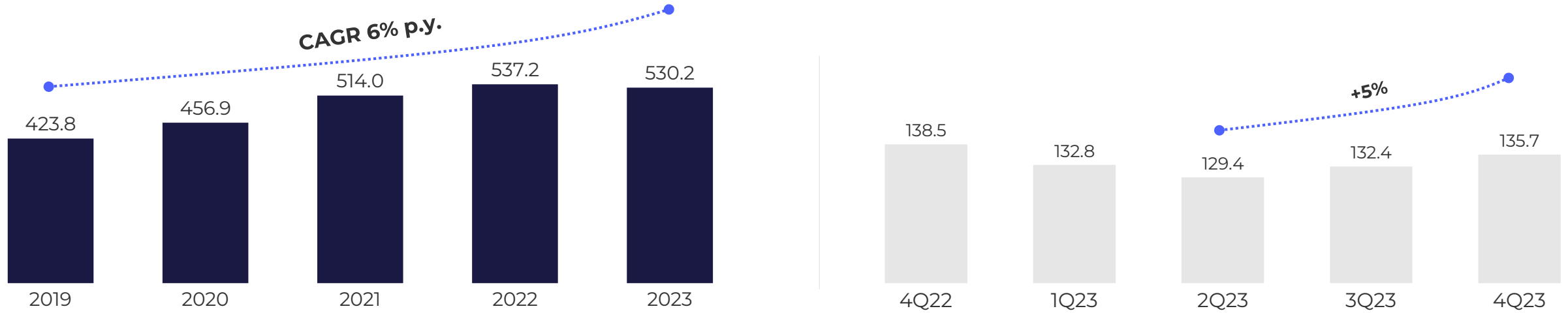
Performance focused on higher value-added processes, preserving results and **increasing margins**, (reaching 17.7% in 2023, an increase of **4.8 p.p.** vs. 2019; **18.2%** in 4Q23), **while building new pathways.**

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

# Consolidated net Revenue

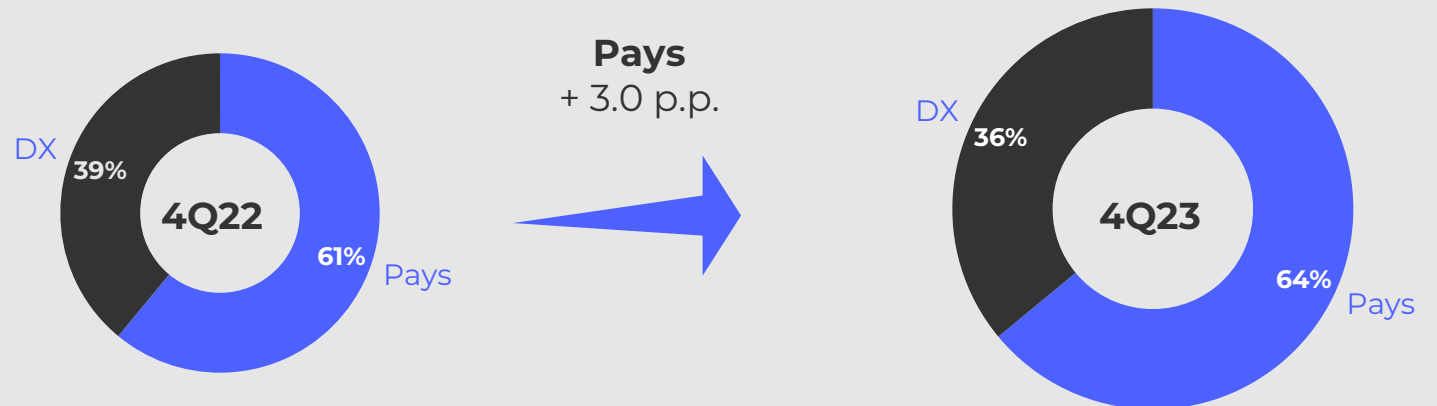
Expanded portfolio creates new opportunities, increases profitability and brings more stability for different financial cycles

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



CSU Pays gains even more relevance in the business

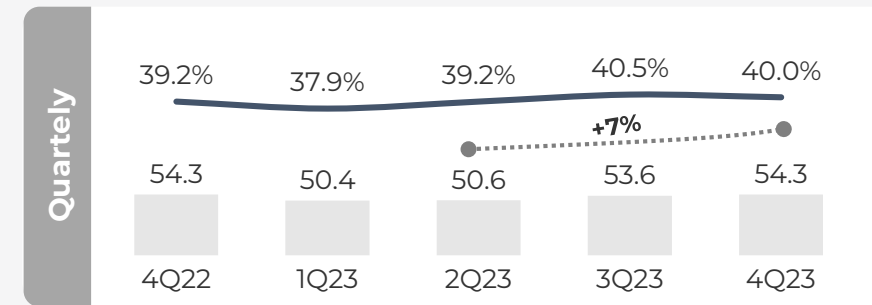
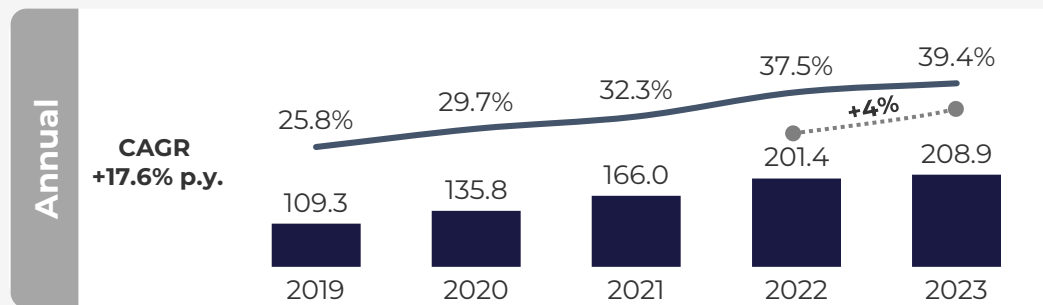
CSU´s consolidated net revenue mix (%)



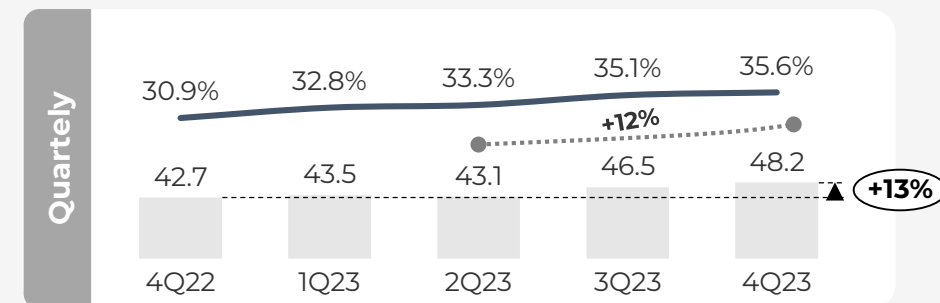
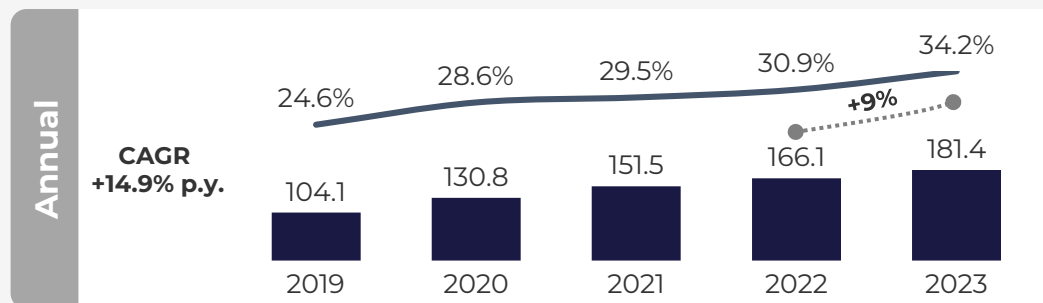


# Continuous record breaking of profitability indicators

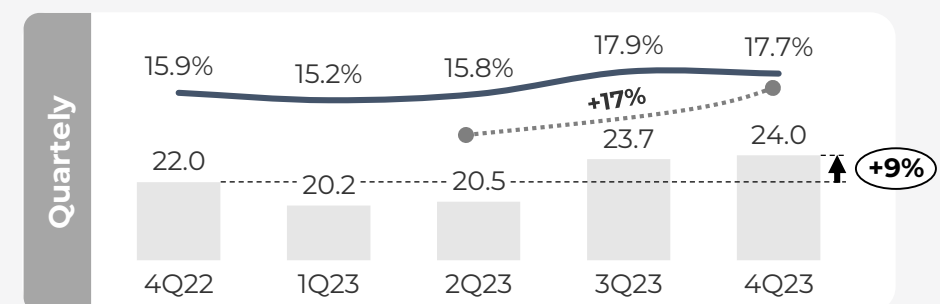
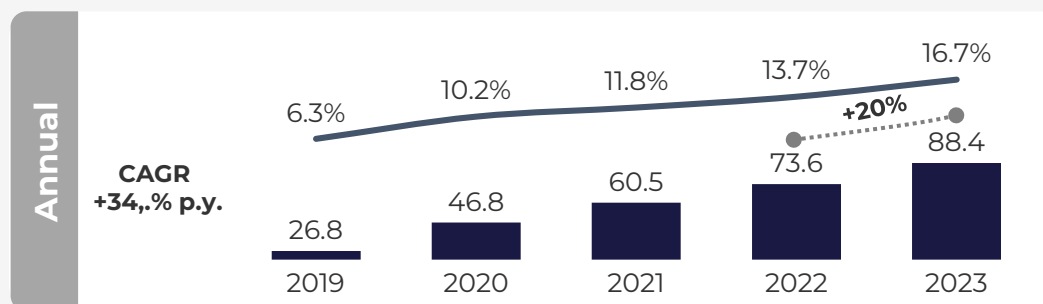
**Gross profit** (R\$ million) and **gross margin** (%) nearly doubled



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



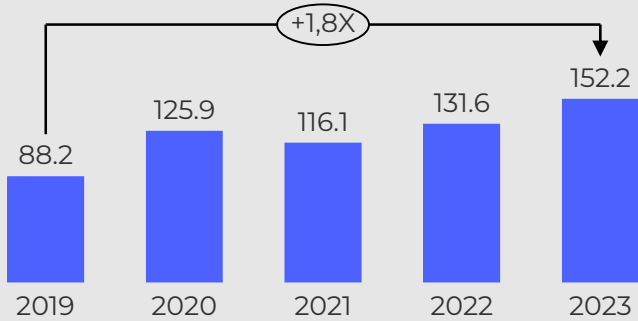
**Net income** (R\$ million) and **net margin** (%) nearly tripled due operational leverage



# Financial solidity to support a new cycle of expansion

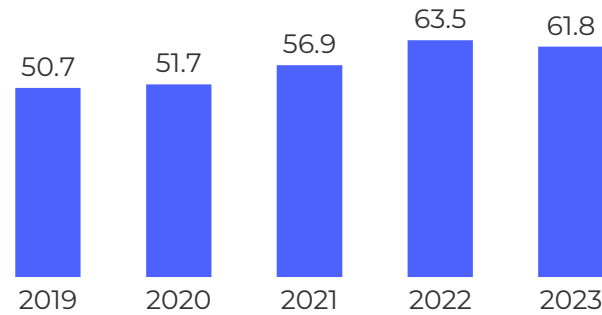
## Operational Cash Generation (R\$ million, X)

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



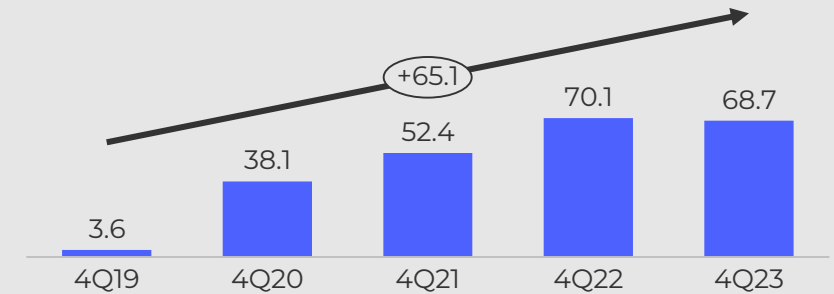
## CAPEX (R\$ million)

....tech investments increase...



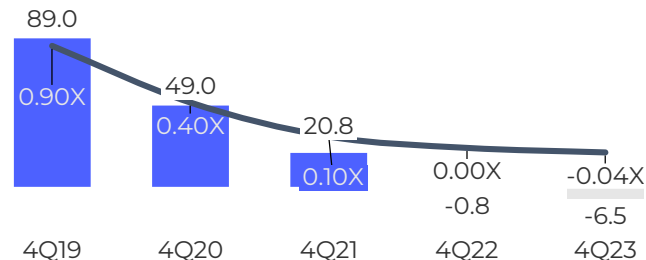
## Net Cash Position (R\$ million)

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



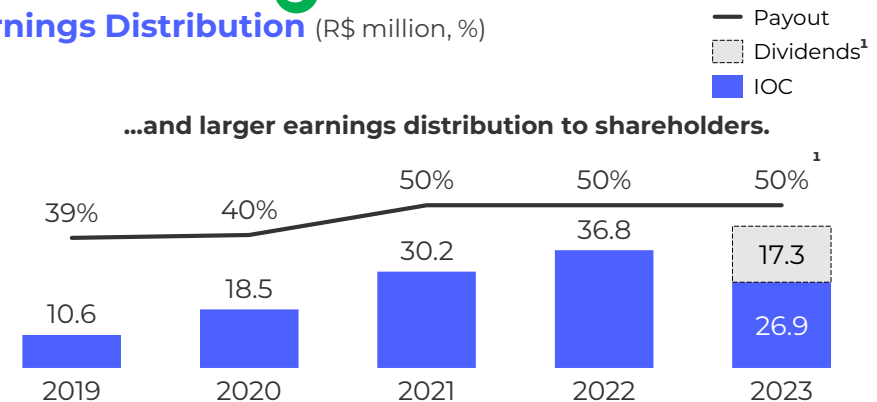
## Net Debt and Net debt/EBITDA (R\$ million, X)

....onerous debt paydowns....



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

...and larger earnings distribution to shareholders.



<sup>1</sup> Complementary dividends to be approved at the AGM. If approved, will result in a 50% payout against the 2023 profit.

The background of the slide is a dark blue field filled with a complex network of glowing blue lines and nodes, resembling a circuit board or a neural network. The lines radiate from a central point, creating a sense of depth and connectivity. The overall aesthetic is futuristic and technological.

AI

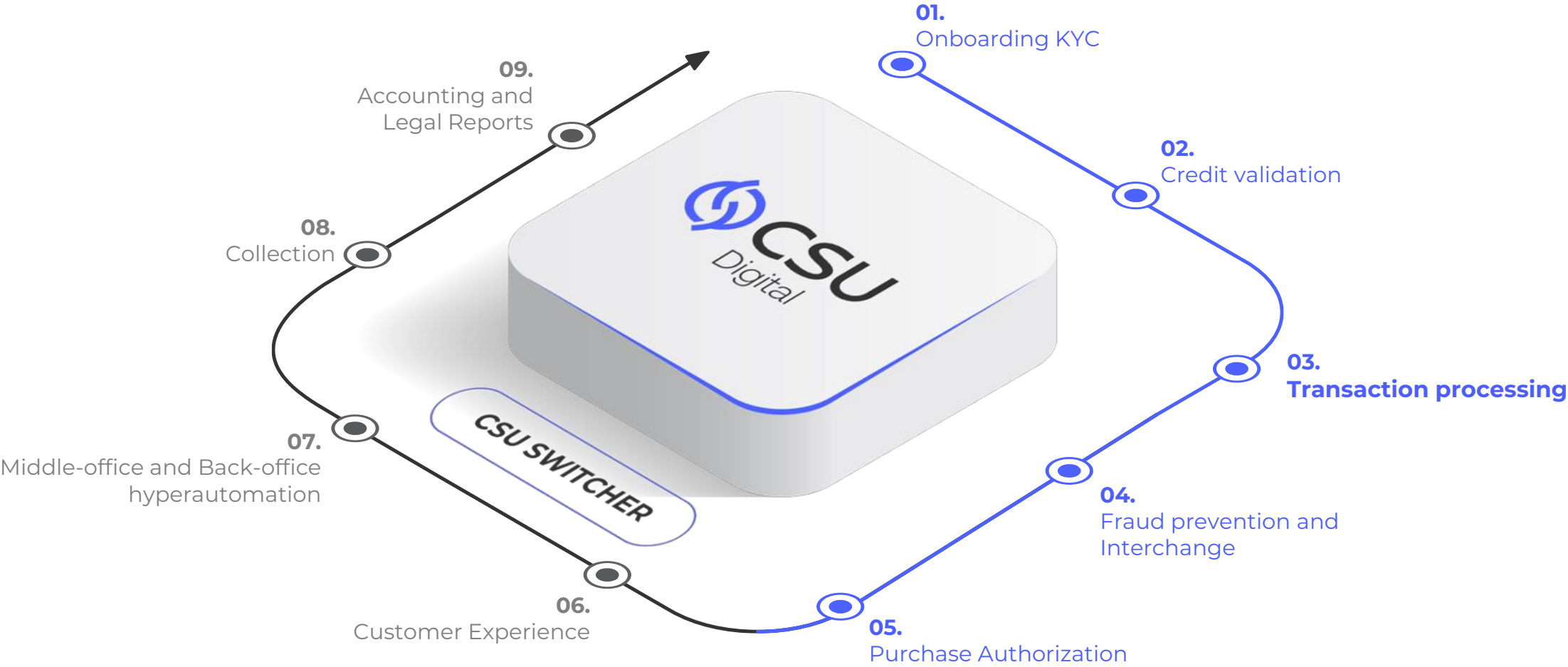
Looking  
**Forward**

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 CSUDigital

# A distinct approach encompassing technology and products

Example of a credit card full service operation



- Tradicional processing
- Full Service

**A truly digital, end-to-end experience** that drives volume, profitability, and economies of scale for businesses

# Hyperautomation & AI

The **unavoidable** transformation



## Fast transformation in the market

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The speed of change today is a determining factor of business success.

## Growing challenges

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Complexity, fierce competition and high expectations from customers are between the most common challenges faced by companies today.

## Disruption of traditional business models

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Established business models are being challenged by technological innovations.

## Digital disconnection with the customers' experience

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A great disconnection has been revealed, between investments aimed towards digitalization – mostly instances with higher exposure to customers – and agility and efficiency of internal processes and backoffice operations.



# Results driven by Artificial Intelligence and Hyperautomation



Artificial Intelligence

## Strategic pillars

AI usage with clarity of goals and objectivity

Models trained with trustworthy data

Safe and responsible AI usage



Hyperautomation

## Organizations becoming agile and responsive to changes in the ever-changing business landscape through hyperautomation

Process optimization and cost reduction

Products and services with enhanced quality served to customers

Process orchestration within the value chain  
(Enterprise API)

## Application

### Machine Learning

- Diagnostic analyses and data-based decision making
- Predictive and prescriptive analyses
- Recommendations

*E.g.:*

*Customer churn probability;  
Goals achieving probability;  
E-commerce purchase recommendations*

### Generative AI

- Conversational interactions
- Document analysis and formulation of opinion
- Content creation (text and image)

*E.g.:*

*Chatbots trained with company explicit policies for a specific customer relationship interaction operation;  
Intelligent recommendation of replies to a consumer defense organization;  
Content generation for opinion and evaluations within the context of customer relationship.*

# New era Massive use of Hyperautomation & AI

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



## Direct features for payments

- ✓ **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

Value delivered  
to end users

## Indirect features, integrated with other CSU solutions

- ✓ **Process Automation**  
Lean processes  
+50% operational costs reduction
- ✓ **Risk Prevention**  
+10% fraud reduction  
Better approval rates
- ✓ **Loyalty Programs and Marketplace**  
Better customer engagement  
and reduced churn
- ✓ **Top and bottom line growth**  
Increase in approvals  
Cross selling  
Costs reduction  
Profits growth

Value creation  
to B2B clients

# Immediate gains with Hyperautomation & AI

The benefits captured by our clientes are real and proved.



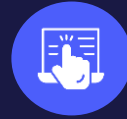
**+40%**

Productivity gains



**+10 p.p.**

Of incremental approvals



**+80%**

time reduction for customer demands resolution



**+95%**

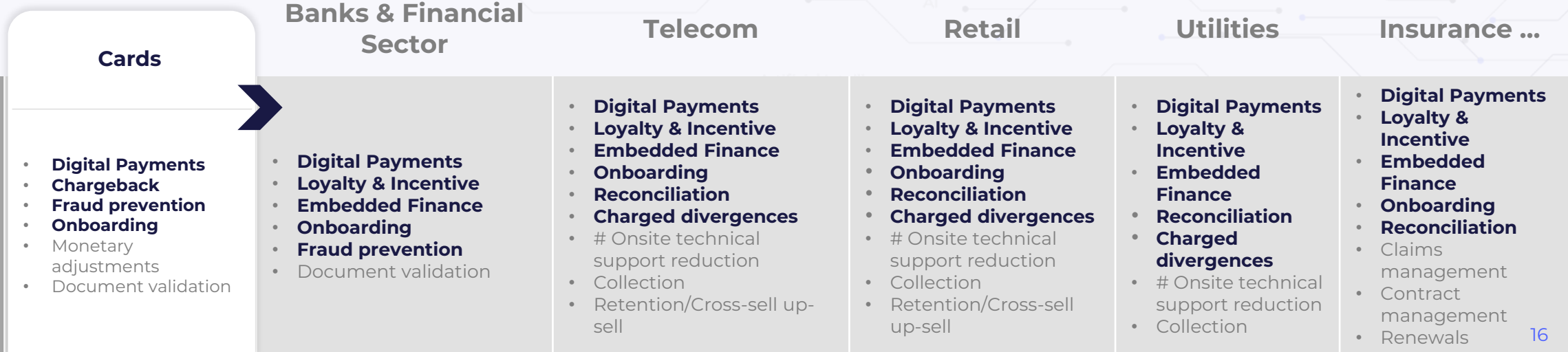
Operational errors reduced



**+15%**

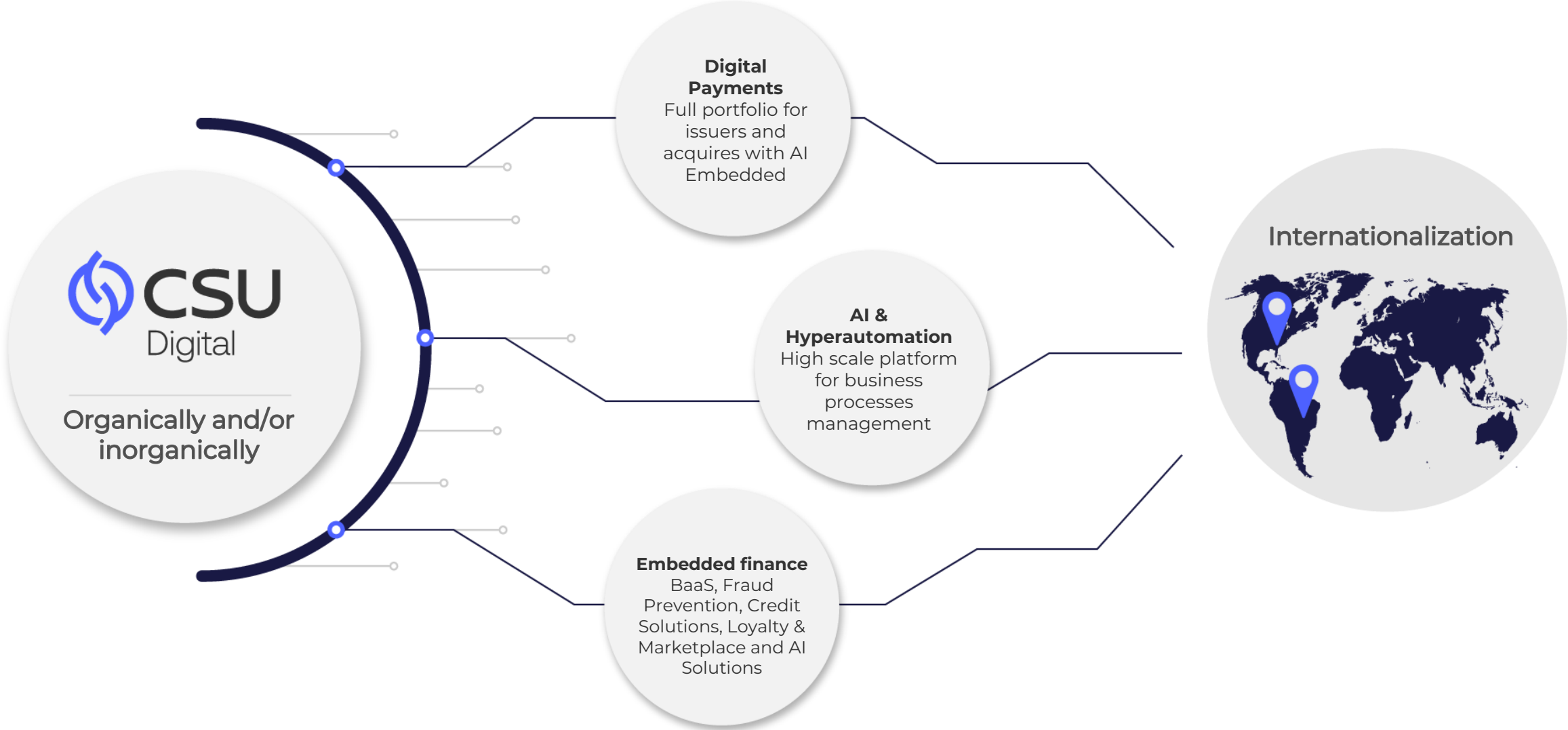
Reduction of retraction rate

Our solutions are ready to serve multiple sectors (financial and non-financial)



# 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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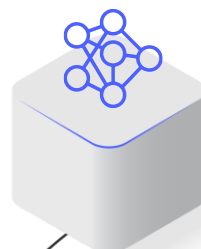
 CSUDigital



# Closing remarks

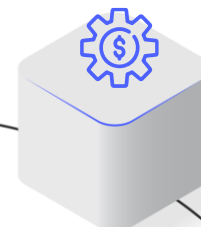
## Strong current results

Scale, digitalization, and portfolio synergy as levers for accelerated growth of profitability indicators



## Strong balance sheet

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



## New cycle of expansion

Massive contracts renewal combined with new technology platforms deployment for CSU Pays and CSU DX, as pillars



## Attractive remuneration to investors

With the payment of R\$ 215 million dividends and IOC since the Company's genesis. A 50% payout in the last three years. In addition, another R\$17.3 million will be submitted to the Annual General Meeting (AGM) as complementary dividends for 2023



## Ongoing launching of new solutions

Digital payments, embedded finance, process hyper-automation and AI are **creating significant growth opportunities** in addition to "traditional businesses



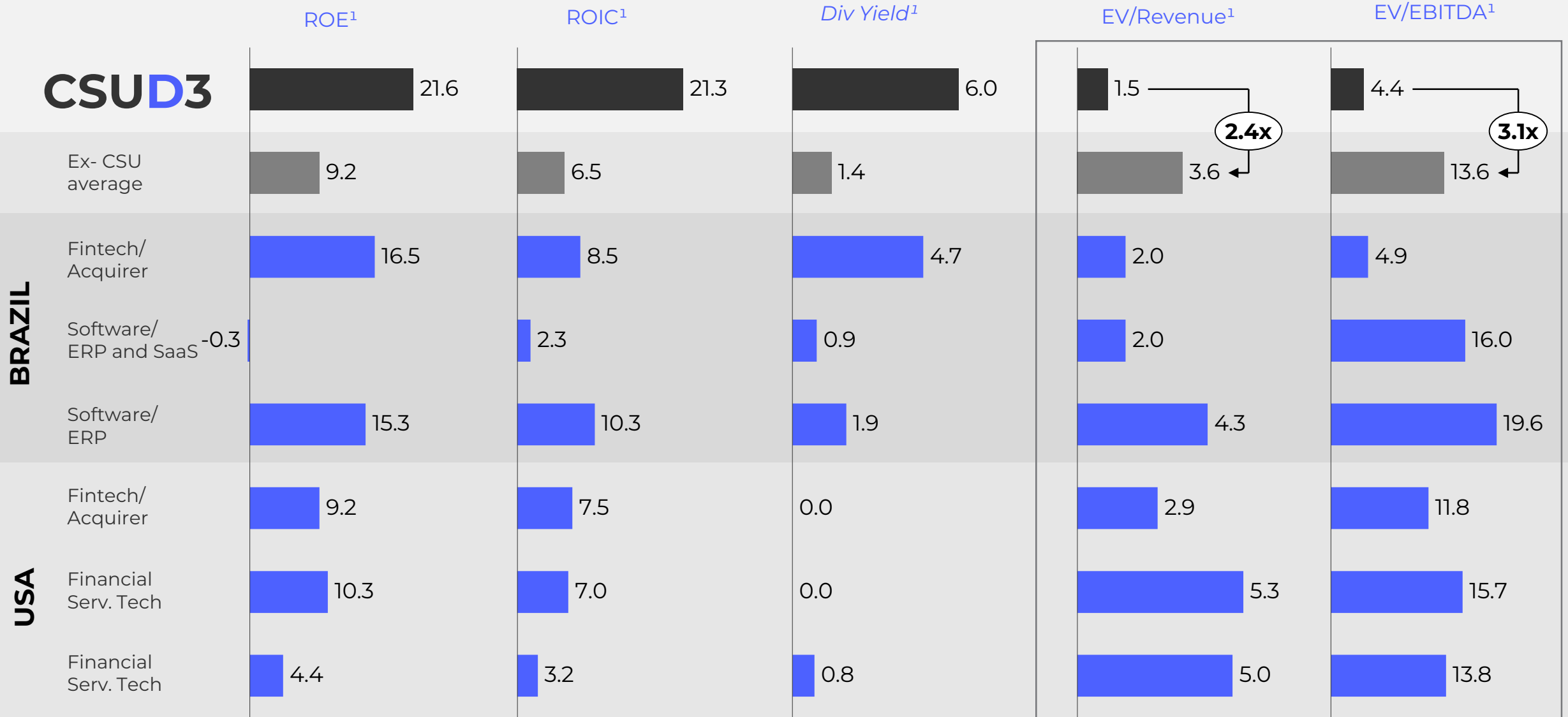
## Shares still discounted to peers

CSU shares trading on December 31, 2023 at 1.5x Revenue and 4.4x EV/EBITDA, while other players in related segments in Brazil and abroad are already performing at a multiple up to 4.4x higher (EV/EBITDA)



# Company's valuation vs other players

Combination of growth and profitability generating attractive returns

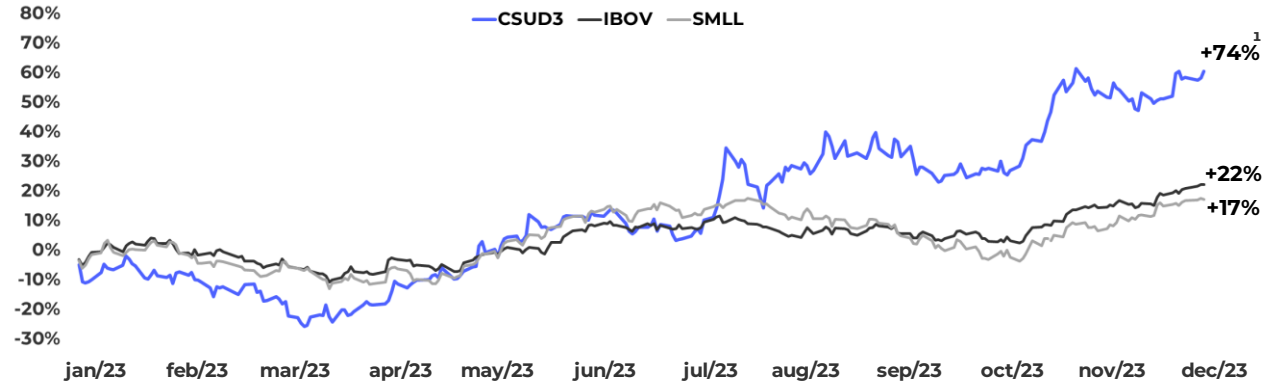


Reference dates: 12.31.2023 (source: Economática); ROE: return on equity; ROIC: return on invested capital; Dividend yield; EV: enterprise value. EV/Revenue and EV/EBITDA are widely used metrics as asset pricing multiples.

# Capital Markets

## CSUD3, IBOV and SMLL Returns

Total shareholder return of: **+128%**  
(between mar/23 and dec/23)



In 2023, there were **96 new institutional investors** and a **62% increase** in the shareholding position of this class

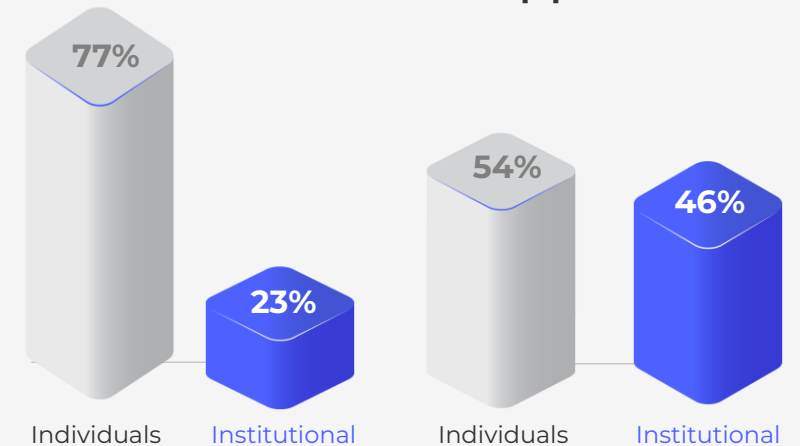


Starting from the lowest price of CSUD3 in 2023 until the close of 12.31.2023, showed an appreciation of **+116%**, and a **total shareholder return of +128%**, in this period

## Relevance of Institutional Funds in the Free-Float (%)

# 2022 x 2023

Increase of **+ 22.6 p.p.**



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Sell-Side Coverage
Eleven
Mirae Asset
MSX (Sarainvest)
TC Matrix
Órama
Warren
Condor Insider
Ticker Research
Nord

Main Shareholders	Number of Shares	%
<b>Controlling</b>	<b>22,672,598</b>	<b>54.2%</b>
Greenville Delaware LLC	22,591,192	54.0%
Marcos Ribeiro Leite	81,406	0.2%
<b>Management</b>	<b>43,424</b>	<b>0.1%</b>
<b>Free Float</b>	<b>18,540,443</b>	<b>44.4%</b>
Real Investor*	3,944,830	9.4%
Other Shareholders	14,595,613	34.9%
<b>Treasury</b>	<b>543,535</b>	<b>1.3%</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 August/2023., <sup>1</sup> Total shareholder return

# 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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#### OUR CHANNELS



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