

Webcast Presentation 4Q23

Feb 28, 2024





Forward-looking statements; Non-GAAP financial measures

Forward-looking statements

This presentation, prepared by PagSeguro Digital Ltd (“we” or the “Company”), is solely for informational purposes. The information in this presentation does not constitute or form part of, and should not be construed as, an offer or invitation to subscribe for, underwrite or otherwise acquire, any securities of the Company or any subsidiary or affiliate of the Company, nor should it or any part of it form the basis of, or be relied on in connection with any contract to purchase or subscribe for any securities of the Company or any of its subsidiaries or affiliates nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

This presentation may contain forward-looking statements relating to matters such as continued growth prospects for the Company, industry trends and product and technology initiatives.

These statements are based on currently available information and our current assumptions, expectations and projections about future events. While we believe that our assumptions, expectations and projections are reasonable in view of currently available information, you are cautioned not to place undue reliance on these forward-looking statements.

Our actual results may differ materially from those included in this presentation, for a variety of reasons, including those described in the forward-looking statements and risk factor sections of our most recent Annual Report on Form 20-F (File No. 001-38353) and other filings with the Securities and Exchange Commission (the “SEC”), which are available on our investor relations website (<http://investors.pagbank.com>) and on the SEC’s website (<https://www.sec.gov>).

All the information included in this presentation is updated as of **December 31, 2023**. Except as may be required by applicable law, we assume no obligation to publicly update or revise our statements.

Non-GAAP financial measures

This presentation includes the following financial measures defined as “non-GAAP financial measures” by the SEC: non-GAAP Net Income, non-GAAP Total Costs and Expenses, non-GAAP Administrative Expenses, non-GAAP Net Margin and Adjusted EBITDA. We present non-GAAP measures when we believe that the additional information is useful and meaningful to investors. These non-GAAP measures are provided to enhance investors’ overall understanding of our current financial performance and our prospects for the future. Specifically, we believe the non-GAAP measures provide useful information to both management and investors by excluding certain expenses, gains and losses, as the case may be, that may not be indicative of our core operating results and business outlook.

For an explanation of the foregoing non-GAAP measures, please see “Appendix” included in this presentation. These measures may be different from non-GAAP financial measures used by other companies. The presentation of this non-GAAP financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with IFRS. These measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP measures.

For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see “Appendix”.



In 2023, PAGS posted the largest net income in the history

Business Highlights

PagBank Clients

Million

31M

+12% y/y

Cash-in¹

R\$ Billion

R\$ 217B

+59% y/y

Financial Transactions

R\$ Billion

R\$ 950B

+30% y/y

Total Deposits

R\$ Billion

R\$ 28B

+33% y/y

Total Payment Volume

R\$ Billion

R\$ 394B

+11% y/y

Secured Credit Products

% Outstanding Credit Portfolio

66%

+25 p.p. y/y

Shareholders' Return

Earnings per Share (EPS)

Diluted | GAAP

R\$ 5.10

+12% y/y

Net Income

Non-GAAP | R\$ Billion

R\$ 1.8B

+11% y/y

Shares Buyback

R\$ Million

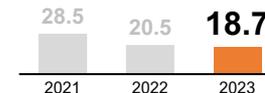
R\$ 399M

+37% y/y

Value-added to Society

Sustainalytics

Morningstar ESG Rating



Cyber Risk Score

ISS ESG Rating



CDP

Climate Change Impact



1. Cash-in: PIX P2P and wire transfers sent to PagBank from other financial institutions.



4Q23 Highlights

Revenue growth with all-time high net income

- EPS¹ (GAAP): **R\$ 1.53**, +24% y/y
- Net Income (Non-GAAP): **R\$ 520M**, +27% y/y
- Total Revenue and Income: **R\$ 4.3B**, +10% y/y

Solid cash position with disciplined capital allocation, supporting organic growth

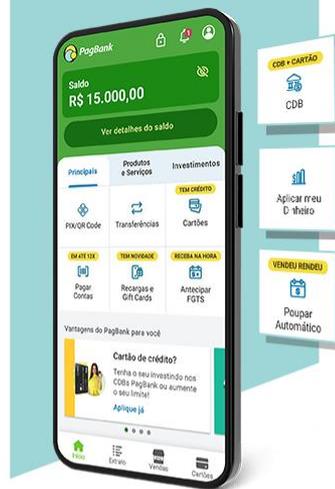
- Net Cash Balance: **R\$11.2B**, +13% y/y
- Cash and Financial Investments: **R\$6.2B**, +112% y/y
- Cash Earnings²: **R\$454M**, +11% y/y

Payments: TPV growth accelerating in all merchants' segments

- TPV: **R\$113.7B**, +21% y/y
- TPV per Merchant: **R\$17.2K**, +32% y/y
- SMB TPV: **+31% y/y**

Financial Services: Client engagement led strong cash-in and deposits growth

- Cash-in³: **R\$66.3B**, +48% y/y
- Cash-in per Active Client: **R\$4.0K**, +43% y/y
- Total Deposits: **R\$27.6B**, +33% y/y



1. EPS: Diluted Earnings per Share. Net Income (GAAP): **R\$ 488M**; Weighted average number of common shares for diluted EPS: **319,083,950**;
2. Cash Earnings: Adj. EBITDA – CapEx;
3. Cash-in: PIX P2P and wire transfers sent to PagBank from other financial institutions.





Payments

Our value proposition in Payments has unlocked new addressable markets...

...beyond micro-merchants

TPV from SMBs

+31% y/y in 4Q23

TPV from Large Accounts

+11% y/y in 4Q23

Go-to-Market Strategy

Merchant's activation, healthy cohorts,
and **cross-selling** rather than
merchants' net adds

HUBs Strategy

Strengthening our salesforce
since Sep-23

...beyond point-of-sales



MolP integration concluded
ramping up **online payments**



Cross-border Payments
via **PagSeguro International**



Tap on Phone
enabling additional features



Facial Authentication
for online payments via link

...with better SLAs



Contact Rate

-48% vs. 2020



Average Service Time¹

-32% vs. 2020



Avg Time for POS Delivery

-58% vs. 2020



Avg Time for POS Replacement

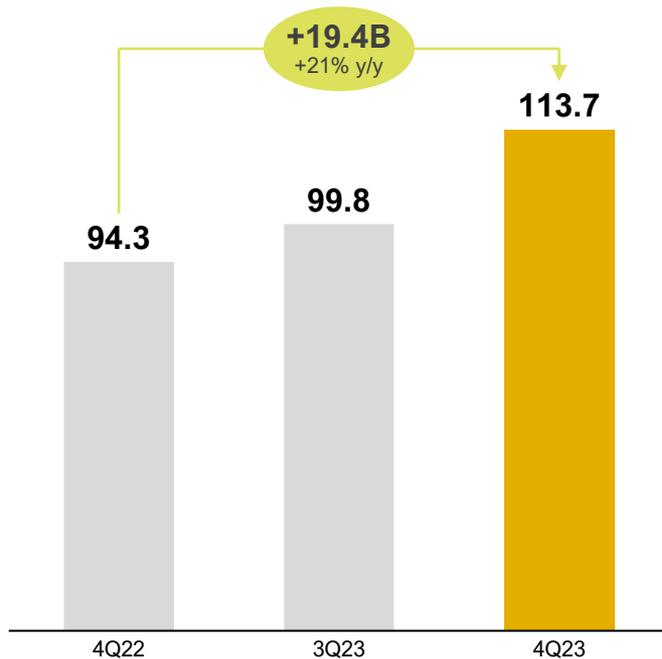
-31% vs. 2020



TPV growth acceleration driven by all merchants' segments

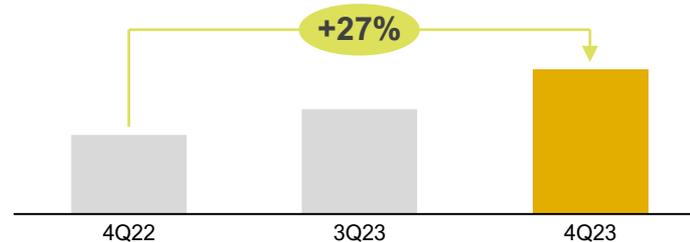
Total Payment Volume

R\$ Billion



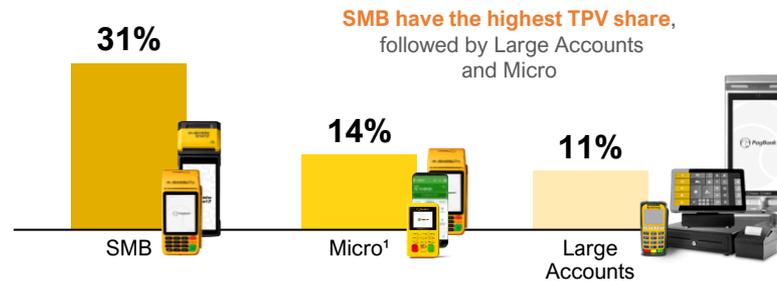
MSMB TPV

Ex-Large Accounts



4Q23 TPV growth by segment

y/y growth



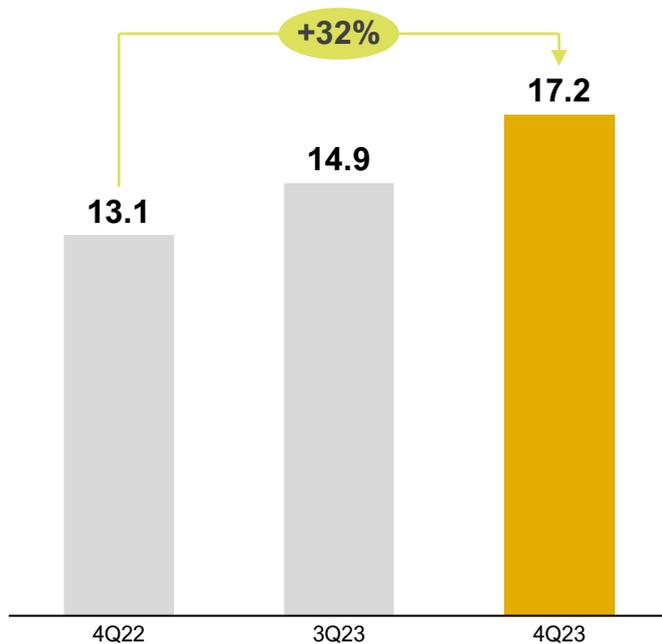
1. Micro: includes micro and nano-merchants.



TPV per Merchant +32% y/y; Active Merchants (ex-nano): +3% y/y

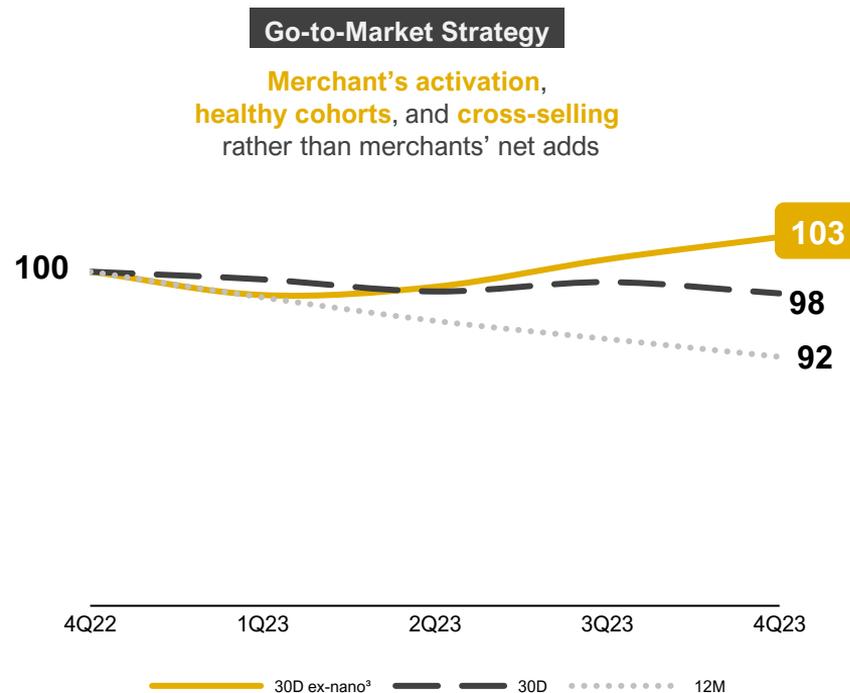
TPV per Merchant¹

R\$ Thousand



Active Merchants² breakdown

Indexed to 100



1. **TPV per Merchant:** TPV / average quarterly Active Merchants;

2. **Active Merchants:** at least one transaction done in the past 12 months;

3. **Nano-merchants:** Active Merchants with TPV per merchant up to R\$ 1,000 per month and accounted for only 1.3% of TPV in 4Q23.





Financial Services

Seamless experience, high-rated apps (>4.8 stars), combining payments, value-added services and banking through multiple interfaces...

4.9 ★  Download on the App Store
4.8 ★  GET IT ON Google Play

...for all merchants' segments



- **Bank account** for companies with multiple users
- Comprehensive **internet banking** interface
- **Automatic settlement** from other acquirers into PagBank account
- Embedded proprietary softwares: **Concil** and **PagVendas (ERP)**
- **Payroll management platform** up to 2,000 employees
- **Collection Platform** gathering cards, *boletos* and PIX
- **High yield savings account**¹ to all merchants

...for consumers



- **Credit Cards** with limit based on investments
- **Payroll loans** for public-sector employees and retirees
- **Advance FGTS anniversary withdrawals** for formal workers
- **Investments platform:** stock trading, t-bonds, fixed income and funds
- **Insurance products:** PIX, cards, life, home, health assistance
- **Salary portability to PagBank**
- **High yield savings account**¹ to all clients

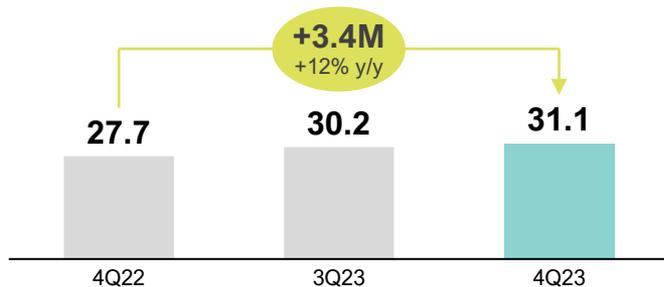
1. **High Yield Savings Account:** investment option which provides immediate liquidity and yield of 100% of the CDI.



Strong client engagement: R\$66B Cash-in; Avg. Cash-In/Client: +43% y/y

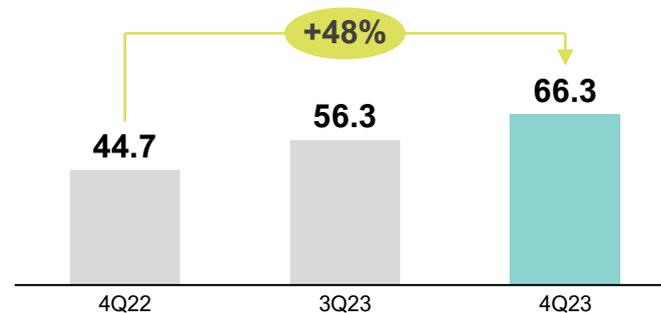
PagBank Clients

Million



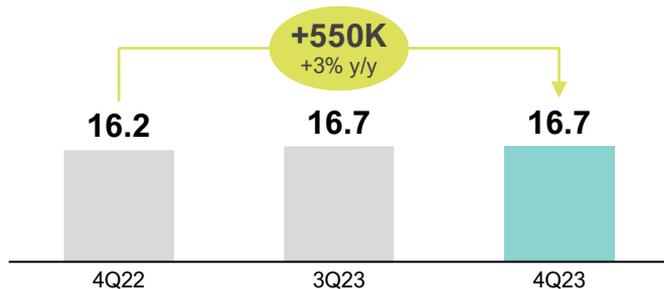
Cash-in¹

R\$ Billion



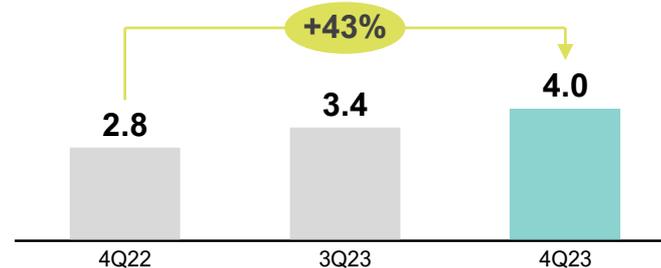
PagBank Active Clients

Million



Cash-In / Active Client²

R\$ Thousand



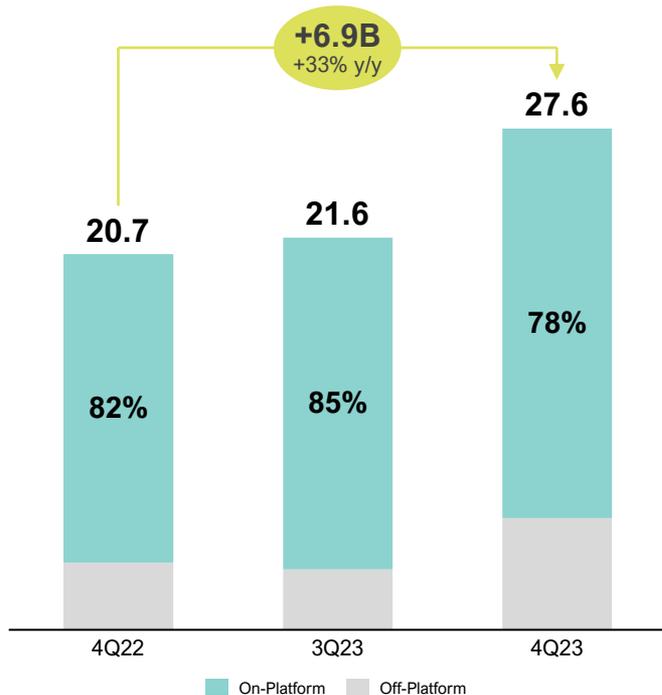
1. Cash-In: PIX P2P and wire transfers inflows into PagBank accounts from other financial institutions
2. Cash-In / Active Client: Cash-In / average quarterly Active Clients;



Total Deposits: Record level combined to downtrend in APYs

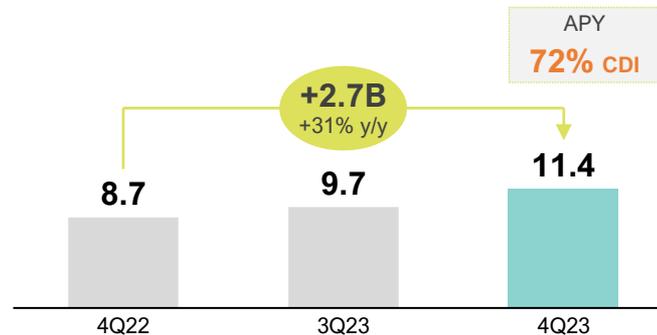
Total Deposits

R\$ Billion



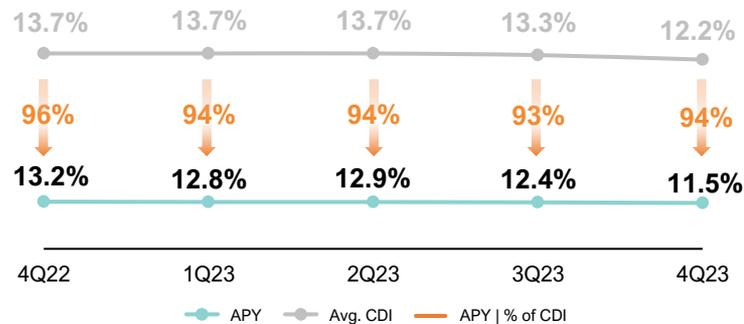
Checking Accounts

R\$ Billion



APY¹ on Total Deposits

%



brAAA²
S&P Global
Ratings

1. APY: Annual Percentage Yield;

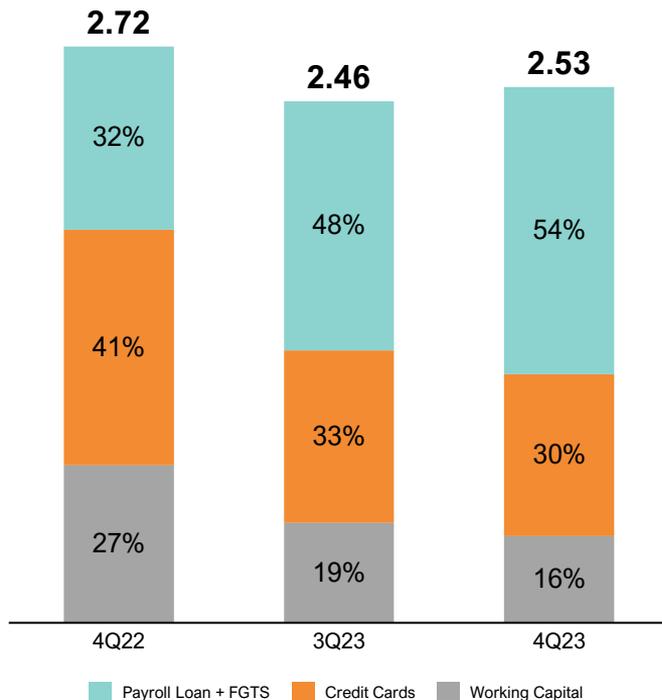
2. Rating brAAA: attributed to Banco Seguro S.A. in Aug-23 based on the consolidated financial position of the parent company PagSeguro Digital Ltd.



Credit Portfolio: 66% secured with ongoing downtrend in NPL90+¹

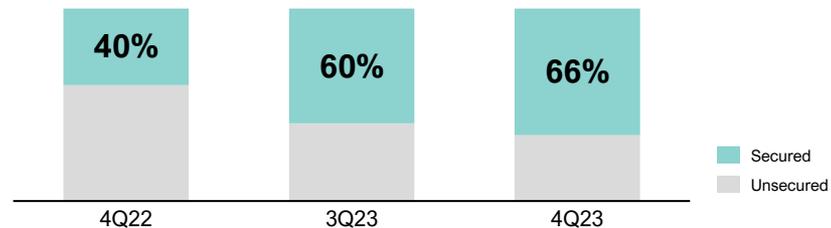
Credit Portfolio

R\$ Billion



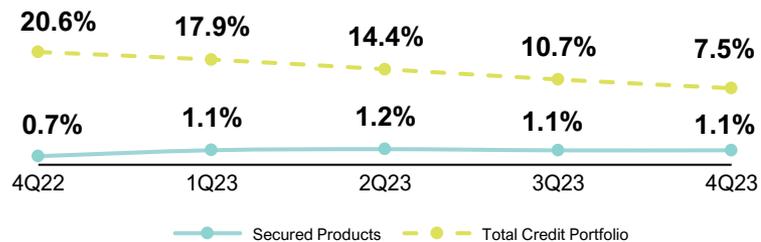
Credit Portfolio mix

% Credit Portfolio



NPL90+¹

% over Credit Portfolio up to 360 days



1. NPL90+ is calculated based on Credit Portfolio up to 360 days.



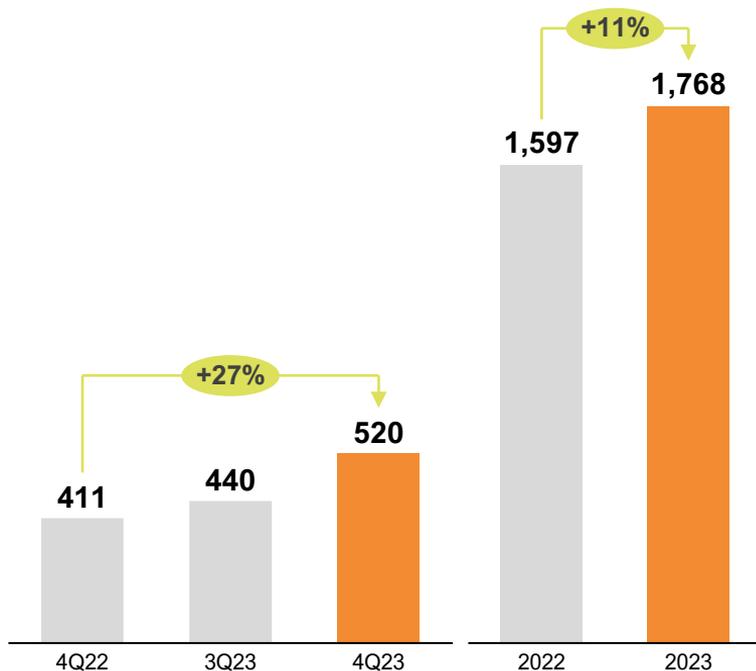


Financial Results

All-Time High Net Income (non-GAAP and GAAP)

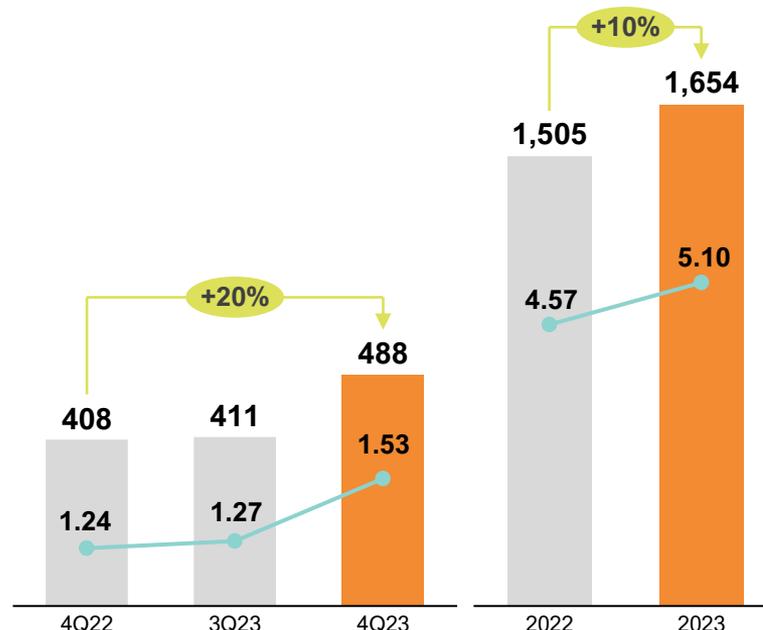
Net Income (non-GAAP)

R\$ Million



Net Income (GAAP)

R\$ Million



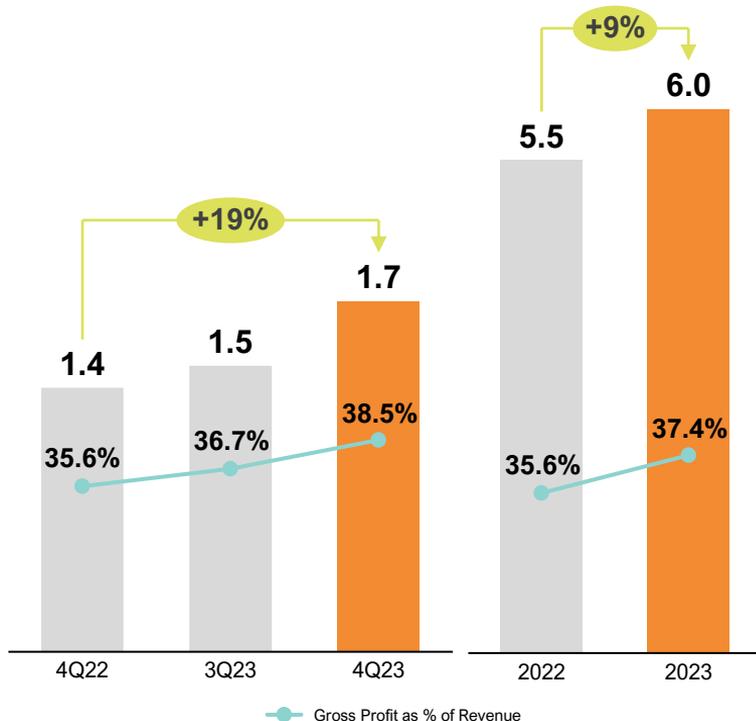
—●— EPS (R\$) ■ Net Income



All-Time High Gross Profit, +19% y/y (4Q23 vs 4Q22)

Gross Profit

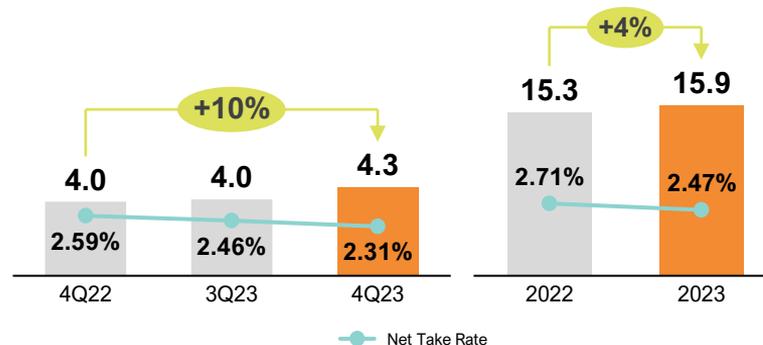
R\$ Billion



- **Gross Profit is the KPI that best captures our margins evolution** by considering the impacts of financial expenses and total losses
- **Downtrend in net take rate is natural in the current scenario** due to our strategy to serve larger merchants (lower churn and lower take rates)
- **PIX QR Code growth positively contributes to gross profit** due to the better unit economics: instant settlement and lower costs vs. cards
- **Total Deposits positively contribute to gross profit** by accessing a cheaper funding source, enabling pricing power with healthy margins

Total Revenue and Net Take Rate¹

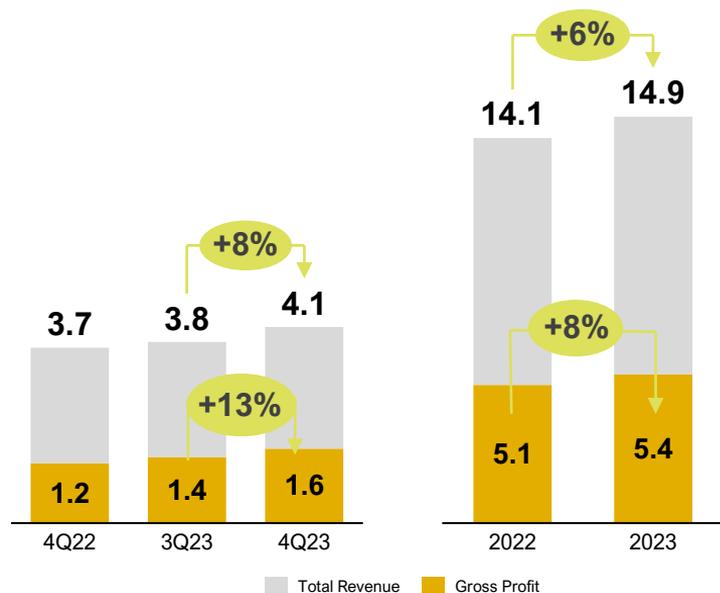
R\$ Billion



Payments: Gross Profit +13% q/q driven by revenue growth

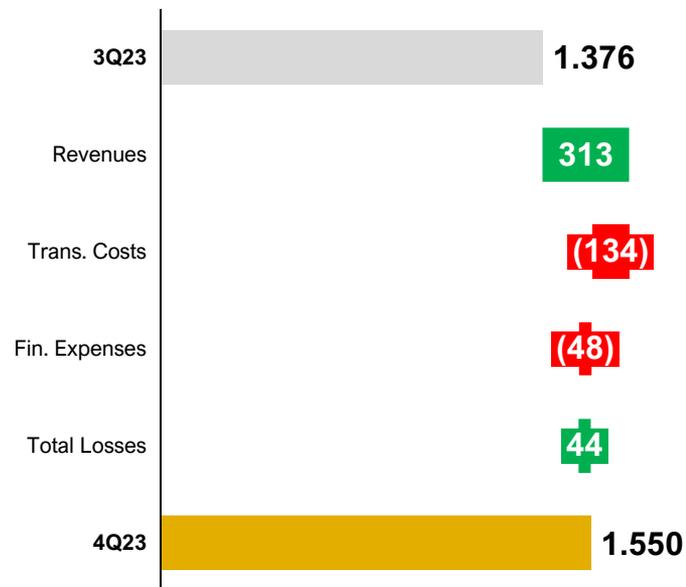
Total Revenue and Gross Profit

R\$ Billion



Gross Profit Bridge

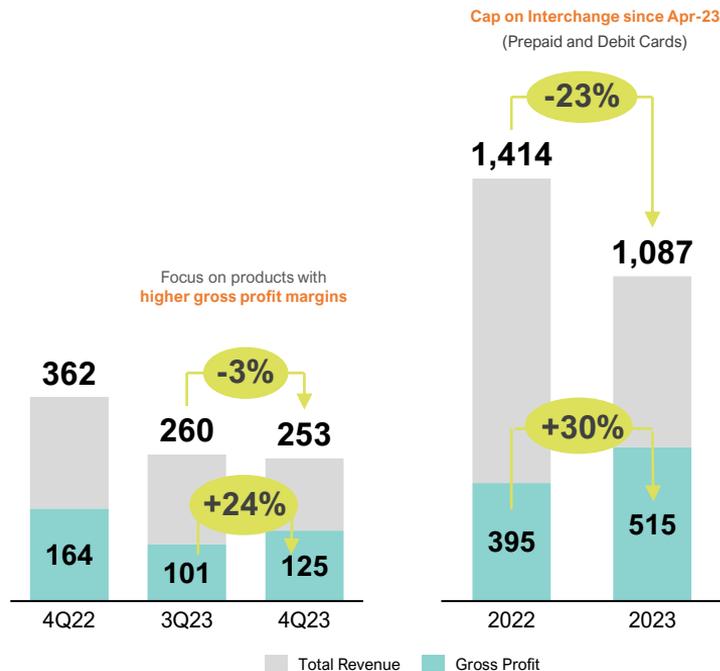
R\$ Million



Financial Services: Gross Profit +24% q/q driven by higher margins

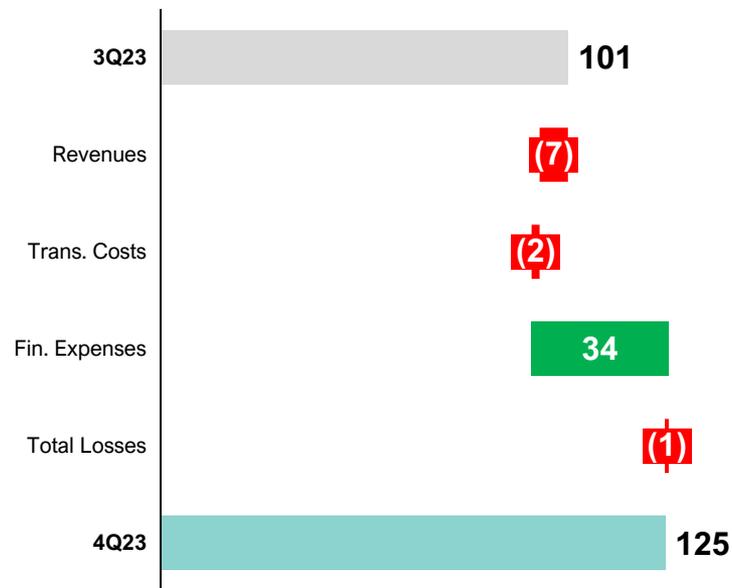
Total Revenue and Gross Profit

R\$ Billion



Gross Profit Bridge

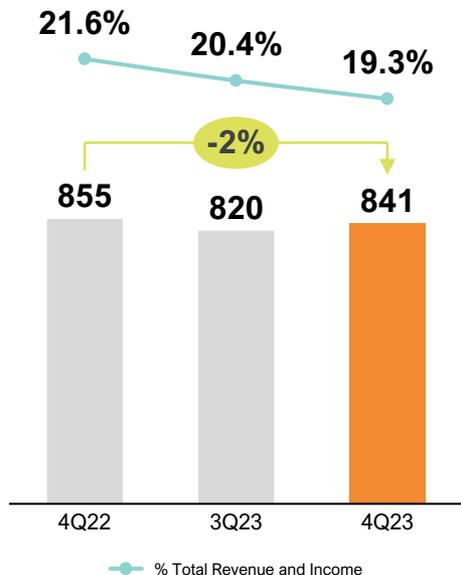
R\$ Million



Operating Leverage: Costs and Expenses¹ efficiencies boost profitability

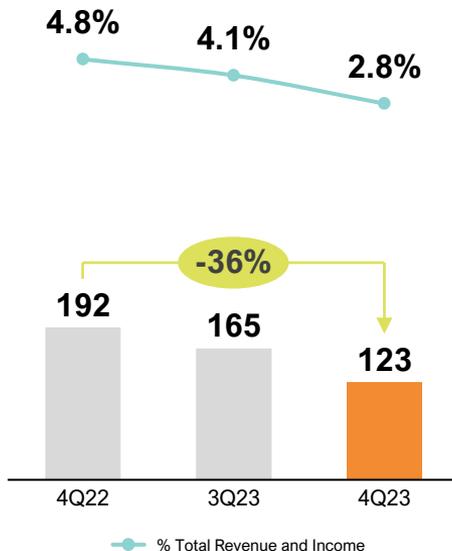
Financial Expenses

Consolidated | R\$ Million



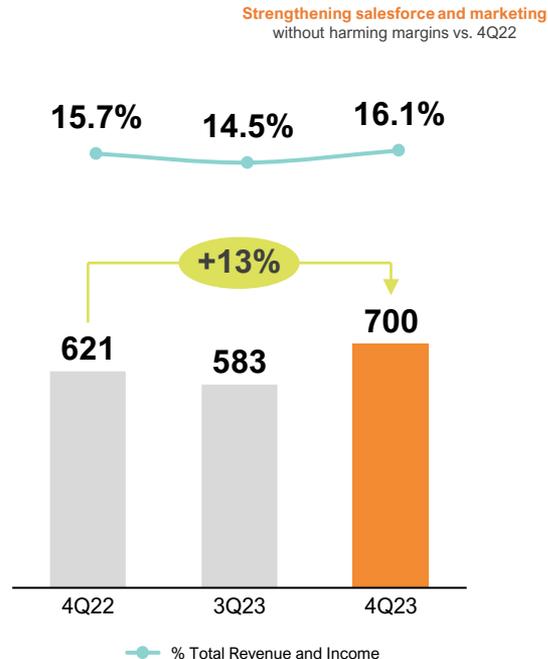
Total Losses²

Consolidated | R\$ Million



Operating Expenses

Non-GAAP | R\$ Million



1. Excluding Depreciation and Amortization and POS write-offs;

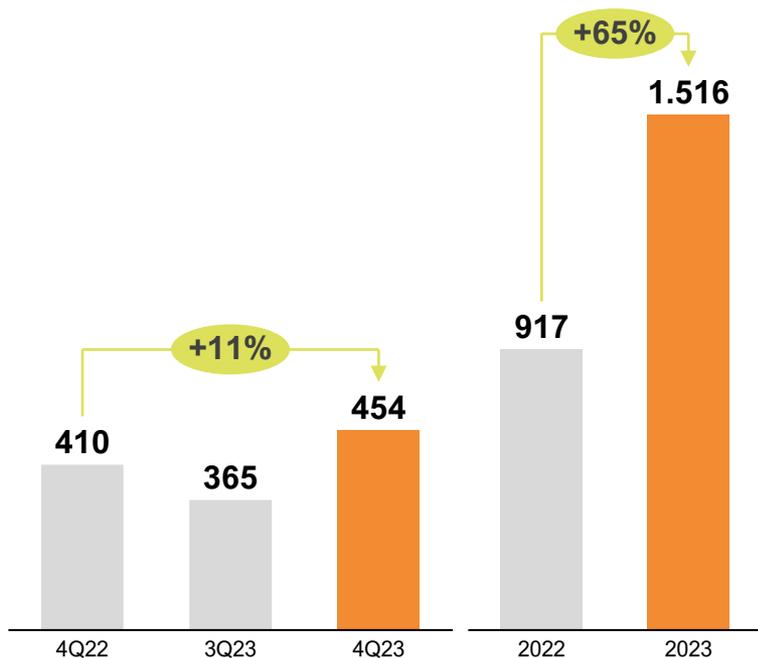
2. **Total Losses:** Chargebacks on payments processing and digital bank accounts and expected credit losses.



Cash Earnings up +65% y/y in 2023

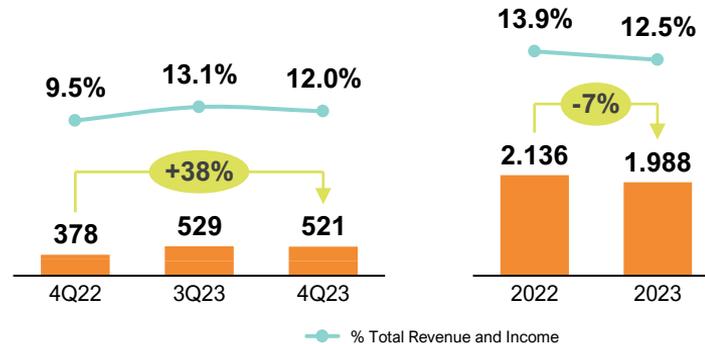
Cash Earnings¹

R\$ Million



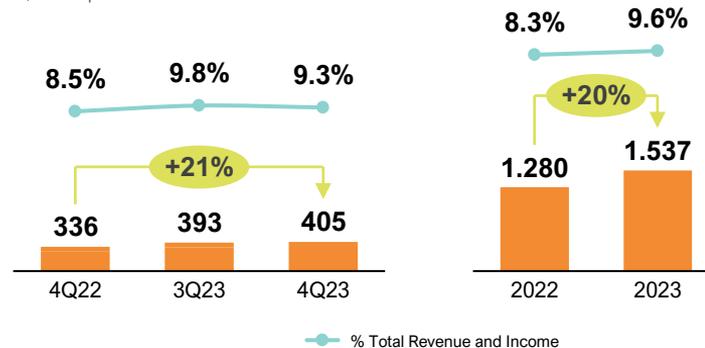
Capital Expenditures

R\$ Million



D&A + POS Write-off

R\$ Million | Non-GAAP



¹ Cash Earnings: Adj. EBITDA – CapEx.

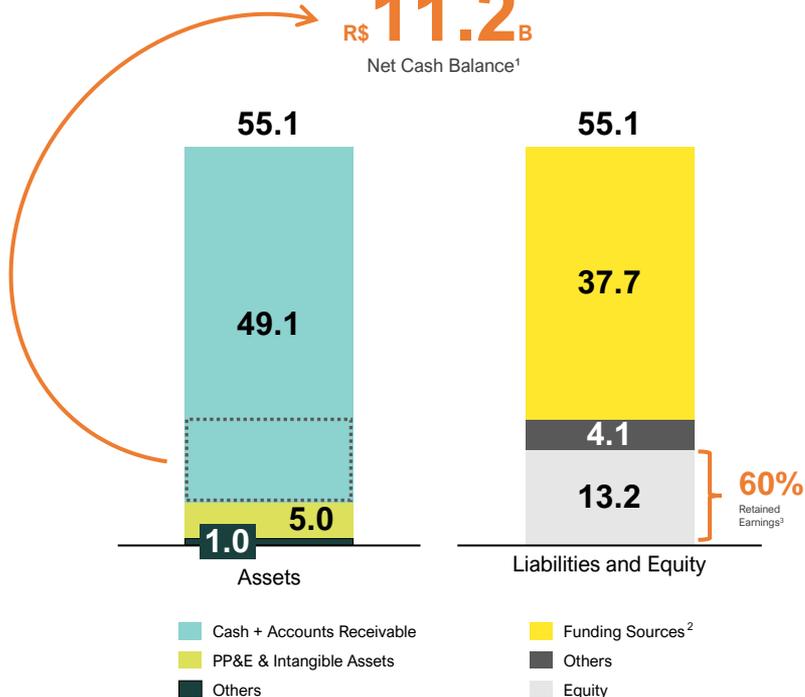


Solid Balance Sheet: R\$11.2B Net Cash Balance

4Q23 Balance Sheet

R\$ Billion

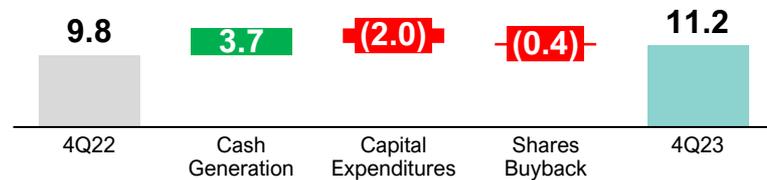
R\$ 11.2B
Net Cash Balance¹



Net Cash Balance¹

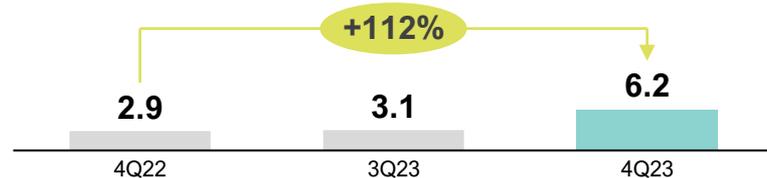
R\$ Billion

~R\$1B
in share buybacks
since 2021



Cash and Financial Investments

R\$ Billion



1. Net Cash Balance: (Cash/Cash Equivalents + Financial Investments + A/R from Card Issuers, net + Credit Portfolio, net) – Funding Sources;

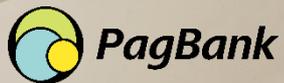
2. Third-party funding sources: Liabilities / (Liabilities + Equity);

3. Retained Net Income amounted R\$7.4B in the quarter, R\$0.6B lower than accumulated Net Income due to capitalization of the retained earnings from 2015 to 2017 during the IPO.



	2023	2024e
	Results	Guidance (Y/Y)
Total Payment Volume	R\$ 394B	R\$ 441B to 457B (+12% to +16%)
Gross Profit Margin <small>% Total Revenue and Income (Non-GAAP)</small>	37.4%	>38.5%
Net Income <small>Non-GAAP</small>	R\$ 1.77B	R\$ 2.05B to R\$ 2.15B (+16% to +22%)
Capital Expenditures	R\$ 2.0B	R\$ 2.0B to R\$ 2.2B
D&A + POS Write-off	R\$ 1.5B	R\$ 1.9B to R\$ 2.0B





Q&A

To ask a **live question via audio**, please use the “**raise hand**” button to join the queue. Once you are announced, a request to **activate your microphone** will appear on your screen.

Please ask all your questions at once.

You can also write your question directly into the Q&A icon on the lower part of your screen

Appendix



P&L and EPS (GAAP and non-GAAP)

Financial Highlights

R\$ Million

R\$ Million	4Q23	4Q22	Var. y/y	3Q23	Var. q/q	2023	2022	Var. y/y
Total Revenues and Income¹	4,347	3,962	10%	4,026	8%	15,948	15,335	4%
(-) Other Financial Income	(73)	(43)	69%	(66)	11%	(268)	(176)	53%
(-) Transactions Costs	(1,645)	(1,478)	11%	(1,508)	9%	(5,956)	(5,620)	6%
Net Take Rate	2,629	2,440	8%	2,452	7%	9,724	9,540	2%
(-) Financial Expenses	(841)	(855)	-2%	(820)	3%	(3,269)	(3,152)	4%
(-) Total Losses ²	(123)	(192)	-36%	(165)	-26%	(536)	(984)	-46%
(+) FX Expenses	9	15	-36%	10	-5%	45	49	-8%
Gross Profit	1,675	1,409	19%	1,477	13%	5,964	5,453	9%
Payments	1,550	1,245	24%	1,376	13%	5,449	5,058	8%
Financial Services	125	164	-24%	101	24%	515	395	30%
(-) Operating Expenses	(700)	(621)	13%	(583)	20%	(2,459)	(2,400)	2%
Adj. EBITDA³	975	788	24%	894	9%	3,505	3,053	15%
Payments	922	776	19%	892	3%	3,382	3,247	4%
Financial Services	53	12	357%	2	n.a.	123	(194)	-163%
(-) POS Write-off	(57)	(66)	-13%	(64)	-11%	(248)	(200)	24%
(-) D&A	(349)	(270)	29%	(329)	6%	(1,290)	(1,080)	19%
(+/-) Other Income (Expense), Net	64	29	123%	56	14%	223	127	76%
EBT	633	480	32%	557	14%	2,190	1,899	15%
(-) Income Tax and Social Contribution	(112)	(69)	63%	(117)	-4%	(422)	(302)	40%
Net Income Non-GAAP	520	411	27%	440	18%	1,768	1,597	11%
<i>EPS Non-GAAP</i>	<i>R\$ 1.63</i>	<i>R\$ 1.25</i>	<i>9%</i>	<i>R\$ 1.36</i>	<i>7%</i>	<i>R\$ 5.46</i>	<i>R\$ 4.85</i>	<i>9%</i>
(-) Non-GAAP Effects	(32)	(4)	787%	(29)	10%	(114)	(92)	24%
Net Income GAAP	488	408	20%	411	19%	1,654	1,505	10%
<i>EPS GAAP</i>	<i>R\$ 1.53</i>	<i>R\$ 1.24</i>	<i>24%</i>	<i>R\$ 1.27</i>	<i>21%</i>	<i>R\$ 5.10</i>	<i>R\$ 4.57</i>	<i>12%</i>
Cash Earnings Adj. EBITDA (-) CapEx	454	410	11%	365	24%	1,516	917	65%

1. Including Other Financial Income;

2. Total Losses: Chargebacks and Expected Credit Losses;

3. Adj. EBITDA: EBITDA net of Financial Expenses.



EBITDA | GAAP and Non-GAAP financial measures

R\$ Million	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Net Income GAAP	350	367	380	408	370	385	411	488
(+) Income Tax and Social Contribution	67	76	45	67	66	100	101	96
(+) LTIP Expenses ²	28	51	43	(42)	19	30	30	32
(+) POS Write-off	0	93	41	66	62	65	64	57
(+) Depreciation and Amortization	249	281	294	307	317	326	346	366
(-) Other Financial Income	(42)	(45)	(46)	(43)	(65)	(65)	(66)	(73)
(+) M&A Expenses ³	0	0	0	0	0	0	(3)	0
(+) FX Expenses	13	9	12	15	17	9	10	9
(+) PagPhone realizable value reversal ¹	0	0	(53)	0	0	0	0	0
(-) Software's disposals ²	0	0	29	11	0	0	0	0
(-) Boleto Flex impairment ²	0	0	13	0	0	0	0	0
(-) Agreement with POS supplier ²	0	0	10	0	0	0	0	0
Adjusted EBITDA	665	831	770	788	787	849	894	975

Total Costs and Expenses | Non-GAAP are booked in:

1. Transaction Costs;
2. Operating Expenses;
3. Depreciation and Amortization.



Net Income | GAAP and Non-GAAP financial measures

R\$ Million	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Net Income GAAP	350	367	380	408	370	385	411	488
(+) LTIP Expenses ²	28	51	43	(42)	19	30	30	32
(+) M&A Expenses ³	5	5	5	5	5	5	3	5
(+) Income Tax and Social Contribution	(11)	(19)	(16)	(2)	(11)	(16)	(15)	(17)
(+) PagPhone realizable value reversal ¹	0	0	(35)	0	0	0	0	0
(-) Software's disposals ²	0	0	19	11	0	0	0	0
(-) Boleto Flex impairment ²	0	0	8	0	0	0	0	0
(-) Agreement with POS supplier ²	0	0	7	0	0	0	0	0
(+) Capitalized Expenses of platforms development ³	0	0	0	32	10	11	12	13
Net Income Non-GAAP	371	403	411	411	392	415	440	520

Total Costs and Expenses | Non-GAAP are booked in:

1. Transaction Costs;
2. Operating Expenses;
3. Depreciation and Amortization.



Managerial Float change from Payments to Financial Services¹

R\$ million	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Total Revenue and Income	3,427	3,911	4,035	3,962	3,750	3,826	4,026	4,347
As previously reported								
Payments	3,125	3,606	3,712	3,654	3,449	3,339	3,771	4,104
Financial Services	305	314	339	329	298	447	219	169
Other Financial Income	42	45	46	43	65	65	66	73
Float	(44)	(54)	(62)	(64)	(62)	(26)	(29)	-
Current classification								
Payments	3,125	3,606	3,712	3,654	3,449	3,575	3,771	4,084
Financial Services	333	344	376	362	331	243	260	253
Other Financial Income	42	45	46	43	65	65	66	73
Float	(72)	(84)	(99)	(97)	(95)	(57)	(71)	(63)
Gross Profit	1,225	1,434	1,384	1,409	1,374	1,438	1,477	1,675
As previously reported								
Payments	1,205	1,393	1,308	1,278	1,228	1,225	1,417	1,624
Financial Services	20	41	76	131	147	213	59	41
Current classification								
Payments	1,177	1,364	1,272	1,245	1,196	1,327	1,376	1,550
Financial Services	48	70	113	164	179	111	101	125
Adj. EBITDA	665	831	770	788	787	849	894	975
As previously reported								
Payments	769	927	868	809	751	857	933	996
Financial Services	(104)	(96)	(99)	(21)	36	(9)	(39)	(30)
Current classification								
Payments	741	898	832	776	719	850	892	922
Financial Services	(76)	(67)	(62)	12	68	(1)	2	53

- Before 1Q23, Float from Accounts Balance was partially booked in **Payments**, partially offsetting Financial Exp.
- From 1Q23 onwards, 100% of Float will be booked in **Financial Services**, similar to other financial institutions
- For **Payments**, Financial Expenses increase, lowering Gross Profit / Adj. EBITDA
- For **Financial Services**, Revenue increases (higher interest income), increasing Gross Profit / Adj. EBITDA
- **No impact in consolidated company's numbers**

1. The observed increase in Financial Services revenues and decrease in Gross Profit/EBITDA in Payments is attributed to the revised float allocation, to be known: R\$ 63M in 4Q23, R\$ 41M in 3Q23, R\$32M in 2Q23, R\$33M in 1Q23, R\$33M in 4Q22 and R\$28M in 1Q22.





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