



# Earnings Call

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Third 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 third quarter of 2024. Present in the videoconference today are the CFO and IRO, **Pedro Alvarenga**, the CPO, **Bruno Costa** 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.

# Company's History

Pioneering, Innovation and Leadership

1992 to  
2005

## CONSTRUCTION

- **First Infratech in Brazil** as an independent card processor
- First company to work simultaneously with **major international card networks**
- Launch of the new verticals: **Loyalty** and **Customer Experience**

2006 to  
2019

## CONSOLIDATION

- First company in its segment to **go public in Brazil**
- **New segments:** acquiring, consigned and proprietary marketplace
- **Largest Digital Payments processor** in Latin America
- **First company in Latin America** to process a card transaction in a wallet

2020 to  
2023

## TRANSFORMATION

- **Digital payments** : digital card, virtual card, digital wallets, private label, wearables and NFC
- **New Customer Experience solutions:** Apps, ChatBots, RP & AI, social networks
- **Automation and Digitalization of processes:** real efficiency gains
- **Building the foundations for a new cycle:** new solutions, new brand, preparation for international expansion, new visual identity and Ticker at B3 (Brazilian Exchange)

2024...

## EXPANSION

- **New Digital Payments solutions:** Pix, Pix Credit, Cryptocurrencies
- **Embedded Finance:** Core Banking, Fraud Prevention, Credit, Loyalty & Marketplace integrated and with high use of AI
- **AI as a Service:** Hyperautomation of processes for data curation, Exchange, fraud prevention and onboarding
- **AI for payments** and acceleration of the **international agenda**

 **Agent of Transformation** in the Credit Card industry

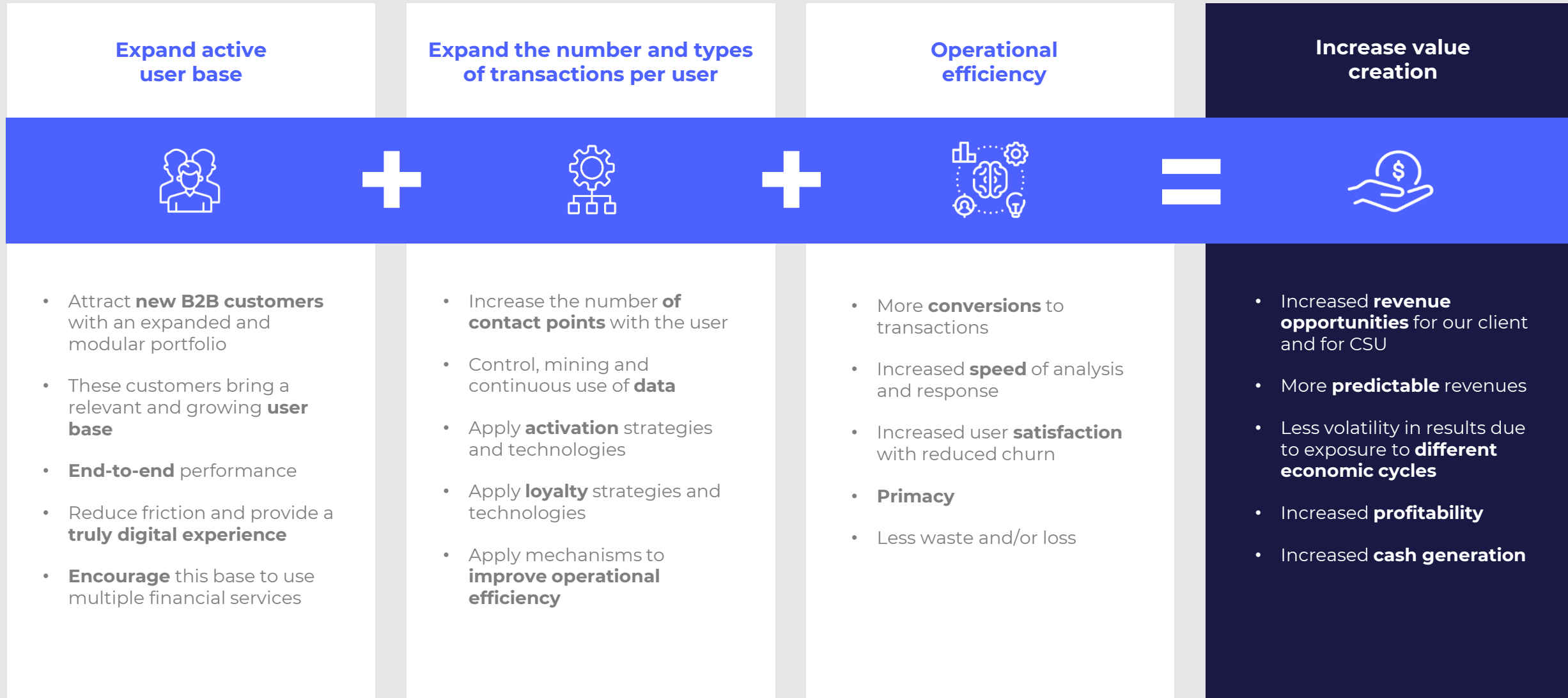
 **Corporate Evolution** and new revenues streams

 **New positioning** as a complete provider for fintechs

 **New avenues** created for a new cycle of expansion

# CSU's Growth Strategy

Sustainable growth cycle, in which the customer gradually increases their engagement and consumption over time



# CSU's Growth Strategy

Results confirm the accuracy of the model

Expand active user base

Expand the number and types of transactions per user

Operational efficiency

Increase value creation



5 new B2B clients

from ~8 to ~13 transactions per user vs. 9M20

**21.7**  
million

Active users  
9M24

**880**  
million

Transactions  
9M24

**~2x**

Gross Profit  
9M24 vs. 9M20

**2.1x**

Net Income  
9M24 vs. 9M20

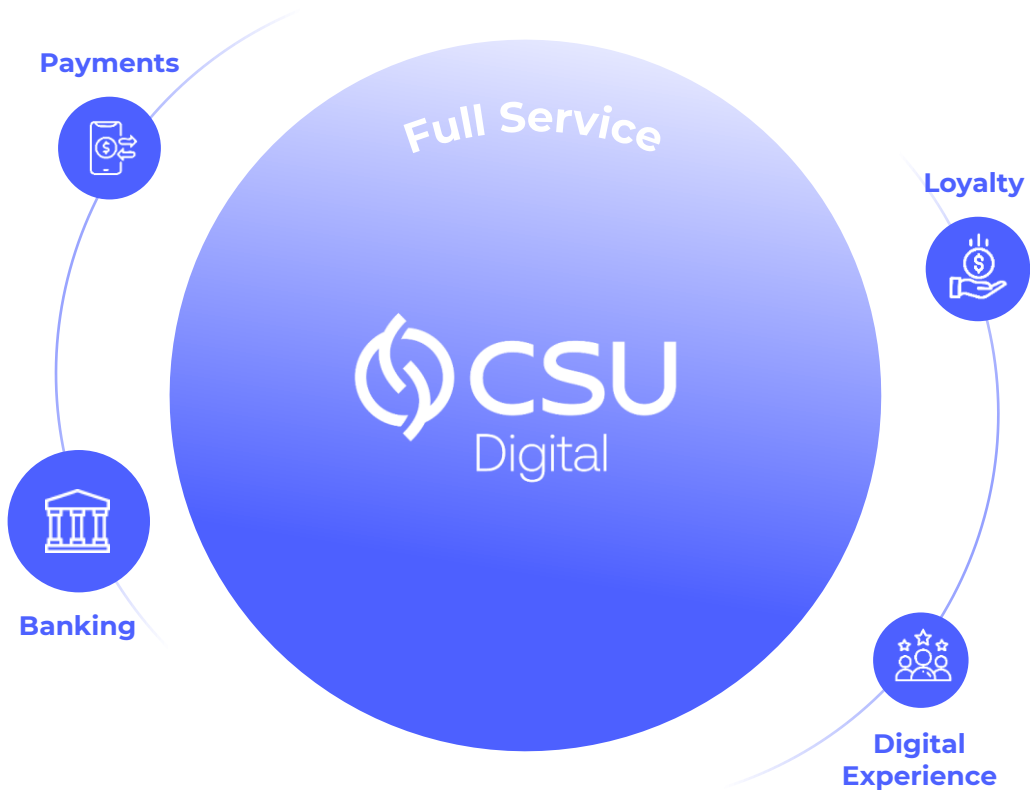
61% activation rate

CAGR 20-24  
+24.0% p.y.

Gross Margin  
reaches 42%

Brazil Net Income  
reaches R\$74.1 million

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



### Infratech

- Issuing & Processing
- Acquiring
- Onboarding & KYC
- Bin Sponsor
- Digital Accounts e Pix
- App White Label
- Digital Wallets
- Antifraud Systems

### Operations Management

- Countercharge and Chargeback
- Invoice and Collection
- Fraud Prevention
- Relationship and Backoffice
- Regulatory Reports
- Network Mandates

### CX & Engagement

- Points Engine & marketplace
- Incentive Programs
- Marketing Campaigns
- Attendance, IVRs & telecom
- Digital Channels
- Relationship tools

### Hyperautomation & AI

- *Process Automation*
- Non-Intrusive Platform
- Open Source
- Generative AI
- AI analytics
- Hyperpersonalization using AI
- Business Insights



## Local Differentiation

Backed by our **technological robustness and expertise** in mission-critical management...

The broadest portfolio in the market, operating across three main areas: **Digital Payments, Embedded Finance, and Hyperautomation**

Product and operating model differentiation (**full service**)

Cutting-edge technology, **adaptable** to different business realities

Outstanding and recognized operational **efficiency** and **quality**

## Global Opportunities

... **expand our addressable markets** and find new ways to monetize investments

**Favorable** business and economic environment

**Growing demand** for international financial products in Brazil

Demand for **new technologies** in the region

**High market potential** and cost arbitrage opportunities

*Powered by the use of AI*

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 dark blue with a subtle pattern of white dots and faint circuit lines.

AI

# Future

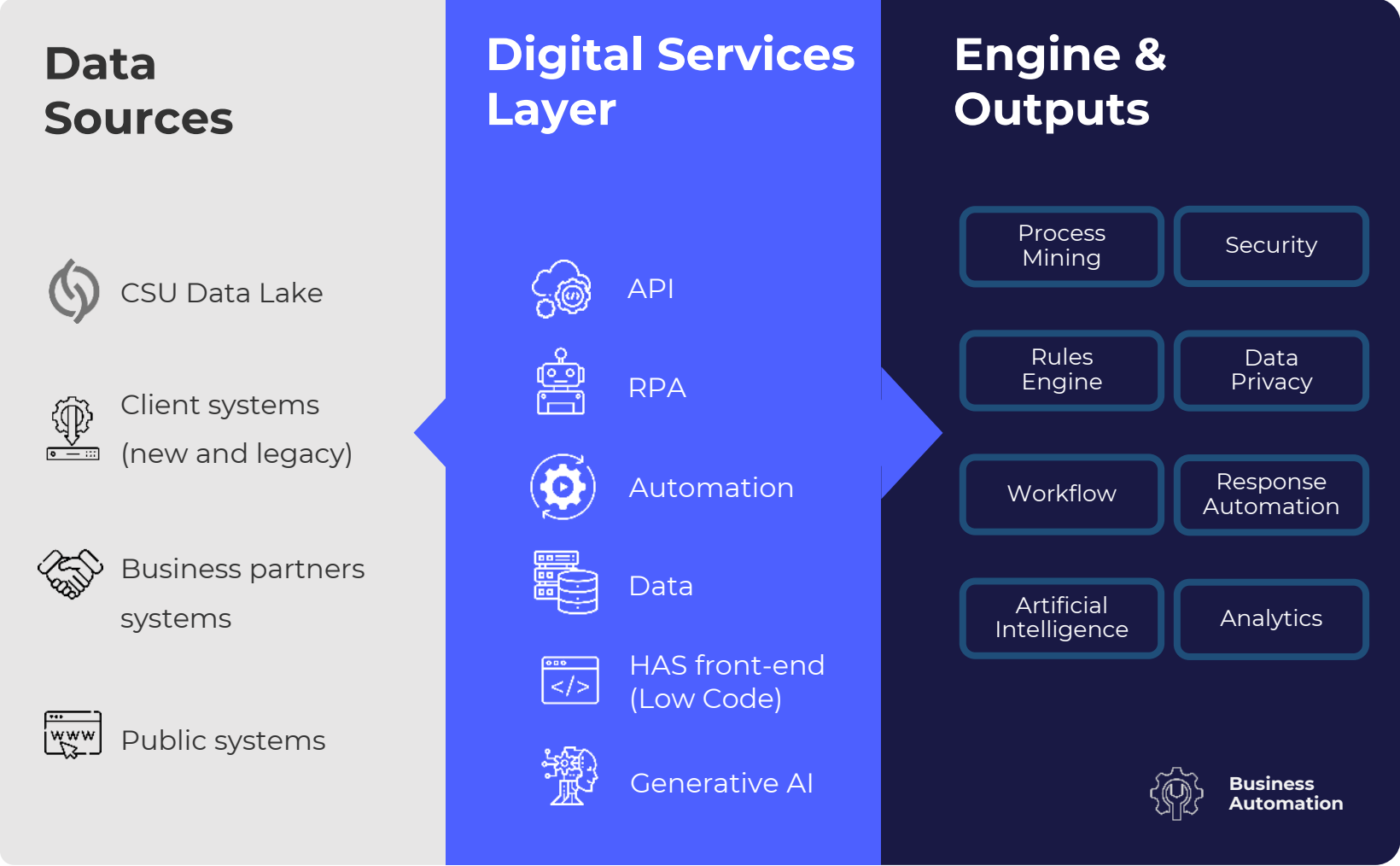
AI and Internalization

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 CSUDigital



# Application and use of Artificial Intelligence in Processes and Payments

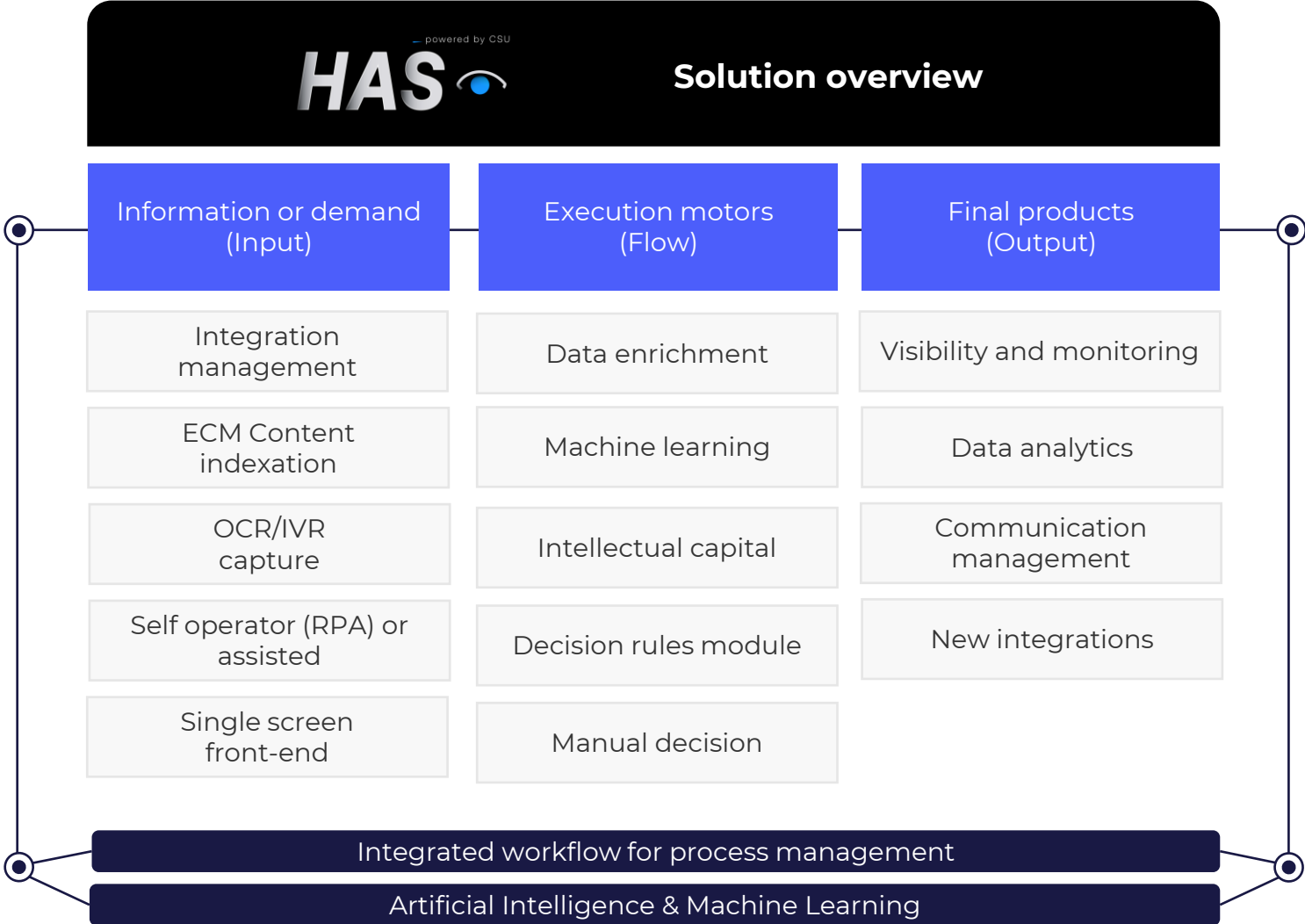


## Unique Solution

- 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**.

# Deeply tech on business processes

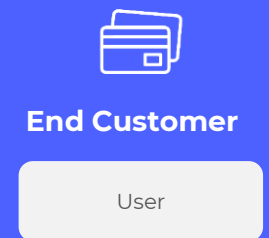
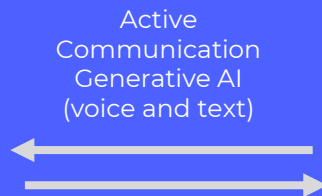
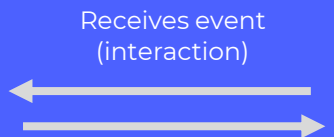
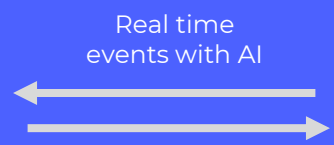
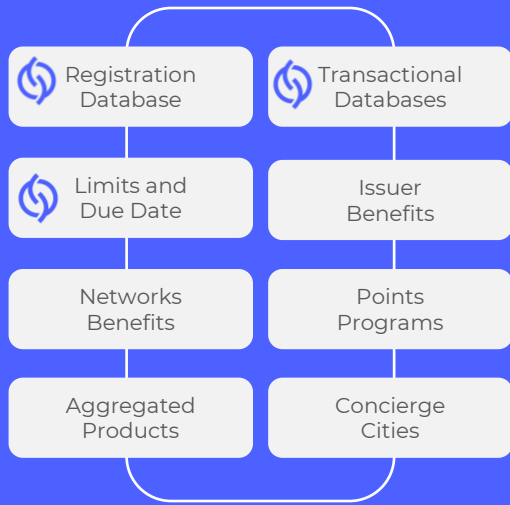
New hyperautomation features to manage workflows providing a fluid experience on services



# Application and use of Artificial Intelligence in Payments

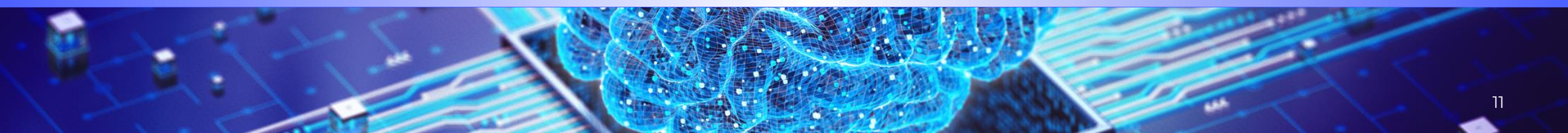


## Knowledge Sources



AI in the **data** layer

AI in the **interaction** layer



# 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.)
- ✓ **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



# Global Opportunity

USA: Unfavorable economic and business environment accelerates demand for new payment alternatives



Inflation eases, but remains under pressure

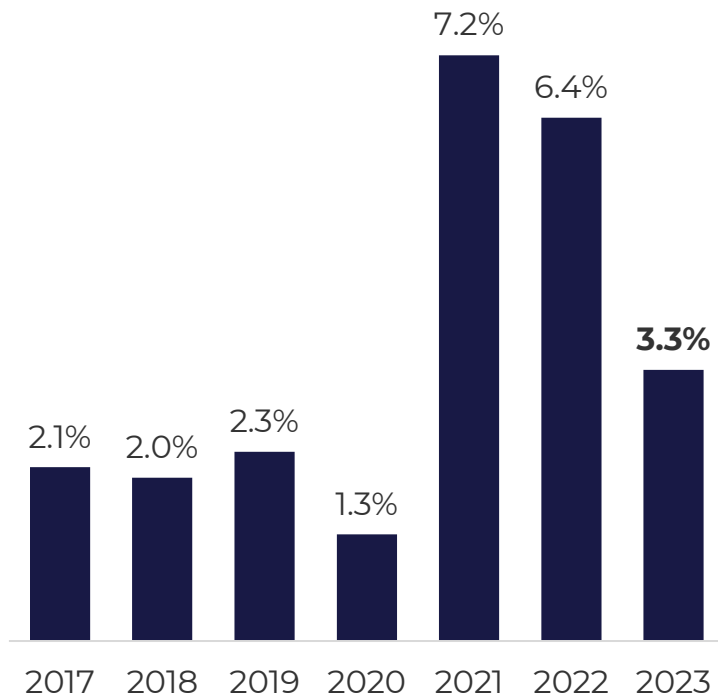


U.S. interest rates at the highest historical levels

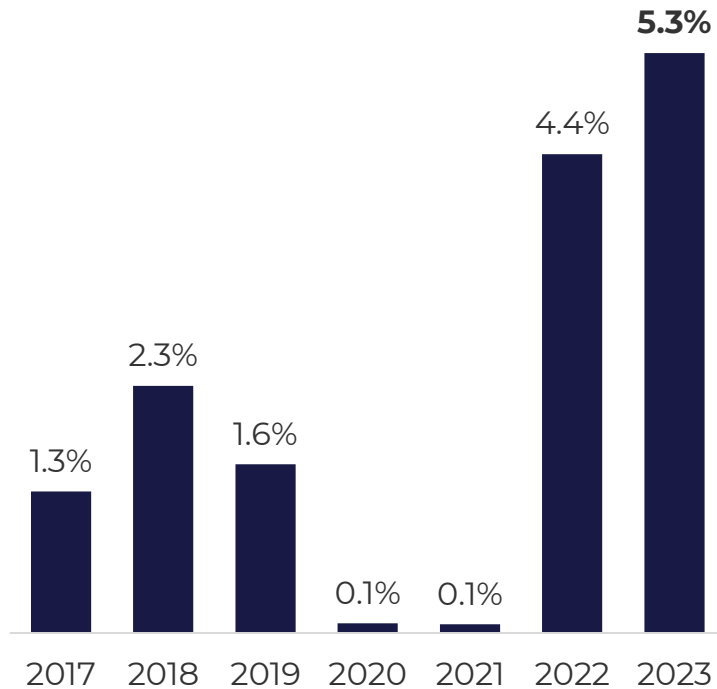


Fraud volume grows exponentially

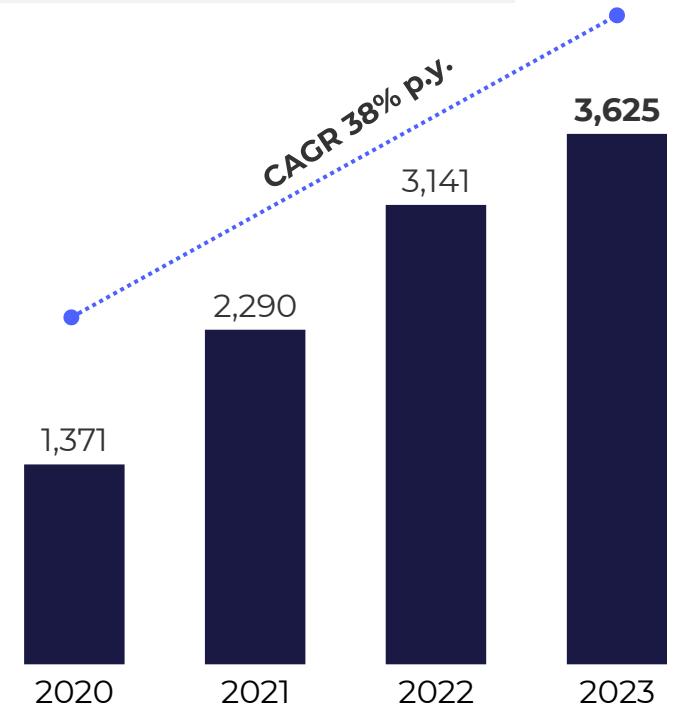
## CPI<sup>1</sup>



## Fed Funds<sup>1</sup>



## Total Losses (\$ M)<sup>2</sup>



Source: (1) Refinitiv; (2) Fraud Reports by Federal Trade Commission – Payment Method Total Losses

# Global opportunity

## USA: Under pressure from a more competitive environment with technological and regulatory advances, issuers demand innovative and proven solutions

**Digital and Financial Inclusion**  
Multi-products living together to expand inclusion: QR Code solutions, and digital wallets.

**Seamless Payments**  
Focus on a frictionless experience using contactless and biometric solutions embedded in the point of sales.

Source: PWC; FIS; Juniper Research

**Instant Payments**  
Moving the entire economy for a Real Time dimension.

**Digital Wallets**  
Mobile payments will keep growing at a strong pace.

**Global Technology**  
Cross-border instant payments as main goal for many countries, reinventing frontiers and reducing transactions costs.

**Digital Currencies**  
Several central banks are evaluating the use of digital currencies and conducting pilot tests.

**Fraud & Security**  
With the increasing adoption of open banking and alternative instant payments by consumers, specialized organizations in fraud prevention-as-a-service are growing.

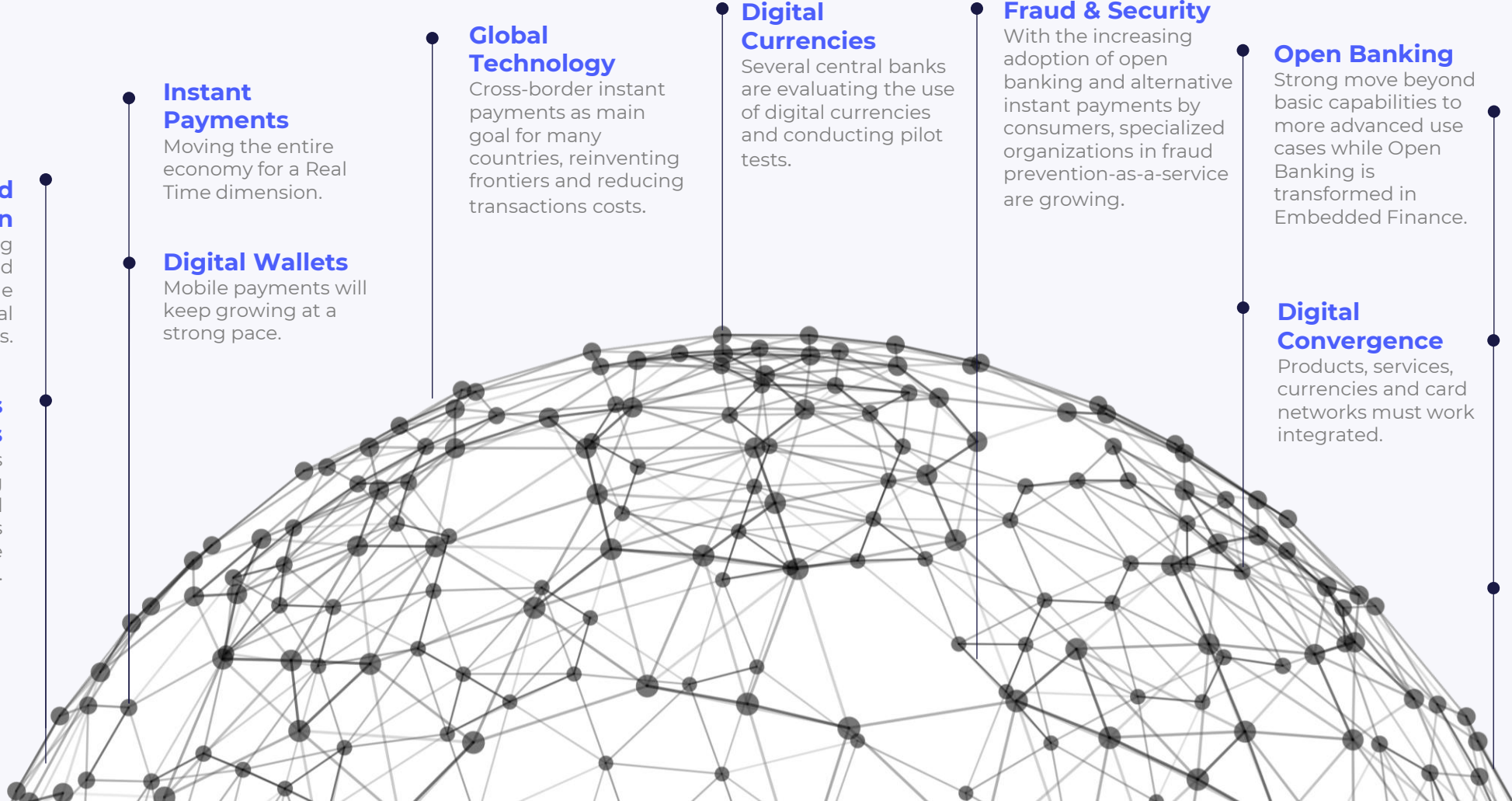
**Open Banking**  
Strong move beyond basic capabilities to more advanced use cases while Open Banking is transformed in Embedded Finance.

**Digital Convergence**  
Products, services, currencies and card networks must work integrated.

**AI use**  
Bringing efficiency and differentiation to customer's experience can be a game changer for businesses growth.

**Highly Efficient Processes**  
Companies must be digital not only on customer experience but in internal processes to keep itself competitive.

**Benefits and Awards**  
In a competitive scenario, benefits and awards will keep driving customer's decisions.



# Brazil as a global benchmark

High demand, bureaucracies and limited mobility make Brazil a great early adopter of new technologies

**2<sup>nd</sup>**  
Country whose population spends the most hours per day, on average, on the internet

**6<sup>th</sup>**  
Countries that use cell phones the most to access the internet

**4<sup>th</sup>**  
Country that uses the most digital wallets<sup>2</sup> in the world

**7<sup>th</sup>**  
Country that uses mobile payments the most

**1<sup>st</sup>**  
Country with the highest growth rate in online shopping and already 9th in the total ranking

**2<sup>nd</sup>**  
Country with the highest percentage of internet users accessing financial services online



## Global opportunity



# CSU is well positioned in terms of technology architecture and solution portfolio to take advantage of market opportunities.

### CSU's competitive positioning within the US market

		Incumbent			Mid-sized players			Smaller new entrants		
		①	②	③	④	⑤	⑥	⑦	⑧	⑨
<b>Expertise</b>	●	●	●	●	◐	◐	◐	◑	◑	◑
<b>Technological architecture</b>	●	◐	◐	◐	◑	◑	◑	●	●	●
<b>Cloud based technology</b>	●	◐	◐	◐	●	●	●	●	●	●
<b>Breadth of solutions offered</b>										
<b>AI use for operation management</b>	✓	X	X	X	X	X	X	X	X	X

Issuer Processing |
 BaaS |
 Acquiring |
 HAS |
 Loyalty |
 CX



# The US market is larger and less concentrated on the issuing edge

Credit Cards TPV (USD trillion)



Financial institutions, credit unions, fintechs and Other payment players



Total credit cards payment volume (TPV) is

## 15x larger

The US market is 15x larger than the Brazilian and it should grow robustly for the next years (+9% p.y. until 2029)

The sum of financial and other payments institutions is

## 9x larger

This number, that actually drives the payments industry, is much bigger in the US than in Brazil, enabling segmentation and targeting strategy in **promising market niches for CSU.**

# Local Differentiation



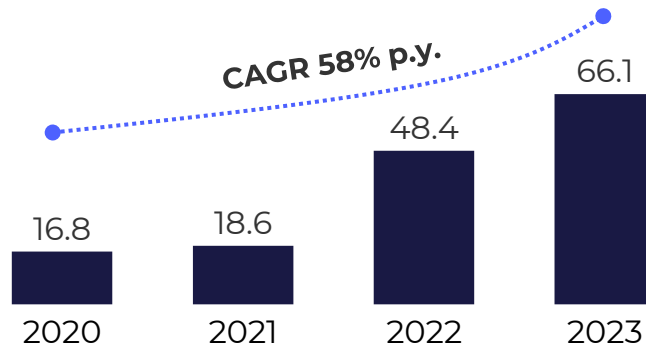
## Global Credit Card by CSU Digital

New and exclusive product on the market

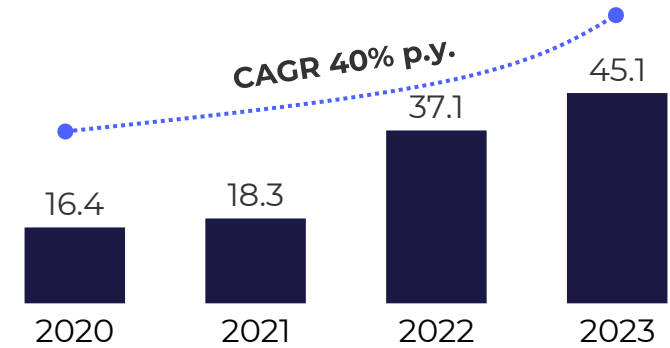


## Market Potential

Spending by Brazilians abroad<sup>1</sup> | (R\$ billions)



Credit card usage abroad<sup>1</sup> | (R\$ billions)



## Product



Growing market, but still with limited supply.

**CSU Digital is here to open up new opportunities.**

### Features of current global card offerings

- Global Account (US\$)
- Multicurrency
- International Investments
- ATM Withdrawal
- Debit Card
- Global Credit Card**

# Geographic Expansion

S  
T  
A  
G  
E  
S

1<sup>st</sup>

**Analysis of** potential and competitive **markets** and CSU readiness

2<sup>nd</sup>

**Define business partners,** strategic partnerships and local suppliers

3<sup>rd</sup>

**Due Diligence** to validate selected partners

4<sup>th</sup>

**Implementation** of the operation

5<sup>th</sup>

**Homologation** and certifications

6<sup>th</sup>

**Launch**

## CSU Digital in the USA

Project roadmap



 CSU Digital





# Our Results

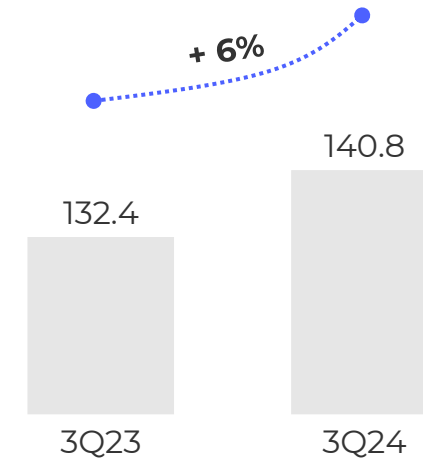
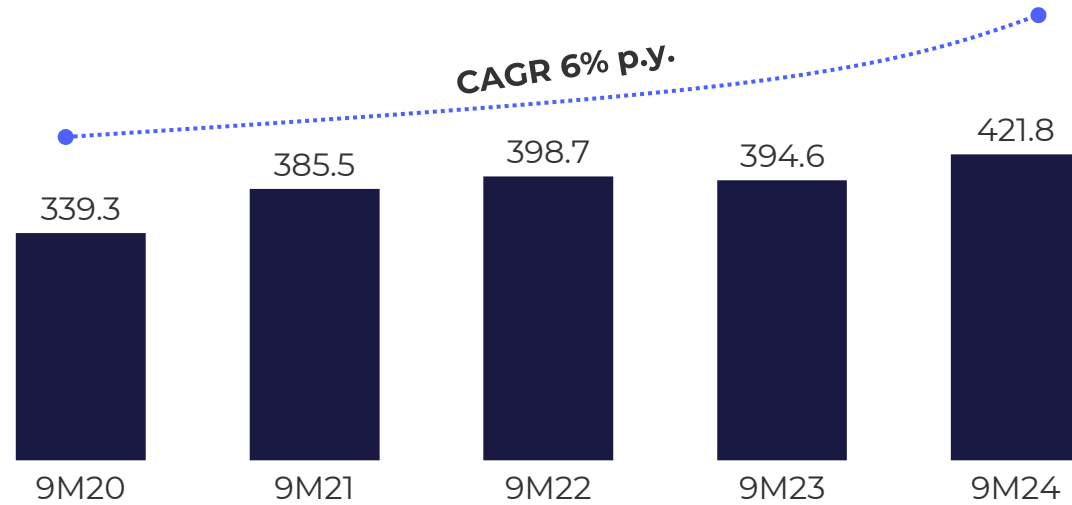




# Consolidated Net Revenue

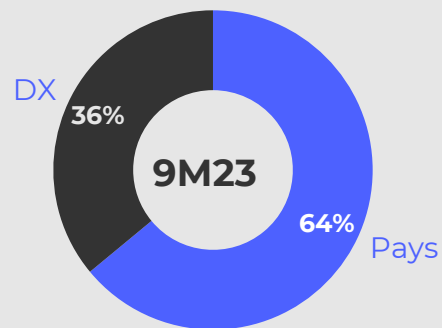
Expanded portfolio creates new opportunities, increases profitability and brings more financial stability for different cycles

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

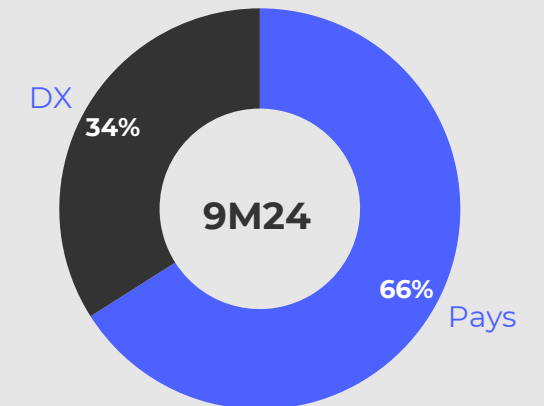
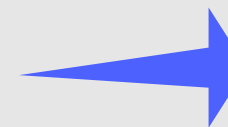


CSU Pays gains even more relevance in the business

CSU´s consolidated net revenue mix (%)



Pays + 2.0 p.p.



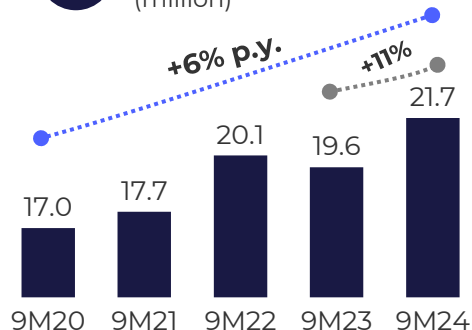
# Innovation accelerates growth and brings productivity gains



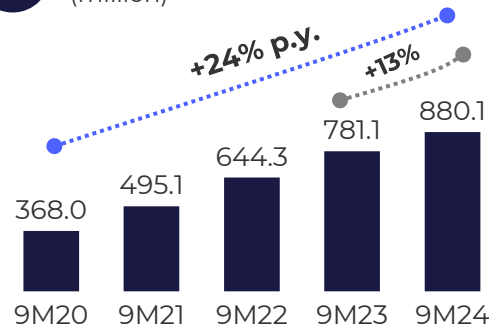
## Operational Highlights



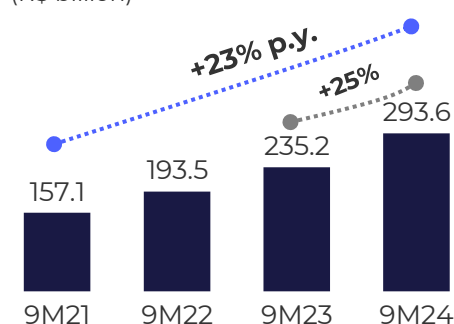
Billed units (million)



Processed transactions (million)

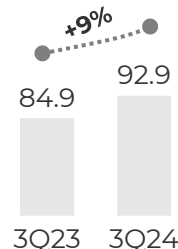
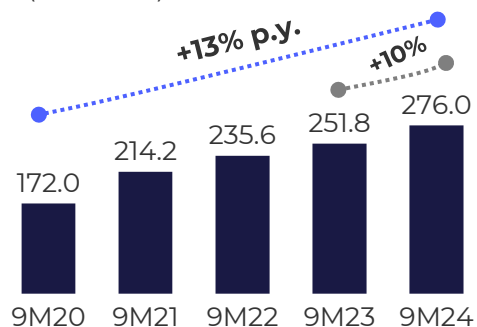


Payment volume (TPV) (R\$ billion)

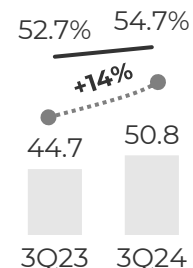
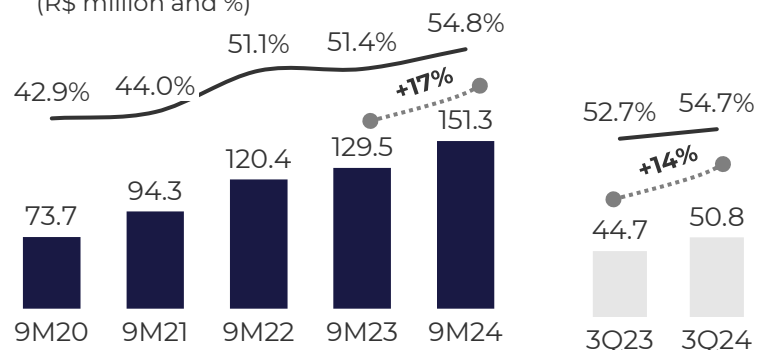


## Financial Highlights

Net Revenue (R\$ million)



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



- Recurring growth (CAGR 13% p.y. since 2020)
- Driven by new initiatives, the evolution of the payments market and the acquisition of new customers
- The synergy between the Pays sub-segments creates value for our customers
- New dimensions with the intensive use of AI to drive transactions.**

- This new cycle of expansion is taking place on an increasingly efficient basis**
- Real gains in profitability (CAGR 20% p.y. since 9M20)
- Digitalization of products and processes
- Leveraged by the scalability of the business model with the increased application of AI.



- 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

# Unit transformation focused on results while building new avenues for growth



## Operational Highlights



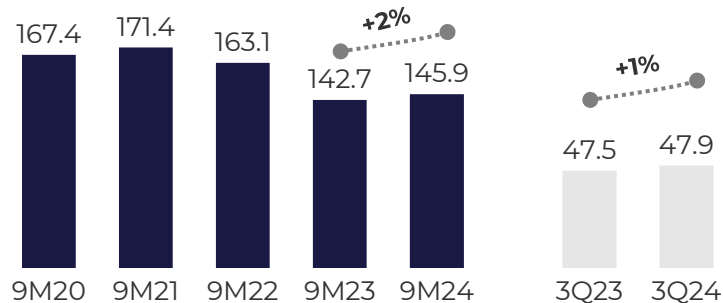
**+9.8 million**  
of managed interactions (9M24)



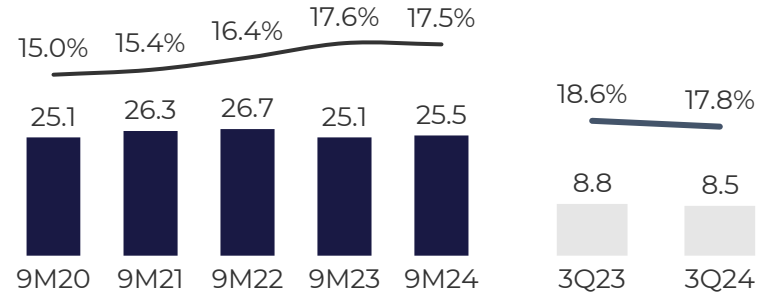
**72%**  
digitalized interactions (9M24)

## Financial Highlights

Net Revenue  
(R\$ million)



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



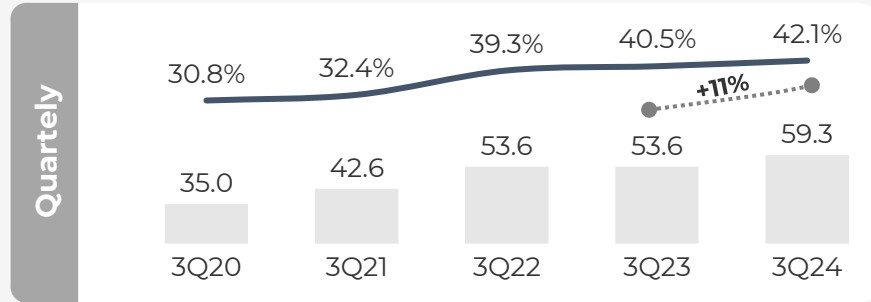
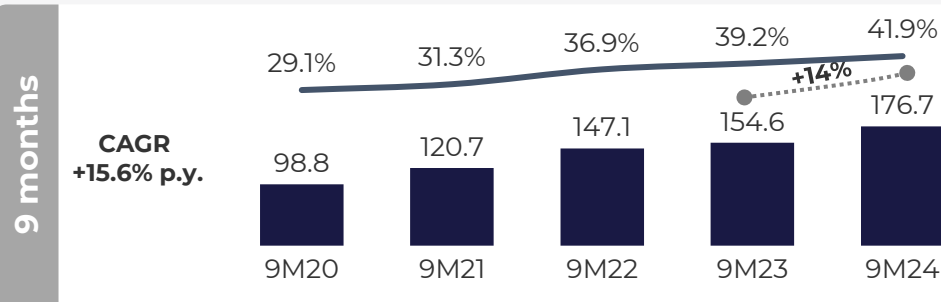
- **Deep digital transformation of the Customer Experience**
- Lower price in digital vs. analog
- Higher profitability in return
- **New expansion cycle through hyperautomation & AI**
- **First 3 clients** in implementation will yield results soon

- Focused on high value-added Customer Experience processes, preserving results and **expanding margins** (an improvement of **6.1 p.p.** vs. 1Q19).
- New growth avenues have been established.
- **New products** are expected to make a significant **contribution to the results** of this vertical, with **cross-sell and up-sell** opportunities for CSU Pays.

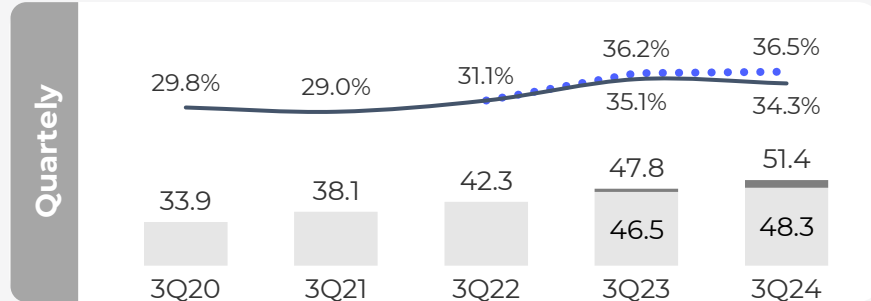
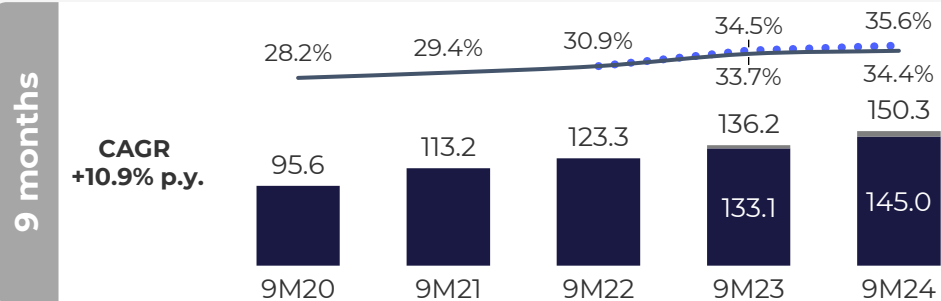
- ✔ Omnichannel
- ✔ Self-service App's
- ✔ Robotic process automation (RPA) & artificial intelligence (AI)
- ✔ Chatbots
- ✔ Customer support through social networks
- ✔ Mobile support
- ✔ Hyperautomation of business processes

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

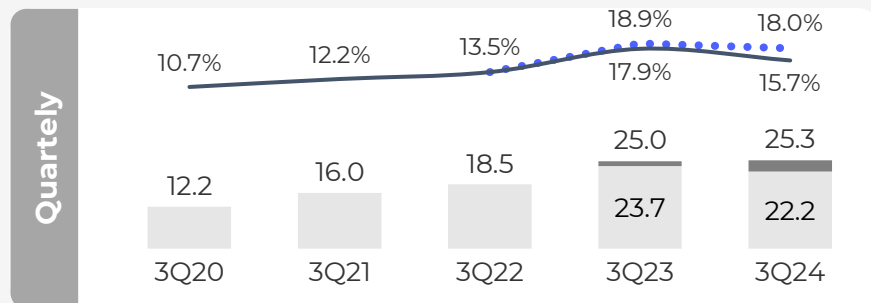
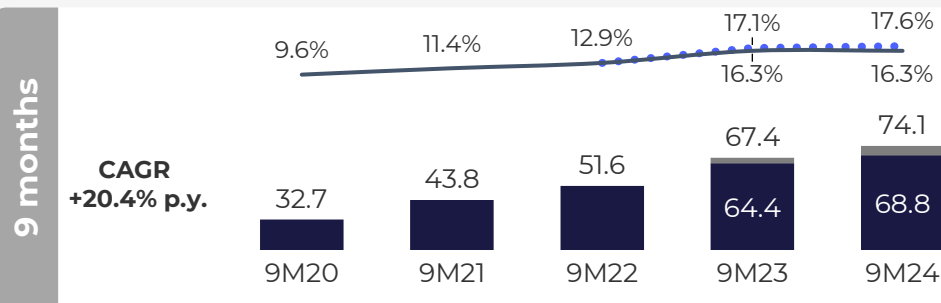
**Gross profit** (R\$ million) and **gross margin** (%) nearly doubled



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



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

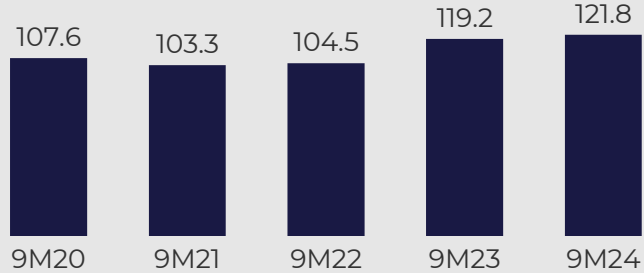




# Financial strength brings confidence for new expansion cycle

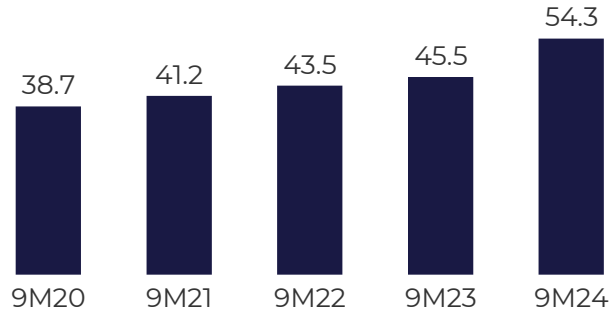
## Operational Cash Generation (R\$ million)

**+84% (9M24) EBITDA conversion to cash ratio leading to a sumptuous operational cash generation, allowing....**



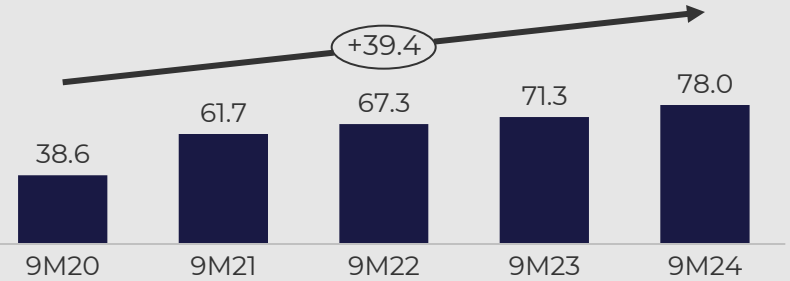
## CAPEX (R\$ million)

**...tech investments increase...**



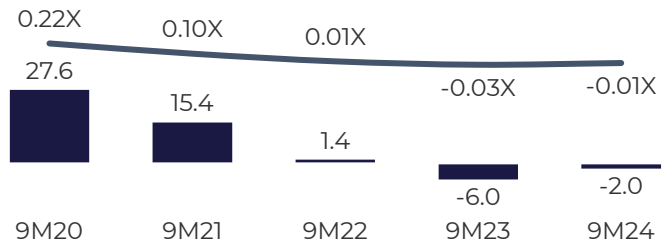
## Net Cash Position (R\$ million)

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



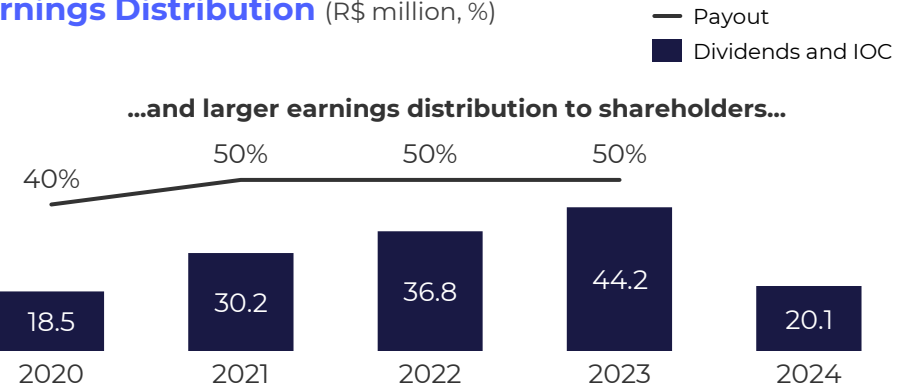
## Net Debt and Net debt/EBITDA (R\$ million, X)

**...onerous debt paydowns...**



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

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



\* LTM (last twelve months)



 CSU

Performance

# CSUD3

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 CSUDigital



# Capital Markets

## CSUD3, IBOV and SMLL Returns

Total shareholder return of: **+93%**  
(between jun/22 and sep/24)



From jun/22<sup>1</sup> to sep/24, we saw an **increase of +71%** in the shareholding position of **institutional investors**

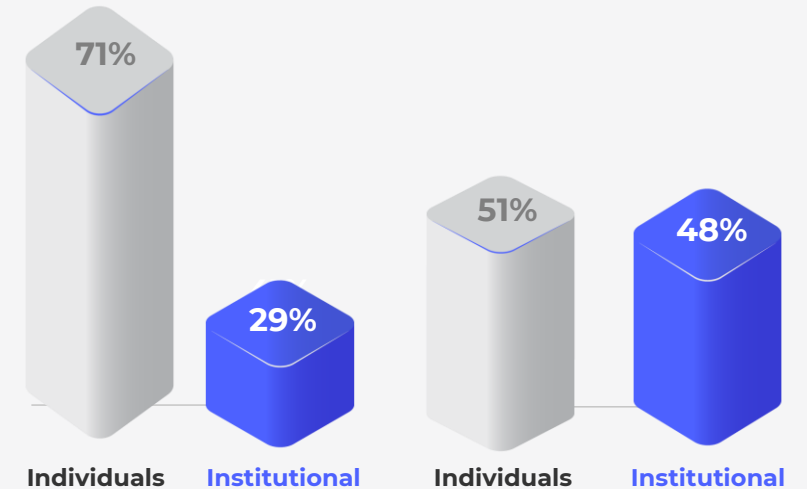


Starting from price of CSUD3 in 06.30.2022 until the close of 09.30.2024, showed an appreciation of **+64%**, and a **total shareholder return of +93%**, in this period.

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

**2Q22 x 3Q24**

Increase of **+19.0 p.p.**



**CSUD**  
B3 LISTED NM

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2024 LATIN AMERICA EXECUTIVE TEAM - SMALL CAP  
CSU DIGITAL

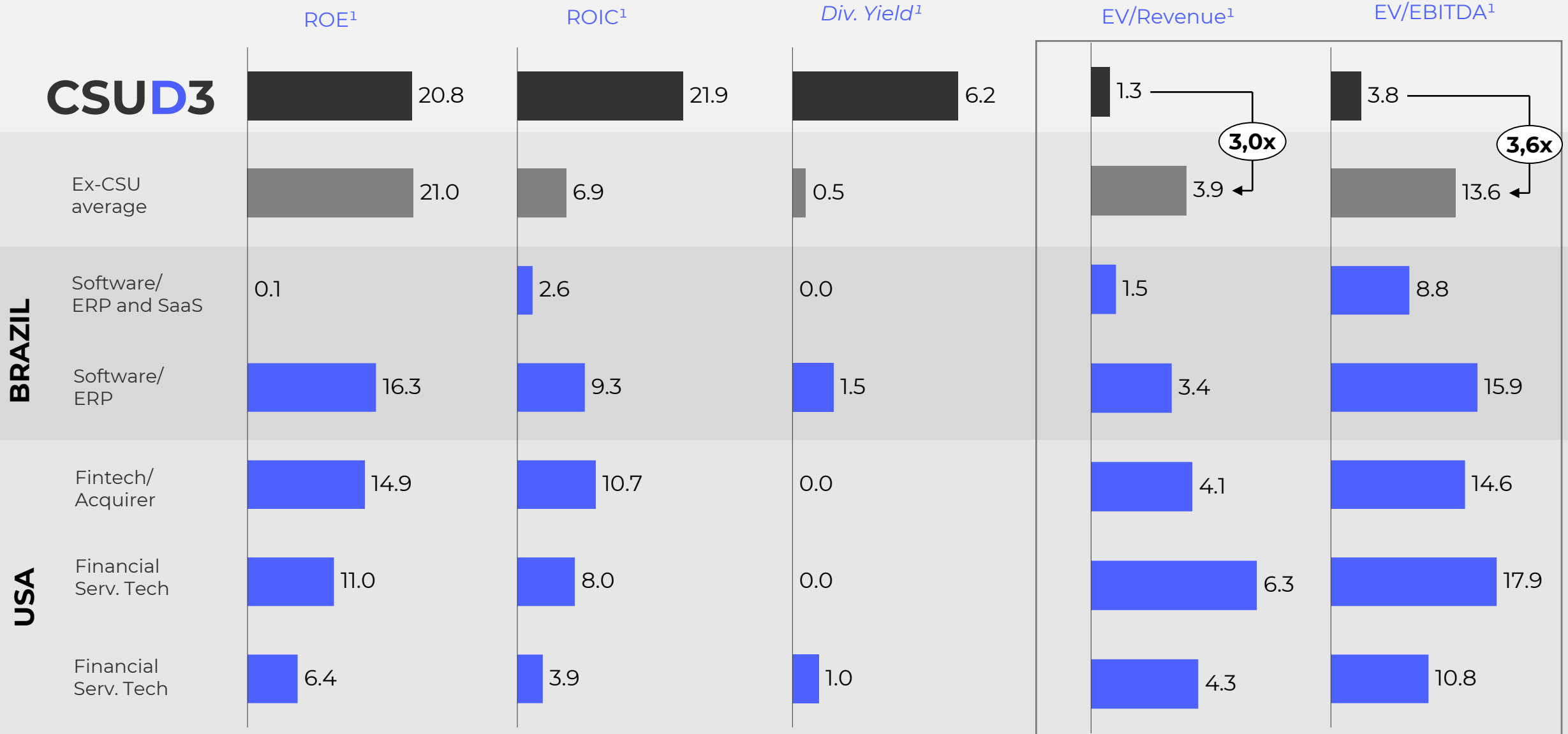
Sell-Side Coverage	
Levante	Eleven
Toro	MSX Invest
Benndorf	Condor Insider
TC Matrix	Arkad Invest
Ticker Research	Nord

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>51,613</b>	<b>0.1%</b>
<b>Free Float</b>	<b>18,546,100</b>	<b>44.4%</b>
Real Investor*	3,810,700	9.1%
Other Shareholders	14,735,400	35.3%
<b>Treasury</b>	<b>519,136</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 March/2024. <sup>1</sup> Brand and ticker repositioning

# Company's valuation vs other players

Combination of growth and profitability generating attractive returns



Reference dates: 09.30.2024 (source: Económica); 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.



Key

# Takeaways

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 CSUDigital



# Closing remarks

## Strong current results

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

## New cycle of expansion

- Continuous launch of new solutions creates significant growth opportunities and is already attracting new customers.
- Cross-border expansion, leveraging competitive differentiation of operations in Brazil and exploring global opportunities

## 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) of transactions

## Strong balance sheet

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

## Attractive remuneration to investors

Payment of R\$ 240 million dividends and IOC since the Company's genesis. A 50% payout in the last three years. Already declared and paid R\$ 20.1 million referring to the results of 9M24

## Shares still discounted to peers

CSU shares trading on September 30 2024 at 1.3x Revenue and 3.8x EV/EBITDA, while other players in related segments in Brazil and abroad are already performing at a multiple up to 4.7x 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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