

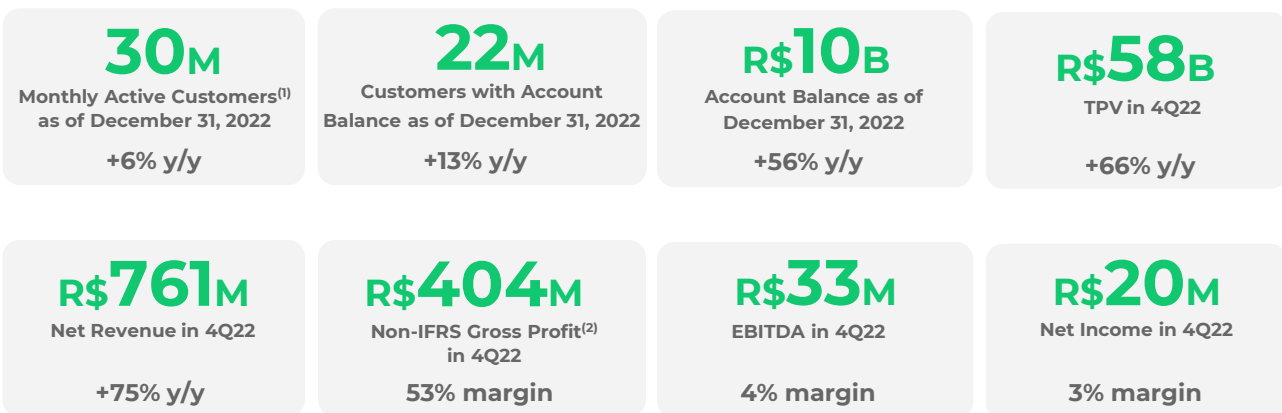
PicPay

# Q4 & 2022 Earnings Release



## PicPay achieves R\$20M in Net Income in 4Q22

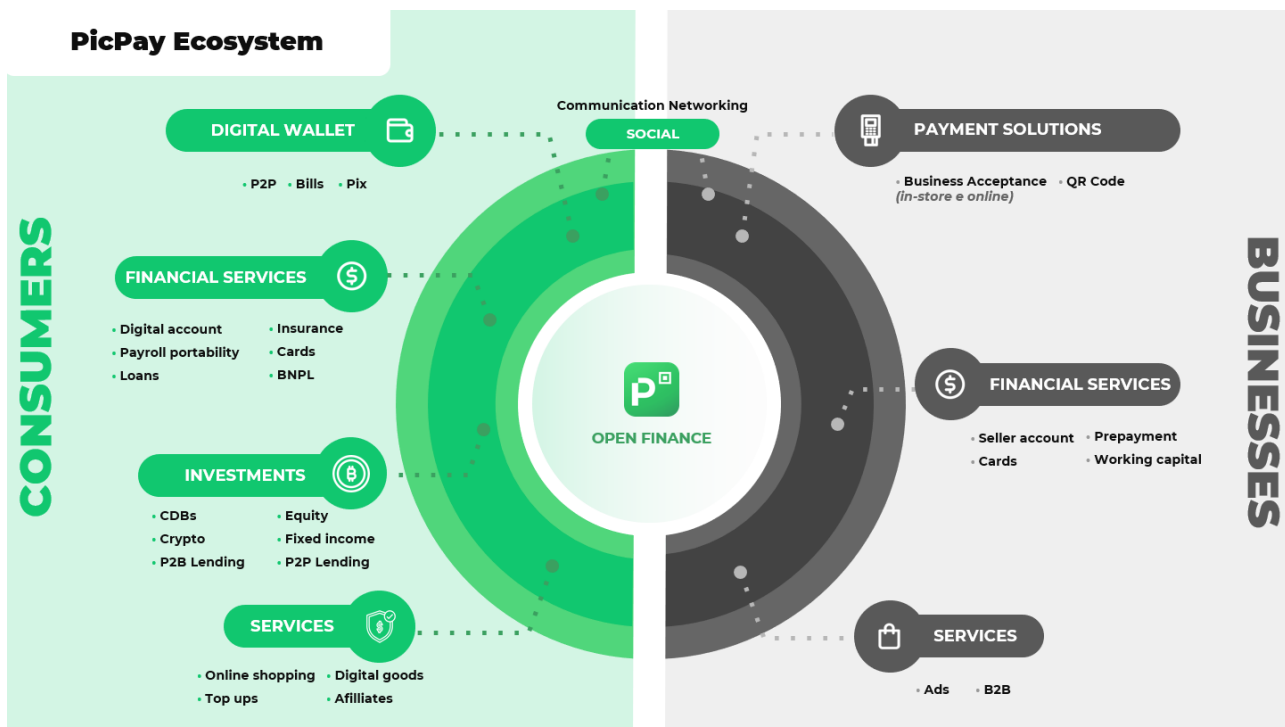
### Operating & Financial Highlights



Notes: (1) Customers who opened the app or held an account balance/crypto or made at least one financial operation in the period. (2) Non-IFRS gross profit = total revenue and income minus costs such as chargeback, funding, prevention, processing, incentives, account remuneration, and operating losses.

2022 was a year of significant accomplishments for PicPay. Our teams successfully executed our ecosystem expansion plan by adding new products and services to our platform at a fast pace and strong commitment to operating efficiency, leading to a growth with profitability. This strategy allowed PicPay to report a net income of R\$ 20 million in 4Q22.

As shown below, our unique two-sided ecosystem scale allows us to seamlessly drive organic growth. Connecting consumers and sellers enables PicPay to offer a unique day to day payments experience while offering a wide range of financial and non-financial services via our app. For us, we also gain valuable insights into customer behavior.



As of December 31, 2022, we had 30 million monthly active customers<sup>(1)</sup>, an increase of 6% y/y. In 2022, our banking license was approved by the Brazilian Central Bank, allowing us to unlock a meaningful portion of the R\$ 10 billion in our account balance to be used as a source of funding. The number of customers who held an account balance by the end of the year reached 22 million, a growth of 13% y/y.

Total TPV was R\$ 58 billion in 4Q22, up 66% y/y. Total TPV for the full year of 2022 reached R\$ 199 billion up from R\$ 92 billion in 2021, a 115% expansion. Net revenue for 4Q22 was R\$ 761 million, an increase of 75% y/y. For full year 2022, net revenue increased 156% when compared to 2021 and reached R\$ 3 billion. This strong revenue growth was driven by our strategy of cross-selling additional products and services as well as higher activation of our customer base.

As we continue to launch and scale new products and services from our financial marketplace for consumers, investments, PicPay Store, and financial solutions for businesses, these strategic pillars will continue to gain share over time. Supporting this growth was our February 2023 announcement of the acquisition of Bx Blue, a digital marketplace focused on public payroll loans, positioning PicPay in new business of collateralized products and helping to further diversify our credit portfolio.

In 2022, we also concentrated our efforts on improving our efficiency through economies of scale and cost and expenses reductions, reducing our customer acquisition costs, with lower investments in marketing and cashback, higher efficiency regarding costs to serve and funding costs, mainly attributable to having received our banking license and changes in our account remuneration policy. Additionally, we had significantly operating improvements, which contributed to achieve greater efficiencies on chargeback costs. In 4Q22, non-IFRS gross profit<sup>(2)</sup> reached R\$ 404 million, with a 53% margin. For full year, non-IFRS gross profit<sup>(2)</sup> totaled R\$ 1.2 billion, with a 40% margin. Operating expenses were R\$ 592 million in 4Q22, representing a decrease of 23% when compared to 4Q21 and R\$ 2.9 billion in 2022, an expansion of 16% y/y.

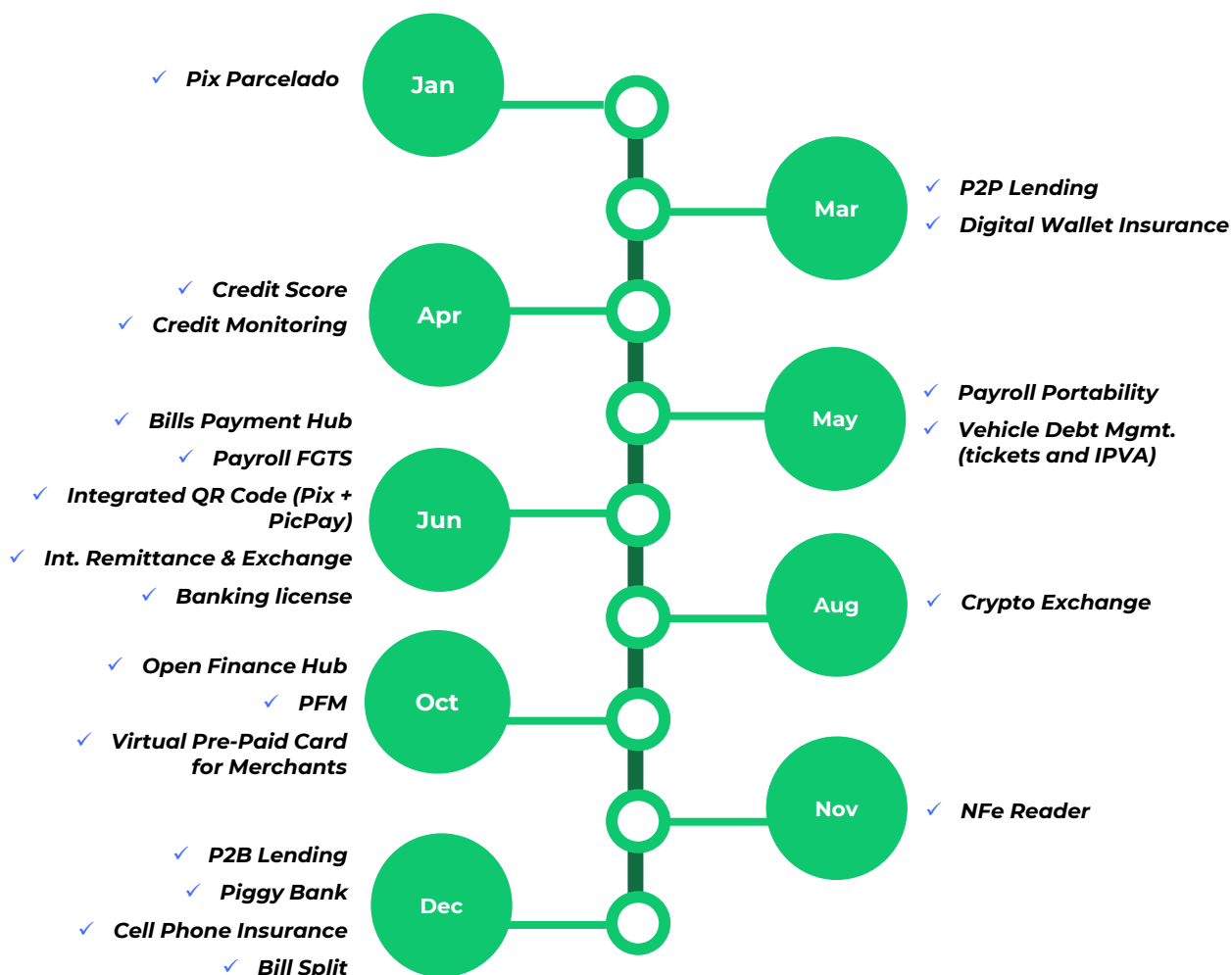
As a result of our strong revenue growth, combined with improved efficiency, PicPay reported a positive EBITDA of R\$ 33 million and a net income of R\$ 20 million in 4Q22. For full year, the company reported an EBITDA loss of R\$ 603 million and a net loss of R\$ 693 million, a decrease of 67% and 64% y/y, respectively.

Looking to the current year and beyond, our focus is to continue to grow with profitability and to scale our products and service offerings to our customers and businesses, aiming to build a closer relationship and become their primary financial account choice over time.

# Roadmap of Products & Services

In 2022, we continued to diversify and enhance our portfolio of products and services in order to service all our customers and businesses daily needs for payments, financial services, investments, shopping, and payment solutions. The timeline below shows the products and services that we launched last year. These new products and services drove increased engagement on our platform, with new cohorts onboarding at more mature levels, i.e. using more products, and, consequently, helping to accelerate the average revenue growth per customer.

We will continue to develop new solutions, provide the best user experience in the market and become our customers' primary financial account choice over time.



Among the product highlights, Pix has been very important in onboarding new customers into our ecosystem once it is free-of-charge and frictionless. Today, more than 85% of our cash-in is done through Pix and we have more than 32 million customers with a Pix key registered on PicPay, resulting in a market share of approximately 7% in number of users.

Moreover, we were forerunners in launching new products through the Pix rail, creating new revenue streams for the Company. In 2022, we launched Pix Parcelado, which allows our customers to pay in installments using their credit card registered on file to fund their transactions while the receivers get their money instantly. This product had a rapid adoption in our ecosystem, reaching a TPV of more than R\$ 6 billion in only one year, a growth of more than 200% since its launch in 1Q22.

In 2022, we also increased credit origination in our financial marketplace and reached R\$ 1.3 billion in total loan origination<sup>(1)</sup>, growing 73% y/y. If we consider only FGTS origination, we originated R\$ 189 million in 4Q22, an increase of 16% q/q, which shows our focus on diversifying our credit value proposition and motivates us to enter in new collateralized credit products such as the acquisition of Bx Blue, which will enable us to offer public payroll loans as of 2023.

Our PicPay Card has also been scaling fast since its launch in 2021. PicPay Card TPV, which includes credit and debit transactions, reached more than 21 billion in 2022, an increase of 179% y/y.

Our PicPay Store, a marketplace of non-financial services, which includes phone top-ups, credit for games, affiliates and others, also posted a GMV growth of 61% y/y, closing at R\$ 1.6 billion in 2022.

Lastly, PicPay joined the phase 2 of Open Finance and already reached one million consents from its customers. In addition, in the beginning of 2023, we started operating as a payment initiator, which enables our customers to transact through Pix and other features using their account balance from other financial institutions and digital wallets without leaving the PicPay's ecosystem.

# Consolidated

# Results

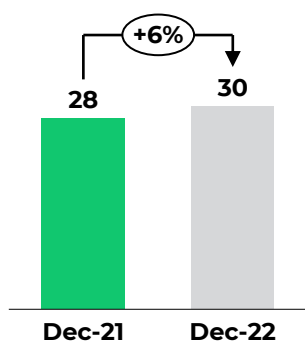


# Business Overview

Our **Monthly Active Customers**<sup>(1)</sup> totaled 30 million as of December 31, 2022, an increase of 6% when compared to the same period of last year.

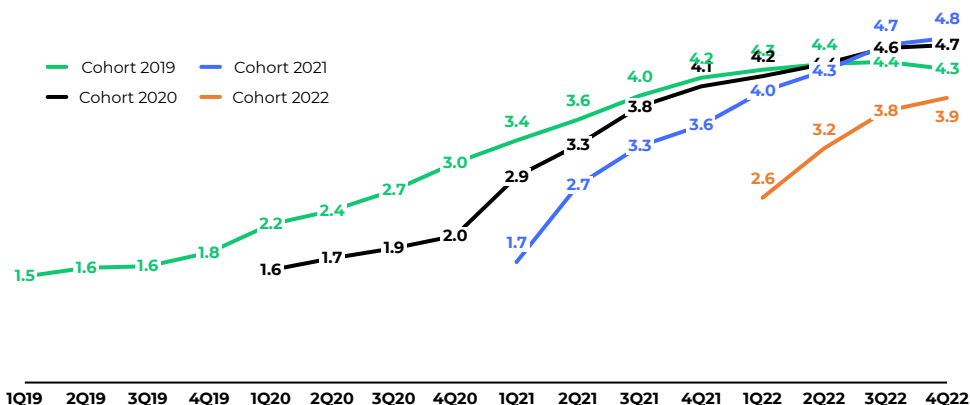
Our ability to launch and scale new products and services in our ecosystem at a fast pace has driven higher engagement and decreased the average time it takes for our customers to adopt 3 or more products. As we further improve our platform, customer experience, and expand our ecosystem by introducing new products and services, not only do older cohorts accelerate the adoption of new products and services, but new cohorts onboard at more mature levels and adopt new products and services faster. As shown in the cohort analysis chart below, the 2022 cohort took only 1 quarter to reach, on average, 3 products, while the 2019 cohort took, on average, 7 to 8 quarters to reach the same number of products.

**Monthly active customers**  
(in millions)



**Cross-selling index**<sup>(2)</sup>

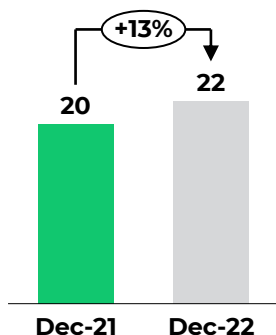
(avg. number of products used in the quarter / customer)



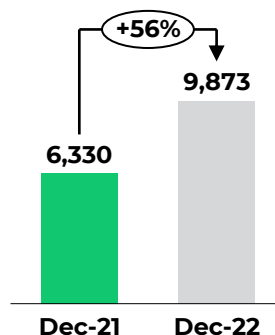
**Customers with account balance** reached 22.2 million as of December 31, 2022, increasing 13% y/y. **Total balance held by customers** was R\$ 9.9 billion as of December 31, 2022, an increase of 56% y/y.

In fourth quarter 2022, we changed our account remuneration policy, yielding 102% of CDI following a 30-day period. Also, in December of 2022, we launched our piggy bank (“cofrinho”) product, allowing our customers to invest their extra funds into “cofrinhos” for specific purposes, yielding 102% over CDI with daily liquidity. Our customers can add and withdraw funds at any time. In only two months, 1.1 million “cofrinhos” were created in our app, an important source for increasing the inflow of money into our ecosystem.

**Customers with account balance**  
(million)



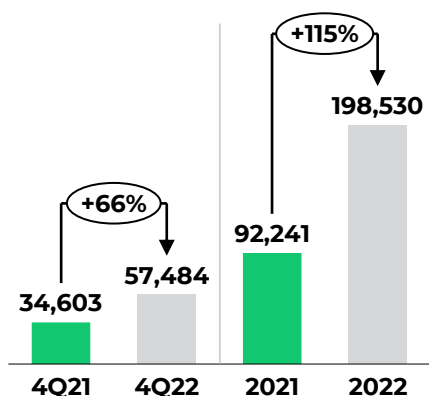
**Total balance held by customers**  
(R\$ million)



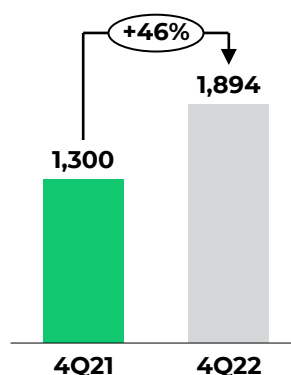
In 4Q22, our **TPV** totaled R\$ 57.5 billion, an increase of 66% y/y. For full year 2022, our TPV reached R\$ 198.5 billion, growing 115% when compared to 2021. **Quarterly average spending**<sup>(4)</sup> was R\$ 1.894 per customer, up 46% y/y.

Notes: (1) Customers who opened the app or held an account balance/crypto or made at least one financial operation in the period. (2) Weighted average if product use per annual cohort. (3) Total TPV divided by the average monthly active customers in the period.

**TPV**  
(R\$ million)

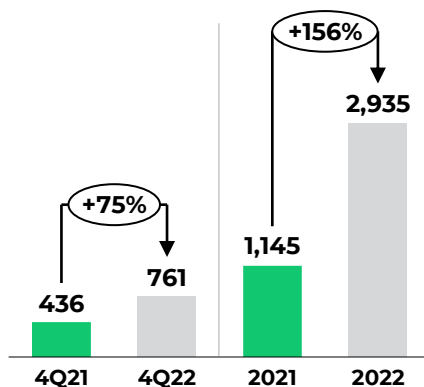


**Quarterly Average Spending<sup>(1)</sup>**  
(R\$ / customer)



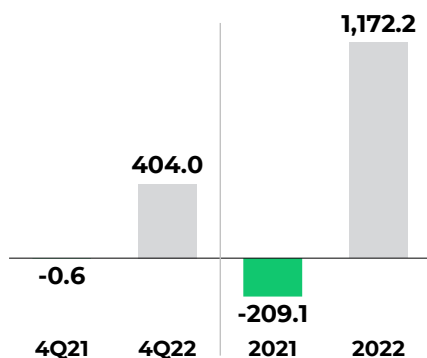
**Net revenue** was R\$ 761 million in 4Q22, an increase of 75% y/y. In full year 2022, net revenue reached R\$ 2.9 billion, increasing 156% y/y, supported by a larger active customer base, launch of new products and services and our strong cross-selling strategy.

**Total net revenue**  
(R\$ million)

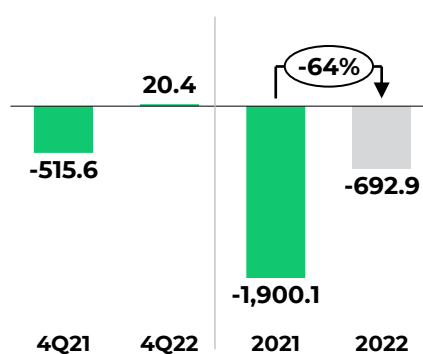


**Non-IFRS gross profit<sup>(2)</sup>** was R\$ 404 million in 4Q22 and R\$ 1.2 billion in 2022. We achieved a **net income** of R\$ 20.4 million in 4Q22, compared to a net loss of R\$ 516 million in 4Q21. For full year 2022, we posted a net loss of R\$ 693 million, an improvement of 64% when compared to full year 2021.

**Non-IFRS gross profit**  
(R\$ million)



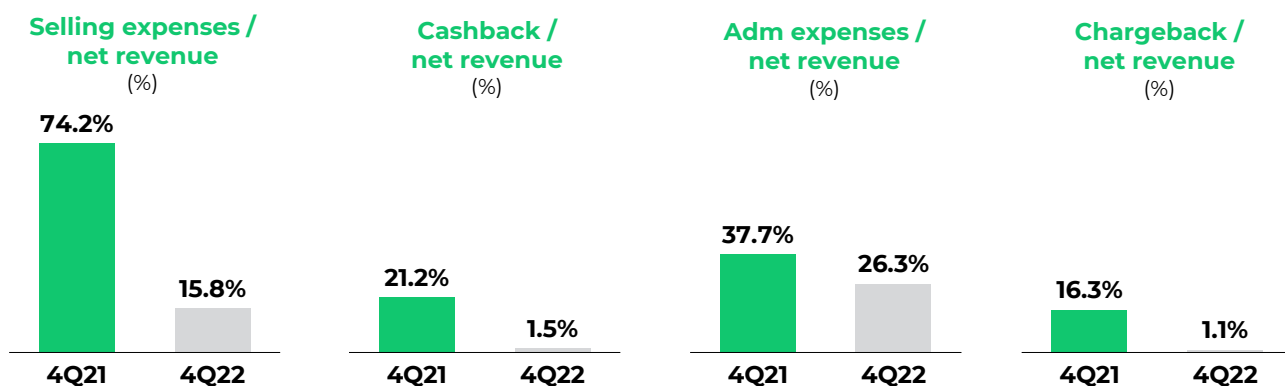
**Net income (loss)**  
(R\$ million)



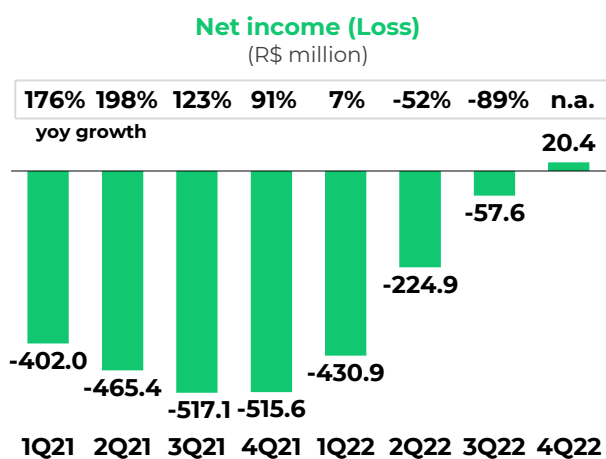
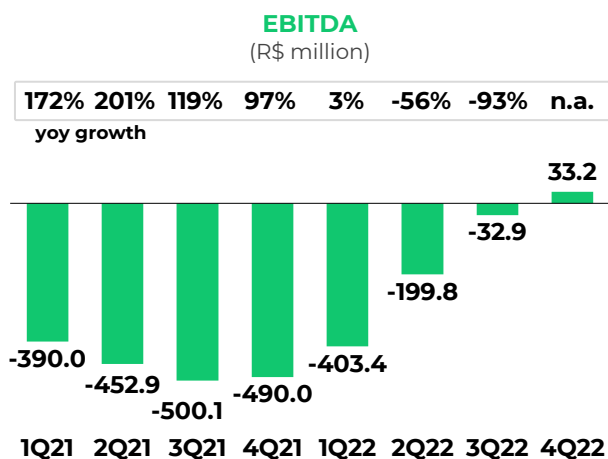
Notes: (1) Average spending calculated as Total TPV in the quarter divided by the average monthly active customers (average monthly active customers at the beginning and end of the period). (2) Non-IFRS gross profit = total net revenue minus costs such as chargeback, funding, prevention, processing fees, PicPay card issuance, cashback, account remuneration, and operational losses for the period.



In 2022, efficiency improved, with selling expenses, which includes marketing expenses, representing 16% of total net revenue in 4Q22 down from 74% in 4Q21. Cashback over total net revenue decreased to 1.5% in 4Q22 versus 21% in 4Q21, and administrative expenses represented 26% of total net revenue in 4Q22 down from 38% in 4Q21. Chargeback costs were significantly reduced from 16.3% of net revenues to 1.1% in 4Q22. Funding costs decreased from approximately 142% over CDI in 4Q21 to 105% in 4Q22. With the launch of our piggy bank (“cofrinhos”) in December 2022, our funding costs are already below 100% of CDI.



Strong revenue growth, supported by our ability to launch and scale products and services at a fast pace, improve efficiency and gain economies of scale resulted in positive EBITDA in September and a net income in October. Moving forward, we will maintain our strategy of growing with profitability while aiming to become our customers' primary financial account by launching products and services that best fit each customer segmentation.



# Financials



## 4Q22 & 2022 Financial Data: Non-Audited IFRS

| Non-Audited IFRS - Income Statement                        | 4Q22             | 4Q21             | 4Q22x4Q21      | 2022               | 2021               | 2022x2021      |
|--|------------------|------------------|----------------|--------------------|--------------------|----------------|
| in thousands of R\$  | (Oct - Dec)      | (Oct - Dec)      | var. %         | (Jan - Dec)        | (Jan - Dec)        | var. %         |
| Net revenue from transaction activities and other services | 214,795          | 85,519           | 151.2%         | 833,318            | 226,282            | 268.3%         |
| Financial income   | 546,072          | 350,209          | 55.9%          | 2,101,981          | 918,428            | 128.9%         |
| <b>Total revenue and income</b>                            | <b>760,867</b>   | <b>435,728</b>   | <b>74.6%</b>   | <b>2,935,299</b>   | <b>1,144,710</b>   | <b>156.4%</b>  |
| Cost of sales and services                                 | (158,734)        | (184,222)        | (13.8%)        | (756,346)          | (572,228)          | 32.2%          |
| <b>Operating Expenses</b>                                  | <b>(591,751)</b> | <b>(767,500)</b> | <b>(22.9%)</b> | <b>(2,878,838)</b> | <b>(2,472,938)</b> | <b>16.4%</b>   |
| Selling expenses   | (120,017)        | (323,258)        | (62.9%)        | (853,750)          | (1,260,280)        | (32.3)%        |
| Administrative expenses                                    | (199,829)        | (164,288)        | 21.6%          | (707,848)          | (488,062)          | 45.0%          |
| Financial expenses   | (275,300)        | (215,572)        | 27.7%          | (1,259,646)        | (445,392)          | 182.8%         |
| Other (expenses) income, net                               | 3,395            | (64,382)         | -              | (56,594)           | (279,258)          | (79.7%)        |
| <b>Income taxes</b>  | <b>10,068</b>    | <b>387</b>       | -              | <b>5,988</b>       | <b>387</b>         | -              |
| <b>Profit (Loss) for the period</b>                        | <b>20,450</b>    | <b>(515,607)</b> | -              | <b>(692,897)</b>   | <b>(1,900,123)</b> | <b>(63.5%)</b> |

## 4Q22 & 2022 Financial Data: Non-Audited IFRS

| Non-Audited IFRS - Balance Sheet<br>in thousands of R\$                           | December 31,<br>2022 | December 31,<br>2021 |
|---|----------------------|----------------------|
| Cash and cash equivalents   | 6,361,401            | 149,291              |
| <b>Financial assets</b>   | <b>5,044,434</b>     | <b>9,115,601</b>     |
| <b>Financial assets measured at fair value through other comprehensive income</b> | <b>829,750</b>       | <b>1,856,299</b>     |
| Financial investments   | 829,750              | 1,856,299            |
| <b>Financial investments at fair value through profit or loss</b>                 | <b>740,019</b>       | <b>-</b>             |
| Financial investments   | 740,019              | -                    |
| <b>Financial assets measured at amortized cost</b>                                | <b>3,474,665</b>     | <b>7,259,302</b>     |
| Financial investments   | -                    | 4,637,289            |
| Trade Receivables   | 3,404,933            | 2,554,258            |
| Other Receivables   | 69,732               | 67,755               |
| Prepaid expenses  | 45,871               | 26,696               |
| Other assets  | 3,684                | 1,207                |
| Tax assets  | 204,852              | 56,426               |
| Legal deposits  | 320                  | 70                   |
| Investments   | -                    | 11                   |
| Property, plant and equipment   | 34,834               | 43,381               |
| Right of use – leases   | 44,837               | 51,709               |
| Intangible assets   | 409,927              | 253,720              |
| <b>TOTAL ASSETS</b>   | <b>12,150,160</b>    | <b>9,698,112</b>     |
| <b>Financial liabilities measured at amortized cost</b>                           | <b>10,545,831</b>    | <b>9,026,073</b>     |
| Third-party funds   | 10,172,578           | 6,510,209            |
| Loans   | -                    | 228,279              |
| Trade payables  | 373,253              | 323,985              |
| Obligations to FIDC quota holders   | -                    | 1,963,600            |
| Labor obligations   | 339,267              | 192,471              |
| Taxes payable   | 42,969               | 43,836               |
| Lease liability   | 52,953               | 58,911               |
| Provision for legal and administrative claims                                     | 6,912                | 1,461                |
| <b>Total Liabilities</b>  | <b>10,987,932</b>    | <b>9,322,752</b>     |
| <b>Equity</b>   | <b>1,162,228</b>     | <b>375,360</b>       |
| Share capital   | 1,687                | 272                  |
| Additional paid-in capital  | 1,749,566            | 894,883              |
| Capital reserve   | 525,289              | 502,027              |
| Fair value reserve  | (265)                | (1,349)              |
| Other Comprehensive Income  | 194,910              | -                    |
| (-) Accumulated losses  | (1,201,648)          | (1,155,956)          |
| Non-controlling interests   | (107,311)            | 135,483              |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>12,150,160</b>    | <b>9,698,112</b>     |

## 4Q22 & 2022 Financial Data: Non-Audited IFRS

| Non-Audited IFRS – Cash Flow Statement                          |                  | Twelve months ended December 31 |  |
|---|------------------|---------------------------------|--|
| In thousands of R\$   | 2022             | 2021                            |  |
| <b>Loss for the period</b>                                      | <b>(692,897)</b> | <b>(1,900,123)</b>              |  |
| <b>Adjustments for:</b>   |                  |                                 |  |
| Related party transactions                                      | 23,262           | 752,929                         |  |
| Labor provisions  | 33,141           | 34,774                          |  |
| Depreciation/amortization                                       | 72,486           | 49,449                          |  |
| Provision for legal and administrative claims                   | 7,660            | 3,716                           |  |
| Chargeback provision  | (350)            | 3,274                           |  |
| Impairment loss on trade receivables                            | 4,091            | -                               |  |
| Impairment of intangible assets                                 | -                | 852                             |  |
| Loss or gain on disposal of property, plant and equipment       | 1,737            | 413                             |  |
| Interest accrued on loans                                       | 18,733           | 3,277                           |  |
| Interest accrued on FIDC senior quotas                          | -                | 105,642                         |  |
| Interest accrued on financial investments                       | 366,105          | 80,406                          |  |
| <b>Variations in operating assets and liabilities</b>           |                  |                                 |  |
| Financial investments   | 4,590,788        | (5,269,964)                     |  |
| Trade receivables and other receivables                         | (763,535)        | (1,833,809)                     |  |
| Prepaid expenses  | (19,175)         | (7,924)                         |  |
| Other assets  | (158,792)        | (50,437)                        |  |
| Third-party funds   | 4,190,063        | 5,462,925                       |  |
| Labor obligations and taxes payable                             | 117,585          | 146,470                         |  |
| Change in trade payables and other obligations                  | 50,952           | 258,720                         |  |
| Legal and administrative claims                                 | (2,209)          | (2,613)                         |  |
| Interest paid   | (640,969)        | (347,238)                       |  |
| <b>Net cash (used in) from operating activities</b>             | <b>7,710,665</b> | <b>(2,509,261)</b>              |  |
| <b>Cash flows from investing activities</b>                     |                  |                                 |  |
| Acquisition of subsidiaries net of cash acquired                | -                | (54,824)                        |  |
| Cash received in common control transactions                    | 154,530          |                                 |  |
| Acquisition of investments                                      | 11               | (1)                             |  |
| Acquisition of property, plant and equipment                    | (5,328)          | (24,805)                        |  |
| Acquisition of intangible assets                                | (212,442)        | (219,050)                       |  |
| <b>Net cash used in investing activities</b>                    | <b>(63,229)</b>  | <b>(298,680)</b>                |  |
| <b>Cash flows from financing activities</b>                     |                  |                                 |  |
| Share capital increase  | 59,108           | 282,083                         |  |
| Issuance of non-controlling interests                           | 1,248,200        | 931,500                         |  |
| Proceeds from FIDC senior quotas                                | 190,672          | 977,770                         |  |
| Repurchase of FIDC senior quotas                                | (2,154,272)      | -                               |  |
| Proceeds from loans   | -                | 228,279                         |  |
| Payment of loans  | (228,279)        | -                               |  |
| Payment of leases   | (10,755)         | (8,849)                         |  |
| Related party funding payments                                  | -                | (245,755)                       |  |
| Related party funding receipt                                   | -                | 680,330                         |  |
| <b>Net cash (used in) from financing activities</b>             | <b>(895,326)</b> | <b>2,845,358</b>                |  |
| <b>Net increase in cash and cash equivalents</b>                | <b>6,212,110</b> | <b>37,417</b>                   |  |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>149,291</b>   | <b>111,874</b>                  |  |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>6,361,401</b> | <b>149,291</b>                  |  |

# About PicPay



## About PicPay

Founded in Vitória (ES) in 2012, PicPay is a fintech company that was created to make life easier for customers by reinventing the way they deal with money, daily payments and financial services, and communicate. In 2015, J&F group, one of the largest business conglomerates in Brazil, invested in the company. PicPay is a two-sided ecosystem that provides products and services to consumers and sellers to address all their financial needs, from day-to-day payments, financial services, investments and shopping, in a simple, easy and secure manner.

### INVESTOR RELATIONS

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