



2Q23

Results

August 9, 2023



Contact:
ri.csu.com.br
ri@csu.com.br

CONTENTS

Quarter highlights	03
Message from Management	04
Consolidated results	06
Capex	11
Operating cash generation	12
Capital structure	13
Performance by business unit	14
1. CSU Pays (payment methods, loyalty and incentives, and BaaS)	14
1.1 Operational performance	15
1.2 Financial performance	17
2. CSU DX (Digital Experience)	20
2.1 Operational performance	20
2.2 Financial Performance	21
Capital markets	24
Events calendar	26
Exhibits	27
1. Income Statement.....	27
2. Statement of financial position	28
3. Cash flow statement	29
4. Reclassification of results by business unit	30
5. Gross contribution reconciliation	31

Earnings Call

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

Data: August 10, 2023

PORTUGUESE AND ENGLISH

Time: 11:00 a.m. (BR) | 10:00 a.m. (NY)
Earnings conference call: [click here](#)

SÃO PAULO, AUGUST 9th, 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 second quarter of 2023.

All information was prepared in accordance with the 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 the 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 CSU CardSystem and CSU Contact, respectively. Subsequently, in August 2022 a 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 (ticker) 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 see 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 periods.

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

Quarter Highlights

Profits and profitability indicators continue expanding at high rates amid the opening of new growth avenues

Net revenue: Reaches **R\$129.4 million in 2Q23**, a minor decrease of -1.1% compared to 2Q22. Year to date, **it stood in line** with the previous year and totaled R\$262.2 million. The dynamics per vertical have changed:

- **CSU Pays revenue:** Another quarter of growth, now at **5.9%** compared to 2Q22 and raising this segment's share to **65% of the total in 2Q23** (from 60% in 2Q22). In the first half, revenue keeps growing significantly and recurrently -- close to 10% -- compared to 1H22, **reaching R\$166.9 million**.
- **CSU DX revenue:** The operation is under deep transformation and going increasingly digital, prompting relevant improvements in profitability and creating fresh possibilities for growth from new products.

Gains in efficiency: Results buoyed by an expanded volume for contracted financial services, digitalization agenda and discipline in expense management.

- **Gross contribution:** Growth of **5.7%** compared to 2Q22, reaching **R\$65.2 million** in 2Q23 with a 50.4% margin. In the first half of the year, it totaled R\$130.3 million with a 49.7% margin (**+8.4%** and **+3.9 percentage points vs. 1H22**, respectively).
- **EBITDA:** Repeated **quarterly growth reaching R\$43.1 million (+3.2% vs. 2Q22)** capturing productivity gains and our diligence in controlling expenses. **Year to date it is 7.0% higher than 1H22, reaching R\$86.6 million**. These results were accomplished even with greater non-recurring costs in 2Q23.
- **EBITDA margin:** Performance gains lifted the metric to a record high value. It hit 33.3% in 2Q23 (**+1.3 percentage point vs. 2Q22**), **in its highest historical value**. Margin reached 33.0% (+2.1 percentage points vs. 1H22) in the first half.
- **Net income:** **Strong annual expansion of 15.8%**, amounting to R\$20.5 million in 2Q23. **In this first half, net income growth reached 22.8%** compared to 1H22 at R\$40.7 million. Expansion would have been even heftier without 2Q23 non-recurring costs. The upcoming quarters will benefit from a reduction of these structural adjustments.

Profitability and capital structure: Low leverage and continued profitability growth allow greater investments with attractive return and remuneration for shareholders.

- **Select profitability indicators:** ROCE¹, ROE, ROIC hit 24%, 21% and 20%, respectively.
- **Earnings distribution:** **R\$ 6.5 million** of interest on own capital (IOC) related to **2Q23**, with **payment already made in July/23**, which is added to the R\$ 6.0 million of 1Q23, also already paid.

Operational indicators: Intense commercial schedule and continued evolution of operations.

- **New customers and renewals:** New contracts involving Pays services with 60+ Bank and Humanitarian in 2Q23, and further progress in the **renewal agenda** with the main clients.
- **Registered cards and accounts:** We ended the quarter with **35.7 million** registered cards and accounts (**+8.1% vs. 2Q22**).
- **Number of transactions managed:** There were **259.7 million** transactions in the last quarter (**+21.6% vs. 2Q22**), which represents, **R\$78.3 billion (+21.0% vs. 2Q22)** processed on our platforms in 2Q23 in terms of TPV.
- **Number of DX digitalized interactions:** **71%** of the total including self-service interactions.

Message from Management

The second quarter of 2023 was marked by highly important technological and operational deliveries. We have successfully completed the development of our comprehensive platform for a wide range of payment processing solutions (cards, Pix, cryptocurrencies, transfers) that are now available in an embedded way via API in multiple interfaces (e.g., white-label CSU apps, client apps, market wallets, CSU wallets, complete digital accounts) in full or in part.

Named internally as CSU Switcher, it becomes the only fully agnostic platform in the market - multi-product, multi-currency, multi-network and multi-channel - creating important new avenues for growth on a global scale.

It has been designed to integrate quickly with other platforms, allowing for an increasingly comprehensive service offering and a unique ability to adapt to the individual demands of each type of industry in which the companies that hire us are inserted.

But we did not stop there. Reinforcing our operating model, which we call "Full Service", we have invested heavily in process automation systems making intensive use of artificial intelligence to make all the steps derived from our customers' business cycles more agile, secure and less susceptible to errors. Internally named HAS (Hyperautomation Systems), the solution can act on onboarding demands, fraud prevention, exchange, disputes and claims, back-office activities, among others, materially reducing their handling time and operating costs for our clients.

Each of these changes leads us to repeatedly deliver outstanding operational performance. In the first 6 months of this year alone:

- we moved quickly on the contract renewal agenda with most of our major clients, successfully completing a long-term extension;
- in 2Q23, we won two new clients for our cards and banking services offering, in addition to two others that had already been won in the first quarter;
- we reached 35.7 million account and card units registered in our bases (+8.1% vs. 2Q22);
- 259.7 million transactions were managed on our platforms in the last quarter (+21.6% vs. 2Q22) and 500.2 million transactions in the first half (+21.3% vs. 1H22), which account for R\$78.3 billion and R\$150.7 billion, respectively;

As a consequence of this operational evolution and our strong discipline in expense management, from a financial point of view, the results become even more expressive:

- revenue at CSU Pays continues to rise significantly, reaching R\$83.5 million in 2Q23 and R\$166.9 million year to date (+9.7% vs. 1H22);
- CSU DX enjoyed a true digital transformation in order to operate on higher value-added fronts, importantly adding to gross margin (+1.2 percentage point vs. 1H22, hitting 17.1%) while creating new growth possibilities with HAS;
- amid the continued expansion, the Company's EBITDA reached R\$43.1 million and a 33.3% margin in 2Q23 (+3.2% and +1.3 percentage point vs. 2Q22, respectively). In the first half it totaled R\$86.6 million with a 33.0% margin compared to R\$81.0 million and a 30.9% margin YoY;
- net income hit R\$20.5 million in 2Q23 (+15.8% vs. 2Q22), posting a remarkable net margin advance at 15.8% (+2.3 percentage points vs. 2Q22). In the first half of the year, it totaled R\$40.7 million, a R\$7.6 million increase (+22.8% vs. 1H22).

It is worth mentioning that this expansion of financial indicators would be even greater without the effect of non-recurring costs in 2Q23 and that the next quarters will benefit from the consequent reduction of these adjustments.

The scale achieved and the existing synergy between the business units rank CSU Digital as one of the best returns on invested capital in the market, highlighting indicators such as ROCE², ROE and ROIC that have been performing between 20 and 24% per year.

We are confident in continuing investing in our domestic and international expansion, as solid companies such as CSU Digital - featuring very low leverage, high rates of return and new, important growth avenues - tend to further consolidate their leadership in a market that has been experiencing a real revolution.

Lastly, the Board of Directors approved R\$6.5 million in payment of interest on capital ("IOC") related to 2Q23, already disbursed on 17/07/2023. Combined with the R\$6.0 million declared and paid in 1Q23, the Company retains a very attractive shareholder remuneration that evidences its financial strength.

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

Marcos Ribeiro Leite
Founder & CEO

² ROCE: return on capital employed; ROE: return on equity; ROIC: return on invested capital.

Consolidated results Results summary

Main indicators (R\$ thousand)	2Q23	2Q22	% Var. YoY	1Q23	% Var. QoQ	1H23	1H22	% Var.
Net revenue	129,356	130,771	-1.1%	132,842	-2.6%	262,198	262,350	-0.1%
Gross contribution	65,159	61,645	5.7%	65,108	0.1%	130,267	120,157	8.4%
<i>Contribution (%)</i>	<i>50.4%</i>	<i>47.1%</i>	<i>3.3 p.p.</i>	<i>49.0%</i>	<i>1.4 p.p.</i>	<i>49.7%</i>	<i>45.8%</i>	<i>3.9 p.p.</i>
Gross profit	50,643	48,320	4.8%	50,410	0.5%	101,053	93,529	8.0%
<i>Gross margin</i>	<i>39.2%</i>	<i>37.0%</i>	<i>2.2 p.p.</i>	<i>37.9%</i>	<i>1.3 p.p.</i>	<i>38.5%</i>	<i>35.7%</i>	<i>2.8 p.p.</i>
EBITDA	43,105	41,785	3.2%	43,534	-1.0%	86,639	80,990	7.0%
<i>EBITDA margin</i>	<i>33.3%</i>	<i>32.0%</i>	<i>1.3 p.p.</i>	<i>32.8%</i>	<i>0.5 p.p.</i>	<i>33.0%</i>	<i>30.9%</i>	<i>2.1 p.p.</i>
Net income	20,486	17,685	15.8%	20,201	1.4%	40,686	33,141	22.8%
<i>Net margin</i>	<i>15.8%</i>	<i>13.5%</i>	<i>2.3 p.p.</i>	<i>15.2%</i>	<i>0.6 p.p.</i>	<i>15.5%</i>	<i>12.6%</i>	<i>2.9 p.p.</i>

Net revenue: Totaled R\$129.4 million in 2Q23, slightly lower than the R\$130.8 million seen in 2Q22 (-1.1% vs. 2Q22). In the first half of 2023, net revenue totaled **R\$262.2 million**, in line with the same period of the previous year.

The analysis of performance by vertical in the coming sections is pivotal, considering that they are facing very different dynamics. **CSU Pays** – a division encompassing payment methods, loyalty and BaaS services – grows recurrently and significantly on an annual basis, e.g., **gaining 5 percentage points** within the Company's results. **CSU DX** – the division that encompasses Customer Experience and Middle Office (HAS) services – is undergoing a profound operational transformation and becoming increasingly digital. It is starting to include higher value-added services in order to improve profitability and create growth possibilities.

Net revenue:

R\$ 129.4 MM -1.1%
2Q23 yoy

Gross contribution:

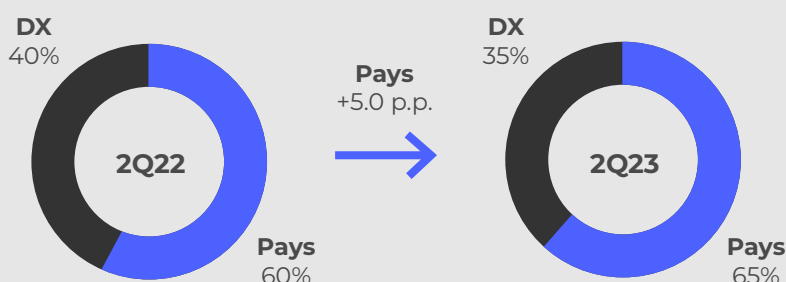
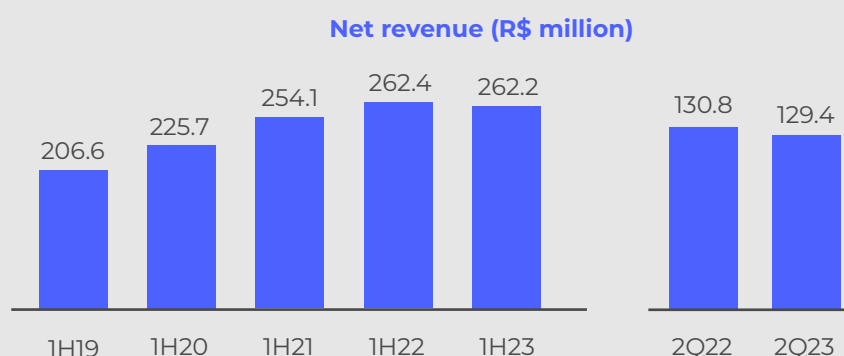
R\$ 65.2 MM +5.7%
Mg. 50.4% +3.3p.p.
2Q23 yoy

EBITDA:

R\$ 43.1 MM +3.2%
Mg. 33.3% +1.3p.p.
2Q23 yoy

Net income:

R\$ 20.5 MM +15.8%
Mg. 15.8% +2.3p.p.
2Q23 yoy



Over the past years, 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 unsubstantial investments.

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

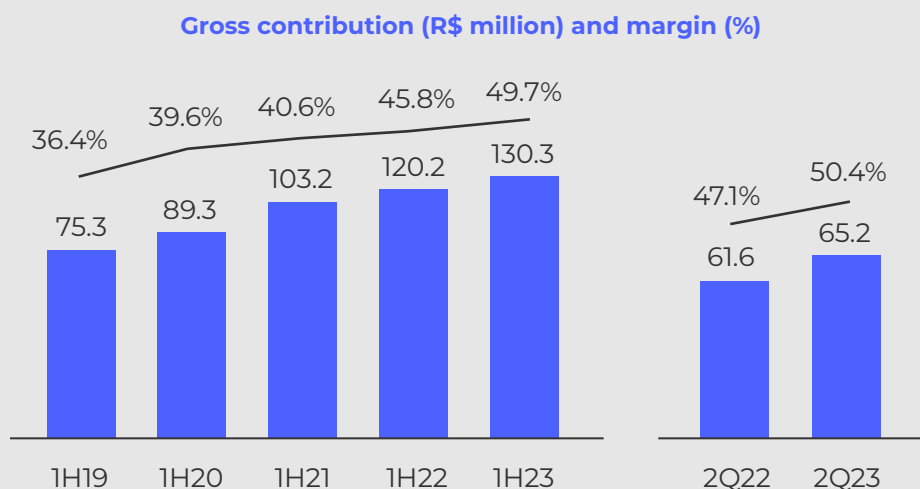
- Originally, the main revenue line at CSU Pays was associated with the processing and management of card transactions, in addition to the development and management of loyalty and incentive programs, both geared towards issuers. Consequently, revenue from these services are directly correlated to the number of cards available for billing, with different pricing for each type of processing. New modalities are beginning to gain relevance on this front 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, people, and technology) for the contracted DX services. Originally incepted to meet the demands of our card-centric customers on the service front, this unit experienced a real digital transformation in recent years. From now on, it has a new type of service, the Middle Office, which uses the best artificial intelligence tools for hyper-automation of business processes.

Costs (excluding depreciation and amortization): This line suffered a relevant reduction of **R\$4.9 million (-7.1%)**, ending 2Q23 at R\$64.2 million compared to R\$69.1 million in 2Q22.

In the first half, **the reduction hit R\$10.3 million (-7.2% vs. 1H22)** totaling R\$131.9 million from R\$142.2 million in the same period of the previous year. Both changes stem from **effective efficiency gains** arising from a higher consumption of digital services by our clients, prompting a cost reduction related to personnel, operating materials and shipping.

Gross contribution³: Reached **R\$65.2 million in 2Q23**, which represents a margin (as a function of revenue share) of **50.4%**, compared to R\$61.6 million and a margin of 47.1% in the same period of the previous year, **an increase of R\$3.5 million (+5.7%)** with an addition of 3.3 percentage points in revenue share. In the first half it totaled **R\$130.3 million with a margin of 49.7%** compared to R\$120.2 million with a margin of 45.8% in the previous year. **The increase equaled R\$10.1 million (+8.4% and +3.9 percentage points vs. 1H22, respectively).**

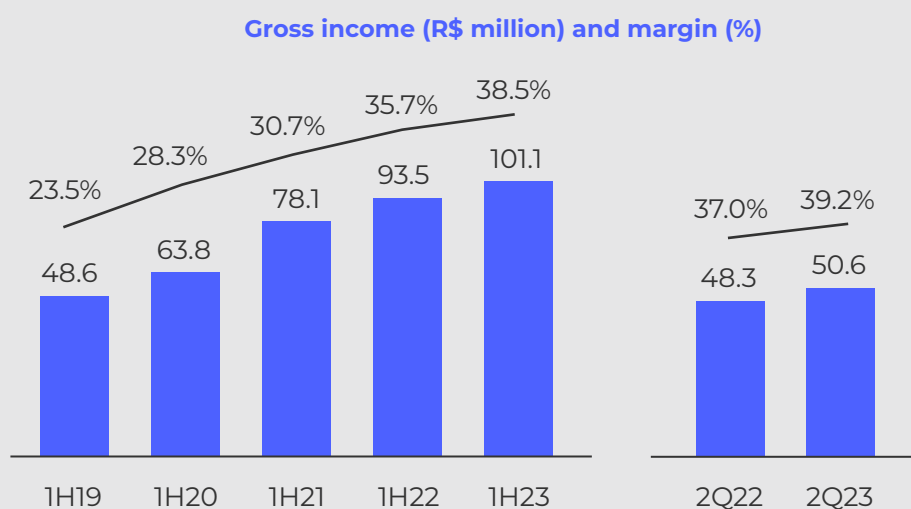
This increase is due to the greater relevance of the CSU Pay business unit, which has higher profitability, in addition to efficiency gains from the deep digitalization of products and processes in the past year in all verticals.



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, this line increases to R\$78.7 million in 2Q23 and R\$82.5 million in 2Q22, **in a R\$3.7 million reduction** (-4.5% vs. 2Q22). Year to date it totaled R\$161.1 million from R\$168.8 million in the previous year, **down by R\$7.7 million** (-4.5% vs. 1H22, respectively).

As a result, gross income and gross margin reached **R\$50.6 million and 39.2%** respectively in 2Q23, compared to R\$48.3 million and 37.0% in the same period of 2022. **The increase amounted to R\$2.3 million (+4.8% and +2.2 percentage points vs. 2Q22, respectively).** At the end of the first half it totaled **R\$101.1 million with a margin of 38.5%** compared to R\$93.5 million with a 35.7% margin in the prior year. **The increase amounted to R\$7.6 million (+8.0% and +2.8 percentage points vs. 1H22, respectively).**

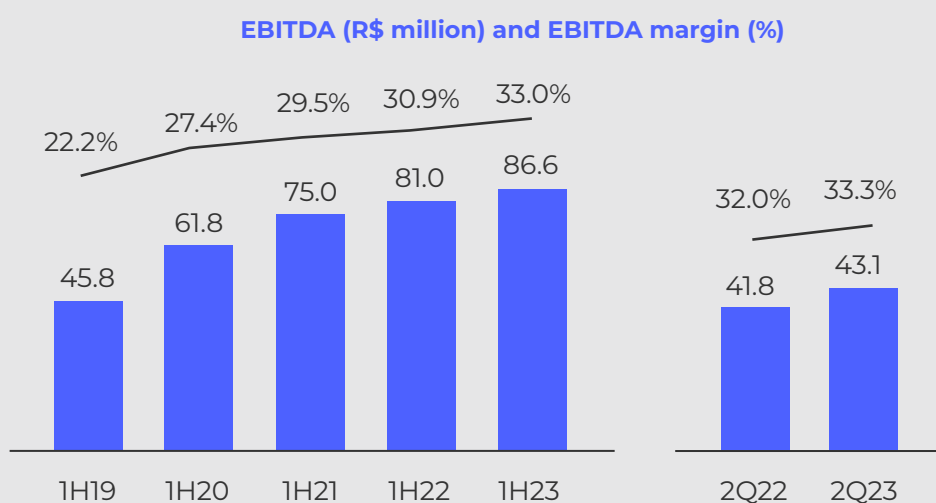


Selling, general and administrative expenses (SG&A): The Company's SG&A - including depreciation and amortization (D&A) - reached R\$24.0 million in 2Q23 against R\$21.0 million in the same period of 2022, a R\$3.0 million increase (+14.3% vs. 2Q22). During the first half, it reached R\$47.0 million against R\$42.7 million in the previous year, a R\$4.3 million increase (+10.0% vs. 1H22). Such variations can be explained, primarily, by the extraordinary and non-recurring increase in personnel expenses related to labor terminations that occurred in 2Q23, reflecting the greater digitalization of our operations and which generated an **impact of around R\$3.0 million**. This effect was partially offset by lower marketing expenses. In 2022 the company made greater investments in this item due to the launch of new products and new brand - in addition to lower depreciation and amortization.

SG&A (R\$ thousand)	2Q23	2Q22	% Var. YoY	1Q23	% Var. QoQ	1H23	1H22	% Var.
General and administrative	(20,709)	(17,266)	19.9%	(19,361)	7.0%	(40,070)	(35,597)	12.6%
Depreciation and amortization	(1,204)	(2,092)	-42.4%	(1,401)	-14.1%	(2,605)	(4,487)	-41.9%
Sales and marketing	(2,044)	(1,609)	27.0%	(2,238)	-8.7%	(4,282)	(2,613)	63.9%
Total SG&A expenses	(23,957)	(20,967)	14.3%	(23,000)	4.2%	(46,957)	(42,697)	10.0%
<i>% of net revenue</i>	18.5%	16.0%	2.5 p.p.	17.3%	1.2 p.p.	17.9%	16.3%	1.6 p.p.

Other operating income (expenses): In 2Q23 and year to date net revenue totaled R\$0.7 million, which represents a positive variation of approximately R\$1.7 million compared to these same periods of the previous year, when there was a net expense of R\$1.0 million.

EBITDA⁴ and EBITDA margin: The expansion continued and **reached R\$43.1 million with a margin of 33.3% in 2Q23**, from R\$41.8 million and margin of 32.0% in the same period of 2022. **The increase hit R\$1.3 million (+3.2% and +1.3 percentage point vs. 2Q22 respectively).** In the first half it totaled **R\$86.6 million with a margin of 33.0%**, compared to R\$81.0 million with a margin of 30.9% in the same period of 2022, an increase of R\$5.6 million (+7.0% and +2.1 percentage points vs. 1H22 respectively). This evolution was due to operational gains from our **efficiency plan** carried out over the last few years. It is relevant that this indicator tends to benefit further in the coming quarters, on the back of savings from the reduction in the Personnel line in 2Q23 (not yet fully seized).



EBITDA reconciliation (R\$ thousand)	2Q23	2Q22	% Var. YoY	1Q23	% Var. QoQ	1H23	1H22	% Var.
Net income	20,486	17,685	15.8%	20,201	1.4%	40,686	33,142	22.8%
(+) Income taxes	7,572	7,694	-1.6%	7,087	6.8%	14,659	13,781	6.4%
(+) Financial result	(673)	990	-	147	-	(526)	2,954	-
(+) Depr. and amort.	15,720	15,417	2.0%	16,099	-2.4%	31,819	31,115	2.3%
EBITDA	43,105	41,785	3.2%	43,534	-1.0%	86,639	80,990	7.0%
<i>EBITDA margin</i>	<i>33.3%</i>	<i>32.0%</i>	<i>1.3 p.p.</i>	<i>32.8%</i>	<i>0.5 p.p.</i>	<i>33.0%</i>	<i>30.9%</i>	<i>2.1 p.p.</i>

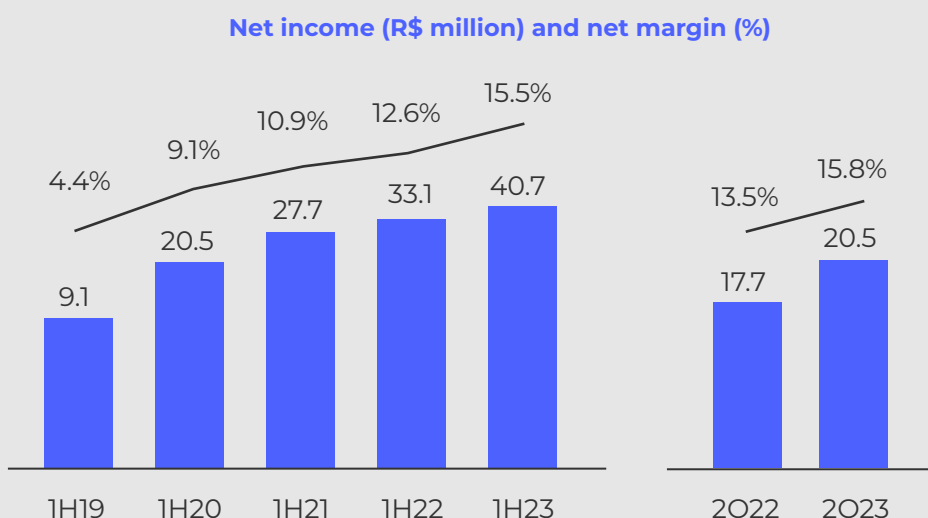
⁴**EBITDA:** Prepared in accordance with CVM Instruction 527/12, it is a non-accounting measure consisting of the net income for the period, plus taxes on income, financial expenses net of financial income, and depreciation and amortization.

Financial result: In the quarter net revenue totaled R\$0.7 million against a net expense of R\$1.0 million in 2Q22, a positive evolution of R\$1.7 million explained by the higher financial revenue recorded in 2Q23 arising from the higher return on financial investments positively affected by the higher CDI rate in the period and active monetary variations related to lawsuits. In the first half, it amounted to a positive net financial result of R\$0.5 million against the negative R\$2.9 million presented in the same half of the previous year, a positive evolution of R\$3.4 million. The changes are explained as above.

Earnings before interest (EBIT): Strong expansion of **R\$2.7 million (+10.6%)** reaching R\$28.1 million in 2Q23 against R\$25.4 million in 2Q22. In the first half EBIT totaled R\$55.3 million compared to R\$46.9 million in the previous year, **posting a significant rise of R\$8.4 million (+18.0% vs. 1H22).**

Income tax and social contribution on net income (IR/CSLL): The amount of R\$7.6 million in 2Q23 means a slight reduction compared to 2Q22 at R\$7.7 million (-1.6% vs. 2Q22). This change was not proportional to the EBT increase and represents a reduction in our effective rate due to the increase in the payment of interest on capital, which is deducted from taxable income, and also to the smaller amount of provisions (not deductible). In the first half, income tax and social contribution totaled R\$14.7 million against R\$13.8 million in 1H22, an increase of R\$0.9 million (+6.4% vs. 1H22).

Net income and net margin: Net income **reached R\$20.5 million in 2Q23** from R\$17.7 million in 2Q22, **an increase of R\$2.8 million (+15.8% vs. 2Q22).** Net margin progressed significantly in the quarter, which reached 15.8% against 13.5% in the same period of 2022 **(+2.3 percentage points vs. 2Q22).** In the first half it reached R\$40.7 million against R\$33.1 million in the same period of the previous year, **a R\$7.6 million increase (+22.8% vs. 1H22).** Net margin at the end of the first half hit 15.5% compared to 12.6% in 1H22, **+2.9 percentage points vs. 1H22.** One should note that during this quarter, the Company had higher expenses with personnel termination due to a greater digitalization of our operations, occasionally affecting income indicators. This structural adjustment tends to benefit the coming years.



CAPEX⁵

Total Capex: The Company's Capex reached R\$18.5 million in 2Q23 against R\$15.1 million in the same period of the previous year, a R\$3.4 million increase (+23.1% vs. 2Q22). Year to date, Capex totaled R\$31.3 million from R\$27.4 million no 1H22, up by R\$3.9 million (+14.4% vs. 1H22). The higher investment in tangible and intangible assets is explained by the maintenance of projects that structure our BaaS solutions. Capex is also explained by the launch of solutions and functionalities in the payment processing environment and by greater sums dedicated to furthering the robustness of our data and security infrastructure, as well as to developing hyper-automation processes within DX (Hyperautomation Systems – HAS).

- **CSU Pays (81% of the total):** amounted to **R\$15.0 million** in 2Q23 against R\$14.4 million in the same period of the previous year, an increase of R\$0.6 million (+3.7% vs. 2Q22), explained by maintenance of the pace of investments earmarked for developing new solutions. Year to date, Capex totaled R\$26.4 million compared to R\$25.8 million in 1H22, up by R\$0.6 million (+2.3% vs. 1H22).
- **CSU DX (2% of the total):** totaled **R\$0.3 million** no 2Q23. Year to date it totaled R\$1.4 million compared to R\$0.7 million in 1H22, up by R\$0.7 million explained by investments in new process hyper-automation solutions (HAS). These were heftier in 1Q23.
- **Corporate (17% of the total):** equaled **R\$3.2 million** in 2Q23 compared to R\$0.4 million in 2Q22, up by R\$2.8 million. In the first half it amounted to R\$3.5 million from R\$0.8 million in 1H22, a R\$2.7 million rise.

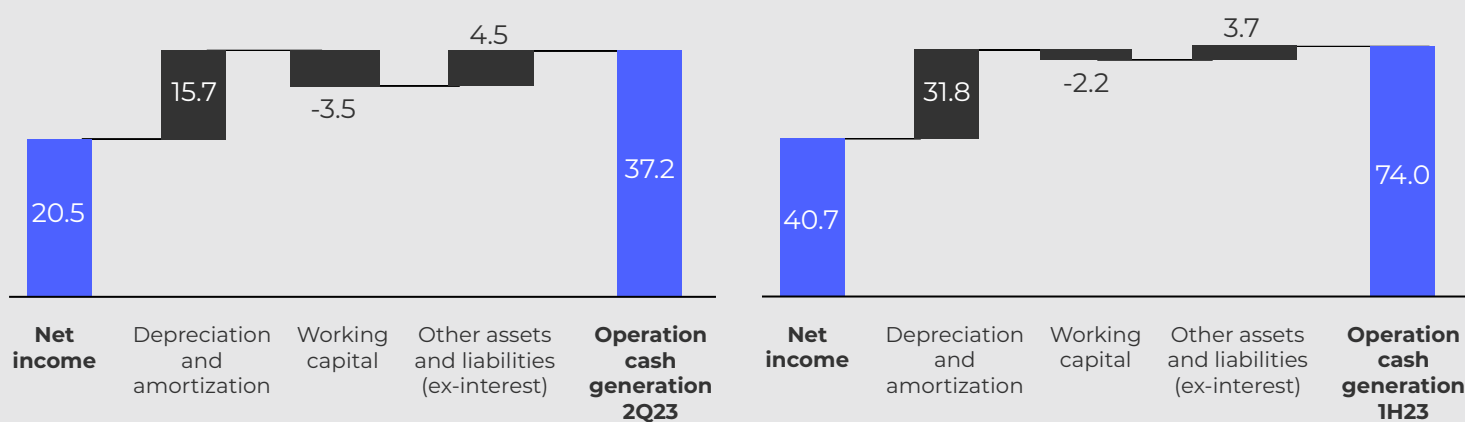
Investments (R\$ thousand)	2Q23	2Q22	% Var. YoY	1Q23	% Var. QoQ	1H23	1H22	% Var.
CSU Pays	14,973	14,438	3.7%	11,460	30.7%	26,433	25,843	2.3%
CSU DX	322	268	20.1%	1,033	-68.8%	1,355	690	96.4%
Corporate	3,239	355	812.4%	278	1065.1%	3,517	830	323.7%
Capex	18,534	15,061	23.1%	12,771	45.1%	31,305	27,363	14.4%
% of net revenue	14.3%	11.5%	2.8 p.p.	9.6%	4.7 p.p.	11.9%	10.4%	1.5 p.p.

⁵ **CAPEX:** Corporate Capex reflect 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.

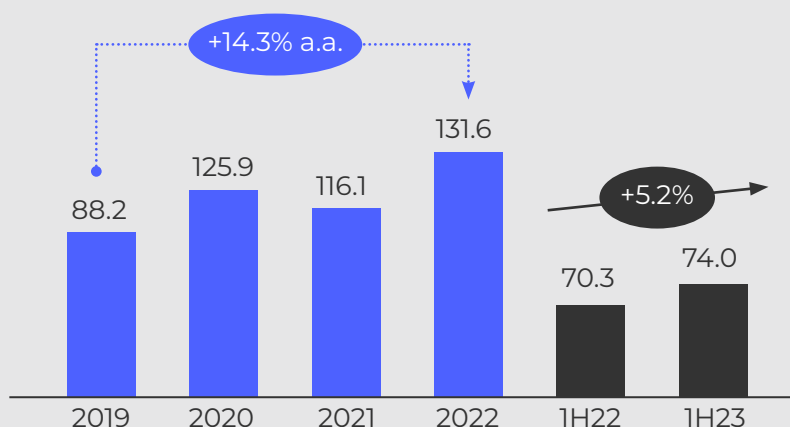
Operating cash generation

Cash generated by operating activities remained solid and **totaled R\$37.2 million** in 2Q23, up by R\$2.2 million compared to R\$35.1 million in 2Q22 (+6.3%). Year to date, operating activities generated R\$74.0 million vs. R\$70.3 million in 1H22, enjoying strong contribution from results tied to operating efficiency gains. The Company maintains a long, consistent track record of results and cash evolution. From 2019 to 2022, operating cash generation **grew 1.5x (CAGR above 14% p.y.)** and is still expanding in 2023. This reflects the continuous operating advances and, consequently, a higher income at the company, as previously detailed.

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\$83.5 million from R\$97.4 million in the same period of the previous year, an increase of R\$13.9 million (-14.3% vs. 2Q22). **Regarding onerous debt (loans)** we ended the quarter with a R\$10.3 million balance from R\$22.7 million in 2Q22, a **R\$12.4 million reduction (-54.6%)** stemming from repayments and amortizations.

Cash and cash equivalents: At the end of the quarter, cash and cash equivalents totaled R\$67.0 million compared to R\$76.3 million in the same period of the previous year, a reduction of R\$9.3 million (-12.2% vs. 2Q22). The variation resulted from **higher investments in technology, increased repayment of loans and financing, and greater dividends**, which was enabled by the positive contribution from the advance in operating cash generation. It is important to note that the higher cash consumption in this quarter comes, specifically, from increased dividend distribution frequency, in line with the Company's recent practice of declaring and paying dividends quarterly (started in 2023 and with its first effect on cash flow took place this quarter), improving the speed of return on shareholder's capital. Until last year, the Company had declared dividends quarterly but only made the payment at the beginning of the subsequent fiscal year.

Net debt: At the end of June, the Company had R\$16.4 million worth of net debt compared to R\$21.1 million in the same period of the previous year, down by R\$4.7 million. While analyzing the onerous debt exclusively, we ended the quarter with R\$56.7 million worth of net cash, an expansion of R\$3.1 million compared to the R\$53.6 million balance in the same period of the previous year, even considering greater investments, repayment of loans and financing, and dividends paid in this time period, basically due to higher results over the last 12 months.

Net debt/LTM EBITDA: Net debt to EBITDA in the last 12 months (12M) was 0.10x in 2Q23 from 0.13x in 2Q22, influenced (i) by operational headway that prompted a higher EBITDA (denominator) and (ii) by a decrease in net debt. **The Company understands that its capital structure is adequate** vis-à-vis its current business and market dynamics, allowing it to move forward with investments in a relevant fashion, offer shareholder return and have room for greater financial leverage, if it deems necessary, to seize attractive opportunities and add assets.

Indebtedness (R\$ thousand)	2Q23	2Q22	% Var. YoY	1Q23	% Var. QoQ
Financing and debt loan	10,312	22,706	-54.6%	13,372	-22.9%
Short term	6,090	12,254	-50.3%	7,880	-22.7%
Long term	4,222	10,452	-59.6%	5,492	-23.1%
(-) Cash and equivalents	67,044	76,330	-12.2%	80,397	-16.6%
Net onerous debt (net cash)	(56,732)	(53,624)	5.8%	(67,025)	-15.4%
EBITDA LTM	171,733	157,452	9.1%	170,413	0.8%
Net onerous debt/EBITDA LTM (x)	(0.33)	(0.34)	0.01	(0.39)	0.06
Lease liabilities (IFRS 16)	73,146	74,703	-2.1%	80,773	-9.4%
Gross debt	83,458	97,409	-14.3%	94,145	-11.4%
(-) Cash and equivalents	67,044	76,330	-12.2%	80,397	-16.6%
Net debt	16,414	21,079	-22.1%	13,748	19.4%
EBITDA LTM	171,733	157,452	9.1%	170,413	0.8%
Net debt/EBITDA LTM (x)	0.10	0.13	(0.04)	0.08	0.01

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.

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. The results achieved in different time periods are 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 (BaaS).

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).

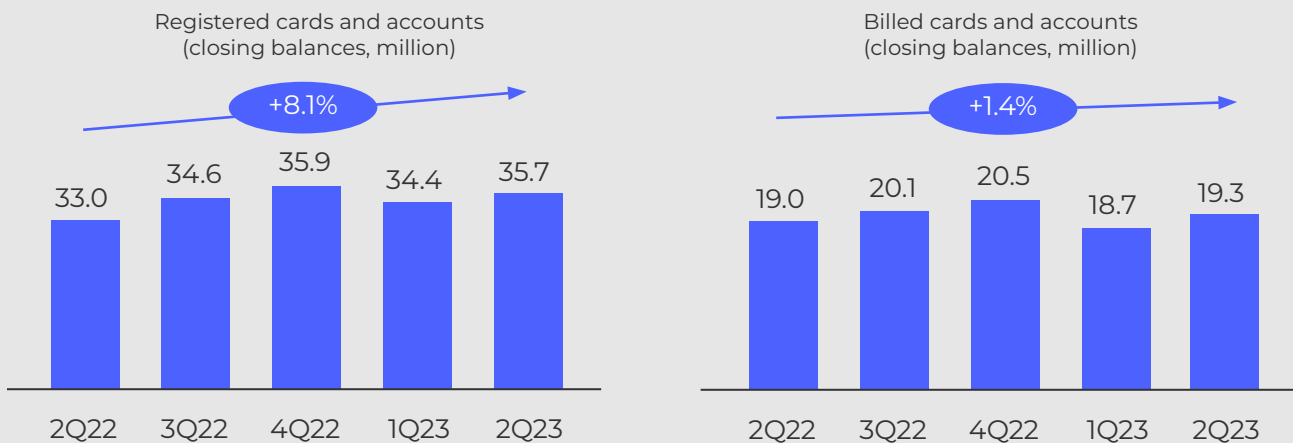
More recently, **new types of payment joined this vertical's portfolio**, with the roll-out of solutions such as Pix, Pix on Credit, Cryptocurrencies, as well as a full-fledged Banking as a Service (BaaS) platform including products such as digital accounts for individuals and corporations, collection 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, with the acquisition of clients (2 new ones in 2Q23), making this division increasingly relevant to the Company's revenue, representing 65% of the total in this quarter (+5.0 percentage point vs. 2Q22), a trend expected for longer periods considering the greater dynamism of this market and the addition of multiple 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).

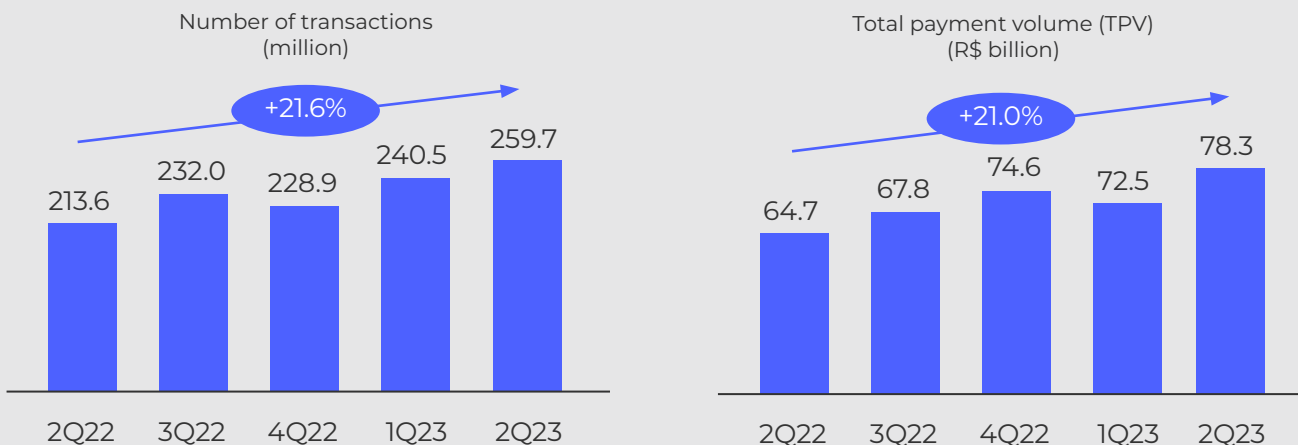
Below we highlight some of the metrics for our operations:

Billed and registered cards and accounts



- **Registered cards and accounts:** We ended 2Q23 with **35.7 million** accounts and cards registered in our bases, against 33.0 million in the same period of the previous year, an **increase of 2.7 million (+8.1% vs. 2Q22)**. The past few quarters witnessed a clear trend towards expanding this base, on par with the organic evolution of our customers' businesses (B2B), who see the card as an important instrument for promoting credit and/or accounts (wallet).
- **Billed cards and accounts:** We ended 2Q23 with **19.3 million** billed and registered cards and accounts against 19.0 million in 2Q22, **an increase of 0.3 million (+1.4% vs. 2Q22)**.

Processing volume



- **Number of transactions processed:** The digital platforms at CSU recorded **259.7 million transactions** compared to 213.6 million in the same quarter of the previous year, in a 46.1 million increase (**+21.6% vs. 2Q22**). In the first half, volume exceeded 500.2 million transactions compared to 412.3 million in 1H22, an increase of 87.9 million (+21.3% vs. 1H22). This is an important gauge of business trend for this sub-segment, and serves as a thermometer for the demand of final consumers of our clients – card issuers and acquiring customers. 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\$78.3 billion**, from R\$64.7 billion in 2Q22, an increase of R\$13.6 billion (**+21.0% vs. 2Q22**). In the first half it exceeded R\$150.7 billion against R\$125.7 billion in 1H22, a strong expansion of +19.9% vs. 1H22.

Another important revenue sub-segment at CSU Pays refers to the loyalty platform, which provides one of the best solutions on the market for building 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 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 the completion of development and the roll out of new products for payment methods, which include new modes such as Pix, Pix on Credit and cryptocurrencies, as well as our new 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 will allow the company to operate more broadly, not limited to cards, and expand the size of our materially addressable market, preparing the company for the future of the payments universe in Brazil and abroad.

1.2 Financial performance

Net revenue:

R\$ 83.5 MM +5.9%
2Q23 yoy

Gross contribution:

R\$ 53.1 MM +9.7%
Mg. 63.6% +2.2p.p.
2Q23 yoy

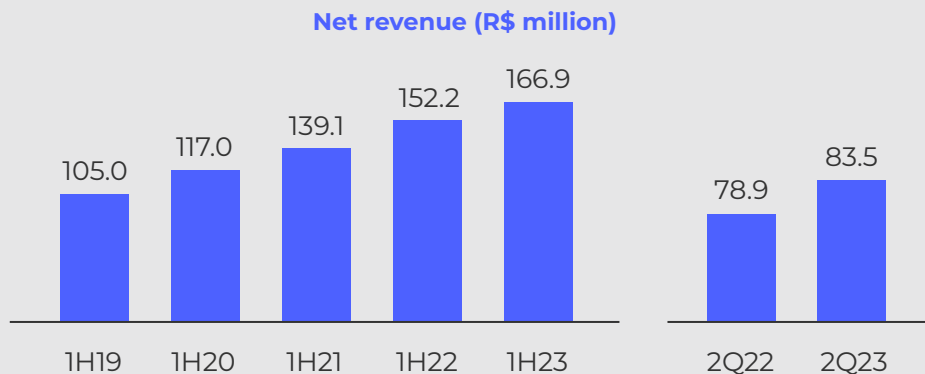
EBITDA:

R\$ 39.9 MM +10.6%
Mg. 47.7% +2.0p.p.
2Q23 yoy

Net revenue: Net revenue reached **R\$83.5 million** against R\$78.9 million in the same period of the previous year, a R\$4.6 million increase **(+5.9% vs. 2Q22)**. **Year to date, it reached R\$166.9 million** compared to R\$152.2 million, an **expansion that has hit R\$14.7 million (+9.7% vs. 1H22)**. It is worth noting that the Company has been extremely successful in renewing contracts for longer terms with most of the main customers in this unit, bringing even more security in maintaining recurring revenue levels and creating the basis 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 before, both of those indicators have been growing strongly throughout the years.

Purely digital revenues, another relevant metric, have repeatedly shown double-digit growth and are **up 10.0% and 13.6%**, respectively, during the quarter and half, compared to the previous year. They represented **94.6% of the total in 2Q23** against 91.0% in 2Q22 **(+3.6 percentage points vs. 2Q22)**. This evolution has



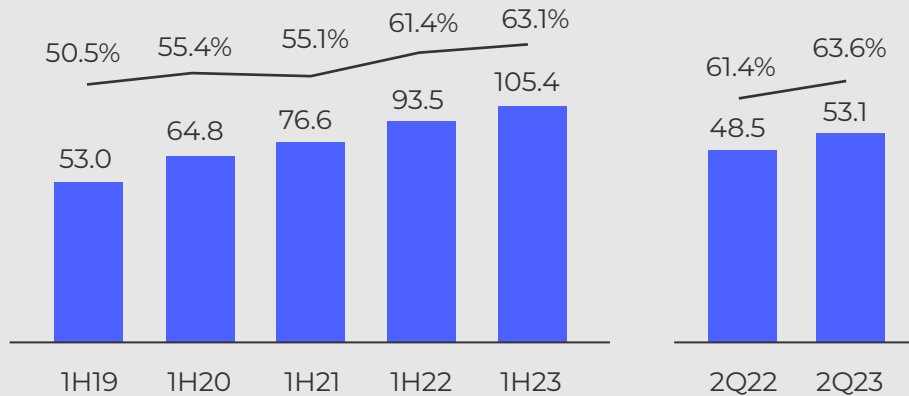
⁷ **Revenue from digital services:** All revenues of the CSU Pays unit, except those from the issuance and/or posting of cards, letters, and physical invoices.

consistently increased the profitability of this segment.

Costs (excluding depreciation and amortization): Costs totaled R\$30.4 million in 2Q23, standing at the same level compared to 2Q22 (-0.2% vs. 2Q22). The digitalization of products and processes addresses the causes of this variation. 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. In the first half, the costs of this business division totaled R\$61.6 million against R\$58.7 million in 1H22, an increase of R\$2.9 million (+4.9% vs. 1H22).

Gross contribution: As a result of the above (higher revenue and lighter costs) this metric reached **R\$53.1 million in 2Q23 with a 63.6% margin** against R\$48.5 million and a 61.4% margin in the same period of the previous year, a R\$4.6 million increase (**+9.7% and +2.2 percentage points vs. 2Q22, respectively**). At the end of the first half, this metric totaled **R\$105.4 million with a 63.1% margin**, compared to R\$93.5 million and a 61.4% in 1H22, **a R\$11.9 million rise (+12.7% and 1.7 percentage point from 1H22)**.

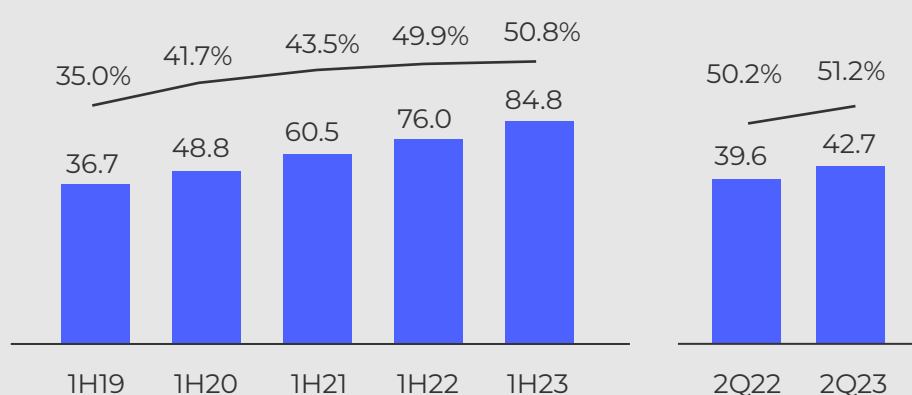
Gross contribution (R\$ million) and margin %



Total costs, gross income and gross margin: Total costs, including costs-related depreciation and amortization, equal R\$40.8 million in 2Q23 compared to R\$39.3 million in the same period of the previous year, a R\$1.5 million increase (+3.8% vs. 2Q22). Year to date it reached R\$82.1 million compared to R\$76.2 million, up by R\$5.9 million.

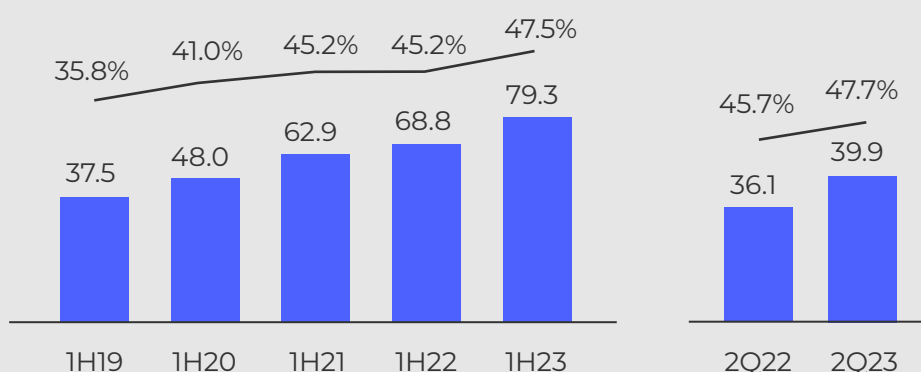
As a result of changes seen above, gross income reached **R\$42.7 million** in 2Q23, **with a 51.2% margin** against R\$39.6 million and a margin of 50.2% in the same period of the previous year, up R\$3.1 million (+7.9% and +1.0 percentage point vs. 2Q22, respectively). Gross income recorded in this business division made up **84% of the Company's total** in 2Q23. In the first half, gross income rose from **R\$84.8 million with a margin of 50.8%**, from R\$76.0 million and a margin of 49.9% in 1H22 (**+11.6% and +0.9 percentage point vs. 1H22, respectively**).

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



EBITDA and EBITDA margin: EBITDA reached **R\$39.9 million** against R\$36.1 million in the same period of the previous year, **a R\$3.8 million increase (+10.6% vs. 2Q22)**. EBITDA recorded in this business division made up 93% of the Company's total in 2Q23. Regarding EBITDA margin, we reached 47.7% in 2Q23 (+2.0 percentage points vs. 2Q22), owing to efficiency gains and the scalability of our business, as well as to our strong financial discipline in controlling expenses. At the end of the first half, it totaled **R\$79.3 million** and a **47.5% margin**, compared to R\$68.8 million and a 45.2% margin in 1H22. The increase amounted to R\$10.5 million (**+15.2% and 2.3 percentage points vs. 1H22**).

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



Main indicators (R\$ thousand)	2Q23	2Q22	% Var. YoY	1Q23	% Var. QoQ	1H23	1H22	% Var.
Net revenue	83,530	78,913	5.9%	83,410	0.1%	166,940	152,207	9.7%
Digital	79,008	71,802	10.0%	77,815	1.5%	156,823	138,010	13.6%
Analog	4,522	7,111	-36.4%	5,595	-19.2%	10,117	14,197	-28.7%
Costs (ex-deprec./amort)	(30,385)	(30,452)	-0.2%	(31,189)	-2.6%	(61,574)	(58,696)	4.9%
Gross contribution	53,145	48,461	9.7%	52,221	1.8%	105,366	93,511	12.7%
Contribution (%)	63.6%	61.4%	2.2 p.p.	62.6%	1.0 p.p.	63.1%	61.4%	1.7 p.p.
(-) Depreciation/ amortization	(10,416)	(8,862)	17.5%	(10,143)	2.7%	(20,559)	(17,500)	17.5%
Gross profit	42,729	39,599	7.9%	42,078	1.5%	84,807	76,011	11.6%
Gross margin	51.2%	50.2%	1.0 p.p.	50.4%	0.8 p.p.	50.8%	49.9%	0.9 p.p.
Expenses	(13,603)	(11,988)	13.5%	(11,749)	15.8%	(25,352)	(23,758)	6.7%
Other operational revenues/expenses	(378)	(1,930)	-80.4%	(1,872)	-79.8%	(2,250)	(4,078)	-44.8%
(+) Depr. and amort.	11,128	10,374	7.3%	10,952	1.6%	22,080	20,623	7.1%
EBITDA	39,876	36,055	10.6%	39,409	1.2%	79,285	68,798	15.2%
EBITDA margin	47.7%	45.7%	2.0 p.p.	47.2%	0.5 p.p.	47.5%	45.2%	2.3 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 the year went by, 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 3.2 million front office interactions in the last quarter, and the relevance of customer service through automated mechanisms and digital channels and self service already hits 71% of the total. As a result of this transformation, this segment experienced an important gross margin increase. The evolution can be seen in our figures over the years. In the first half of 2023, expansion hit +1.2 percentage point vs. 1H22, reaching 17.1% even in a scenario of revenue pressure.

This business division is undergoing **another round of transformations**. We created a new range of products and services to further support our customers facing challenges of reducing operating costs and expanding their financial product offerings. We added important competencies to this vertical regarding treatment and management of the process chains, integrating **hyper-automation** tools in different fields such as fraud prevention, and curation.

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

Net revenue:

R\$ 45.8 MM -11.6%
2Q23 yoy

Gross contribution:

R\$ 12.0 MM -8.9%
Mg. 26.2% +0.8p.p.
2Q23 yoy

EBITDA

R\$ 3.2 MM -43.6%
Mg. 7.0% -4.0p.p.
2Q23 yoy

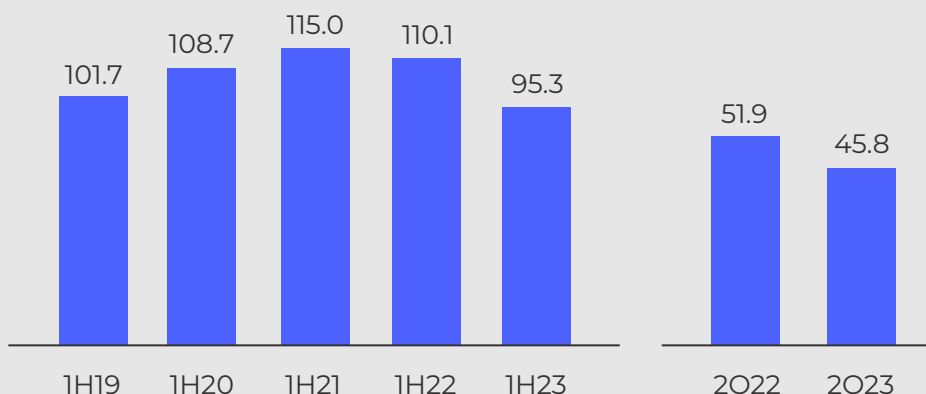
2.2 Financial performance

Net revenue: Net revenue reached R\$45.8 million in 2Q23 against R\$51.9 million in the same period of the previous year, in a R\$6.1 million reduction (-11.6% vs. 2Q22). In the first half, net revenue totaled R\$95.3 million compared to R\$110.1 million in 1H22, down by R\$14.8 million (-13.5% vs. 1H22). Amidst this first half of the year, which was very bouncy economically, we noticed a more a more conservative posture with some companies. This movement should be cooled down until the end of the year, when considering the recent lowering of inflation and interest rates in Brazil, but ended up affecting the financial performance of the first half of the year in this unit.

This effect arises from a deep digital transformation at the Company in this vertical, with increased operational volumes and quality in service delivery, however having lower prices and, consequently, at a lower cost to our customers. **We have prioritized high-density and complex operations**, thus penetrating our clients' business and leading to a gradual margin increase even amid lower revenue scenarios (as it can be seen in the financial results numbers in the upcoming items).

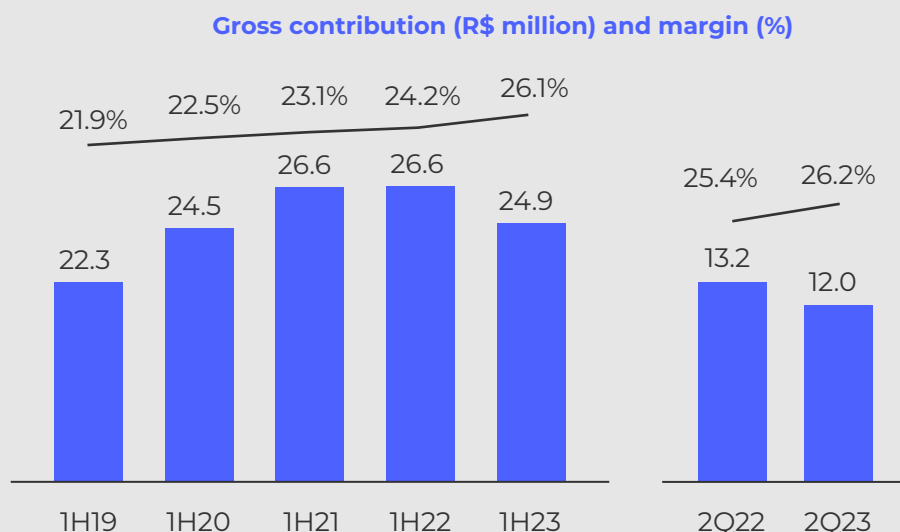
Concurrently, we launched a new product offering (HAS) that will create new expansion possibilities for this division, at the same time broadening even more our margin.

Net revenue (R\$ million)



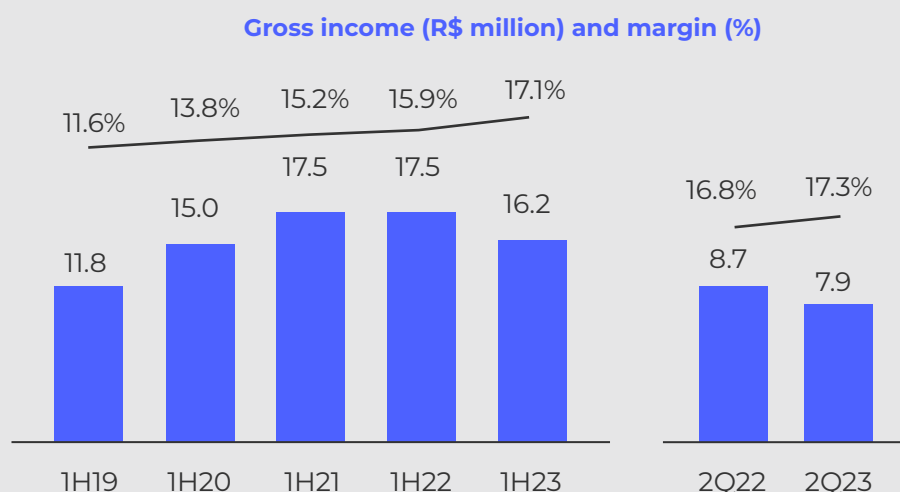
Costs (excluding depreciation and amortization): Net revenue reached R\$33.8 million in 2Q23 against R\$38.7 million in the same period of the previous year, a **R\$4.9 million expressive reduction (-12.6% vs. 2Q22)**. This follows the gradual change in the model mentioned above and brings efficiency gains to operations owing to more frequent self service solutions and automated mechanisms. These led to lower costs with personnel and facilities. At the end of the first quarter, costs totaled R\$70.4 million from R\$83.5 million in 1H22, down by R\$13.1 million (-15.7% vs. 1H22).

Gross contribution: Gross contribution reached R\$12.0 million with a margin of 26.2% in 2Q23 against R\$13.2 million and a margin of 25.4% in the same period of the previous year. In the first half, this metric reached R\$24.9 million with a margin of 26.1% compared to R\$26.6 million with a margin of 24.2% in 1H22. The margin expansion (+0.8 percentage point vs. 2Q22 and +1.9 percentage point vs. 1H22) reflects the efforts to digitalize our customer service operations, a movement that tends to become even stronger as the relevance of our activities within our customers (Middle Office - HAS), by creating an experience with less friction and greater value perceived by consumers.



Total costs, gross income and gross margin: Including costs-related depreciation and amortization, total costs amounted to R\$37.9 million in 2Q23 against R\$43.1 million in the same period of the previous year, down R\$5.2 million (-12.1% vs. 2Q22). At the end of the first half they reached R\$79.0 million against R\$92.6 million in the same period of the previous year, a R\$13.6 million reduction (-14.7% vs. 1H22).

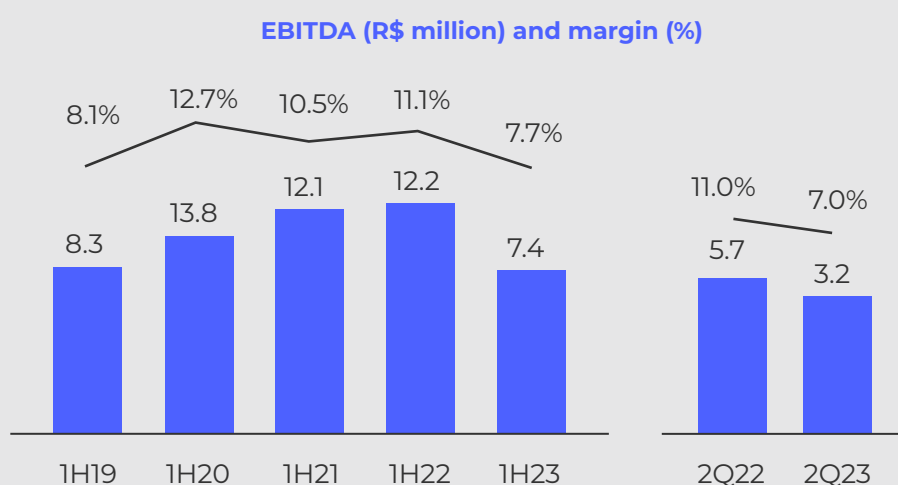
Thus, gross income reached R\$7.9 million in 2Q23, a decrease of R\$0.8 million (-9.3%) compared to 2Q22. **The margin evolved to 17.3%** in 2Q23 against 16.8% in the same period of the previous year (+0.5 percentage point). In the first half, it reached R\$16.2 million with a margin of 17.1% against R\$17.5 million with a margin of 15.9% in 1H23 (-7.3% and +1.2 percentage point vs. 1H22). 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.



EBITDA and EBITDA margin: EBITDA reached R\$3.2 million with a 7.0% margin in 2Q23 against R\$5.7 million and a 11.0% margin in the same period of the prior year, a reduction of R\$2.5 million for EBITDA and -4.0 percentage point for margin. EBITDA recorded in this business division **accounted for 7%** of the Company's total in **2Q23**.

EBITDA hit R\$7.4 million with a 7.7% margin, compared to R\$12.2 million and 11.1% in 1H22. It decreased by R\$4.8 million (-39.7% and -3.4 percentage points vs. 1H22, respectively).

These impacts are explained by higher one-time costs with employee termination in 2Q23 and which directly affect SG&A non-recurringly, in addition to the temporary impact of lower operating leverage until the digitalization process stabilizes and/or new products roll out (in course).



Main indicators (R\$ thousand)	2Q23	2Q22	% Var. YoY	1Q23	% Var. QoQ	1H23	1H22	% Var.
Net revenue	45,826	51,858	-11.6%	49,432	-7.3%	95,258	110,143	-13.5%
Costs (ex-deprec./amort)	(33,812)	(38,674)	-12.6%	(36,545)	-7.5%	(70,357)	(83,497)	-15.7%
Gross contribution	12,014	13,184	-8.9%	12,887	-6.8%	24,901	26,646	-6.5%
Contribution (%)	26.2%	25.4%	0.8 p.p.	26.1%	0.1 p.p.	26.1%	24.2%	1.9 p.p.
(-) Depreciation/ amortization	(4,100)	(4,463)	-8.1%	(4,555)	-10.0%	(8,655)	(9,128)	-5.2%
Gross profit	7,914	8,721	-9.3%	8,332	-5.0%	16,246	17,518	-7.3%
Gross margin	17.3%	16.8%	0.5 p.p.	16.9%	0.4 p.p.	17.1%	15.9%	1.2 p.p.
Expenses	(9,124)	(7,740)	17.9%	(9,107)	0.2%	(18,231)	(15,371)	18.6%
Other operational revenues/expenses	(153)	(294)	-48.0%	(247)	-38.1%	(400)	(447)	-10.5%
(+) Depr. and amort.	4,592	5,043	-8.9%	5,147	-10.8%	9,739	10,492	-7.2%
EBITDA	3,229	5,730	-43.6%	4,124	-21.7%	7,354	12,192	-39.7%
EBITDA margin	7.0%	11.0%	-4.0 p.p.	8.3%	-1.3 p.p.	7.7%	11.1%	-3.4 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 – New Market), IGC (Differentiated Corporate Governance Index) and ITAG (Differentiated Tag Along Stock Index).

Share capital: CSU Digital's share capital consists of 41.8 million common shares (ON). On 6.30.2023, 54.21% was held by the Controlling Shareholder, 1.35% was held in Treasury, 0.11% was held by the Managers and 44.33% were 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, the CSUD3 share was traded at R\$13.15, representing a market value of R\$542.2 million (**+35.9% vs. 1Q23**) against R\$399.1 million in 1Q23. The Small Cap index increased by +25.2% in the period. Until yesterday, 8.8.2023, CSU Digital shares continued to add value, raising the market capitalization to R\$602.3 million (**+50.9% vs. 1Q23**).

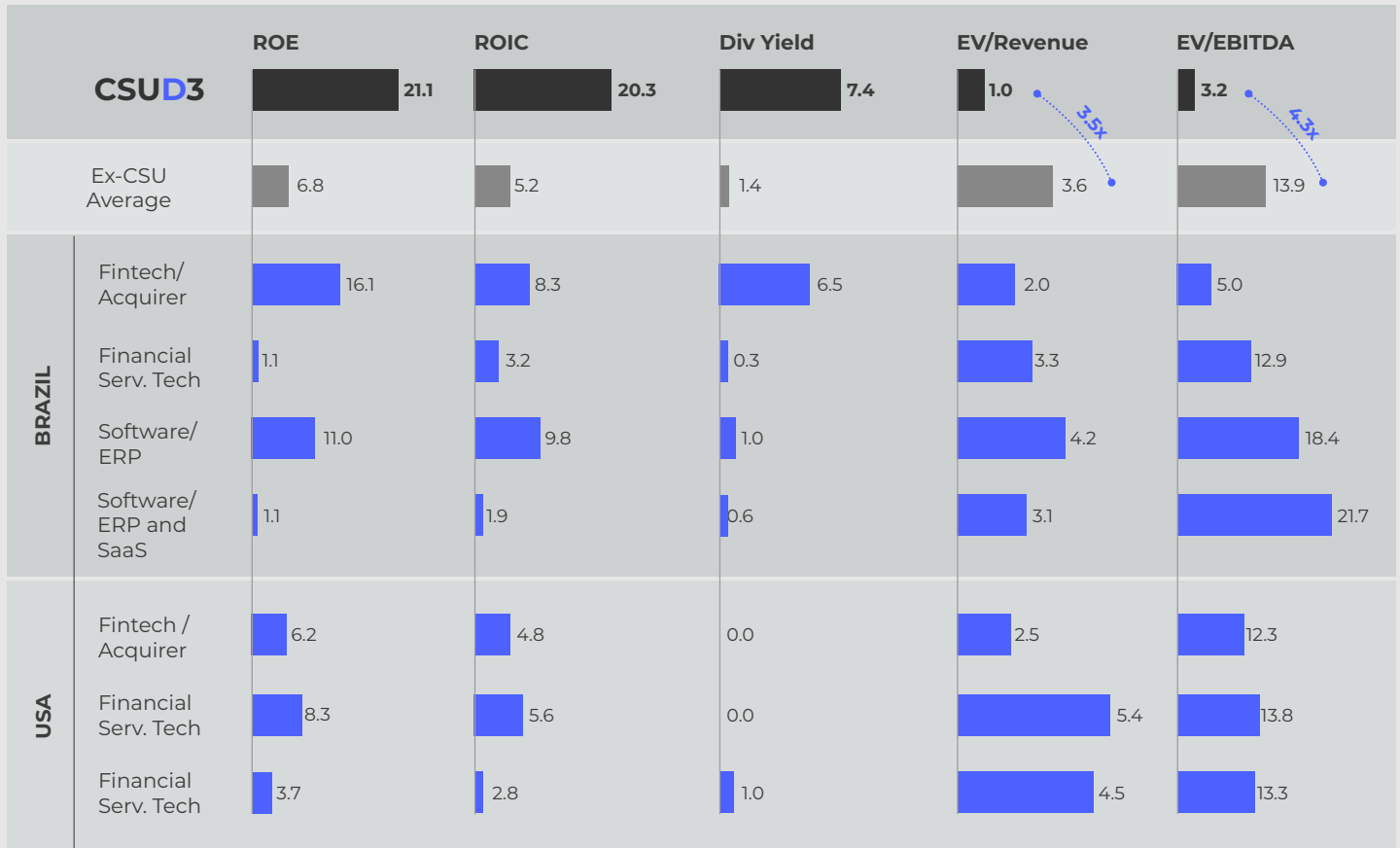
Number of shareholders: At the end of the quarter, the number of shareholders was 19.5 thousand (+4.8% vs. 1Q23) from 18.6 thousand at the end of 1Q23, a 0.9 thousand rise.

Average daily trading volume (ADTV): The average daily trading volume was R\$0.9 million in 2Q23 (-24.9% vs. 1Q23) compared to R\$1.2 million in 1Q23, down by R\$0.3 million.

Earnings distribution: Reflecting the managers' confidence in the upward evolution of results and in financial health of the Company, in June 2023 the Company announced the payment of interest on capital in the gross amount of R\$6.5 million (R\$0.158 per share) referring to 2Q23 - to be assigned to the mandatory minimum dividend for the 2023 fiscal year, "ad referendum" of the 2024 Annual General Meeting. Payment was made from July 7, 2023. Year to date, CSU already paid R\$49.3 million in dividends, of which R\$14.6 million refer to dividends of the year 2022, R\$22.2 million refer to the gross amount of IOC for the year 2022 and R\$12.5 million is the gross sum of IOC for the first two 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 has ROE of 21.1% (3.1x higher), ROIC of 20.3% (3.9x higher), dividend yield of 7.4% (5.3x higher). On the other hand, comparable players have an EV/Revenue multiple of 3.6x (3.5x higher than CSU) and EV/EBITDA of 13.9x (4.3x higher).



⁸ Reference dates: 6.30.2023; **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.

Events calendar

Find below the next Company's corporate events:

Event	Date
2Q23 Video Conference	08/10/2023
Quarterly Information (ITR) 3Q23	11/08/2023
3Q23 Video Conference	11/09/2023

Exhibits

1. Income statement

Statement of income (R\$ thousand)	2Q23	2Q22	% Var. YoY	1Q23	% Var. QoQ	1H23	1H22	% Var.
Gross revenue	147,298	148,296	-0.7%	151,186	-2.6%	298,484	297,132	0.5%
CSU Pays	97,266	91,682	6.1%	97,164	0.1%	194,430	176,888	9.9%
CSU DX	50,032	56,614	-11.6%	54,022	-7.4%	104,054	120,244	-13.5%
Deductions	(17,942)	(17,525)	2.4%	(18,344)	-2.2%	(36,286)	(34,782)	4.3%
CSU Pays	(13,736)	(12,769)	7.6%	(13,754)	-0.1%	(27,490)	(24,681)	11.4%
CSU DX	(4,206)	(4,756)	-11.6%	(4,590)	-8.4%	(8,796)	(10,101)	-12.9%
Net revenue	129,356	130,771	-1.1%	132,842	-2.6%	262,198	262,350	-0.1%
Recurring	128,128	128,416	-0.2%	131,946	-2.9%	260,074	258,754	0.5%
% Recurring revenue	99.1%	98.2%	0.9 p.p.	99.3%	-0.2 p.p.	99.2%	98.6%	0.6 p.p.
CSU Pays	83,530	78,913	5.9%	83,410	0.1%	166,940	152,207	9.7%
Digital	79,008	71,802	10.0%	77,815	1.5%	156,823	138,010	13.6%
Analog	4,522	7,111	-36.4%	5,595	-19.2%	10,117	14,197	-28.7%
CSU DX	45,826	51,858	-11.6%	49,432	-7.3%	95,258	110,143	-13.5%
Costs (ex-depreciation and amortization)	(64,197)	(69,126)	-7.1%	(67,734)	-5.2%	(131,931)	(142,193)	-7.2%
CSU Pays	(30,385)	(30,452)	-0.2%	(31,189)	-2.6%	(61,574)	(58,696)	4.9%
Personnel	(18,714)	(19,019)	-1.6%	(20,069)	-6.8%	(38,783)	(36,725)	5.6%
Materials	(3,244)	(3,190)	1.7%	(3,350)	-3.2%	(6,594)	(6,278)	5.0%
Mailings of letters and invoices	(1,386)	(3,074)	-54.9%	(1,480)	-6.4%	(2,866)	(6,375)	-55.0%
Communication	(718)	(618)	16.2%	(473)	51.8%	(1,191)	(1,215)	-2.0%
Occupation	(1,150)	(1,169)	-1.6%	(1,231)	-6.6%	(2,381)	(2,508)	-5.1%
Awards	(1,183)	(1,340)	-11.7%	(1,224)	-3.3%	(2,407)	(2,347)	2.6%
Others	(3,990)	(2,042)	95.4%	(3,362)	18.7%	(7,352)	(3,248)	126.4%
CSU DX	(33,812)	(38,674)	-12.6%	(36,545)	-7.5%	(70,357)	(83,497)	-15.7%
Personnel	(28,147)	(31,391)	-10.3%	(30,490)	-7.7%	(58,637)	(68,807)	-14.8%
Communication	(326)	(888)	-63.3%	(547)	-40.4%	(873)	(1,796)	-51.4%
Occupation	(2,870)	(3,535)	-18.8%	(2,849)	0.7%	(5,719)	(7,534)	-24.1%
Other	(2,469)	(2,860)	-13.7%	(2,659)	-7.1%	(5,128)	(5,360)	-4.3%
Gross contribution	65,159	61,645	5.7%	65,108	0.1%	130,267	120,157	8.4%
CSU Pays	53,145	48,461	9.7%	52,221	1.8%	105,366	93,511	12.7%
CSU DX	12,014	13,184	-8.9%	12,887	-6.8%	24,901	26,646	-6.5%
Contribution (%)	50.4%	47.1%	3.3 p.p.	49.0%	1.4 p.p.	49.7%	45.8%	3.9 p.p.
CSU Pays	63.6%	61.4%	2.2 p.p.	62.6%	1.0 p.p.	63.1%	61.4%	1.7 p.p.
CSU DX	26.2%	25.4%	0.8 p.p.	26.1%	0.1 p.p.	26.1%	24.2%	1.9 p.p.
Total Costs (add depreciation and amortization)	(78,713)	(82,451)	-4.5%	(82,432)	-4.5%	(161,145)	(168,821)	-4.5%
Gross profit	50,643	48,320	4.8%	50,410	0.5%	101,053	93,529	8.0%
CSU Pays	42,729	39,599	7.9%	42,078	1.5%	84,807	76,011	11.6%
CSU DX	7,914	8,721	-9.3%	8,332	-5.0%	16,246	17,518	-7.3%
Gross margin	39.2%	37.0%	2.2 p.p.	37.9%	1.3 p.p.	38.5%	35.7%	2.8 p.p.
CSU Pays	51.2%	50.2%	1.0 p.p.	50.4%	0.8 p.p.	50.8%	49.9%	0.9 p.p.
CSU DX	17.3%	16.8%	0.5 p.p.	16.9%	0.4 p.p.	17.1%	15.9%	1.2 p.p.
Expenses	(23,258)	(21,951)	6.0%	(22,976)	1.2%	(46,234)	(43,653)	5.9%
Selling, general & administrative (SG&A)	(23,957)	(20,967)	14.3%	(23,000)	4.2%	(46,957)	(42,697)	10.0%
Selling	(2,044)	(1,609)	27.0%	(2,238)	-8.7%	(4,282)	(2,613)	63.9%
General and administrative	(20,709)	(17,266)	19.9%	(19,361)	7.0%	(40,070)	(35,597)	12.6%
Depreciation and amortization	(1,204)	(2,092)	-42.4%	(1,401)	-14.1%	(2,605)	(4,487)	-41.9%
% Net revenue (SG&A)	18.5%	16.0%	2.5 p.p.	17.3%	1.2 p.p.	17.9%	16.3%	1.6 p.p.
Other operational revenue/expenses	699	(984)	-171.0%	24	2812.5%	723	(956)	-175.6%
Other operational revenue	1,102	200	451.0%	698	57.9%	1,800	462	289.6%
Other operational expenses	(403)	(1,184)	-66.0%	(674)	-40.2%	(1,077)	(1,418)	-24.0%
EBIT	27,385	26,369	3.9%	27,434	-0.2%	54,819	49,876	9.9%
(+) Depreciation and amortization	15,720	15,417	2.0%	16,099	-2.4%	31,819	31,115	2.3%
EBITDA	43,105	41,785	3.2%	43,534	-1.0%	86,639	80,990	7.0%
CSU Pays	39,876	36,055	10.6%	39,409	1.2%	79,285	68,798	15.2%
CSU DX	3,229	5,730	-43.6%	4,125	-21.7%	7,354	12,192	-39.7%
EBITDA margin	33.3%	32.0%	1.3 p.p.	32.8%	0.5 p.p.	33.0%	30.9%	2.1 p.p.
CSU Pays	47.7%	45.7%	2.0 p.p.	47.2%	0.5 p.p.	47.5%	45.2%	2.3 p.p.
CSU DX	7.0%	11.0%	-4.0 p.p.	8.3%	-1.3 p.p.	7.7%	11.1%	-3.4 p.p.
Financial result	673	(990)	-	(147)	-	526	(2,954)	-
Financial revenue	3,459	1,798	92.4%	3,377	2.4%	6,836	3,290	107.8%
Financial expenses	(2,786)	(2,788)	-0.1%	(3,524)	-20.9%	(6,310)	(6,244)	1.1%
EBT	28,058	25,379	10.6%	27,287	2.8%	55,345	46,922	18.0%
Taxes	(7,572)	(7,694)	-1.6%	(7,087)	6.8%	(14,659)	(13,781)	6.4%
Current	(6,042)	(7,454)	-18.9%	(7,410)	-18.5%	(13,452)	(14,592)	-7.8%
Deferred	(1,530)	(240)	537.5%	323	-	(1,207)	811	-
Net income	20,486	17,685	15.8%	20,201	1.4%	40,686	33,141	22.8%
Net margin	15.8%	13.5%	2.3 p.p.	15.2%	0.6 p.p.	15.5%	12.6%	2.9 p.p.

2. Statement of financial position

Balance sheet - Asset (R\$ thousand)					
Asset	06/30/2023	03/31/2023	06/30/2023 vs. 03/31/2023	06/30/2022	06/30/2023 vs. 06/30/2022
Total assets	597,810	614,333	-2.7%	577,504	3.5%
Current assets	157,508	174,752	-9.9%	166,070	-5.2%
Cash and cash equivalents	67,044	80,397	-16.6%	76,328	-12.2%
Accounts receivable from customers	70,548	72,935	-3.3%	73,243	-3.7%
Inventories	2,923	2,662	9.8%	2,870	1.8%
Tax recoverable	7,124	6,724	5.9%	3,850	85.0%
Other assets	9,869	12,034	-18.0%	9,779	0.9%
Non-current assets	440,302	439,581	0.2%	411,434	7.0%
Long-term receivables	9,498	12,761	-25.6%	12,395	-23.4%
Accounts receivable	-	-	n.a	-	n.a
Tax recoverable	3,302	4,598	-28.2%	3,937	-16.1%
Other assets	6,196	8,163	-24.1%	8,458	-26.7%
Investments	32,374	31,097	4.1%	25,946	24.8%
Property, plant and equipment	15,899	14,286	11.3%	16,648	-4.5%
Intangible assets	303,860	294,830	3.1%	273,463	11.1%
Computerized systems	277,965	268,935	3.4%	247,568	12.3%
Goodwill (indefinite useful life)	25,895	25,895	0.0%	25,895	0.0%
Right-of-use assets	78,671	86,607	-9.2%	82,982	-5.2%

Balance sheet - Liability and equity (R\$ thousand)					
Liability & equity	06/30/2023	03/31/2023	06/30/2023 vs. 03/31/2023	06/30/2022	06/30/2023 vs. 06/30/2022
Liabilities + shareholder's equity	597,810	614,333	-2.7%	577,504	3.5%
Current liabilities	133,033	143,415	-7.2%	148,239	-10.3%
Social and labor obligations	50,092	51,568	-2.9%	53,249	-5.9%
Social charges	7,946	6,566	21.0%	8,051	-1.3%
Labor liabilities	42,146	45,002	-6.3%	45,198	-6.8%
Trade payables	30,247	33,577	-9.9%	33,888	-10.7%
Taxes to be collected	5,482	5,611	-2.3%	5,895	-7.0%
Federal taxes payable	3,389	3,475	-2.5%	4,090	-17.1%
State taxes payable	-	3	n.a	12	n.a
Municipal taxes payable	2,093	2,133	-1.9%	1,793	16.7%
Loans, financings and leasing liabilities	34,043	39,171	-13.1%	39,088	-12.9%
Loans and financings	6,090	7,880	-22.7%	12,254	-50.3%
Lease liabilities	27,953	31,291	-10.7%	26,834	4.2%
Other liabilities	13,169	13,488	-2.4%	16,119	-18.3%
Non-current liabilities	68,960	74,653	-7.6%	78,568	-12.2%
Loans, financings and leasing liabilities	49,415	54,974	-10.1%	58,321	-15.3%
Loans and financings	4,222	5,492	-23.1%	10,452	-59.6%
Lease liabilities	45,193	49,482	-8.7%	47,869	-5.6%
Others	206	205	0.5%	903	n.a
Deferred income taxes and social contribution	10,685	9,155	16.7%	9,356	14.2%
Legal liabilities	8,654	10,319	-16.1%	9,988	-13.4%
Tax	5,119	5,059	1.2%	3,721	37.6%
Labor	2,720	2,678	1.6%	4,554	-40.3%
Civil	815	2,582	-68.4%	1,713	-52.4%
Shareholders' equity	395,817	396,265	-0.1%	350,697	12.9%
Share capital	229,232	169,232	35.5%	169,232	35.5%
Capital reserves	2,774	2,620	5.9%	2,086	33.0%
Profit reserves	135,625	224,413	-39.6%	155,441	-12.7%
Legal reserve	25,479	21,801	16.9%	18,122	40.6%
Retained profits reserve	113,210	205,676	-45.0%	140,380	-19.4%
Treasury shares	- 3,064	- 3,064	0.0%	- 3,061	0.1%
Retained earnings	28,186	-	n.a	23,938	17.7%

3. Cash flow statement

Statement of cash flows (R\$ thousand)								
Description	2Q23	1Q23	2Q23 vs. 1Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Cash from operating activities	37,214	36,737	1.3%	35,024	6.3%	73,952	70,301	5.2%
Profit for the period	20,485	20,201	1.4%	17,685	15.8%	40,686	33,142	22.8%
Adjustments	21,327	20,483	4.1%	19,838	7.5%	41,811	38,212	9.4%
Depreciation and amortization	15,720	16,099	-2.4%	15,390	2.1%	31,819	31,115	2.3%
Asset disposals gain/losses	107	190	-43.9%	219	-51.4%	296	219	35.3%
Share-based payments	154	218	-29.4%	246	-37.4%	372	125	197.6%
Provision for impairment of trade receivables	815	111	634.6%	469	73.9%	926	156	493.8%
Deferred income tax and social contribution	1,530	(323)	n.a.	240	537.3%	1,207	(812)	n.a.
Provision for legal liabilities	500	922	-45.8%	273	83.1%	1,422	1,006	41.3%
Interest, indexation and exchange gain/losses on loans, legal liabilities and escrow deposits	2,502	3,266	-23.4%	3,001	-16.6%	5,768	6,403	-9.9%
Changes in assets and liabilities	2,108	2,806	-24.9%	5,055	-58.3%	4,914	13,506	-63.6%
Trade receivables from customers	1,572	3,266	-51.9%	(1,059)	n.a.	4,838	(5,797)	n.a.
Inventories	(261)	926	n.a.	(258)	1.2%	665	101	558.3%
Escrow deposits	1,594	300	431.5%	(505)	n.a.	1,894	137	1282.4%
Other assets	3,436	(2,835)	n.a.	(2,307)	n.a.	601	(1,220)	n.a.
Trade payables	(3,333)	(5,178)	-35.6%	68	n.a.	(8,511)	1,170	n.a.
Social security and labor obligations	(1,476)	2,279	n.a.	653	n.a.	803	5,283	-84.8%
Legal liabilities	(2,191)	(1,243)	76.3%	(365)	500.2%	(3,433)	(538)	538.2%
Other liabilities	2,767	5,291	-47.7%	8,828	-68.7%	8,058	14,370	-43.9%
Other	(6,706)	(6,753)	-0.7%	(7,554)	-11.2%	(13,459)	(14,559)	-7.6%
Interest paid	(2,258)	(2,500)	-9.7%	(2,102)	7.4%	(4,758)	(4,112)	15.7%
Income tax and social contribution paid	(4,448)	(4,253)	4.6%	(5,452)	-18.4%	(8,701)	(10,447)	-16.7%
Net cash used in investing activities	(19,033)	(12,491)	52.4%	(13,779)	38.1%	(31,524)	(25,840)	22.0%
Acquisition of property and equipment	(2,765)	(361)	665.9%	(968)	185.6%	(3,126)	(1,603)	95.0%
Additions to intangible assets	(14,991)	(12,130)	23.6%	(12,811)	17.0%	(27,121)	(24,237)	11.9%
Investments	(1,277)	-	n.a.	-	n.a.	(1,277)	-	n.a.
Net cash used in financing activities	(31,534)	(30,304)	4.1%	(27,592)	14.3%	(61,839)	(51,423)	20.3%
Receipts from loans and financing	-	-	n.a.	(985)	n.a.	-	(1)	n.a.
Amortization of loans and financing	(3,005)	(2,968)	1.2%	(1,991)	50.9%	(5,973)	(8,423)	-29.1%
Amortization of lease liabilities	(8,382)	(8,145)	2.9%	(7,806)	7.4%	(16,528)	(13,475)	22.7%
Dividends paid	(20,147)	(19,191)	5.0%	(16,810)	19.9%	(39,338)	(29,524)	33.2%
Increase (decrease) in cash and cash equivalents	(13,353)	(6,058)	120.4%	-	n.a.	(19,411)	(6,962)	178.8%
Cash and cash equivalents at the beginning of the period	80,397	86,455	-7.0%	82,677	-2.8%	86,455	83,292	3.8%
Cash and cash equivalents at the end of the period	67,044	80,397	-16.6%	76,330	-12.2%	67,044	76,330	-12.2%

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)	2Q23	2Q22	1Q23	1H23	1H22 Recl.	1H22
Net revenue	129,356	130,771	132,842	262,198	262,350	262,350
CSU Pays	83,530	78,913	83,410	166,940	152,207	143,987
CSU DX	45,826	51,858	49,432	95,258	110,143	118,363
Gross profit	50,643	48,320	50,410	101,053	93,529	93,529
CSU Pays	42,729	39,599	42,078	84,807	76,011	74,455
CSU DX	7,914	8,721	8,332	16,246	17,518	19,074
Gross margin	39.2%	37.0%	37.9%	38.5%	35.7%	35.7%
CSU Pays	51.2%	50.2%	50.4%	50.8%	49.9%	51.7%
CSU DX	17.3%	16.8%	16.9%	17.1%	15.9%	16.1%
EBITDA	43,105	41,785	43,534	86,639	80,990	80,990
CSU Pays	39,876	36,055	39,409	79,285	68,798	67,241
CSU DX	3,229	5,730	4,125	7,354	12,192	13,749
EBITDA margin	33.3%	32.0%	32.8%	33.0%	30.9%	30.9%
CSU Pays	47.7%	45.7%	47.2%	47.5%	45.2%	46.7%
CSU DX	7.0%	11.0%	8.3%	7.7%	11.1%	11.6%
Net income	20,486	17,685	20,201	40,686	33,141	33,141
Net margin	15.8%	13.5%	15.2%	15.5%	12.6%	12.6%

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)	2Q23	2Q22	% Var. YoY	1Q23	% Var. QoQ	1H23	1H22	% Var.
Gross profit	50,643	48,320	4.8%	50,410	0.5%	101,053	93,529	8.0%
CSU Pays	42,729	39,599	7.9%	42,079	1.5%	84,807	76,011	11.6%
CSU DX	7,914	8,721	-9.3%	8,331	-5.0%	16,246	17,518	-7.3%
(+) Depr. and amort. (costs)	14,516	13,325	8.9%	14,698	-1.2%	29,214	26,628	9.7%
CSU Pays	10,416	8,862	17.5%	10,143	2.7%	20,559	17,500	17.5%
CSU DX	4,100	4,463	-8.1%	4,555	-10.0%	8,655	9,128	-5.2%
Gross contribution	65,159	61,645	5.7%	65,108	0.1%	130,267	120,157	8.4%
CSU Pays	53,145	48,461	9.7%	52,221	1.8%	105,366	93,511	12.7%
CSU DX	12,014	13,184	-8.9%	12,887	-6.8%	24,901	26,646	-6.5%
Contribution (%)	50.4%	47.1%	3.3 p.p.	49.0%	1.4 p.p.	49.7%	45.8%	3.9 p.p.
CSU Pays	63.6%	61.4%	2.2 p.p.	62.6%	1.0 p.p.	63.1%	61.4%	1.7 p.p.
CSU DX	26.2%	25.4%	0.8 p.p.	26.1%	0.1 p.p.	26.1%	24.2%	1.9 p.p.

ALPHAVIEW | BARUERI

Rua Piauí, 136 Barueri
São Paulo | 06440-182

FARIA LIMA | SÃO PAULO

Av. Brigadeiro Faria Lima, 1306
São Paulo, SP | 01451-914

BELO HORIZONTE

Praça Hugo Werneck, 253
Belo Horizonte, MG | 30150-300

RECIFE

Av. Conde da Boa Vista, 150
Recife, PE | 50060-004

ESTADOS UNIDOS

111 Brickell Avenue, suite 2804
Miami, FL | 33131