



Webcast Presentation 2Q22

August 25, 2022

PAGS
LISTED
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 **June 30, 2022**. 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”.



PAGS

2Q22 Main messages

- **PagSeguro net take rate** increased **+16 bps** vs. 1Q22 with **stable churn** (+8 bps including Financial Expenses)
- **PagSeguro TPV** outpaced market growth: **1.6x more than Brz payments industry**
- **PagBank net adds** of **1.6M** in 2Q22, leading to **~25M PagBank Clients**
- **PagBank total deposits** of **R\$15.5B, +163% y/y**
- **CapEx per revenue**¹ at **14.7%**, **-520 bps** vs. 1Q22, trending down moving forward
- **HUBs** reached **28% of PagSeguro TPV**

1. Revenue: Total Revenue and Income.

All-time high Total Revenue, TPV and Net Income¹

OUR MISSION

Democratize the access of
financial services and *payments solutions* in Brazil,
providing a *simple, safe, affordable* and *digital ecosystem*
to merchants and consumers



Payments Platform

Financial Services



R\$ **89** B

TPV
+58% y/y

R\$ **3.6** B

Total Revenue
+68% y/y

R\$ **3.9** B

Total Revenue and Income²
+65% y/y

R\$ **403** M

Net Income | Non-GAAP
+17% y/y

Net Income | GAAP: R\$ 367M
+35% y/y

R\$ **86** B

TPV
+87% y/y

R\$ **314** M

Total Revenue
+62% y/y

R\$ **11.8** K

TPV per Merchant
+56% y/y

R\$ **1.4** B

Gross Profit
+29% y/y

R\$ **15.5** B

Total Deposits
+163% y/y

R\$ **41** M

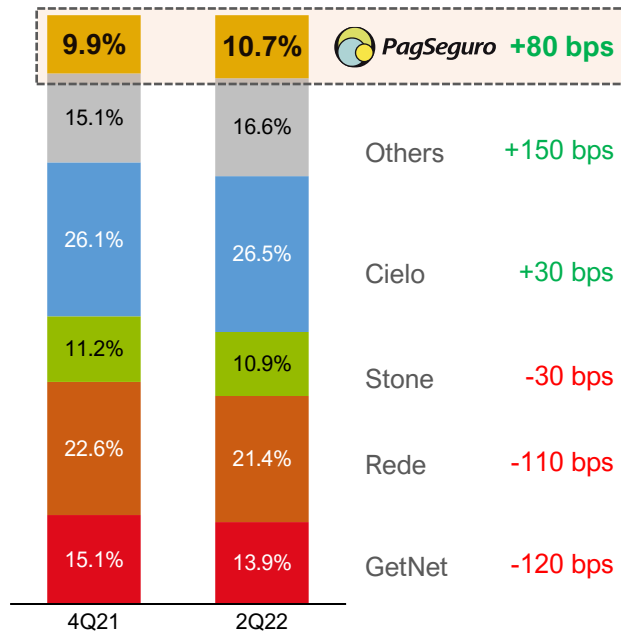
Gross Profit
-7% y/y



5x to 7x more profitable; market share winner; effective repricing

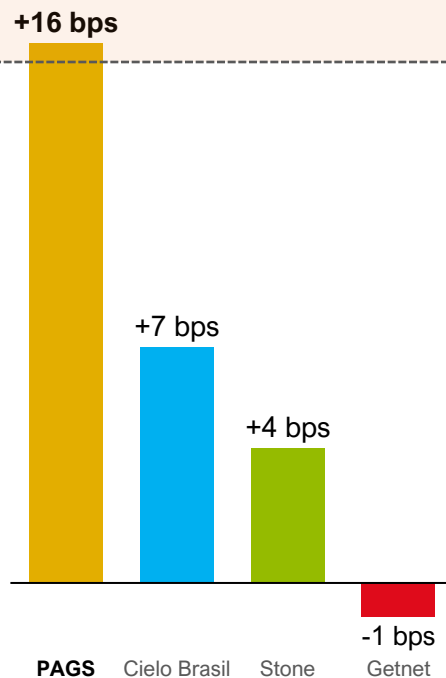
Market Share

Brazilian Payments Industry



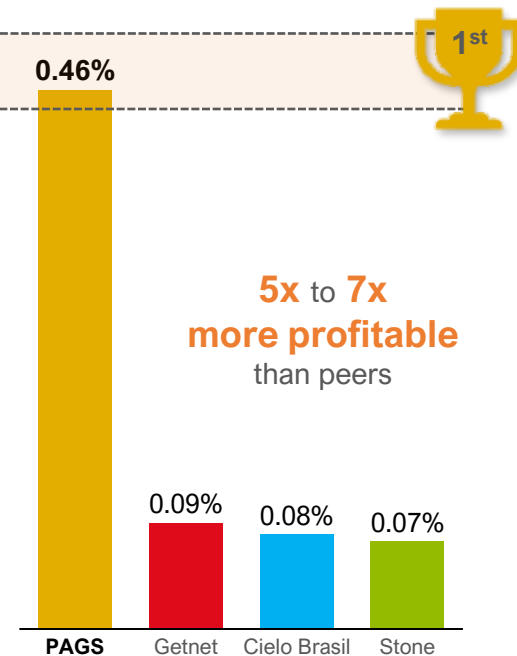
Net Take Rate increase

2Q22 vs. 1Q22



Profitability

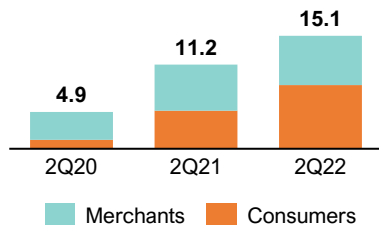
1H22 Net Income / Acquiring TPV | Non-GAAP



15M active clients; 60% use as primary bank¹; R\$ 15.5B deposits

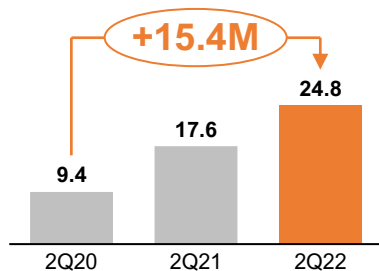
PagBank Active Clients

Merchants + Consumers | Million



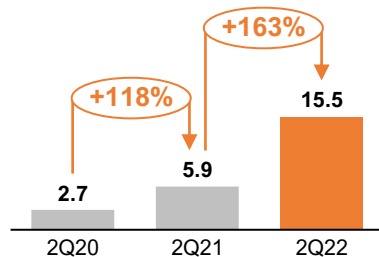
PagBank Clients

Merchants + Consumers | Million



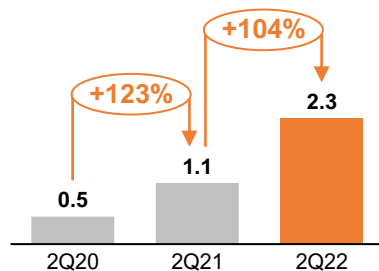
Total Deposits

R\$ Billion



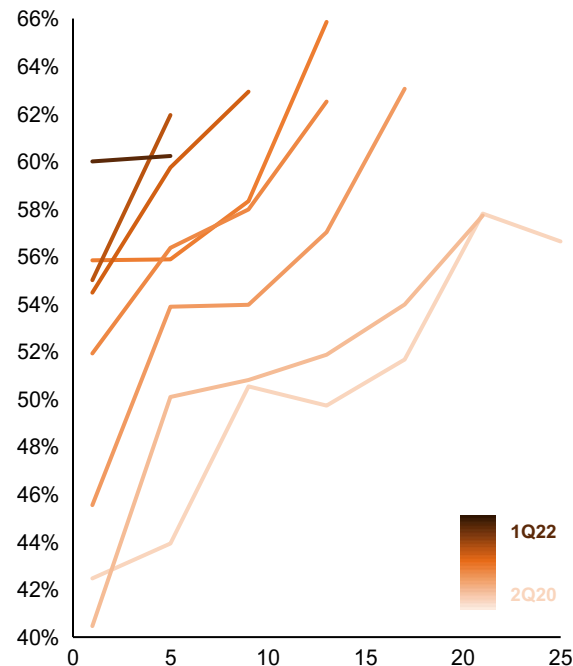
Credit Portfolio

R\$ Billion



Clients using as Primary Bank²

Consumers | Quarterly cohorts



1. Consumers clients only;
2. According to proprietary research where active clients responds if considers PagBank as the primary bank.

Secured Credit Card

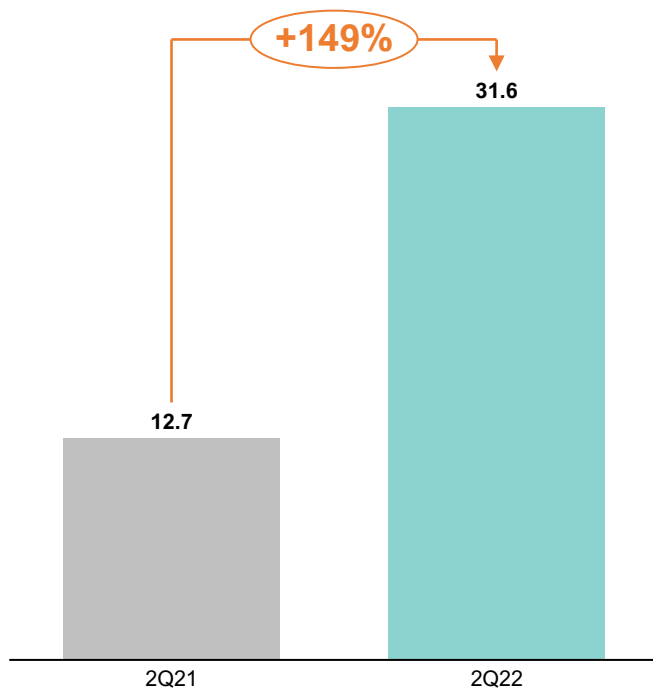
- Now, secured credit cards are available to **all consumers and merchants**
- **Cards secured by PagBank CDs**
 - Zero NPLs
 - Increasing deposits
- **Credit Card limit** managed by clients:
more CDs means more credit card limit



Deposits +163% y/y and Cash-in +149% y/y

Cash-in¹ ex-Acquiring

R\$ Billion



1. Cash-in: Pix and Wire transfers.

Pix has been...

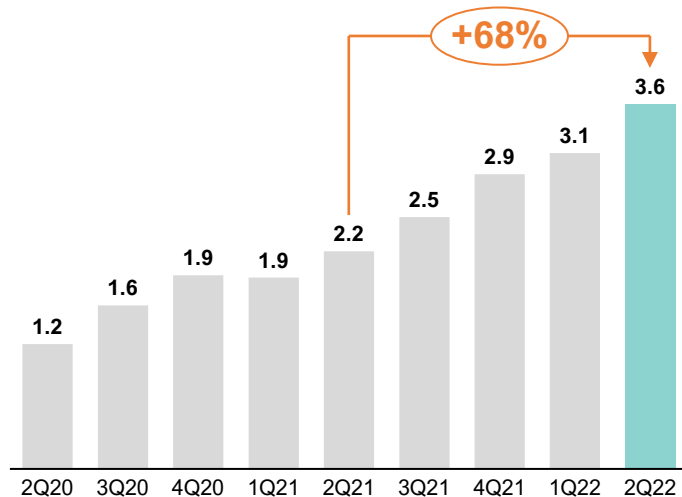
- **boosting deposits while diversifying funding sources**
Deposits reached R\$ 15.5B in 2Q22, +163% y/y
- **leveraging monetizable cash-out**
through **cards**, **bill payments** and **top-ups**
- **consolidating PagBank as the final money destination**
3x more transactions y/y, reaching 10% of all Pix transactions
- **collecting additional client behavior data**
improving **client knowledge**

PagSeguro

Total Revenue and Income +68% y/y and TPV +58% y/y

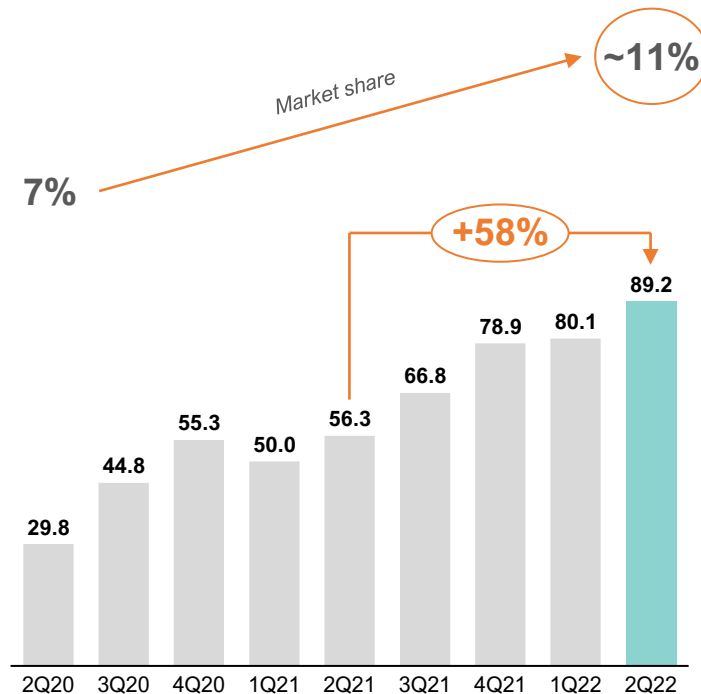
Total Revenue and Income

R\$ Billion



PagSeguro TPV

R\$ Billion

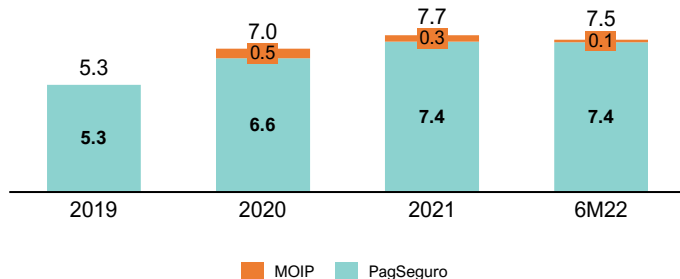




Focusing on quality merchants to leverage PagBank

Active Merchants

Million



▪ Prioritizing recurrence and profitability vs. net adds

Lion share: more selective in our acquisition strategy

▪ Focusing on higher TPV per merchant

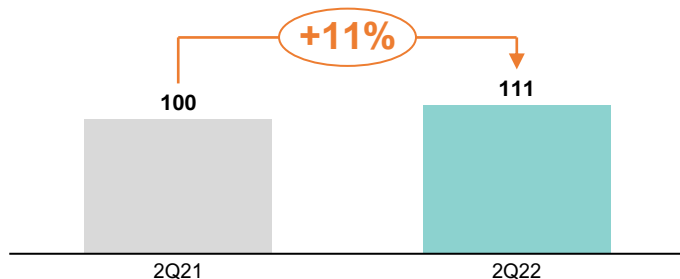
Higher POS activation, combined to downtrend in CapEx/Revenue¹

▪ Reducing unprofitable nano-merchants² acquisition

Increasing POS prices and better sales channels selection

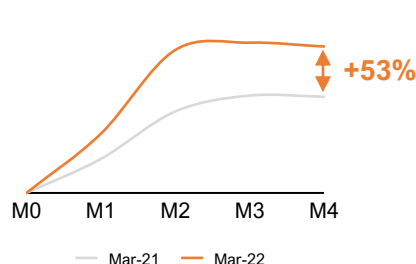
Active Merchants (ex-MoIP and Nano-merchants²)

Last 30 days | Indexed to 100



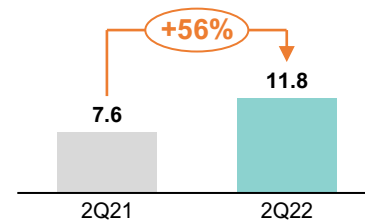
TPV per Cohort

Online Sales Channel (Website)



TPV per Merchant

R\$ Thousand

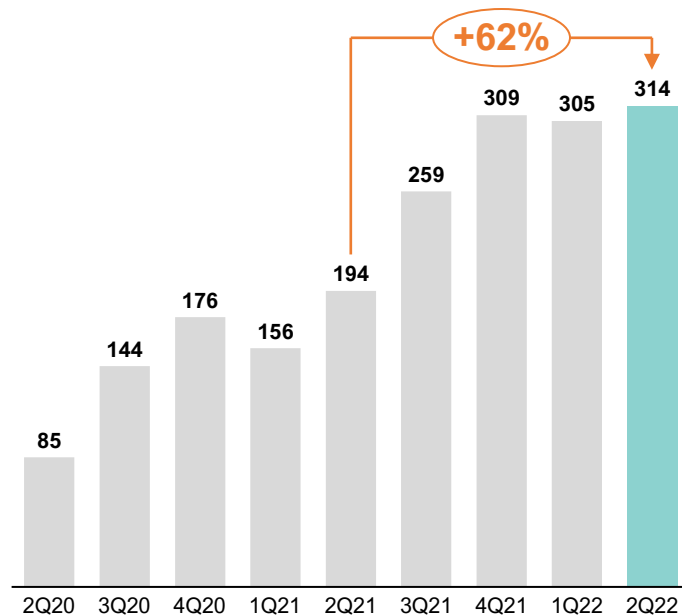


1. Revenue: Total Revenue and Income;
2. Nano-merchants: monthly TPV up to R\$ 1,000.

Total Revenue and Income +62% y/y and TPV +87% y/y

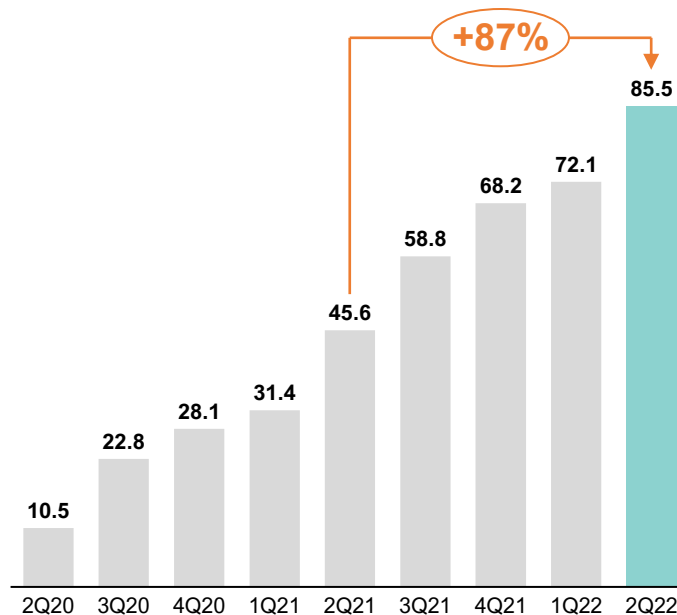
Total Revenue and Income

R\$ Million



PagBank TPV

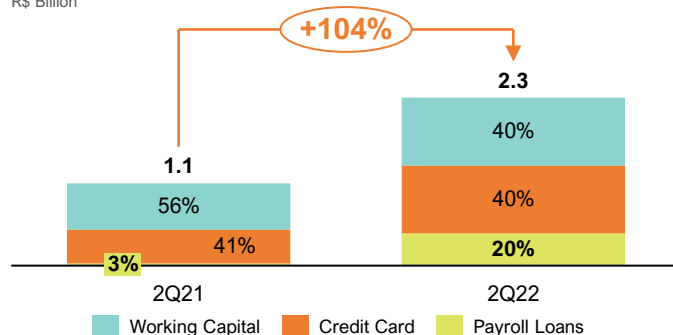
R\$ Billion



Increasing exposure to secured credit products

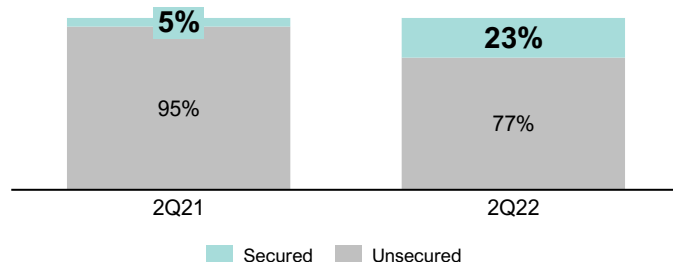
Credit Portfolio

R\$ Billion



Secured Credit Products

As % of Credit Portfolio



Increasing exposure to secured credit products

- >90% of the Jul-22 underwriting through secured products
- 30% of PagBank's new clients use PagInvest in 2022
- Credit products backed by **real assets** (PagBank CDs), not future receivables

Products diversification

- Credit Cards secured by CDs
- FGTS early prepayment
- Payroll Loans for public employees

Balancing APRs and Client Relationship

- Secured products have been fostering upselling and cross-selling
- Secured products have been helping to enhance credit models



PAGS

3Q22 Outlook

	GUIDANCE 2Q22	RESULTS 2Q22	GUIDANCE 3Q22
Total Revenue and Income	R\$3.5B to R\$3.7B	R\$3.9B ✓ +65% y/y	R\$4.0B to R\$4.1B
PagSeguro TPV	R\$83B to R\$85B	R\$89B ✓ +58% y/y	R\$91B to R\$92B
Net Income Non-GAAP	R\$370M to R\$380M	R\$403M ✓ +17% y/y	R\$400M to R\$410M

All-time high 2Q Net Income¹

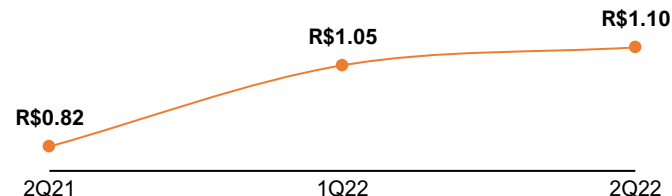
P&L Analysis

R\$ Million

PAGS	2Q22	2Q21	Var. y/y	1Q22	Var. q/q
Total Revenue and Income²	3,911	2,370	65%	3,427	14%
PagSeguro	3,606	2,153	68%	3,125	15%
PagBank ³	314	194	62%	305	3%
(-) Transaction Costs	(1,414)	(965)	47%	(1,303)	9%
(-) Financial Expenses	(756)	(134)	465%	(621)	22%
(-) Chargeback	(270)	(147)	84%	(250)	8%
(+) FX Expenses	9	36	-76%	13	-32%
(-) Other Financial Income	(45)	(35)	28%	(42)	8%
Gross Profit	1,434	1,125	28%	1,225	17%
PagSeguro	1,393	1,081	29%	1,205	16%
PagBank	41	44	-7%	20	106%
(-) Operating Expenses	(603)	(496)	22%	(560)	8%
Adjusted EBITDA	831	629	32%	665	25%
PagSeguro	927	707	31%	769	21%
PagBank	(96)	(79)	22%	(104)	-8%
(-) POS Write-off	(93)	0	n.a.	0	n.a.
(-) D&A	(276)	(179)	55%	(244)	13%
(+/-) Other Income (Expense), Net	36	(1)	n.a.	28	28%
(-) Income Tax	(95)	(104)	-9%	(78)	22%
Net Income Non-GAAP	403	345	17%	371	9%
(-) Non-GAAP Effects	(36)	(73)	-50%	(21)	74%
Net Income GAAP	367	272	35%	350	5%

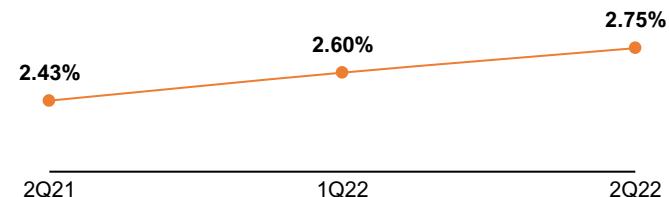
Earnings per Share (EPS)

GAAP



Net Take Rate

Consolidated | % of PagSeguro TPV

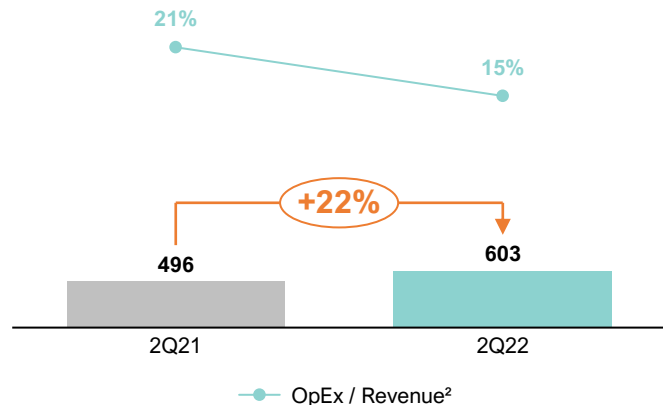


1. Net Income | Non-GAAP;
 2. Including Other Financial Income;
 3. Including Float Revenue.

OpEx / Revenue from 21% to 15%

Operating Expenses¹

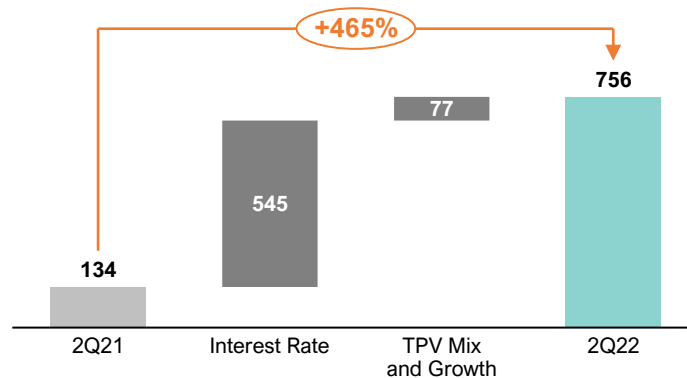
Non-GAAP | R\$ Million



- Improving **efficiency** in **personnel** and **marketing expenses**
- PagBank** and **HUBs** revenue growth **diluting OpEx**

Financial Expenses

R\$ Million



- Financial Expenses growth** partially offset by:
 - Ongoing repricing in acquiring
 - Higher APRs on credit underwriting
 - Lower cost of funding (APYs) through deposits growth
- Improving funding processes**, diversifying sources and extending terms while leveraging our banking license

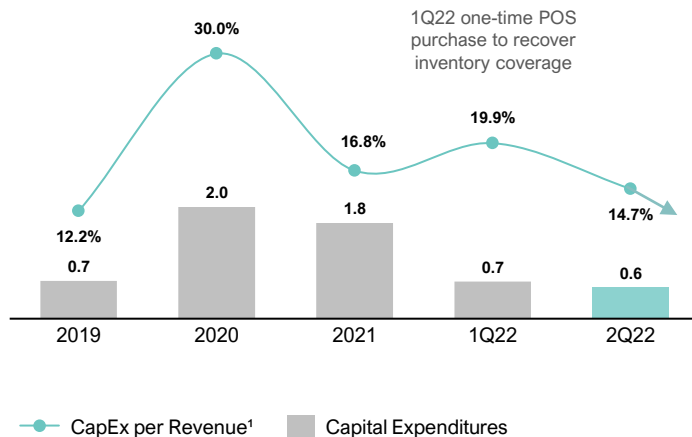


PAGS

Optimizing business model to improve profitability

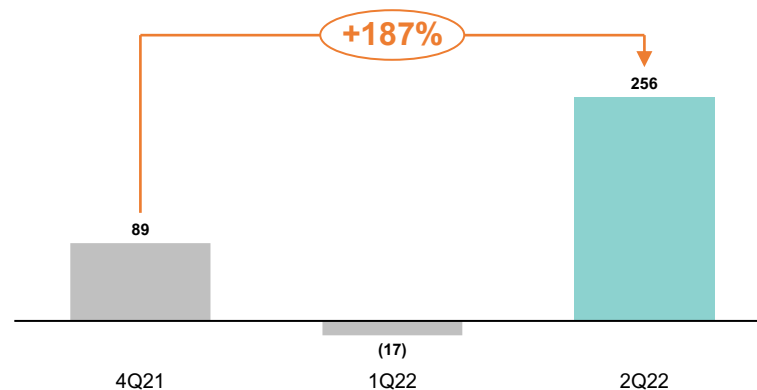
Capital Expenditures

R\$ Billion



Adjusted EBITDA - CapEx

R\$ Million



Long-term tailwinds

- More selective in merchant's acquisition strategy to leverage PagBank
- Lower Capital Expenditures (2Q22 vs. 1Q22)
- Rational capex and merchants adds (focus on LTV/CAC)
- Downtrend in CapEx/Revenue ratio moving forward



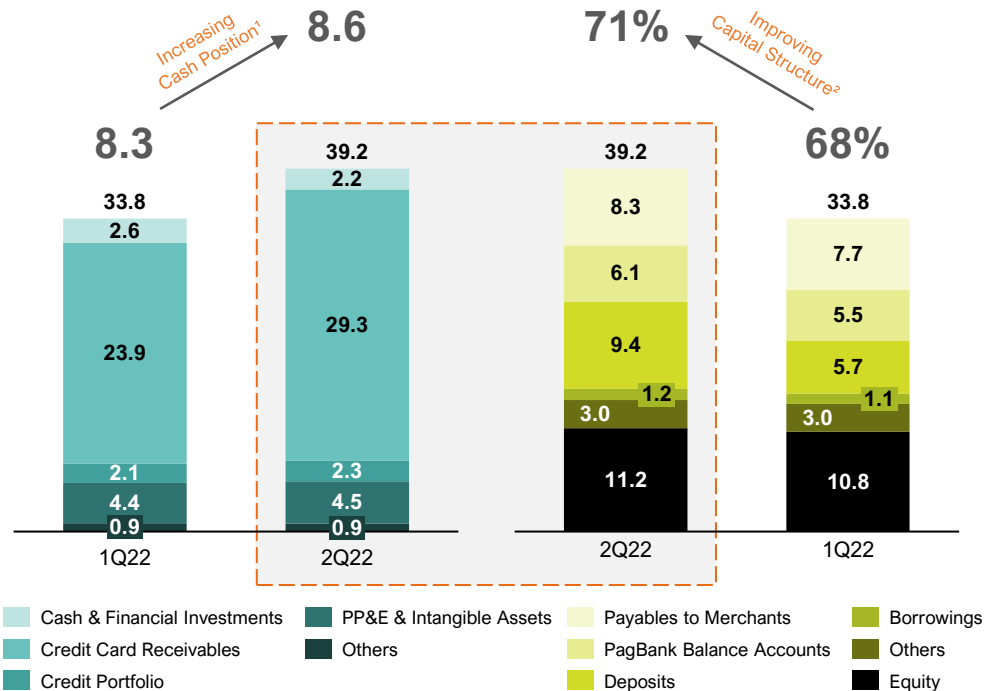
Strong cash position of R\$ 8.6B

Assets

R\$ Billion

Liabilities and Equity

R\$ Billion



- Capital Structure improved to **71% of funding coming from third-party** (55% from deposits)
- Diversifying funding sources** to support growth
- 1.7M shares buyback** in Jul-22

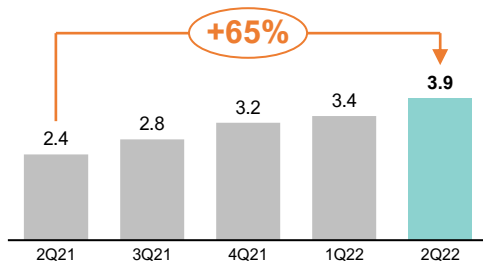
1. Cash Position = Cash + Fin. Inv. (R\$2.2B) + A/R - Credit Portfolio (R\$31.5B) - PagBank Deposits (R\$9.5B) - Borrowing (R\$1.2B) - PagBank Balance (R\$6.1B) - A/P to Merchants (R\$8.3B);

2. Capital Structure: considering third party funding sources: Liabilities (R\$28.1M) / (Liabilities + Equity (R\$39.3B)).

Best balance between growth and profitability

GROWTH

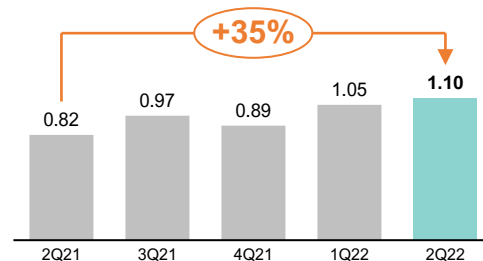
Total Revenue and Income
R\$ Billion



- **TPV growing** faster than industry
- **Revenues growing** more than TPV
- Focus on **sustainable** and **profitable growth**

PROFITABILITY

Earnings per Share
R\$



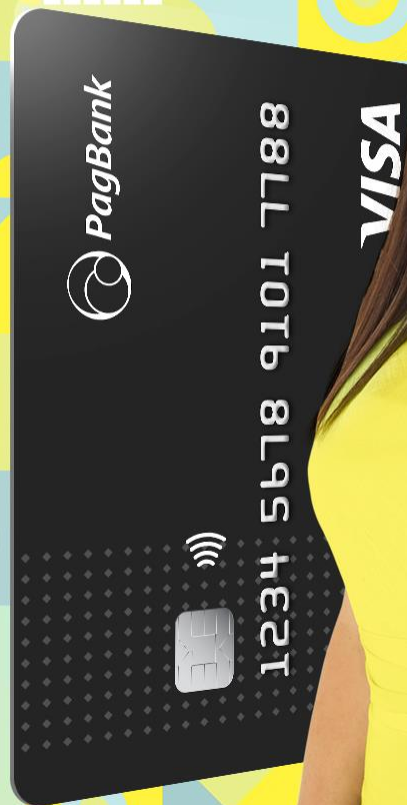
- **PAGS** has the highest EPS vs. peers
- Growth with **consistence in profits**

- We have consolidated **PagBank** as the **second largest digital bank** in Brazil¹
- **One app, one platform, one customer support:** superior banking and payments experience through a single interface
- We are **increasing** credit underwriting on **secured credit products** to balance our portfolio
- We expect to **keep growing** in a **profitable way**



Appendix 2Q22

PAGS
LISTED
NYSE



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

Adjusted 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 Slide 22 for a reconciliation.

APR: Annual Percentage Rate.

APY: Annual Percentage Yield.

CBT: Cross-border transactions.

Gross Profit

- **PagSeguro:** (Net Revenue from Transaction Activities and Other Services + Financial Income) – (Transaction Costs + Chargebacks + 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.
- **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.
- **PagBank:** (Net Interest Income + Revenue from Services - Transaction Costs) / PagBank Monetizable TPV.

Non-GAAP numbers: Non-GAAP financial measure. Please see the Slide 22 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.

PagBank Revenues: composed by Interest Income, Interchange from PagBank cards, transaction fees from day-to-day banking (bill payments, mobile-top ups, among others).

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

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.

TPV Per Merchant: PagSeguro TPV / Average Active Merchants of last two quarters.

GAAP and Non-GAAP Financial Measures

R\$ Million	2Q22	2Q21	Var. y/y	1Q22	Var. q/q
Net Income GAAP	367	272	35%	350	5%
(+) Income Tax and Social Contribution	76	66	15%	67	14%
(+) LTIP Expenses	51	106	-52%	28	82%
(+) POS Write-off	93	0	n.a.	0	n.a.
(+) Depreciation and Amortization	281	182	55%	249	13%
(-) Other Financial Income	(45)	(35)	29%	(42)	8%
(+) M&A Expenses	0	2	n.a.	0	n.a.
(+) FX Expenses	9	36	-76%	13	-33%
Adjusted EBITDA Non-GAAP	831	629	32%	665	25%

R\$ Million	2Q22	2Q21	Var. y/y	1Q22	Var. q/q
Net Income GAAP	367	272	35%	350	5%
(+) LTIP Expenses	51	106	-52%	28	82%
(+) M&A Expenses	5	5	-6%	5	0%
(+) Income Tax and Social Contribution	(19)	(38)	-50%	(11)	71%
Net Income Non-GAAP	403	345	14%	371	9%

Non-GAAP recurring total expenses excludes: (i) LTIP expenses in the total amount of R\$ 50.6M (R\$ 105.6M in the three months ended June 30, 2021), consisting of expenses for equity awards under our LTIP. We exclude LTIP 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 amount of LTIP expenses is allocated between Cost of services, Selling expenses and Administrative expenses; (ii) M&A expenses in the total amount of R\$ 4.6M (4.8M in the three months ended June 30, 2021). We exclude M&A expenses from our Non-GAAP measures primarily because such expenses are non-recurring and do not correlate to the operation of our business.



Webcast Presentation

2Q22

August 25, 2022

investors.pagseguro.com

PAGS
LISTED
NYSE

