



# Nu Holdings Ltd. Reports Second Quarter 2023 Financial Results

**São Paulo, Brazil, 15<sup>th</sup> August 2023** - Nu Holdings Ltd. (NYSE: NU), (“Nu” or the “Company”), one of the world’s largest digital financial services platforms, released today its Second Quarter 2023 financial results. Financial results are expressed in U.S. dollars and are presented in accordance with International Financial Reporting Standards (IFRS). The full earnings release has been made available on the Company’s Investor Relations website at [www.investors.nu](http://www.investors.nu), as well as the details of the Earnings Conference Call Nu will hold today at 6:00pm Eastern time/7:00pm Brasília time.

*"This quarter, Nu continued to expand its customer base, engagement, and monetization, increasing ARPAC above \$9 for the first time, while keeping cost to serve stable below the dollar level. This combination led to revenue growing 5x in the last two years to a record of \$1.9 billion, and net income reaching \$225 million, over 50% higher than the last quarter, which reinforces Nu's strong operational leverage and earning-generating power. We continue to showcase leading indicators in the region for operating efficiency, and solidity. In Brazil, our growth trajectory continues, as one in every two adults is a Nu customer, and we have become the fourth largest financial institution in the country in number of customers", said David Vélez, founder and CEO of Nubank.*

## Q2'23 Results Snapshot

Below are the Q2'23 performance highlights of Nu Holdings Ltd.:

### Operating Highlights:

- **Customer growth:** Nu added 4.6 million customers in Q2'23 and 18.4 million year-over-year (YoY), reaching a total of 83.7 million customers globally by June 30th, 2023. This represents a 28% growth YoY, which underscores Nu's position as one of the largest and fastest-growing digital financial services platforms worldwide and the fifth-largest financial institution in Latin America by number of customers. In Brazil, Nu's customer base reached 79.4 million by June 30th, 2023, accounting for 49% of the country's adult population and becoming the fourth-largest financial institution by number of customers, according to Brazilian Central Bank data. In [July 2023](#), after the closing of Q2'23, Nu surpassed the mark of 85 million customers globally and 80 million in Brazil.
- **Engagement and activity rates:** Monthly Average Revenue per Active Customer (ARPAC) reached \$9.3, surpassing for the first time the \$9 mark and expanding 18% YoY on FX neutral basis (FXN)<sup>1</sup> - with more mature cohorts already above \$24. Engagement and principalality also continued to increase, with Nu becoming the primary banking relationship for over 58% of the monthly active customers that have been with Nu for over a year, and activity rate<sup>2</sup> hitting 82.2%, from 80.2% a year ago. The compound effect resulting from the expansion of the customer base and heightened engagement, coupled with the advancing in cross-selling and upselling capabilities, has enabled the company to achieve yet another quarter of strong revenue growth, which underscores its ability to effectively monetize its expanding customer base.

- **Low-cost operating platform:** While ARPAC keeps expanding quarter over quarter, Monthly Average Cost to Serve Per Active Customer remained virtually unchanged and below the dollar level at \$0.8. The company's efficiency ratio, which reflects Nu's operating leverage, achieved 35.4%, strengthening Nu's position as one of the most efficient companies in Latin America.
- **Asset Quality:** Nu's 15-90 NPL ratio hit 4.3%, decreasing 10 basis points from Q1'23, in line with expectations and partly related to the improvement of personal loan portfolio cohorts. The 90+ NPL ratio increased to 5.9% given the expected stacking behavior of the early delinquency buckets from previous periods. Much like in other quarters, Nu continued to outperform the industry on a like-for-like basis, across different income bands, and with an even more pronounced comparative advantage for the lower income bands.

#### Financial Highlights:

- **Net & Adjusted Income:** At a Holding level, Nu continued to drive increased profitability and posted a Net Income of \$224.9 million, compared to a \$29.9 million Loss in Q2'22. Adjusted Net Income<sup>3</sup>, reached \$262.7 million with an adjusted ROE of 19%, compared to an Adjusted Net Income of \$17.0 million in Q2'22.
- **Revenue:** Nu posted \$1.9 billion in revenues, a new all-time record high, which represents a 60% increase from Q2'22 on a FX-neutral basis and a 5x increase in only two years FXN. This comes as a result of the compounding effect of customer growth and higher levels of customer monetization in Brazil.
- **Gross Profit:** Nu's Q2'23 gross profit expanded to \$782 million, with a 113% increase YoY FX neutral. Gross profit margin expanded to 42% from 31% in Q2'22.
- **Capital:** Nu strengthened its position as one of the best-capitalized players in the region with a Basel Index in Brazil of 20.2%, almost doubling the minimum required of 10.5%. In addition, Nu Holdings has \$2.4 billion in excess cash.
- **Liquidity:** On June 30th, 2023, Nu had an interest-earning portfolio (IEP) of \$6.3 billion, while total deposits were three times this amount at \$18.0 billion. Nu continues optimizing the use of deposits quarter after quarter, as reflected in its 35% loan-to-deposit ratio.

#### Business highlights:

- **Performance and Growth in Brazil:** Nu's growth trajectory continues with around 1.5 million new customers per month. Nu has already become best-in-class in terms of efficiency ratio in the country, as revenues continue to grow while costs remain under control, demonstrating massive operating leverage and likely securing the position of the lowest-cost manufacturer in Brazil. Recent launches on Secured Loans, such as Payroll Loans for Federal Public Servants or FGTS-backed loans which the company began testing a few weeks ago, will enable Nu to become the primary banking relationship of an even larger base of customers, fueling engagement and monetization even further.
- **International Expansion:** In Mexico, Nu's customer base grew 33% YoY to 3.6 million, and in Colombia to around 700,000 customers, which represents a 133% increase YoY. The growth trajectory in both countries will likely accelerate with the launch of the digital savings account product in the local markets. In Mexico, just one month after its public launch, Cuenta Nu crossed the 1 million customers milestone.
- **Multi-Product Platform:** Nu keeps expanding its products portfolio with credit cards, NuAccounts, and personal loans reaching approximately 37 million, 60 million, and 7 million active customers, respectively. Insurance reached over 1 million active policies while NuInvest

reached over 10 million active customers, likely maintaining its positioning as the largest digital investments platform in Latin America. NuCripto reached 1.3 million active customers, and the base of SMEs customers expanded 55% YoY to 3.1 million.

#### Footnotes

<sup>1</sup> FX neutral measures were calculated to present what such measures in preceding periods/years would have been had exchange rates remained stable from these preceding periods/years until the date of the Company's more recent financial information.

<sup>2</sup> Activity rate is defined as monthly active customers divided by the total number of customers as of a specific date.

<sup>3</sup> Adjusted Net Income is a non-IFRS measure calculated using Net Income adjusted for expenses related to Nu's share-based compensation as well as the hedge accounting and tax effects related to these items, among others. For more information, please see "Non-IFRS Financial Measures and Reconciliations – Adjusted Net Income Reconciliation".

#### CONFERENCE EARNINGS CALL DETAILS

Nu will hold a Conference Earnings Call today at 6:00pm Eastern time/7:00pm Brasília time with simultaneous translation in Portuguese and English.

To pre-register for this call, please [click here](#).

A replay of the webcast will be made available after the call on the Investor Relations page: [click here](#).

#### Note on forward-looking statements and non-IFRS financial measures

This release speaks at the date hereof and the Company is under no obligation to update or keep current the information contained in this presentation. Any information expressed herein is subject to change without notice. Any market or other third-party data included in this presentation has been obtained by the Company from third-party sources. While the Company has compiled and extracted the market data, it can provide no assurances of the accuracy and completeness of such information and takes no responsibility for such data.

This release contains forward-looking statements. All statements other than statements of historical fact contained in this presentation may be forward-looking statements and include, but are not limited to, statements regarding the Company's intent, belief or current expectations. These forward-looking statements are subject to risks and uncertainties, and may include, among others, financial forecasts and estimates based on assumptions or statements regarding plans, objectives and expectations. Although the Company believes that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including those risks and uncertainties included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the prospectus dated December 8, 2021 filed with the Securities and Exchange Commission pursuant to Rule 424(b) under the Securities Act of 1933, as amended, and in the Annual Report on Form 20-F for the year ended December 31, 2022, which was filed with the Securities and Exchange Commission on April 20, 2023 and the Reference Form filed with the Brazilian Securities and Exchange Commission on May 29, 2023. The Company, its advisers and each of their respective directors, officers and employees disclaim any obligation to update the Company's view of such risks and uncertainties or to publicly announce the result of any revision to the forward-looking statements made herein, except where it would be required to do so under applicable law. The forward-looking statements can be identified, in certain cases, through the use of words such as "believe," "may," "might," "can," "could," "is designed to," "will," "aim," "estimate," "continue," "anticipate," "intend," "expect," "forecast," "plan," "predict," "potential," "aspiration," "should," "purpose," "belief," and similar, or variations of, or the negative of such words and expressions.

The financial information in this document includes forecasts, projections and other predictive statements that represent the Company's assumptions and expectations in light of currently available information. These forecasts, projections and other predictive statements are based on the Company's expectations and are subject to variables

and uncertainties. The Company's actual performance results may differ. Consequently, no guarantee is presented or implied as to the accuracy of specific forecasts, projections or predictive statements contained herein, and undue reliance should not be placed on the forward-looking statements in this presentation, which are inherently uncertain.

In addition to IFRS financials, this presentation includes certain summarized, non-audited or non-IFRS financial information. These summarized, non-audited or non-IFRS financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with IFRS. References in this presentation to "R\$" refer to the Brazilian Real, the official currency of Brazil.

### **About Nu**

Nu is one of the world's largest digital financial services platforms, serving around 85 million customers across Brazil, Mexico and Colombia. As one of the leading technology companies in the world, Nu leverages proprietary technologies and innovative business practices to create new financial solutions and experiences for individuals and SMEs that are simple, intuitive, convenient, low-cost, empowering and human. Guided by a mission to fight complexity and empower people, Nu is fostering the access to financial services across Latin America, connecting profit and purpose to create value for its stakeholders and have a positive impact on the communities it serves. For more information, please visit [www.nubank.com.br](http://www.nubank.com.br)

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