

# Webcast Presentation 4Q21

March 22, 2022



**PAGS**  

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**NYSE**

# Forward-Looking Statements; Non-GAAP Financial Measures

## Forward-Looking Statements

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

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

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

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

All the information included in this presentation is updated as of **December 31, 2021**. 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 net revenue, non-GAAP net take rate, 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 "Supplemental Information" 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 "Supplemental Information."

# Agenda

Company Overview

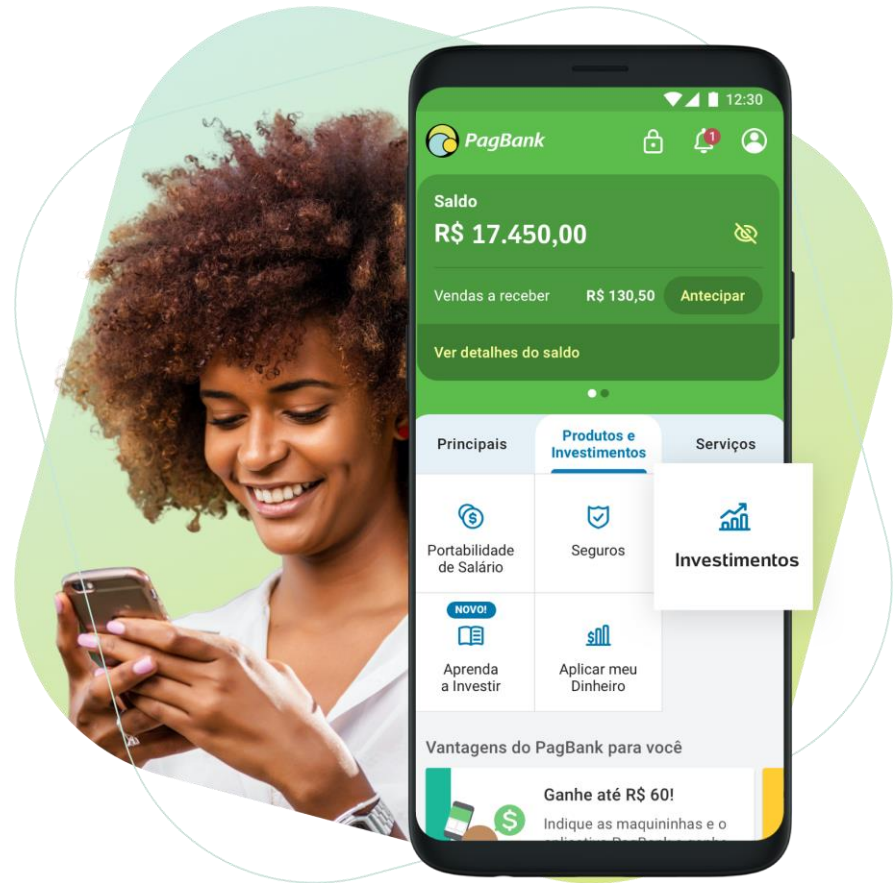
Segment Highlights

Financial Results

# Company Overview

Ricardo Dutra

*Co-Chief Executive Officer*



# Main messages

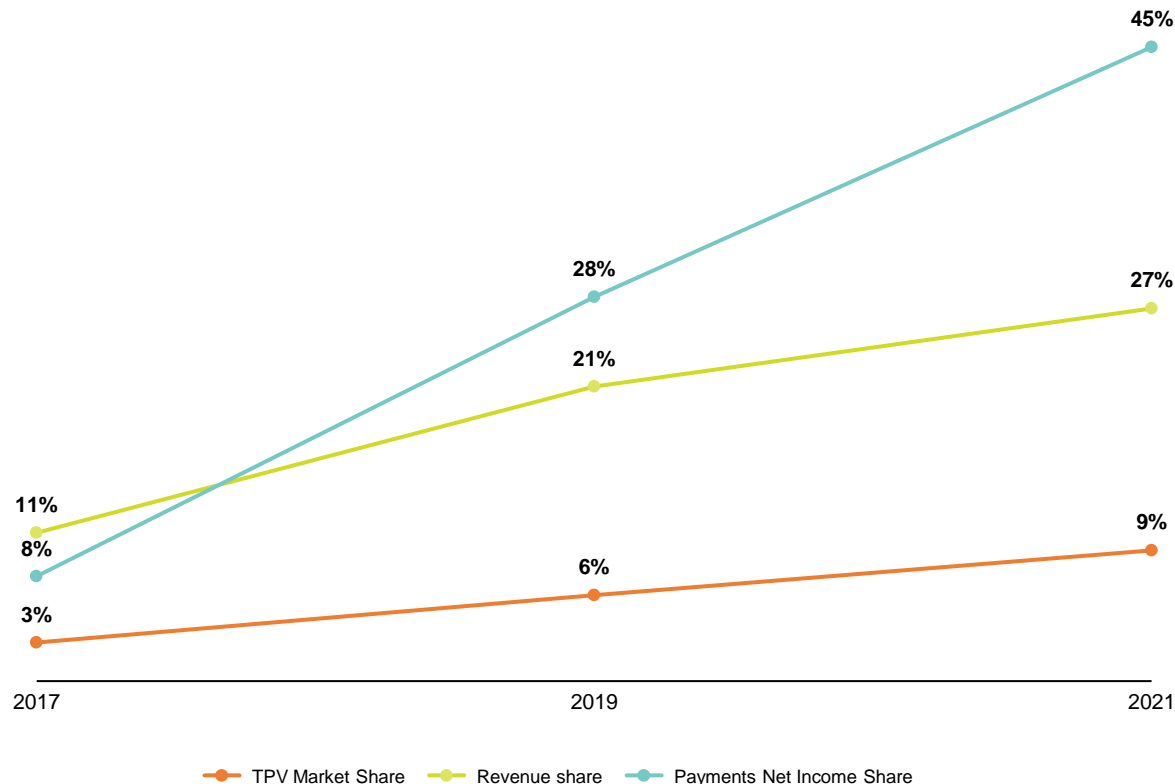
PagBank PagSeguro

1. **Profitability remained resilient** with **unbeatable underlying fundamentals**, despite a tough 2021
2. **PagSeguro captured 45% of Payment's profit pool**, although investing R\$0.3B in PagBank in 2021
3. **Ongoing repricing**, take rates up at least +15bps in 1Q22 vs. 4Q21 with **price increase** fully implemented in Apr-22
4. **Complete banking** for merchants and consumers to address the **banking profit pool** (30x larger than Payments)
5. **Positive outlook for 2022**, growing volumes and keeping profitability while we pave the road for PagBank monetization

# PagSeguro reached 45% of the industry's profits in 2021

Considering Brazilian Payments Industry: PAGS, Cielo Brasil, Rede, Getnet and Stone

## PAGS' Market Share



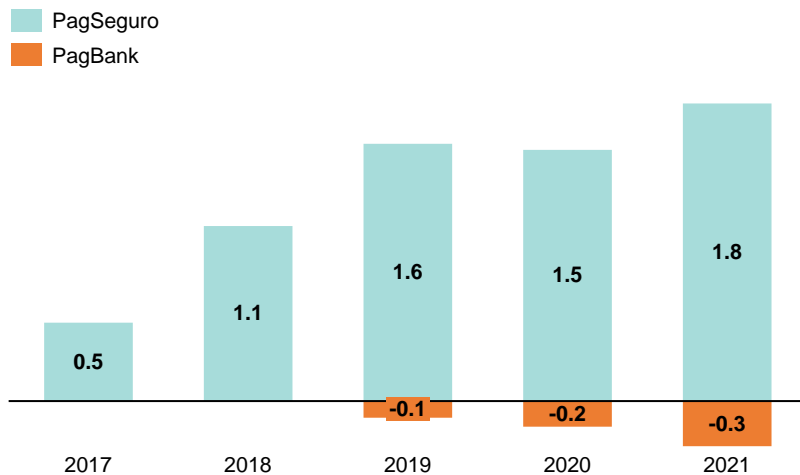
Net Income   Non-GAAP		
R\$ Billion	2021	%
PAGS	1,818	45%
Rede	837	21%
Cielo Brasil	688	17%
Getnet	481	12%
Stone	203	5%
Total	4,028	100%

# Net Income R\$ 1.8B (excluding PagBank's investments)

Resilient profitability; moving towards a huge banking profit opportunity (+30x Payments' opportunity)

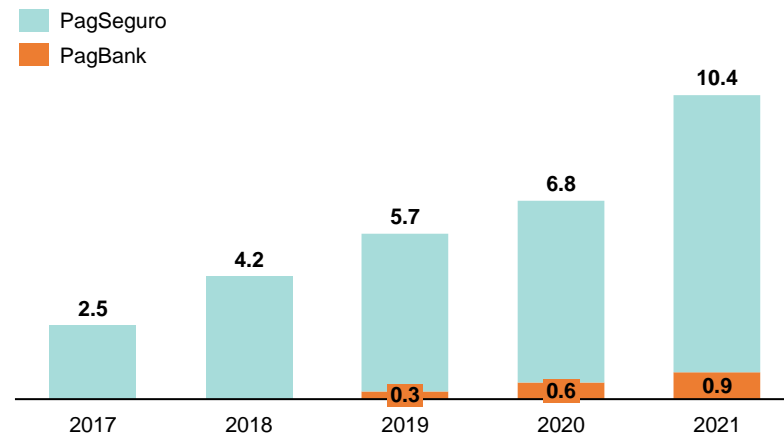
## Net Income

R\$ Billion | Recurring



## Total Revenue and Income

R\$ Billion | Recurring



## PagBank TAM

2021 Net Income GAAP

R\$120B

**Banking**  
Profit Opportunity  
(TOP15 Banks)

**+30x**

**Payments**  
Opportunity

TPV Market  
Share

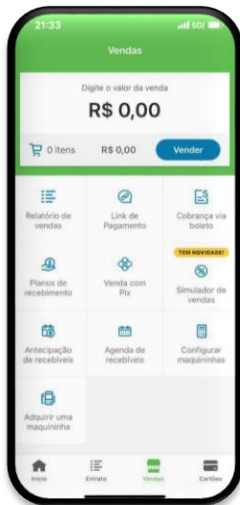
2.8%      4.9%      6.2%      8.0%      9.5%

1. Excluding PagBank revenues.

# PagBank: The complete bank

In less than 3 years, we created the most completed digital bank + payments experience in Brazil

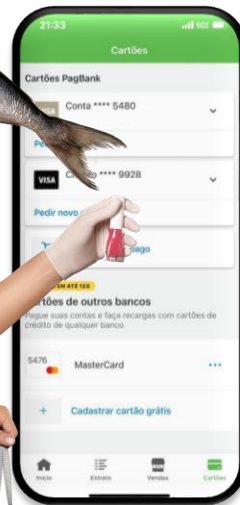
## Payments



## Day-to-Day Banking



## Cards



## Credit Offerings





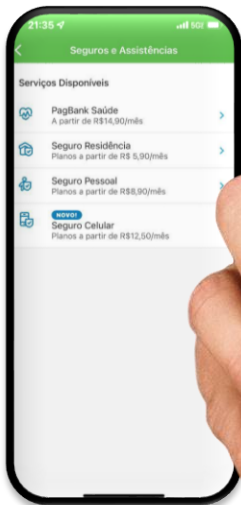
# PagBank: The complete bank

Ready to serve consumers and SMBs besides our core market (micro-merchants and unbanked)

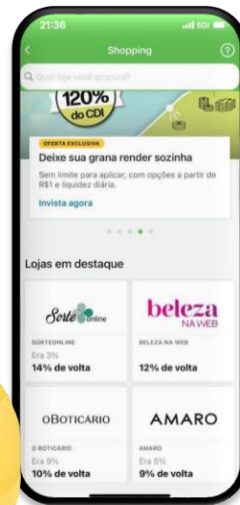
## Investments



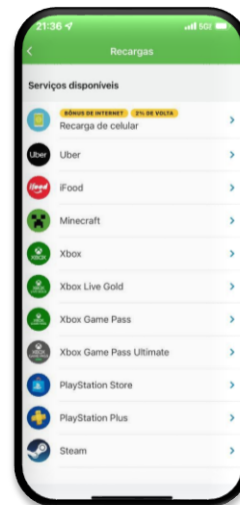
## Insurance



## Marketplace



## Partnerships



# Segment Highlights

Alexandre Magnani

*Co-Chief Executive Officer*



# PAGS: Highlights

Strong delivery, business expansion and disciplined capital allocation

## Operating and Financial Summary<sup>1</sup>

R\$ Billion	2021	2020	Var. Y/Y
<b>Total Payment Volume</b>	<b>456.2</b>	<b>231.5</b>	<b>97.0%</b>
PagSeguro	252.1	161.5	56.1%
PagBank	204.1	70.0	191.6%
<b>Total Revenue and Income</b>	<b>10.4</b>	<b>6.8</b>	<b>53.3%</b>
PagSeguro	9.4	6.1	53.3%
PagBank	0.9	0.6	62.5%
Other	0.1	0.1	16.3%
<b>Net Income   Non-GAAP</b>	<b>1.5</b>	<b>1.4</b>	<b>12.2%</b>
<b>EPS   R\$</b>	<b>4.68</b>	<b>4.19</b>	<b>11.8%</b>
<b>Capital Expenditures</b>	<b>1.8</b>	<b>2.1</b>	<b>-14.8%</b>

R\$ Billion	2021	2020	Var. Y/Y
<b>Credit Portfolio</b>	<b>1.9</b>	<b>0.6</b>	<b>211.8%</b>
<b>Total Deposits</b>	<b>7.7</b>	<b>4.7</b>	<b>65.8%</b>

# Million	2021	2020	Var. Y/Y
<b>PagBank Clients</b>	<b>21.9</b>	<b>15.8</b>	<b>38.5%</b>
<b>PagBank Active Clients</b>	<b>13.1</b>	<b>7.9</b>	<b>66.2%</b>
Merchants	6.6	5.1	28.2%
Consumers	6.5	2.7	138.2%
<b>PagInvest Clients</b>	<b>1.3</b>	<b>0.2</b>	<b>668.7%</b>

## Business Overview

- **R\$456B** in Total Payment Volume, doubling year-over-year
- **21.9M** clients and **13.1M** active clients, second largest Brazilian digital bank<sup>2</sup>
- **R\$7.7B** in Total Deposits, **+66% y/y**
- **R\$1.9B** in Credit Portfolio, **+212% y/y**
- **R\$1.8B** in CapEx, **-15% y/y**

## PAGS Strategic Pillars

- Diversifying revenues and profits consolidating **PagBank**
- Growing profitably and efficiently in **Payments**
- Developing our **two-sided ecosystem**
- Executing 360° **security**
- Investing in our **human capital**: the most valuable resource

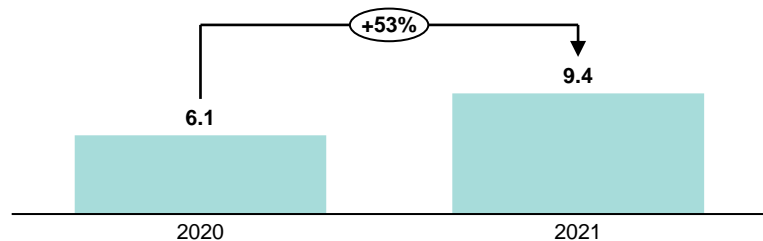
<sup>1</sup> 2021 and 2020 numbers refers to recurrent measures. For an explanation of the recurrent adjustments, please see "Supplemental Information" included in this presentation.  
<sup>2</sup> Bank accounts according to Brazilian Central Bank: Nubank (50.0M), PAGS (21.9M), Inter (15.2M) and C6 (13.6).

# PagSeguro: Highest 2021 revenue and TPV growth in the market<sup>1</sup>

Revenue growth of +53% y/y and TPV growth of +60% y/y

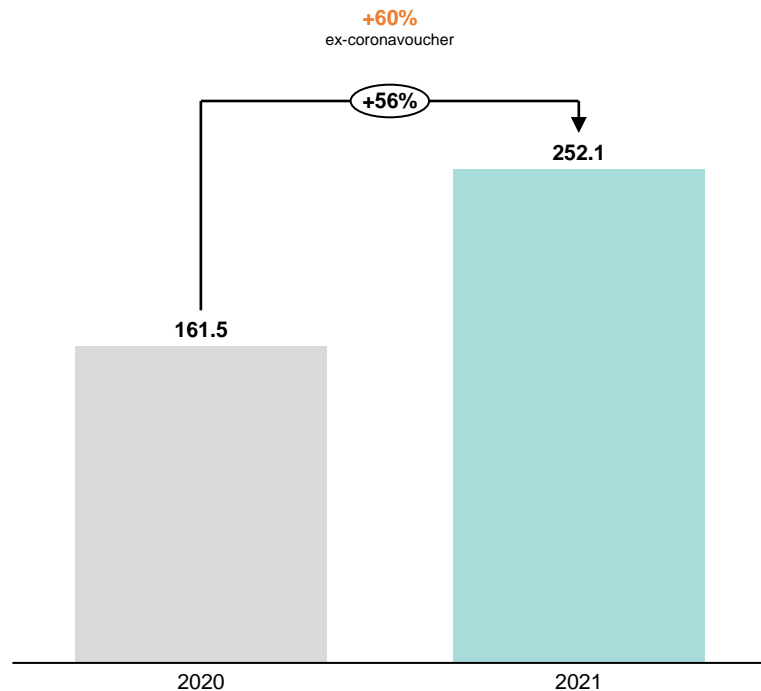
## Total Revenue<sup>2</sup>

R\$ Billion | y/y growth



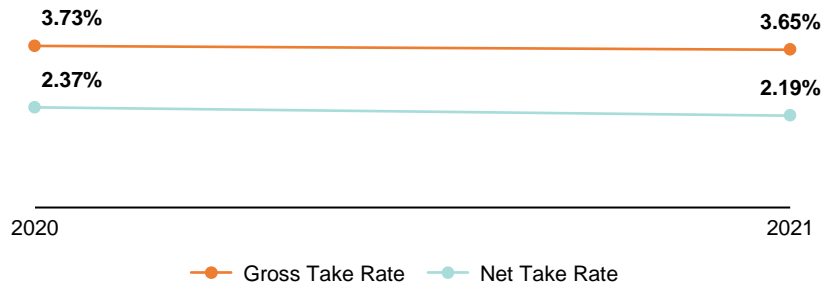
## PagSeguro TPV

R\$ Billion | y/y growth



## Take Rate<sup>3</sup>

% of PagSeguro TPV



1. Revenue growth: PAGS: 53% y/y; STNE (ex-Link): 29% y/y; GETNET: 20% y/y; CIELO BRASIL: 8% y/y and REDE: 4% y/y; TPV growth: PAGS: 56% y/y; STNE: 31% y/y; GETNET 49% y/y; CIELO BRASIL: 11% y/y and REDE: 22% y/y;  
2. Excluding Other Financial Income;  
3. Excluding revenues and costs originated by membership fees booked in Net Transaction Activities and Other Services (2021: R\$ 252M; 2020: R\$ 128M) and in Transaction Costs (2021: R\$ 300M; 2020: R\$ 399M).

# PagSeguro: Sustainable growth with efficiency

Serving SMBs successfully while exploring new markets

+300 HUBs, totaling ~20% of PagSeguro TPV in 2021

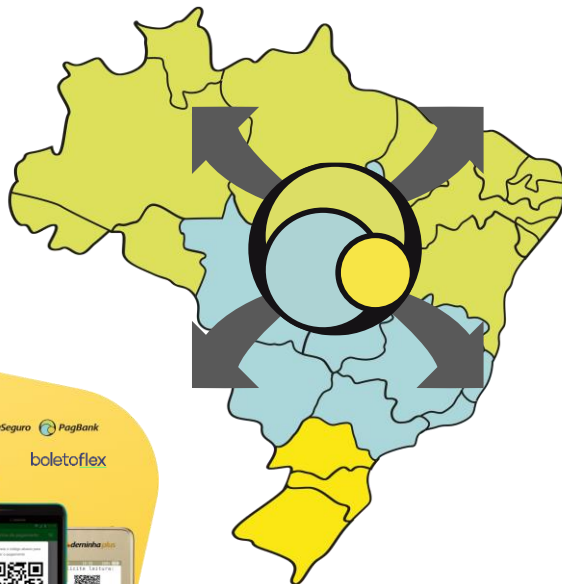
+80%

Brazilian territory covered by HUBs

according to the GDP by location

3.5x

TPV HUBs  
y/y growth



## PagSeguro Highlights

iBest!

Reclame Aqui  
2021

- Investing in innovation to address the **most profitable payments'** segments
- **Increasing prices and reducing subsidies** to improve margins
- Outpacing TPV industry growth | **PAGS 5Y CAGR: +61%** (Brz Industry: +18%)
- **Improving customer satisfaction** levels<sup>1</sup>
- **Best Brazilian Acquirer** by iBest<sup>2</sup> and Reclame Aqui<sup>3</sup>

## 2022 Priorities

- **Price increase fully executed** in Apr-22. Repricing will be examined moving forward as **Brazilian interest rate continues to rise**
- Moving **successfully** upmarket, **growing SMB** share and exploring new markets
- Focusing on **efficiency and operational leverage**

1. BCB ranking is available on <https://www.bcb.gov.br/ranking/index.asp?rel=outbound&frame=1>.

2. Winning the categories: iBest Academy and Public Opinion Polling. Source: <https://app.premiolibest.com/resultados/2021/adquirencia>.

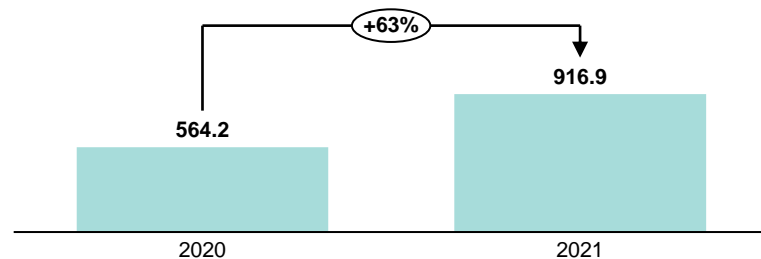
3. According to Reclame Aqui ([www.reclameaqui.com.br](http://www.reclameaqui.com.br)) ranking (number of complaints).

# PagBank: Revenue growth of +63% y/y in 2021

Net Interest Income grew 142% y/y; Gross Profit grew 20% y/y

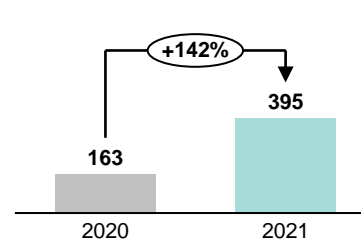
## Total Revenue

R\$ Million | y/y growth



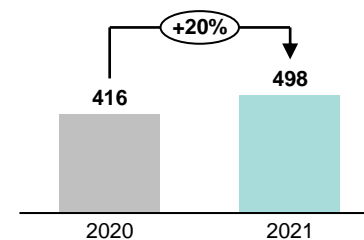
## Net Interest Income

R\$ Million | y/y growth



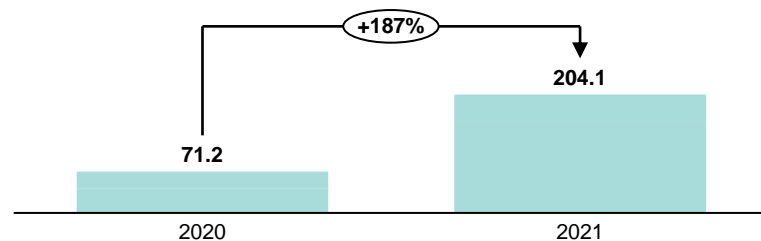
## Gross Profit

R\$ Million | y/y growth



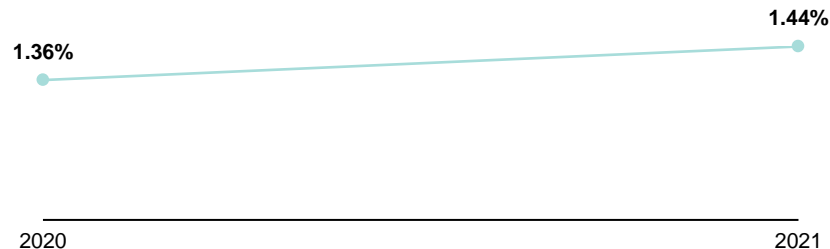
## PagBank TPV

R\$ Billion | y/y growth



## Net Take Rate

% of Monetizable TPV

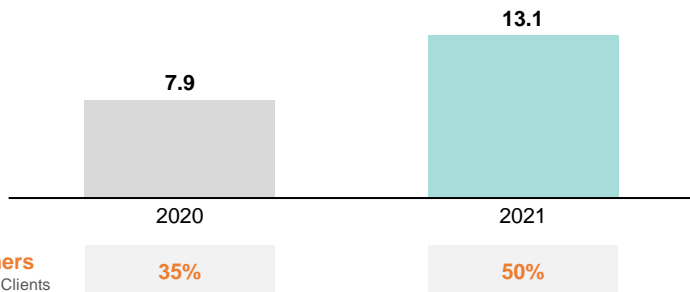


# PagBank: Second largest digital bank in Brazil in # of clients<sup>1</sup>

~24K new accounts per workday in 2021

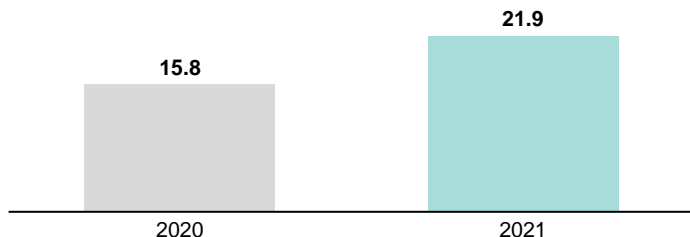
## PagBank Active Clients

# Million



## PagBank Clients

# Million



## PagBank Highlights

- PagBank **Cash-in**<sup>2</sup> increased **~9x** in 2021 (from R\$6B to R\$59B)
- Cost to serve is **93% lower** than incumbents<sup>3</sup> (PAGS: R\$74 | Incumbents: R\$ 994)
- **~50%** of clients chose PagBank as their **main bank** in Dec-21 (~35% in Jan-21)
- **9%** of all Pix transactions (727M) in Brazil are done through PagBank
- Reducing # of complaints per client: **-52% y/y**<sup>4</sup>

## 2022 Priorities

- Focusing on **engagement** and **revenue growth**
- Prioritizing products with **higher stickiness**, increasing **collateralized credit offerings**
- **Moving upmarket** to serve from micro-merchants to large SMBs
- Huge opportunity as banking remains concentrated. **TOP6 banks: ~90% of the profits**

1. Bank accounts according to Brazilian Central Bank: Nubank (50.0M), PAGS (21.9M), Inter (15.2M) and C6 (13.6).;

2. PagBank Cash-in: Wire transfers (TED) + Pix received during 2020 vs. 2021;

3. According to the public information available in our Investor Day deck;

4. According to complains registered in Reclame Aqui ([www.reclameaqui.com.br](http://www.reclameaqui.com.br)) divided by the average number of PagBank Active Clients in 2020 and 2021.

# PagInvest Clients increased 8x in 2021

From 0.2M in 2020 to 1.3M in 2021 (with only 1 year of operation)

## 2.7x

more investors  
per day in 2021

Attracting younger and digital native clients, while expanding services to underserved brokerage clients

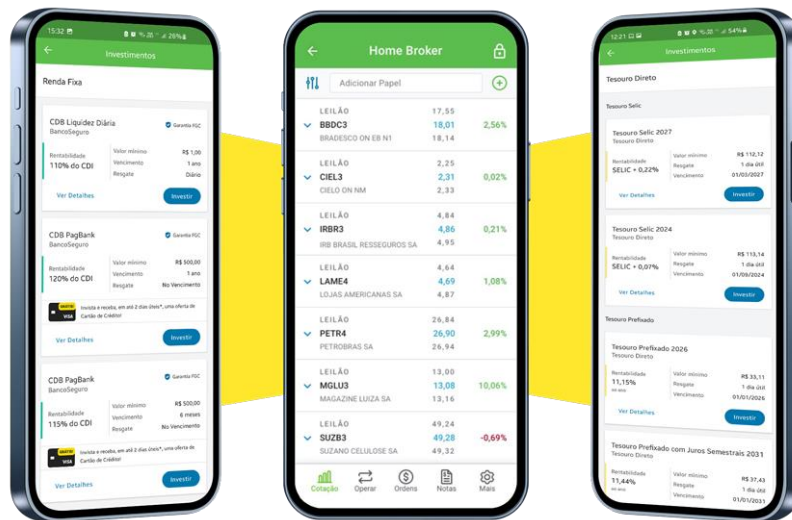
## +87% y/y

average inflow  
per client

First experience is key to engage clients for the next investments, boosting net inflows

Clients

# 1.3 million



## 7x y/y

growth in  
PagInvest AuC

Launching of our Daily Morning Call and Advisory Portal with proprietary research team

## 2x more

inflow for clients investing  
for the second time

At the same time, increasing balance accounts, fostering the usage of other services and leveraging float

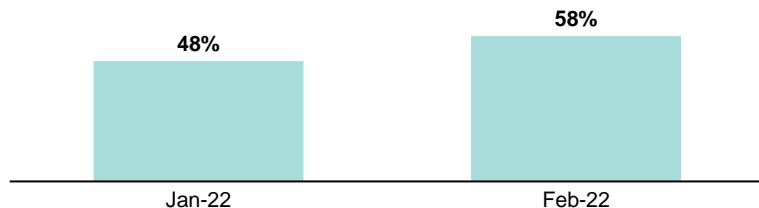


# 1Q22 and 2022 Outlook

The best balance between growth and profitability

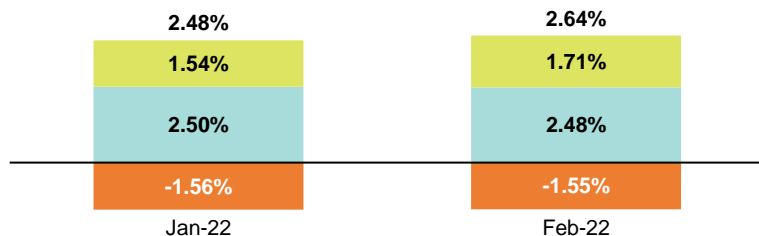
## PagSeguro TPV

y/y growth



## Net Take Rate

% of PagSeguro TPV



Financial Income Transaction Activities Transaction Costs

## 1Q22 Outlook

### Growth:

- Total Revenue: **R\$3.3B** to **R\$3.4B**, **+60% y/y** to **+64% y/y**
- PagSeguro TPV: **R\$79B** to **R\$81B**, **+58% y/y** to **+62% y/y**
- PagBank Revenue: **R\$240M** to **R\$260M**, **+60% y/y** to **+73% y/y**

### Profitability:

- Non-GAAP Net Income: **R\$360M** and **R\$370M**

## 2022 Outlook

- **Price increase fully executed** in Apr-22. **Repricing will be examined** (if necessary, implemented) on regular basis as SELIC continues to rise
- PAGS will continue to **invest in PagBank in 2022** and we anticipate **better credit portfolio performance**
- Expected **operational leverage** in **Marketing, SG&A and Chargebacks**

# Financial Results

Artur Schunck

*Chief Financial Officer, Chief Accounting Officer and Investor Relations Officer*

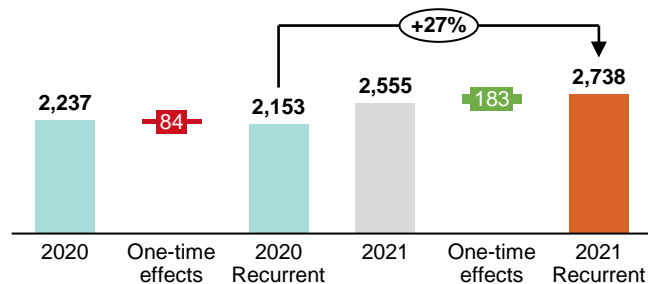


# PAGS: 2021 Highlights

Adjusted EBITDA increased +27% y/y and Recurring Non-GAAP Net Income increased +12% y/y

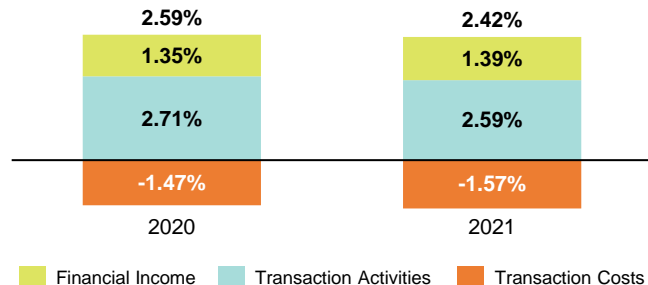
## Adjusted EBITDA<sup>1</sup>

R\$ Million



## Net Take Rate

Consolidated | % of PagSeguro TPV



## P&L Analysis

R\$ Million

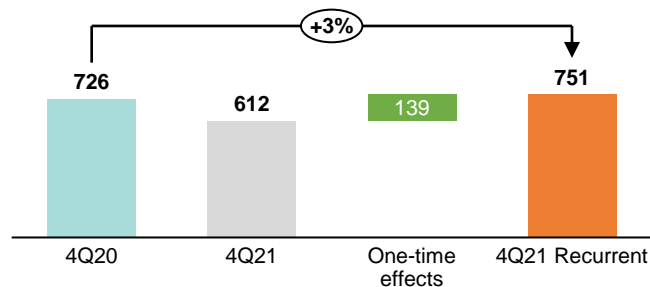
PAGS	2021 Recurrent	2020 Recurrent	y/y	2019	2018	2017
<b>Total Revenue and Income</b>	<b>10,445</b>	<b>6,815</b>	<b>53%</b>	<b>5,707</b>	<b>4,203</b>	<b>2,523</b>
(-) Transactional Costs	(4,204)	(2,773)	52%	(1,815)	(1,246)	(645)
(-) Financial Expenses	(791)	(110)	620%	(38)	(13)	(105)
(+) FX expenses	72	0	n.a	0	0	0
(-) Other Financial Income	(150)	(129)	16%	(126)	(147)	(9)
<b>Gross Profit</b>	<b>5,374</b>	<b>3,803</b>	<b>41%</b>	<b>3,727</b>	<b>2,797</b>	<b>1,765</b>
(-) Opex & Other Costs	(2,635)	(1,650)	60%	(1,657)	(1,325)	(1,038)
<b>Adjusted EBITDA</b>	<b>2,738</b>	<b>2,153</b>	<b>27%</b>	<b>2,071</b>	<b>1,472</b>	<b>726</b>
PagSeguro	2,990	2,305	30%	2,198	1,472	726
PagBank	(252)	(152)	66%	(127)	n.a.	n.a.
(-) D&A	(752)	(376)	100%	(128)	(95)	(52)
(+/-) Other income (expense), net	78	129	-40%	126	147	9
(-) Income tax	(517)	(527)	-2%	(599)	(455)	(205)
<b>Net Income Non-GAAP</b>	<b>1,546</b>	<b>1,379</b>	<b>12%</b>	<b>1,470</b>	<b>1,069</b>	<b>479</b>
<b>EPS Non-GAAP   R\$</b>	<b>4.68</b>	<b>4.19</b>	<b>12%</b>	<b>4.48</b>	<b>3.36</b>	<b>1.83</b>
(-) Non-Gaap Adjustments	(259)	(142)	82%	(103)	(158)	0
<b>Net Income GAAP</b>	<b>1,287</b>	<b>1,237</b>	<b>4%</b>	<b>1,367</b>	<b>911</b>	<b>479</b>

# PAGS: 4Q21 Highlights

Improving Net Take Rate

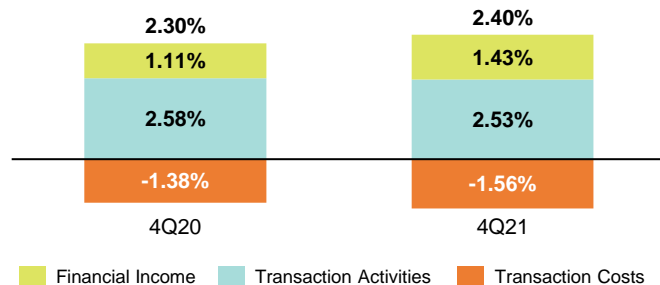
## Adjusted EBITDA<sup>1</sup>

R\$ Million



## Net Take Rate

Consolidated | % of PagSeguro TPV



## P&L Analysis

R\$ Million

PAGS	4Q21 Recurrent	4Q20 Recurrent	y/y	3Q21 Recurrent	y/y
<b>Total Revenue and Income</b>	<b>3,233</b>	<b>2,088</b>	<b>55%</b>	<b>2,776</b>	<b>16%</b>
(-) Transactional Costs	(1,281)	(826)	55%	(1,112)	15%
(-) Financial Expenses	(403)	(30)	1263%	(210)	92%
(+) FX expenses	17	0	n.a	19	-8%
(-) Other Financial Income	(44)	(4)	1019%	(46)	-5%
<b>Gross Profit</b>	<b>1,524</b>	<b>1,229</b>	<b>24%</b>	<b>1,427</b>	<b>7%</b>
(-) Opex & Other Costs	(773)	(503)	54%	(685)	13%
<b>Adjusted EBITDA</b>	<b>751</b>	<b>727</b>	<b>3%</b>	<b>742</b>	<b>1%</b>
<b>PagSeguro</b>	<b>821</b>	<b>741</b>	<b>11%</b>	<b>778</b>	<b>5%</b>
<b>PagBank</b>	<b>(70)</b>	<b>(15)</b>	<b>379%</b>	<b>(36)</b>	<b>94%</b>
(-) D&A	(220)	(134)	64%	(200)	10%
(+/-) Other income (expense), net	26	4	570%	27	-3%
(-) Income tax	(131)	(166)	-21%	(150)	-12%
<b>Net Income Non-GAAP</b>	<b>426</b>	<b>430</b>	<b>-1%</b>	<b>419</b>	<b>2%</b>
(-) Non-GAAP Adjustments	(33)	(54)	-39%	(97)	-66%
<b>Net Income GAAP</b>	<b>393</b>	<b>376</b>	<b>4%</b>	<b>322</b>	<b>22%</b>

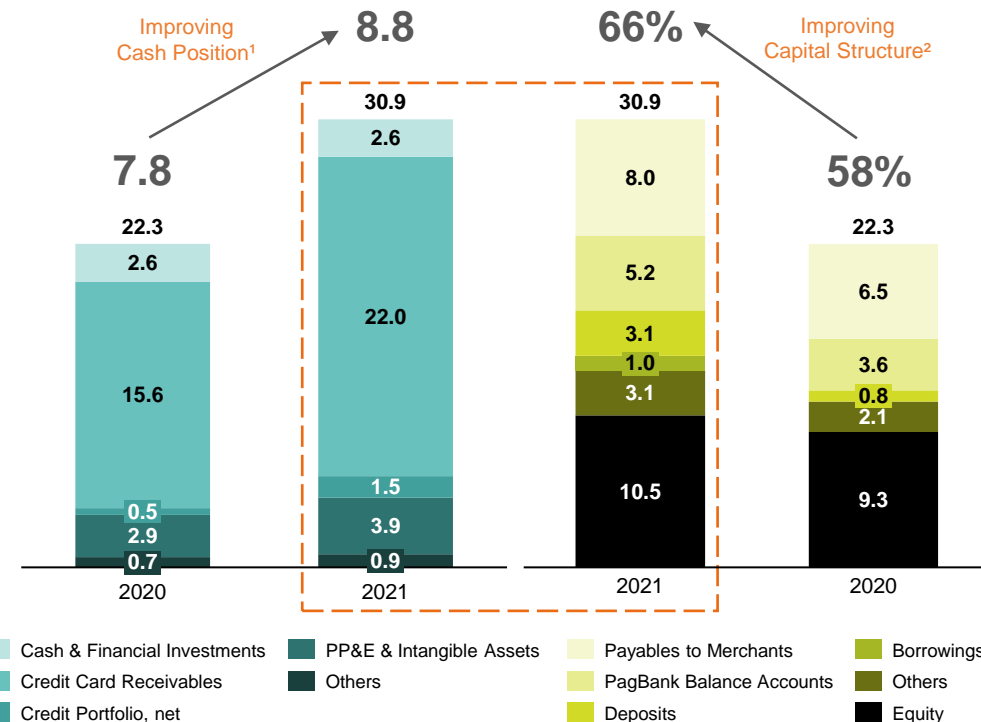
4Q21 and 4Q20 numbers refers to recurrent measures. For an explanation of the recurrent adjustments, please see "Supplemental Information" included in this presentation.

# PAGS Solid Financial Position of R\$8.8B

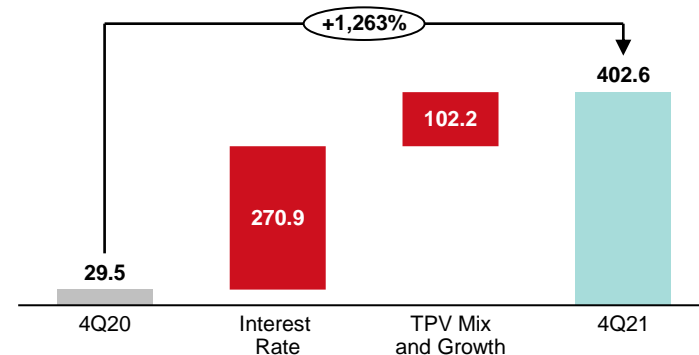
Cash Position improved by R\$1.0B vs. 2020 with more third-party funding reaching 66%

## Assets R\$ Billion

## Liabilities and Equity R\$ Billion



## Financial Expenses R\$ Million | y/y growth



- Financial Expenses varies according to (i) PagSeguro TPV growth, (ii) PagSeguro TPV mix + Prepayment Avg Term, (iii) Country Interest Rate, and (iv) Cost over CDI negotiated by our funding team
- In 2021, Prepayment TPV grew faster than PagSeguro TPV
- Brazilian Interest Rate increased ~5x in 2021 (from 2.00% to 9.25%)
- PAGS' Cost of Funding:
  - A/R Securitization: few basis points above CDI
  - Bank Accounts + Certificates of Deposits: below CDI
  - USD Borrowing swapped to R\$: ~109% over CDI

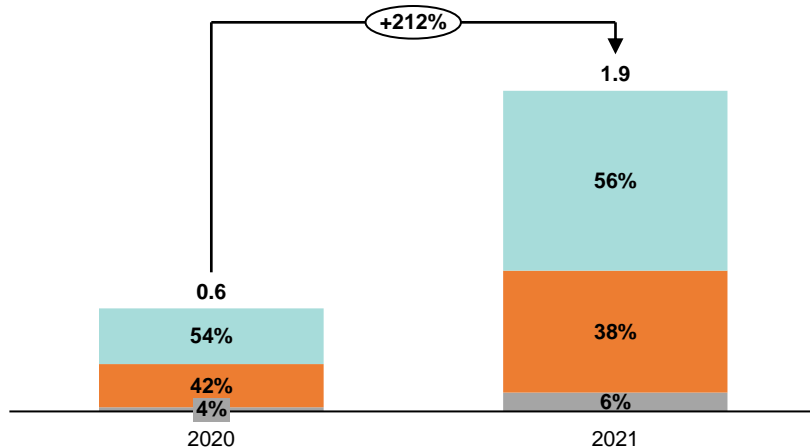
1. Cash Position: Cash + Financial Income (R\$2.6M) + A/R, including Credit Portfolio (R\$23.5M) – PagBank CD's (R\$3.1M) – Borrowing (R\$1.0M) – PagBank Balance (R\$5.2M) – A/P to Merchants (R\$8.0M);  
 2. Capital Structure: considering third party funding sources: Liabilities (R\$20.4M) / (Liabilities + Equity (R\$30.9M)).

# PAGS Assets Analysis

Credit portfolio increased 3x and Capex decreased R\$300 million y/y

## Credit Portfolio

R\$ Billion



Working Capital Credit Card Others

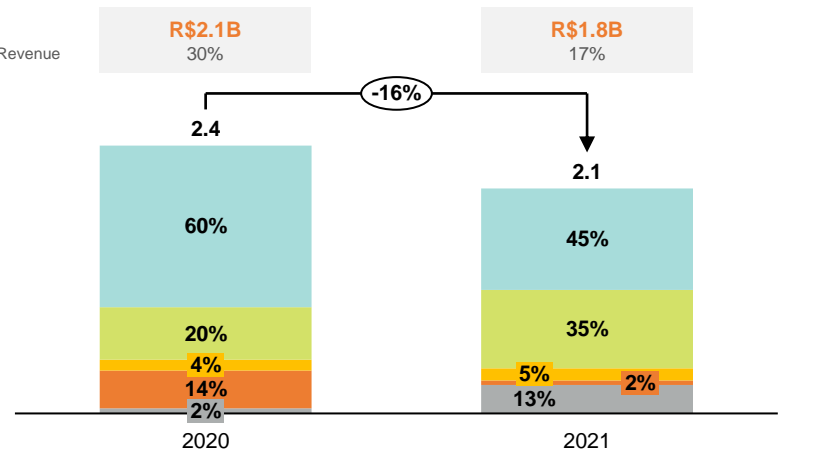
- Asset quality improved vs. 2020
- NPL90 at low-to-mid teens despite tough macro environment
- 37% of Brazilian Households Indebtedness levels<sup>1</sup>

## Capital Allocation

R\$ Billion

### CapEx

% of Total Revenue



Capex | POS Capex | R&D Capex | Other M&A Stock Repurchase

- Lower cash disbursements by 16% y/y
- CapEx decreased R\$300M y/y due to focus on improving LTV/CAC
- Stock Repurchase of R\$258M under the program launched in 2018

<sup>1</sup>. Household Indebtedness : According to SFN (Financial Nacional System). Data as of August 2021.

# ESG: A history of social inclusion

Empowering Brazilian citizens with a seamless and safe experience, promoting diversity and reducing environmental impacts

## Release of our 1<sup>st</sup> Sustainability Report



## 2020 Highlights

PAGS reached **100% of Brazilian territory coverage**

**Empowering women businesses:** +50% of our active clients

**>70% of our active merchants** did not accept electronic payments before PAGS

**Democratizing investments** by providing options from R\$ 1.00

### MICRO-MERCHANTS

**+25% are under 30 years old** running their first business

**+40% formalize their business** after subscribe our services

**16% are above 50 years old**, helping to complement their retirements

1. Micro-merchants using their personnel social security ("Pessoa Física").

## 2021 Achievements



**UN Global Compact**  
signed by our CEO



**GHG Inventory**  
for 2019 and 2020



**Women on Board Award**  
43% of women on  
PagBank PagSeguro Board



**WEPS**  
empowering diversity  
and gender equality



**ESG Committee**  
Composed by Directors and  
Senior Executives



**ESG Website**  
Creating an open channel to  
inform all the stakeholders

[Click here](#) to access  
our ESG page

## 2022 Goals

First GRI Essentials Sustainability Report

Reporting GHG emissions data in CDP

Establishing goals to be net zero carbon

Applying for the GPTW

GHG Inventory verified by third-party



# Appendix





# Glossary

**Active Merchants:** At least one transaction in the last twelve months.

**Adjusted EBITDA:** GAAP Net Income + Income Tax and Social Contribution – Other Financial Income + Depreciation and Amortization + FX Expenses + M&A Expenses + LTIP Expenses. Please see the Supplemental Information for a reconciliation of this adjusted financial measure.

## Gross Profit

- **PagSeguro:** (MDR Revenue + Prepayment Revenue) – (Transaction Costs + Card Scheme Fee + Financial Expenses).
- **PagBank:** (Net Interest Income + Revenue from Services) – Provision for Losses.

## Gross Take Rate

- **PagSeguro:** (Net Revenue from Transaction Activities and Other Services + Financial Income) / PagSeguro TPV. Excluding revenues and costs originated by membership fees.
- **PagBank:** (Net Interest Income + Revenue from Services) / PagBank Monetizable TPV.

**Net Interest Income:** Interest Income – Cost of Funding + Float.

## Net Take Rate

- **PagSeguro:** (Net Revenue from Transaction Activities and Other Services + Financial Income - Transaction Costs) / PagSeguro TPV. Excluding revenues and costs originated by membership fees.
- **PagBank:** (Net Interest Income + Revenue from Services - Transaction Costs) / PagBank Monetizable TPV.

**Non-GAAP numbers:** Non-GAAP financial measure. Please see the Slide 28 for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

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

**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.

**PagInvest AUC:** CDs actively invested by clients, Investment Funds, Treasury Bonds and Equities.

**Recurrent Measures:** Excluding one-time effects that may affect company's results.

**Total Deposits:** Balance Accounts + PagInvest AUC.

**Total Payment Volume:** PagSeguro TPV + PagBank TPV.

- **PagSeguro:** Includes PagSeguro's TPV, which is the value of payments successfully processed through our end-to-end digital banking ecosystem, net of payment reversals, not including PagBank TPV.
- **PagBank:** 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

# Reconciliation of GAAP and Non-GAAP Financial Measures

Adjusted EBITDA   R\$ Million	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021
<b>Net Income   GAAP</b>	<b>356.9</b>	<b>296.3</b>	<b>263.4</b>	<b>375.6</b>	<b>1,292.3</b>	<b>271.3</b>	<b>272.1</b>	<b>321.5</b>	<b>301.3</b>	<b>1,166.3</b>
(+) Income Tax and Social Contribution	139.2	116.1	88.8	138.3	<b>482.4</b>	89.0	66.0	99.6	67.1	<b>321.7</b>
(+) LTIP Expenses <sup>1</sup>	15.3	16.1	101.4	74.2	<b>207.0</b>	79.7	105.8	140.7	44.3	<b>370.5</b>
(+) M&A Expenses	0.0	0.0	0.0	8.2	<b>8.2</b>	0.0	2.0	3.5	0.0	<b>5.5</b>
(+) Depreciation and Amortization	59.6	81.4	101.5	133.8	<b>376.3</b>	158.3	181.5	203.3	225.5	<b>768.6</b>
(-) Other Financial Income <sup>2</sup>	(61.3)	(47.8)	(31.8)	(25.9)	<b>(166.9)</b>	(34.6)	(34.9)	(45.9)	(43.5)	<b>(158.8)</b>
(+) FX Expenses <sup>2</sup>	3.1	6.1	7.1	22.0	<b>38.3</b>	9.3	36.1	18.7	17.5	<b>81.5</b>
<b>Adjusted EBITDA</b>	<b>512.8</b>	<b>468.2</b>	<b>530.4</b>	<b>726.4</b>	<b>2,237.8</b>	<b>573.1</b>	<b>628.6</b>	<b>741.5</b>	<b>612.1</b>	<b>2,555.4</b>
(+) Tax Provision Reversal	0.0	(84.3)	0.0	0.0	<b>(84.3)</b>	(29.0)	0.0	0.0	0.0	<b>(29.0)</b>
(+) Digital Losses	0.0	0.0	0.0	0.0	<b>0.0</b>	73.4	0.0	0.0	0.0	<b>73.4</b>
(+) PagPhone Write-off	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	0.0	0.0	138.6	<b>138.6</b>
<b>Recurring Adjusted EBITDA</b>	<b>512.8</b>	<b>383.9</b>	<b>530.4</b>	<b>726.4</b>	<b>2,153.5</b>	<b>617.5</b>	<b>628.6</b>	<b>741.5</b>	<b>750.7</b>	<b>2,738.4</b>

Non-GAAP Net Income   R\$ Million	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021
<b>Net Income   GAAP</b>	<b>356.9</b>	<b>296.3</b>	<b>263.4</b>	<b>375.6</b>	<b>1,292.3</b>	<b>271.3</b>	<b>272.1</b>	<b>321.5</b>	<b>301.3</b>	<b>1,166.3</b>
(+) LTIP Expenses <sup>1</sup>	15.3	16.1	101.4	74.2	<b>207.0</b>	79.7	105.8	140.7	44.3	<b>370.5</b>
(+) M&A Expenses	0.0	0.0	0.0	8.2	<b>8.2</b>	4.9	4.8	6.4	5.7	<b>21.8</b>
(-) Income Tax and Social Contribution	(5.2)	(5.5)	(34.4)	(28.0)	<b>(73.1)</b>	(28.7)	(37.6)	(50.0)	(17.0)	<b>(133.3)</b>
<b>Net Income   Non-GAAP</b>	<b>367.0</b>	<b>306.9</b>	<b>330.4</b>	<b>430.0</b>	<b>1,434.4</b>	<b>327.2</b>	<b>345.1</b>	<b>418.7</b>	<b>334.3</b>	<b>1,425.3</b>
(+) Tax Provision Reversal	0.0	(55.6)	0.0	0.0	<b>(55.6)</b>	(19.1)	0.0	0.0	0.0	<b>(19.1)</b>
(+) Digital Losses	0.0	0.0	0.0	0.0	<b>0.0</b>	48.4	0.0	0.0	0.0	<b>48.4</b>
(+) PagPhone Write-off	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	0.0	0.0	91.5	<b>91.5</b>
<b>Recurring Net Income</b>	<b>367.0</b>	<b>251.3</b>	<b>330.4</b>	<b>430.0</b>	<b>1,378.7</b>	<b>356.5</b>	<b>345.1</b>	<b>418.7</b>	<b>425.7</b>	<b>1,546.1</b>

1. LTIP Expenses: Stock-based compensation expenses in 2021 reached the total amount of R\$371M (2020: R\$207M) and R\$44M in 4Q21 (4Q20: R\$74M), consisting of expenses for equity awards under our LTIP. We exclude stock-based compensation expenses from our non-GAAP measures primarily because they are non-cash expenses and the related employer payroll taxes depend on our stock price and the timing and size of exercises and vesting of the equity awards, over which management has limited to no control, and as such management does not believe these expenses correlate to the operation of our business. The total of LTIP expenses is allocated between Cost of services.

2. Until 1Q21, the line item Other financial income included amounts corresponding to (a) interest of financial investments and (b) losses on exchange variation. Beginning in 2Q21, we recorded losses on exchange variation as exchange rate expenses under the line item Financial expenses. As demonstrated in the table above, Adjusted EBITDA is calculated to exclude Other financial income and add back Exchange rate expenses.

# Reconciliation of PagBank KPIs

Reported   R\$ Million	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	2020	2021
Total Revenues and Income	117.0	79.7	133.3	209.9	149.1	182.1	238.8	276.5	540.0	846.4
Adjusted EBITDA	(54.0)	(77.6)	(82.0)	13.8	(78.2)	(100.2)	(76.1)	(124.7)	(199.8)	(379.2)

Reconciliation   R\$ Million	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	2020	2021
Total Revenues and Income	151.8	80.0	138.7	169.5	149.1	182.1	238.8	276.5	540.0	846.4
Adjusted EBITDA	(19.2)	(77.4)	(76.5)	(26.6)	(78.2)	(100.2)	(76.1)	(124.7)	(199.8)	(379.2)

Reconciliation + Float + CoF   R\$ Million	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	2020	2021
Total Revenues and Income	158.6	84.9	144.4	176.4	156.1	193.7	258.6	308.5	564.2	916.9
Adjusted EBITDA	(6.8)	(64.1)	(66.2)	(14.7)	(66.8)	(78.6)	(36.3)	(70.3)	(151.7)	(251.9)

PagBank P&L   R\$ Million	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	2020	2021
Credit Portfolio	504.0	479.2	485.9	611.6	771.4	1,116.1	1,553.2	1,907.0	611.6	1,907.0
Net Interest Income	63.5	22.9	34.9	41.8	53.9	76.1	122.3	142.3	163.0	394.5
Gross Profit	118.2	60.2	95.2	142.9	47.1	131.7	175.1	143.9	416.5	497.7
Adjusted EBITDA	(6.8)	(64.1)	(66.2)	(14.7)	(66.8)	(78.6)	(36.3)	(70.3)	(151.7)	(251.9)

# Brazilian Retail Banking Industry

Market concentration remains extremely high

#	Financial Institutions	Net Income GAAP		Net Revenue		Credit Portfolio	
		R\$ Billion	%	R\$ Billion	%	R\$ Billion	%
1	Itaú	25.0	21.1%	195.5	25.5%	1,027.3	22.6%
2	Bradesco	21.9	18.5%	139.1	18.1%	812.7	17.9%
3	BB	19.7	16.6%	153.4	20.0%	874.9	19.2%
4	CEF	17.3	14.6%	69.7	9.1%	867.6	19.1%
5	Santander	15.0	12.6%	118.5	15.4%	536.5	11.8%
6	BTG	7.8	6.6%	13.9	1.8%	120.5	2.6%
7	Safrá	5.6	4.7%	25.5	3.3%	154.8	3.4%
8	XP Inc.	3.6	3.0%	12.1	1.6%	10.2	0.2%
10	Daycoval	1.4	1.2%	6.9	0.9%	46.7	1.0%
11	<b>PAGS</b>	<b>1.1</b>	<b>1.0%</b>	<b>10.5</b>	<b>1.4%</b>	<b>1.9</b>	<b>0.0%</b>
12	Banrisul	0.9	0.8%	10.2	1.3%	41.0	0.9%
14	Inter	0.1	0.1%	3.0	0.4%	18.6	0.4%
15	Nubank	(0.9)	-0.8%	9.2	1.2%	36.6	0.8%
<b>Total</b>		<b>118.5</b>	<b>100.0%</b>	<b>767.4</b>	<b>100.0%</b>	<b>4,549.4</b>	<b>100.0%</b>
<b>TOP6 Banks</b>		<b>106.7</b>	<b>90.0%</b>	<b>690.1</b>	<b>89.9%</b>	<b>4,239.5</b>	<b>93.2%</b>

# PagBank PagSeguro 4Q21 Webcast Presentation



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