



PagSeguro Digital Ltd. (NYSE: **PAGS**)

Q4 2024

Earnings Presentation

February 20, 2025 | Webcast: [click here](#) to register



Forward-looking statements and 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 **February 20, 2025**. 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: Total Costs and Expenses, Operating Expenses, Earnings before Taxes, Net Income, Earnings before Taxes Margin and Net Income Margin. 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”.

A man with a beard and short dark hair, wearing a blue button-down shirt, is sitting in the driver's seat of a car. He is smiling and looking down at a yellow handheld payment device. Another person's hand is visible, holding a black card and tapping it against the device. The device has a small screen showing the PagBank logo and some text. The car's interior, including the dashboard and rearview mirror, is visible. Through the windshield, a suburban street with trees and a house can be seen.

Q4 2024 HIGHLIGHTS



All-time high performance, combining growth and profitability

Operational Highlights

Total Clients
Million

33.2
(+2.1mn YoY)

TPV 2024
R\$

518B
(+32% YoY)

Credit Portfolio
(Expanded)¹ R\$

48B
(+46% YoY)

Total Funding²
R\$

43B
(+52% YoY)

Financial Highlights

Net Revenues 2024
R\$

18.8B
(+18% YoY)

Net Income³ 2024
R\$ | non-GAAP

2.3B
(+28% YoY)

Gross Profit Margin
% of Total Revenue

39.4%
(+60bps YoY)

ROAE 2024
% | GAAP

15.2%
(+198bps YoY)

Value Creation
for Shareholders

EPS⁴
R\$/share

6.62
(+30% YoY)

Buyback
R\$

784M / 356M
repurchased in 2024/4Q24

¹ Expanded Portfolio Includes Banking's Credit Portfolio and Acquiring's Prepayment to Merchants, net of Accounts Receivable Securitization | ² Total Funding Total Deposits + Borrowings, Certificate of Deposits with Related Parties and Senior FIDC quotas. Does not include Accounts Receivable Securitization. | ³ Net Income Please see the Appendix for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure | ⁴ EPS : in GAAP diluted.

Steady long-term growth and results in every economic cycle

2024 Environment

- Interest rate volatility and hiking cycle
- Inflation above target and pressured Brazilian FX
- Brazilian GDP growth above expectations

	Jan/24 Projections ¹	'24 Year End
SELIC Rate (Year End)	9.00%	12.25%
Inflation (IPCA)	3.90%	4.83%
FX (USD/BRL)	5.00	6.17
Brazilian GDP Growth	1.59%	3.80% est.

Main Initiatives

Increasing revenues

- Expand active customer base and engagement
- Explore accretive growth avenues on financial services
- Asset products reprice (acquiring and banking)

Increasing shareholder value

- Maximize shareholder value through EPS growth, and
- Advance on buyback execution

Adjusting cost structure

- Promote Financial cost efficiency, benefiting from robust deposits franchise
- Diversify sources of funding, with different institutions and issuances
- Improve on operational leverage

Key Takeaway

In 2024 we boosted growth and profitability outperforming our guidance despite external headwinds.

In 2025 we intend to further explore the initiatives mentioned above.



¹ Source: Focus Report (Consensus compiled by the Brazilian Central Bank) as of January 2024

BUSINESS UNITS



Disciplined strategy execution

Our DNA

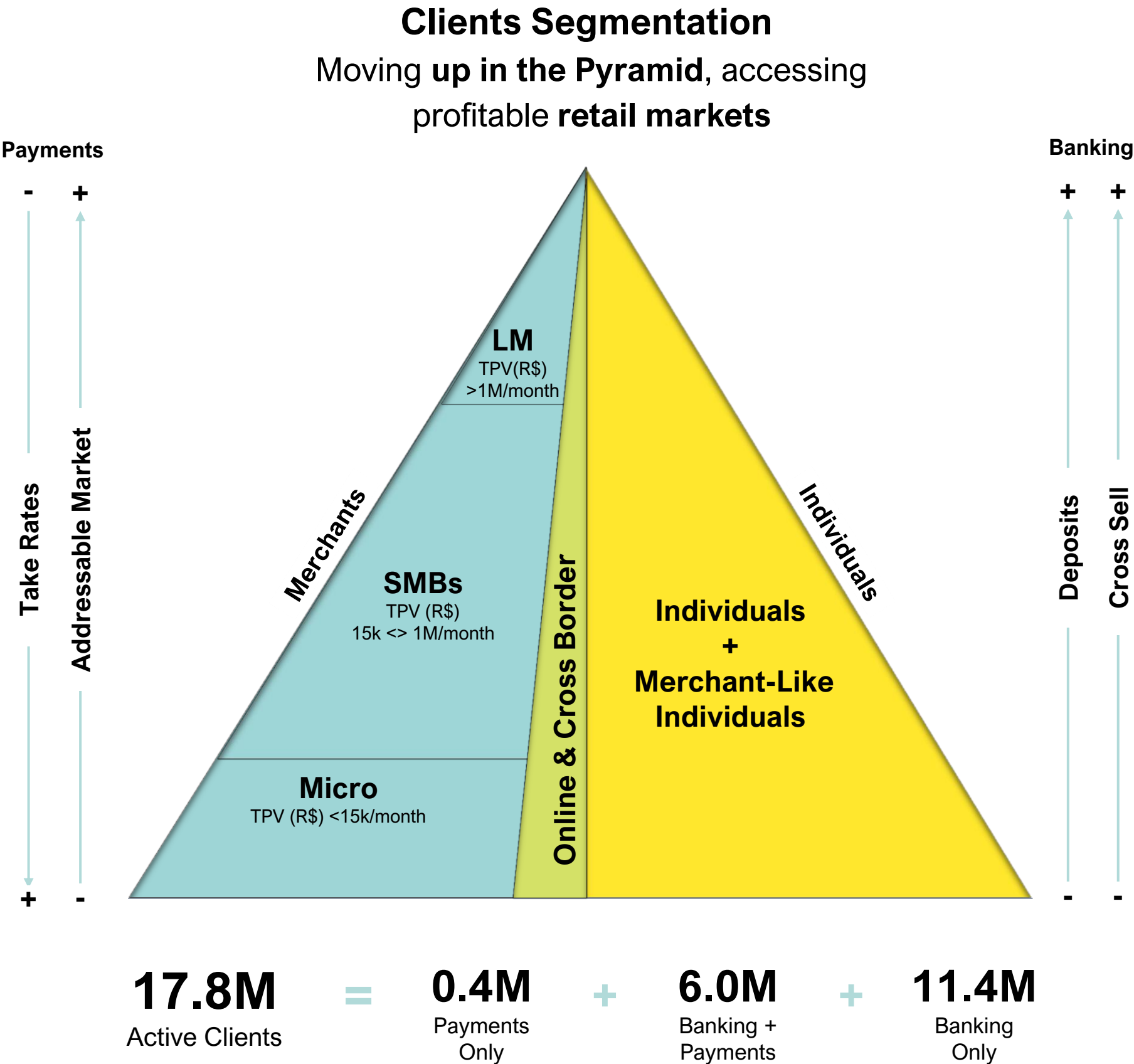
- **Disruption:** Continuous exploration of new growth verticals
- **Ownership:** High Performance execution culture
- **Financial Discipline** and a conservative risk approach
- Focus on **Security 360°** and **Human Capital**

Our Purpose

- To facilitate the financial lives of businesses and individuals

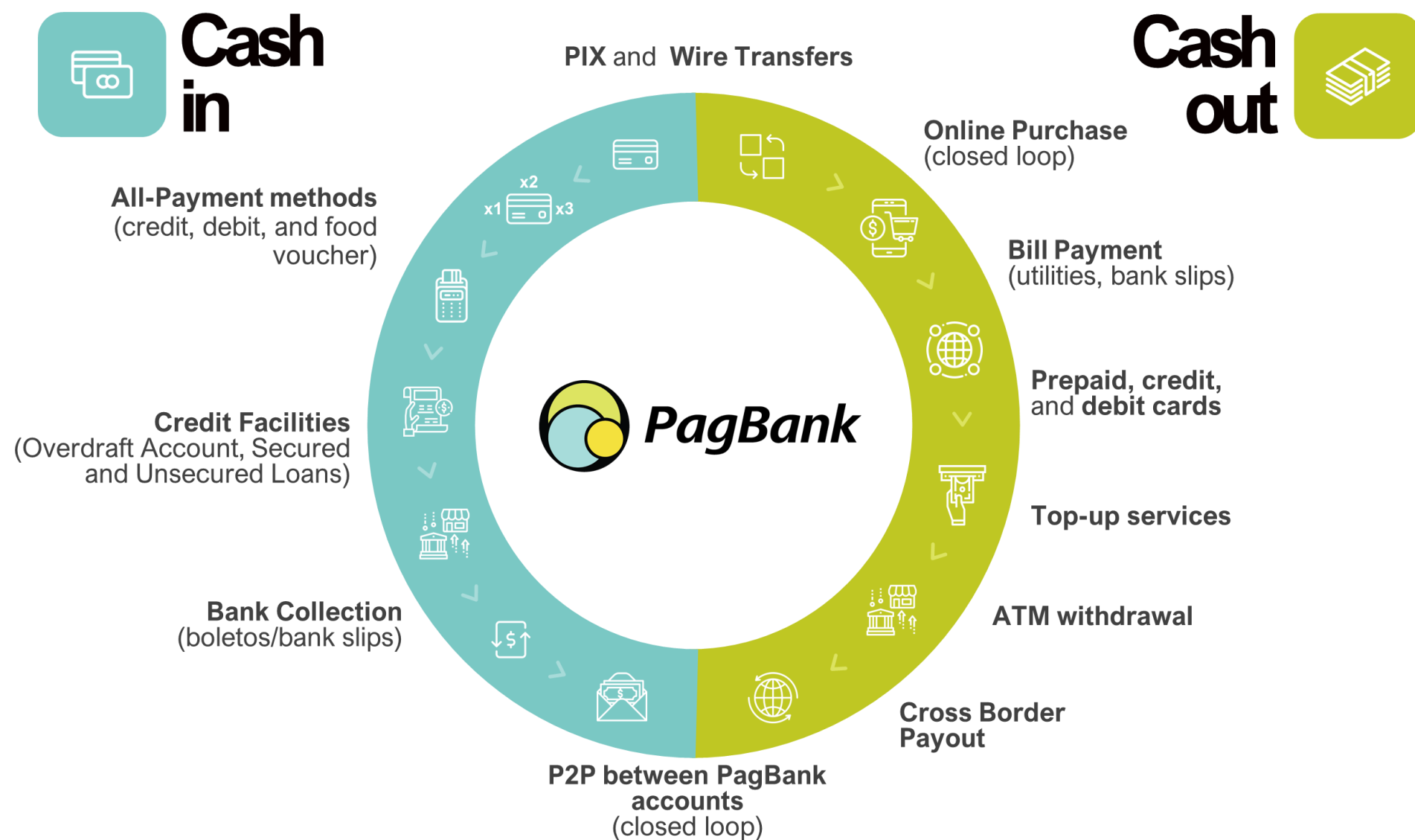
Strategic Goals

- **Win on MSMB** with payments and banking offering
- **Expand payments** beyond POS
- **Diversify Banking** revenue streams beyond merchants
- **Cross-sell Credit Products** across the customer base



Recap on how we build PagBank for the long term

PagBank Ecosystem (Banking + Payments)



Increase volume and customer transactionality

- Complete payment offer (in-store, e-commerce and cross-border)
- Cards issuance (Credit, Debit, and pre-paid) and PIX (QR Code, P2P, P2M)
- Collection Platform (PIX and boletos) and top-up services

Expand PAGS value creation through revenue increase

- Deposits: Checking Accounts and CDs with low cost of funding
- Credit expansion through secured and unsecured offers
- Investments: Fixed Income, Equities, and over 140 Funds
- Insurance Products: Cards, Pix, Life, Home, Health and Business
- Software: PagVendas (ERP), Concil (Conciliation) and +350 integrated partners

Improve the customer preference and our share of wallet

- Leverage AI for hyper-personalized experiences to simplify our clients' financial life
- Consolidate all customers financial relationships via Open Banking and Open Finance.
- Enhance the UX through quality of service

Backed by solid ESG initiatives

CDP
Climate Score¹

B
(Management Level)
1st
LatAm Digital Banks Fintechs

Morningstar
ESG Risk Rating²

18.5
(Low Risk)
1st
LatAm Digital Banks Fintechs

S&P Global
ESG Score³

48
(+26% YoY)

Financial Education
Initiatives

+4.2M
people impacted

Cyber security and solid balance sheet

- Tech DNA focused on digital transformation with obsession for cyber security
- A solid capital structure as an enabler for future growth



¹ CDP is a non-profit organization globally recognized in sustainability and carbon disclosure rating system. The score could be considered F (Failure to Disclose), D (Disclosure Level), C (Awareness Level), B (Management Level) or A (Leadership Level).

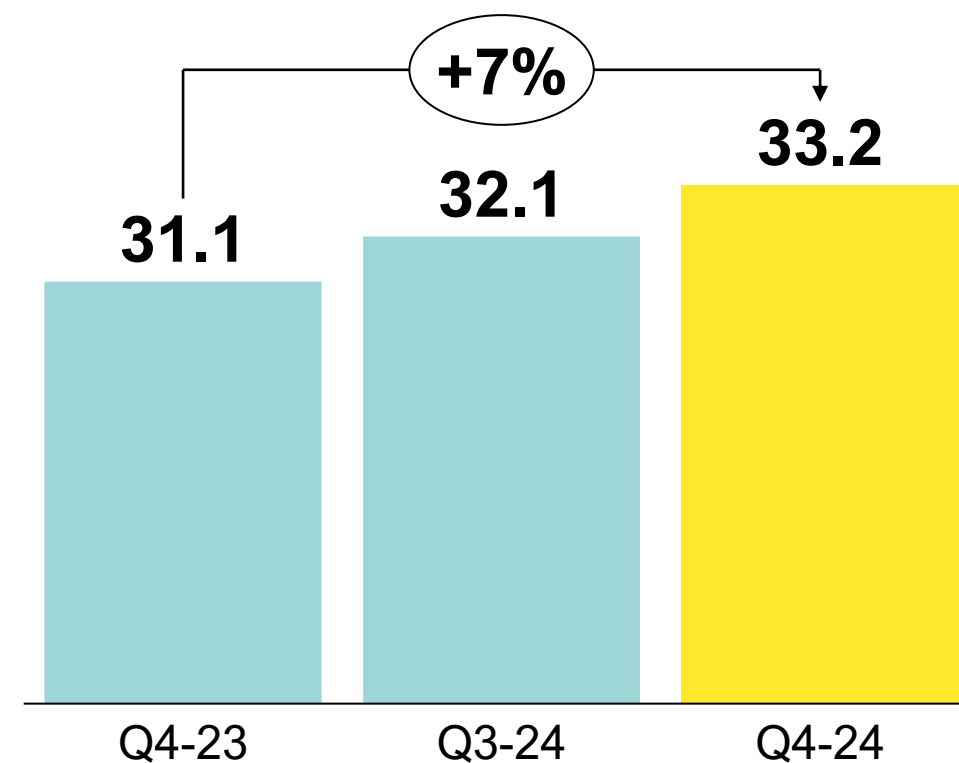
² Morningstar is a leading independent ESG and corporate governance research. The ESG Risk Rating evaluate the risk exposure and ESG Risk management, and could be considered Negligible (0-10), Low (10-20), Medium (20-30), High (30-40) or Severe (40+).

³ S&P Global ESG Scores is the S&P Global Corporate Sustainability Assessment (CSA) Score with the inclusion of S&P modelling approach. They measure a company's sustainability performance relative to industry counterparts and cannot be compared across industries.

Focus on maximizing value from our customer base

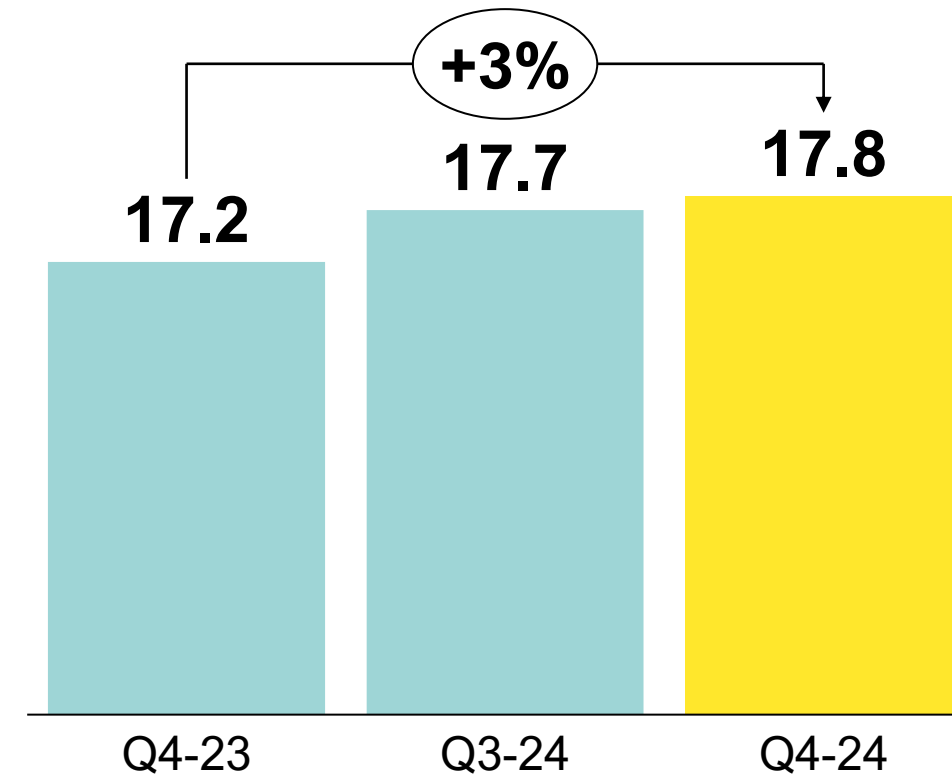
Total Clients

Million



Total Active Clients¹

Million



Active Clients Breakdown

Million

# million	4Q24	4Q23	YoY %	3Q24	QoQ %
Total Clients	33.2	31.1	7%	32.1	3%
Active Clients	17.8	17.2	3%	17.7	1%
Banking	11.4	10.7	7%	11.3	2%
Banking + Payments	6.0	6.1	-1%	6.0	-1%
Payments	0.3	0.4	-24%	0.4	-10%
Active Clients - Banking	17.4	16.7	4%	17.3	1%
Active Merchants	6.3	6.5	-3%	6.4	-1%

Highlights

Client Engagement Key Factors

- Seamless user experience
- Payments: improved SLAs, robust PIX rail and constant addition of payment features
- Banking: New products offer in investments, insurance and credit

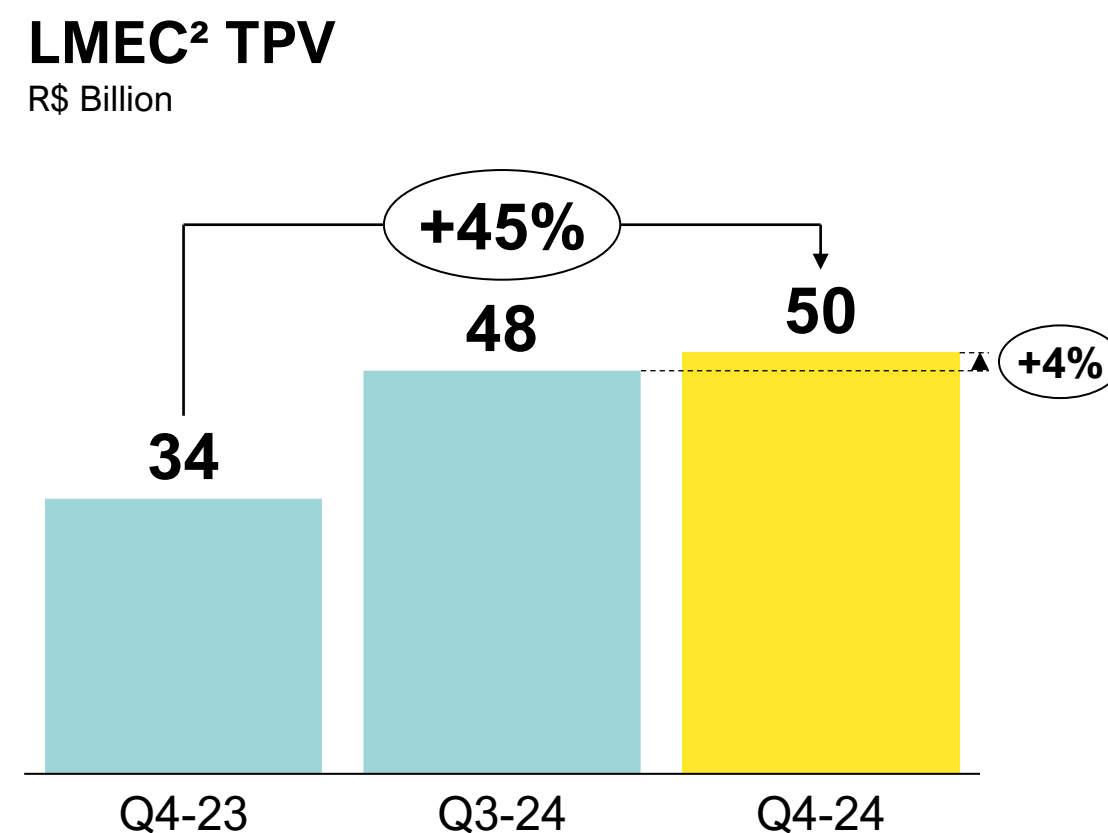
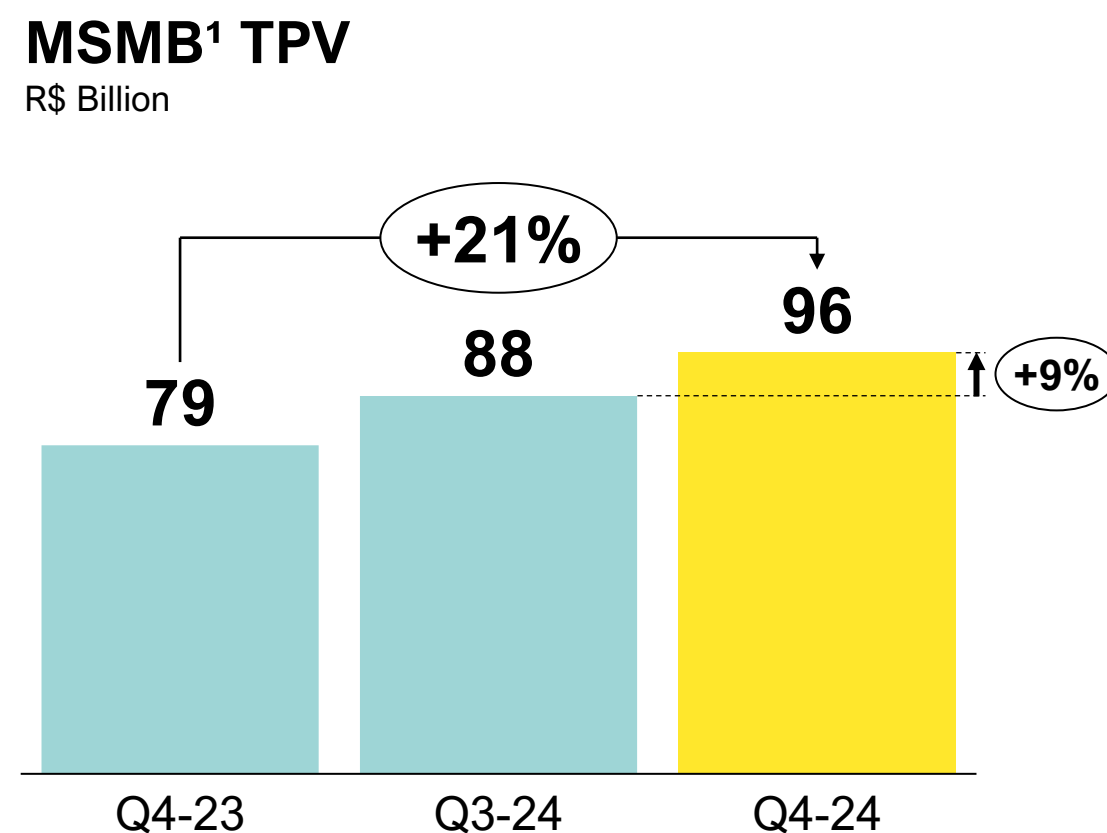
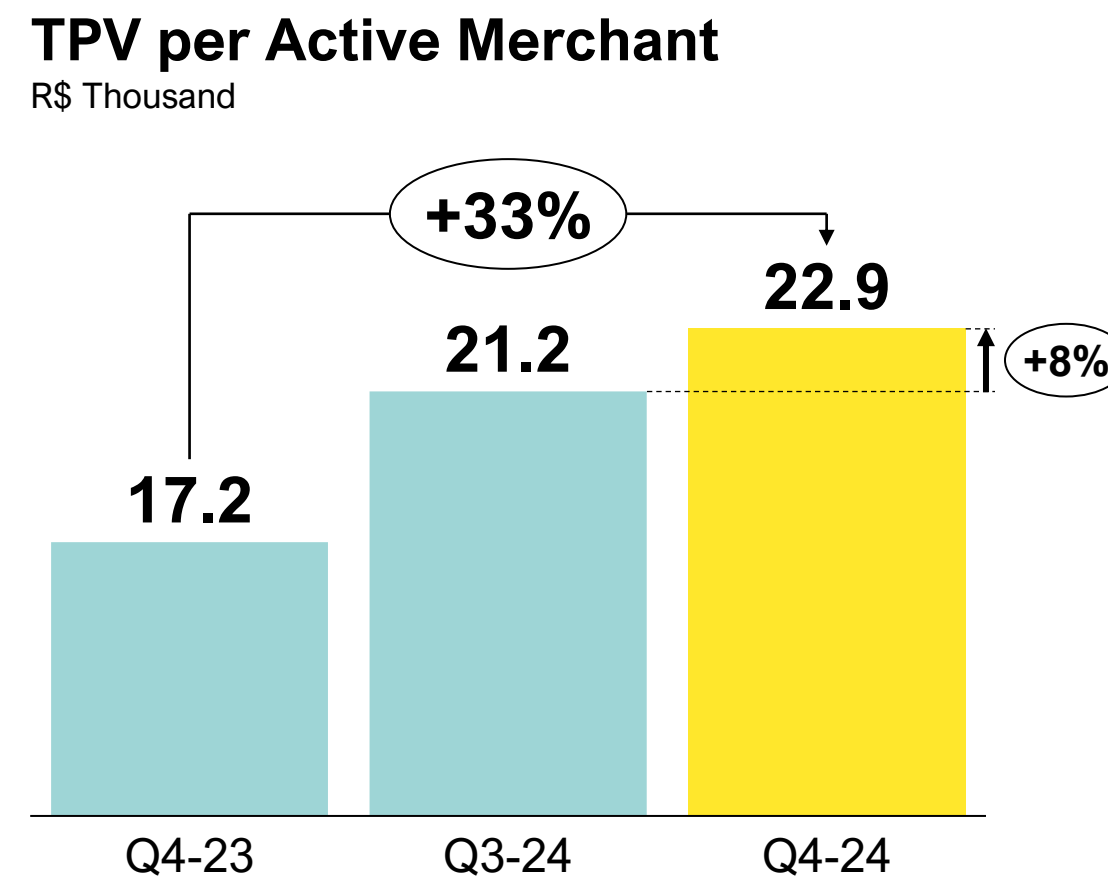
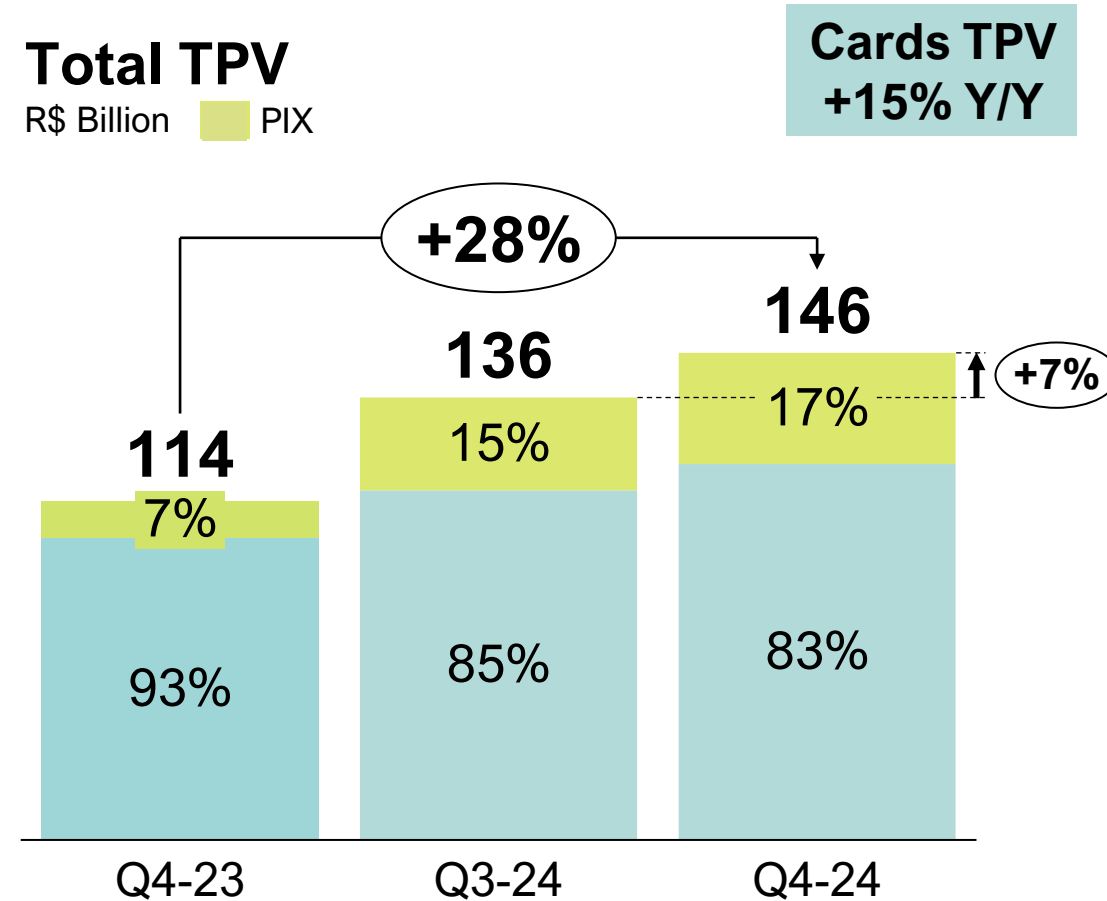
Active Clients Growth Driven by

- Increase in Individuals (Banking Only clients) on the back of a robust banking platform and product offer
- Active Clients increased retention due to solid value proposition

Active Merchants

- SMB Active Merchants base increased 11% YoY

TPV growth remain strong and above market



Highlights

- TPV Growth**
 Across all segments, focusing on profitability, with effect on client mix (LMEC/Online) and product mix (PIX) partially mitigated by repricing strategy
- PIX**
 Increasing penetration with accretive gross profit contribution
- MSMB Drivers**
 Core segment expansion led by HUBs increased productivity
- Large Retail Merchants**
 Focus on attracting profitable mid/large retail clients, from R\$ 1M to 30M monthly TPV
- PAGS International**
 Focus on profitable digital goods segments with payout opportunities, creating consumer engagement through the PagBank account

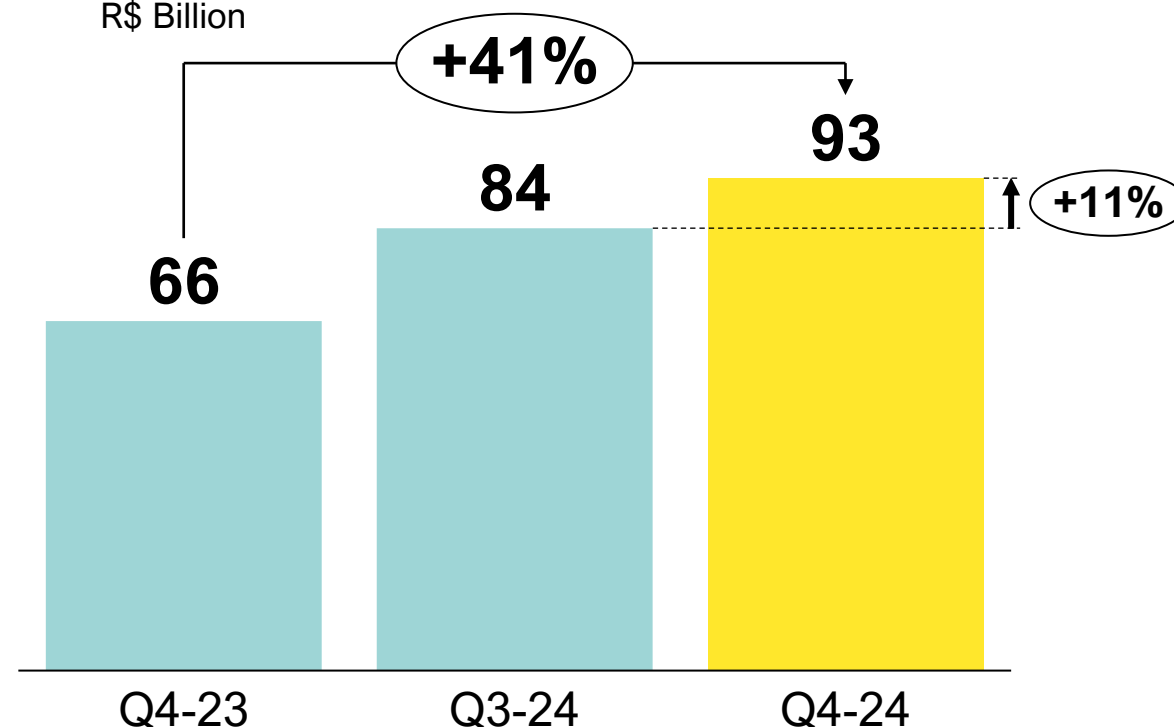
¹ MSMB gathers Micro-merchants (monthly TPV up to R\$15,000) and Small/Medium Businesses (monthly TPV from R\$15,000 up to R\$ 1M), according to 20-F for the fiscal year ended December 31, 2023 (p. 51).

² LMEC gathers Large Retail Merchants (monthly TPV above R\$ 1M) and Online segment (e-Commerce and Cross-Border), according to 20-F for the fiscal year ended December 31, 2023 (p. 51);

Gaining customer principality and improving banking revenue contribution

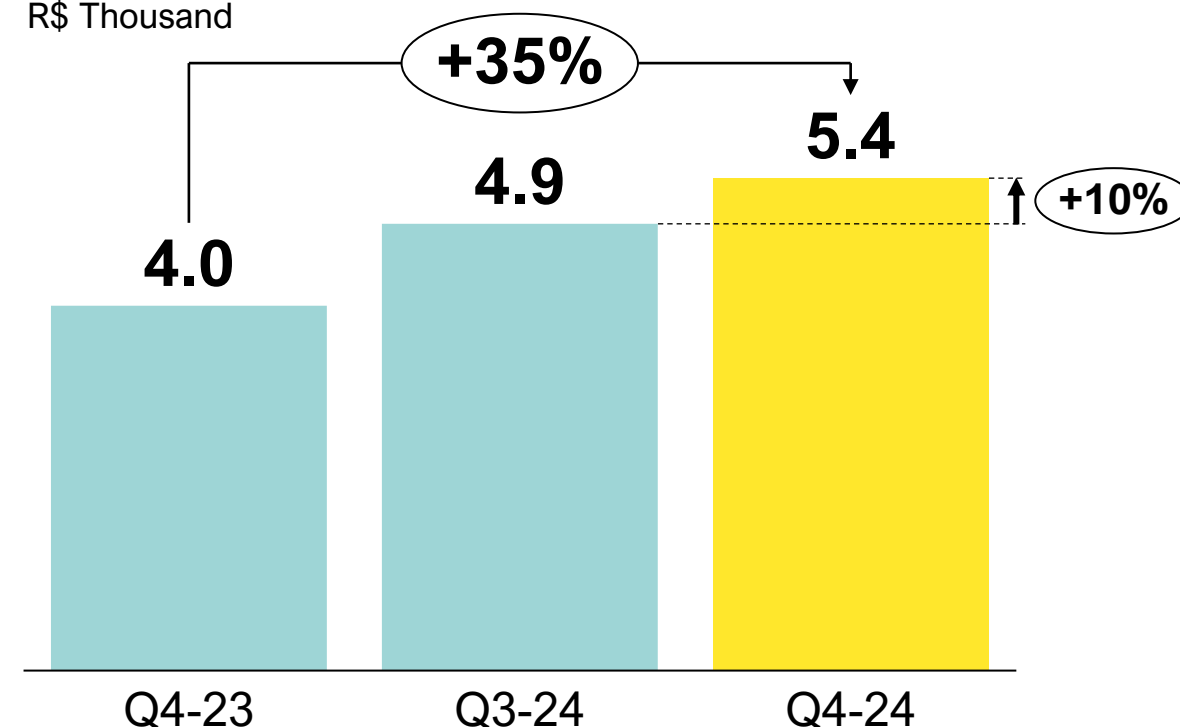
Cash-in¹

R\$ Billion



Cash-in per Active Banking Client

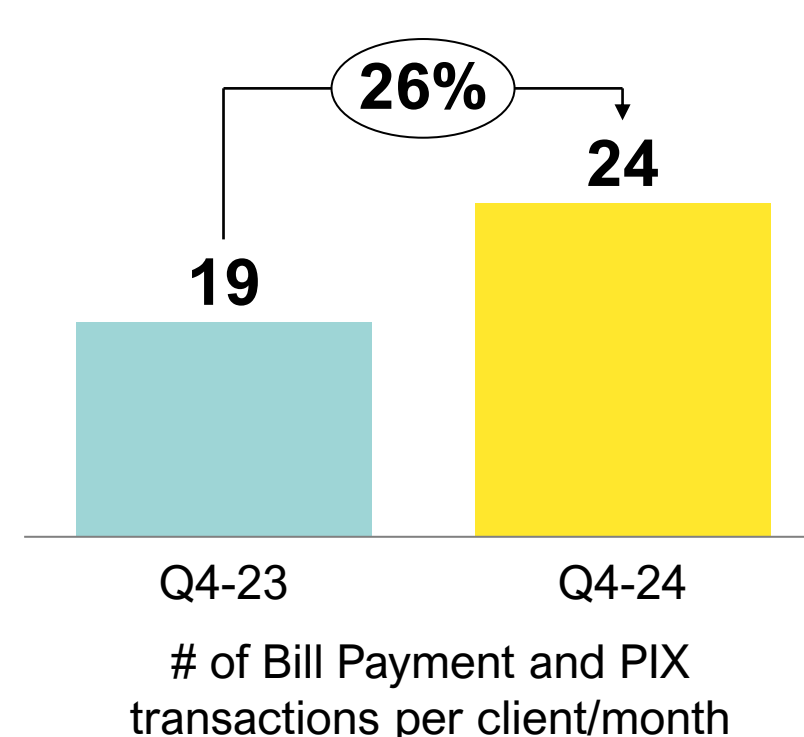
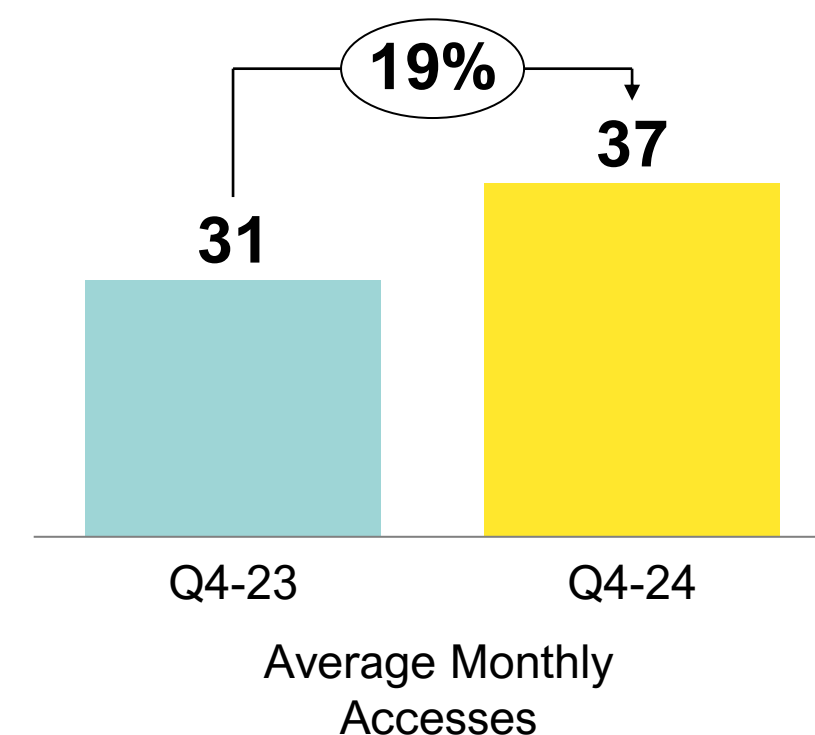
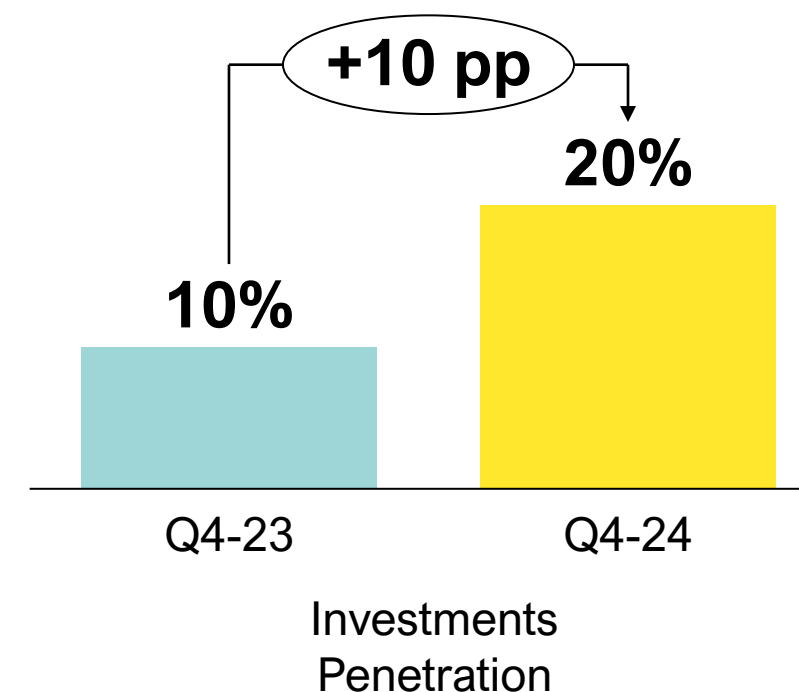
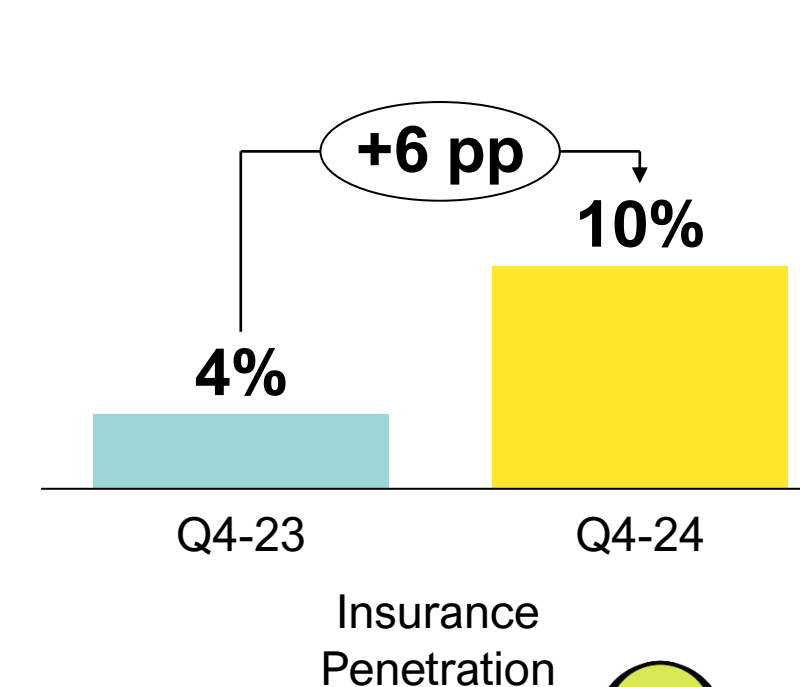
R\$ Thousand



Highlights

- Cash-In**
 Strong growth reflecting higher principality from individuals
- App Access**
 App usage increase faster than active clients' growth on a sequential basis (+5%), demonstrating increase usage of banking features
- PIX and Bill Payment Transactions**
 Success in foster transactionality with 26% increase in the use of PIX and Bill payments
- Investments and Insurance**
 Increase the product penetration, with higher number of clients using our Investments or Insurance solutions.

Engagement Metrics

% of Active Clients²% of Active Clients²

¹ Cash-in: PIX P2P and wire transfers inflows into PagBank accounts from other financial institutions; ² Active Clients: at least 1 transaction in the last 12 months, .

Deposits increased 31%YoY; Cost of funding reduced 400bps

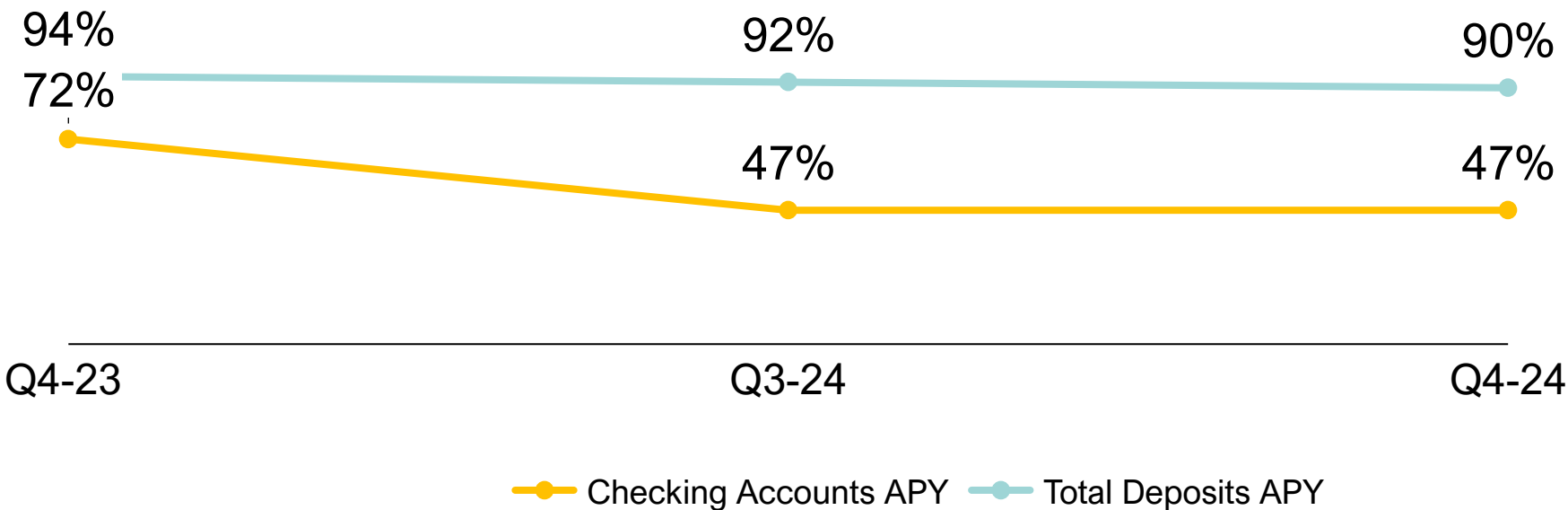
Total Funding

R\$ Billion

R\$ million	4Q24	4Q23	YoY %	3Q24	QoQ %
Checking Accounts	12.0	11.4	6%	10.5	14%
Certificate of Deposits	17.0	13.1	30%	17.5	-3%
Interbank Deposits	7.1	3.1	n.a.	6.2	14%
Total Deposits	36.1	27.6	31%	34.2	6%
Other Fundings ¹	6.7	0.6	n.a.	3.8	77%
Total Funding	42.9	28.2	52%	38.0	13%

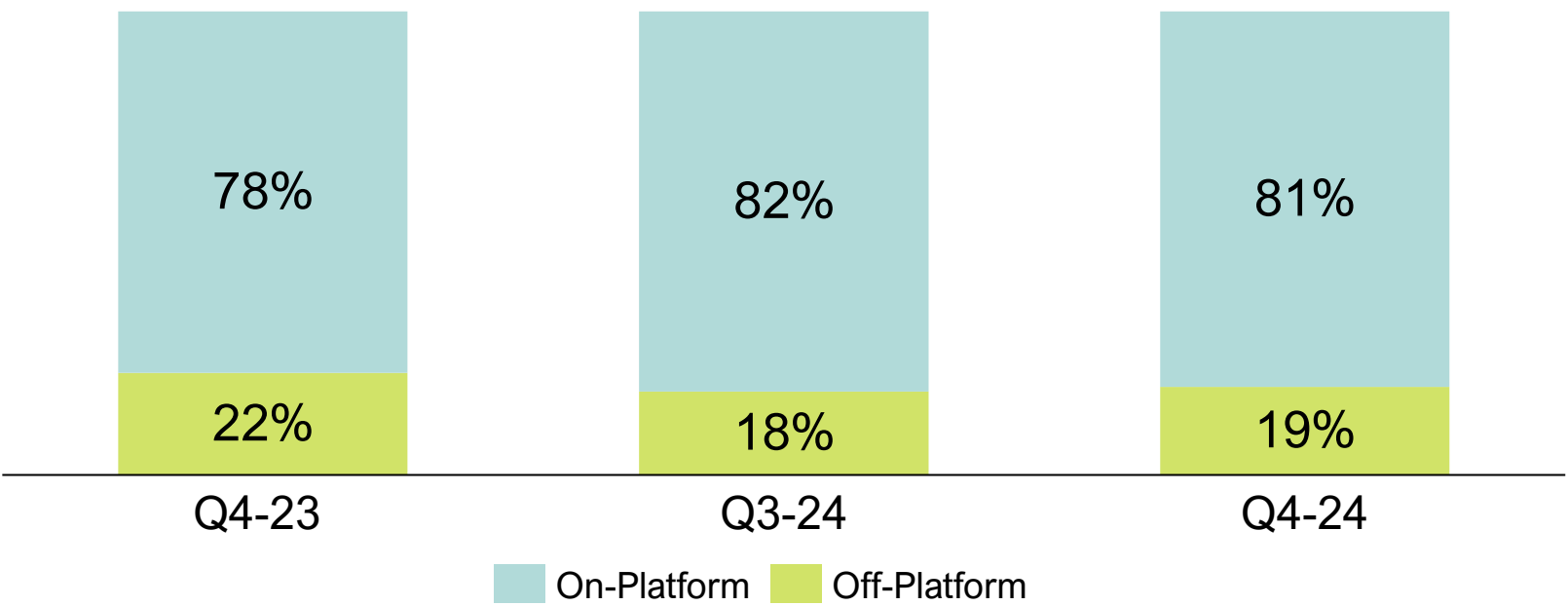
APY² on Total Deposits

% of CDI



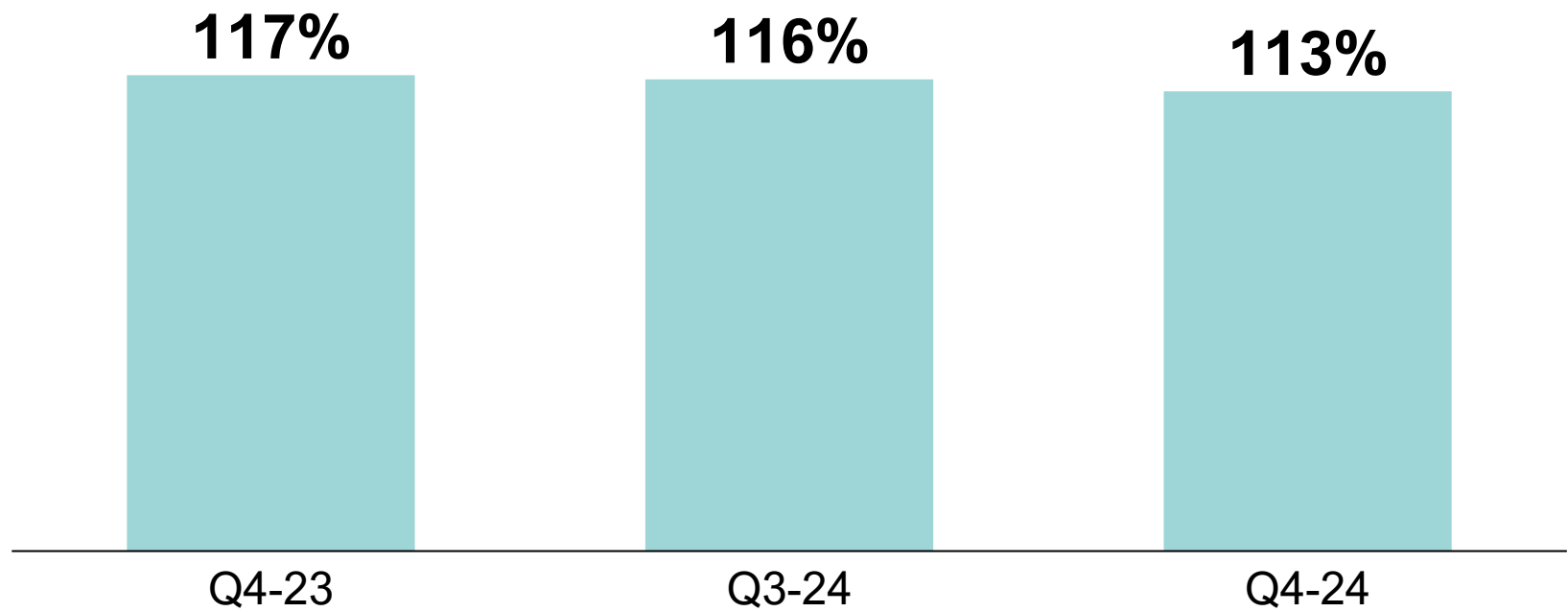
Total Deposits per Platform

% of Total Deposits



Loan to Funding³

%



1. **Other Fundings:** Include Borrowings, Certificate of Deposits with Related Parties and Senior FIDC quotas. Does not include Accounts Receivable Securitization.
2 **APY:** Annual Percentage Yield. | 3. **Loan to Funding:** Expanded Loan (including Prepayment to Merchants) / Total Funding.

Total Credit Portfolio +36% YoY, with NPL90 180bps below market level

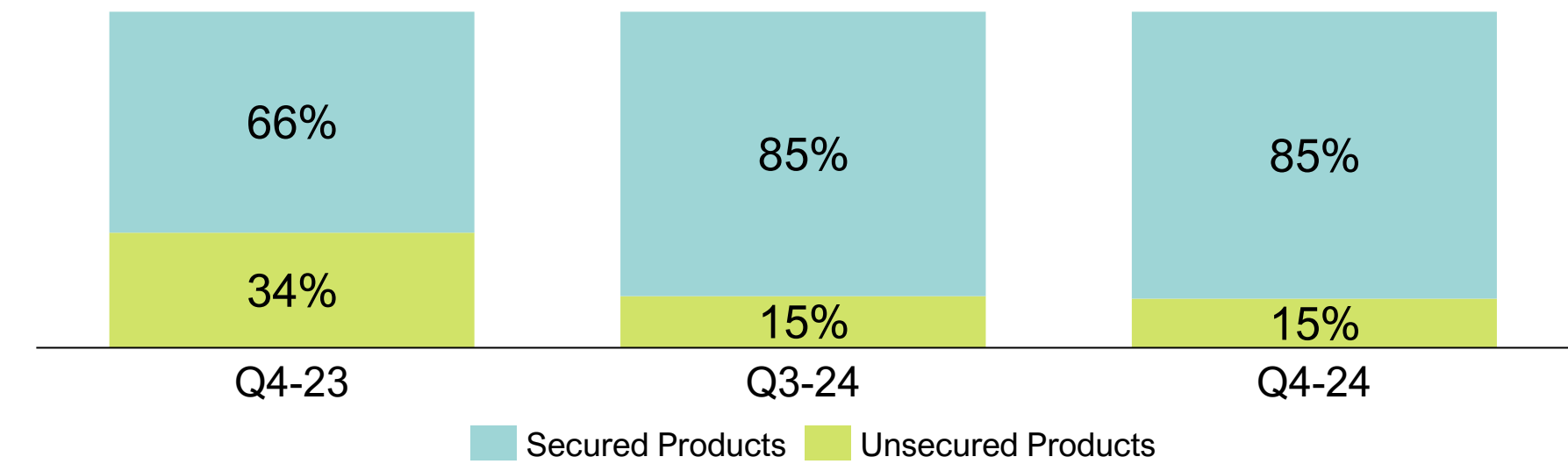
Credit Portfolio

R\$ Billion

R\$ million	4Q24	4Q23	YoY %	3Q24	QoQ %
Payroll Loans	2.5	1.4	86%	2.3	8%
Credit Card	0.8	0.8	2%	0.7	11%
Working Capital	0.1	0.4	-65%	0.2	-11%
Total Credit Portfolio	3.4	2.5	36%	3.2	7%
Merchants' Prepayment ¹	44.7	30.4	47%	41.0	9%
Expanded Portfolio	48.2	32.9	46%	44.2	9%

Total Credit Portfolio Mix

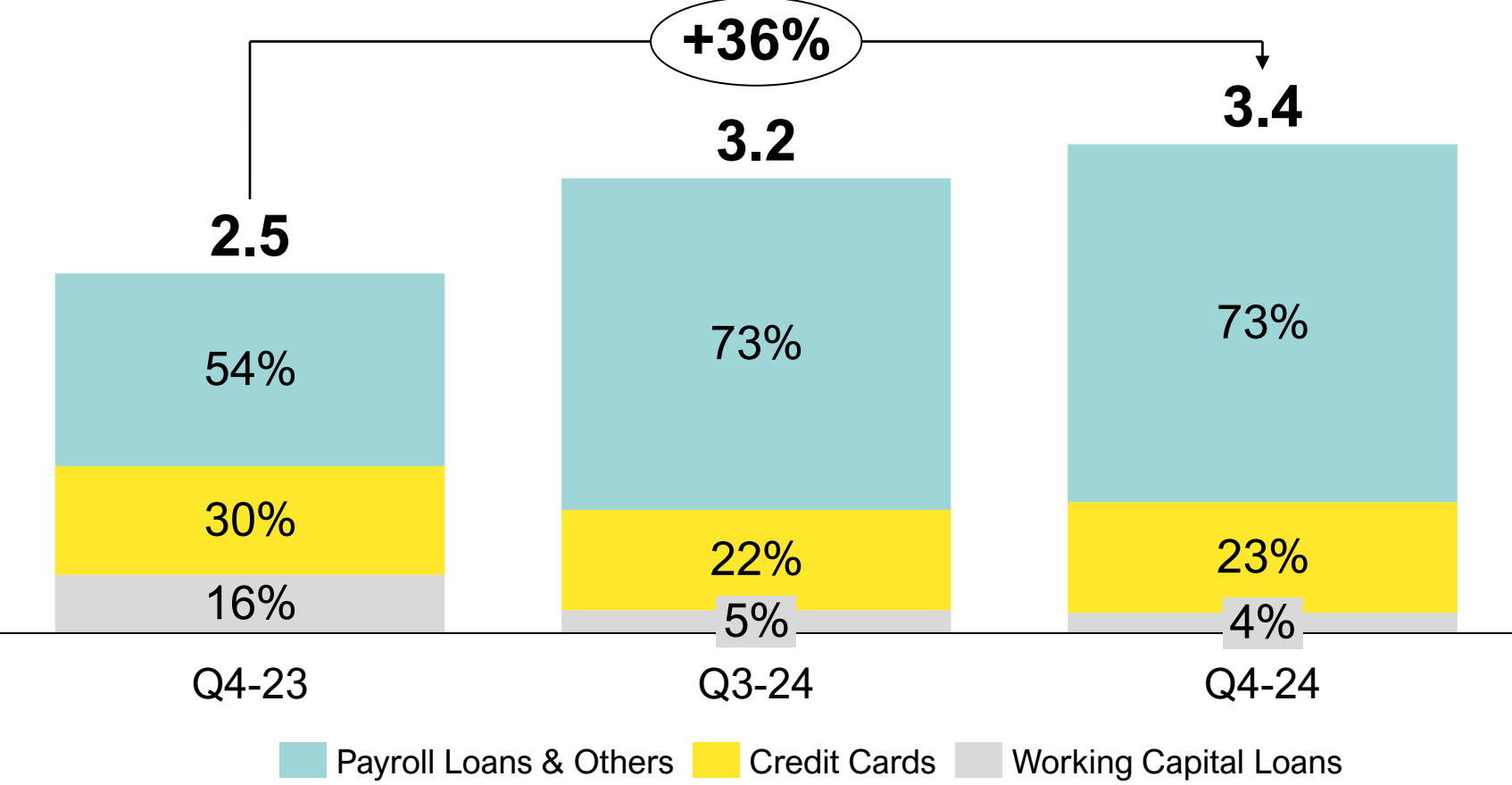
(%)



1. Prepayment to Merchants is net of Accounts Receivable Securitization | 2. NPL90: based on Credit Portfolio up to 360 days.
3. Source: Brazilian Central Bank. NPL90 for non-earmarked resources operations at 4.1% on Dec 2024

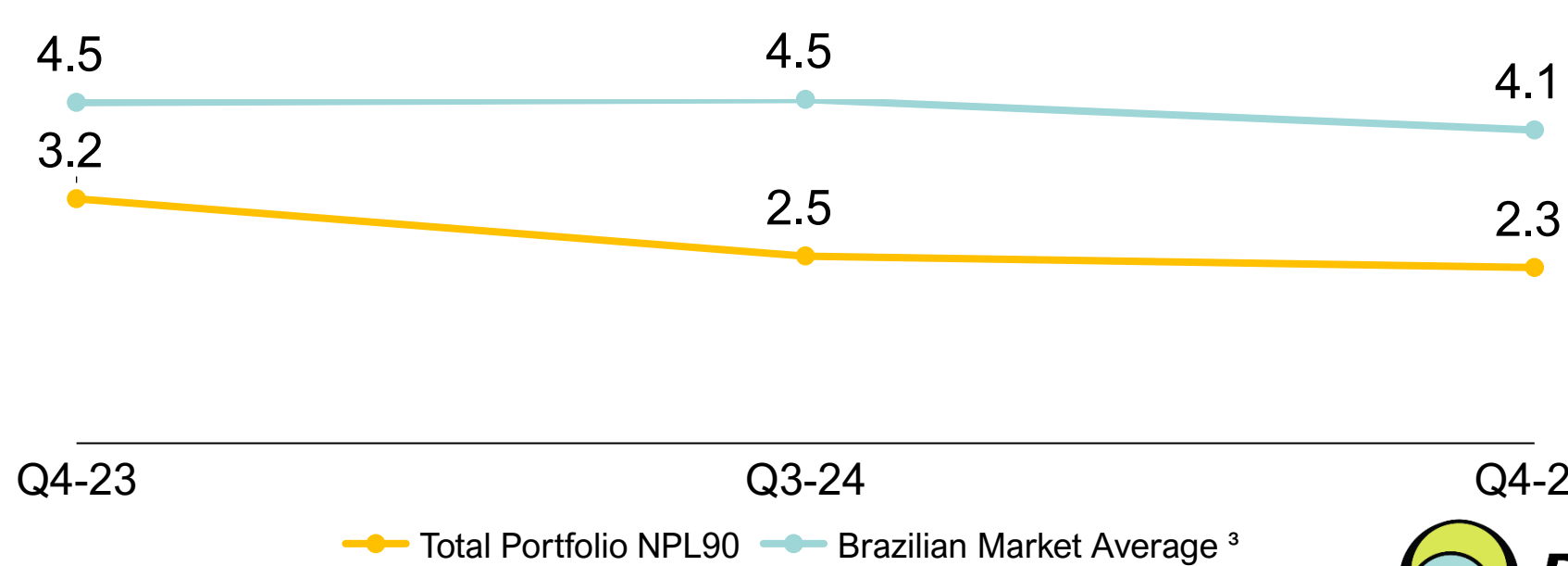
Credit Portfolio Evolution

% Credit Portfolio



NPL90²

% over Credit Portfolio up to 360 days

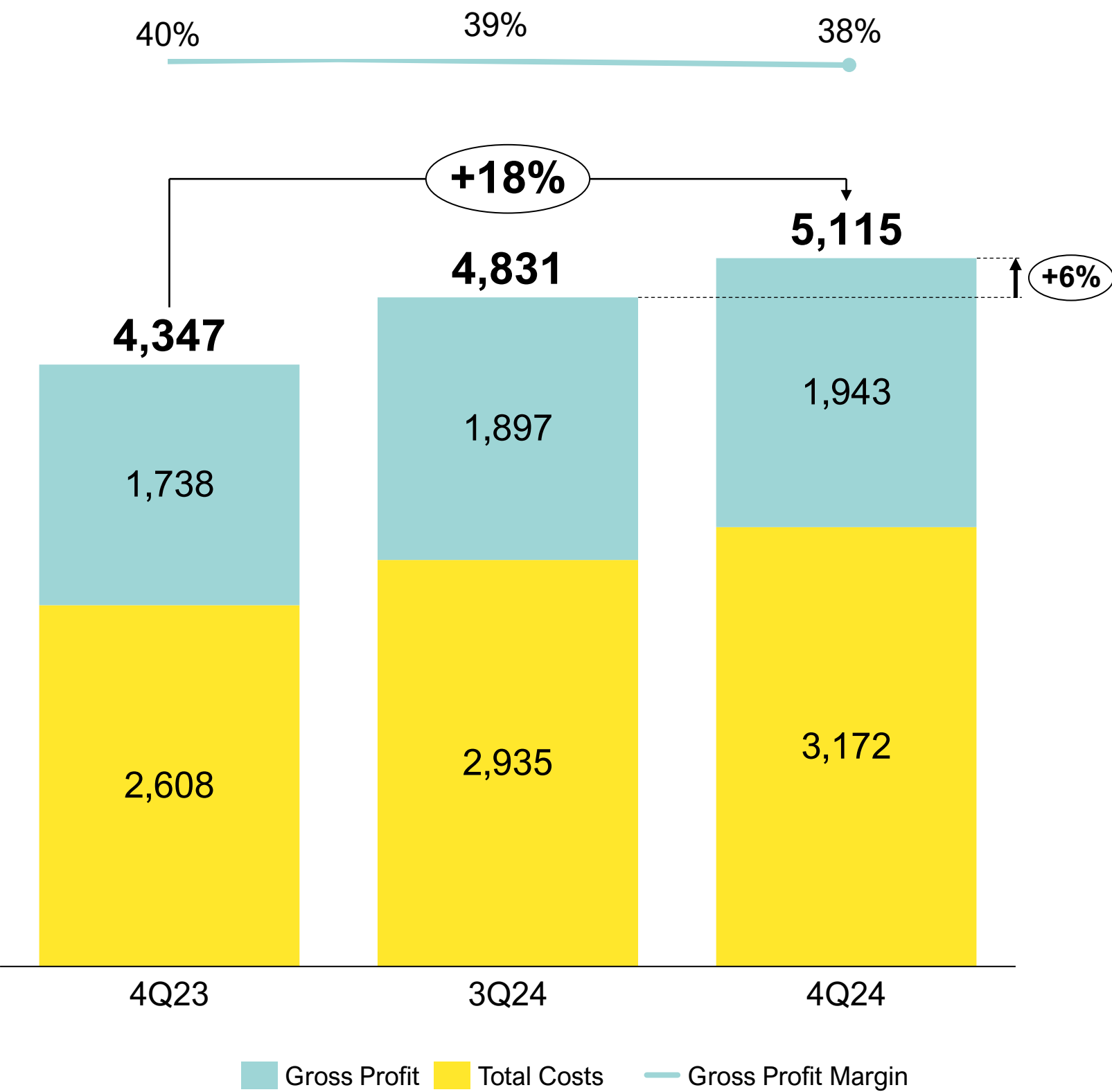


FINANCIAL RESULTS

Total revenue +18% YoY, banking represents 18% of the gross profit

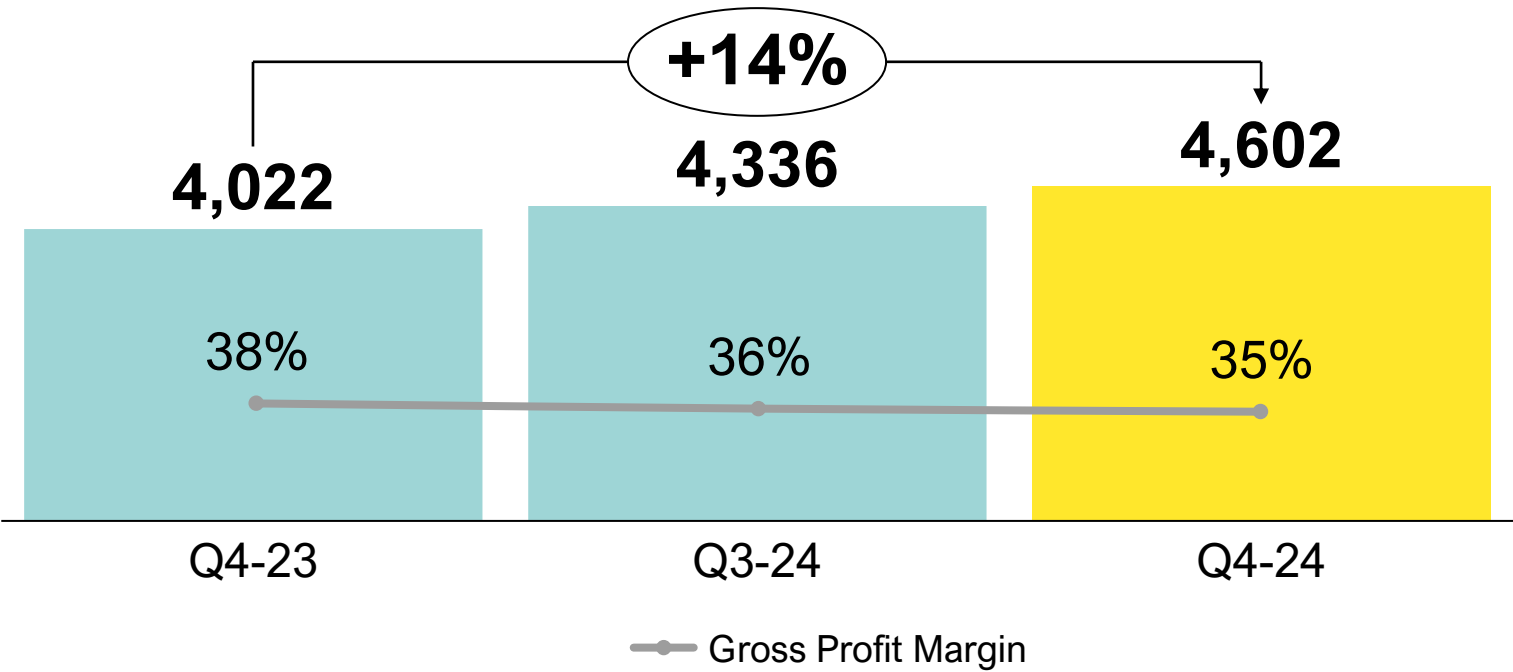
Total Revenue and Income

R\$ Million



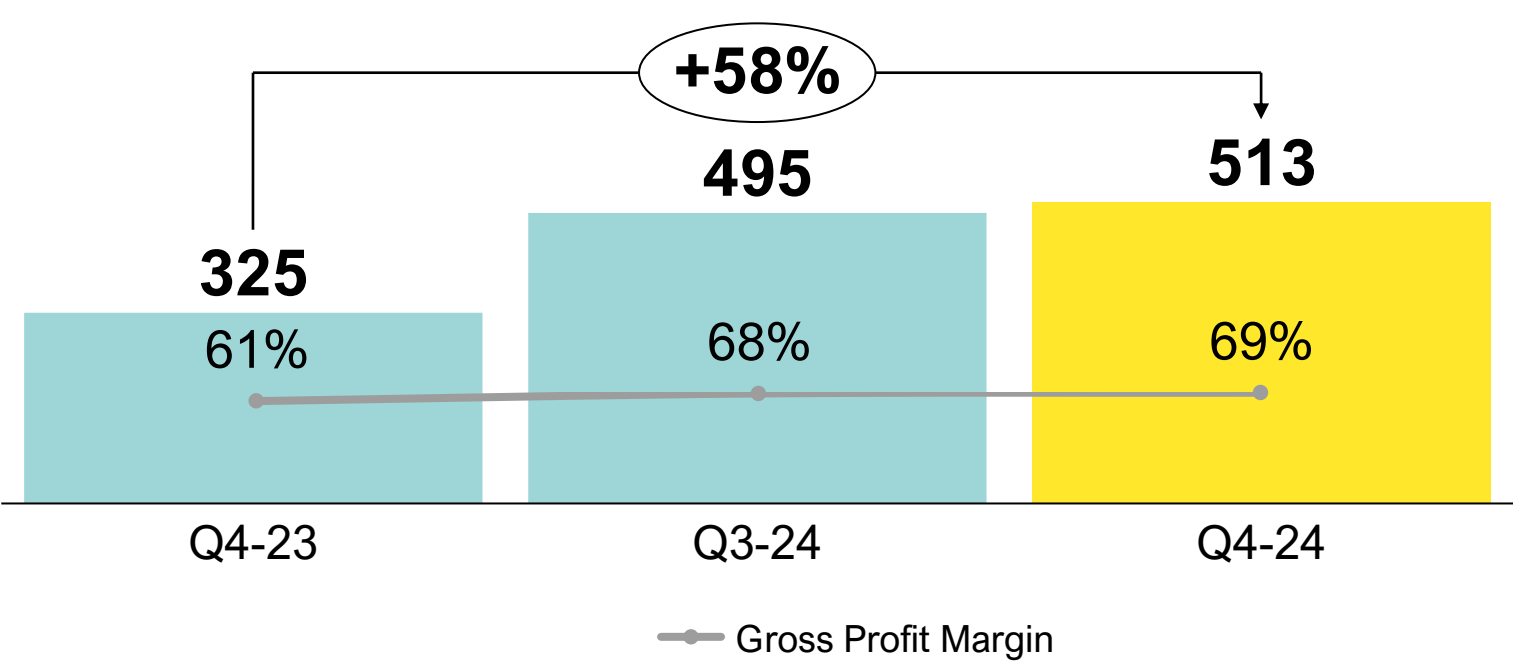
Payments: Total Revenue and Income

R\$ Million



Banking: Total Revenue and Income

R\$ Million

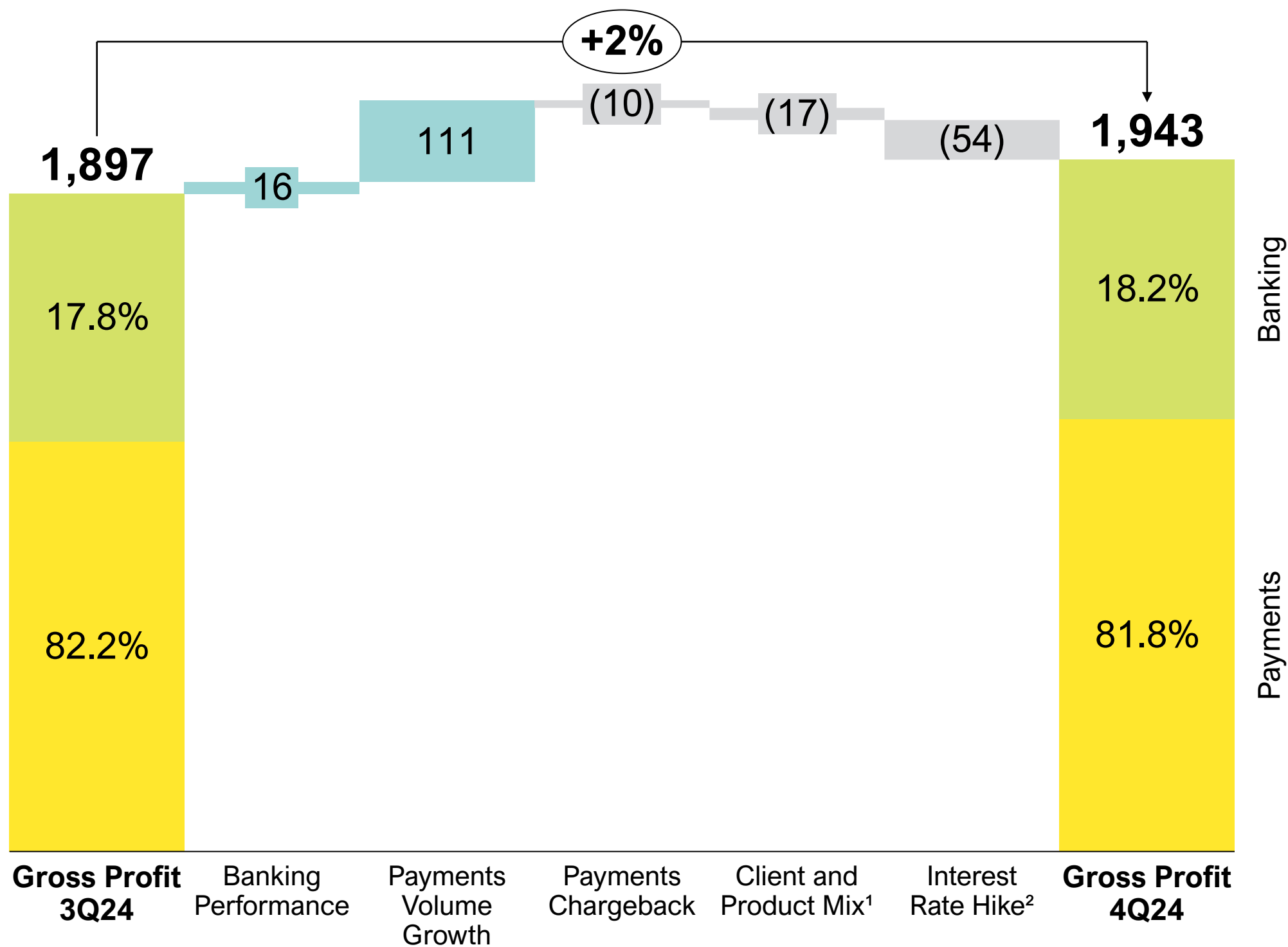


Gross Profit: Total Revenue and Income (-) Transaction Costs (-) Financial Costs (-) Total Losses;
Gross Profit Margin: Gross Profit / Total Revenue and Income.

Gross Profit driven by accretive expansion in Banking

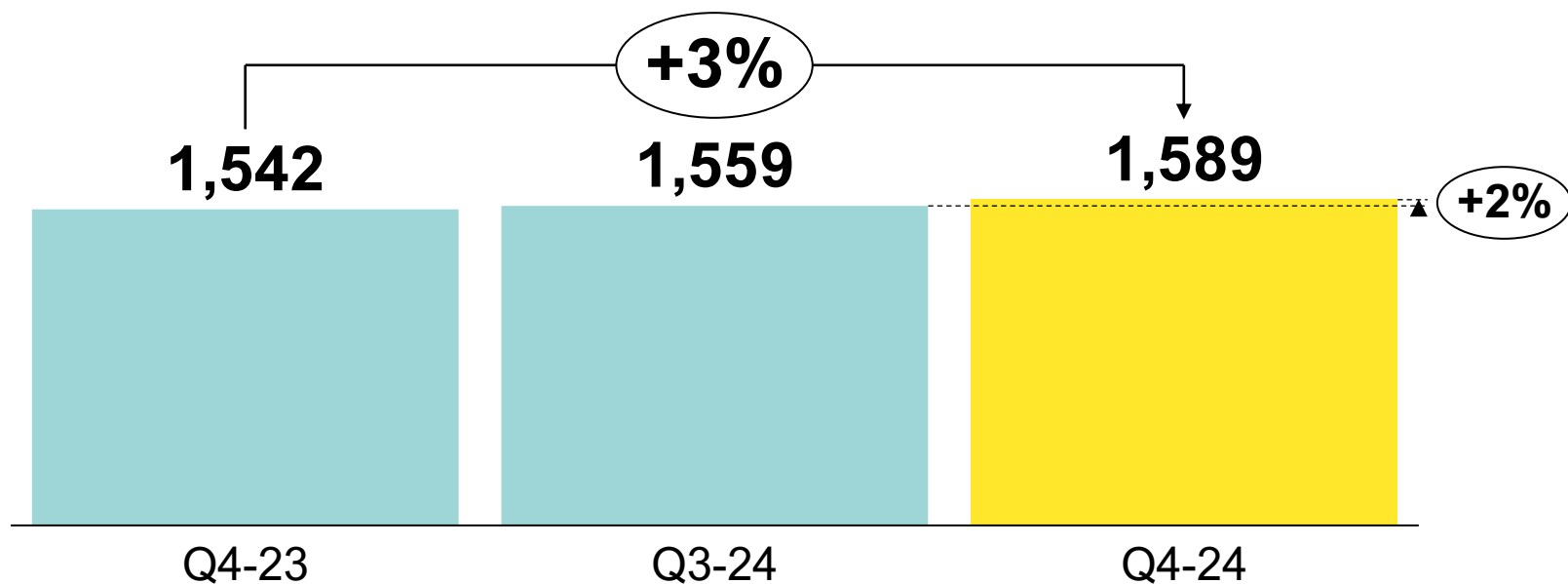
Gross Profit Evolution QoQ

R\$ Million



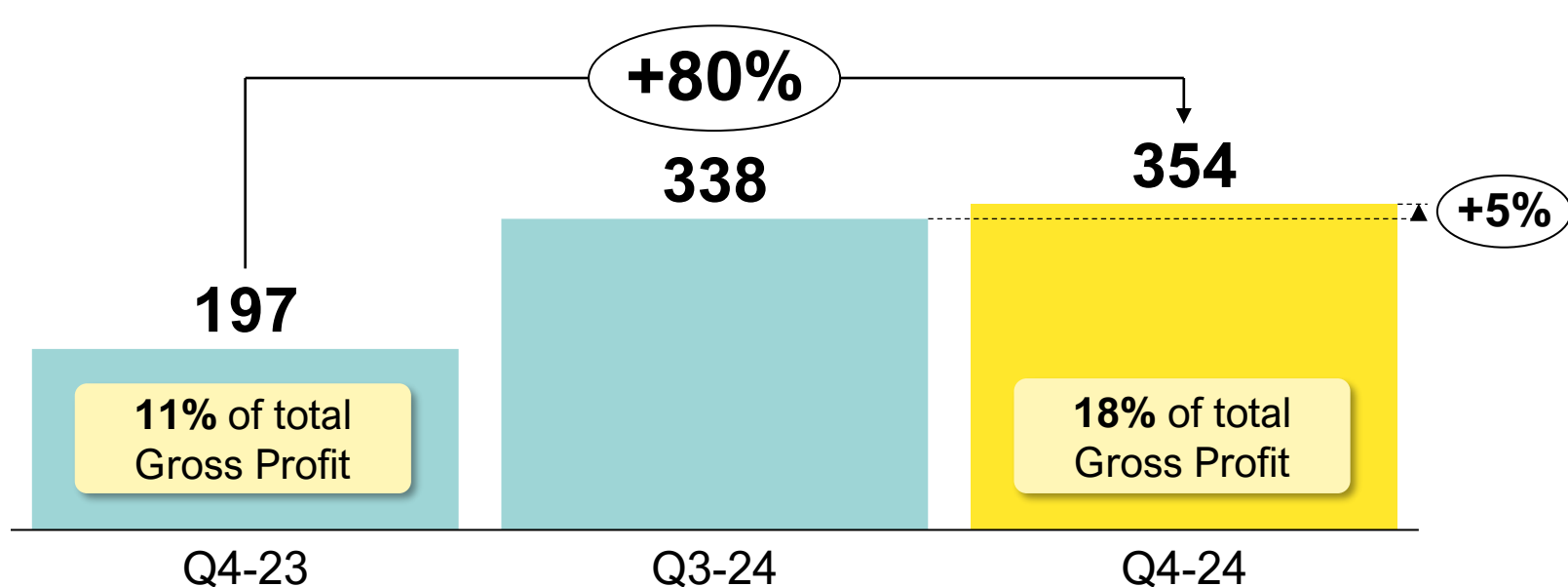
Payments: Gross Profit

R\$ Million



Banking: Gross Profit

R\$ Million



1 – Net of repricing on Payments, which started in the 4Q24.
2 – Net of 3 business days (4Q24 vs 3Q24). Include R\$11 millions related to acceleration of execution of the buyback program in the 4Q24

Continued gaining of Operating leverage, +74bps QoQ

Total Expenses

R\$ Million

	Q4-24	Q4-23	YoY %	Q3-24	QoQ%
Total Revenue and Income	5,115	4,347	18%	4,831	6%
Transaction Costs	(1,960)	(1,645)	19%	(1,851)	6%
1 Financial Costs	(1,092)	(841)	30%	(964)	13%
2 Total Losses	(121)	(123)	-2%	(120)	1%
Gross Profit	1,943	1,738	12%	1,897	2%
<i>% Total Revenue and Income</i>	38.0%	40.0%		39.3%	
3 Operational Expenses (Non-GAAP)	(822)	(700)	17%	(812)	1%
<i>% Total Revenue and Income</i>	16.1%	16.1%		16.8%	
4 D&A + POS Write-Off (Non-GAAP)	(436)	(405)	8%	(429)	2%
<i>% Total Revenue and Income</i>	8.5%	9.3%		8.9%	
EBT (Non-GAAP)	685	633	8%	656	4%
<i>% EBT Margin</i>	13.4%	14.6%		13.6%	
5 Income Tax (Non-GAAP)	(54)	(113)	-52%	(83)	-36%
<i>Effective Tax Rate</i>	7.9%	17.8%		12.7%	
Net Income (Non-GAAP)	631	520	21%	572	10%
<i>% Net Margin</i>	12.3%	12.0%		11.8%	

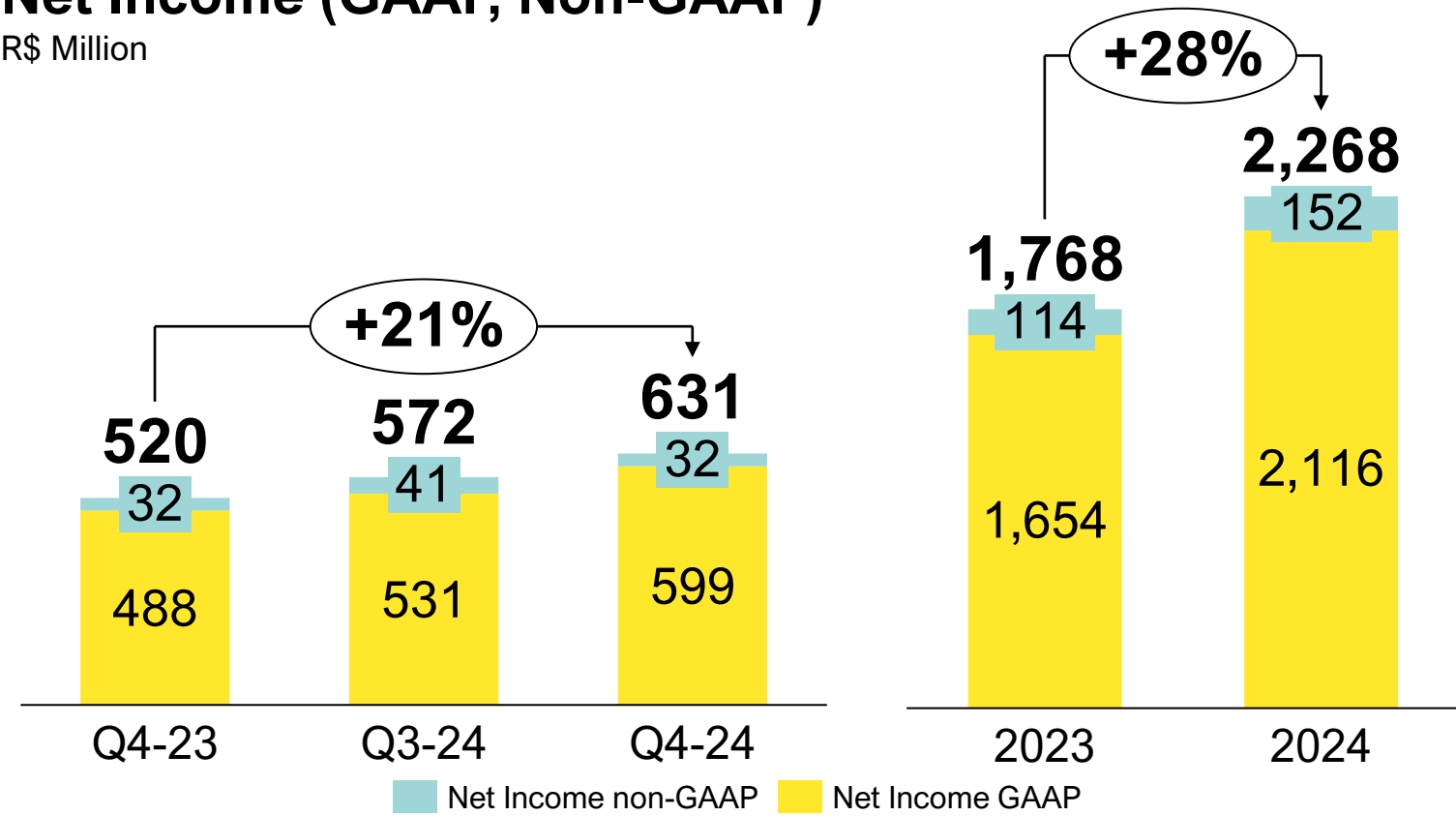
Highlights

- 1 Financial Costs**, preserving efficiency despite Brazilian interest rate hike by reducing yields on Deposits and diversifying sources of funding
- 2 Total Losses** benefited by improved fraud prevention process, with stable trajectory despite higher volumes.
- 3 Operating Expenses** presenting leverage of 74 bps on the back of increased efficiency with lower QoQ marketing expenses and stable personnel expenses
- 4 D&A + POS Write-Off** reduced as a percentage of Total Revenue on the strength of better POS management and higher online penetration on volumes
- 5 Optimized Effective Tax Rate** due to tax planning efficiency

EPS +25%YoY, growing ROAE¹ with Solid capital structure

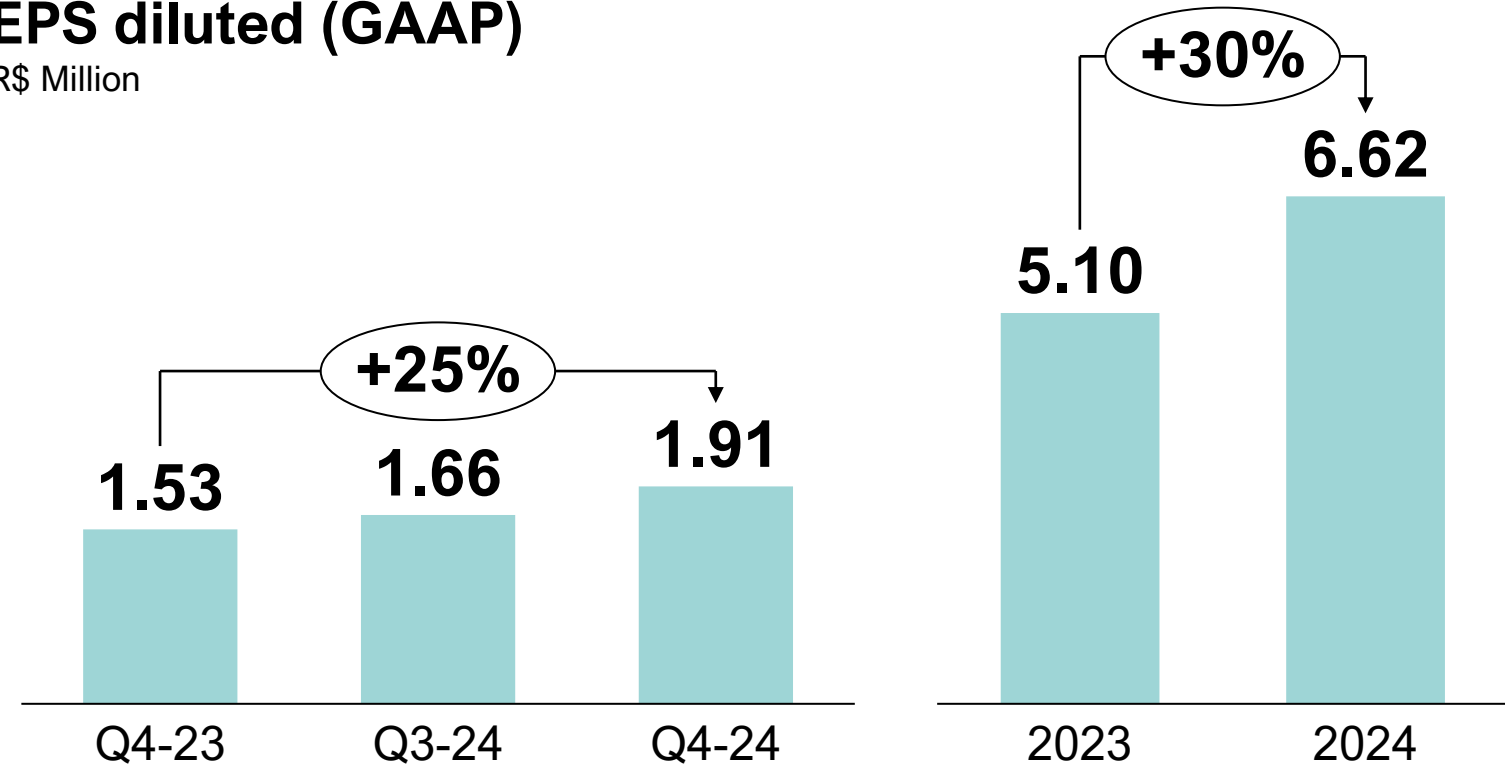
Net Income (GAAP, Non-GAAP)

R\$ Million



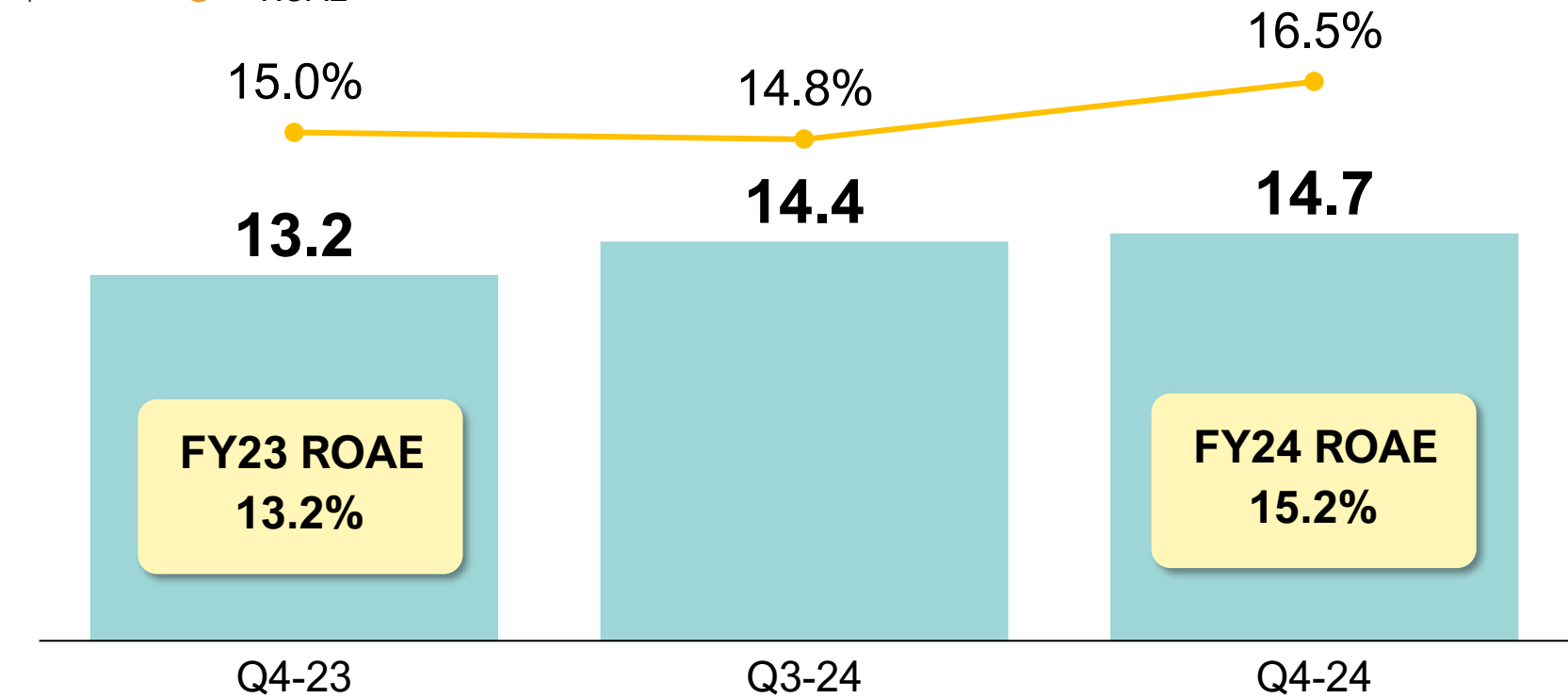
EPS diluted (GAAP)

R\$ Million



Equity and ROAE¹

R\$ Billion — ROAE



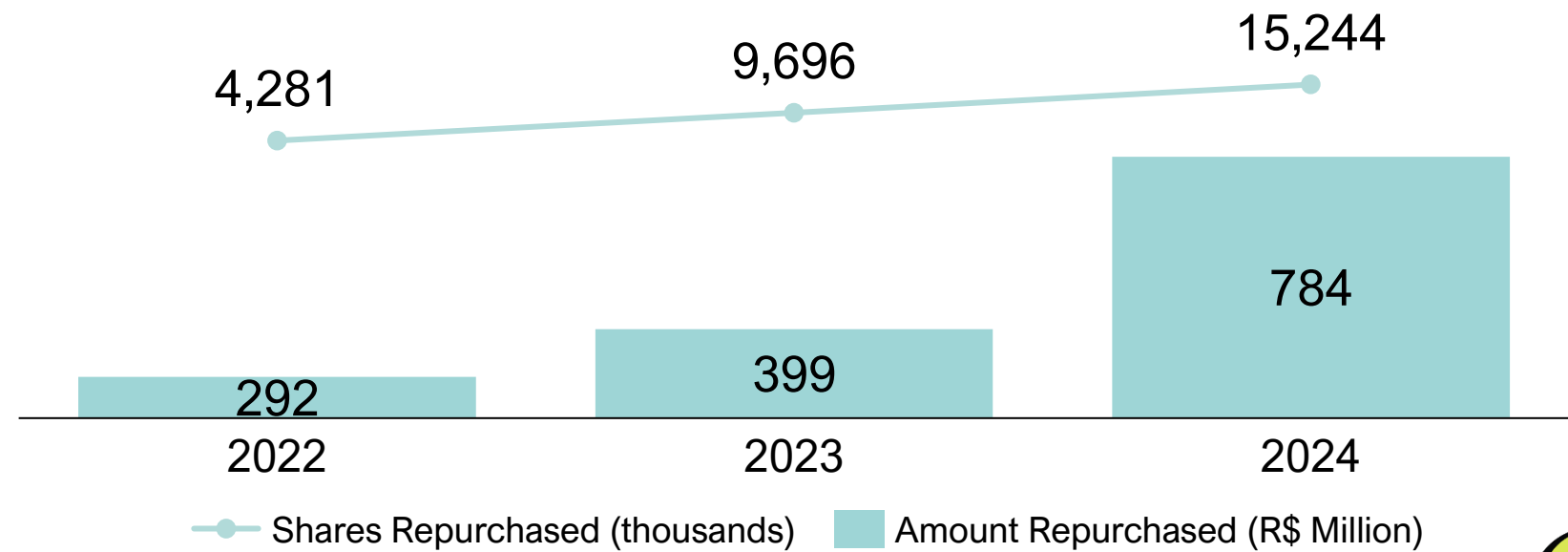
28%
BIS Ratio²

AAA.br²
MOODY'S
RATINGS

brAAA²
S&P Global
Ratings

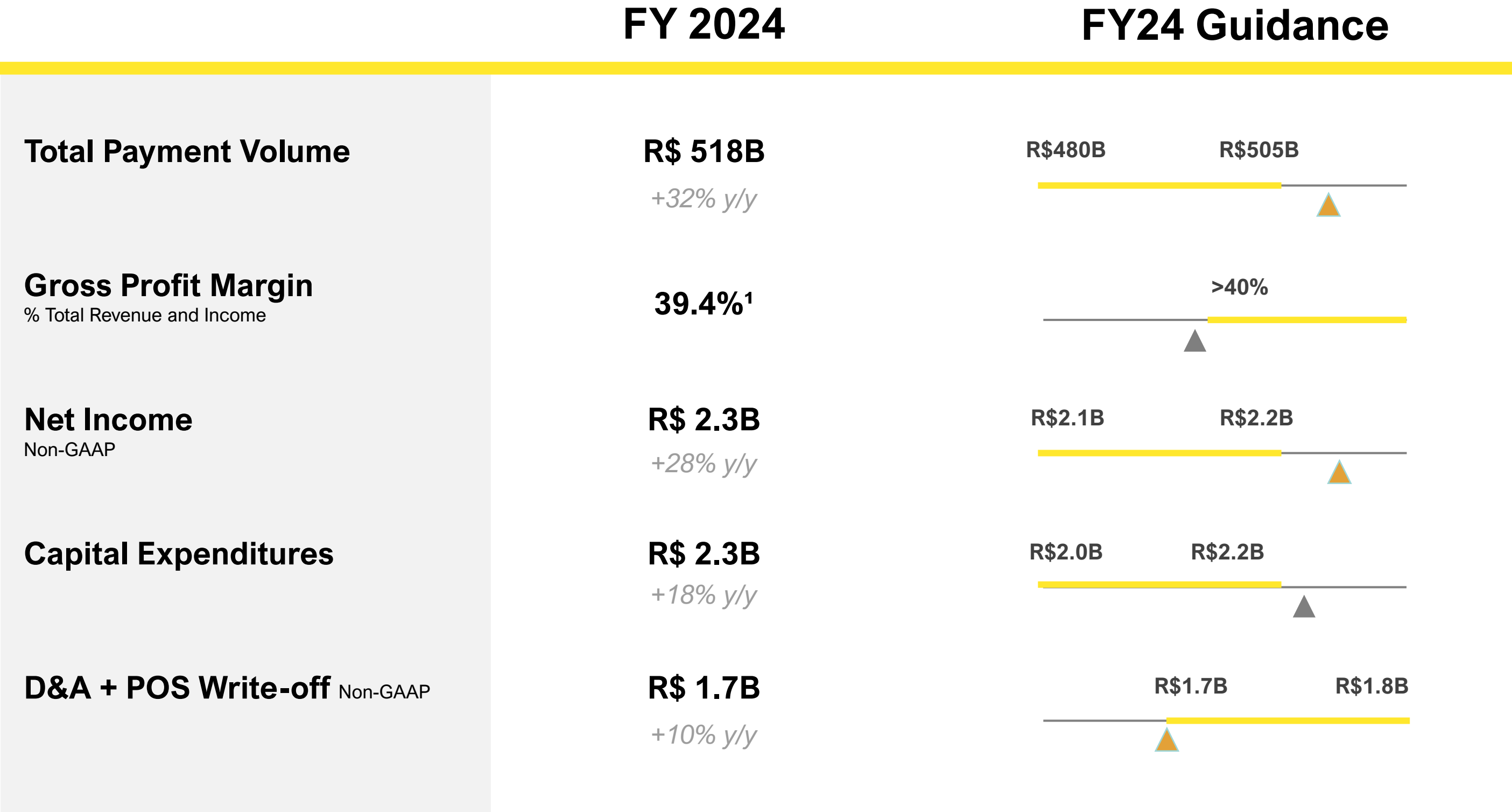
Buyback

Over 50% of current program (USD200M, launched on Aug 24th) already executed



1. ROAE (Return on Average Equity): annualized quarterly Net income / average shareholder equity. 2. as of Dec 2024

Outperforming FY24 Guidance, despite challenging year



1 – 39.6% if excluded the effects of the execution of the buyback program
Please see the Appendix for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Outlook

2025 Guidance

FY25 Guidance

	▶-----range-----◀	
Gross Profit % y/y	7%	11%
EPS (GAAP, diluted) % y/y	11%	15%
Capital Expenditures R\$ Billion	R\$ 2.2B	R\$ 2.4B

FY25 Macro Assumptions¹

GDP (YoY)	2.0%
Annual SELIC (year end)	15.0%
CPI (IPCA)	5.6%

1 – Company internal estimates
Please see the Appendix for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

CLOSING REMARKS



Closing Remarks

FY 2024 Takeaways

- **Strong TPV growth** (+32% YoY) led by our **core segment performance** (MSMB)
- Consistent growth from our **Banking platform** (+34% YoY Net Revenue | now 18% of total gross profit)
- Resilient result with **sustainable increasing EPS** (+30% YoY)

2025 Outlook

- Mitigate macro headwinds through (i) **repricing**, (ii) **reduced cost of funding**, and (iii) **operating leverage**
- **Promote revenue diversification**
- Improve **shareholder value** through an **EPS increase** and **better balance between growth and profitability**

Long term focus:

- **To become the main interface of our clients' financial lives**



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.

Webcast: [click here](#) to register

APPENDIX

Net Income Reconciliation and EPS

R\$ million	Q1-23		Q2-23		Q3-23		Q4-23		Q1-24		Q2-24		Q3-24		Q4-24	
Net Income GAAP	370		385		411		488		483		504		531		599	
Non-GAAP Items	22		30		29		32		39		38		41		32	
Long-term Incentive Plan	19		30		30		32		41		38		41		28	
Amortization of Fair Value Adjustment	5		5		3		5		5		5		5		5	
Amortization of Capitalized Expenses of Platforms Development	10		11		12		13		13		14		15		15	
Income Tax and Social Contribution	(11)		(16)		(15)		(17)		(20)		(20)		(21)		(17)	
Net Income Non-GAAP	392		415		440		520		522		542		572		631	

	Q1-23				Q2-23		Q3-23		Q4-23		Q1-24		Q2-24		Q3-24		Q4-24	
Weighted Average Number of Outstanding Common Shares (million)																		
Basic	324.7				323.5		321.8		317.2		316.9		319.1		317.6		310.8	
Diluted	327.5				325.5		323.8		319.1		321.2		323.1		320.7		313.9	
EPS GAAP																		
Basic	R\$	1.14	R\$	1.19	R\$	1.28	R\$	1.54	R\$	1.52	R\$	1.58	R\$	1.67	R\$	1.93		
Diluted	R\$	1.13	R\$	1.18	R\$	1.27	R\$	1.53	R\$	1.50	R\$	1.56	R\$	1.66	R\$	1.91		
EPS Non-GAAP																		
Basic	R\$	1.21	R\$	1.28	R\$	1.37	R\$	1.64	R\$	1.65	R\$	1.70	R\$	1.80	R\$	2.03		
Diluted	R\$	1.20	R\$	1.28	R\$	1.36	R\$	1.63	R\$	1.63	R\$	1.68	R\$	1.78	R\$	2.01		



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