



Webcast Presentation 1Q23

May 25, 2023





Forward-looking statements; Non-GAAP financial measures

Forward-looking statements

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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.pagseguro.com>) and on the SEC’s website (<https://www.sec.gov>).

All the information included in this presentation is updated as of **March 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”.





Initial remarks

One single brand: PagBank

- **Convergence** from PagBank PagSeguro to PagBank
- **PagBank** better represents our **offering beyond Payments**

PAGS has joined Russell preview list¹

- Potential increase in **ADTV**
- Improving **PAGS shares awareness**

Brokerage License granted by Central Bank

- Another step to provide a **complete set of investment products**
- **Seamless experience**: Proprietary platform integrated to PagBank

Drivers for profitability in 2023

- **Lower losses**: lower chargebacks and ECLs (provisions)
- **OpEx discipline**: Headcount resizing and Marketing/Infra optimizations
- **Leverage banking license by using Deposits** as the main source of funding

Drivers for cash flow generation in 2023

- Improving **operating cash flow: Adj. EBITDA – CapEx**
- **CapEx efficiencies**: diligent go-to-market (POS) + software development optimization

Drivers for quality growth in 2023

- **PagBank products** and **secured credit portfolio**
- **TPV market share gain** in profitable segments (micro-merchants and SMBs)

1Q23 Highlights

Growth with profitability increasing client engagement

- **28.7M** PagBank Clients; TFV¹: **R\$204B**, +34% y/y
- Adj. EBITDA: **R\$ 787M**, +18% y/y
- Net Income (Non-GAAP): **R\$ 392M**; EPS: **R\$ 1.13**, +8% y/y

Disciplined capital allocation driving cash earnings momentum

- Cash Earnings²: **R\$379M** vs. (R\$17M) in 1Q22
- Net Cash Balance: **R\$10.0B**, +20% y/y
- Capital Expenditures: **R\$408M**, -40% y/y

Financial Services: Gross profit growth led to positive result

- Adjusted EBITDA: **R\$69M**, vs. (R\$76M) in 1Q22
- TBV: **R\$116B**, +61% y/y
- Total Deposits: **R\$18.6B**, +66% y/y; APY: **94%** of CDI

Payments: Healthy growth in key segments

- TPV: **R\$88.1B**, +10% y/y
- MSMB TPV outpacing market growth: **+16% y/y**
- Gross Profit: **R\$1.2B**, +2% y/y

1. Total Finance Volume (TFV): Total Banking Volume (TBV) + Total Payment Volume (TPV);
2. Cash Earnings: Adj. EBITDA – CapEx.



Convergence from PagBank PagSeguro to PagBank

One single brand
for merchants and consumers

Simplify communication
and efficiency gains

Increase client awareness
about our banking services

**BEST OPTION
FOR SELLING**

**BEST OPTION
FOR SAVING**

PagBank
THE COMPLETE BANK

28.7M PagBank clients with R\$204B in Total Finance Volume

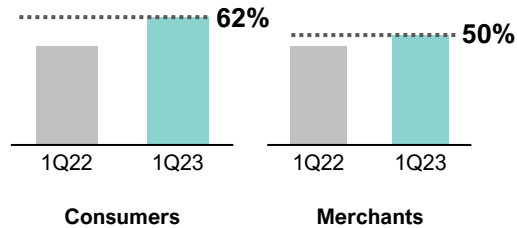
PagBank Clients

Million



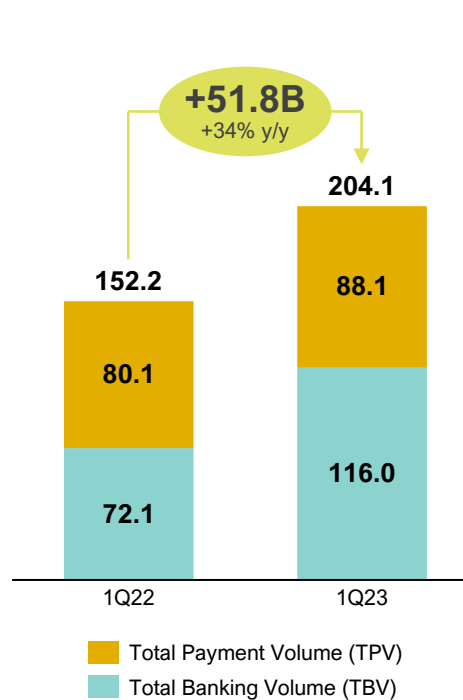
Clients using as Primary Bank¹

PagBank Active Clients



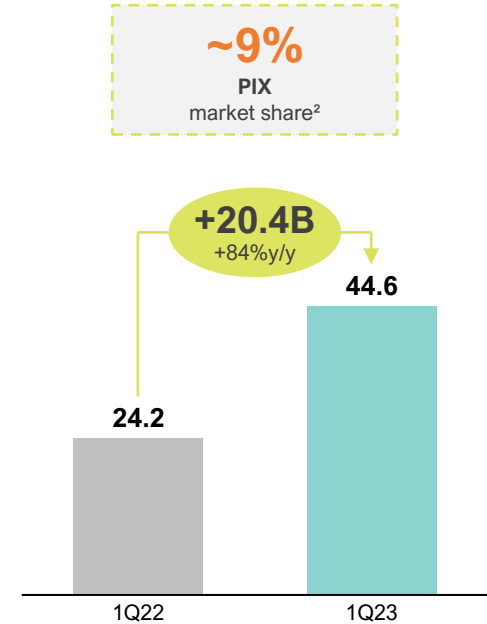
Total Finance Volume (TPV + TBV)

R\$ Billion



PagBank Cash-in¹

R\$ Billion



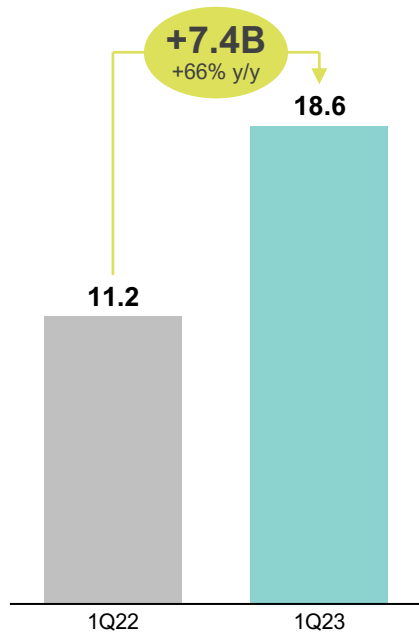
1. PagBank Cash-in: PIX and wire transfers (TED/DOC) from third-party financial institutions to PagBank;
 2. PIX market share: # transaction in PagBank / # PIX total transactions.



Deposits: +R\$7.4B y/y growth with lower Cost of Funding (APY: 94% CDI)

Total Deposits

R\$ Billion



Total Deposits Breakdown

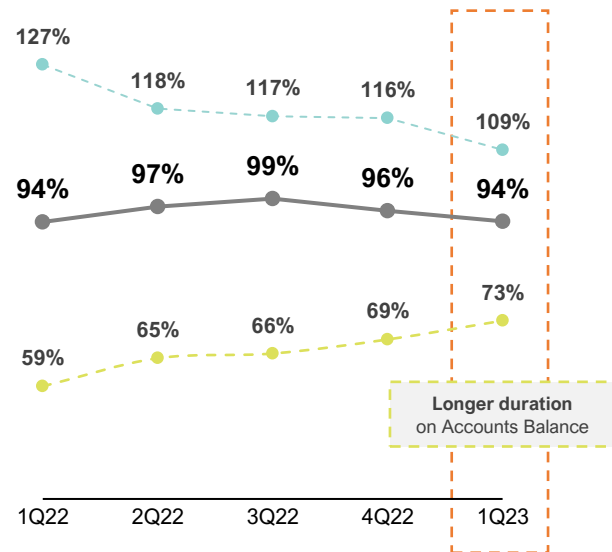
%



■ On Platform CDs: Accounts Balance + CDs
■ Off Platform CDs

Annual Percentage Yield (APY)

on Total Deposits | % of CDI (Brz Interbank Rate)



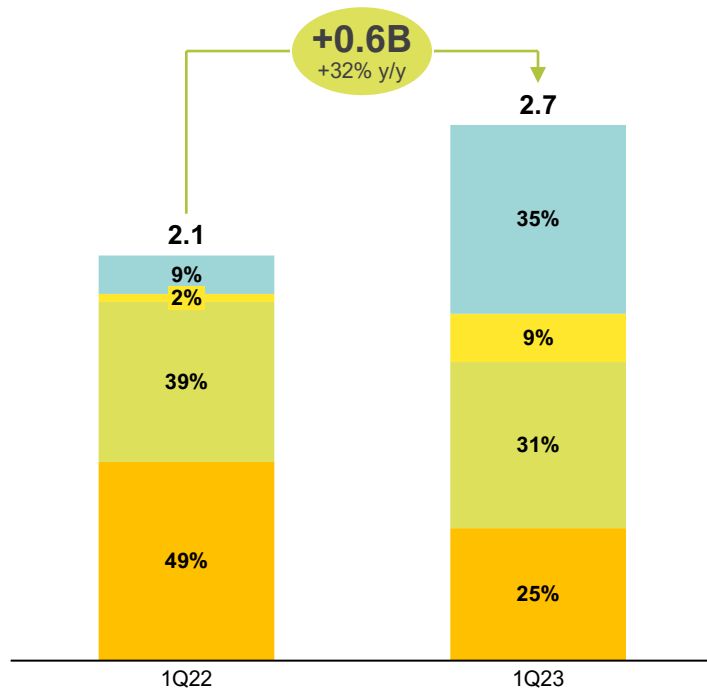
● Total Deposits
● Accounts Balance
● PagBank CDs



Credit Products: 100% secured products underwriting in 1Q23

Credit Portfolio

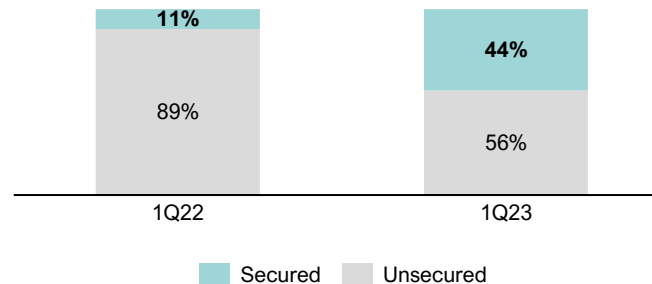
R\$ Billion



- Payroll Loan + FGTS
- Unsecured Credit Card
- Secured Credit Card
- Working Capital

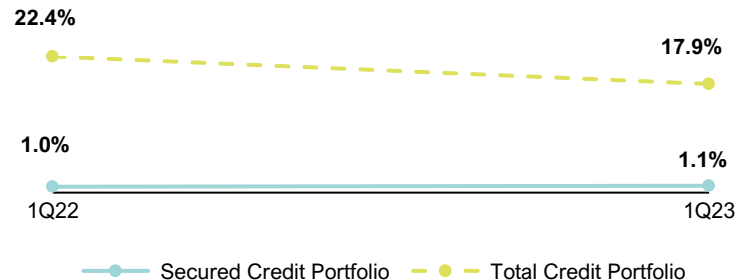
Secured Credit Products

% Credit Portfolio



NPL 90

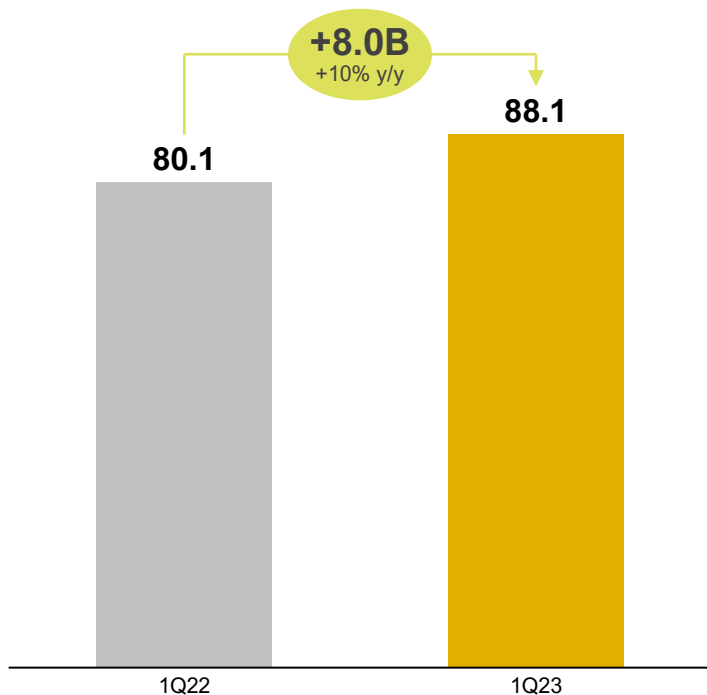
% Credit Portfolio



Payments: Share gains in key segments (MSMB), growing +16% y/y

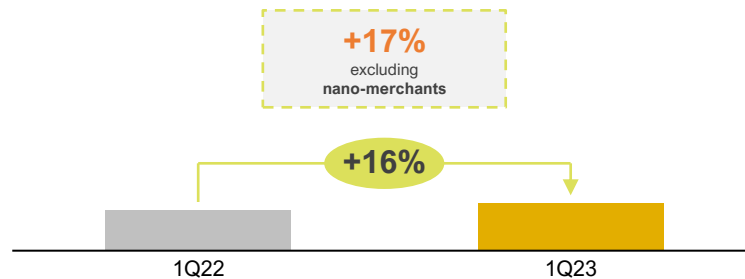
Total Payment Volume

Consolidated | R\$ Billion



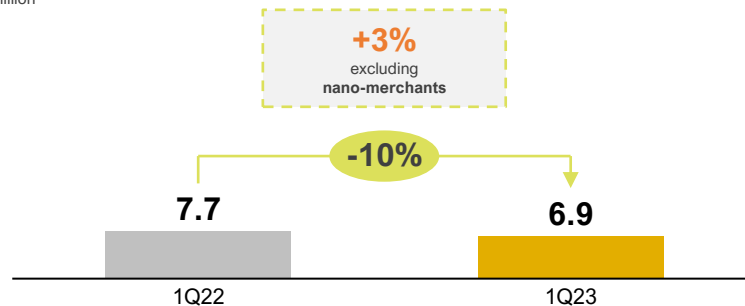
MSMB TPV

Excluding Large Accounts and Sub-acquirers | 100 basis



Active Merchants

million



1Qs All-time high: TPV, Gross Profit, Net Income and Cash Earnings

1Q23 Financial Statement

R\$ million	1Q23	1Q22	Var. y/y	4Q22	Var. q/q
Total Revenues and Income ¹	3,750	3,427	9%	3,962	-5%
(-) Other Financial Income	(65)	(42)	55%	(43)	49%
(-) Transaction Costs	(1,389)	(1,303)	7%	(1,478)	-6%
Net Take Rate	2,296	2,082	10%	2,440	-6%
(-) Financial Expenses	(813)	(621)	31%	(855)	-5%
(-) Total Losses ²	(126)	(250)	-49%	(192)	-34%
(+) FX Expenses	17	13	32%	15	18%
Gross Profit	1,374	1,225	12%	1,409	-2%
(-) Operating Expenses	(587)	(560)	5%	(621)	-6%
Adj. EBITDA ³	787	665	18%	788	0%
Payments	718	741	-3%	776	-7%
Financial Services	69	(76)	n.a.	12	493%
(-) POS Write-off	(62)	0	n.a.	(66)	-5%
(-) D&A	(303)	(244)	24%	(270)	12%
(+/-) Other Income (Expense), Net	47	28	66%	29	65%
EBT	470	449	5%	480	-2%
(-) Income Tax and Social Contribution	(78)	(78)	0%	(69)	12%
Net Income Non-GAAP	392	371	6%	411	-5%
(-) Non-GAAP Effects	(22)	(21)	4%	(4)	505%
Net Income GAAP	370	350	6%	408	-9%
Cash Earnings Adj. EBITDA (-) CapEx	379	(17)	n.a.	410	-7%
Earnings per Share (EPS)	R\$ 1.13	R\$ 1.05	8%	R\$ 1.24	-9%

1. Including Other Financial Income;

2. Total Losses: Chargebacks (CBK) and Expected Credit Losses (ECL);

3. Adjusted EBITDA: EBITDA net of Financial Expenses.

1Q23 Highlights

-5% in Financial Expenses

-34% in Total Losses

R\$69M in Adj. EBITDA for Financial Services

R\$36M in Adj. EBITDA for Financial Services (old methodology)

R\$392M in Net Income (Non-GAAP)

R\$370M in Net Income (GAAP)

R\$379M in Cash Earnings

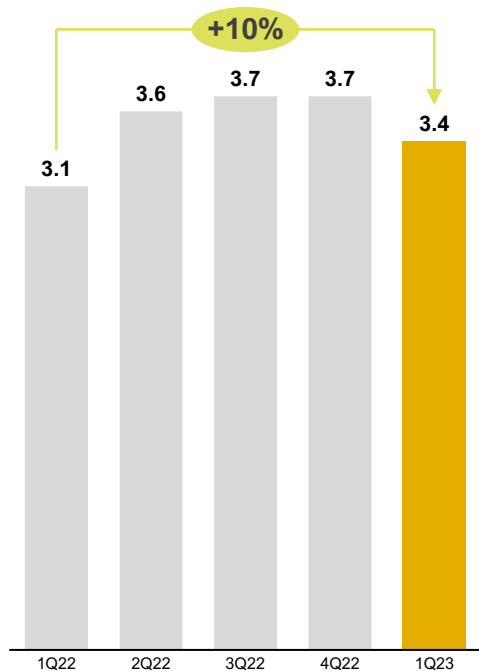
R\$1.13 in EPS



Payments: Total Revenue +10% y/y

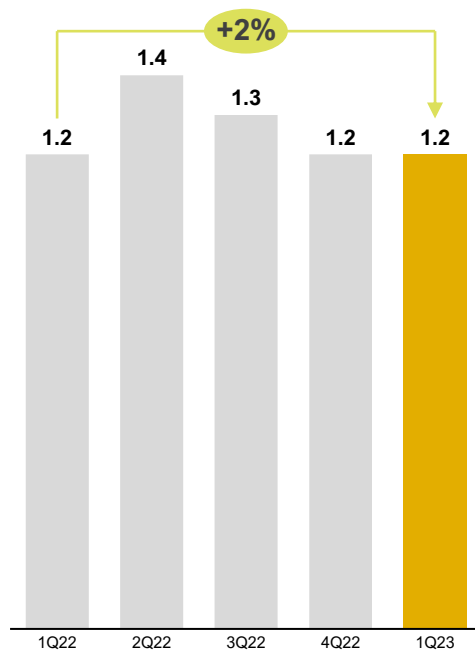
Total Revenue and Income

R\$ Billion



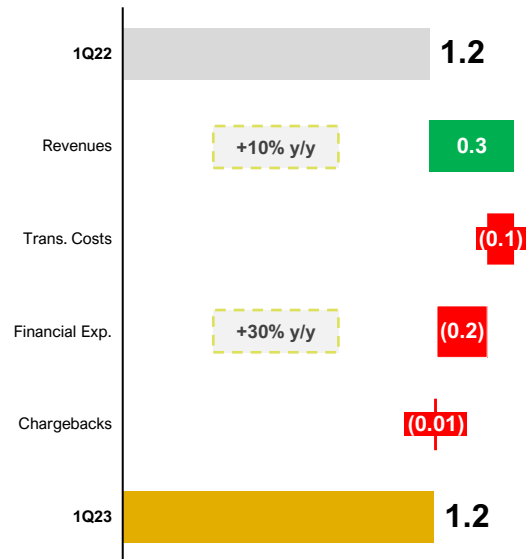
Gross Profit

R\$ Billion



Gross Profit Bridge

R\$ Billion

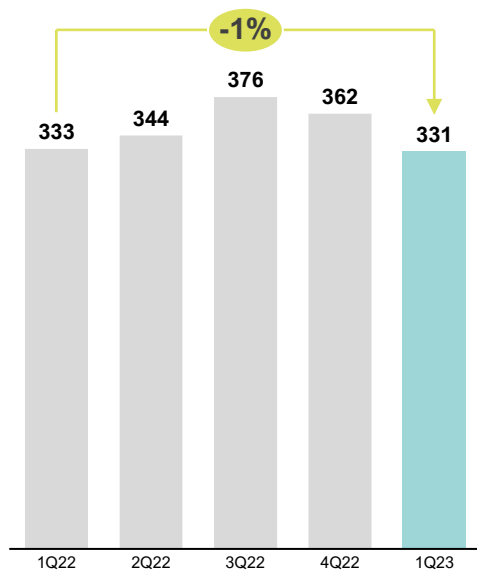


Financial Services: Gross Profit +274% y/y

Total Revenue and Income

R\$ Million

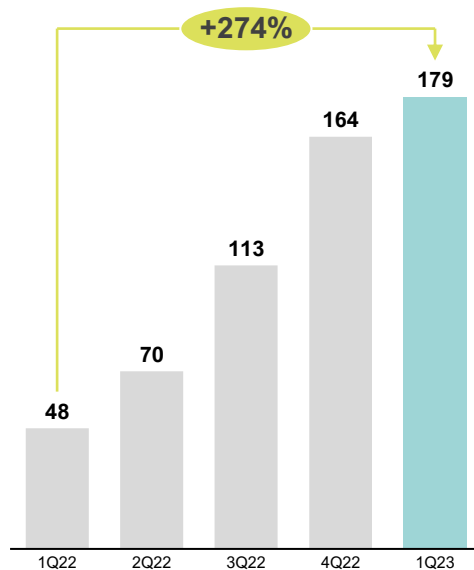
Payroll Loan (84 months duration) has been replacing Working Capital (12 months duration)



Gross Profit

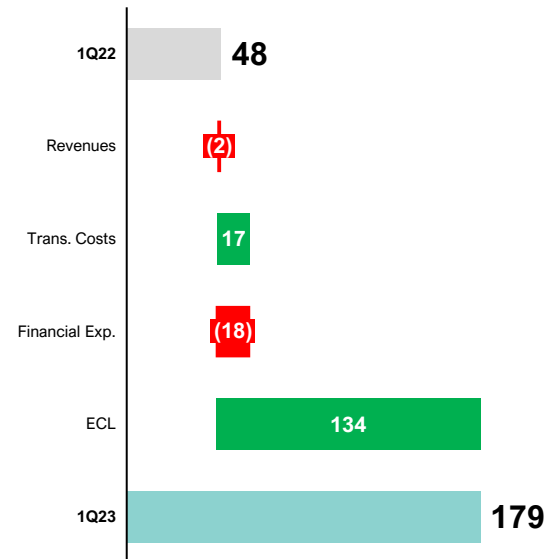
R\$ Million

Improving profitability backed by, Provisions and Cost discipline



Gross Profit Bridge

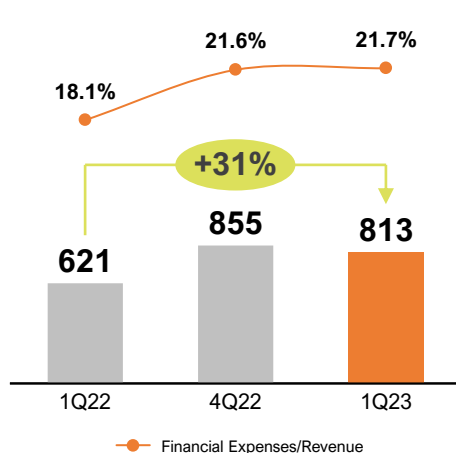
R\$ Million



Costs and Expenses (ex-D&A & POS W/O): leveraging EBITDA margin

Financial Expenses

Consolidated | R\$ Million



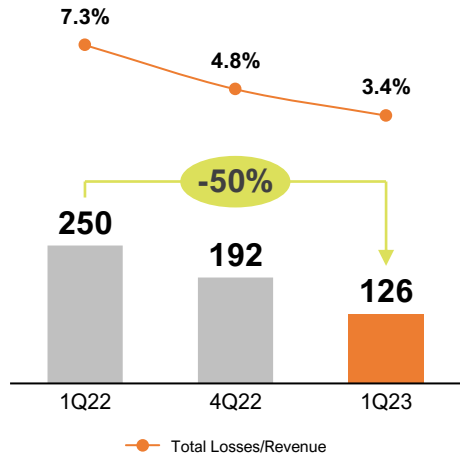
1Q23 Financial Expenses growth led by:

- Avg. interest rate of 13.8% vs. 10.4% in 1Q22
- Higher share of deposits + retained earnings

Brz interest rate has been stable since Aug-22

Total Losses

Consolidated | R\$ Million



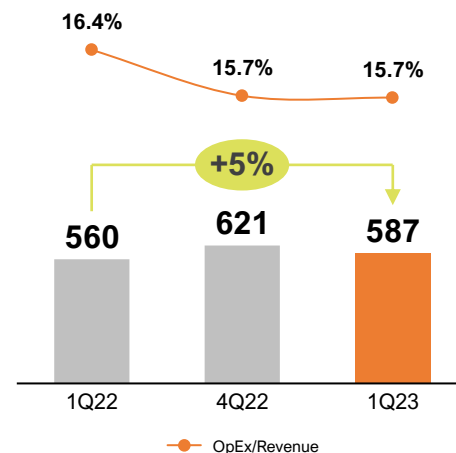
Expected Credit Losses decreased -74% y/y:

- Credit Portfolio: 44% secured products
- Underwriting driven by secured products

Chargebacks decreased to 10bps of TPV

Operating Expenses

Non-GAAP | R\$ Million



Organizational restructuring:

- Headcount resizing
- Marketing/Infra optimizations

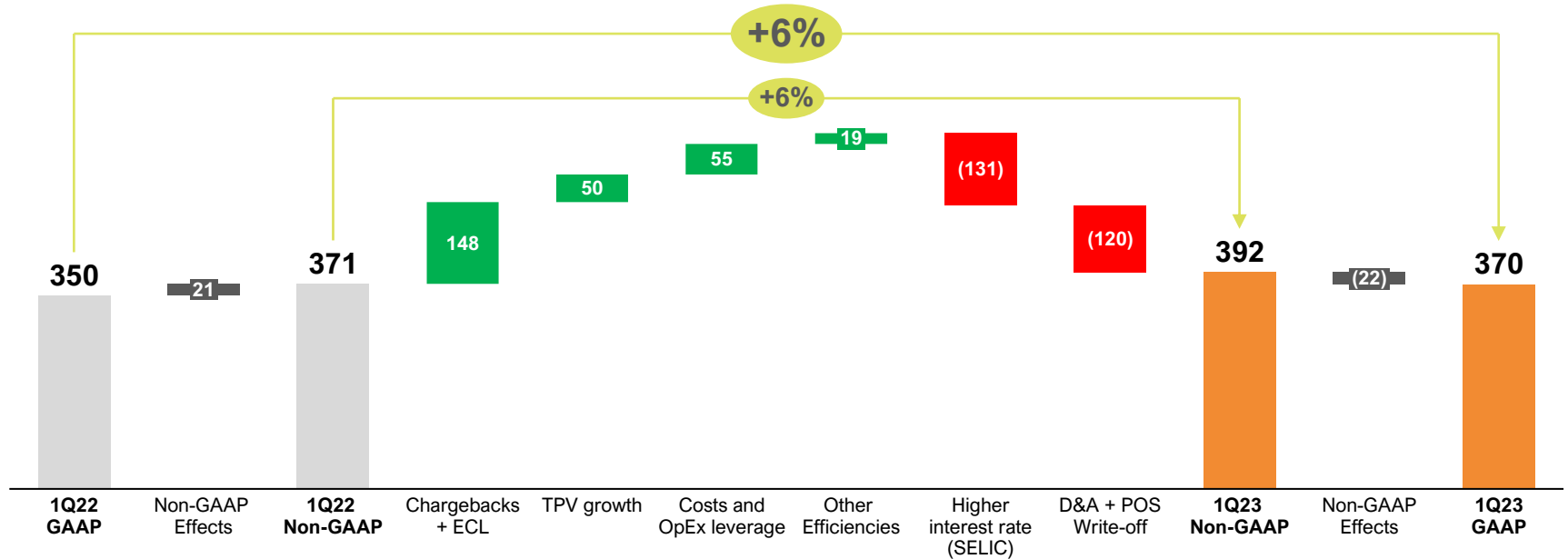
Disciplined cost control to deliver leverage



1Qs All-time high: Net Income (GAAP and Non-GAAP)

Net Income Bridge

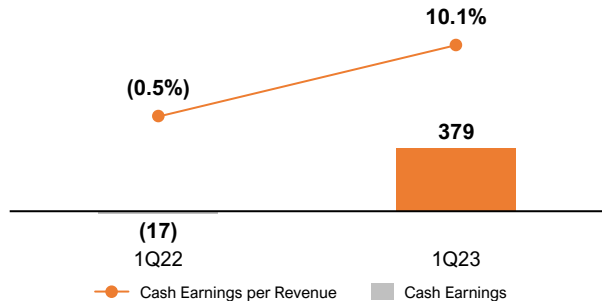
R\$ Million



1Q23 Cash Earnings of R\$378M y/y, reaching 10.1% of Revenue

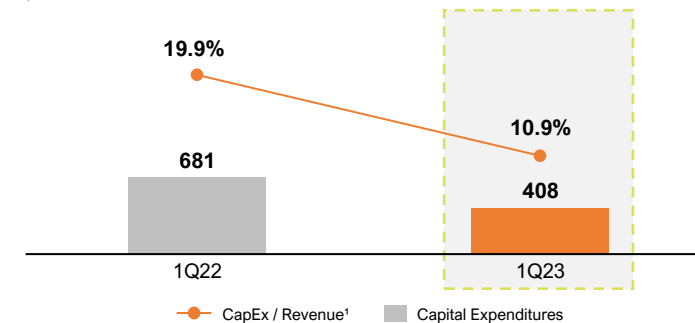
Cash Earnings: Adj. EBITDA (-) CapEx

R\$ Million



Capital Expenditures

R\$ Million

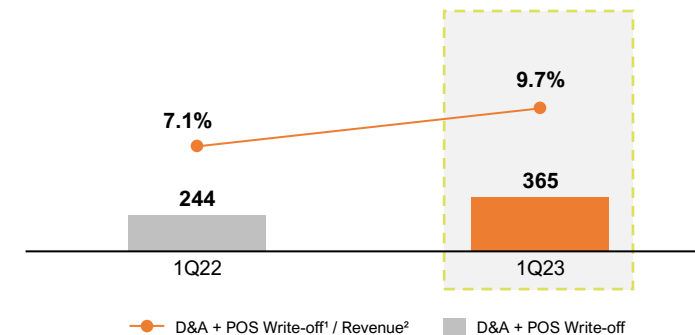


Long-term tailwinds

- Disciplined **capital allocation**
- Revenue **growth** and **diversification**
- **OpEx leverage**
- Convergence of **CapEx** and **D&A + POS Write-off** levels

D&A (+) POS Write-off¹

Non-GAAP | R\$ Million



1. **Write-off:** expenses related to POS devices write-off booked in Other Expenses;
 2. **Revenue:** Total Revenue and Income.

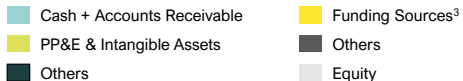
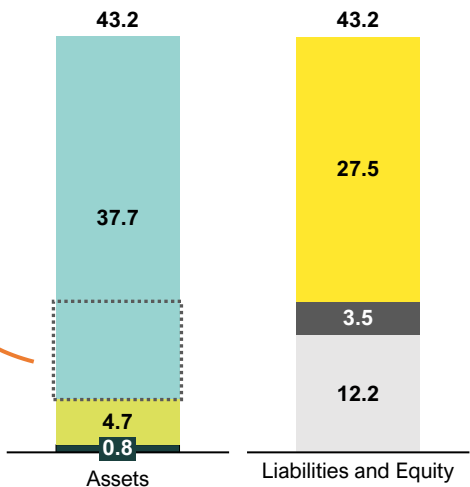


Solid financials with Net Cash Balance of R\$10B

1Q23 Balance Sheet

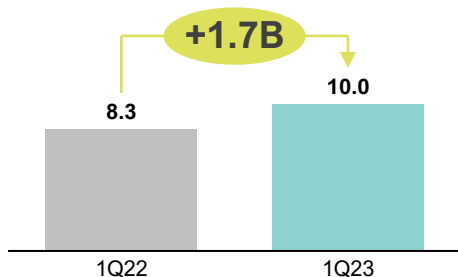
R\$ Billion

R\$ **10.0**
Net Cash Balance¹



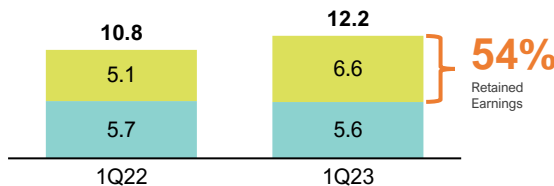
Net Cash Balance²

R\$ Billion



Equity

R\$ Billion



- Improving Capital Structure**
 72% funded by 3rd party²
- Lower cost of funding through deposits**
 leveraging banking license and platform
- 59% of 3rd party funding from deposits**
 diversification and balanced risk-return
- Ongoing execution of buyback program**
 Treasury shares in Apr-23: **6.5M** (~2% of issued shares)

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

2. **PTAX (Sell):** R\$ 3.22 on 01/23/2018 and R\$ R\$ 3.79 on 06/21/2018;

3. **3rd party funding sources:** Liabilities / (Liabilities + Equity).





Interchange Caps: Neutral impact in Apr-23 Net Income

April results confirmed neutral impact of interchange cap on prepaid/debit cards in Net Income

- PAGES has **complementary payments businesses** (acquiring and cards issuance), **creating a natural hedge**
- PAGES has been **focusing on debit/credit cards issuance** since late 2021 while **prepaid cards TPV has been steady**





Management Priorities

- Grow with **profitability**, **balancing optimization** and **expansion cycles**
- Increase **digital bank penetration**, customers **engagement** and **revenue diversification**
- Develop an **integrated**, **unique** and **superior value proposition** beyond payments under a **single brand**
- Foster **security** in all operating levels to **reduce losses** and **improve customer experience**
- Invest in our **human resources** to keep building a pleasant and **highly productive work environment**





Appendix 1Q23



Managerial Float change from Payments to Financial Services

R\$ million	1Q22	2Q22	3Q22	4Q22	1Q23
Total Revenue and Income	3,427.0	3,910.6	4,035.4	3,962.0	3,749.7
As previously reported					
Payments	3,125.2	3,605.7	3,712.4	3,654.2	3,449.2
Financial Services	304.6	314.5	339.4	329.0	297.8
Other Financial Income	41.6	44.8	46.1	43.3	64.5
Float	(44.3)	(54.3)	(62.5)	(64.5)	(61.8)
Current classification					
Payments	3,125.2	3,605.7	3,712.4	3,654.2	3,449.2
Financial Services	332.6	343.8	375.8	361.8	330.6
Other Financial Income	41.6	44.8	46.1	43.3	64.5
Float	(72.3)	(83.6)	(98.8)	(97.3)	(94.6)
Gross Profit	1,225.2	1,434.3	1,384.3	1,408.9	1,374.4
As previously reported					
Payments	1,205.2	1,393.2	1,308.1	1,278.2	1,227.7
Financial Services	20.0	41.2	76.2	130.8	146.6
Current classification					
Payments	1,177.2	1,363.9	1,271.7	1,245.4	1,195.0
Financial Services	47.9	70.5	112.5	163.6	179.4
Adj. EBITDA	664.8	831.0	769.6	787.6	787.3
As previously reported					
Payments	769.2	926.8	868.3	808.8	751.2
Financial Services	(104.4)	(95.8)	(98.6)	(21.2)	36.1
Current classification					
Payments	741.2	897.5	831.9	776.0	718.4
Financial Services	(76.4)	(66.5)	(62.3)	11.6	68.9

- 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\$33M in 1Q23, R\$33M in 4Q22 and R\$28M in 1Q22.





Glossary

Adj. EBITDA: GAAP Net Income + Income Tax and Social Contribution – Other Financial Income + POS Write-off + Depreciation and Amortization + FX Expenses + M&A Expenses + LTIP Expenses

Please see the Supplemental Information for a reconciliation of this adjusted financial measure

PagBank Cash-in: PIX and wire transfers (TED/DOC) from third-party financial institutions to PagBank

Gross Profit:

- **Payments:** (Merchant Discount Rate + Financial Income from Prepayment) – (Cards Interchange + Cards Scheme Fee + Financial Expenses + Chargebacks)
- **Financial Services:** (Gross Interest Income + Services Fees) – (Transaction Costs + Financial Expenses + Expected Credit Losses)

Net Margin: Net Income / Total Revenue and Income

Net Take Rate: (Net Revenue from Transaction Activities and Other Services + Financial Income - Transaction Costs) / TPV

PagBank Active Clients: Active clients using one additional digital account feature/service beyond acquiring and consumers with a balance in their digital account on the last day of the month

PagBank Clients: Number of bank accounts registered at Brazilian Central Bank

Total ECL: PAGS total ECL does not exclude provision over 360 days

Total Finance Volume (TFV): Total volumes processed by PagBank in Financial Services (TBV) and Merchant Acquiring (TPV)

- **Total Payment Volume (TPV):** Includes Acquiring TPV, which is the value of payments successfully processed through our payments ecosystem for new clients that are under zero MDR promotion and volumes that generates any type of revenues (MDR, fees, prepayment) and, net of payment reversals, not including Financial Services TPV
- **Total Banking Volume (TBV):** Includes prepaid card top-ups, cash cards spending, credit cards, mobile top-ups, wire transfers to third-party, cash-in through *boletos*, bill payments, tax collections, P2P transactions, QR Code transactions, credit underwriting, Super App and GMV

Total Revenue and Income: Composed by Payments and Financial Services units and Other Financial Income

- **Revenue from Payments:** Includes Merchants Discount Rates (MDR) and prepayment fees net of payment reversals
- **Revenue from Financial Services:** Includes cards' interchange fees, interest income from the outstanding credit portfolio and float, and fees from other services
- **Other Financial Income:** interest accrued on Cash and Cash Equivalents + Financial Investments



EBITDA | GAAP and Non-GAAP financial measures

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

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
Net Income GAAP	350	367	380	408	370
(+) LTIP Expenses ²	28	51	43	(42)	19
(+) M&A Expenses ³	5	5	5	5	5
(+) Income Tax and Social Contribution	(11)	(19)	(16)	(2)	(11)
(+) PagPhone realizable value reversal ¹	0	0	(35)	0	0
(-) Software's disposals ²	0	0	19	11	0
(-) Boleto Flex impairment ²	0	0	8	0	0
(-) Agreement with POS supplier ²	0	0	7	0	0
(+) Capitalized Expenses of platforms development	0	0	0	32	10
Net Income Non-GAAP	371	403	411	411	392

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

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





Investor Relations

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