



Webcast Presentation

1Q22

June 8, 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 **March 31, 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 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 “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”.



Business Overview

Ricardo Dutra

Co-Chief Executive Officer

PAGS: 1Q22 Main messages

- **Repricing** increased **net take rate**¹ by **+35 bps** vs. 4Q21. Stable churn in all segments
- **HUBs** reached **25% of PagSeguro TPV**
- **PagSeguro** continues to **gain TPV market share (+70bps q/q)**; **Stone** lost **-20bps q/q**
- **PagBank Net Adds** of **1.7M**, leading to **23.5M PagBank Clients**
- **PagBank Active Clients** of **14.3M**
- **PagBank** has been **diversifying revenue streams**, mostly driven by interest income
- **Credit Portfolio**: new **secured loans products** to be deployed in 2H22

1. Merchant Acquiring Net Take Rate (ex-PagBank).

1Q22 Highlights: All-time high Total Revenue, TPV and Net Income¹

OUR MISSION

To disrupt and democratize **financial services** and **payments** in Brazil, providing a **simple, safe** and **affordable digital ecosystem** to merchants and consumers



Payments Platform

Financial Services



R\$ **80.1** B
TPV
+60% y/y

R\$ **3.1** B
Total Revenue²
+63% y/y

R\$ **10.4** K
TPV per Merchant
+50% y/y

R\$ **769** M
Adjusted EBITDA
+20% y/y

R\$ **3.4** B
Total Revenue and Income
+66% y/y

R\$ **371** M
Net Income | Non-GAAP
+14% y/y
(Net Income | GAAP: R\$ 350 M, +29% y/y)

R\$ **72.1** B
TPV
+129% y/y

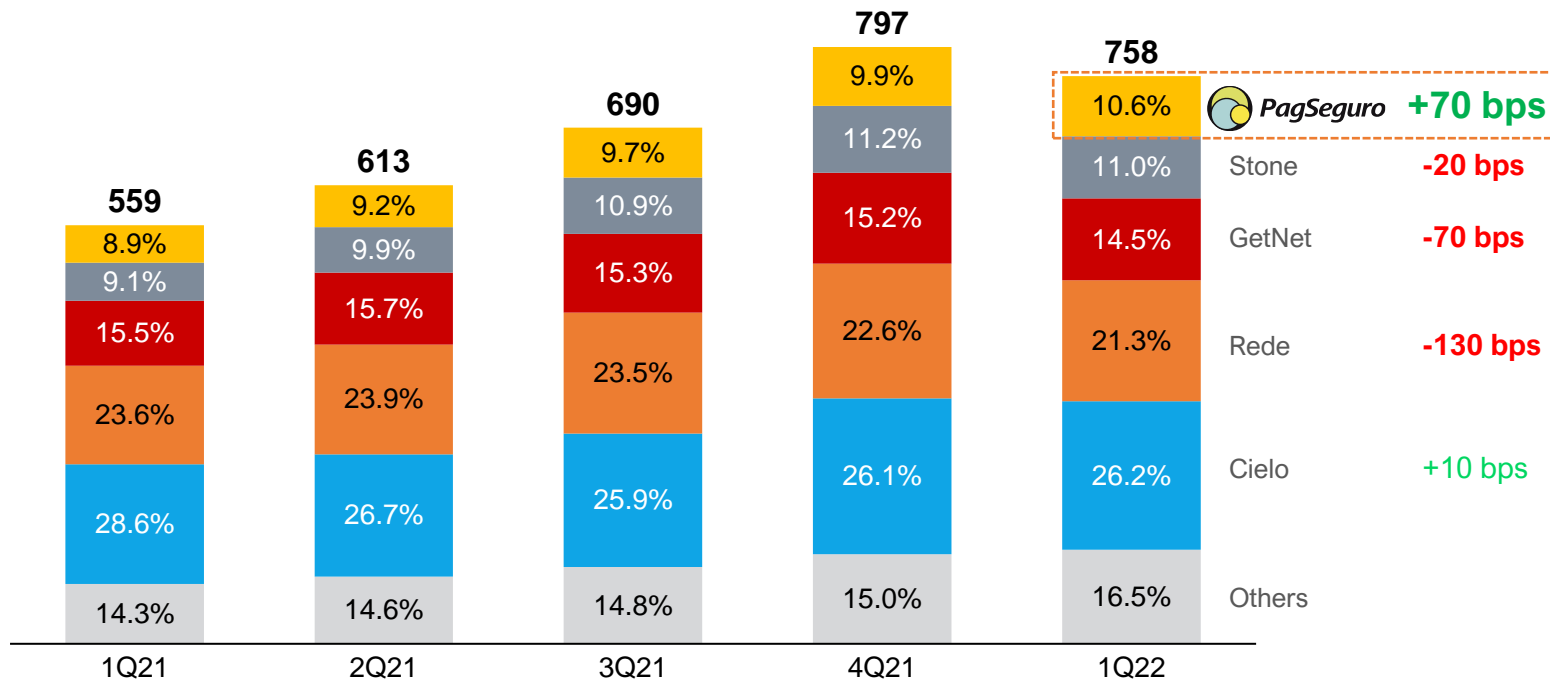
R\$ **2.1** B
Credit Portfolio
+166% y/y

R\$ **305** M
Total Revenue
+95% y/y

R\$ **86** M
Gross Profit
+83% y/y

1. TPV and Total Revenue and Income: all-time high; Net Income | Non-GAAP: all-time high for first quarters;
2. Excluding Other Financial Income.

PagSeguro: TPV market share gain winner +70 bps¹ (1Q22 vs. 4Q21)

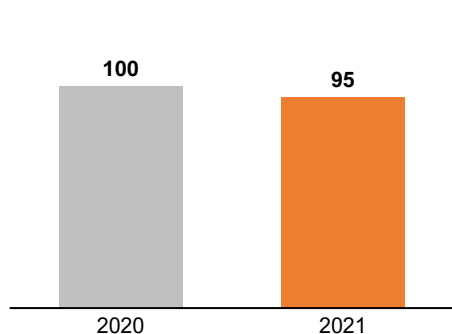


1. Source: ABCECS (Brazilian Cards Association) and public data available in company's IR websites.

PagSeguro: Best ROI for new merchants acquired in 2021

Client Acquisition Cost (CAC)¹

indexed to 100



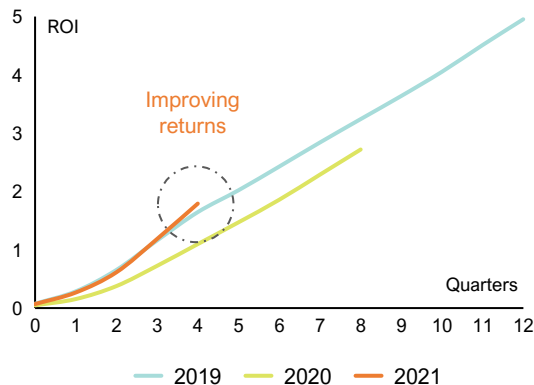
Payback
Longtail & SMBs

4 to 6

Quarters

Return on Investment (ROI)

Excluding revenues from PagBank



- Higher take rates due to repricing
- Focus on higher TPV per merchant
- Lower POS devices subsidies
- Marketing investments optimization

Market Growth Drivers | Payments

Based on public data

- **+24% Industry growth² estimated for 2022**
+36% Industry growth in 1Q22
- **Cards' PCE: ~71% in 2025³**
~50% in 2021
- **% E-commerce: ~14% of Brz Total Retail Sales⁴**
Global average: ~20% of Total Retail Sales
- **PAGS increasing TPV Market Share**
From ~9% in 1Q21 to ~11% in 1Q22

PAGS new merchant adds | 2022 trends

Focus on higher quality merchants in 2022

- Active Merchants "lion share" (7.7M vs. 1.9M 2nd player) allows to focus on high quality merchants
- High quality merchants in line with PagBank strategy (upsell and cross-sell)
- Increasing average revenue per merchant

1. CAC adjusted by Brazilian inflation: 10.1% in 2021;

2. Source: ABEC5;

3. Based on PCE (Personal Consumption Expenditures) | Source: Morgan Stanley estimates;

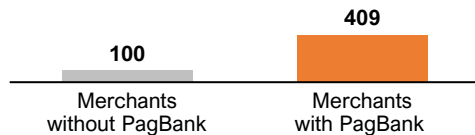
4. According to JP Morgan.

PagBank | Merchants: 4x larger ARPU, +50% NPS¹ and -43% churn

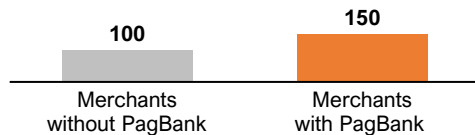
PagBank | Longtail

indexed to 100 | 2021

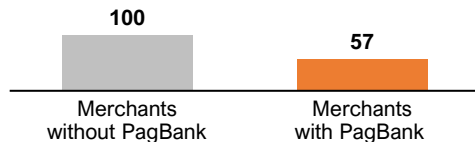
ARPU



NPS



Churn



PagBank | SMBs

Solutions to increase value proposition



Corporate Accounts

for merchants with 2 or more owners



Direct Deposits in PagBank

from other acquirers



Debit cards

Easy cash-out and better UX

Market Growth Drivers | Financial Services

Based on public data

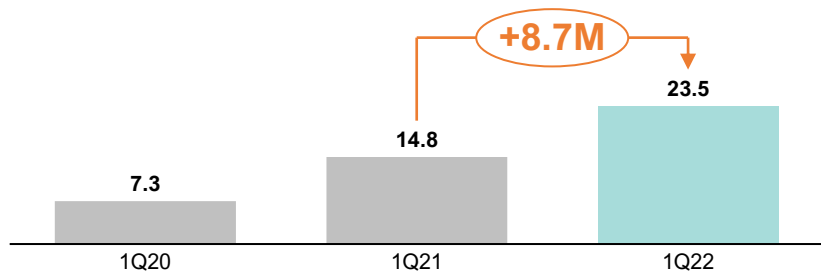
- **PagBank Cost-to-Serve (CTS²): R\$59 per client**
Incumbent banks CTS²: R\$996 per client
- **Highly concentrated industry**
TOP5 banks have 91% of Brz credit market (R\$4.7T in 2021)³
- **Fulfilling SMBs banking needs**
natural cross-sell and up-sell
- **2nd country in internet minutes spent⁴**
99% of the Brz territory with 4G network coverage⁵
- **Young population: 23% in Brazil⁶**
Developed markets: 13%

1. Net Promoter Score;
2. CTS: LTM cost-to-serve as of 1Q22. Incumbent Banks: Bradesco, Itaú and Santander;
3. Source: Brazilian Central Bank as of 1Q22;
4. Source: Global Web Index (Q2 & Q3 2018);
5. Source: Brazilian Telecom companies (https://www.teleco.com.br/4g_cobertura.asp);
6. Source: Morgan Stanley Research.

PagBank | Consumers: 7.6 million in 2 years

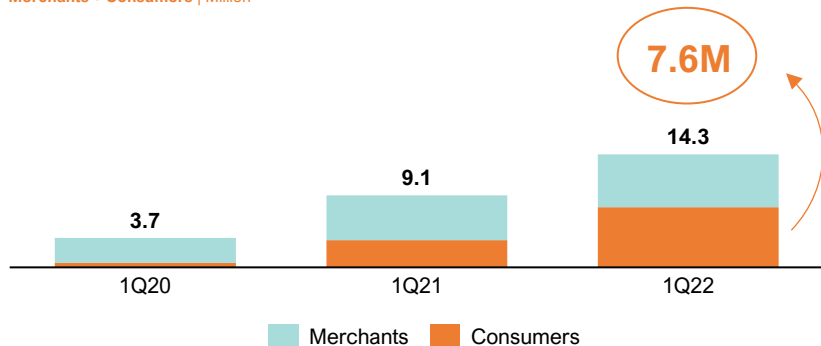
PagBank Clients

Merchants + Consumers | Million



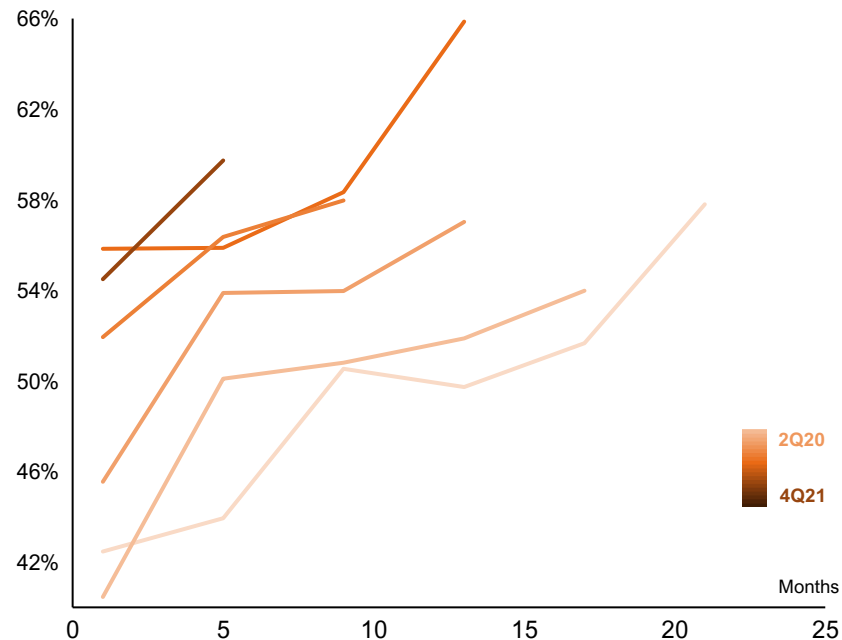
PagBank Active Clients

Merchants + Consumers | Million



Primary Bank per Active Client¹

Consumers | Quarterly cohorts



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



Segment Highlights

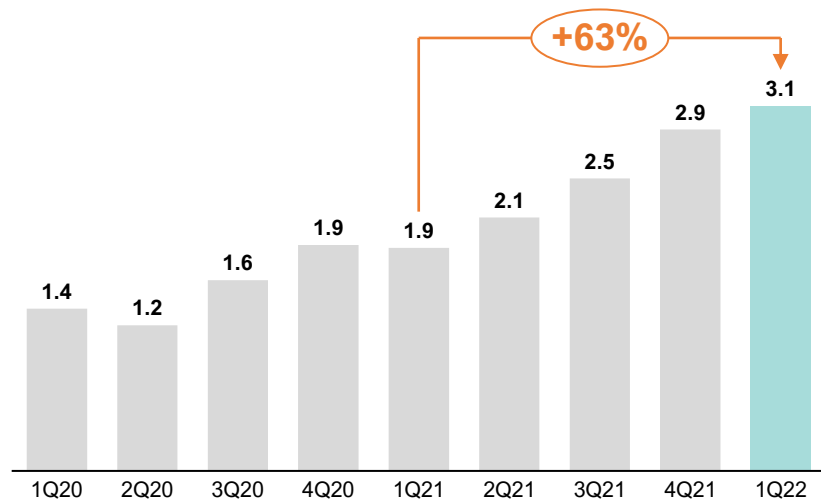
Alexandre Magnani

Co-Chief Executive Officer

PagSeguro: Total Revenue and Income +63% y/y and TPV +60% y/y

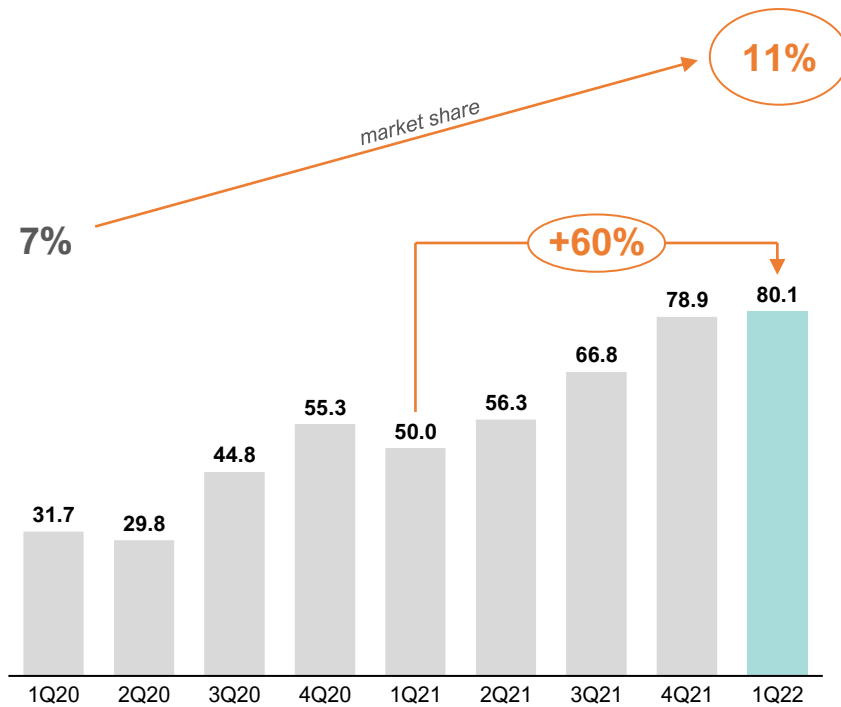
Total Revenue and Income¹

R\$ Billion



PagSeguro TPV

R\$ Billion

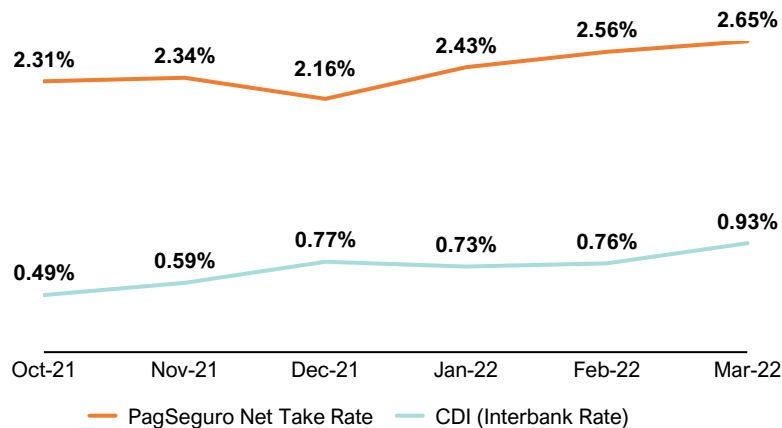


1. Excluding Other Financial Income.

PagSeguro: Stable churn in all segments despite price increase

Net Take Rate vs. CDI evolution

Recovering spreads despite moving upmarket

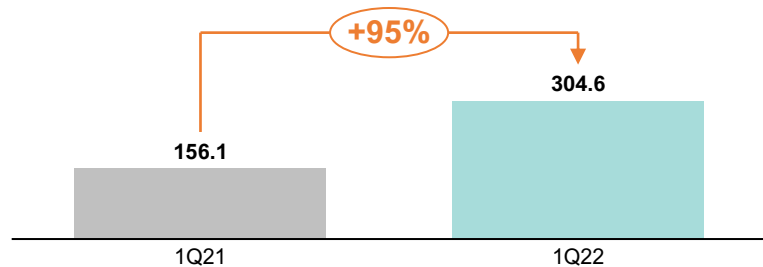


- **Superior value proposition**
 - Complete banking offer through PagBank
 - Instant settlement offering
 - Best-in-class SLAs¹
- **First cycle of price increase** fully implemented in Apr-22
- **Expected ongoing price increase** as SELIC rises
- **HUBs TPV share up to 25%:** successful execution

PagBank: Total Revenue and Income +95% y/y in 1Q22

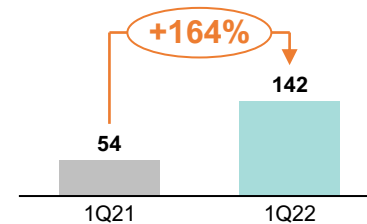
Total Revenue and Income

R\$ Million



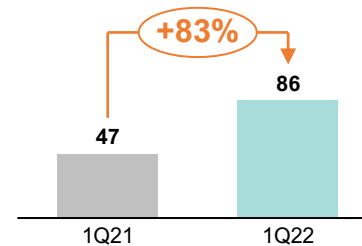
Net Interest Income (NII)

R\$ Million



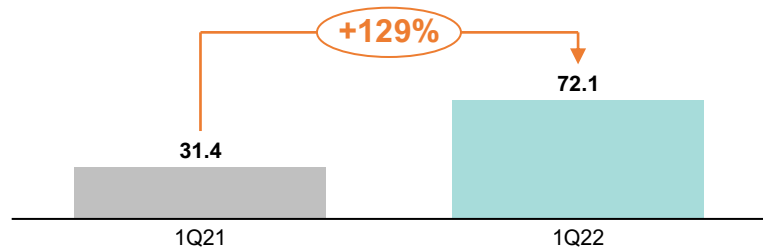
Gross Profit

R\$ Million



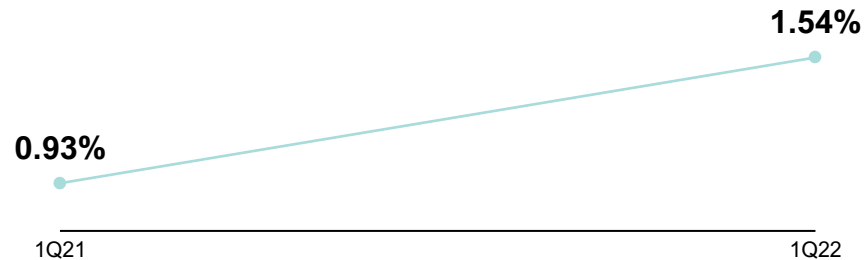
PagBank TPV

R\$ Million



Net Take Rate

% of Monetizable TPV



PagBank: Credit underwriting milestones

2019

2020

2021

2022

Working Capital Loans
Credit Card

Supply Chain Finance
Payroll Loans

Overdraft Loans

Credit Cards backed by CDs
FGTS early prepayment

- Acquisition of a Full Banking License
- Best accounting practice for provisions (IFRS 9 | ECL model)

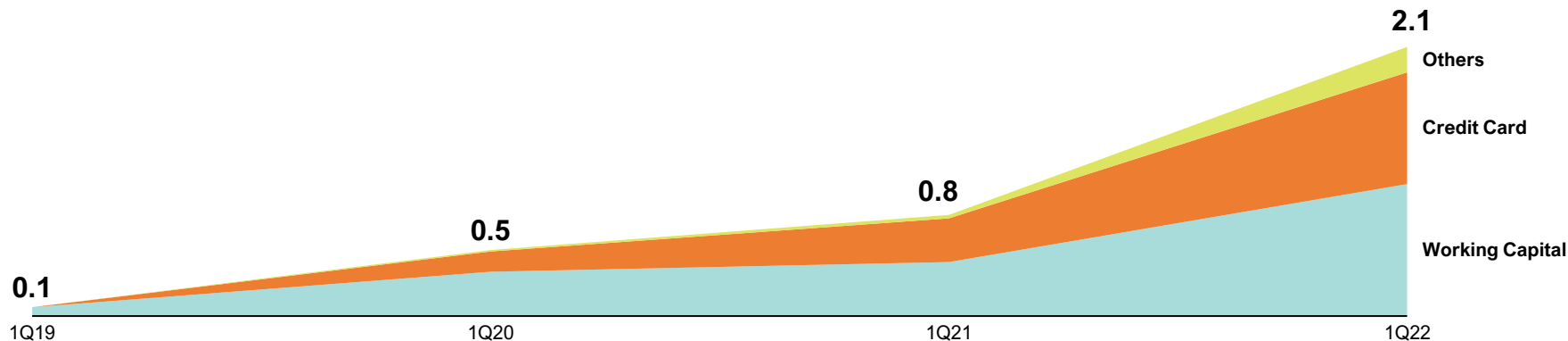
- COVID-19: decision to shut down credit underwriting from Mar-20 to Aug-20

- Improving risk management models
- Combining 1st and 3rd party data

- Increasing exposure to secured loans
- Cautious origination due to high indebtedness of households

Credit Portfolio

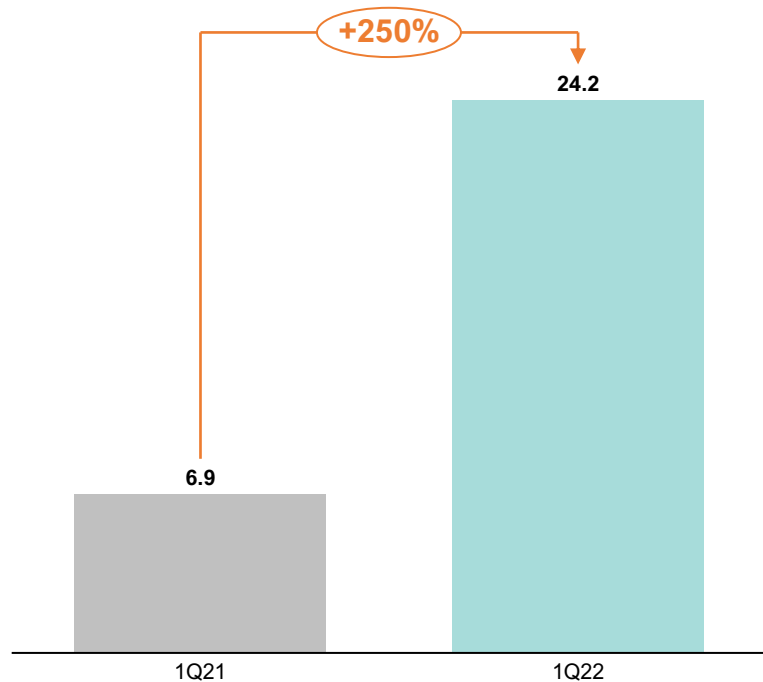
R\$ Billion



Pix: Boosting Cash-in and Balance Accounts

PagBank TPV: Pix and Wire Transfers Cash-in

R\$ Billion



Pix has been...

- **boosting balance accounts**
to provide cheaper funding for prepayment
- **driving PagBank's market share up to 9%**
on Pix transactions
- **leveraging monetizable cash-out**
through cards, bill payments and top-ups
- **collecting additional client behavior data**
to improve client knowledge

Guidance: Best balance between growth and profitability

Total Revenue and Income

PagSeguro TPV

Net Income | Non-GAAP

GUIDANCE

1Q22

R\$3.3B to R\$3.4B

R\$79B to R\$81B

R\$360M to R\$370M

ACTUAL

1Q22

R\$3.42B

R\$80B

R\$371M

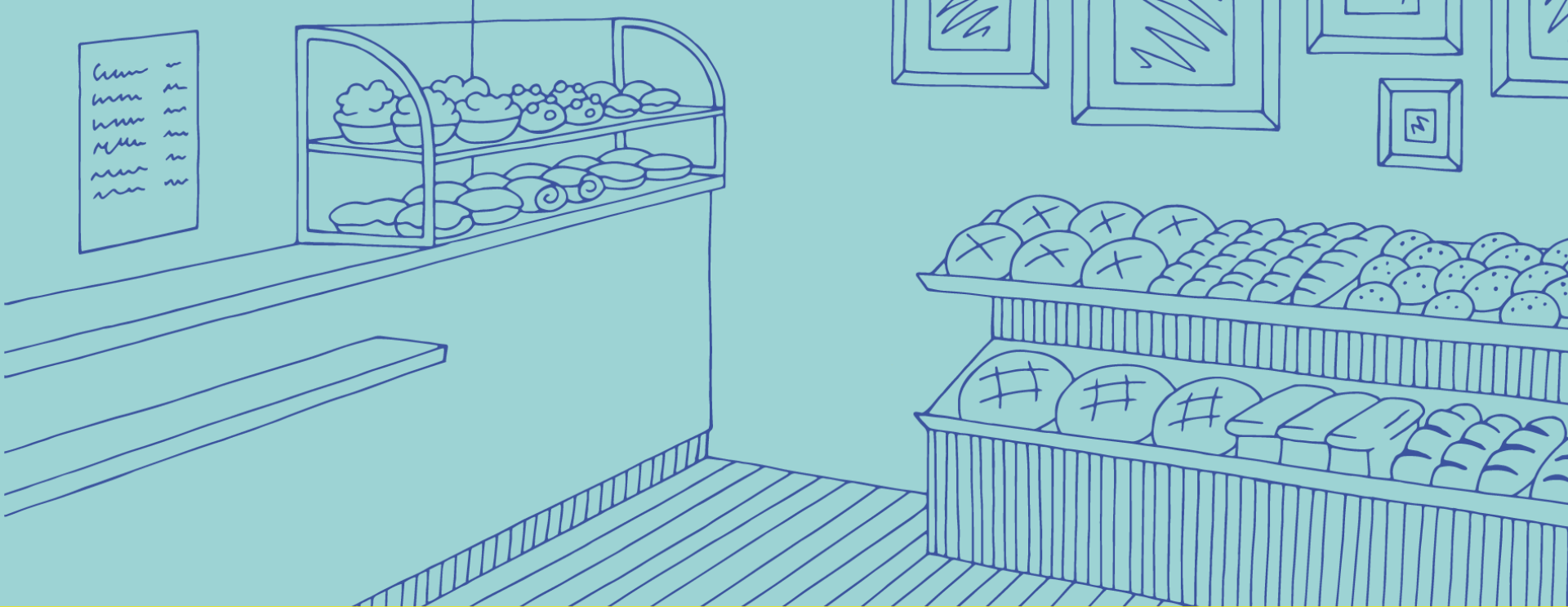
GUIDANCE

2Q22

R\$3.5B to R\$3.7B

R\$83B to R\$85B

R\$370M to R\$380M



Financial Results

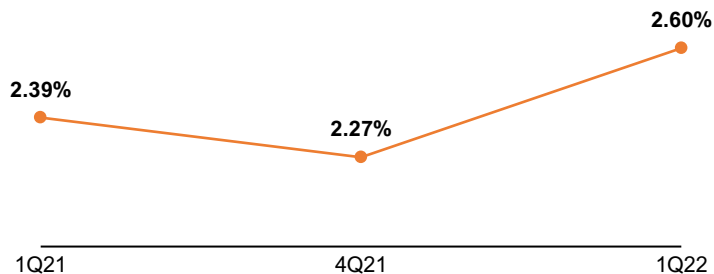
Artur Schunck

Chief Financial Officer

PAGS: 1Q22 Financial Highlights

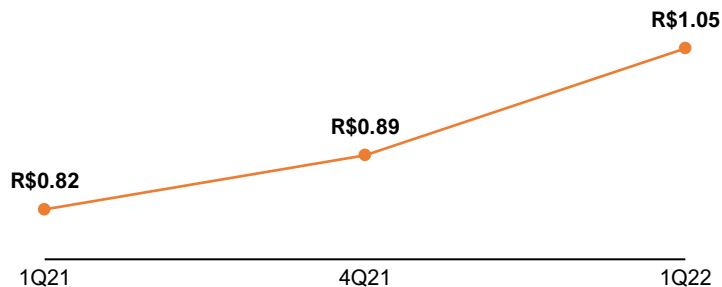
Net Take Rate

Consolidated | % of PagSeguro TPV



Earnings per Share

GAAP



P&L Analysis

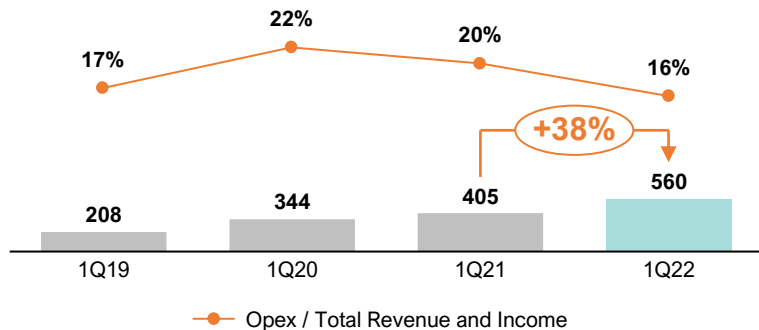
R\$ Million

PAGS	1Q22	1Q21	Var. y/y	4Q21	Var. q/q
Total Revenue and Income	3,427	2,067	66%	3,236	6%
PagSeguro	3,122	1,911	63%	2,928	7%
PagBank	305	156	95%	309	-1%
(-) Transactional Costs	(1,303)	(846)	54%	(1,398)	-7%
(-) Financial Expenses	(621)	(44)	1263%	(403)	54%
(+) FX Expenses	13	9	n.a	17	-26%
(-) Other Financial Income	(42)	(35)	20%	(44)	-4%
Gross Profit	1,475	1,152	28%	1,409	5%
(-) Opex & Other Costs	(810)	(579)	40%	(797)	2%
Adjusted EBITDA	665	573	16%	612	9%
PagSeguro	769	640	20%	682	13%
PagBank	(104)	(67)	56%	(70)	49%
(-) D&A	(244)	(153)	59%	(220)	11%
(+/-) Other Income (Expense), Net	28	25	11%	26	7%
(-) Income Tax	(78)	(118)	-34%	(84)	-8%
Net Income Non-GAAP	371	327	14%	334	11%
(-) Non-GAAP Effects	(21)	(56)	-63%	(33)	-36%
Net Income GAAP	350	271	29%	301	16%
<i>Recurrent Net Income Non-GAAP</i>	<i>371</i>	<i>357</i>	<i>4%</i>	<i>426</i>	<i>-13%</i>
<i>Recurrent Net Income GAAP</i>	<i>350</i>	<i>301</i>	<i>16%</i>	<i>393</i>	<i>-11%</i>

Costs and Expenses: Delivering efficiency

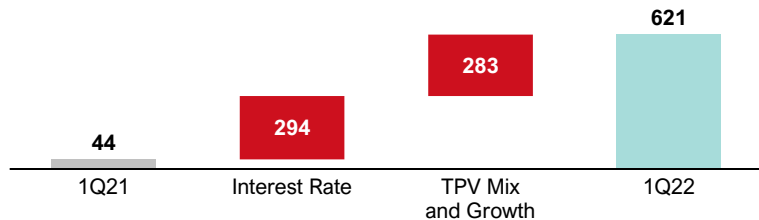
Opex and Other Costs ex-Chargebacks

R\$ Million



Financial Expenses

R\$ Million

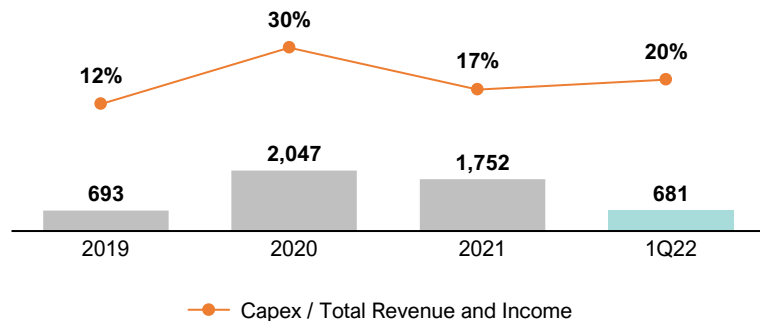


- **Focus on operating leverage** (Personnel + Marketing expenses)
- **PagBank and HUBS revenue growth** diluting Costs and Expenses
- **Financial Expenses growth** driven by country Interest Rate hikes, volume increase and higher credit card mix...
- **...partially offset** by ongoing repricing in acquiring, APRs increase on credit underwriting and lower cost of funding (APYs) through deposits growth

CapEx and D&A: Diligent capital allocation

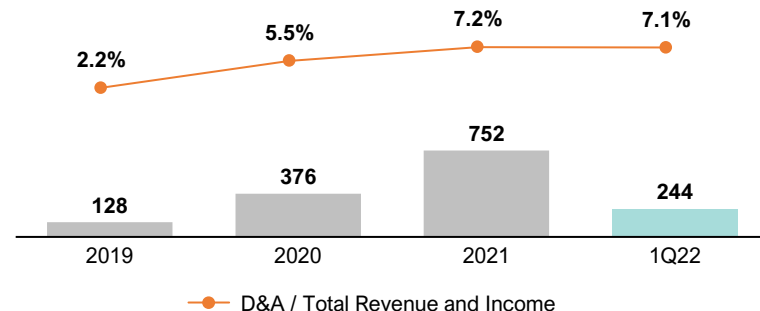
Capital Expenditures

R\$ Million



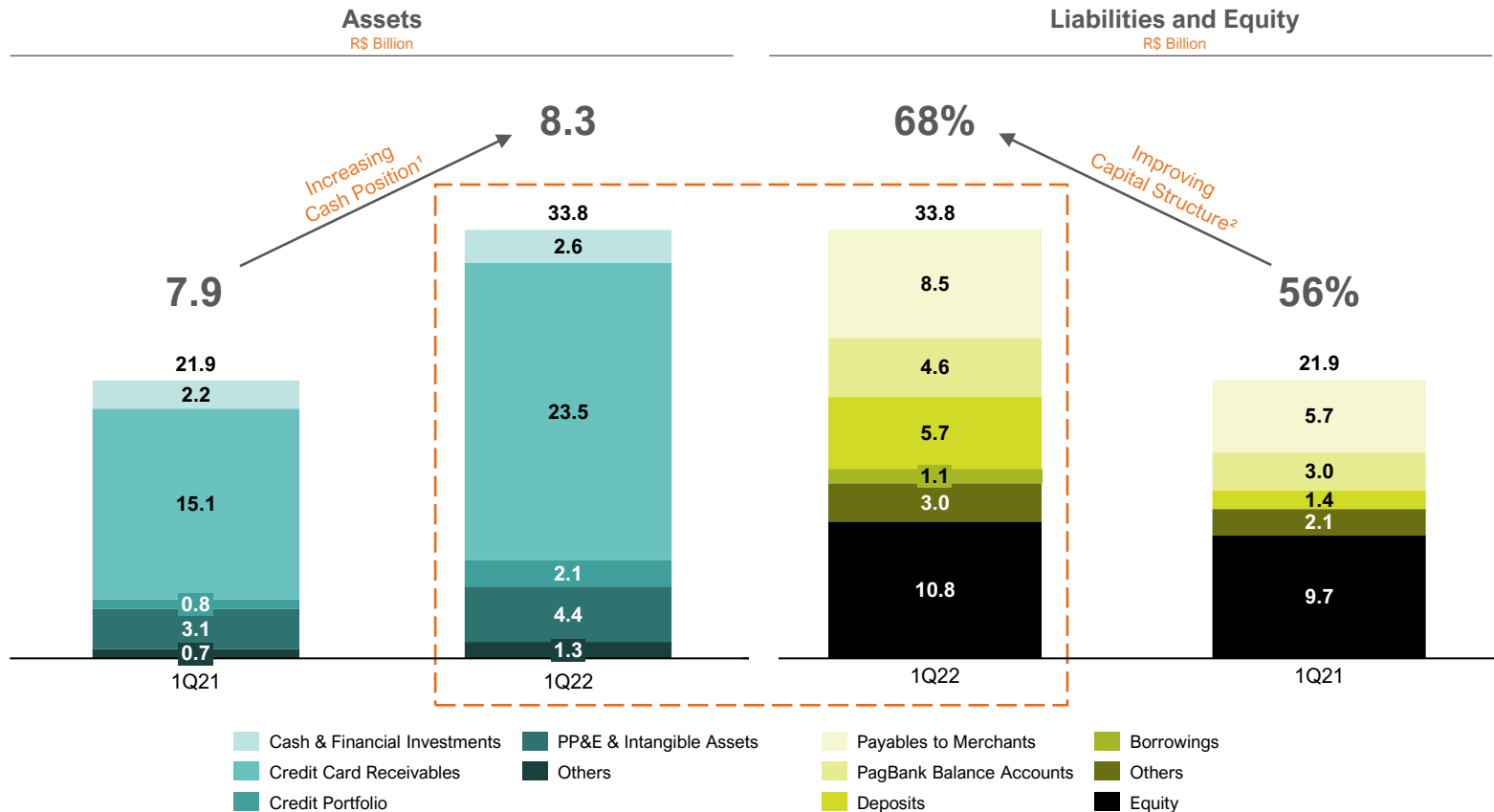
Depreciation and Amortization

Non-GAAP | R\$ Million



- **Larger purchase of POS** to recover inventories' coverage ratio and protect against to a potential semiconductor's new shortage
- **POS subsidies reduced** to keep healthier LTV/CAC, however, **mix changed** towards robust POS to serve SMBs
- **Best-in-class SLAs on POS refurbished services**
- **D&A under control** as a % of Total Revenue and Income

Financial Position: R\$ 8.3B positive balance



1. Cash Position: Cash + Financial Investments (R\$1.1M) + A/R, including Credit Portfolio (R\$25.9M) – PagBank CD's (R\$5.7M) – Borrowing (R\$1.1M) – PagBank Balance (R\$4.6M) – A/P to Merchants (R\$8.6M);
 2. Capital Structure: considering third party funding sources: Liabilities (R\$23.0M) / (Liabilities + Equity (R\$33.8M)).



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.

APR: Annual Percentage Rate.

APY: Annual Percentage Yield.

CBT: cross-border transactions.

Gross Profit

- **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.

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

Reconciliation of GAAP and Non-GAAP Financial Measures

R\$ Million	1Q22	1Q21	Var. y/y	4Q21	Var. q/q
Net Income GAAP	350	271	29%	301	16%
(+) Income Tax and Social Contribution	67	89	-25%	67	-1%
(+) LTIP Expenses	28	80	-65%	44	-37%
(+) Depreciation and Amortization	249	158	57%	226	10%
(-) Other Financial Income	(42)	(35)	20%	(44)	-4%
(+) FX Expenses	13	9	42%	17	-25%
Adjusted EBITDA	665	573	16%	612	9%
(+) Tax Provision Reversal	0	(29)	n.a.	0	n.a.
(+) Digital Losses	0	73	n.a.	0	n.a.
(+) PagPhone Write-off	0	0	n.a.	139	n.a.
Recurring Adjusted EBITDA	665	618	8%	751	-11%

R\$ Million	1Q22	1Q21	Var. y/y	4Q21	Var. q/q
Net Income GAAP	350	271	29%	301	16%
(+) LTIP Expenses	28	80	-65%	44	-37%
(+) M&A Expenses	5	5	-6%	6	-19%
(+) Income Tax and Social Contribution	(11)	(29)	-62%	(17)	-35%
Net Income Non-GAAP	371	327	14%	334	11%
(+) Tax Provision Reversal	0	(19)	n.a.	0	n.a.
(+) Digital Losses	0	48	n.a.	0	n.a.
(+) PagPhone Write-off	0	0	n.a.	91	n.a.
Recurring Net Income	371	357	4%	426	-13%

Non-GAAP recurring total expenses excludes: (i) LTIP expenses in the total amount of R\$ 27.8M (R\$ 79.7M in the three months ended March 31, 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 (R\$ 4.9M in the three months ended March 31, 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; (iii) Non-recurring adjustments for 1Q21 in the total amount of R\$ 44.3M composed by one-time adjustments related to unexpected digital account losses and the reversal in the Value-added Tax on Sales and Services. We exclude Non-recurring adjustments from our Non-GAAP measures primarily because such adjustments are non-recurring and do not correlate to the operation of our business.



Webcast Presentation

1Q22



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June 08, 2022