



4Q20 RESULTS

WEBCAST TRANSCRIPT

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After PagSeguro PagBank's remarks there will be a question-and-answer session. At that time further instructions will be given. Should any participant need assistance during the call please press star zero to reach the operator.

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Finally, I would like to remind you that during this conference call the company may discuss some non-GAAP measures. For more details, the foregoing non-GAAP measures, and the reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures are presented in the last page of this webcast presentation.

Now, I will turn the conference over to Mr. Ricardo Dutra, CEO.

Mr. Dutra, you may begin your presentation.

RICARDO DUTRA | CHIEF EXECUTIVE OFFICER

Good evening from São Paulo everyone and thanks for joining our fourth quarter results conference call. Tonight, I have here with me Eduardo Alcaro, our Chief Business Development Officer, Artur Schunk, our Chief Financial Officer and André Cazotto, our Head of Investor Relations. First of all, we hope you and your families are well and safe.

We have been living unprecedented times since the outbreak of Covid-19 in Brazil, that started in the second half of March 2020. Merchants and consumers have changed their behaviors to face this unknown scenario, where people stayed in their homes for a while, and almost every industry was forced to accelerate digitalization and the adoption of alternative payments methods.

Meanwhile, our dedicated employees have been doing an extraordinary job to keep serving our clients, both merchants and consumers, with excellence, which led us to reach records in several KPIs. Thank you very much PagSeguro PagBank team. Before presenting our achievements, I am pleased to report that PagSeguro completed the strongest financial performance quarter in our history, achieving record TPV in both PagSeguro and PagBank, record Net Revenues that surpassed 2 billion reais in a single quarter and record non-GAAP Net Income, reaching 430 million reais.

These results reinforce our execution capability and our confidence to remain focused on democratizing financial services and promoting massive financial inclusion in Brazil, assuring that everyone has access to the best and most complete financial ecosystem in the country. Therefore, we continue to be the most profitable and leading company in terms of attracting and engaging millions of clients. Looking forward, our opportunities, over the next years, have never been greater. There will be more online purchasing, more digital banking, stronger migration from cash to digital transactions and a unique possibility to cross sell a very profitable combination of payments + banking for millions of customers. However, to fully capture the growth of those opportunities ahead, we need to keep investing in new initiatives, such as PagBank.

Important to mention we are in a very comfortable condition in terms of funding and cash position, and we feel more and more prepared to accelerate important products that will support us to diversify our revenues, increasing the number of products per user and consequently our revenue per client.

However, as the pandemic uncertainty remains, we must be cautious and pay attention to the intrinsic opportunities and risks. We are enthusiastic about the vaccines, however the speed of vaccination at scale are still unknown in Brazil and we know that this will be key to accelerate the economy recovery.

Additionally, the Brazilian government is discussing a potential second round of coronavouchers starting in March 2021, which would increase TPV volumes while impacting our take rate due to a volume mix with more debit transactions.

In the regulatory landscape, the marketplace of receivables, which can be an opportunity for us, was postponed one more time by the Brazilian Central Bank, and the new expected launch date is June 7th.

On open banking, also another opportunity for us, the first of four phases began and by regulation, we will be joining only in the third phase, and we are following this initiative very closely. Regarding Pix, as we predicted, it is replacing wire transfers and very incipient for P2M. As we have been discussing, we believe Pix is a relevant add on and it will foster the cash conversion into electronic transactions which help us to add new clients on both banking and payments. For companies like PagSeguro that invests in technology, product and have entrepreneurial culture, there is a lot of opportunities out there and we are prepared to capture them.

That said, Artur and I will present some slides and we will have Q&A session at the end.

SLIDE 3

On slide 3, we highlight the achievements of the fourth quarter and full year figures.

Talking about PAGS

- Record TPV of 55 billion reais in Q4, up 61% year over year. In full year 2020, TPV of 162 billion reais, up 41% year over year, while the whole cards industry in Brazil grew only 11%. Important to highlight less than 5% of our volumes come from sub-acquirers.
- Online TPV grew 147% in Q4, year over year. In 2020, online TPV increased 85% year over year.
- All-time high net merchants adds of 765 thousand, ending 2020 with 7 million Active Merchants. Excluding MoIP, net merchants adds of 303 thousand in the quarter; In 2020, record of 1.8M net new merchants added, much higher than 2019 net additions.
- Total Revenue and Income of 2.1 billion reais in Q4, up 33% year over year. In 2020, Total Revenue and Income of 6.8 billion reais, up 19% year over year.
- Net Take Rate of 2.30%, or 2.44% excluding coronavouchers volumes. FY20, Net Take Rate of 2.59%, highly impacted by pandemic and temporarily TPV mix change.
- Adjusted EBITDA of 726 million reais, up 24% year over year. In 2020, Adjusted EBITDA of 2.3 billion reais, up 8% year over year.
- Record non-GAAP Net Income of 430 million reais, reaching a net Margin of 21% (or 30% net margin excluding Interchange and Card Scheme Fees) In 2020, Non-GAAP Net

Income of 1.4 billion reais, reaching a Net Margin of 21% (or 30% net margin ex-Interchange and Card Scheme Fees).

- Adjusted Net Margin, excluding pandemic and PagBank investments effect, of 30% in 2020, 2.6 percentage points higher when compared to the same period last year.
- We also have started to serve SMB's through hubs and I will give more info about it in the next slides.

Moving to PagBank

- Record PagBank TPV of 28 billion reais in Q4, up 256% year over year. In 2020, PagBank TPV of 71 billion reais, up 245% year over year.
- All-time high quarterly app downloads, with more than 8.6 million.
- PagBank Clients of 7.9 million, with net additions of 1.2 million in the quarter. Full year 20, net additions of 5.1 million.
- PagBank Consumer Clients of 2.7 million, 7 times higher in comparison to the same period of 2019, reaching 35% of PagBank Active Clients.
- PagBank Revenues of 210 million reais in the quarter, up 146% year over year, representing 10% of Total Revenues and Income. Full year, PagBank Revenues of 540 million reais, up 118% year over year.
- Credit Portfolio of 612 million, with Working Capital loans originations back to pre-Covid levels. Also, we are launching of public payroll loans.
- Certificates of Deposits reached 766 million in December 2020.
- Launching of third-party funds offered by PagInvest, Marketplace and Home Insurance.
- We also acquired a minority stake of Boletoflex, a Brazilian company specialized in "*Buy Now Pay Later*" service, at this point, available only for online transactions.

SLIDE 4

Moving to slide 4.

In Q4 2020, Total Payment Volume reached 55 billion reais, a growth of 21 billion reais, or 61%, when compared to the same period of last year.

The main drivers of the volume's growth were the acceleration in cash conversion into electronic payments, combined with a larger and resilient total addressable market in long tail, higher exposure to online channels such as e-commerce, cross border, card-not-present transactions, among others. Our online volumes grew 147% year over year, as we can see in the bottom left of the slide.

Top right, we show that debit volumes grew significantly in comparison to the fourth quarter of 2019 but kept a similar mix in comparison to the Q3 2020, which is good news. Remember debit has been the mechanism for government financial aid distribution and in the fourth quarter, Brazilian workers always receive an additional salary, which also historically increase debit mix in Q4 every year. We continue to believe debit higher participation in the mix is a temporary effect of Covid-19, which was generated by financial aid from government, additional credit limits restrictions imposed by banks for their clients, changes in consumption behavior and so on. Important to mention, that according to the Brazilian Internet Association, 75% of credit card users in Brazil purchase in credit card installments. Therefore, once social distancing measure start to relax, credit volumes should increase and get back to the similar past levels.

Finally, bottom right, Active Merchants reached 7 million in the quarter, adding 1.8 million new sellers year over year, and close to 800 thousand new ones only in this Q4 2020. In November, we finished the acquisition of MoIP, which cooperate with the all-time high net merchants adds figures. Excluding MoIP, net merchants adds were 303 thousand, a solid quarterly growth.

SLIDE 5

Turning to page 5, we present our revenue figures.

In Q4 2020 Total Revenue and Income grew 33% year over year, reaching 2.1 billion reais in the quarter, accelerating the pace of growth quarter over quarter. Another record achieved in this quarter.

To be comparable to our peers' reports, our Net Total Revenue and Income, excluding Interchange and Card Scheme Fees, reached 1.4 billion reais, up 31% year over year, as we can see in the top right of the slide.

Bottom left, we present our Operating Revenues. Transaction Activities and Other Services Revenues of 1.4 billion reais, up 43% year over year, also showing a very strong recovery. Financial Income of 0.6 billion reais, growing 8% year over year, driven by consumer behavior during the pandemic, leading to less credit card transactions in installments in our transaction mix. Important to remember that our prepayment model is automatic to our clients, meaning that every credit installment transaction is automatically prepaid instantly, in D+14 or D+30.

Bottom right, our Net Take Rate, which is the blended Take Rate Net from Transactions Costs such as Interchange, Processing and Cards Scheme Fees reached 2.30%. Excluding the coronavouchers impact, our net take rate reached 2.44%.

SLIDE 6

Moving to slide 6, we highlight the main operating and financial KPIs for PagBank.

In the first chart, PagBank TPV, known as non-Acquiring TPV, reached 28 billion reais, up 256% year over year, or 244% excluding the 1 billion reais volumes related to coronavouchers top up. In the top right, we show the graph of PagBank TPV as a percentage of PagSeguro TPV (Acquiring TPV), which reached 51%, due to higher engagement of our merchants into PagBank products and services.

Bottom left, we move to PagBank Clients. We ended the year reaching almost 8 million active users, adding 5.1 million new clients in 2020. PagBank Consumers reached 2.7 million, already representing close to 35% of our PagBank Active Clients base.

PagBank Revenues of 210 million reais in the quarter, up 146% year over year. Full year, PagBank Revenues surpassed half billion reais, up 118% year over year, maintaining a triple digit growth, despite our decision to be more cautious on new credit originations between March and September, resuming in Q4 2020. As a percentage of Total Revenue and Income, PagBank Revenues represented 8% in full year 2020 and 10% in Q4 2020. On the right side, we highlight our new initiatives in Investments and Insurance.

PagInvest Assets under Custody reached 4.7 billion reais, a combination of client's balance, deposits, and investments. Yesterday, we launched crypto fund and incentivized debentures fund distribution, adding more options into our third-party investment fund distribution strategy, officially launched in January 2021. We expect to roll out in the coming months our own home broker platform and distribution of Brazilian Treasury bonds.

In terms of insurance products, we are launching two more products: Home Insurance and Personal Accident Insurance, expanding our portfolio, which already counted to PagBank Health since 2020.

Finally, our Credit Portfolio and Transactional account products increased their share in PagBank Revenues in 2020 in comparison to the same period of last year. We remain confident that Card Issuance and Credit offerings will be the main drivers of banking revenues, reinforcing our commitment to reach 30% of our Total Revenue and Income being generated by our banking initiatives in 2024.

Now, we will move to the financial performance slides and I will turn the call over to Artur, our CFO, who, by the way, has been doing an amazing job as we navigate through this unique time together.

Thank you very much! Artur, please go ahead.

ARTUR SCHUNCK | CHIEF FINANCIAL OFFICER

Thanks Ricardo, and good evening everyone. It is an honor to be with you today for the first time as PagSeguro PagBank CFO. Certainly, the foundations built by Eduardo during the last years were extremely relevant for now and for the coming years and I am looking forward to lead from here on, hoping to continue the outstanding work done until now.

SLIDE 7

Moving to slide 7, we are presenting our Cost and Expenses, EBITDA, and Net Income performance.

Our non-GAAP Total Costs and Expenses ended the quarter totaling 1.5 billion reais, up 48% year over year and breaking by category:

Sales and Services costs grew 54% due to the TPV growth of 61% versus last quarter of 2019. Interchange Costs, up 37% year over year, impacted by the mix change toward more debit versus credit in the period; the growth of 78% in Personnel Expenses are related to more tech developers and professionals to support the expansion of PagBank, PagInvest and hubs initiatives. Our Depreciation and Amortization has also increased 188% year over year, driven by an unprecedented merchant addition during the whole 2020, boosting POS acquisition depreciation and higher amortization of product development. Marketing allocated in Sales and Services increased by 40% year over year, with higher investments to promote digital wallet, PagBank products such as Pix, CDs and marketplace and client's engagement.

Q4-20 Selling Expenses reduction of 12% are explained mainly by Chargebacks, decreasing 26% year over year as a percentage of the TPV, reaching 0.14% in the quarter, even with higher exposure to online sales, showing an operational improvement and a credit portfolio more than double compared to Q4 2019, with better delinquency rate performance in the new cohorts.

The graphs in the middle of the slide present our results for the quarter. The first is the adjusted EBITDA that reached 726 million reais, up 24% year over year for the quarter. In the graph below, our Q4-20 non-GAAP Net Income was 430 million reais, 4% higher in comparison to the same period of 2019 even with the pandemic effects. Net Margin for the quarter achieved 21%, improving 250bps versus Q3-20.

SLIDE 8

Moving to slide 8, we updated our managerial analysis on PagSeguro core business margins, presented last quarter by André Cazotto, our Head of Investor Relations.

As we discussed, with the partial shutdowns in Brazil, TPV growth was negatively impacted, mainly during the second and third quarters. Additionally, there was a temporary change in consumer behavior, meaning less leverage, and with spending more oriented to essential goods. The consequence was a change in TPV mix, with faster growth on debit card transactions, including the coronavouchers and lower growth on credit installments, extremely correlated to market credit availability, with lower appetite of banks in the past months. All these temporary changes drove to lower take rates and margins.

We estimate the pandemic impact was 424 million reais, decreasing our margins in 6.2 percentage points in 2020. This negative impact is expected to be transitory and should recover over time, not only for PagSeguro, but for the whole payments industry.

Moving to PagBank investments, we started our initial investments in May 2019. Despite the pandemic, we kept investing in the most important verticals. PagBank is essential for our business growth strategy which unlocks a market 17x larger than acquiring. In 2020, the impact was 187 million reais of PagBank investments, or 2.7 percentage points negative impact in net margins. We expect PagBank to be accretive in 2022, becoming a bottom-line accretive initiative for our company for the coming years, while we cross sell products and diversify revenues.

In comparison to 2019, our Net Margin would be 2.6 percentage points higher, reaching 30%, or close to 40%, as our peers' report a Total Revenue excluding Interchange and Card Scheme Fees.

Our focus right now is growth, entering in a market 17x larger than payments, as we discussed in the last quarters. Profitability is part of our DNA, and we will continue to deliver solid bottom line results, however PagBank investments and new initiatives are the most efficient capital allocation strategy for now.

SLIDE 9

Moving to slide 9, we want to share a few comments about our investments in the short-term.

- In 2020, our Capital Expenditures reached 2 billion reais, representing 30% of our Total Revenue and Income. 72% of this investment was related to POS acquisition driven by a record of 1.8 million net merchants' addition in our platform last year and a much higher demand for additional POSs from our active merchants, given a faster adoption of new sales channels, such as takeout and delivery.

- Regarding to Intangible Assets, the increase is related to our growth in software, platform investments, product development and IT teams.

SLIDE 10

In the next slide, we show our main trends in the Credit Portfolio where the performance is improving every day.

We ended 2020 with a Total Credit Portfolio of 612 million reais. Working Capital loans originations are back to pre-pandemic levels since November 2020, and nowadays, with all the data collected, model improvements and a seasoned team, we could increase our origination by approximately 10 times. We do have strong demand from merchants however, we have decided to wait until we have more visibility about vaccines rollout and economy recovery before being more aggressive in credit offers.

Working Capital loans represented 54% of the Credit Portfolio, reaching 311 million reais and an average ticket of 4 thousand reais. Although our NPLs are low and under control, we saw a significant decrease in the current NPLs when we compared to pre pandemic cohorts, as we show in the first graph in the right side.

Credit Cards represented 42% of the Total Credit Portfolio. We already issued more than half million credit cards focused on our best merchants. We also started offering credit cards for consumers with collateral, meaning clients that invested in PagBank CDs or choosing PagBank to receive their salaries. As you can see in the chart below, trends in the new cohorts for credit cards NPLs continue to be encouraging.

Knowing that nobody will assume a credit risk without receiving the proper return related to the risk assumed, we continue our focus on improving our credit models, teams and processes that are allowing us to show the current performance and driving the company to improve EPS accretion in the future.

Finally, other initiatives such as Payroll Loans represented just 4% of the Credit Portfolio. We launched public Payroll Loans in some cities, and we are ready to scale up this product during 2021.

SLIDE 11

Now, before I pass the word back to Ricardo, I would like to comment about our cash position and funding strategy.

In December 2020, our cash position, considering cash and cash equivalents, financial investments, account receivables from issuers and credit portfolio reached almost 19 billion reais. Our

credit portfolio represents only 3% of the current assets. Excluding PagBank clients balance, PagBank Certificates of Deposits and Account Payables to our merchants, we ended the year with a solid net positive cash and working capital position of 8 billion reais.

The right graph compares our PagBank CDs balance to our Credit Portfolio. 100% of our credit operations are funded by 3rd parties.

Our operation generates cash to support our business growth and we also have 16 billion reais in triple A accounts receivable to be securitized if we need. We are always evaluating other potential alternatives of funding, remembering that PagSeguro is the only Brazilian acquirer with a full banking license, that help us to reduce our funding cost. Currently it is below CDI (the Brazilian Interbank rate).

Now I pass the word back to Ricardo.

RICARDO DUTRA | CHIEF EXECUTIVE OFFICER

SLIDE 12

Thanks Artur!

Moving to slide 12, I want to comment about our new initiatives to move up market in Payments, a natural and additional business vertical that will be complementary to our acquiring strategy.

In the past years, small and medium businesses have been proactively reaching PagSeguro to serve them. We know by fact that to compete in the long tail market, PAGS unique strengths such as brand, first mover advantage, online reach and banking ecosystem created a natural entry barrier. Having said that, it is easier to move up in the pyramid than to move down, and after several discussions, we decided to test and roll out a few hubs in 2020, working in an omnichannel model, combining physical presence with our online self-service know-how. We tested our hubs in all geographic regions of Brazil, evaluating the merchants' profile, their needs, paybacks and returns of the existing investments.

Since our IPO we became a more mature company, with an even stronger brand than 3 years ago and now we are prepared to increase our penetration in SMB's, and PagBank has the most complete digital bank offer among acquirers that serve SMB's merchants.

SMB's are still badly served on both payments and banking and in terms of volumes, the TPV addressable market accounted for 700 billion reais.

Cost discipline combined with our execution capability and our ability to efficiently scale up our Payments platform led us to conclude that SMBs segment is a profitable market. We know that current

acquiring SMBs' margins, as a percentage, are not as high as long tail's, however, SMBs positive contribution margins will be accretive to our EPS in 4 to 5 quarters, which is an attractive payback period, considering only acquiring, and as time passes by and we scale our banking strategy for those clients, we believe EPS accretion could be anticipated and more meaningful.

In 2020, volumes from Hubs meaning net adds, POSs and TPV, were not relevant and we were the unique acquirer to deliver same day POS activation for SMB's.

For 2021, we expect to accelerate investments and explore this market, reaching around 250 to 300 hubs by December and volumes achieving 6% to 11% of total PAGS TPV. This means that our focus will remain in the long tail market and hubs will complement our client and product offering.

SLIDE 13

On the next slide, we provide some initial thoughts and initiatives around ESG.

PAGS is committed to put and reinforce the ESG guidelines in our business strategy and we will present some important achievements so far.

On the environment, we are working to foster new printless payments solutions such as NFC, QR code and link of payments. Nowadays, more than 60% of our active POS base does not print receipts. And, we also have the goal to implement more efficient and rational processes of water and energy use and are preparing our gas emission inventory.

On the social side, inclusion is part of our DNA and mission since our foundation: PagSeguro was created back in 2006 with the purpose of democratizing digital payments on the internet and then we moved to in-store businesses in 2012. We have included millions of Brazilians in the financial system and offered them the option to accept cards in a simple, easy, non-bureaucratic and frictionless process. Today we have more merchants than our competitors in Brazil and we have close to 8 million PagBank active users. Still today almost 80% of our clients did not accept cards before joining us. A large percentage of our TPV comes from individual entrepreneurs, from the younger individuals starting their professional life to senior clients, above 50 years old, hiring our services to complement their retirement income. Worth to highlight PagSeguro is also one of the few companies in Brazil, with 3 women in the board of directors, which represents 43% of the board members.

Finally, on the governance, our company continues to improve. Today 43% of our board members are independent, which helps us to create and strength our committees, such as credit risk and liquidity and data policy and protection.

PAGS has a relevant and structured data security department. Our security strategy follows the most relevant pillar of our business, that is to keep a safe and protected environment to our clients. Our company also has a data security master plan, which establishes our guidelines. The Master plan

establishes 28 objectives, and its governance follows controls and indicators of the ISO 27000 family. The guidelines are based in more than 15 policies defined and approved by our executives and directors, and having confidentiality, integrity, and availability as fundamental basis.

We are working in our Sustainability report that should be released during 2021.

SLIDE 14

Moving to our last slide before the Q&A session, let me share some trends in January and our 2021 guidance outlook.

Volumes in January and February 2021 are growing above 50%, in line with the organic growth that we have been observing in the last months, excluding coronavoucher impact. Important to remember, January and February 2020 were not affected by Covid-19 impact, therefore, even comparing with a higher base from 2020, we are accelerating and growing more than 50%.

For 2021, we expect Acquiring TPV to grow above 40%, still backed by healthy net merchants' adds, which will require a similar level of Capital Expenditures experienced last year, which is around 2 billion reais or low twenties as a percentage over Total Revenues. In 2022, we expect our Capital Expenditures as a percentage over Total Revenues to go back to 2019 levels, meaning low to mid-teens. Given the higher investments, we expect Depreciation and Amortization to be around 800 million reais to 1 billion reais, this year.

Important to highlight that our TPV guidance does not consider potential upsides coming from the second round of coronavouchers expected to be distributed from March until June in 2021.

Also, in 2021, we will focus on our growth, investing in PagBank, hubs and new initiatives to keep expanding faster our digital banking + payments ecosystem to millions of clients, boosting our acquiring and non-acquiring TPV and accelerating our revenue growth through diversification. We are on track to have PagBank Revenues reaching 30% of the total revenues of the company by 2024.

Payments, banking, and financial services industries have become very dynamic in the past years and our company has been moving forward and taking advantage. We are adding millions of users per quarter and experiencing very efficient paybacks and strong ROI's in our investments (both for acquiring and banking). Our plan is to keep investing to grow and to build one of the most relevant financial digital ecosystems for both consumers and merchants, including long tail and SMBs. Our unique platform combination composed by payments + banking services will allow us to keep exploring the opportunities.

Finally, in terms of profitability, we believe that PagBank can be accretive by 2022, as we expect investments decelerating over time, with the banking business getting more mature and posting

stronger monetization. Additionally, banking margins could be similar or even higher than acquiring margins leading us to a stronger operating leverage after this period of reinvestment.

With that, we end our presentation, and we can start the Q&A session.

Thank you! Operator please.

Q&A SESSION

Jeff Cantwell | Guggenheim Securities: Hey, thanks guys for taking my questions and congrats on the results and as always you are very detailed in your presentation, thanks for that as well. I just want to circle about on your comments and ask a couple of questions, first on your merchant base. You added a record of 765,000 merchants this quarter and that was well ahead where we were. So can you maybe tell us more about what is happening right now? Could you talk a little more about what is driving that increase?

For example, are you seeing merchant demand strengthen due to this one-stop shop platform that you have built? Is it because of maybe less competition in the long tail? I just would love to hear more about what you are seeing to help us understand how the merchant basis is expanding this quickly.

And then as a related question I guess I am wondering, because it sounds like you have real momentum here and now there is these new hubs strategy with SMBs, which looks like it could potentially lead additional growth to the TPV. I was hoping maybe you could give us some thoughts about what you are thinking for total net merchant adds in 2021. Any color, any outlook there would be great, thanks.

Ricardo Dutra | Chief Executive Officer: Hi Jeff this is Ricardo and thank you for the question, good to hear you. Regarding the merchants we had these more than 700,000 in 4Q, but in this figure we have MoIP, we have MoIP merchants that we integrated MoIP after November, so if you exclude MoIP we are talking about 300,000, a little bit more for PagSeguro.

So, what we saw in January at the beginning of the year we are having the same pace that we had in the past, we had these close to 300,000 per quarter. So that is what we have been seeing so far.

Looking into this year we do not have the exact number for the hubs, for the number of clients of the hubs, that you can imagine is much lower than the long tail clients. So the other models we

already incorporated what we expected for that and the result is this TPV growing more than 40% in 2021.

Jeff Cantwell | Guggenheim Securities: Okay great and that was my follow-up question. I was hoping you could talk a little bit about the guidance. Your acquiring TPV guidance is for growth of 40% profit share and now it looks pretty strong, especially when we consider how much TPV increased in 2020.

So, can you walk us through that guidance and just help us understand where that incremental TPV will come from? Is it rebound of your existing merchant basis with new online volumes, is it the move you are planning to make of market, is that merchants you added here in 4Q? Any additional color that can help us unpack the thought process behind your TPV guidance would be great, thanks.

Ricardo Dutra | Chief Executive Officer: Hi Jeff. Well, just going backwards the hubs TPV as you saw in the presentation, we expect to be between 6 to 11%, so of course it is going to help; but the main driver is base that is growing, the long tail that we are adding. Hubs TPV at this point are not relevant and you could see that we grew already more than 50% in January and February, so it is part of the dynamics, the base, the net adds that we are putting here.

You are right. In your previous question you asked about the competition long tail that is not at the same it used to be in the past, you are right. Some of the players that tried to come to long tail decided not to compete with us anymore, not to compete in the long tail anymore. So, we are strengthening our position in long tail and also taking advantage of that to go up a little bit in the pyramid to serve these clients of the hubs.

But going back to your question, hubs is going to be between 6 to 11%. Most of the growth is going to come from the basis that we have, as you could see already in January and February growing more than 50%.

André Cazotto | Head of Investor Relations: Just one additional commentary here Jeff - Andre speaking - we should expect online volumes to continue to be extremely strong. We just completed the acquisition of MolP, so now we have the operation up and running. We continue to see a very strong demand for small and medium businesses to go online for the first time, and we are prepared to serve that. So, we are also expecting a good contribution from online TPV in our total guidance.

Jorge Kuri | Morgan Stanley: Hi, good afternoon everyone and congrats on the numbers. Could you please expand more on the hubs strategy? What type of what type of size of SMBs are you trying to go after? Is this a sort of like an overlap of where Stone operates, merchant that process 350 to 400,000 BRL/year cards or is it smaller merchants? Is the hub strategy based on boots on the ground, this intensive people strategy? How many people are you going to higher to run the hubs?

And if you can tell us what the hub, the pilot hubs that you have been operating in 2020, what type of results are you getting in terms of volumes and take rates? Just overall I guess this is a big announcement, and so more details around exactly what type of businesses this is and how you are going to run it would be great. That is my first question thanks.

Ricardo Dutra | Chief Executive Officer: Hi Jorge this is Ricardo, thank you for the question and good to hear you. So, I will try to address the points you come up here, so the first one is the size of the merchants. What we have seen so far, they are not this big as the competition at this point; but I could say you that it is between 5 to 7x larger than what we have in long tail, as an average.

The volumes and take rate I would say you that it is very similar to what competition operates, we see similar take rates. As I said in the presentation, they are smaller than long tails, however it is additional to our business plan and as they have a TPV that is 5 to 7x larger it is accretive to our business in three to four, four to five quarters as I said before. So, the results that we got in the pilot are exactly those: similar take rates from the competition, TPV 5 to 7x larger and paybacks between 4 to 5 quarters, that is what we see.

This calculation about payback considers only acquiring. If we cross sell some banking products we could anticipate that - it is too early to give some guidance on that - and the way we are going to work is going to be very similar to what competition does, but we are going to try to make a hybrid model or omnichannel that we also try to take advantage of our size, our online, all the know-how to serve these clients in the hubs.

We will have some people in the streets that way that we imagine, it is important to have local presence; but we will try to mix the way we get the clients and the way we serve them afterwards. It is going to be a combination; I would say you this type of thing. I would say you it is our secret sauce - and important to say we are today probably the only one serving through hubs that deliver the device in the very same day. So that is something that we try to put in the streets and is working very well, so that is what we have at this point.

Jorge Kuri | Morgan Stanley: And a follow-up - thanks Ricardo for that, that was very useful - and a follow-up are these merchants already operating with an existing acquired? So, are you taking market share from any of the competition, or these are still small enough SMBs that you are finding,

many of them who do not have terminals or accepted cards before? Or this is I need to take market share away from the existing players?

Ricardo Dutra | Chief Executive Officer: Well Jorge, just before answering your question we decided to go after this market because we have been inquiring from, we have been receiving inquiries from this type of SMBs for PagSeguro to serve them. So of course, we cannot make a general statement here; but usually still today SMBs are badly served, some of them in acquiring, some of them in banking, some of them in both.

So, the idea here is to put the hubs up and running is because we got some requirements from these SMBs, inquiries from them and then we try to go after them. The majority of them - not to say very close to 100% - they already have another payment provider and to answer your question yes, we are taking market share from others in this hubs strategy.

Jorge Kuri | Morgan Stanley: Thank you, thank you Ricardo and my second question is on the net take rate. There seems to have been stabilization on the transaction part of the take rate as you pointed out with debit being more normal, the compression seems to have been mostly on the financial income. Is this related to something temporary, something cyclical or this is just related to more competition and lower benchmark grades and it is just difficult to continue charging the same level of prices? Or what explains that 10 bps contraction in the take rate of the financial income?

Ricardo Dutra | Chief Executive Officer: Jorge, it is, let us say, it is hard for us to say when is going to have the recovery, because we still have a lot of uncertainty here; but when we look back to what happened in 4Q is that we saw a kind of stabilization, as you said, in terms of mix for TPV of debit and credit. The point is there are some other variables that compose this take rate, one of them for instance is duration. We are not changing the prices, we are not decreasing the prices; but as I said people in Brazil receive an additional salary, so they may keep buying through installments but with lower duration, that also impacts the financial income.

Important to say, if you look to 4Q 19 versus 3Q 19 we decreased 20 bps in net take rate from 3.17 to 2.97 and this year we just decreased 5 bps from 3Q to 4Q.

When you look what happened in January it is interesting, because we are growing 50% TPV as we gave the disclosure, but the revenue growth is similar to what we had in 4Q, close to 30% and in 4Q TPV was growing 60%. So, the revenue yield so far in January is healthy, so let us see. It is too early to celebrate, lots of uncertainty here, we do not know how is going to be the vaccination, how is going to be the deployment of vaccination for the population as people can see through the news, the government is talking about a second round of coronavouchers starting in March.

So, I mean there is still lots of uncertainty, but the stabilization is good news and going straight to your question we are not decreasing prices, that is not the reason for this decrease in financial income.

Rayna Kumar | Evercore: Good evening, thanks for taking my question. Starting off with your margin you gave some very good detail on value investing in your hub strategy in 2021. How is that going to play out for your net income margin in 1Q and for 2021 as a whole?

And then separately the potential March Corona, second round of coronavouchers is that included in your 40%+ TPV guidance for the year or would that be incremental? Thank you.

Ricardo Dutra | Chief Executive Officer: Hi Rayna, thank you for the question. Also starting from the end, going backwards here, the guidance that we gave that is above 40% TPV growth expected does not include coronavouchers starting March. That would be an add-on to our business plan, and also worth to say that on the one hand we have the TPV will grow; but on the other hand, we have the change in the mix, so we have this tailwind that this TPV growth and the headwind that is the change in the mix and may impact take rates. So just to be clear here, the guidance does not include a probable second round of coronavouchers.

Regarding the impact of hubs in our P&L what I can say to you at this point is that hubs in 2021 will be slightly negative. So, they will impact net income in 2021, slightly negative; but as I gave the payback for you during the presentation between four to five quarters, we expect to be positive by 2022 - if we do not have, let us say, if we do not sell banking services to them very aggressively or better than our assumption that we have in our plan. But just what we have today will be slightly negative in 2021 and positive in 2022.

Rayna Kumar | Evercore: And would that be, is that a net number you are speaking about our would operating leverage in your own businesses offset that potential decline in your margin that you could see from the hub strategy in 21?

Ricardo Dutra | Chief Executive Officer: Rayna, important to highlight here and to be clear: the platform that we use for long tail and for SMBs that we will serve through hubs they are exactly the same, so I just want to be clear here: we are not transforming the company and moving the company around to serve SMBs. The platform is exactly the same; what changes a little bit is some of the features that they may use in the accounts, some of the features they may require in the acquirement and the

way we come to them. The distribution channel, of course, is different than the online that we use for long tail.

So, the investment we are doing is in the process, some of the processes and salespersons. So, this is investment, we are not talking about large investments and platforms to serve them; of course, we also have some investments here and there; but the majority of the investments are related to salespeople and some processes that we need to have back office to serve them.

But that is why we are going to impact the P&L this year, because we are going to have the salespeople here, they are going to get the client, they will start making transactions and we are going to have payback between four to five quarters. That is why it is going to surpass 2021, it is going to be slightly negative this year and then we will be positive by 2022.

Craig Maurer | Autonomous: Hi, good evening and thanks for taking the questions. I wanted to ask about the credit opportunity in SMB. We see that competitors that are disintermediating incumbents are showing extraordinary growth in credit with very positive ROAs in the SMB segment. So, will entering the SMB segment significantly accelerate your credit, the growth in your credit portfolio? Thanks.

Ricardo Dutra | Chief Executive Officer: Hi Craig, thank you for the question, good to hear you. What we have in our business plan at this point, the focus for the credit is in long tail. We started serving hubs, we are having good results in terms of acquirer. I would say you it is too early to say how is going to be the credit offering for SMBs at this point in our base. We are for sure, we know for sure that we can disintermediate incumbents, that is for sure. There is going to be some dynamics in the industry starting June with the receivables, the Chamber of Receivables, so it is an add-on for our business plan.

There is a lot of potential there; but I just do not want to make here a promise or generate expectations that we are going to explore that aggressively, because we are still evaluating - but for sure it is a good opportunity, in our business plan we are considering serving long tail the way we have been doing since last year offering credit for them, charging through square capital, through the MDRs and so on. So that is what we have at this point.

There is still a lot of uncertainty back down here in Brazil with the Covid 19 and so on, so that is why we are trying to give you the best estimates or the best information that we have at this point and we may update you as time passes by.

Craig Maurer | Autonomous: Just one follow-up on what you said: could you discuss how the receivables marketplace is going to work, if you know? I mean how you will be able to pursue receivables in the marketplace. Is it daily, is it monthly, is it batched? I mean how is that process going to actually work considering merchants in Brazil, I would imagine, are generating hundreds of thousands of requests for prepayment on a daily basis.

Ricardo Dutra | Chief Executive Officer: Yes Craig. So just to try to explain here for everyone: in terms of longtail we see that we do not see risk in our base for the simple reason that once they start to work with PagSeguro they need to pre-pay their sales and they need to receive in D+0, D+14 or D+30. They are not price-sensitive, they do not have sophistication to have this type of discussions about chambers of receivables and so on.

What we see is that the type of merchant that is looking for this chamber of receivables are large accounts and large SMBs. They have sophistication, they have, let us say, the financial manager that can try to bargain some basis points here and there; but at the end of the day the chamber of receivables is a centralized hub with information that everyone in the market that once the merchant gave this receivable as a guarantee for credit, no one else can take it. Today there is no centralized chamber, so that is why it is kind of inefficient.

We see there a huge opportunity. If you look to our market share, we are close to 8%, so there is 92% of large clients making transactions out of PagSeguro ecosystem that we could go over them, we could go after them and offer them anticipation, regardless of the acquirer they work today. So, it is a huge opportunity, and the expected launch day is going to be June 7.

Craig Maurer | Autonomous: So, this is about visibility, not necessarily about mechanics; it is showing where you go, but it is not facilitating you actually making that credit?

Ricardo Dutra | Chief Executive Officer: Again, it is both, Craig: visibility that you can see the receivables there; and also, you can offer them, of course you can offer through your ecosystem, you do not offer the lending through the chamber of receivables; you should do by yourself in your ecosystem, in your app, in your website and so on - but you have visibility and the mechanics. I would say it helps both because through the receivables the collecting is more efficient, so that is why you have the information, you offer them the lending and then the mechanism to make the collection is efficient, which is not today.

Mario Pierry | Bank of America: Hi everybody, congratulations on the results. I have two questions, the first on your TPV growth guidance of more than 40%. I just want to understand that this number, 40%, if we take 40% as the bottom of your guidance, it just seems to me too cautious. You know, your volumes are already growing over 50% YoY, you have easy comps over 2Q LY, you added 1.1 million clients in 2H 20 alone and you are adding the SMB volumes. So, I am just trying to understand then why you did not say, you know, TPV growth of more than 50% rather than 40.

And then my second question is related to your CapEx, right? You are giving guidance here, CapEx of 2 billion BRL, which is basically your CapEx in 2020, even though you are doing this hub expansion. So, I am trying to understand if the hubs costs, they show up as OpEx and there is no CapEx associated with that?

And then when we think about your hub strategy are you targeting a specific region of the country or you are going to go nationwide by the way? Thank you.

Ricardo Dutra | Chief Executive Officer: Hi Mario, thank you for the question and good to hear as well. So, we have three questions here, I am going to answer the first and the third and then Artur can handle the CapEx question.

So again, going backwards the plan here is to serve all regions of the country. Of course, we will not be able to cover the 5500 cities that we have been in Brazil, but we will prioritize those that we see with more potential, less competition and where we can, we judge that it is going to have the better performance - but the idea is to serve all regions of the country.

Regarding the guidance you are right, 40% is the bottom, that is why we put in the slide higher than 40%. It is, some people may think it is conservative as you mentioned, but remember we are still in the middle of the pandemic here in Brazil, so lots of uncertainty here. Just to give you an example, the city of Sao Paulo are going to have partial lockdowns, there are some cities in the countryside of Sao Paulo today having full lockdowns; as I said before vaccination is happening, maybe not in the speed we expected - but so there is this uncertainty.

We can update that as time passes by, but lots of uncertainty at this point. We see many things going on, lockdowns here and there, so that is why we decided to give you the guidance that we do believe is going to be the best information that we have at this time - and you are right, 40% is the bottom; in January we grew 50%, in February 50% as well. So let us see, we can update you as time passes by.

Mario Pierry | Bank of America: And the question on the CapEx?

Artur Schunck | Chief Financial Officer: Yes Mario, I will follow with the second question, it is a pleasure talking to you today and first of all in 2020 we have 2 billion BRL in CapEx. A part of this CapEx is related to the POSs that we purchased to support the growth of the company. We had a record of 1.8 net additions in 2020, so we need to buy, to bought POSs to support this addition and also in our CapEx we include R&D investments, and as we are accelerating our product roadmaps so we had a huge amount in R&D investments in our CapEx.

Related to hubs we do not consider CapEx for hubs, it is not necessary, just the purchase of POSs for hubs, okay?

And in 2021 we consider the same amount of 2020 as a guidance, because we think we will continue to grow the company and accelerate the net additions for 2021.

André Cazotto | Head of Investor Relations: Just one additional commentary here, Mario. Just like Ricardo said in the guidance, for 2022 we expect CapEx as a percentage over total revenues to go back to record levels that we had in 2019 for instance. So it is like a one-off that we had to support the growth that we observed, unprecedented demand for terminals like Artur explained, additional terminals for active clients because of takeouts and delivery. So that is part of the growth, right?

Bryan Keane | Deutsche Bank: Hi guys. I just wanted to follow-up on the net margin question. I get the investment in hubs and investment in PagBank; what I am trying to figure out is what should we expect for that 1Q in net margin, and then for the year what would net margins do? Because you get some puts and takes, but hopefully the pandemic getting behind us, which will increase margins but also the investment, so just looking for some thoughts there.

Ricardo Dutra | Chief Executive Officer: Hi Bryan, thank you for the question. Talking about what we saw so far, as I answered to Jorge before what we saw in January and February, although the TPV is growing 50% revenues are growing the same 30% that we saw in 4Q LY, so we are seeing a better revenue yield. We always say here that maybe it is too early to celebrate, as I said before some ups and downs, lockdowns here and there, coronavouchers that might come starting in March. But what we saw in January and February a good revenue yield at this point so far.

Talking about the overall margins for the year I know it may be, seems to be repetitive; but we will keep investing in PagBank. Of course, we have our plan how much we are going to invest, but we have today 8 million PagBank active clients, 7 million active merchants, record number of downloads, acquiring volumes growing 50% only in these first two months.

So, the idea here is not to decelerate; we need to keep investing and taking advantage, we said before the market are looking for it is at least 17x bigger than what we have only four acquiring; but the margins are dependent on the economy recovery. If the economy does not recover and we have the same debit mix the margins are going to keep at the same level we have seen in the past quarters; if credit installments come back and people get better their lives and start traveling and going to restaurants, buying clothes, going to shopping centers, traveling around, we are going to see a better take rate.

For sure we are going to have EPSs creation this year, we are going to, the plan is to grow and of course grow our profits. We just do not want to make any forecast or any guidance on that because we still have some short-term uncertainties. So we are confident that we can have the guidance for the three items that we gave in the last slide (TPV, CapEx and investments), so as of now the focus is to grow the company and we decided not to give you the exact guidance for the margins and net income because of the uncertainties that we have - but again, if things are getting better we will give you more color on that - and important to say here that we plan that PagBank is going to be profitable by 2022.

We are investing here, we are creating a platform as you can see, we are launching home broker, we are launching treasury bonds, we have just launched our distribution of crypto funds. So we are in the investment mode for some of the business units of the company: PagBank, PagInvest, Insurance and so on, and we expect that 2022 starts to be profitable - and that is the best answer that I can give you at this point.

Bryan Keane | Deutsche Bank: That is helpful, those factors are helpful for us to understand the impact on margins. And then my second question is looking at PagBank revenue it is great to see the acceleration on the revenue growth, I think it was close to 146% growth, something like that; but I noticed even for 2020 in general the card revenue look like it declined a little bit. So, with that card revenue should that pick-up in growth as we go into 2021 and can we expect to have that triple-digit growth rate in PagBank revenues?

Ricardo Dutra | Chief Executive Officer: Bryan, just the participation in the mix for credit cards or for cards in PagBank went down, you are right. When you look at the slide you see the participation went down, but the main reason for that is the lockdowns and all the Covid impacts that we had in Brazil last year. So, people stay at home, they do not use cards, they do not need to draw money, they do not use cards a lot. So that is why the expansion, the spending goes down. So that is why we see the decrease in revenues of cards as a participation of the mix, and part of that we offset with our credit offer that as you could see we are not being aggressive either here.

Our credit portfolio closed 4Q with 600 million, so we are not talking about billions of BRL here, we went, I mean we were cautious last year from March until August or September and then we start

giving some credits after that. I mean we see a lot of traction, even being cautious we grow the company, we grew the company revenues for PagBank and reached more than 500 million BRL, so 540 million BRL. So absolute figures are up in all the lines: in credit, in cards, in credit and the transaction.

Bryan Keane | Deutsche Bank: And should we see a bounce back especially in the cards portion in 21 or is that just still depending on the economy and the comeback, the recovery?

Ricardo Dutra | Chief Executive Officer: It depends on the economy, Bryan, because if people stay at home, they do not use cards very often and the economy, the money does not go away, I mean you do not see the money in the economy, so that is why. So, we are going to see increase, that is for sure. We are adding 1 million PagBank clients each quarter, so it will grow; it is just hard to say you how big or how strong is going to be that growth.

John Coffey | Susquehanna: Hey, thank you very much for taking my call. Two questions and the first one is on your projections for the hubs. Now I guess if I look at your 2020 TPV growing by 40% and then it is the high-end of the range, in which you talked that hubs could contribute about 11% on your TPV. The 700 billion I think you had at the SMBs it seems that there would be, maybe you would be expecting by the end of 2021 that about 12% market share in SMBs? I just want to see if my math was right there.

Ricardo Dutra | Chief Executive Officer: Well John, let me see if I understood your math: we had 162 this year, if you add 40%, we are talking about 227 for 2021 x 11%, we are talking about 25 billion BRL.

John Coffey | Susquehanna: 25/700 and it seems that it is about 12%. Does that sound right to you?

Ricardo Dutra | Chief Executive Officer: Yes, it is right. We are starting, as you said, the hubs in 2021 are not relevant, we are just starting. So that is why we have this projection between 6 to 11 and you got this 11% that is on top of the guidance - but you are right.

John Coffey | Susquehanna: All right and I just wanted to make sure I was thinking about it right and the other question I had is what do you expect for MoIP in 2021? I just want to understand your thoughts there a little bit better.

Ricardo Dutra | Chief Executive Officer: Well, we acquired MoIP back in August last year, but we only could integrate them in November that we had all the authorizations from the regulators and so on. So since then, we have been working here to integrate MoIP in PagSeguro ecosystem and structure.

We will have lots of opportunities for cross selling throughout this year. As I mentioned before we can offer MoIP services and marketplace to large clients, we can go after these guys and offer them POSs and solutions for physical stores, and we also have some clients here that we are looking for online solutions, some of our clients they are looking for online solutions. Our online solution was not that good as MoIP is, so we are also cross selling in our base the MoIP solution.

We expect MoIP to grow faster than the whole company because it is online, because we are going to have these cross-selling opportunities and that is what we have in mind at this point. We just added their 400,000 merchants, we will start to work, and we have teams already to go after these clients.

Victor Schabbel | Bradesco BBI: Thanks guys, thanks for taking my question, just a follow-up on the strategy of opening hubs, more hubs this year. How do you see the strategy impacting your expenses going forward? Do we see any additional pressure on these lines going forward or should not we expect anything much different? Thanks.

Ricardo Dutra | Chief Executive Officer: Hi Victor, thank you for the question. As we said before this year hubs will be slightly negative, so that is going to pressure expenses, that is for sure because we need to make the setup, hire people and then start selling, there is some time to mature, people to get productive and so on, you have the training.

But the long-term view and what we see so far with the hubs that we already have, that we are running, we have this payback between four to five quarters - only talking about acquiring and without banking services. So that is why we think in 2021 is going to be slightly negative, it will be positive in 2022 - if we do not anticipate some banking revenues and banking results that we may have and it could be an upside for the plan. So that is what we have so far.

Tito Labarta | Goldman Sachs: Hi good evening, thanks for the call. A question following up, I guess, on PagBank. You continue to add clients there at a strong pace. Do you think that 1 to 1.2 million clients is that sustainable for how long? Can you add, how big can you get into the number of PagBank clients?

And then thinking about the revenues in the quarter that is dropping 10% of total revenues. For 2021 is a reasonable assumption maybe something like 15% given the target of getting to 30% in the next three to four years. Just to get a sense of how quickly PagBank will continue to grow in 2021, thank you.

Ricardo Dutra | Chief Executive Officer: Hi Tito! Thank you for the question, just a quick story here. When people asked us how would be the adds in 2019, we gave the guidance about 1 million, we surpassed that, we were close to 1.2 million; last year we did not have the official guidance, but we gave the soft guidance about 250,000/quarter, 1,000,000/year and then we had 1.3. Just to say you that we have some sense this side of the market, but sometimes you get surprised that is bigger than what we thought, or our performance is better than what we thought.

So, we keep adding 1 million per quarter for PagBank. We did not see a decrease in the demand in January, so we are having the same pace. If you look at the downloads, we are probably the number one in terms of downloads for bank apps, we had more than 8.6 million in 4Q. So, we do not see deceleration. It is hard to say when it is going to be over, but I just told you the story about merchants and we are seeing the demand in the past two years.

Remember, in Brazil we have 30% of the population that do not have bank accounts, we have this digitalization trend not only in Brazil, but all over the world, so people get more digital banking, they know it works, they know it is safe. So, we do not see deceleration in demand.

In terms of revenues, Tito, to be clear here I do not have on top of my mind, we are not giving this guidance. We had this 10% in 4Q. It depends on how is going to be the recovery of the cards, how is going to be the spending and then we can give you more information for you in the future - but at this point we are not giving this exact number; I mean you can do the math and have some assumptions by yourself, that is what I can say you at this point.

André Cazotto | Head of Investor Relations: Hello everyone, so here we conclude our Q&A session. Thanks for your time, see you next quarter, thank you, bye bye.