UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

for the fiscal year ended December 31, 2022

Commission File Number 1-38353

PAGSEGURO DIGITAL LTD.

(Exact name of registrant as specified in its charter)

The Cayman Islands

(Jurisdiction of incorporation or organization)

Conyers Trust Company (Cayman) Limited,
Cricket Square, Hutchins Drive, P.O. Box 2681,
Grand Cayman, KY1-1111, Cayman Islands
(Registered office address)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s):	Name of each exchange on which registered:
Class A common shares, par value US$0.000025	PAGS	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

As of December 31, 2022 there were 209,148,718 Class A common shares (including treasury shares), par value of US$0.000025 per share, and 120,459,508 Class B common shares, par value of US$0.000025 per share, outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☑ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934.

Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer ☑ Accelerated Filer ☐ Non-accelerated Filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☑ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

Table of Contents

	Page
FORWARD-LOOKING STATEMENTS	1
CERTAIN TERMS AND CONVENTIONS	2
PRESENTATION OF FINANCIAL AND OTHER INFORMATION	2
Item 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS	5
Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE	5
Item 3. KEY INFORMATION	5
Item 4. INFORMATION ON THE COMPANY	43
Item 4A. UNRESOLVED STAFF COMMENTS	93
Item 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS	94
Item 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	116
Item 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	123
Item 8. FINANCIAL INFORMATION	127
Item 9. THE OFFER AND LISTING	129
Item 10. ADDITIONAL INFORMATION	130
Item 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	150
Item 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	151
Item 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	151
Item 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	152
Item 15. CONTROLS AND PROCEDURES	152
Item 16. RESERVED	153
Item 16A. AUDIT COMMITTEE FINANCIAL EXPERT	153
Item 16B. CODE OF ETHICS	154
Item 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES	154
Item 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES	154
Item 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS	154
Item 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT	155
Item 16G. CORPORATE GOVERNANCE	155
Item 16H. MINE SAFETY DISCLOSURE	156
Item 17. FINANCIAL STATEMENTS	156
Item 18. FINANCIAL STATEMENTS	156
Item 19. EXHIBITS	157
GLOSSARY OF TERMS	162
SIGNATURES	165

FORWARD-LOOKING STATEMENTS

This annual report contains information that constitutes forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. In addition, from time to time we or our representatives have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in various filings that we make with the U.S. Securities and Exchange Commission, or the SEC, or press releases or oral statements made by or with the approval of one of our authorized executive officers. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements.

This annual report includes estimates and forward-looking statements, principally under the captions "Item 3. Key Information—Risk Factors, "Item 4. Information on the Company," and "Item 5. Operating and Financial Review and Prospects."

These estimates and forward-looking statements are based mainly on our current expectations and estimates of future events and trends that affect or may affect our business, financial condition, results of operations, cash flow, liquidity, prospects and the trading price of our Class A common shares. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to many significant risks, uncertainties and assumptions and are made in light of information currently available to us.

These statements appear throughout this annual report and include statements regarding our intent, belief or current expectations in connection with:

- the inherent risks related to the digital payments market, such as the interruption, failure or cybersecurity related incident involving our computer or information technology systems;
- our ability to innovate and respond to technological advances and changing customer demands;
- the maintenance of tax incentives;
- our ability to attract and retain qualified personnel;
- general economic, political and business conditions in Brazil, particularly in the geographic markets we serve as well as any other countries we may serve in the future and their impact on our business, notably with respect to inflation;
- labor disputes, employee strikes and other labor-related disruptions, including in connection with negotiations with unions;
- management's expectations and estimates concerning our future financial performance and financing plans and programs;
- our interest rates and our level of debt and other fixed obligations;
- inflation, appreciation, depreciation and devaluation of the *real*;
- expenses, ability to generate cash flow, and ability to achieve, and maintain, future profitability;
- our ability to anticipate market needs and develop and introduce new and enhanced products and service functionality to adapt to changes in our industry;
- our anticipated growth and growth strategies and our ability to effectively manage that growth;
- the impact of increased competition in our market, innovation by our competitors, and our ability to compete effectively;
- our ability to successfully enter new markets and manage our expansion;
- our ability to further penetrate our existing client base to grow our ecosystem;
- our expectations concerning relationships with third parties and key suppliers;
- our ability to maintain, protect and enhance our brand and intellectual property;
- the sufficiency of our cash and cash equivalents and cash generated from operations to meet our working capital and capital expenditure requirements;
- our compliance with applicable regulatory and legislative developments and regulations and legislation that currently apply or become applicable to our business;

- the economic, financial, political and social effects of the COVID-19 pandemic or other pandemics, epidemics and similar crises, particularly in Brazil, and the extent to which they continue to cause serious negative macroeconomic effects, thus enhancing the risks described under "Item 3. Key Information—D. Risk Factors;"
- developments and the perception of risks in Brazil in connection with ongoing corruption and other investigations and uncertainties related to the ability of the newly elected government to continue promoting economic and financial reforms in the country, including protests and riots as a result of the general election held in October 2022 in which the current president Mr. Luiz Inácio Lula da Silva, or Mr. Lula da Silva, narrowly won over the former president Jair Bolsonaro, as well as policies and potential changes to address these matters or otherwise, including economic and fiscal reforms, any of which may negatively affect growth prospects in the Brazilian economy as a whole;
- the impact of the ongoing war in Ukraine and the economic sanctions imposed on Russia, and the resulting volatility and consequences for the global economy, which remain highly uncertain and difficult to predict;
- other factors that may affect our financial condition, liquidity and results of operations; and
- other risk factors discussed under "Item 3. Key Information—Risk Factors."

The words "believe," "understand," "may," "will," "aim," "estimate," "continue," "anticipate," "seek," "intend," "expect," "should," "could," "forecast" and similar words are intended to identify forward-looking statements. You should not place undue reliance on such statements, which speak only as of the date they were made. We do not undertake any obligation to update publicly or to revise any forward-looking statements after we file this annual report because of new information, future events or other factors. Our independent public auditors have neither examined nor compiled the forward-looking statements and, accordingly, do not provide any assurance with respect to such statements. In light of the risks and uncertainties described above, the future events and circumstances discussed in this annual report might not occur and are not guarantees of future performance. Because of these uncertainties, you should not make any investment decision based upon these estimates and forward-looking statements.

CERTAIN TERMS AND CONVENTIONS

For a glossary of industry and other defined terms included in this annual report, see *"Glossary of Terms"* included elsewhere in this annual report.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The following references in this annual report have the meanings shown below:

- "PagSeguro Digital" or the "Company" mean PagSeguro Digital Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands.
- "PagSeguro Brazil" means PagSeguro Internet Instituição de Pagamento S.A., our primary operating company, a *sociedade por ações* incorporated in Brazil. PagSeguro Brazil is substantially wholly-owned by PagSeguro Digital Ltd.
- "PagBank Holding" or "PagBank Participações" means PagBank Participações Ltda., a holding company incorporated in Brazil, which is wholly owned by PagSeg Participações Ltda., or PagSeg, which in turn is wholly owned by PagSeguro Digital.
- "We," "us" or "our" means PagSeguro Digital, PagSeguro Brazil and their respective subsidiaries on a consolidated basis.
- "PagSeguro" means our digital payments business, which is operated by PagSeguro Brazil.
- "UOL" means Universo Online S.A., the controlling shareholder of PagSeguro Digital. For more information regarding UOL, see "Item 7. Major Shareholders and Related Party Transactions."
- "PagSeguro Group" means PagSeguro Digital, together with its subsidiaries;
- "Group" means PagSeguro Group and UOL, together with its subsidiaries.
- "Brazilian government" means the federal government of Brazil.
- All references to the "Companies Act" are to the Cayman Islands Companies Act (As Revised) as the same may be amended from time to time, unless the context otherwise requires.

- All references to the "Memorandum of Association" "Articles of Association" and "Memorandum and Articles of Association" of the Company are references to the current amended and restated memorandum and articles of association of the Company, as the same may be amended in accordance with the Companies Act from time to time.

The term "Brazil" refers to the Federative Republic of Brazil. "Central Bank" refers to Banco Central do Brasil. References in this annual report to "*real*," "*reais*" or "R$" refer to the Brazilian *real*, the official currency of Brazil and references to "U.S. dollar," "U.S. dollars" or "US$" refer to U.S. dollars, the official currency of the United States.

This annual report contains various illustrations of our products and services. For convenience, we have translated the text in those illustrations into English. The actual products and services are generally presented to our customers in Portuguese only.

Effect of Rounding

Certain amounts and percentages included in this annual report, including in the section of this annual report entitled "Item 5. Operating and Financial Review and Prospects" have been rounded for ease of presentation. Percentage figures included in this annual report have not been calculated in all cases on the basis of the rounded figures but on the basis of the original amounts prior to rounding. For this reason, certain percentage amounts in this annual report may vary from those obtained by performing the same calculations using the figures in our audited consolidated financial statements. Certain other amounts that appear in this annual report may not sum due to rounding.

Market and Industry Data

This annual report contains data related to economic conditions in the market in which we operate. The information contained in this annual report concerning economic conditions is based on publicly available information from third-party sources that we believe to be reasonable. Data and statistics regarding the Brazilian internet, payment solutions, e-commerce markets and socioeconomic indicators, are based on publicly available data published by the Brazilian Association of Credit Card and Services Companies (Associação Brasileira de Empresas de Cartões de Crédito e Serviços, or ABECS); the Brazilian Bank Federation (Federação Brasileira de Bancos, or Febraban); the Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística, or IBGE); the Central Bank of Brazil (BCB); the Brazilian Association of Financial and Capital Markets Entities (ANBIMA); the Getulio Vargas Foundation (FGV); the Brazilian Service of Support for Micro and Small Enterprises (SEBRAE); the World Bank (WB); the International Monetary Fund (IMF); the Bank of International Settlements (BIS); the Insider Intelligence eMarketer; and Comscore, a cross-platform measurement company that measures audiences, brands and consumer behavior, and provides market and analytical data to clients, among others. We also make statements in this annual report about our competitive position and the size of the Brazilian digital payments and e-commerce markets.

Although we have no reason to believe any of this information or these reports are inaccurate in any material respect and believe and act as if they are reliable, neither we nor our agents have independently verified it. Governmental publications and other market sources, including those referred to above, generally state that their information was obtained from recognized and reliable sources, but the accuracy and completeness of that information is not guaranteed. In addition, the data that we compile internally, and our estimates have not been verified by an independent source. Except as disclosed in this annual report, none of the publications, reports or other published industry sources referred to in this annual report were commissioned by us or prepared at our request. Except as disclosed in this annual report, we have not sought or obtained the consent of any of these sources to include such market data in this annual report.

Data Protection – Privacy Notice

Scope

The legal basis for this notification is to meet the standards required in respect of, and ensure compliance with, the requirements of the Cayman Islands' Data Protection Act (As Revised), or the DPA, which came into effect in the Cayman Islands on September 30, 2019. This privacy notice puts investors in our Class A common shares on notice that through your investment in our Class A common shares, you will provide us with certain personal information which constitutes personal data within the meaning of the personal data, or DPA. We collect, use, disclose, retain and secure personal data to the extent reasonably required only and within the parameters that could be reasonably expected during the normal course of business. We will only process, disclose, transfer, or retain personal data to the extent legitimately required to conduct our activities on an ongoing basis or to comply with legal and regulatory obligations to which we are subject. We will only transfer personal data in accordance with the requirements of the DPA and will apply appropriate technical and organizational information security measures designed to protect against unauthorized or unlawful processing of the personal data and against the accidental loss, destruction or damage to the personal data. In our use of this personal data, we will be characterized as a "data controller" for the purposes of the DPA, while our affiliates and service providers who may receive this personal data from us in the conduct of our activities may either act as our "data processors" for the purposes of the DPA or may process personal information for their own lawful purposes in connection with services provided to us.

If you are a natural person, this will affect you directly. If you are a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides us with personal data on individuals connected to you for any reason in relation to your investment in our Class A common shares, this will be relevant for those individuals and you should inform such individuals of the content.

What rights do individuals have in respect of personal data ?

Under the DPA, individuals must be informed of the purposes for which their personal data is processed, and this privacy notice fulfills our obligation in this respect.

Individuals have rights under the DPA in certain circumstances. These may include the right to request access to their personal data, the right to request rectification or correction of personal data, processing of personal data be stopped or restricted and the right to require that the Company cease processing personal data for direct marketing purposes. If you consider that your personal data has not been handled correctly, or you are not satisfied with our responses to any requests you have made regarding the use of your personal data, you have the right to complain to the Cayman Islands' Ombudsman. The Ombudsman can be contacted by calling: +1-345-946-6283 or by email at info@ombudsman.ky.

Contacting PagSeguro Digital

For further information on the collection, use, disclosure, transfer or processing of your personal data or the exercise of any of the rights listed above, please contact our investor relations office at +55 (11) 3914-9524.

Certain Anti-Money Laundering Matters

In order to comply with legislation or regulations aimed at the prevention of money laundering, namely the Proceeds of Crime Act (As Revised), the Anti-Money Laundering Regulations (As Revised) and the Guidance Notes on the Prevention and Detection of Money Laundering, Terrorist Financing and Proliferation Financing in the Cayman Islands, or the Cayman AML Regime, the Company may be required to adopt and maintain anti-money laundering procedures, and may require subscribers to provide evidence to verify their identity. Where permitted, and subject to certain conditions, the Company may also delegate the maintenance of our anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

The Company reserves the right to request such information as is necessary to verify the identity of a subscriber. In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, we may refuse to accept the application, in which case any funds received will be returned without interest to the account from which they were originally debited. In cases as these, after an internal analysis, the Company may include relevant the subscriber on a restricted list, and decline all future financial transactions involving that subscriber. According to Brazilian anti-money laundering laws, this information must be reported to the Brazilian Council for Financial Activities Control or COAF.

The Company also reserves the right to refuse to make any redemption payment to a shareholder if directors or officers suspect or are advised that the payment of redemption proceeds to such shareholder might result in a breach of the Cayman AML Regime or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure compliance with any such laws or regulations in any applicable jurisdiction.

If any person resident in the Cayman Islands knows or suspects or has reason for knowing or suspecting that another person is engaged in criminal conduct or money laundering, or is involved with terrorism or terrorist financing and property and the information for that knowledge or suspicion came to their attention in the course of their business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) a nominated officer (appointed in accordance with the Proceeds of Crime Act (As Revised) of the Cayman Islands) or the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Act (As Revised), if the disclosure relates to criminal conduct or money laundering or (ii) to a police constable or a nominated officer (pursuant to the Terrorism Act (As Revised) of the Cayman Islands) or the Financial Reporting Authority of the Cayman Islands, pursuant to the Terrorism Act (As Revised), if the disclosure relates to involvement with terrorism or terrorist financing and terrorist property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (As Revised), or the ESA, in January 2019. The Company is required to comply with the ESA and related regulations and guidelines. As the Company is a Cayman Islands company, compliance obligations include assessing its operations to determine the required compliance (if any) with the ESA, filing an annual notification for the Company with the Cayman Islands Registrar of Companies disclosing whether the Company is carrying out any relevant activities within the meaning of the ESA and to the extent required under the ESA, the filing of an annual return with the Department of International Tax Co-Operation. Where applicable, the Company must establish that its operations satisfy the economic substance requirements of the ESA. The Company is required to monitor its operations to ensure it remains in compliance with all requirements under the ESA. Failure to satisfy these requirements may subject the Company to penalties under the ESA.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

Selected Financial and Operating Data

PagSeguro Digital Ltd., our Cayman Islands exempted company, was incorporated on July 19, 2017 for an indefinite term. Prior to the contribution of PagSeguro Internet S.A. to it on January 4, 2018, PagSeguro Digital Ltd. had not commenced operations and had only nominal assets and liabilities.

Following our IPO on January 26, 2018, PagSeguro Digital began reporting consolidated financial information to shareholders. The historical operations of PagSeguro Brazil are deemed to be those of PagSeguro Digital.

The following tables summarize financial data for PagSeguro Digital as of December 31, 2022, 2021 and 2020. The financial data as of December 31, 2022, 2021 and 2020 and for each of the three years in the period ended December 31, 2022 are derived from our audited consolidated financial statements, included elsewhere in this annual report, except for the December 31, 2020 balance sheet data which are derived from our audited consolidated financial statements, not included elsewhere in this annual report. The selected consolidated financial data as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 are derived from our year-end financial statements audited by PricewaterhouseCoopers Auditores Independentes Ltda., with offices at Avenida Brigadeiro Faria Lima, 3732, 16º andar, São Paulo, SP, Brazil 04538-132, Caixa Postal 60054. These audited consolidated financial statements were prepared in accordance with the International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. PagSeguro Digital maintains its books and records in *reais*.

You should read this information in conjunction with the following other information included elsewhere in this annual report:

- our audited consolidated financial statements and related notes; and
- the information under "Item 5. Operating and Financial Review and Prospects."

The following tables present our selected financial and operating data as of and for each of the periods indicated.

STATEMENT OF OPERATIONS DATA

	For the Years Ended December 31,			
	2022	2022	2021	2020
	(US$)[1]	(R$)	(R$)	(R$)
	(in millions, except amounts per share and %)			
Revenue from transaction activities and other services	1,707.0	8,906.4	6,784.8	4,508.7
Financial income	1,198.4	6,252.7	3,514.4	2,177.4
Other financial income	33.7	175.8	149.5	128.6
Total revenue and income	**2,939.0**	**15,334.9**	**10,448.7**	**6,814.7**
Cost of sales and services	(1,431.8)	(7,470.9)	(5,775.9)	(3,772.3)
Selling expenses	(373.0)	(1,946.1)	(1,523.9)	(617.5)
Administrative expenses	(128.2)	(668.7)	(877.6)	(563.9)
Financial expenses	(604.0)	(3,151.6)	(790.6)	(109.2)
Other income (expenses), net	(64.9)	(338.4)	7.3	22.9
Operating profit before Income Taxes	**337.2**	**1,759.3**	**1,488.0**	**1,774.7**
Current income tax and social contribution	(11.6)	(60.7)	(119.8)	(62.8)
Deferred income tax and social contribution	(37.1)	(193.8)	(201.9)	(419.6)
Income Tax and Social Contribution	**(48.8)**	**(254.5)**	**(321.7)**	**(482.4)**
Net Income for the Year	**288.4**	**1,504.8**	**1,166.3**	**1,292.3**
Attributable to:				
Equity holders of the parent	288.4	1,504.8	1,166.1	1,291.7
Non-controlling interests	—	—	0.2	0.6
Basic earnings per share attributable to equity holders of the parent – R$	**0.8817**	**4.6002**	**3.5303**	**3.9225**
Diluted earnings per share attributable to equity holders of the parent – R$	**0.8760**	**4.5705**	**3.5105**	**3.9163**

(1) For convenience purposes only, amounts in *reais* for the year ended December 31, 2022 have been translated to U.S. dollars using a rate of R$5.2177 to US$1.00, the commercial selling rate for U.S. dollars at December 31, 2022 as reported by the Central Bank. These translations should not be construed as representations that the U.S. dollar amounts have been, could have been or could be converted into *reais* at that or at any other exchange rate. The real/U.S. dollar exchange rate fluctuates widely, and the selling rate as of December 31, 2022 may not be indicative of current or future exchange rates.

OPERATING DATA

	At and For the Years Ended December 31,			
	2022	2022	2021	2020
	(US$)[1]	(R$)	(R$)	(R$)
Operating Statistics:				
Active merchants at year-end (in millions)	N/A	7.1	7.7	7.0
TPV (in billions)	140.2	731.4	456.1	231.5
PagBank active users (in millions)	N/A	16.2	13.1	7.9

(1) For convenience purposes only, amounts in *reais* for the year ended December 31, 2022 have been translated to U.S. dollars using a rate of R$5.2177 to US$1.00, the commercial selling rate for U.S. dollars at December 31, 2022 as reported by the Central Bank. These translations should not be construed as representations that the U.S. dollar amounts have been, could have been or could be converted into *reais* at that or at any other exchange rate. The real/U.S. dollar exchange rate fluctuates widely, and the selling rate as of December 31, 2022 may not be indicative of current or future exchange rates.

BALANCE SHEET DATA

The following table presents the line items from PagSeguro Digital's consolidated balance sheet data:

	At December 31,			
	2022	2022	2021	2020
	(US$)[1]	(R$)	(R$)	(R$)
		(in millions)		
Current Assets				
Cash and cash equivalents	350.6	1,829.1	1,794.4	1,640.1
Financial investments	211.5	1,103.3	782.6	979.8
Accounts receivable	6,947.2	36,248.6	23,428.5	16,043.0
Inventories	2.5	13.3	49.5	30.4
Taxes recoverable	78.7	410.8	469.5	389.0
Other receivables	31.1	162.0	194.8	164.8
Total Current Assets	**7,621.6**	**39,767.1**	**26,719.3**	**19,247.1**
Non-Current Assets				
Judicial deposits	8.6	44.9	40.2	7.4
Accounts receivable	142.9	745.5	228.9	33.6
Other receivables	3.5	18.5	11.7	10.3
Investment	0.3	1.7	15.7	16.4
Deferred income tax and social contribution	19.1	99.4	120.8	83.3
Property and equipment	477.9	2,493.5	2,289.1	1,802.6
Intangible assets	413.7	2,158.8	1,650.2	1,123.6
Total Non-Current Assets	**1,066.0**	**5,562.2**	**4,356.5**	**3,077.2**
TOTAL ASSETS	**8,687.6**	**45,329.3**	**31,075.8**	**22,324.3**

	At December 31,			
	2022	2022	2021	2020
	(US$)[1]	(R$)	(R$)	(R$)
	(in millions)			
Current Liabilities				
Payables to third parties	3,447.5	17,988.1	13,217.2	10,101.5
Trade payables	86.1	449.1	578.0	335.5
Payables to related parties	113.8	593.9	543.6	58.3
Derivative financial instruments	4.3	22.3	14.3	—
Deposits	1,935.8	10,100.6	3,056.4	572.0
Borrowings	—	—	1,005.8	—
Salaries and social security charges	56.1	292.8	259.7	175.2
Taxes and contributions	17.2	89.8	63.9	26.0
Provision for contingencies	8.9	46.2	27.7	17.1
Deferred revenue	24.2	126.0	162.6	186.2
Other liabilities	6.0	31.5	73.7	102.6
Total Current Liabilities	**5,699.9**	**29,740.4**	**19,002.9**	**11,574.5**
Non-Current Liabilities				
Payables to third parties	16.2	84.8	—	—
Deferred income tax and social contribution	299.8	1,564.2	1,391.8	1,132.6
Deposits	363.1	1,894.7	77.6	194.1
Provision for contingencies	2.8	14.4	13.9	11.7
Deferred revenue	3.4	17.5	17.3	27.3
Other liabilities	32.8	171.3	70.2	56.6
Total Non-Current Liabilities	**718.1**	**3,746.8**	**1,570.7**	**1,422.4**
TOTAL LIABILITIES	**6,418.0**	**33,487.2**	**20,573.6**	**12,996.9**
TOTAL EQUITY	**2,269.6**	**11,842.1**	**10,502.2**	**9,327.5**
TOTAL LIABILITIES AND EQUITY	**8,687.6**	**45,329.3**	**31,075.8**	**22,324.3**

(1) For convenience purposes only, amounts in *reais* for the year ended December 31, 2022 have been translated to U.S. dollars using a rate of R$5.2177 to US$1.00, the commercial selling rate for U.S. dollars at December 31, 2022 as reported by the Central Bank. These translations should not be construed as representations that the U.S. dollar amounts have been, could have been or could be converted into *reais* at that or at any other exchange rate. The real/U.S. dollar exchange rate fluctuates widely, and the selling rate as of December 31, 2022 may not be indicative of current or future exchange rates.

NON-GAAP FINANCIAL MEASURES

We present non-GAAP financial measures when we believe that the additional information is useful and meaningful to investors. These non-GAAP financial measures are provided to enhance investors' overall understanding of our current financial performance and its prospects for the future. Specifically, we believe the non-GAAP financial measures provide useful information to both management and investors by excluding certain expenses, gains and losses, as the case may be, which may not be indicative of our core operating results and business outlook.

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 separately from, or as a substitute for, our financial information prepared and presented in accordance with IFRS, as issued by the IASB. Non-GAAP financial 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 financial measures.

Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of our non-GAAP financial measures to the most directly comparable GAAP measures for the years ended December 31, 2022 and 2021:

	For the Year Ended December 31,		
	2022	Percent Change	2021
	(in millions of *reais*, except for amounts per share)		
Total revenue and income	**15,334.9**	46.8 %	**10,448.7**
Non-GAAP total revenue and income	**15,334.9**	46.8 %	**10,448.7**
Total expenses	**(13,575.7)**	51.5 %	**(8,960.7)**
Less: Share-based long-term incentive plan (LTIP)	79.4	(78.6)%	370.6
Less: M&A Expenses	18.5	(15,5)%	21.9
Plus: PagPhone realizable value reversal	**(52.5)**	(100.0)%	—
Less: Software's disposals	**40.2**	100.0 %	—
Less: Boleto Flex impairment	**12.6**	100.0 %	—
Less: Agreement with POS Supplier	**10.0**	100.0 %	—
Less: capitalized expenses of platforms development	**31.9**	100.0 %	—
Non-GAAP total expenses[1]	**(13,435.6)**	56.8 %	**(8,568.2)**
Profit before income taxes	**1,759.3**	18.2 %	**1,488.0**
Plus: Total non-GAAP Adjustments	140.1	(64.3)%	392.5
Non-GAAP profit before income taxes[2]	**1,899.4**	1.0 %	**1,880.5**
Income tax and social contribution	**(254.5)**	(20.9)%	**(321.7)**
Less: Income tax and social contribution on non-GAAP adjustments [6]	(47.6)	(64.3)%	(133.5)
Non-GAAP deferred income tax[3]	**(302.1)**	(33.6)%	**(455.2)**
Net income	**1,504.8**	29.0 %	**1,166.3**
Plus: Total non-GAAP adjustments, net of income tax and social contribution	92.5	(64.3)%	259.0
Non-GAAP net income[4]	**1,597.3**	12.1 %	**1,425.3**
Basic earnings per share attributable to equity holders of the parent — R$	4.6002	30.3 %	3.5303
Diluted earnings per share attributable to equity holders of the parent — R$	4.5705	30.2 %	3.5105
Non-GAAP basic earnings per share attributable to equity holders of the parent — R$[5]	4.8828	4.3 %	4.6796
Non-GAAP diluted earnings per share attributable to equity holders of the parent — R$[5]	4.8511	4.3 %	4.6530

(1) Non-GAAP total expenses excludes the "non-GAAP adjustments" comprised of:
- LTIP expenses: This consists of expenses for equity awards under our two long-term incentive plans (LTIP and LTIP-Goals). 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 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.
- Mergers & acquisitions expenses: This consists of expenses for mergers & acquisitions transactions, including, among others, expenses for external consulting, accounting and legal services in connection with due diligence and negotiating mergers & acquisitions documentation for our acquisitions, as well as amortization and write-downs of the fair value of certain acquired assets. We exclude mergers & acquisitions expenses from our non-GAAP measures primarily because such expenses are non-recurring and do not correlate to the operation of our business.
- Other non-recurring effects: This consists of one-time effects related to PagPhone sales, PagPhone inventory provisions, tax impairment, software disposals and development. We exclude non-recurring effects from our non-GAAP measures primarily because such items are non-recurring and do not correlate to the operation of our business.

(2) Non-GAAP profit before income taxes reflects the adjustments described in footnote (1) above.

(3) Non-GAAP income tax and social contribution consists of income tax at the rate of 34% calculated on the LTIP expenses, M&A expenses and non-recurring adjustments described in footnote (1) above.

(4) Non-GAAP net income reflects the sum of the adjustments described in footnotes (1) and (3) above.

(5) Non-GAAP basic earnings per common share and non-GAAP diluted earnings per common share reflect the adjustments to non-GAAP net income, which is allocated in full to Equity holders of the parent.

(6) Income tax and social contribution on non-GAAP adjustments: This represents the income tax effect related to the LTIP expenses, mergers & acquisitions expenses and non-recurring adjustments mentioned above.

Financial Information in U.S. Dollars

Solely for the convenience of the reader, we have translated some of the *real* amounts included in this annual report into U.S. dollars. The exchange rate for reais into U.S. dollars was R$5.2177 to U.S.$1.00 as of December 31, 2022, R$5.5805 to U.S.$1.00 as of December 31, 2021 and, R$5.1967 to U.S.$1.00 as of December 31, 2020, in each case, the commercial selling rate for U.S. dollars as reported by the Central Bank. Unless otherwise indicated, we have translated *real* amounts into U.S. dollars using a rate of R$5.2177 to US$1.00. Such translations should not be construed as representations that the *real* amounts represent, have been or could be converted into U.S. dollars at the rates indicated or at any other exchange rate. The *real*/U.S. dollar exchange rate fluctuates widely, and the selling rate as of December 31, 2022 may not be indicative of current or future exchange rates. For more information on risks relating to exchange rate fluctuations on our business, see "Risk Factors—Risks Relating to Brazil—Exchange rate instability may have adverse effects on the Brazilian economy, us and the price of our Class A common shares."

RISK FACTORS

Risks Relating to our Business and Industry

If we cannot keep pace with rapid technological developments to provide new and innovative products and services, and address the rapidly evolving market for transactions on mobile devices, the use of our products and services and, consequently, our revenues could decline.

Rapid, significant and disruptive technological changes continue to impact the industries in which we operate, including developments in payment card tokenization, mobile payments, social commerce (i.e., e-commerce through social networks), authentication, virtual currencies, distributed ledger or blockchain technologies, near field communication and other proximity or contactless payment methods, virtual reality, machine learning and artificial intelligence.

For instance, mobile devices are increasingly used for e-commerce transactions and payments. A significant and growing portion of our customers access our platforms through mobile devices, including for regular online shopping as well as for in-person transactions. In the year ended December 31, 2022, 81% of our customers accessed our platforms through mobile devices, compared with 80% in the year ended December 31, 2021. We may lose customers if we are not able to continue to meet our customers' mobile and multi-screen experience expectations. Different mobile devices and platforms use a wide variety of technical and other configurations, which increase the challenges involved in providing payments in the mobile environment. In addition, a number of other companies with significant resources and a number of innovative startups have introduced products and services focusing on mobile markets. We cannot guarantee that we will be able to continue to meet customer expectations in the mobile environment or increase our volume of mobile transactions.

We cannot predict the effects of technological changes on our business. In addition to our own initiatives and innovations, we rely in part on third parties for the development of and access to new technologies. We expect that new services and technologies applicable to the industries in which we operate will continue to emerge and may be superior to, or render obsolete, the technologies we currently use in our products and services. Developing and incorporating new technologies into our products and services may require substantial expenditures, take considerable time, and ultimately may not be successful. In addition, our ability to adopt new products and services and develop new technologies may be inhibited by industry-wide standards, payment networks, changes to laws and regulations, resistance to change from consumers or merchants, third-party intellectual property rights, or other factors. Our success will depend on our ability to develop and incorporate new technologies, address the challenges posed by the rapidly evolving market for mobile transactions through our platforms and adapt to technological changes and evolving industry standards; if we are unable to do so in a timely or cost-effective manner, our business could be harmed.

Increasingly intense competition may harm our business.

We compete in markets characterized by vigorous competition, changing technology, changing customer needs, evolving industry standards and frequent introductions of new products and services. We compete with existing providers of digital payment solutions, in-person payments via POS, free digital accounts, prepaid cards and acquisition activities. In the online digital payments market, we compete primarily with international online payment services and regional players. In the POS payments market, we compete primarily with international players and regional players. As is the case with the digital payments industry in general, we also compete with other means of payment, both digital and traditional, including cash, checks, Pix (a 24/7 instant payment platform sponsored by the Brazilian government), money orders and electronic bank deposits.

We expect competition to intensify in the future as existing and new competitors introduce new services or enhance existing services. We compete against many companies to attract customers, and some of these companies have greater financial resources and substantially larger bases of customers than we do, which may provide them with significant competitive advantages. These companies may devote greater resources than we do to the development, promotion and sale of products and services, and they may be more effective in introducing innovative products and services that hinder our growth. Competing services tied to established banks and other financial institutions may offer greater liquidity and create greater consumer confidence in the safety and efficiency of their services than PagSeguro. Mergers and acquisitions by or among these companies may lead to even larger competitors with more resources. We also expect new entrants to offer competitive products and services. For example, established banks and other financial institutions currently offer online payments and those, which do not yet provide such services could quickly and easily develop them. Certain merchants have longstanding exclusive, or nearly exclusive, relationships with our competitors to accept payment cards and other services that we offer. These relationships may make it difficult or cost prohibitive for us to conduct material amounts of business with them. If we are unable to differentiate ourselves from and successfully compete with our competitors, our business will suffer serious harm.

We may also face pricing pressures from competitors. Certain competitors are able to offer lower prices to merchants for similar services by cross subsidizing their digital payments services using other services they offer. This competition may mean we need to reduce our pricing, which could reduce our profits. As they grow, merchants may demand more customized and favorable pricing from us, and competitive pressures may require us to agree to this, further reducing our profits. If market conditions require us to increase the discounts or incentives we provide, our business could suffer serious harm.

Interruption or failure of our information technology and communications systems could impair our operations, which could damage our reputation and harm our results of operations.

Our success and ability to process payments and provide high quality customer service depend on the efficient and uninterrupted operation of our computer and information technology systems. Any failure of our computer systems and information technology to operate effectively or to integrate with other systems, performance inadequacy or breach in security may cause interruptions in the availability of our sites, delays in product fulfillment and reduced efficiency of our operations. Any failures, problems or security breaches may mean that fewer customers are willing to purchase the products we offer in the future. Factors that could occur and significantly disrupt our operations include: system failures and outages caused by fire, floods, earthquakes, power loss, telecommunications failures, sabotage, vandalism, terrorist attacks and similar events, software errors, computer viruses, worms, physical or electronic break-ins and similar disruptions from unauthorized tampering with our computer systems and data centers; in addition, security breaches related to the storage and transmission of proprietary information or customer information, such as credit card numbers or other personal information. Also, if too many customers access our sites within a short period of time due to any reason, we have experienced in the past and may in the future experience system interruptions that make our sites unavailable or prevent us from efficiently completing payment transactions, which may reduce the attractiveness of our products and services. We cannot assure you that such events will not occur. While we have backup systems and contingency plans for certain aspects of our operations and business processes, our planning does not account for all possible scenarios.

Specifically, we have entered into IT services agreements with DigitalServices and Amazon Web Services, Inc, or AWS, which are both focused on IT infrastructure management services and cloud computing as well as the development of software and services to promote digital transformation. DigitalServices is controlled by our parent company UOL and, therefore, our affiliate. Under these contracts, the two companies provide us with internet data centers to host our sites and keep them operational, and we rely on them and their operational, privacy and security procedures and controls and their ability to keep our sites operational. In December 2019, the colocation agreement that we entered into with DigitalServices was assigned to UD Tecnologia, a subsidiary of DigitalServices that was sold to Digital Colony in April 2020 and rebranded as Scala Data Centers S.A., or Scala Data Centers, which is not a related party of ours. Failure by IT services providers to adequately keep our sites operational, including any prolonged or unscheduled service disruption that affects our customers' ability to utilize our sites, could result in the loss of sales and customers and increased costs, which could materially affect our reputation or results of operations. In addition, we rely in part on external IT services providers to advise us of any security breaches. If any of those providers do not provide us with notice on a timely basis, our reputation and results of operations may be harmed. We may not be able to timely replace our external IT services providers, or find a replacement on a cost-efficient basis, in the event of disruptions, failures to provide services or other issues that may harm our business. For more information on our agreement with DigitalServices, see "Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions."

Any disruptions or service interruptions that affect our sites could damage our reputation, require us to spend significant capital and other resources and expose us to a risk of loss or litigation and possible liability. Some of our agreements with third-party service providers do not require those providers to indemnify us for losses resulting from any disruption in service. Any of the above disruptions could seriously harm our results of operation.

Our business is subject to cyberattacks and security and privacy breaches.

Our business involves the collection, storage, processing, and transmission of customers' personal data, including financial information. In addition, a significant number of our customers authorize us to bill their payment card or bank accounts directly for all transaction and other fees charged by us. We have built our reputation on the premise that our platform offers customers a secure way to make payments. An increasing number of organizations, including large merchants and businesses, other large technology companies, financial institutions and government institutions, have disclosed breaches of their information security systems, some of which have involved sophisticated and highly targeted attacks, including on portions of their websites or infrastructure.

The techniques used to obtain unauthorized, improper or illegal access to our systems, our data or our customers' data, to disable or degrade service, or to sabotage systems are constantly evolving, may be difficult to detect quickly and often are not recognized until launched against a target. Unauthorized parties may attempt to gain access to our systems or facilities through various means, including, among others, hacking into our systems or those of our customers, partners or vendors, or attempting to fraudulently induce our employees, customers, partners, vendors or other users of our systems into disclosing user names, passwords, payment card information or other sensitive information, which may in turn be used to access our information technology systems. Certain efforts may be supported by significant financial and technological resources, making them even more sophisticated and difficult to detect. Although we have developed systems and processes that are designed to protect our data and customer data and to prevent data loss and other security breaches, and expect to continue to expend significant additional resources to bolster these protections, these security measures cannot provide absolute security. Our information technology and infrastructure may be vulnerable to cyberattacks or security breaches, and third parties may be able to access our customers' personal or proprietary information and card data that are stored on or accessible through those systems. Our security measures may also be breached due to human error, malfeasance, system errors or vulnerabilities, or other irregularities. Any actual or perceived breach of our security could interrupt our operations, result in our systems or services being unavailable, result in improper disclosure of data, materially harm our reputation and brand, result in significant legal and financial exposure, lead to loss of customer confidence in, or decreased use of, our products and services, and adversely affect our business and results of operations. In addition, any breaches of network or data security at our customers, partners or vendors (including data center and cloud computing providers) could have similar negative effects. Actual or perceived vulnerabilities or data breaches may lead to claims against us.

In 2021, we experienced a cyberattack that targeted one of our subsidiaries, Wirecard Brazil Instituição de Pagamento S.A. (formerly Wirecard Brazil S.A.), or MOIP, which we acquired in October 2020. The incident occurred between September 25, 2021 and September 29, 2021, during which the hackers demanded that specified payments be made to prevent the public disclosure or sale of the targeted data that was compromised, which included personal profile information of MOIP customers. At the time of the cyberattack, MOIP had a distinct and separate IT server and operating environment from the rest of our IT platform and systems, and therefore none of our databases, customer information or systems were subject or comprised during the incident, or formed part of the compromised data, beyond those independently within the MOIP IT environment. We promptly followed the requirements of applicable Brazilian law, including the filing of a formal report to the ANPD and Central Bank on October 7, 2021, followed by delivery of further requested information to the ANPD on January 5, 2022 and April 8, 2022. While our review of the incident has not identified evidence of unauthorized access to sensitive information, such as passwords or credit card details, and our IT systems (including the MOIP IT environment) are operating normally, we cannot be certain that we will not encounter adverse consequences of this incident or other weaknesses, vulnerabilities or deficiencies that could seriously harm our business, financial condition or results of operations. For more information, see "Item 4. Information on the Company—Protecting Our Clients—2021 MOIP Cybersecurity Incident."

In addition, under card rules and our contracts with our card processors, if there is a breach of card information that we store, we could be liable to the payment card issuers for their cost of issuing new cards and related expenses. We also expect to spend significant additional resources to protect against security or privacy breaches, and may be required to address problems caused by breaches. Additionally, while we maintain insurance policies, we do not maintain significant insurance policies specifically for cyberattacks and our current insurance policies may not be adequate to reimburse us for losses caused by security breaches, and we may not be able to collect fully, if at all, under these insurance policies.

Due to the COVID-19 pandemic, our remote work practices have expanded and, as a result, the risks related to cybersecurity failures in our internal systems have also risen. As such, interruptions or flaws in our information technology systems, such as in our telework systems, accounting calculations and billing, caused by accidents, malfunctions or malicious acts may impact our corporate, commercial or operational activities, which could adversely affect our business and results of operations, as well as our reputation and market reliability. Cyberattacks have become increasingly sophisticated and diffuse. We keep sensitive client information in our database, which may be the subject of cyberattacks by individuals seeking unauthorized access to such information for misuse. As such, failures to protect our clients' personal data, as well as nonconformance with the applicable legislation, may give rise to additional costs and adversely affect our image and reputation.

We are subject to risks associated with noncompliance with the General Data Protection Law and may be adversely affected by the imposition of fines and other types of penalties.

In 2018, Law No. 13,709/2018, the General Data Protection Law (*Lei Geral de Proteção de Dados*), or LGPD, was enacted, as amended by Law No. 13,853/2019, to govern the practices related to the use of personal data, replacing the sparse and sectoral standards that previously regulated rights to data privacy and protection in Brazil. The LGPD became effective on September 18, 2020, but the application of the administrative penalties provided for in the LGPD was postponed to August 1, 2021. By creating a microsystem of rules impacting all sectors of the economy, the LGPD provides a new legal framework to be observed in personal data processing operations. Among other provisions, it establishes the rights of data subjects, the legal bases applicable to the protection of personal data, the requirements for obtaining consent on the use of such data, when applicable, the obligations and requirements relating to security incidents and leaks and data transfers, as well as the authorization for the creation of the Brazilian Data Protection Authority or ANPD, which is the entity responsible for regulating and supervising the application of the LGPD and other data protection laws as well as imposing sanctions in the event of noncompliance with the legal rules and obligations. On August 26, 2020, the Brazilian government issued Decree No. 10,474/2020, approving the regulatory framework and list of commissioned positions for the ANPD. The decree became effective in November 2020, when ANPD's chief executive officer appointment was published in the Brazilian official federal newspaper.

On February 27, 2023, ANPD issued the dosimetry regulation, which establishes the criteria to be used when any administrative sanctions are applied. Although the regulation still includes some vague definitions (such as what entails large-scale data processing), it clarified the elements ANPD takes into account when analyzing a data related incident, such as recurrence (incidents up to five years apart), good faith, cooperation, transparency, proportionality and the adoption of best practices and governance policies.

We must also provide a secure environment for our users. Investing in technical and administrative maintenance for information security and personal data protection will also be necessary, including to support our corporate governance structure for personal data protection. In addition, under the LGPD, we have a legal duty to maintain a communication channel with data subjects whose data we process, including our users and partners.

Personal data subjects are entitled to the following rights, which we must ensure: (i) to obtain confirmation of existence of personal data processing, (ii) to access their personal data, (iii) to correct all incomplete, inaccurate or outdated personal data, (iv) to carry out portability processes to transfer personal data to another service or product, in accordance with the additional regulations to be set forth by the ANPD, (v) to request the deletion of processed personal data based on consent, or the right to revoke their previously given consent, (vi) to obtain information on government and private-sector entities with whom those responsible for data processing have shared their data, (vii) to be allowed to deny consent to personal data processing and to be advised of the consequences of that denial, and (viii) to request the review of decisions made solely based on automated processing. The LGPD also establishes that the following information must be provided to data subjects, including through privacy notices: (i) the specific purpose of such processing, (ii) processing methods and duration, (iii) the identity of the data controller, (iv) the contact information of the data controller, (v) information with regards to the sharing of personal data with third parties and its purpose and (vi) description of responsibilities, particularly the responsibilities of the processing agents involved.

We may be required to indemnify users affected by violations of their rights as data subjects, such as their right to transparency or to obtain information on the processing of their personal data. Should we disclose insufficient information regarding data processing as required by the LGPD, we may also be subject to administrative sanctions imposed by personal data protection, consumer protection or public interest protection agencies and entities, including the ANPD. Noncompliance with any LGPD provisions may lead to the following: (i) individual or class actions being filed seeking damages due to breaches not only of the LGPD, but also of any sparse and industry-specific data protection laws still in force and (ii) the imposition of the penalties set forth by the Consumer Protection Code and the Civil Framework for the Internet by certain consumer protection agencies, as they have been acting in this regard well before the effectiveness of the LGPD and the actual establishment of the ANPD, particularly in cases of security incidents resulting in undue access to personal data.

If our operations and business model are not in compliance with the LGPD's rules, we may be subject to formal warnings, public sanctions, the deletion of data or the suspension of data processing activities. Furthermore, we may be subject to a fine equal to up to 2% of our gross sales, or the gross sales of our economic group in Brazil, in the preceding fiscal year, excluding taxes, but limited to a total of R$50.0 million per violation. In addition, we may be held liable for individual or collective material moral damages caused by our failure to meet any of the obligations set forth by the LGPD. We may be held legally responsible for paying damages to users harmed by violations of their rights as personal data subjects, such as their rights to transparency, in that they may obtain information regarding the processing of their personal data and other rights set forth in the LGPD.

If we are found to not have sufficiently provided information about the processing of personal data in accordance with the requirements set forth by the LGPD, we may also face administrative sanctions by public entities and regulatory bodies that govern personal data, consumer protection and public interests.

The LGPD and other laws and regulations that may be passed in the future may be interpreted and applied differently over time and from jurisdiction to jurisdiction. It is possible they will be interpreted and applied in ways that will materially and adversely affect our business. Any failure to comply with (i) our privacy policies, (ii) any regulatory requirements or orders, or (iii) other local, state, federal, or international privacy or consumer protection-related laws and regulations could materially and adversely affect our business.

Our services must integrate with a variety of operating systems and networks, and the hardware that enables merchants to accept payment cards must interoperate with mobile networks offered by telecom operators and third-party mobile devices utilizing those operating systems. If we are unable to ensure that our services or hardware interoperate with such networks, operating systems and devices, our business may be seriously harmed.

We are dependent on the ability of our products and services to integrate with a variety of operating systems and networks, as well as web browsers that we do not control. Any changes in these systems or networks that degrade the functionality of our products and services, impose additional costs or requirements on us, or give preferential treatment to competitive services, including their own services, could seriously harm the levels of usage of our products and services. We also rely on bank platforms to process some of our transactions. If there are any issues with or service interruptions in these bank platforms, users may be unable to have their transactions completed, which would seriously harm our business.

In addition, our hardware interoperates with mobile networks offered by telecom operators and mobile devices developed by third parties. Changes in these networks or in the design of these mobile devices may limit the interoperability of our hardware with such networks and devices and require modifications to our hardware. If we are unable to ensure that our hardware continues to interoperate effectively with such networks and devices, or if doing so is costly, our business may be seriously harmed.

Our business depends on a strong and trusted brand, and any failure to maintain, protect and enhance our brand would harm our business.

We have developed a strong and trusted brand, highly linked to the reputation and public image of UOL, our controlling shareholder, which has contributed significantly to the success of our business. Our brand is predicated on the idea that sellers and buyers will trust us and find value in building and growing their businesses with our products and services. Maintaining, protecting and enhancing our brand are critical to expanding our base of sellers, buyers and other third-party partners, as well as increasing engagement with our products and services. This will depend largely on our ability to maintain trust, be a technology leader, and continue to provide high-quality and secure products and services. Any negative publicity about our industry, our company or UOL, our controlling shareholder, the quality and reliability of our products and services, our risk management processes, changes to our products and services, our ability to effectively manage and resolve seller and buyer complaints, our privacy and security practices, litigation, regulatory activity, the experience of sellers and buyers with our products or services, and changes in the public opinion of UOL, could harm our reputation and the confidence in and use of our products and services. Harm to our brand can arise from many sources, including failure by us or our partners to satisfy expectations of service and quality; inadequate protection of sensitive information; compliance failures and claims; litigation and other claims; employee misconduct; and misconduct by our partners, service providers or other counterparties. If we do not successfully maintain a strong and trusted brand, our business could be seriously harmed.

Our business is subject to extensive government regulation and oversight and our status under these regulations may change. Violation of or non-compliance with present or future regulations could be costly, expose us to substantial liability and force us to change our business practices, any of which could seriously harm our business and results of operations.

The Central Bank has duly authorized PagSeguro Brazil and MOIP to operate as payment institutions, and it has authorized BancoSeguro S.A., or BancoSeguro, to operate as a financial institution. Both PagSeguro Brazil and MOIP are licensed by the Central Bank as payment institution issuers of electronic currency and as acquirers. PagSeguro Brazil's authorization to operate under such categories was issued by the Central Bank on October 17, 2018, and, on March 18, 2019 PagSeguro was authorized by the Central Bank to operate as a payment institution issuer of post-paid instruments (such as credit cards) within third-party payment schemes. Currently, our digital payments activity performed by PagSeguro Brazil and MOIP as payment scheme settlors is exempt from authorization. In March 2023, the Central Bank authorized PagInvest Pagbank to operate as a securities broker-dealer (*corretora de títulos e valores mobiliários*). Registration with the CVM is required for PagInvest to commence its operations, and such registration is still pending. Our investment related activities in the securities market are currently carried out by BancoSeguro through our investment platform.

In addition, early payment of receivables is part of our activities. Law No. 12,865/2013 prohibits payment institutions such as PagSeguro Brazil and MOIP from performing activities that are limited to financial institutions. There is some debate under Brazilian law as to whether providing early payment of receivables to merchants could be characterized as "lending," which is an activity that is limited to financial institutions. Similarly, there is some debate as to whether the discount rates applicable to this early payment feature should be considered as "interest," in which case the limits set by the Brazilian Usury Law would apply to these rates. In this context, the Central Bank Office of Legal Counsel *(Procuradoria-Geral do Banco Central*) issued a legal opinion in which it concluded that: (i) the advance of payments of trade receivables (credit card installment receivables backed by executed and paid transactions) to merchants relates to the early payment of an obligation and should not be confused with activities of financial institutions; and (ii) discount rates applicable to this prepayment mechanism are subject to the limits set forth in the Brazilian Usury Law. If new laws are enacted or the courts' interpretation of this activity changes, either preventing us from providing early payments of receivables to merchants or limiting the fees we usually charge, our financial performance could be negatively affected. For further information regarding these regulatory matters, see "Item 4. Information on the Company—Regulation—Regulation of the digital payments industry in Brazil."

BancoSeguro is licensed in Brazil as a multi-purpose bank, with commercial and investment banking portfolios. As a financial institution, BancoSeguro is subject to Law No. 4,595/1964 and the rules issued by the National Monetary Council (the Conselho Monetário Nacional, or CMN), and the Central Bank. Brazilian financial institutions are subject to extensive government regulations, including those relating to: (i) minimum capital requirements; (ii) compulsory deposits/reserve requirements; (iii) investment requirements in fixed assets; (iv) lending limits and other credit restrictions; (v) accounting and statistical requirements; (v) price and salary controls; and (vi) tax policy and regulation. Additionally, within the scope of its investment banking portfolio, BancoSeguro, through our investment platform, acts as a distributor of securities (currently, third party investment funds) and as an intermediary in securities markets, and in this regard BancoSeguro is regulated and supervised by the Brazilian Securities Commission (Comissão de Valores Mobiliários, or CVM), in accordance with Law No. 6,385/1976 and the rules issued by CVM and by *BSM Supervisão de Mercados* (the self-regulatory division of the Brazilian stock exchange, the B3).

Brazilian payment institutions and financial institutions have no control over government regulations applicable to their activities. Any changes in such regulations could adversely affect BancoSeguro's, MOIP's and PagSeguro Brazil's operations and financial results.

Furthermore, if we are found to be in violation of any current or future regulations, we could be (i) required to pay substantial fines (including per transaction fines) and disgorgement of our profits, (ii) required to change our business practices, or (iii) subjected to resolution regimes such as an intervention by the Central Bank and the out-of-court liquidation. We could also be subject to private lawsuits. Any of these consequences could seriously harm our business and results of operations.

We are subject to costs and risks associated with increased or changing laws and regulations affecting our business, including those relating to the sale of consumer products. Specifically, developments in data protection and privacy laws could harm our business, financial condition, results, or operations.

We operate in a complex regulatory and legal environment that exposes us to compliance and litigation risks and that could materially affect our results of operations. These laws may change, sometimes significantly, as a result of political, economic or social events. Some of the federal, state or local laws and regulations that affect us include: those relating to consumer products, product liability or consumer protection; those relating to the manner in which we advertise, market or sell products; labor and employment laws, including wage and hour laws; tax laws or interpretations thereof; data protection and privacy laws and regulations; and securities and exchange laws and regulations. For instance, data protection and privacy laws are developing to consider the changes in cultural and consumer attitudes towards the protection of personal data. There can be no guarantee that we will have sufficient financial resources to comply with any new regulations or successfully compete in the context of a shifting regulatory environment. Any additional privacy laws or regulations could seriously harm our business, financial condition or results of operations.

Changes in tax laws, tax incentives, benefits or differing interpretations of tax laws may adversely affect our results of operations.

Changes in tax laws, regulations, related interpretations and tax accounting standards in Brazil, the Cayman Islands or the United States may result in a higher tax rate on our earnings, which may significantly reduce our profits and cash flows from operations. For example, in 2015 the Brazilian government increased the rate of PIS/COFINS tax (which is a social contribution on gross revenues) from 0% to 4.65% on financial income realized by Brazilian companies that are taxed under the non-cumulative regime (which is the tax regime that applies to us). In addition, our results of operations and financial condition may decline if certain tax incentives are not retained or renewed. For example, Brazilian Law No. 11,196 currently grants tax benefits to companies that invest in research and development, provided that some requirements are met, which significantly reduces our annual income tax expense. On the other hand, if taxes applicable to our business increase or any tax benefits are revoked and we cannot alter our cost structure to pass our tax increases on to customers, our financial condition, results of operations and cash flows could be harmed. Our payment processing activities are also subject to a Municipal Tax on Services (*Imposto Sobre Serviços*), or ISS. Any increases in ISS rates would also harm our profitability.

In addition, Brazilian government authorities at the federal, state and local levels are considering changes in tax laws to cover budgetary shortfalls resulting from the economic downturn in Brazil. If these proposals are enacted they may harm our profitability by increasing our tax burden, increasing our tax compliance costs, or otherwise affecting our financial condition, results of operations and cash flows. Some tax rules related to the collection, ancillary obligations or changes in the applicable tax rates in Brazil may be amended by the authorities without prior notice or a transition period for implementation. We may not always be aware of all such changes that affect our business and we may therefore inadvertently fail to pay the applicable taxes or otherwise comply with tax regulations, which may result in additional tax assessments, penalties and interests for our company. In this sense, we are involved in tax proceedings based on differences of interpretation between us and the Brazilian tax authorities regarding tax laws and regulations. For further information, see "Item 8. Financial Information—Tax and Social Security Proceedings."

At the municipal level, the Brazilian government enacted Supplementary Law No. 157/2016, which imposed changes regarding the taxes applied to services we render. Once these changes are enforced, our taxes will be due in the municipality in which the acquirer of our services is located, rather than in the municipality in which our facilities are located. This obligation took force in January 2018, but its enforcement has been delayed by Direct Unconstitutionality Action No. 5835, or the ADI, filed by taxpayers. The ADI challenges Supplementary Law No. 157/2016's constitutionality before the Brazilian Federal Supreme Court, or STF, arguing that the new legislation would adversely affect companies due to the increased costs and bureaucracy that would come with making ISS tax payments to several municipalities and complying with tax reporting obligations connected therewith. As a result, the STF granted an injunction to suspend the enforcement of Supplementary Law No. 157/2016. A final decision on this matter is currently pending. Moreover, the Brazilian government recently enacted Supplementary Law No. 175/2020, which implemented additional changes to the collection of ISS taxes on certain services, including debit or credit card services, and provided that ISS taxes due for the rendering of these services be paid to the municipality in which the recipient of the service is located. Despite the enactment of Supplementary Law No. 175/2020, due to the preliminary injunction that was granted by the STF in 2018 in response to the ADI, it can be argued that our obligation to pay ISS taxes to the municipality of our service's recipient is also currently suspended. It could therefore be argued that the legal basis that supports Supplementary Law No. 175/2020 is currently suspended and, as a result, the obligations set forth by this law shall be understood as suspended as well. Supplementary Law No. 175/2020 also provided that ISS taxes due should be reported by the 25th day of the month following the taxable event, using a standardized electronic system, in accordance with standards to be established by the Management Committee of Ancillary Obligations (*Comitê Gestor das Obrigações Acessórias*), or the CGOA. There is not established timeframe for the implementation of the new standardized electronic system that will be designed by CGOA, and the CGOA members were only appointed on January 18, 2021, through the enactment of Statement No. 01/2021, by the National Confederation of Municipalities. The expectation is that the issue will be decided by the Supreme Federal Court ("STF") in 2023.

Furthermore, we are subject to tax laws and regulations that may be interpreted differently by tax authorities, judicial or administrative courts and us. The application of indirect taxes, such as sales and use tax, value-added tax, or VAT, provincial taxes, goods and services tax, business tax and gross receipt tax, to businesses like ours is a complex and evolving issue. Significant judgment is required to evaluate applicable tax obligations. In many cases, the ultimate tax determination is uncertain because it is not clear how existing statutes apply to our business. One or more states, or municipalities, the federal government or other countries may seek to challenge the taxation or procedures applied to our transactions imposing the charge of taxes or additional reporting, record keeping or indirect tax collection obligations on businesses like ours. New taxes could also require us to incur substantial costs to capture data and to collect and remit taxes. If such obligations were imposed, the additional costs associated with tax collection, remittance and audit requirements could have a material adverse effect on our business and financial results.

The Brazilian government has been studying a substantial tax reform in Brazil. It is not possible to precisely predict if and how potential changes may affect our business, but it is advised that prospective investors consult their tax advisors for reviewing potential impacts associated with changes in the applicable tax law.

Failure to deal effectively with fraud, fictitious transactions, bad transactions or negative customer experiences would increase our loss rate and harm our business, and could severely diminish merchant and consumer confidence in and use of our services.

We incur losses and expenses due to claims from consumers that merchants have not performed or that their goods or services do not match the merchant's description. We seek to recover these losses and expenses from the merchant but may not be able to recover them in full when the merchant is unwilling or unable to pay. We also incur losses and expenses from claims that the consumer did not authorize the purchase, from consumer fraud and from erroneous transmissions. In addition, if the losses we incur related to card transactions become excessive, they could potentially result in a loss of our right to accept cards for payment. If we were unable to accept cards, the number of transactions processed through our platform would decrease substantially and our business would be harmed. We are also subject to the risk of fraudulent activity by merchants, consumers of products purchased through our platform, or third parties handling our user information. We take measures to detect and reduce the risk of fraud, but these measures need to be continually improved and may not be effective against new and continually evolving forms of fraud or in connection with new product offerings. If these measures fail, our business could be harmed.

Failure to maintain sufficient working capital could limit our growth and harm our business, financial condition and results of operations. Furthermore, we may offer new financial products and use new technologies that may have a negative impact on our liquidity by increasing our costs and risks associated with government regulation and investment in new technology.

We have significant working capital requirements, primarily driven by payment terms agreed with our merchant clients and the extended payment terms that they offer their customers. In our acquiring business, differences between the date when we pay our merchant clients and the date when we receive payments from card issuers may harm our liquidity and our cash flows. We expect our working capital needs to increase as our total transaction business increases. In order to finance our working capital needs, we have recently been entering into financing arrangements that decrease how long it takes us to collect our accounts receivable, and to increase how long we have to pay our accounts payable. In addition, we also use our full banking license to offer certificates of deposit (*Certificados de Depósito Bancário*), or CDs, through BancoSeguro primarily to fund our credit portfolio. We believe these financing arrangements and BancoSeguro's CDs allow us to gain access to capital faster and more cheaply than we would otherwise be able to. There can be no assurance that these types of financing arrangements will continue to be available to us on acceptable terms, or at all. We may also face liquidity constraints or financial stress in connection with outstanding CDs in the face of adverse macroeconomic conditions and threats to the international financial system, such as those following the Silicon Valley Bank closure and the distressed sale of Credit Suisse to UBS in March 2023. For more information of related risks, see "Risks Relating to our Business and Industry —Our operating results are affected by decreases in consumer discretionary spending. Changes in macroeconomic conditions may reduce the volume and prices of transactions on our payments platforms and harm our growth strategies and business prospects." If we do not have sufficient working capital, we may not be able to pursue our growth strategy, respond to competitive pressures or fund key strategic initiatives, such as the development of our sites, which may harm our business, financial condition and results of operations.

Furthermore, we may offer new financial products under BancoSeguro. The advent of new financial products could have a variety of consequences for us. New financial products and technologies may increase our costs and risks associated with government regulation and investment in new technology. The costs of compliance with regulation and upgrading our infrastructure and technology to provide financial services could be significant. For example, we recently started to offer a new service that allows our customers to buy, hold and sell quotas for investment funds in cryptocurrencies also managed by third parties. Through our investment platform, the digital asset management platform available for our clients, customers can invest in digital currencies through a new cryptocurrency investment fund. Any failure by us or our partners to maintain the necessary controls or to manage crypto assets and funds appropriately and in compliance with applicable regulatory requirements and cybersecurity considerations could result in potential loss of cryptocurrencies, reputational harm, regulatory enforcement actions, significant financial losses, lead customers to discontinue or reduce their use of our and our partners' products, and result in significant penalties and fines and additional restrictions, which could adversely impact our business, operating results, and financial condition. The significant regulatory uncertainty regarding crypto assets and crypto trading platforms, including in Brazil, may restrict, limit, regulate in excessive and burdensome manner the investment in crypto assets or prohibit the use of such assets and/or related transactions in different jurisdictions, which could adversely affect our activities, the manner in which we currently conduct some aspects of our business and, as a result, our financial condition, results of operations. Consequently, we are subject to potential litigation from clients who may lose their investments in cryptocurrency due to market volatility, or as a result of operational failures and from the uncertain regulatory landscape.

We rely on third parties and UOL, our largest shareholder, in many aspects of our business, which creates additional risk.

We rely on third parties in many aspects of our business, including, among others:

- networks, banks, payment processors, and payment gateways that link us to the payment card and bank clearing networks to process transactions;
- third parties that provide certain outsourced customer support and product development functions, which are critical to our operations; and
- third parties that provide facilities, infrastructure, components and services, including data center facilities and cloud computing.

The third parties that we rely on to process transactions may fail or refuse to process transactions adequately. Any of the third parties we use may breach their agreements with us, refuse to renew these agreements on commercially reasonable terms, take actions that degrade the functionality of our services, impose additional costs or requirements on us, or give preferential treatment to competing services. Financial or regulatory issues, labor issues, or other problems that prevent these third parties from providing services to us or our customers could harm our business. If our service providers do not perform satisfactorily, our operations could be disrupted, which could result in customer dissatisfaction, damage our reputation, and harm our business.

We rely on UOL, our largest shareholder, and its subsidiaries for several business services, particularly: telecommunications services; infrastructure, corporate, litigation and back-office services. UOL and its subsidiaries also provide us with advertising and media space and resell cloud services to us. For further details of these services, see "Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions."

Our failure to manage the assets underlying our customer funds properly could harm our business.

Our ability to manage and account accurately for the assets underlying our customer funds requires a high level of internal controls. As our business continues to grow and we expand our product offerings, we must continue to strengthen our internal controls accordingly. Our success requires significant public confidence in our ability to handle large and growing transaction volumes and amounts of customer funds. Any failure to maintain the necessary controls or to manage the assets underlying our customer funds accurately could severely diminish customer use of our products or result in penalties and fines, which could harm our business.

Increases in interest rates may harm our business

Processing consumer transactions made using credit cards, as well as providing early payment of receivables to merchants when consumers make credit card purchases in installments, both make up a significant portion of our activities. In general, when Brazilian interest rates increase, consumers are more likely to may choose to make fewer purchases using credit cards; and fewer merchants may decide to use our early payment of receivables feature if our overall financing costs require us to increase the discount rate we charge for this feature. Either of these factors could cause our business activity levels to decrease.

Following significant decreases in Brazilian and global interest rates from the start of the COVID-19 pandemic, in March 2021, the Central Bank began increasing the SELIC interest rate, which was 2% p.a. at the beginning of 2021 and rose to 13.75% p.a. in December 2022. In March 2023, the SELIC rate remained at this level of 13.75% p.a. This increase resulted in a significant reduction in our margin, and in October 2021, we decided to raise the prices we charge our merchants, mainly affecting merchants who were benefiting from promotional prices. Implementing these price increases has been done over a period of time, and we intend to offset a portion of the resulting cost increases such that we maintain a rate of customer churn close to our historical levels. We began adjusting our merchants' prices in April 2022 and gradually implemented additional pricing adjustments throughout the second and third quarters of 2022. These adjustments mainly affected merchants which benefited from promotional prices. Further increases in the Brazilian interest rate levels and other factors could lead us to implement further price increases, which could have an adverse effect on our business and financial results.

The e-commerce market in Brazil is developing, and the expansion of our business depends on the continued growth of e-commerce, as well as increased availability, quality and usage of the internet in Brazil.

Our future revenues from digital payments depend substantially on consumers' widespread acceptance and use of the internet to conduct commerce. Rapid growth in the use of the internet (particularly to provide and purchase products and services) is a relatively recent phenomenon in Brazil and we cannot assure you that this rapid growth of acceptance and usage will continue.

Internet penetration in Brazil may never reach the levels seen in more developed countries for reasons that are beyond our control, including the lack of necessary network infrastructure or delayed development of enabling technologies, performance improvements and security measures. The infrastructure for the internet in Brazil may not be able to support continued growth in the number of users, their frequency of use or their bandwidth requirements. Delays in telecommunication and infrastructure development or other technology shortfalls may impede improvements in internet reliability in Brazil. If telecommunications services are not sufficiently available to support the growth of the internet in Brazil, response times could be slower, which would reduce internet usage and harm our services. In addition, even if internet penetration in Brazil increases, this may not lead to growth in e-commerce due to several factors, including lack of confidence by users in online security.

Furthermore, the price of internet access and internet-connected devices, such as personal computers, tablets, mobile phones and other portable devices, may limit our growth, particularly in parts of Brazil with low levels of income. Income levels in Brazil are significantly lower than in the United States and other more developed countries, while prices of both portable devices and internet access in Brazil are higher than in those countries. Income levels in Brazil may decline and device and access prices may increase in the future.

Any of these factors could limit our ability to generate revenues in future.

Our quarterly results of operations and operating metrics may fluctuate and are unpredictable and subject to seasonality, which could result in the price of our Class A common shares being unpredictable or declining.

Our quarterly results of operations may vary significantly and are not necessarily an indication of future performance. These fluctuations may be due to a variety of factors, some of which are outside of our control and may not fully reflect the underlying performance of our business. In addition, we operate in a somewhat seasonal industry, which tends to experience relatively fewer transactions in the first quarters of the year, increased activity as the year-end holiday shopping season initiates, and fewer transactions after the year-end holidays. In addition, businesses operating in Brazil, such as ours, tend to experience relatively fewer transactions during certain international sporting events.

Factors that may cause fluctuations in our quarterly results of operations include our ability to attract and retain customers; the timing, effectiveness and costs of expansion and upgrades of our systems and infrastructure, as well as the success of those expansions and upgrades; the outcomes of legal proceedings and claims; our ability to maintain or increase revenue, gross margins and operating margins; our ability to continue introducing new services and to continue convincing customers to adopt additional offerings; increases in and timing of expenses that we may incur to grow and expand our operations and to remain competitive; period-to-period volatility related to fraud and risk losses; system failures resulting in the inaccessibility of our products and services; changes in the regulatory environment, including with respect to security, privacy or enforcement of laws and regulations by regulators, including fines, orders, or consent decrees; changes in global business or macroeconomic enforcement of laws and regulations by regulators, including fines, orders, or consent decrees; changes in global business conditions; general retail buying patterns; and the other risks described in this annual report. Future fluctuations in quarterly results may mean that our business is less predictable and may harm the trading price of our Class A common shares.

Our business could be harmed if we are unable to forecast demand for our products accurately or to manage our product inventory adequately.

With the goal of increasing our transaction business and POS device offerings, we invest broadly in our POS unit technology. Our products, such as the Moderninha and the Minizinha, often require investments with long lead times. An inability to forecast the success of a particular product correctly could harm our business. We must forecast inventory needs and expenses and place orders sufficiently in advance with our third-party suppliers and contract manufacturers based on our estimates of future demand for products. Our ability to forecast demand for our products could be affected by many factors, including an increase or decrease in demand for our products or for our competitors' products, unanticipated changes in general market conditions, and the change in economic conditions.

If we underestimate demand for a particular product, our contract manufacturers and suppliers may not be able to deliver enough product to meet our requirements, and we may experience a shortage of that product available for sale or distribution. The shortage of a popular product could seriously harm our brand, our seller relationships, the acquisition of additional sellers and our total transaction business. If we overestimate demand for a particular product, we may have excess inventory for that product and the excess inventory may become obsolete or out of date. Inventory levels more than demand may lead us to write down or write off the inventory or sell excess inventory at further discounted prices, which could harm our profit and our business.

Some of the key components of our POS devices are sourced from a limited number of suppliers. We are therefore at risk of shortage, price increases, changes, delay or discontinuation of key components, which could disrupt and harm our business.

Some of the key components used to manufacture our POS devices, such as the chip and pin reader, come from limited sources of supply. In addition, although we are expanding our range of POS devices derived from different providers, we currently rely on one manufacturer to manufacture, test and assemble a significant amount of our POS devices. The agreements for the components used to manufacture our POS devices are entered into directly by the manufacturer of our POS devices and we do not have agreements with these suppliers. In particular, we entered into an Agreement for the Supply of Equipment on June 26, 2014, as amended from time to time, with PAX BR Comércio de Equipamentos de Informática Ltda., or PAX Brazil, Transire Fabricação de Componentes Eletrônicos Ltda., or Transire Brazil, and Net+Phone Telecomunicações Ltda, or Net+Phone, which sets forth the types of POS devices to be sold by PAX Brazil, Transire Brazil and Tec Toy S.A., or Tectoy, to us and the standard terms and conditions governing this supply of POS devices. PAX Brazil, Transire Brazil and Tectoy together serve as our main supplier of POS devices. Consideration payable to PAX Brazil, Transire Brazil and Tectoy under this agreement is determined by the number of POS devices ordered by us.

In October 2021, media reports disclosed an investigation by U.S. authorities into the activities of PAX Technology. We do not have direct commercial arrangements with PAX Technology, but rather we purchase the POS device hardware – not software – from local assemblers in Brazil that buy the components from PAX Technology and certain other suppliers. Different from other companies in the sector, we (as an acquirer) develop and install the software on the POS devices that we source from third-party suppliers in order to provide us with greater control over related data and security features of our services using POS devices, and we do not exchange any information regarding our customers, merchants or transactions with other third-party suppliers. However, we understand that the PAX Technology investigation is ongoing, and it ultimately could have an adverse impact on the global market for POS devices and related components, which in turn could have a negative effect on our business, reputation or financial results.

We are subject to anticorruption, anti-bribery and anti-money laundering laws and regulations, and any errors, failures, or delays in complying with anticorruption, anti-bribery and anti-money laundering laws and regulations could result in significant criminal, administrative and civil lawsuits, penalties, forfeiture of significant assets, or other enforcement actions, as well as reputational harm.

We are subject to various anticorruption, anti-bribery and anti-money laundering laws and regulations that prohibit, among other things, our involvement in improper payments to certain public officials for the purpose of obtaining advantages or in transferring the proceeds of criminal activities. We have programs designed to comply with new and existing legal and regulatory requirements. However, any errors, failures, or delays in complying with anticorruption, anti-bribery and anti-money laundering laws and regulations could result in significant criminal, administrative and civil lawsuits, penalties, forfeiture of significant assets, or other enforcement actions, as well as reputational harm.

Regulators may increase enforcement of these obligations, which may require us to further revise or expand our compliance program, including the procedures we use to verify the identity of our customers and to monitor our transactions. Regulators regularly re-examine the transaction volume thresholds at which we must obtain and keep applicable records or verify identities of customers and any change in such thresholds could result in greater costs for compliance. Costs associated with fines or enforcement actions, changes in compliance requirements, or limitations on our ability to grow could harm our business and any new requirements or changes to existing requirements could impose significant costs, result in delays to planned product improvements, make it more difficult for new customers to join our network and reduce the attractiveness of our products and services.

The loss of any member of our management team and our inability to make up for such loss with a qualified, replacement could harm our business.

Our business depends upon the efforts and skill of our senior management, who has played an important role in shaping our company culture. Our future success depends to a significant extent on the continued service of our senior management team, who are critical to the development and the execution of our business strategies. Any member of our senior management team may leave us to set up or work in businesses that compete with ours. There is no guarantee that the compensation arrangements and non-competition agreements we have entered with our senior management team are sufficiently broad or effective to prevent them from resigning in order to set up or join a competitor, or that the non-competition agreements would be upheld in a court of law. In the event that a number of our senior management members leave our company, we may have difficulty finding suitable replacements, which could seriously harm us.

Our future success also depends on our ability to identify, attract, hire, train, retain, motivate and manage other highly skilled technical, managerial, information technology, marketing, product, risk management and customer service personnel. Competition for these personnel is intense, and we may not be able to successfully attract, hire, train, retain, motivate and manage sufficiently qualified personnel.

We partially rely on card issuers or card schemes to process our transactions. Changes to credit card scheme fees, rules or practices may harm our business.

We partially rely on card issuers or card schemes to process our transactions and must pay a fee for this service. From time to time, card schemes such as MasterCard and Visa may increase the interchange fees that they charge for each transaction using one of their cards. Credit card processors have the right to pass any increases in interchange fees on to us as well as increase their own fees for processing. In addition, card schemes have imposed and may again impose special assessments for transactions that are executed through a "digital wallet," and these fees could particularly affect us and significantly increase our costs. These increased fees increase our operating costs and reduce our profit margins.

We are also required by credit card schemes to comply with their operating rules. The credit card schemes and their member banks set and interpret these rules. The bank accounts offered by those member banks compete with our digital account services. Visa, MasterCard, American Express, Elo or other credit card companies could adopt new operating rules or reinterpret existing rules that we or our processors might find difficult or even impossible to follow. As a result, we could lose our ability to provide our customers the option of using credit cards to fund their payments and our users the option to pay their fees using a credit card. If we were unable to accept credit cards, our business would be seriously harmed.

We could lose the right to accept credit cards or could be required to pay fines if credit card schemes such as MasterCard or Visa determine that users are using our platform to engage in illegal or "high risk" activities, or if users generate a large volume of chargebacks related to fraudulent transactions. Additionally, we may be unable to access financing in the credit and capital markets at reasonable rates to fund our operations and for that reason our profitability and total transaction business could decline significantly.

We might not successfully implement strategies to increase adoption of our digital payment methods, which would limit our growth.

Our future profitability will depend, in part, on our ability to successfully implement our strategy to increase adoption of our digital payment methods. We cannot assure you that the market for digital payments will continue to grow or will remain viable. We expect to invest substantial amounts to:

- drive consumer and merchant awareness of digital payments;
- encourage consumers and merchants to sign up for and use our digital payment products;
- enhance our infrastructure to handle seamless processing of transactions;
- continue to develop state of the art, easy-to-use technology;
- expand our operations;
- increase the number of users who collect and pay digitally; and
- grow and diversify our customer base.

Despite these investments, we may fail to implement these programs successfully or to increase substantially the number of customers who pay for our digital payment methods. This would hold back any growth in our revenues and harm our business.

If we fail to establish and maintain proper and effective internal controls over financial reporting, our results of operations and our ability to operate our business may be harmed.

We are subject to the Sarbanes-Oxley Act, which requires, among other things, that we establish and maintain effective internal controls over financial reporting and disclosure controls and procedures. Under the SEC's current rules, we have been required to perform system and process evaluation and testing of our internal controls over financial reporting to allow management to assess the effectiveness of our internal controls since 2018. Our testing may reveal deficiencies in our internal controls that are deemed to be material weaknesses or significant deficiencies and render our internal controls over financial reporting ineffective. If we are not able to comply with these requirements in a timely manner, or if we or our management identifies material weaknesses or significant deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses, the market price of our Class A common shares may decline and we may be subject to investigations or sanctions by the SEC, the Financial Industry Regulatory Authority, Inc., or FINRA, or other regulatory authorities. In addition, we may be required to expend significant management time and financial resources to correct any material weaknesses that may be identified or to respond to any regulatory investigations or proceedings.

Our operating results are affected by decreases in consumer discretionary spending. Changes in macroeconomic conditions may reduce the volume and prices of transactions on our payments platforms and harm our growth strategies and business prospects.

Our operating results are affected by the condition of the economy in Brazil and other countries around the world. Our business and financial performance may be harmed by current and future economic conditions that cause a decline in business and consumer spending, including a reduction in the availability of credit, increased unemployment levels, higher energy and fuel costs, rising interest rates, financial market volatility, and recession. These factors have been adversely affected by the COVID-19 pandemic in Brazil, which has caused increases in unemployment rates, inflation rates and energy and fuel costs, and interest rates, as well as significant financial market volatility. Recently, adverse developments in the financial services industry have caused instability and uncertainty for market outlooks. In March 2023, Silicon Valley Bank was closed by authorities and other financial institutions have also faced similar difficulties. Additionally, in March 2023, UBS entered into advanced negotiations to acquire Credit Suisse for a reported total of approximately US$3 billion after Credit Suisse faced further financial difficulties resulting from investor and customer uncertainty and liquidity and operational concerns, coupled with the effects and market turmoil caused by the Silicon Valley Bank closure. We cannot predict how the global economic outlook will continue to develop as a result of these recent developments or whether there will be additional bank closures, collapses or failures in the financial services industry, which may cause an adverse impact on macroeconomic conditions and the financial services industry, and consequently, affect our business and results of operations.

Furthermore, geopolitical instability arising from conflicts, such as the ongoing war in Ukraine, and the resulting imposition of sanctions, taxes or tariffs against Russia and Russia's response to such sanctions (including retaliatory acts, such as cyberattacks and sanctions against other countries) could adversely affect the global economy or specific international, regional and domestic markets, including the Brazilian market. Such events could have an adverse effect on our business and financial performance through increased worldwide inflation, greater compliance costs, higher volatility in foreign currency exchange rates, destabilized supply chains and further market disruptions, including from cyberattacks targeting technologies that we rely on or the markets in which we or our customers operate.

As a business that depends on consumer discretionary spending, we may suffer harm if our merchants' customers reduce their purchases due to continued job losses, foreclosures, bankruptcies, higher consumer debt and interest rates, reduced access to credit, lower consumer confidence, uncertainty or changes in tax policies and tax rates. Decreases in customer traffic or average value per transaction negatively affect our financial performance, and a prolonged period of depressed consumer spending could seriously harm our business. Promotional activities and decreased demand for consumer products, including higher-end products, could affect our profitability. The potential effects of the ongoing economic crisis in Brazil are difficult to forecast and mitigate. Any of the foregoing could seriously harm our business, results of operations and financial condition and could cause the trading price of our Class A common shares to decline.

A failure to comply with export controls or economic sanctions laws and regulations could have a material adverse impact on our results of operations, financial condition and reputation.

We face risks related to compliance with export controls (which can apply to software and technology) and economic sanctions laws and regulations, including those administered by the United Nations, the European Union and the United States, including the U.S. Treasury Department's Office of Foreign Assets Control. Economic sanctions programs, if applicable, would restrict our dealings with certain sanctioned countries, territories, individuals and entities. Export controls restrict the export or transfer of certain goods, technology, and software to certain end-users or locations. Economic sanctions and export controls are complex, frequently changing, and often increase in number, and may impose incremental prohibitions, fines, restrictions on dealings with or involving additional countries, territories, individuals, entities or items or compliance obligations on our dealings in certain countries and territories or involving certain items. We may not be successful in ensuring compliance with limitations or restrictions on business with companies in any sanctioned countries and/or other sanctions targets, and we could potentially become targeted by sanctions as a result of such business even where such business was conducted in compliance with applicable laws and regulations. If we are found to be in violation of applicable sanctions or export controls laws or regulations or to have engaged in sanctionable conduct, we may face criminal or civil fines or other penalties, we may suffer reputational harm and our results of operations and financial condition may be adversely affected.

Additionally, there can be no assurance that our employees, directors, officers, partners or any third parties that we do business with, including, among others, any distributors or suppliers, will not violate sanctions or export controls laws and regulations or engage in sanctionable conduct. We may ultimately be held responsible for any such violation of sanctions or export controls laws and regulations, or sanctionable conduct, by these persons, which could result in criminal or civil fines or other penalties, have a material adverse impact on our results of operations and financial condition and damage our reputation.

Customer complaints or negative publicity about our customer service could reduce usage of our products and, as a result, our business could suffer.

Customer complaints or negative publicity about our customer service could severely diminish consumer confidence in and use of our products. Breaches of our customers' privacy and our security measures could have the same effect. Measures we sometimes take to combat risks of fraud and breaches of privacy and security, such as freezing customer funds, can damage relations with our customers. These measures heighten the need for prompt and accurate customer service to resolve irregularities. Effective customer service requires significant expenses, which, if not managed properly, could affect our profitability significantly. Any inability by us to manage or train our customer service representatives properly could compromise our ability to handle customer complaints effectively. If we do not handle customer complaints effectively, our reputation may suffer and we may lose our customers' confidence.

We are susceptible to illegal or improper uses of our platform, which could expose us to additional liability and harm our business.

We, like our platforms, are susceptible to potentially illegal or improper uses. These may include illegal online gambling, fraudulent sales of goods or services, illicit sales of prescription medications or controlled substances, software and other intellectual property piracy, money laundering, bank fraud, cyberattacks, child pornography, trafficking, terrorist financing, prohibited sales of alcoholic beverages and tobacco products and online securities fraud. The owners of intellectual property rights or government authorities may seek to bring legal action against us if our platform is used for the sale of infringing items. These claims could result in reputational harm and any resulting liabilities, loss of transaction volume or increased costs could harm our business.

In addition, our services could be subject to unauthorized credit card use, identity theft, employee fraud or other internal security breaches. We may incur significant costs to protect against the threat of information security breaches or to respond to or alleviate problems caused by any breaches. Laws may require us to notify regulators, customers or employees of security breaches and we may be required to reimburse customers or banks for any funds stolen because of any breaches or to provide credit monitoring or identity theft protection in the event of a privacy breach. These requirements, as well as any additional restrictions that may be imposed by credit card companies, could raise our costs significantly and reduce our attractiveness.

In addition to the direct costs of such losses, if they are related to credit card transactions and become excessive they could result in us losing the right to accept credit cards for payment. Since credit cards are the most widely used method for our customers to pay for the products we sell, our business will be harmed if we are unable to accept credit cards.

Unauthorized disclosure of sensitive or confidential customer information or our failure or the perception by our customers that we failed to comply with privacy laws or properly address privacy concerns could harm our business and standing with our customers.

We collect, store, process, and use certain personal information and other user data in our business. A significant risk associated with e-commerce and communications is the secure transmission of confidential information over public networks. The perception of privacy concerns, whether or not valid, may harm our business and results of operations. We must ensure that all processing, collection, use, storage, dissemination, transfer and disposal of data for which we are responsible comply with relevant data protection and privacy laws. The protection of our customer, employee and company data is critical to us. Currently, a number of our users authorize us to bill their credit card accounts directly. We rely on commercially available systems, software, tools and monitoring to provide secure processing, transmission and storage of confidential customer information, such as credit card and other personal information. Despite the security measures, we have in place, our facilities and systems, and those of our third-party service providers, may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, or other similar events. For example, in 2021, we experienced a cyberattack that targeted our subsidiary MOIP. For more information about that incident, see "Our business is subject to cyberattacks and security and privacy breaches." We continue to monitor and review, on an ongoing basis, our IT systems, policies and security in an effort to avoid or remedy weaknesses, vulnerabilities or deficiencies. For more information, see "Item 4. Information on the Company—Protecting Our Clients—2021 MOIP Cybersecurity Incident."

Any future security breach, or any perceived failure involving the misappropriation, loss or other unauthorized disclosure of confidential information, as well as any failure or perceived failure to comply with laws, policies, legal obligations or industry standards regarding data privacy and protection, whether by us or our vendors, could damage our reputation, expose us to litigation risk and liability, subject us to negative publicity, disrupt our operations and harm our business. Our security measures and remedial actions to address past cyberattacks may fail to prevent future security breaches, which could harm our business and financial results.

We have only a limited ability to protect our intellectual property rights, which are important to our success.

We believe the protection of our intellectual property, including our trademarks, patents, copyrights, domain names, trade dress, and trade secrets, is critical to our success. We seek to protect our intellectual property rights by relying on applicable laws and regulations, as well as a variety of administrative procedures. We also rely on contractual restrictions to protect our proprietary rights when offering or procuring products and services, including confidentiality agreements with parties with whom we conduct business.

However, contractual arrangements and other steps we have taken to protect our intellectual property may not prevent third parties from infringing or misappropriating our intellectual property or deter independent development of equivalent or superior intellectual property rights by others. Trademark, copyright, patent, domain name, trade dress and trade secret protection are expensive to maintain and may require litigation. Protecting our intellectual property rights and other proprietary rights is expensive and time-consuming and may not be successful in every jurisdiction. Also, we may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. We have licensed certain of our proprietary rights, such as trademarks or copyrighted material, to others in the past, and expect to do so in the future. These licensees may take actions that diminish the value of our proprietary rights or harm our reputation. Any failure to protect or enforce our intellectual property rights adequately, or significant costs incurred in doing so, could materially harm our business.

As the number of products in the software industry increases and the functionalities of these products further overlap, and as we acquire technology through acquisitions or licenses, we may become increasingly subject to infringement claims, including patent, copyright, and trademark infringement claims. We may be required to enter into litigation to determine the validity and scope of the patents or other intellectual property rights of others. The ultimate outcome of any allegation is uncertain and, regardless of the outcome, any such claim, with or without merit, may be time-consuming, result in costly litigation, divert management's time and attention from our business, require us to stop selling, delay shipping, or redesign our products, or require us to pay substantial amounts to satisfy judgments or settle claims or lawsuits or to pay substantial royalty or licensing fees, or to satisfy indemnification obligations that we have with some of our customers. Our failure to obtain necessary license or other rights, or litigation or claims arising out of intellectual property matters, may harm our business.

If we continue to grow, we may not be able to appropriately manage the increased size of our business.

We are currently experiencing a period of significant expansion and anticipate that further expansion will be required to address potential growth in our customer base and market opportunities.

We must constantly add new hardware, update software, enhance and improve our billing and transaction systems, and add and train new engineers and other personnel to accommodate the increased use of our platforms and the new products and features we regularly introduce. This upgrade process is expensive, and the increasing complexity and enhancement of our website and mobile app results in higher costs. Failure to upgrade our technology, features, transaction processing systems, security infrastructure, or network infrastructure and customer channels or interfaces to accommodate increased traffic or transaction volume could harm our business. Adverse consequences could include unanticipated system disruptions, slower response times, degradation in levels of customer support, impaired quality of users' experiences of our services and delays in reporting accurate financial information.

Our revenues depend on prompt and accurate transaction processes. Our failure to grow our transaction-processing capabilities to accommodate the increasing number of transactions that must be billed on our website would harm our business and our ability to collect revenue. Furthermore, we may need to enter into relationships with various strategic partners, websites and other online service providers and other third parties necessary to our business. The increased complexity of managing multiple commercial relationships could lead to execution problems that can affect current and future revenues, and operating margins.

We cannot assure you that our current and planned systems, procedures and controls, personnel and third-party relationships will be adequate to support our future operations. In addition, our current expansion has placed a significant strain on management and on our operational and financial resources, and this strain is expected to continue. Our failure to manage growth effectively could seriously harm our business, results of operations and financial condition.

BancoSeguro, PagSeguro Brazil and MOIP may have insufficient capital to meet the capital requirements of the CMN and the Central Bank.

Brazilian financial institutions must comply with the rules of the CMN and the Central Bank on capital adequacy, including minimum capital, which generally follow the Basel III regulatory framework. We cannot guarantee that BancoSeguro, upon increasing its operations, will have sufficient funds or resources available for its capitalization in the future, which could result in its inability to meet the capital adequacy requirements of the CMN and the Central Bank.

In addition, non-compliance with capital adequacy requirements may adversely affect BancoSeguro's ability to distribute dividends and interest on equity to shareholders and may adversely affect its ability to operate and lend, which could cause BancoSeguro to sell its assets or take other measures that may adversely affect BancoSeguro's, and consequently our, operating results and financial condition. If BancoSeguro were not able to comply with these capital adequacy requirements, regulators may impose sanctions on BancoSeguro, including administrative proceedings, fines, disqualification of directors and even withdrawal of authorization, which could have a material adverse effect on BancoSeguro's, and consequently our, operations and financial conditions.

Moreover, the Central Bank recently enacted a set of new rules applicable to payment institutions, increasing the capital and prudential requirements to which we are subject. This framework includes Central Bank Resolutions No. 197/22, 198/22, 199/22, 200/22, 201/22 and 202/22, all issued on March 11, 2022. These new prudential requirements will be enforceable according to their respective implementation calendar, which states that the new rules will come into force in July 2023, and full implementation will take place in January 2025. We may be subject to more strict prudential requirements as a result of this new regulatory framework.

Under this new regulation, certain of the Brazilian operating entities in our Group structure composed of BancoSeguro, PagSeguro Brazil and MOIP, will be classified as a Type 3 conglomerate, which is defined as a prudential conglomerate led by a payment institution and integrated by a financial institution or other institution authorized to operate by the Central Bank subject to Law No. 4,595/64. For additional information, see "Item 4.—Regulation—Regulation of the Payment Industry in Brazil—Recent Developments on Regulatory Capital Requirements for Payment Institutions".

If BancoSeguro, PagSeguro Brazil and MOIP are not able to comply with the new regulatory capital requirements, the Central Bank may impose sanctions on these entities, which could have a significant adverse effect on our operations and financial conditions.

BancoSeguro's, PagSeguro Brazil's and MOIP's businesses are highly dependent on the current Brazilian regulatory environment, and changes in regulation may affect our results and the development of our activities.

The Brazilian government has historically implemented or modified regulations that affect Brazilian financial institutions and payment institutions as part of its economic policy implementation. Such regulations are continuously modified by the Brazilian government to control credit availability and to reduce or increase consumption, among other objectives. Some of these controls are temporary in nature and may be modified from time to time in accordance with Brazilian government credit policies. Other controls have been introduced and have either remained stable or were gradually reduced. Such changes may adversely affect BancoSeguro's, PagSeguro Brazil's and MOIP's, and consequently our, future operations and revenues.

The growth of our credit portfolio of transactions through BancoSeguro could increase the default rates in our total portfolio, and the systems and methods of identification, analysis, management and control of risks related to our customer portfolio could be insufficient to prevent losses.

BancoSeguro may expand its credit portfolio of transactions, increasing the origination and approval of new transactions, which could lead to an increase in late payments, default rates and expenses related to provisions, which would negatively affect our results of operations. Changes in interest rates and other variable market indexes could negatively affect our financial results. Our success depends on, among other factors, the balance between the risks and returns. We conduct credit checks on each of our customers to assess their risk profile, but we cannot assure you that our risk management systems will be sufficient to prevent losses from undetected risks in our customer portfolio, which could have a material adverse effect on our results of operations and financial condition.

Our financial success is sensitive to the method consumers choose to make payments, since these methods differ in profitability. Our profitability could be harmed if there is an increase in the proportion of our business funded using less profitable methods.

In connection with our acquiring business, we pay transaction fees to card schemes, banks and other intermediaries that vary according to the method chosen by consumers to fund payment transactions. These transaction fees are higher when consumers fund payments using credit cards, and lower when consumers fund payments with debit cards. Transaction fees are nominal when customers fund payment transactions by digital transfer of funds from bank accounts, and we pay no fees when customers fund payment transactions from an existing PagSeguro account balance. Our financial success is therefore sensitive to changes in the proportion of our business funded by consumers using credit, debit and prepaid cards, which would increase our costs if we were unable to adjust the rates we charge our customers accordingly. Consumers may resist funding payments by digital transfers from bank accounts because of the incentives offered by credit cards, for example, or general concerns about providing bank account information to a third party.

In connection with our issuing business, we earn interchange revenues that vary according to the type of card that we issue to our customers (a credit, debit or prepaid card). These interchange fees are subject to the terms defined by the card schemes, and in certain cases, these fees may also be subject to terms defined by regulators. Thus, our business and financial condition may be negatively affected by the terms of interchange fees established by card schemes and regulators.

As our payments ecosystem, merchant services and banking solutions include both acquiring and issuing business activities, changes in interchange rates that may negatively affect one side of our business may also positively affect the other side of our business. However, we cannot ensure that this correlation will offset a negative overall impact on our business and financial condition because of such variations in interchange rates and payment methods utilization mix.

We may face restrictions and penalties under the Brazilian Consumer Protection Code in the future.

Brazil has a series of strict consumer protection laws, referred to together as the Consumer Protection Code (*Código de Defesa do Consumidor*). These laws apply to all companies in Brazil that supply products or services to Brazilian consumers. They include protection against misleading and deceptive advertising, protection against coercive or unfair business practices and protection in the formation and interpretation of contracts, usually in the form of civil liabilities and administrative penalties for violations. These penalties are often levied by the Brazilian Consumer Protection Agencies (*Fundação de Proteção e Defesa do Consumidor*, or PROCONs), which oversee consumer issues on a district-by-district basis. Companies that operate across Brazil may face penalties from multiple PROCONs, as well as from the National Secretariat for Consumers (*Secretaria Nacional do Consumidor*, or SENACON). Companies may settle claims made by consumers via PROCONs by paying compensation for violations directly to consumers and through a mechanism that allows them to adjust their conduct, called a conduct adjustment agreement (*Termo de Ajustamento de* Conduta, or TAC). Brazilian Public Prosecutors may also commence investigations of alleged violations of consumer rights, and the TAC mechanism is also available as a sanction in those proceedings. Companies that violate TACs face potential automatic fines. Brazilian Public Prosecutors may also file public civil actions against companies who violate consumer rights, seeking strict observation of the consumer protection laws and compensation for any damages to consumers.

As of December 31, 2022, we had approximately 12,826 active judicial proceedings and proceedings with PROCONs and small claims courts relating to consumer rights. Most of these proceedings are related to consumer allegations of non-delivery of products by merchants and requests for withdrawal of digital account balances that were blocked by PagSeguro because they were under investigation for fraud or undergoing claim resolution. To the extent consumers file such claims against us in the future, we may be required to pay fines for non-compliance that could have a negative impact on our results of operations.

We are subject to regulatory activity and antitrust litigation under competition laws.

We receive scrutiny from various governmental agencies under competition laws. Other companies or governmental agencies may allege that our actions violate antitrust or competition laws, or otherwise constitute unfair competition. Contractual agreements with buyers, sellers, or other companies could give rise to regulatory action or antitrust investigations or litigation. Also, our unilateral business practices could give rise to regulatory action or antitrust investigations or litigation. Any such claims and investigations, even if they are unfounded, are usually very expensive to defend, involve negative publicity and substantial diversion of management time and effort, and could result in significant judgments against us.

Unfavorable outcomes in litigation or our inability to post judicial collateral or provide guarantees in pending legal or administrative proceedings could have a material adverse effect on our business, financial condition and results of operations.

We are defendants in a significant number of judicial proceedings, including indemnity, labor and tax proceedings. As of December 31, 2022, we have recorded R$58,848 million in provisions for current civil, labor and tax proceedings and no provisions for non-current proceedings. We have not recorded any provisions with respect to our proceedings in which our chance of loss has been deemed possible. We cannot guarantee that such proceedings will have favorable outcomes for us or that the provisions made will be sufficient to pay any amounts due. Any proceedings that require us to make substantial payments, affect our reputation or otherwise interfere with our business operations could have a material adverse effect on our business, financial condition and operating results.

Additionally, we may not have sufficient funds to post collateral or provide guarantees in judicial or administrative proceedings that claim substantial amounts. Even if we do not post such collateral or provide guarantees, we will be liable for paying any amounts due pursuant to any unfavorable outcomes in legal proceedings. We cannot assure you that, if we cannot make such payments, our assets, including financial assets, will not be attached, or that we will be able to obtain tax good standing certificates, all of which may have a material adverse effect on our business, financial condition and results of operations.

We may pursue strategic acquisitions or investments. The failure of an acquisition or investment to produce the anticipated results, or the inability to integrate an acquired company fully, could harm our business.

We may occasionally acquire or invest in complementary companies or businesses. The success of an acquisition or investment will depend on our ability to make accurate assumptions regarding the valuation, operations, growth potential, integration and other factors related to that business. We cannot assure you that our acquisitions or investments will produce the results that we expect at the time we enter into or complete a given transaction. Furthermore, acquisitions may result in difficulties integrating the acquired companies, and may result in the diversion of our capital and our management's attention from other business issues and opportunities. We may not be able to successfully integrate the operations that we acquire, including their personnel, financial systems, distribution or operating procedures. If we fail to integrate acquisitions successfully, our business could suffer. In addition, the expense of integrating any acquired business and their results of operations may negatively impact our operating results.

Our developer platforms, which are open to merchants and third-party developers, subject us to additional risks.

We provide third-party developers with access to application programming interfaces, software development kits and other tools designed to allow them to produce applications for use, with a particular focus on mobile applications. There can be no assurance that merchants or third-party developers will develop and maintain applications and services on our open platforms on a timely basis or at all. A number of factors could cause them to curtail or stop development for our platforms. In addition, our business is subject to many regulatory restrictions, and violations related to our developer platforms could negatively affect our operations and financial results.

We are a holding company and do not have any material assets other than the shares of our subsidiaries.

We are a Cayman Islands exempted company with limited liability. Our material assets are our direct and indirect equity interests in our subsidiaries, particularly PagSeguro Brazil, our Brazilian operating company, which we refer to as PagSeguro Brazil. We are, therefore, dependent upon payments, dividends and distributions from our subsidiaries for funds to pay our operating and other expenses and to pay future cash dividends or distributions, if any, to holders of our Class A common shares or Class B common shares, and we may have tax costs in connection with any dividend or distribution. Furthermore, exchange rate fluctuations will affect the U.S. dollar value of any distributions our subsidiaries make with respect to our equity interests in those subsidiaries. See "Risks Relating to Brazil—The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This involvement as well as Brazil's political and economic conditions could harm us and the price of our Class A common shares," "Risks Relating to Our Class A Common Shares—We have not adopted a dividend policy with respect to future dividends. If we do not declare any dividends in the future, you will have to rely on price appreciation of our Class A common shares in order to achieve a return on your investment." and "Item 10. Additional Information—Memorandum and Articles of Association—Dividends and Capitalization of Profits."

An occurrence of a natural disaster, widespread health epidemic or pandemic or other outbreaks could seriously harm our business and results of operations. Furthermore, the spread of communicable diseases such as the COVID-19 outbreak on a global scale may affect investment sentiment, cause disruptions and result in sporadic volatility in global markets. As a result, the Brazilian economy and outlook may be affected, and consequently, our business and trading price of our common shares could be adversely affected.

Natural disasters, such as fires or floods, the outbreak of a widespread health epidemic, or pandemic such as the outbreak of COVID-19, or other events, such as wars, acts of terrorism, political events, environmental accidents, power shortages or communication interruptions could seriously harm our business. The occurrence of a disaster or similar event could materially disrupt our business and operations. These events could also cause us to close our operating facilities temporarily, which would severely disrupt our operations and seriously harm our business and results of operations. In addition, our net sales could be significantly reduced to the extent that a natural disaster, health epidemic, pandemic or other major event harms the economy of Brazil or any other jurisdictions where we may operate. Our operations could also be severely disrupted if our customers, merchants or other participants were affected by natural disasters, health epidemics or pandemic or other major events.

As a result of the COVID-19 pandemic, we implemented a hybrid remote working arrangement for our employees which could adversely affect our ability to execute our business plans and operations. Should, for example, a natural disaster, power outage, connectivity issue or any other similar event impact our employees' ability to work remotely, it could be difficult or even impossible to maintain our business activities for a substantial period. In addition, remote working may amplify certain risks to our businesses due to increased demand for information technology resources combined with increased risk of "phishing" frauds and other cybersecurity attacks, increased risk of unauthorized dissemination of sensitive personal or confidential information and increased risk of business interruptions.

For further information about the impact of the COVID-19 pandemic on our operations, see "Item 5-Operating and Financial Review and Prospects-Brazilian political environment and macroeconomic conditions, interest rates, consumer credit, consumer spending and responses to the COVID-19 pandemic".

Risks Relating to Brazil

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This involvement as well as Brazil's political and economic conditions could harm us and the price of our Class A common shares.

The Brazilian government frequently exercises significant influence over the Brazilian economy and occasionally makes significant changes in policy and regulations. The Brazilian government's actions to control inflation and other policies and regulations have often involved, among other measures, increases in interest rates, changes in tax policies, price controls, foreign exchange rate controls, currency devaluations, capital controls and limits on imports. We have no control over and cannot predict what measures or policies the Brazilian government may take in the future. We and the market price of our securities may be harmed by changes in Brazilian government policies, as well as general economic factors, including, without limitation:

- growth or downturn of the Brazilian economy;
- interest rates and monetary policies;
- exchange rates and currency fluctuations;
- inflation;
- liquidity of the domestic capital and lending markets;
- import and export controls;
- exchange controls and restrictions on remittances abroad;
- modifications to laws and regulations according to political, social and economic interests;
- fiscal policy and changes in tax laws;
- economic, political and social instability, particularly in light of the uncertainties involving the administration of new president Mr. Lula da Silva;
- labor and social security regulations; and
- other political, social and economic developments in or affecting Brazil.

In 2023, the Brazilian government is expected to address two important issues, the tax system reform and the approval of a new fiscal framework, which depending on the content of such reforms and proposals, may affect the macroeconomic prospects of the country. We cannot predict what measures the Brazilian government will take in the face of mounting macroeconomic pressures or otherwise. Uncertainty over whether the Brazilian government will implement changes in policy or regulation affecting these or other factors in the future may affect economic performance and contribute to economic uncertainty in Brazil, which may have an adverse effect on us and our Class A common shares. Recent economic and political instability has led to a negative perception of the Brazilian economy and higher volatility in the Brazilian securities markets, which also may adversely affect us and our Class A common shares.

Recent economic and political uncertainty regarding the monetary policy, a turbulent government transition and the content of the new fiscal framework yet to be decided and approved has led to higher volatility in the Brazilian securities markets, which also may adversely affect us and our Class A common shares. See "Item 5. Operating and Financial Review and Prospects—Principal Factors Affecting Our Financial Condition and Results of Operations —Brazilian political environment and macroeconomic conditions, interest rates, consumer credit and consumer spending."

Ongoing political instability may adversely affect our business, results of operations and the trading price of our Class A common shares.

The recent economic instability in Brazil due to uncertainties related to the Mr. Lula da Silva's administration and new governmental fiscal and monetary guidelines has contributed to an decrease in market confidence and an increase in market volatility. The outlines of the proposed new fiscal framework and the tax reform, along with other political and economic developments, may lead to other declines in market confidence, in the Brazilian economy and a crisis in government.

For 2023, the economic outlook continues to face significant uncertainties. After recording a 5.0% growth in GDP in 2021, which was driven by the reopening of the economy after social restrictions imposed by the government were lifted in response to the easing of the effects caused by the COVID-19 pandemic, the Brazilian economy began to show signs of deceleration, especially in the second half of 2022, resulting in a 2.9% growth in GDP in 2022. As of January 2023, according to the IMF, Brazil's GDP growth rate for 2023 is estimated to be 1.2% growth, as a result of the contraction in the credit market due to high interest rates, persistent high rates of inflation and the worsening of family and business confidence indicators. In addition, the uncertainty in global markets caused by the ongoing war in Ukraine and the most recent crisis in the U.S. and Europe banking system may contribute to lower rates of GDP growth.

In addition, various investigations into allegations of money laundering and corruption being conducted by the Office of the Brazilian Federal Prosecutor, including the largest such investigation, known as "Operação Lava Jato," have continued to negatively impact the Brazilian economy and political environment.

Under "Operação Lava Jato" members of the Brazilian government and of the legislative branch, as well as senior officers of large state-owned and private companies, have faced allegations and, in certain cases, convictions, or, also, entering into plea bargains, related to crimes of political corruption, involving alleged bribes by means of kickbacks on contracts granted by the government to several infrastructure, oil and gas and construction companies. The profits of these kickbacks allegedly financed the political campaigns of political parties of the government that were unaccounted for or not publicly disclosed, in addition to alleged personal enrichment of the recipients of the bribes and the favoring of companies in contracts with the Brazilian government. Furthermore, certain of these companies have been investigated, and, in certain cases, being convicted by the competent authorities, such as the CVM, the SEC and the United States Department of Justice. Certain of these companies have chosen to enter into leniency agreements with the competent authorities, when possible. The outcome of these investigations, convictions, plea bargaining and leniency agreements have had an adverse impact on the image and reputation of the implicated companies, political parties and on the general market perception of the Brazilian economy and political environment.

Although "Operação Lava Jato" was formally closed by the Office of the Brazilian Federal Prosecutor on February 1, 2021, we cannot predict whether such investigations will lead to further political and economic instability or whether new allegations against government officials, officers or companies will arise in the future. In addition, we cannot predict the outcome of any such investigations or allegations nor their effect on the Brazilian economy. Mr. Lula da Silva, began serving a 12-year prison sentence on corruption and money laundering charges in April 2018, but he was released from prison in November 2019 following a Brazilian Federal Supreme Court ruling. The Brazilian Federal Supreme Court (*Supremo Tribunal Federal*) annulled the criminal convictions against Mr. Lula da Silva and reinstated his political rights, enabling him to run for president in the elections that took place in October 2022, which he won against the former president, Mr. Jair Bolsonaro. Historically, in election years, especially presidential elections, levels of foreign investment in Brazil are reduced, and political uncertainty creates greater instability and volatility in the domestic economy. In summary. the impact of the 2022 presidential election on the Brazilian economy is uncertain and may adversely affect our operations and financial results. The president of Brazil has the power to determine policies and issue governmental acts related to the conduct of the Brazilian economy and, consequently, affect the operations and financial performance of companies like ours. We cannot predict which policies Mr. Lula da Silva will adopt, or whether such policies or changes in current policies could adversely affect us or the Brazilian economy.

With the end of certain checks and balances on government spending in 2022, a federal budget deficit is expected for 2023. In 2022, the nominal expansion of GDP contributed to an increase in nominal tax revenues as a result of inflation, a return of in person working, record commodity prices and a series of short term measures adopted in Brazil (increase in the social aid program "*Auxílio Brasil*", anticipation of the 13rd salary, availability of R$1,000 from labor security funds (FGTS) and other measures). With the end of such efficiency gains, the Proposed Federal Government's Budget Law (*Projeto de Lei Orçamentária Anual*) predicts a deficit of around R$60 billion in 2023, but that number may be underestimated, considering that the estimated deficit does not reflect certain ongoing subsidies in 2023 (i.e. *Auxílio Brasil* and readjustments in income tax brackets). In addition, government projections for the public debt trends in the next decade are more optimistic when compared to market projections. Actual economic performance is highly dependent on Brazil's GDP growth.

Brazil's Federal Government is expected to run a budget deficit for 2023 and in the years going forward. In 2022, the budget surplus was R$54.1 billion, significantly above the budget deficit that was approved in the 2022 budget bill. In January 2023, the Brazilian Federal Government approved the 2023 budget bill, which stipulated a R$231.5 billion deficit, but the Ministry of Finance has already announced a package of measures aimed at reducing this amount to around R$100 billion, which is closer to the forecasts of market analysts. We cannot predict the impact of the budget deficit on the Brazilian economy. Despite political and economic instability in 2021 and 2022, consumer confidence improved in Brazil. The Getulio Vargas Foundation Confidence Consumer Index presented an increase of 12.5 points from 75.5 points in 2021 to 88.0 points in 2022, which potentially reflects the slowdown in inflation and the improvement of the job market in Brazil, caused by a reduction in the unemployment rate and income recovery throughout the year.

We cannot predict which policies the Brazilian federal government may adopt or change or the effect that any such policies might have on our business or on the Brazilian economy. Any such new policies or changes to current policies may have a material adverse impact on our business, results of operations, financial condition and prospects. Worsening political and economic conditions in Brazil may increase production and supply chain costs and adversely affect our results of operations and financial condition. Uncertainty as to whether the Brazilian government will implement changes in policies or regulations affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in our business.

Inflation and certain measures by the Brazilian government to curb inflation have historically harmed the Brazilian economy and Brazilian capital markets, and high levels of inflation in the future would harm our business and the price of our Class A common shares.

In the past, Brazil has experienced extremely high rates of inflation. Inflation and some of the measures taken by the Brazilian government in an attempt to curb inflation have had significant negative effects on the Brazilian economy generally. Inflation, policies adopted to curb inflationary pressures and uncertainties regarding possible future governmental intervention have contributed to economic uncertainty and heightened volatility in the Brazilian capital markets.

According to the IPCA, Brazilian inflation rates are 5.60%, as of February 2023 considering the accumulated inflation over the prior 12-month period, and were 5.79%, 10.06% and 4.52% in 2022, 2021 and 2020, respectively. Brazil may experience high levels of inflation in the future and inflationary pressures may lead to the Brazilian government's intervening in the economy and introducing policies that could harm our business and the price of our Class A common shares. In the past, the Brazilian government's interventions included the maintenance of a restrictive monetary policy with high interest rates that restricted credit availability and reduced economic growth, causing volatility in interest rates. For example, the SELIC (Sistema Especial de Liquidação e de Custódia), the Central Bank's overnight rate, as established by the Monetary Policy Committee (Comitê de Política Monetária do Banco Central do Brasil), or COPOM, was 13.75% p.a., 9.25% p.a. and 2.0% p.a. in 2022, 2021 and 2020, respectively. As of March 31, 2023, the SELIC rate was 13.75% p.a.. Conversely, with the Brazilian government that has been focused on COVID-19 related stimulus, Central Bank policies and severe interest rate fluctuations have triggered and may continue to trigger increases in inflation, and, consequently, growth volatility and the need for sudden and significant additional interest rate increases, which could negatively affect us and increase our indebtedness.

Exchange rate instability may have adverse effects on the Brazilian economy, us and the price of our Class A common shares.

The Brazilian currency has been historically volatile and has been devalued frequently over the past three decades. Throughout this period, the Brazilian government has implemented various economic plans and used various exchange rate policies, including sudden devaluations, periodic mini-devaluations (during which the frequency of adjustments has ranged from daily to monthly), exchange controls, dual exchange rate markets and a floating exchange rate system. Although long-term depreciation of the *real* is generally linked to the rate of inflation in Brazil, depreciation of the *real* occurring over shorter periods of time has resulted in significant variations in the exchange rate between the *real*, the U.S. dollar and other currencies. The *real*/U.S. dollar exchange rate reported by the Central Bank was R$3.9048 per U.S. dollar on December 31, 2015, and R$3.2591 per U.S. dollar on December 31, 2016, reflecting a 16.4% nominal appreciation of the *real* against the U.S. dollar. Between year-end 2016 and year-end 2017, the *real* remained relatively stable, depreciating 1.5% against the U.S. dollar in nominal terms. Between year-end 2017 and 2018, the *real* depreciated greatly, by 16.9%, against the U.S. dollar, primarily as a result of (i) global U.S. dollar appreciation and the pressure on long-term interest rates in the U.S., (ii) an increase in Brazil's risk premium, and (iii) lower interest rates in Brazil, which reduced the volume of foreign currency deposited in Brazil in the "carry trade," as well as uncertainty regarding the results of the Brazilian presidential elections held in October 2018. Between year-end 2018 and 2019, the *real* depreciated by 4.1% in nominal terms against the U.S. dollar, reaching R$4.0307 per U.S. dollar on December 31, 2019, primarily as a result of uncertainty regarding pension reform in Brazil and tensions in the US-China trade policy. The *real* depreciated significantly in 2020, by 28.9%, due to the COVID-19 pandemic, the prospects for a global economic recession and a sharp increase in risk premiums, political crisis and volatility in financial markets. The *real*/U.S. dollar exchange rate reported by the Central Bank was R$5.1967 per U.S. dollar on December 31, 2020 and R$5.5805 per U.S. dollar on December 31, 2021, corresponding to a devaluation of 7.3% in nominal terms, after reaching record levels close to R$5.7500 per U.S. dollar during different times throughout the year. The *real*/U.S. dollar exchange rate reported by the Central Bank was R$5.5805 per U.S. dollar on December 31, 2021 and R$5.2171 per U.S. dollar on December 31, 2022, corresponding to a valuation of 6.5%. In early 2023, the exchange rate environment changed as a result of the economical effects of the ongoing war in Ukraine and the negative global supply scenario in addition to uncertainty surrounding the new Brazilian Federal Government intended policies and reforms. In addition, the increase in the SELIC interest rate over the past two years has also contributed to the strong appreciation of the *real* against the U.S. dollar. As of March 31, 2023, the exchange rate was R$5.0804 per U.S. dollar, reflecting an appreciation of 2.6% as compared to the 2022 year-end exchange rate. However, there is no guarantee that the Brazilian *real* will not appreciate further or depreciate again against the U.S. dollar, or against any other currency in the future, as a result of the expected market trends, such as the extreme uncertainty in the international economic environment, the volatility in the capital markets, as well as political, fiscal and electoral uncertainties in Brazil, especially with the new administration under Mr. Lula da Silva, who was elected in the last Brazilian election held in October 2022.

A devaluation of the *real* relative to the U.S. dollar could further exacerbate already intense create inflationary pressures in Brazil and cause the Brazilian government to, among other measures, continue to increase interest rates. Any depreciation of the *real* may generally restrict access to the international capital markets. It would also reduce the U.S. dollar value of our results. Restrictive macroeconomic policies could reduce the stability of the Brazilian economy and harm our results of operations and profitability. In addition, domestic and international reactions to restrictive economic policies could have a negative impact on the Brazilian economy. These policies and any reactions to them may harm us by curtailing access to foreign financial markets and prompting further government intervention. A devaluation of the *real* relative to the U.S. dollar may also, as in the context of the current economic slowdown, decrease consumer spending, increase deflationary pressures and reduce economic growth.

On the other hand, an appreciation of the *real* relative to the U.S. dollar and other foreign currencies may deteriorate the Brazilian foreign exchange current accounts. We and certain of our suppliers purchase goods and services from countries outside Brazil, and thus changes in the value of the U.S. dollar compared to other currencies may affect the costs of goods and services that we purchase. Depending on the circumstances, either devaluation or appreciation of the *real* relative to the U.S. dollar and other foreign currencies could restrict the growth of the Brazilian economy, as well as our business, results of operations and profitability.

Infrastructure and workforce deficiency in Brazil may impact economic growth and have a material adverse effect on us.

Our performance depends on the overall health and growth of the Brazilian economy. Brazilian GDP growth has fluctuated over the past few years, experiencing a contraction of 3.3% in 2016, growth of 1.3% in 2017 and 1.8% in 2018, and growth of 1.2% in 2019. Due to the global economic downturn triggered by the COVID-19 pandemic, the Brazilian economy in 2020 underwent a contraction of 3.3% in GDP. At the end of 2020 and especially during the beginning of 2021, government stimulus packages, credit growth, and the gradual reopening of the retail and services industries allowed the economy to recover, which intensified at the end of 2021, after the successful vaccination campaign against COVID-19, leading to GDP growth of 5.0% in 2021. In 2022, despite a slowdown in the economic recovery, the services sector was primarily responsible for a 2.9% GDP growth. At the beginning of 2023, the available economic data indicates a stagnation of this recovery, caused by high inflation and interest rates, and the job market losing momentum. As of January 2023, according to the IMF, Brazil's GDP growth rate is expected to be 1.2% in 2023. Growth is limited by inadequate infrastructure, including potential energy shortages and deficient transportation, logistics and telecommunication sectors, the lack of a qualified labor force, and the lack of private and public investments in these areas, which limit productivity and efficiency. Any of these factors could lead to labor market volatility and generally impact income, purchasing power and consumption levels, which could limit growth and ultimately have a material adverse effect on us.

Developments and the perceptions of risks in other countries, including other emerging markets, the United States and Europe, may harm the Brazilian economy and the price of Brazilian securities, including the price of our Class A common shares.

The market for securities issued by Brazilian companies is influenced by economic and market conditions in Brazil and, to varying degrees, market conditions in other Latin American and emerging markets, as well as the United States, Europe and other countries. To the extent the conditions of the global markets or economy deteriorate, the business of Brazilian companies may be harmed. The weakness in the global economy has been marked by, among other adverse factors, lower levels of consumer and corporate confidence, decreased business investment and consumer spending, the ongoing war in Ukraine and its impact on the global economy and international relations, increased unemployment, reduced income and asset values in many areas, reduction of China's growth rate, currency volatility and limited availability of credit and access to capital. Developments or economic conditions in other emerging market countries have at times significantly affected the availability of credit to Brazilian companies and resulted in considerable outflows of funds from Brazil, decreasing the amount of foreign investments in Brazil.

On March 11, 2020, the WHO declared the outbreak of COVID-19 to be a pandemic, leading government authorities throughout the world to determine the best practices for taking preventive measures and treating infected persons. Consequently, the COVID-19 outbreak resulted in various governments throughout the world imposing restrictions relating to the movement of people in order to contain the spread of the virus, including travel restrictions, social distancing mandates and lockdowns. For more information on risks relating to COVID-19, see "Risks Relating to our Business and Industry—An occurrence of a natural disaster, widespread health epidemic or pandemic or other outbreaks could seriously harm our business and results of operations. Furthermore, the spread of communicable diseases such as the COVID-19 outbreak on a global scale may affect investment sentiment, cause disruptions and result in sporadic volatility in global markets. As a result, the Brazilian economy and outlook may be affected, and consequently, our business and trading price of our common shares could be adversely affected."

Crises and political instability in other emerging market countries, the United States, Europe or other countries, such as the global outbreak of COVID-19, could decrease investor demand for Brazilian securities, such as our Class A common shares. In June 2016, the United Kingdom had a referendum in which the majority voted to leave the European Union and on February 1, 2020, officially left the European Union. We have no control over and cannot predict the effect of the United Kingdom's exit from the European Union nor over whether and to which effect any other member state will decide to exit the European Union in the future. On January 20, 2021, Joe Biden became the President of the United States. We have no control over and cannot predict the effect of Joe Biden's administration or policies. These developments, including the spread of the COVID-19 pandemic and its economic effects in other countries, the ongoing war in Ukraine that escalated following the Russian invasion in early 2022, as well as potential crises and forms of political instability arising therefrom or any other as of yet unforeseen development, may harm our business and the price of our Class A common shares.

Any further downgrading of Brazil's credit rating could reduce the trading price of our Class A common shares.

We may be harmed by investors' perceptions of risks related to Brazil's sovereign debt credit rating. Rating agencies regularly evaluate Brazil and its sovereign ratings, which are based on a number of factors including macroeconomic trends, fiscal and budgetary conditions, indebtedness metrics and the perspective of changes in any of these factors.

Brazil has lost its investment grade sovereign debt credit rating with the three main U.S. based credit rating agencies, Standard & Poor's, Moody's and Fitch. Standard & Poor's downgraded Brazil's sovereign debt credit rating from BB+ to BB in February 2016 and further reduced it to BB- in January 2018 with a stable outlook. In December 2019, Standard & Poor's reaffirmed the BB- rating, raising the outlook from stable to positive. However, in April 2020, Standard & Poor's downgraded Brazil's public debt rating outlook from positive to stable, citing Brazil's decrease in GDP for 2020 due to the COVID-19 pandemic and Brazil's higher level of spending aimed at fighting COVID-19 and preventing mass layoffs. On November 2021, S&P reaffirmed Brazil's BB- rating, with a stable outlook, based on the assumption that Brazil will be able to stabilize its recent increase in public debt. On June 2022, S&P reaffirmed Brazil's BB- rating, with a stable outlook, based on a scenario of fiscal stability, moderate economic growth, high but declining inflation and solid foreign exchange reserves. However, the agency warns of the possibility of a future downgrade if Brazil fails to control its public spending.

In August 2015, Moody has placed Brazil's Baa3 sovereign debt credit rating on review and downgraded Brazil's sovereign credit rating in February 2016 to Ba2 with a negative outlook, citing the prospect for further deterioration in Brazil's indebtedness figures amid a recession and challenging political environment. In April 2018, Moody has reaffirmed the Ba2 rating, but raised the outlook from negative to stable, citing expectations that the winner of the October 2018 presidential elections will pass fiscal reforms. In March 2020, Moody has maintained Brazil's stable rating, citing that Brazil's response to COVID-19 mitigates the severe impact on growth but at some fiscal cost, and that the deterioration of fiscal and debt metrics is expected to be temporary and limited to 2020 due to the shock of the COVID-19 pandemic. Moody's reaffirmed Brazil's Ba2 stable rating in February 2021. Since then, Moody has maintained this sub-investment grade rating on Brazil's sovereign credit, with a stable outlook. In a statement issued in April 2022, the agency characterized the Ba2 rating with a stable outlook as a vote of confidence for recent changes in monetary and fiscal frameworks and mentioned the robust foreign exchange reserves as supporting to country's credit profile.

Fitch downgraded Brazil's sovereign credit rating to BB with a negative outlook in May 2016, citing the country's rapidly expanding budget deficit and worse-than-expected recession, and further downgraded Brazil's sovereign debt credit rating in February 2018 to BB- with a stable outlook. In November 2019, Fitch reaffirmed the BB- rating. In April 2020, Fitch reported that the spread of COVID-19, the drop in commodity prices, tighter external funding conditions and falling domestic financial asset prices will weaken economic growth in Latin America substantially in 2020, compounding downward pressure on sovereign credit profiles in the region. In May 2020, Fitch maintained Brazil's credit rating at BB-, but changed its outlook from stable to negative, citing the deterioration of Brazil's fiscal and economic environment and that both could worsen due to political uncertainties, as well as uncertainties regarding the duration and intensity of the COVID-19 pandemic. In December 2021, Fitch reaffirmed Brazil's BB- ratings with a negative outlook. According to the agency, this outlook reflects downside risks to the economy and public finances, and the debt trajectory in the context of tightened financing conditions and increased doubts about the credibility of the established spending ceiling, which is Brazil's main fiscal anchor, following changes to its calculation to make room for additional social spending. In December 2022, Fitch reaffirmed Brazil's BB- ratings, but changed the outlook to 'stable', reflecting an expectation of slower growth and fiscal deterioration, but without a significant risk to broad economic stability.

Brazil's sovereign credit rating is currently rated below investment grade by the three main credit rating agencies. Consequently the prices of securities issued by Brazilian companies have been negatively affected. A prolongation or worsening of the current Brazilian recession and continued political uncertainty, among other factors, could lead to further ratings downgrades. Any further downgrade of Brazil's sovereign credit ratings could heighten investors' perception of risk and, as a result, cause the trading price of our Class A common shares to decline.

Internet regulation in Brazil is recent and still limited and several legal issues related to the internet are uncertain.

In 2014, Brazil enacted the Brazilian Civil Rights Framework for the Internet, setting forth principles, guarantees, rights and duties for the use of the internet in Brazil, including provisions about internet service provider liability, internet user privacy and internet neutrality. In May 2016, further regulations were passed in connection with the Brazilian Civil Rights Framework for the Internet. However, unlike in the United States, little case law exists around the Brazilian Civil Rights Framework for the Internet and existing jurisprudence has not been consistent. Furthermore, in 2018, Brazil enacted the LGPD, which became fully effective in 2020. The LGPD governs data owners' rights – such as access to its data, correction of data (if incomplete, incorrect or out of date), erasure of data, with whom the data is shared, among others –, the legal basis that establish in which cases data can be processed, as well as fines and penalties applicable for non-compliant entities. For more information on risks regarding the LGPD, see "We are subject to risks associated with noncompliance with the General Data Protection Law and may be adversely affected by investing in measures to adapt to new laws, the imposition of fines and other types of penalties." As was the case with the Brazilian Civil Rights Framework for the Internet, little case law exists regarding the LGPD since it only came into force in 2020. Legal uncertainty arising from the limited guidance provided by current laws in force allows for different judges or courts to decide very similar claims in different ways and establish contradictory jurisprudence. This legal uncertainty allows for rulings against us and could set adverse precedents, which individually or in the aggregate could seriously harm our business, results of operations and financial condition. In addition, legal uncertainty may harm our customers' perception and use of our service.

Risks Relating to Our Class A Common Shares

UOL, our largest shareholder, owns 100% of our outstanding Class B common shares, which represent approximately 85.51% of the voting power of our issued share capital, and controls all matters requiring shareholder approval. This concentration of ownership and voting power limits your ability to influence corporate matters.

Our Class B common shares are entitled to 10 votes per share and our Class A common shares are entitled to one vote per share. Our Class B common shares are convertible into an equivalent number of Class A common shares and generally convert into Class A common shares upon transfer subject to limited exceptions. UOL controls our company and holds all of our outstanding Class B common shares, representing 36.79% of our issued share capital. As of March 31, 2023, UOL also held 799,804 of our outstanding Class A common shares. Because of the ten-to-one voting ratio between our Class B common shares and Class A common shares, these Class B common shares give UOL approximately 85.51% of the voting power of our issued share capital. UOL therefore controls the outcome of all decisions at our shareholders' meetings, and is able to elect a majority of the members of our board of directors. It is also able to direct our actions in areas such as business strategy, financing, distributions, acquisitions and dispositions of assets or businesses. UOL's decisions on these matters may be contrary to your expectations or preferences, and it may take actions that could be contrary to your interests. It will be able to prevent any other shareholders, including you, from blocking these actions. For further information regarding shareholdings in our company, see "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders."

If UOL sells or transfers any of its Class B common shares, they will generally convert automatically into Class A common shares, subject to limited exceptions, such as transfers to affiliates, to trustees for the holder or its affiliates and certain transfers to U.S. tax-exempt organizations. The fact that any Class B common shares convert into Class A common shares if UOL sells or transfers them means that UOL will in many situations continue to control a majority of the combined voting power of our outstanding share capital, due to the voting rights of any Class B common shares that it retains. If our Class B common shares at any time represent less than 10% of the combined voting power of our Class A common shares and Class B common shares together, however, the Class B common shares then outstanding will automatically convert into Class A common shares. For a description of the dual class structure, see "Item 10. Additional Information—Memorandum and Articles of Association."

Class A common shares eligible for future sale may cause the market price of our Class A common shares to drop significantly.

The market price of our Class A common shares may decline because of sales of a large number of our Class A common shares in the market (including Class A common shares issuable upon conversion of Class B common shares) or the perception that these sales may occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

As of December 31, 2022, we have outstanding 209,148,718 Class A common shares (including treasury shares) and 120,459,508 Class B common shares. All Class B common shares are beneficially owned by UOL. The Class A common shares sold in our October 2019 follow-on offering are freely tradable without restriction or further registration under the Securities Act by persons other than our affiliates within the meaning of Rule 144 of the Securities Act.

Our shareholders or entities controlled by them or their permitted transferees are able to sell their shares in the public market from time to time without registering them, subject to certain limitations on the timing, amount and method of those sales imposed by regulations promulgated by the SEC. If any of our shareholders, the affiliated entities controlled by them or their respective permitted transferees were to sell a large number of their Class A common shares, the market price of our Class A common shares may decline significantly. In addition, the perception in the public markets that sales by them might occur may also cause the trading price of our Class A common shares to decline.

We have not adopted a dividend policy with respect to future dividends. If we do not declare any dividends in the future, you will have to rely on price appreciation of our Class A common shares in order to achieve a return on your investment.

We have not adopted a dividend policy with respect to future dividends. The amount of any distributions will depend on many factors such as our results of operations, financial condition, cash requirements, prospects and other factors deemed relevant by our board of directors or, where applicable, our shareholders. Accordingly, if we do not declare dividends in the future, investors will most likely have to rely on sales of their Class A common shares, which may increase or decrease in value, as the only way to realize cash from their investment. There is no guarantee that the price of our Class A common shares will ever exceed the price that you pay.

We may raise additional capital in the future by issuing equity securities, which may result in a potential dilution of your equity interest.

We may issue additional equity securities to raise capital, make acquisitions, or for a variety of other purposes. Additional issuances of our shares may be made pursuant to the exercise or conversion of convertible debt securities, warrants, stock options or other equity incentive awards such as the LTIP and LTIP-Goals. Any strategic partnership, issuance or placement of shares or securities convertible into or exchangeable for shares may affect the market price of our shares and could result in dilution of your equity interest.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, the market price and trading volume of our Class A common shares could decline.

The trading market for our Class A common shares depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our Class A common shares could decline, which might cause the market price and trading volume of our Class A common shares to decline.

Our dual class capital structure means our shares will not be included in certain indices. We cannot predict the impact this may have on our stock price.

In July 2017, S&P Dow Jones, a provider of widely followed stock indices, announced that companies with multiple share classes, such as ours, will not be eligible for inclusion in certain of their indices. As a result, our Class A common shares are not eligible for these stock indices. Many investment funds are precluded from investing in companies that are not included in such indices, and these funds would be unable to purchase our Class A common shares if we were not included in such indices. We cannot assure you that other stock indices will not take a similar approach to S&P Dow Jones in the future. Exclusion from indices could make our Class A common shares less attractive to investors and, as a result, the market price of our Class A common shares could be adversely affected.

We are a Cayman Islands exempted company with limited liability. The rights of our shareholders may be different from the rights of shareholders governed by the laws of U.S. jurisdictions.

We are a Cayman Islands exempted company with limited liability. Our corporate affairs are governed by our Memorandum and Articles of Association of the Cayman Islands. The rights of shareholders and the responsibilities of members of our board of directors may be different from the rights of shareholders and responsibilities of directors in companies governed by the laws of U.S. jurisdictions. In the performance of its duties, the board of directors of a solvent Cayman Islands exempted company is required to consider the company's interests, which is generally defined with reference to the interests of its shareholders (both present and future) as a whole, which may differ from the interests of one or more of its individual shareholders. See "Item 10. Additional Information—Memorandum and Articles of Association—Principal Differences between Cayman Islands and U.S. Corporate Law."

Furthermore, the Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (As Revised), or the ESA, in January 2019. We are required to comply with the ESA and related regulations and guidelines. As we are a Cayman Islands company, compliance obligations include assessing its operations to determine the required compliance (if any) with the ESA, filing an annual notification with the Cayman Islands Registrar of Companies disclosing whether we are carrying out any relevant activities within the meaning of the Economic Substance Act and to the extent required under the ESA, the filing of an annual return with the Department of International Tax Co-Operation. Where applicable, we must establish that our operations satisfy the economic substance requirements of the ESA. We are required to monitor our operations to ensure it remains in compliance with all requirements under the ESA. Failure to satisfy these requirements may subject us to penalties under the ESA.

In February 2021, the Cayman Islands was added to the Financial Action Task Force, or FATF, list of jurisdictions whose anti-money laundering practices are under increased monitoring, commonly referred to as the FATF gray list. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to increased monitoring during that timeframe. In its February 2023 plenary, the FATF positively recognized the ongoing efforts of the Cayman Islands to improve its anti-money laundering and counter-terrorist financing regime. Despite the progress the Cayman Islands is making on satisfying the final outstanding recommendations (being considered as compliant or largely compliant with all of the FATF's 40 recommendations and having completed 61 out of 63 FATF recommendation actions), it is still unclear how long this designation will remain in place and what ramifications, if any, the designation will have on us.

Furthermore, on March 13, 2022, the European Commission, or EC, updated its list of high-risk third countries, or the EU AML List, identified as having strategic deficiencies in their anti-money laundering/counter-terrorist financing regimes to add nine countries, including the Cayman Islands. The EC has noted it is committed to there being a greater alignment between the EU AML List and the FATF listing process. The addition of the Cayman Islands to the EU AML List is a direct result of the inclusion of the Cayman Islands on the FATF gray list in February 2021. It is unclear how long this designation will remain in place and what ramifications, if any, the designation will have on us.

Our shareholders may face difficulties in protecting their interests because we are a Cayman Islands exempted company.

Our corporate affairs are governed by our Memorandum and Articles of Association, by the Companies Act, and the common law of the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under the laws of the Cayman Islands are not as clearly defined as under statutes or judicial precedent in existence in jurisdictions in the United States. Therefore, you may have more difficulty protecting your interests than would shareholders of a corporation incorporated in a jurisdiction in the United States, due to the comparatively less prescriptive nature of Cayman Islands law in this area.

Cayman Islands statutory law in respect of schemes of arrangement does not specifically provide for shareholder appraisal rights in connection with a court sanctioned reorganization (by way of scheme of arrangement). This may make it more difficult for you to assess the value of any consideration you may receive in a merger or consolidation (which is affected by way of scheme of arrangement) or to require that the acquirer gives you additional consideration if you believe the consideration offered is insufficient. However, in respect of a merger or consolidation (which is not affected by way of scheme of arrangement), Cayman Islands statutory law, which permits a merger/consolidation without a court order, provides a mechanism for a dissenting shareholder in a merger or consolidation to require us to apply to the Grand Court of the Cayman Islands for a determination of the fair value of the dissenter's shares if it is not possible for the company and the dissenter to agree on a fair price within the time limits prescribed.

Shareholders of Cayman Islands exempted companies (such as us) have no general rights under Cayman Islands law to inspect corporate records and accounts or to obtain copies of lists of shareholders. Our directors have discretion under our Articles of Association to determine whether, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Subject to limited exceptions, under Cayman Islands law, a minority shareholder may not bring a derivative action against the board of directors. Class actions are not recognized in the Cayman Islands, but groups of shareholders with identical interests may bring representative proceedings, which are similar.

Our Memorandum and Articles of Association contain anti-takeover provisions that may discourage a third party from acquiring us and reduce the rights of holders of our Class A common shares.

Our Memorandum and Articles of Association contain certain provisions that could limit the ability of others to acquire our control, including a provision that grants authority to our board of directors to issue new shares in our company from time to time (including common shares and preferred shares) without action by our shareholders. These provisions could have the effect of depriving our shareholders of the opportunity to sell their Class A common shares at a premium over the prevailing market price by discouraging third parties from seeking to obtain our control in a tender offer or similar transactions. See "Item 10. Additional Information—Memorandum and Articles of Association—Anti-Takeover Provisions in our Memorandum and Articles of Association."

United States civil liabilities and certain judgments obtained against us by our shareholders may not be enforceable.

PagSeguro Digital is a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. In addition, all of our current directors and officers are residents of Brazil, and a substantial portion of their assets is located outside of the United States. As a result, it may be difficult to effect service of process within the United States upon these persons. It may also be difficult to enforce in U.S. courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and those officers and directors.

Further, it is unclear if original actions predicated on civil liabilities based solely upon U.S. federal securities laws are enforceable in courts outside the United States, including in the Cayman Islands and Brazil. Courts of the Cayman Islands may not, in an original action in the Cayman Islands, recognize or enforce judgments of U.S. courts predicated upon the civil liability provisions of the securities laws of the United States or any state of the United States on the grounds that such provisions are penal in nature. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, courts of the Cayman Islands will recognize a foreign judgment *in personam* of a court of competent jurisdiction and give a judgment based thereon if such judgment is final, for a liquidated sum, provided it is not in respect of taxes or a fine or penalty, is not inconsistent with a Cayman Islands' judgment in respect of the same matters, and was not obtained in a manner which is contrary to the public policy of the Cayman Islands. In addition, a Cayman Islands court may stay proceedings if concurrent proceedings are being brought elsewhere.

Judgments of Brazilian courts to enforce our obligations with respect to our Class A common shares may be payable only in reais.

Most of our assets are located in Brazil. If proceedings are brought in the courts of Brazil seeking to enforce our obligations in respect of our Class A common shares, we may not be required to discharge our obligations in a currency other than the *real*. Under Brazilian exchange control laws, an obligation in Brazil to pay amounts denominated in a currency other than the *real* may only be satisfied in Brazilian currency at the exchange rate in effect on the date of the Brazilian Superior Court of Justice's enforcement of the obligation. These amounts are then adjusted to reflect exchange rate variations through the effective payment date and, if applicable, eventual default interest. The exchange rate at that time may not afford non-Brazilian investors with full compensation for any claim arising out of or related to our obligations under the Class A common shares.

The judicial recognition process for foreign judgments before the Brazilian Superior Court of Justice may be time consuming and may also give rise to difficulties in enforcing such foreign judgment in Brazil. Accordingly, we cannot assure you that judicial recognition of a foreign judgment would be successful, that the judicial recognition process would be conducted in a timely manner or that a Brazilian court would enforce a judgment of non-Brazilian courts. Furthermore, upon its recognition by the Brazilian Superior Court of Justice, the enforcement of a foreign judgment would be delegated to a lower federal court.

As a foreign private issuer, the disclosure requirements that we must comply with and other requirements are different from those applicable to U.S. domestic registrants.

As a foreign private issuer, the disclosure requirements that we must comply with and other requirements are different from those applicable to U.S. domestic registrants. For example, as a foreign private issuer for U.S. purposes, we are not subject to the same disclosure requirements as a domestic U.S. registrant under the Securities Exchange Act of 1934, as amended, or the Exchange Act, including the requirements to prepare and issue quarterly reports on Form 10-Q or to file current reports on Form 8-K upon the occurrence of specified significant events, the proxy rules applicable to domestic U.S. registrants under Section 14 of the Exchange Act or the insider reporting and short-swing profit rules applicable to domestic U.S. registrants under Section 16 of the Exchange Act. In addition, we rely on exemptions from certain U.S. rules which permit us to follow Cayman Islands legal requirements rather than certain of the requirements that are applicable to U.S. domestic registrants.

We follow the Cayman Islands laws and regulations that are applicable to Cayman Islands companies. However, these laws and regulations do not contain any provisions comparable to the U.S. proxy rules, the U.S. rules relating to the filing of reports on Form 10-Q or 8-K or the U.S. rules relating to liability for insiders who profit from trades made in a short period of time, as referred to above.

Furthermore, foreign private issuers are required to file their annual report on Form 20-F within 120 days after the end of each fiscal year, while U.S. domestic issuers that are large, accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, even though we are required to file reports on Form 6-K disclosing the limited information that is material to us and which we make public pursuant to Cayman Islands law, or are required to distribute to shareholders generally, you may not receive information of the same type or amount that is required to be disclosed to shareholders of a U.S. company.

We cannot predict if investors will find our Class A common shares less attractive because we will rely on these exemptions. If some investors find our Class A common shares less attractive as a result, there may be a less active trading market for our Class A common shares and our share price may be more volatile.

PagSeguro Digital is a foreign private issuer and, as a result, in accordance with the listing requirements of the NYSE we rely on certain home country governance practices from the Cayman Islands, rather than the corporate governance requirements of the NYSE.

We report under the Exchange Act as a non-U.S. company with foreign private issuer status. The NYSE rules provide that foreign private issuers are permitted to follow home country practice in lieu of certain NYSE corporate governance standards. The standards applicable to us are considerably different from the standards applied to U.S. domestic issuers. For instance, we are not required to:

- have a majority of independent members on our board of directors (other than as may result from the requirements for the audit committee member independence under the Exchange Act);
- have a minimum of three members on our audit committee;
- have a compensation committee or a nominating and corporate governance committee;
- have regularly scheduled executive sessions of our board that consist of independent directors only; or
- adopt and disclose a code of business conduct and ethics for directors, officers and employees.

As a foreign private issuer, we may follow home country practice from the Cayman Islands in lieu of the above requirements. Therefore, the approach to governance adopted by our board of directors may be different from that of a board of directors consisting of a majority of independent directors, and, as a result, our management oversight may be more limited than if we were subject to all of the NYSE corporate governance standards. Accordingly, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers.

Although we do not expect to be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes, there can be no assurance that we will not be a PFIC for any taxable year, which could subject United States investors in our shares to significant adverse U.S. federal income tax consequences.

We do not expect to be a PFIC for the current taxable year or any future year, based on our current business plans. However, whether we are a PFIC will be determined annually based upon the composition and nature of our income, the composition, nature and valuation of our assets (including goodwill), all of which are subject to change, and which may be determined in large part by reference to the market value of our shares, which may be volatile, and our corporate structure and the classification for U.S. federal income tax purposes of our subsidiaries. The determination of whether we are a PFIC will also depend upon the application of complex U.S. federal income tax rules concerning the classification of our assets (including goodwill) and income for this purpose, and the application of these rules is uncertain in some respects. Moreover, the determination of the value of our assets (including goodwill and certain intangible assets) may depend on our market capitalization, and that market capitalization may fluctuate. Accordingly, due to the lack of directly applicable authority regarding the foregoing, there can be no assurance that the IRS will not challenge any determination by us that we are not a PFIC.

If we were classified as a PFIC, special adverse U.S. federal tax rules would generally apply to a United States Holder (as defined in "Item 10. Additional Information—Taxation —U.S. Federal Income Tax Considerations") that holds our Class A common shares. United States Holders are urged to consult their own tax advisors with respect to the potential tax consequences of the PFIC rules to their particular circumstances.

Our Class A common shares may not be a suitable investment for all investors, as investment in our Class A common shares presents risks and the possibility of financial losses.

The investment in our Class A common shares is subject to risks. Investors who wish to invest in our Class A common shares are thus subject to asset losses, including loss of the entire value of their investment, as well as other risks, including those related to our Class A common shares, the company, the sector in which we operate, our shareholders and the general macroeconomic environment in Brazil and all other countries in the world, among other risks.

Each potential investor in our Class A common shares must therefore determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of our Class A common shares, the merits and risks of investing in our Class A common shares and the information contained in this annual report;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in our Class A common shares and the impact our Class A common shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in our Class A common shares;
- understand thoroughly the terms of our Class A common shares and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

ITEM 4. INFORMATION ON THE COMPANY

Overview

We are a disruptive provider of financial technology solutions focused primarily on consumers, individual entrepreneurs, micro-merchants, small and medium-sized enterprises (SME), in Brazil, aiming to provide a safe, seamless, digital, mobile first and affordable ecosystem, combining payments and financial services, including, supporting, and empowering millions of Brazilians.

We are the only financial technology provider in Brazil whose business model covers all of the following pillars:

- full acquirer company, with a complete set of payment solutions through POS devices and e-commerce;
- digital platform with proprietary solutions for business management such as check-out, conciliation, split payments, product and inventory management, business reports, anti-fraud system and CRM;
- cross-border PSP in Latin America and Europe;
- multiple digital banking services, including checking account, savings account, card issuance, credit offerings, investments and insurance; and
- free digital accounts with several features such as bill payments, top ups for mobile prepaid phones and partners (Bilhete Único (urban mobility ticket for the city of São Paulo), Uber, Free Fire, iFood, Playstation, Steam, Xbox, Tinder, Minecraft, Razer Gold, Brazilian Mobile Telcos and Brazilian Pay-TV services), pix and wire transfers, marketplace, QR code payments, payroll portability and financial education.

Our end-to-end digital ecosystem enables our merchants not only to accept payments, but also to grow and manage their businesses. Before PagSeguro, many of these individual entrepreneurs, micro-merchants and SMEs were overlooked or underserved by incumbent payment providers and large financial institutions in Brazil. According to our proprietary research, in December 2022, 52% of merchants who own our entry-level mobile POS, mPOS, device, the Minizinha, did not accept card payments prior to signing up with PagSeguro.

Our digital banking ecosystem features our free PagBank digital account, under the brand PagBank, and offers 40 cash-in methods and 13 cash-out options.

Focusing primarily on individual entrepreneurs, micro-merchants and SMEs, we offer a range of POS and mPOS devices specifically designed to fit their business needs. Our devices offer competitive transaction fees and access to our end-to-end digital banking ecosystem with a free PagBank digital account, which is similar to a regular checking account. They span from our entry-level product, the Minizinha, to the Moderninha Smart. Unlike the incumbent payment providers in Brazil, who rent their POS devices to merchants, we innovated by allowing merchants to acquire their own POS device from us in 12 monthly installments. For the equivalent of three to six months of rental fees with the incumbents, merchants can have a comparable device from PagSeguro with a free PagBank digital account.

Our digital banking ecosystem helps drive financial inclusion in Brazil providing business solutions primarily designed for consumers, individual entrepreneurs, micro-merchants and SMEs. Our main target markets include underserved clients and unbanked clients who have been ignored or underserved by the incumbents. Our digital banking ecosystem serves both consumers and merchants on a single platform. These merchants and consumers are attracted by our disruptive technology, which enables us to offer free, innovative, scalable and low-cost products and services with simpler onboarding, no paperwork and a high acceptance rate, while maintaining levels of fraud below those required by the card schemes. Once on our platform, merchants can offer consumers 40 cash-in methods, choose to obtain early payment of their card receivables on consumer installment transactions, and manage their cash balances on our free PagBank digital account, which offers 13 cash-out options including wire and peer to peer transfers, QR code payments, bill payments, top up prepaid mobile phone, Uber, Spotify or Google Play credits and in-person and online purchases or cash withdrawals using our PagSeguro prepaid and cash cards. Our management tools help them start or grow their businesses with PagSeguro as a partner, with software functionalities such as sales reports, credit and debit card reconciliation and inventory control, which we believe create a strong commercial bond with our clients. We believe the combination of all these features increases our clients' loyalty, leading them to conduct additional business with us, in a virtuous cycle. Our merchants span businesses of all types and sizes, ranging from individual entrepreneurs, micro-merchants and small companies such as street vendors and beauty salons, to medium-sized companies in retail and other sectors. We also have a growing presence in the business-to-business commerce segment.

Our cross-border payments business unit is branded under the name of Pagseguro International (Pagseguro Tecnologia Ltda.) and is a wholly owned subsidiary of PagSeguro. Pagseguro Tecnologia operates as a cross-border PSP, providing online payment services for international merchants throughout Latin America, Portugal, Spain and Turkey, through more than 140 payment options.

Some of our key financial and operating data are as follows:

- At December 31, 2022, our active merchants totaled 7.1 million, representing a decrease of 8.0% compared with 7.7 million at year-end 2021. Our active merchants at year-end 2021 represented an increase of 9.4% compared with 7.0 million at year-end 2020.
- In 2022, our TPV totaled R$731.4 billion, representing an increase of 60.4% compared with R$456.1 billion in 2021. Our TPV in 2021 represented an increase of 97.0% compared with R$231.5 billion in 2020. In 2022, our PagSeguro TPV totaled R$353.8 billion and our PagBank TPV totaled R$377.6 billion.
- In 2022, our Total revenue and income totaled R$15,334.9 million, representing an increase of 46.8% compared with R$10,448.7 million in 2021. Our Total revenue and income in 2021 represented an increase of 53.3% compared with R$6,814.7 million in 2020. The principal components of our Total revenue and income posted the following growth:

* Our Revenue from transaction activities and other services totaled R$8,906.4 million in 2022, an increase of 31.3% compared with R$6,784.8 million in 2021. The total of these revenue items in 2021 represented an increase of 50.5% compared with R$4,508.7 million in 2020.

* Our Financial income totaled R$6,252.7 million in 2022, an increase of 77.9% compared with R$3,514.4 million in 2021. Financial income in 2021 represented an increase of 61.4% compared with R$2,177.4 million in 2020.

- In 2022, our Net income for the year totaled R$1,504.8 million, representing an increase of 29.0% compared with R$1,166.3 million in 2021. Net income for the year in 2021 represented a decrease of 9.8% compared with R$1,292.3 million in 2020.
- At December 31, 2022, our PagBank active users totaled 16.2 million, representing an increase of 23.9% compared with 13.1 million at December 31, 2021. Our PagBank active users in 2021 represented an increase of 66.2% compared with 7.9 million in 2020.

With respect to the labor market, in December 2022, according to information from IBGE's PNAD, Brazil had 47.5 million formal economy employees and 22.1 million informal economy employees (considering the private sector, domestic services and the public sector), representing a major market opportunity for digital banks, as most of the 22.1 million individuals employed in the informal economy remain unbanked or under-banked, and seek digital payments and credit solutions.

According to SEBRAE (*Portal do Empreendedor*) and Brazil's Internal Revenue Services (*Receita Federal*), there were 14.8 million micro-merchants (*MEIs*) in Brazil as of December 31, 2022. Also, according to the most recent Annual Social Information Report (*Relação Anual de Informações Sociais - RAIS*), published by the Ministry of the Economy, as of December 31, 2021, there were 3.8 million SMEs. Additionally, according to IBGE's PNAD, as of December 31, 2022, there were 18.6 million individuals self-employed in the informal economy, usually individual customers of card acquirers. Taken together, this totals an addressable market of 37.2 million formal and informal businesses. In addition, according to SEBRAE, the number of individual micro entrepreneurs in Brazil increased significantly, from 772 thousand in 2010 to 14.9 million in March 2023.

We believe that by continuing to migrate these individual micro entrepreneurs and micro companies into our ecosystem, we can continue to drive significant additional revenue growth in the coming years. At the same time, we will continue to introduce more value-added products and services targeted to larger clients. For example, we have introduced a number of products and services during the prior years, which include the following:

- In January 2021, we launched a pre-authorization card which allows a pre-authorized transaction to occur as credit and can be confirmed for a lower amount later if needed (never a higher amount). This service is aimed at the airline, car rental and hotel segments. This transaction requires a physical card to be completed;
- In May 2021, we launched Moderninha Profit, a payment terminal that was developed to meet the demand of a niche of sellers who do not need a touch screen device but instead insist on having a device with a printer;
- In April 2021, we launched PagPhone, a smartphone and card machine device. This device aims to ensure that the seller does not to lose sales, it accepts payments by credit and debit cards, Pix transactions, QR codes and approximation (NFC) cards. PagPhone is a complete cell phone that guarantees greater practicality and mobility for merchants. This device allows the merchant to receive messages and respond to customers on social media and WhatsApp, in addition to taking and posting product photos, all on a single device and uses Android 10 technology;
- In April 2021, we launched ClubePag, which is a customer loyalty tool, provided free of charge by PagSeguro to retain its customers. At ClubePag, you build your club, create your own offers, and make cashback available to customers to accumulate credit;
- In September 2021, we launched Moderninha Wi-fi Plus, which has 3G and Wifi connection but does not include a printer or a touchscreen, but allows messages to be sent via SMS, accepts payments by credit and debit cards, Pix transactions, QR codes and approximation (NFC) cards;
- In October 2021, we launched the anticipation function in our Moderninhas payment terminals, which allows the anticipation of receivables by scheduling payments for transactions carried out within the 30 and 14-day period whenever you need it;
- In January 2022, we launched the Minizinha Chip 3 payment terminal, with a larger display and color screen, the new Minizinha Chip 3 payment terminal aims to facilitate the merchant's day to day activities. A mobile phone isn't needed as the payment terminalhas a Wi-Fi connection and a SIM card with a free data plan. This payment terminal accepts payments by credit and debit cards, Pix transactions and approximation (NFC) cards;
- In January 2022, we launched PagTotem, ideal for use in stores, markets, and fast-food restaurants, PagTotem posses a touch screen, printer and integrated card reader. PagTotem is a comprehensive solution that guarantees practicality and connectivity during the checkout process and allows the merchant to manage their equipment through the PagSeguro Store. This self-service equipment has a 23 inch touchscreen display, with ethernet connection, 2.4/5 Ghz Wi-Fi bandwidths, and Bluetooth;
- In January 2022, we launched the PagBank debit card, which is free and has no annual fee for customers, designed to simplify their routine. With it, our customers can manage the balance of their account, withdraw cash and make debit card purchases, both in Brazil and abroad.
- In February 2022, we launched the typed pre-authorization. In this modality, the pre-authorization sale can be used by providing the card data, security code and validity information;
- In March 2022, we launched the prepaid mobile top-up service in the Minizinha Chip payment terminal, a mobile top-up and service top-up functionality that has been expanded and now possesses the modality to be accepted in the Minizinhas Chip payment terminals; and

- In March 2022, we launched the Moderninha Plus 2 payment terminal, which allows sales to be carried out quickly with 3G and Wi-Fi connections, and is a particularly well-suited device for professionals that work in establishments such as beauty salons, tattoo studios and wellness clinics, as it can be shared with up to six professionals. With a modern design, it accepts payments by Pix transactions and card approximation and comes with a chip and data plan.
- In April 2022, we launched the one-click investment, where the customer can invest in a complete diversified portfolio with just one click.
- In July 2022, we launched the free credit card with a limit of up to 100% of the value of the customer's investment in PagBank CDs. Those who invest their money in PagBank CDs receive an international credit card with no annual fee and a limit equal to the value of their investments.
- In August 2022, we launched the Moderninha Smart Plus terminal, focused on front-end store operations. The Moderninha Smart 2 accepts payments by credit, debit, and QR Code with speed and agility. It has a modern design, Wi-Fi connection, 4G Chip and Bluetooth, touch screen, and integrated camera.
- In August 2022, we launched The *Poupar Automático* product, which allows the customer to choose a percentage of their sales to invest automatically in a daily liquidity CD and bring more convenience to their daily life. The goal is to help the customer create the habit of saving their earnings and get even closer to their financial goals.
- In September 2022, we launched the free credit card with a balance equal to the balance amount in the customer's bank account, where the customer can use part or all of the available balance in their account as a credit limit. This is the credit card with a limit secured through the account balance.This feature is also available for those who already have a PagBank credit card but wish to further increase their limit. In this case, they can also use part or all of their account balance.
- In December 2022, we rebranded the PagBank Saúde product, an assistance service for customers and their families to have access to affordable consultations and exams in a broad medical and dental network. In addition to discounts on medications at the country's major pharmacies, there are now discounts on surgeries and 24-hour emergency telephone support.

In 2020, BancoSeguro expanded its investment alternatives in the Super App service, with the issuance of CDs yielding a rate of 105% to 200% over the CDI. In addition, we began to distribute quotas in new investment funds managed by third parties and backed by incentive debt issuances, corporate debt issuances, and Brazilian treasury bills and shares, and we recently started to offer a new service that allows our customers to buy, hold and sell quotas for investment funds in cryptocurrencies also managed by third parties.

Our History

We launched PagSeguro in 2006 as an online payment platform to provide the digital payment infrastructure necessary for e-commerce growth in Brazil. By 2016 we were considered the largest Brazilian online payment company in terms of TPV, according to data compiled by Ebit. UOL's credibility in the Brazilian internet sector was key to this successful, launch and remains so today. Founded in 1996, UOL is Brazil's largest internet content, digital products and services company. According to comScore, 109 million unique visitors (approximately 70% of Brazilian internet users) accessed a UOL website in January 2023 representing an increase of 4% from 105 million in January 2022, an increase of 20% from 90.4 million in April 2018 and an increase of 34% from 81.2 million in May 2017. In addition, according to Google Analytics and Google Ad Manager (the ad server system that we utilize) as of March 2023, UOL achieved approximately 7 billion page views, provided approximately 6.1 billion display ad impressions and had a potential video inventory of 349 million video ads. The PagSeguro and UOL brands together gave Brazilian online consumers the confidence to use their sensitive personal and financial data on our payments platform, in order to shop online easily and safely. As an example, we brought trust to the online merchant-customer relationship by introducing a feature where we hold the consumer's payment in escrow for a period of time after the purchase, as a precaution in case of any commercial claims.

In January 2021, we submitted to the Central Bank a request for the approval of a corporate reorganization that involved certain of our subsidiaries and we received the corresponding approval in August 2021. As a result of this reorganization, the entities Net+Phone, PagSeguro Tecnologia Ltda. (Current denomination of Boa Compra) "PagSeguro Tecnologia", BCPS, R2TECH, BIVA and CDS were spun off from PagSeguro Brazil and since then they have been controlled by PagSeguro Digital's direct subsidiary PagSeg. In addition, TILIX, Yamí and Zygo subsidiaries were spun off from PagSeguro Brazil with control passing to PagBank Holding, a holding company that we incorporated in Brazil to receive the Group's unregulated assets.

The list below describes changes to our organizational structure in the year ended December 31, 2021:

- In March 2021, we incorporated PagSeguro Holding Ltd., or PagSeguro Holding, to serve as a holding company directly under PagSeguro Digital;
- In the third quarter of 2021, we incorporated four new subsidiaries under PagSeguro Holding consisting of the following entities:
    - PagSeguro Chile SPA, or PagSeguro Chile;
    - PagSeguro Colombia S.A.S, or PagSeguro Colombia;
    - PSGP México S.A de C.V., or PSGP Mexico; and
    - PagSeguro Peru S.A.C., or PagSeguro Peru.
- In August 2021, we acquired Concil Inteligência em Conciliação S.A., or Concil, which now operates as a subsidiary of PagSeguro Brazil;
- In December 2021, PagSeguro Tecnologia incorporated R2Tech; and
- In December 2021, Biva Serviços incorporated BIVA.

As a result of the above, our current organizational structure reflects the following:

- **PagSeguro Digital** subsidiaries include PagSeguro Brazil, PagSeg, BS Holding, and PagSeguro Holding Ltd;
- **PagSeguro Brazil** subsidiaries include Biva Sec, FIDC, RegistraSeguro, Concil and MOIP.
- **BS Holding's** subsidiary will include BancoSeguro and Paginvest Corretora de Título e Valores Mobiliários Ltda. ("Paginvest Pagbank").
- **PagSeg** subsidiaries will include Net+Phone, Pagseguro Tecnologia, BCPS Online Services, Lda, ("BCPS"), PagSeguro Biva Serviços Financeiros Ltda., CDS and PagBank Holding.
- **PagBank Holding**, subsidiaries will include TILIX, Yamí and Zygo, and
- **PagSeguro Holding** subsidiaries will include: PagSeguro Chile, PagSeguro Colombia, PSGP Mexico and PagSeguro Peru.

PagSeguro Brazil, MOIP and BancoSeguro are subject to the Central Bank regulation and supervision. This reorganization is intended to improve the administration of our corporate structure and to group our operating subsidiaries under appropriate holding companies based on the services provided by each subsidiary.

The list below describes the changes to our organizational structure in the year ended December 31, 2022:

- In October 2022, PagBank Holding write off its equity stake in Boletoflex to Boletoflex's former shareholders. As a result, Boletoflex is no longer part of the PagSeguro Group; and
- In December 2022, PagSeguro Biva Correspondente Bancário Ltda. was fully incorporated into PagSeguro Biva Serviços Financeiros Ltda., and as a result, ceased to exist.

Capital Expenditures

The net total of our capital expenditures (purchases of property and equipment and purchases and development of intangible assets), for each of the years ended December 31, 2022, 2021 and 2020 were R$2,136.4 million, R$1,751.8 million and R$2,046.6 million, respectively, most of which related to data processing equipment, machinery and equipment, development of software and technology and software licenses, all in Brazil. All of our capital expenditures are funded with internal resources.

For further information on our capital expenditures through investments and related expenditures, see Notes 12 and 13 to our audited consolidated financial statements included elsewhere in this annual report.

Our Products and Services

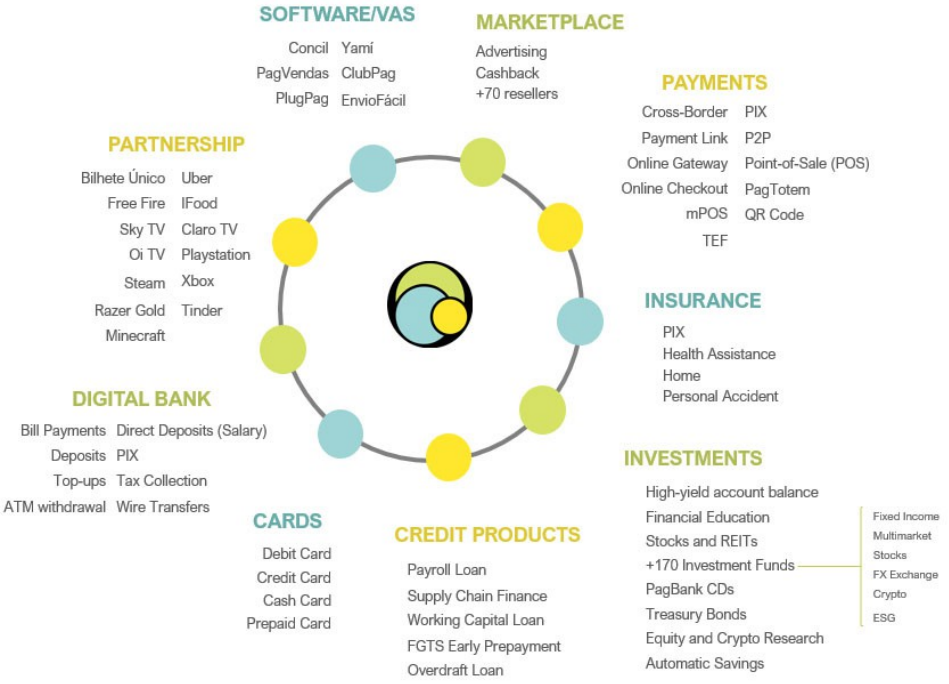
We provide a wide range of affordable solutions and tools for merchants and consumers. These include a variety of payments and banking products, cash-in and cash-out options with features designed to attract and retain clients, provide them with access to working capital and help them manage their cash flow. We have an in-depth understanding of our clients, the issues they face and the markets in which they operate. As a pioneer in the Brazilian digital payments market, we are able to anticipate trends and translate them into new products and solutions that meet our clients' needs more efficiently than foreign competitors operating in Brazil. The Brazilian market expects payments providers to offer a number of country-specific features, such as Pix *boletos* and early payment of merchants' receivables when consumers purchase in installments by credit card, all of which are central to Brazilian financial culture. We built our payments ecosystem, merchant services and our banking solutions offering around these specificities, offering tailor-made solutions for the Brazilian market. Although all our solutions also work for desktop and other non-mobile platforms, we design our solutions on a mobile-first basis so that our clients can be self-sufficient at all times. All of our transaction systems are fully compatible with the mobile environment. We also maintain a strict focus on ongoing innovation, selecting and developing new products and services with a high level of speed to market. This is evidenced by our investment of R$1,040.3 million in expenditures on software and technology in the year ended December 31, 2022, equal to 6.8% of our Total revenue and income for the year. Additionally, we believe our distribution platform and marketing strategies are well-suited to reaching micro-merchants and SMEs in Brazil.

With the increased adoption of mobile devices by merchants and consumers as a form of payment, we design all our solutions on a mobile-first basis so that our merchants can be self-sufficient at all times and offer payment options to consumers using mobile devices.

Our industry is characterized by rapidly changing technology, changing customer needs, evolving industry standards and frequent introductions of new products and services. We strive to continue to develop and release new products and services to match the needs and expectations of our clients, as well as retain and deepen relationships with our existing clients. Many of our merchants have grown within our platform, for example from purchasing a single POS device to choosing to receive early payment of their card receivables on consumer installment transactions, and we believe our software business management tools and our banking products can be further leveraged to increase customer engagement.

Evidencing our commitment to deepening relationships with our existing clients, among unique active accounts, we have experienced higher engagement across various areas. In less than three years, we believe we have created the most complete digital bank & payments experience in Brazil, which includes services and products such as payments solutions, day-to-day banking, cards, credit offerings, investments and insurance. As of December 31, 2022, we had a total of 27.7 million customers and 16.2 million PagBank active users (including active merchants using one additional digital account feature/service beyond acquiring and consumers with a balance in their digital account on the last day of the relevant month), becoming the second largest Brazilian digital bank according to data from Brazilian Central Bank. Our deposits increased 135% while our credit portfolio increased by 43% year-on-year at December 31, 2022. In 2022, 9.8% of all Pix transactions in Brazil were carried out through PagBank.

The PagBank PagSeguro Ecosystem



Our end-to-end digital ecosystem operates as a closed loop where our clients are able to address their main day to day financial needs, including receiving and spending funds and managing and growing their businesses. Our main products and services fall into the following categories, described in further detail below:

- the free PagBank digital account, around which all our functionalities and services are designed;
- 40 cash-in solutions;
- early payment of merchants' installment receivables;
- advanced built-in functionalities as well as value-added services and features; and
- 13 cash-out methods.

PagBank

In May 2019, we officially launched PagBank, our free PagBank digital account, which offers payment and banking services through the PagBank mobile app. PagBank enables us to expand into the Brazilian banking market which, according to our internal research based on official data from a number of sources (which includes ABECS (Card Schemes Data), the Central Bank, banks' investor relations websites, JP Morgan Research, the Superintendence of Private Insurance (*Superintendência de Seguros Privados - SUSEP*), the National Federation of Private Insurance Brokers (*Federação Nacional dos Corretores de Seguros Privados - Fenacor*), the National Confederation for General Insurance Companies (*Confederação Nacional das Empresas de Seguros Gerais - Cnseg*), the International Data Corporation (IDC Software Report), Goldman Sachs Research, ANBIMA Retail Investment Statistics, and internal estimates) is more than 20 times larger than the Brazilian payments market itself in terms of net income (profit pool).

In 2020 we became an associated member of ANBIMA and joined the distribution code, which allows the offer of bonds and securities to customers in the Brazilian market. In March 2023, we also received the authorization from the Central Bank to create our bonds and securities brokerage entity know as PagInvest PagBank, an important step towards attracting new clients, especially investors in the Brazilian stock market (B3).

Supported by our strong PagSeguro and PagBank brands, which according to Google Trends, filtering by the Financials Category, for the twelve months ended March 5, 2023, had in aggregate, an average of 1.5 times more searches than the second player in our market, our PagBank business activity has a strong platform to gain new users and promote client loyalty. As evidence of the success of our platform, we saw a year-over-year increase of almost two times in PagBank active users at December 31, 2021, with an additional increase of 24% in 2022, reaching more than 16 million PagBank active clients at December 31, 2022, and our PagBank app had 284 million logins in the month of December 2022 alone.

The Free PagBank Digital Account

The free PagBank digital account, which is the core of our client offering for both merchants and consumers, centralizes all cash-in options, functionalities, services and cash-out options in a single ecosystem so that our clients can grow their businesses and manage their financings in a safe, affordable, scalable and simple way, all without needing a bank account.

The free PagBank digital account has a 100% online onboarding process, without paperwork, with a quick turnaround and a high acceptance rate. We offer functionalities such as bill payments, top up prepaid mobile phone, Pix, wire transfers, peer-to-peer transfers, cash cards, prepaid cards, credit cards, loans, investments, payroll portability, QR code payments, shopping, Bilhete Único (urban mobility ticket for the city of São Paulo), Uber, Free Fire, iFood, Playstation, Steam, Xbox, Tinder, Minecraft, Razer Gold and Brazilian Pay-TV services, among other digital banking services.

Merchants and consumers can sign up for a free PagBank digital account, gaining access to all of the offerings in our ecosystem, through a single online contract that can be completed in minutes without paperwork. By signing up with us and requesting one of our devices, merchants can automatically start accepting a wide range of cash-in methods, all with antifraud protection, and can access our software business management tools. For merchants who require more complex functionalities, we offer value-added services and features such as the early payment of installment receivables, accounting reconciliation and shipping solutions. With our free PagBank digital account, merchants do not need to transfer their revenues to another bank checking account, they can use those revenues directly on our platform with our day-to-day banking solutions, such as: (i) paying bills, (ii) making peer-to-peer, pix or wire transfers, (iii) making QR code payments, (iv) buying online, (v) topping up mobile phone, Uber, Spotify, Bilhete Único, Games or Google Play credits, (vi)investing their money, (vii) using their cashcard or transferring their balance to the PagSeguro prepaid card, allowing them to buy goods and services in-person and online or withdraw cash at more than one million Cirrus network ATMs in Brazil and abroad.

We believe these products and services create a "network growth effect." The advantages of our digital payment solutions for merchants drive growth in their businesses, and the advantages of our digital payment solutions for consumers lead them to prefer merchants who offer these solutions, resulting in the acquisition of new clients through word-of-mouth recommendations by both merchants and consumers.

Our main products and services fall into the following categories:

Cash-In Solutions

- Our cash-in methods can be accepted through web checkout, in-app checkout or in-person using our POS devices. They include credit and debit cards, meal vouchers, *boletos*, peer-to-peer and wire transfers and bank debits.
- Instant payments.
- Our payroll portability allows consumers to have their salaries directly deposited to our free PagBank digital account.
- Instant wire transfers (TEDs) and peer-to-peer transfers.
- Issuance of *boletos* that can be paid electronically or at any bank branch.
- Loans.

- Investments: a new feature for our free PagBank digital account through which we will pay remuneration on account balances maintained for at least 30 days, or Conta Rendeira.
- Certificates of Deposit: since March 2020, we have been offering certificates of deposit, or CDs, to all PagBank users. These CDs are offered in addition to our current PagBank Conta Rendeira offering. Other investment possibilities include mutual funds, Brazilian government bonds and stocks.
- The purpose of our platform is to bring quality investment options to all types of investors, with a minimum investment amount of 1 Brazilian *real*. By the end of 2020, we started to offer fixed income (CDs - Certificates of Deposit) and mutual funds investment options, and in early 2022, there were over 100 different investment options available on our marketplace. We also implemented a cashback function on our platform, which offers up to 1% year-on-year additional return. In 2021, we established an educational area on our platform that aims to demystify investing and to educate our customers on how to invest their money. In 2021, we also added new features to this educational tool, which included investment portfolio recommendations, a research area that analyzes and recommends equities and government bonds. We have provided direct access to Brazilian government bond investments through the "Tesouro Direto" program and provided access to investing activities in the B3 through three different methods, (i) Home Broker, (ii) Internet Banking, and (iii) Trading Desk. To support our clients in their investment activities, we have a designated sales team knowledgeable in investment products and internal processes.
- Pix transactions, for instant wire transfers and payments, both online via checkout and our PagBank app and through our POS systems.
- Since 2020, customers can also add funds to their PagBank account using virtual debit cards.

- ***Online and In-Person Payment Tools***

Our merchants can choose to accept payments from consumers through various online and in-person payment tools. For our merchants conducting business online, we offer web checkout solutions and in-app payment options. For merchants conducting in-person transactions, we offer a range of POS devices.

- ***Online Payment Tools***

We offer a variety of online payment tools that enable merchants to integrate sophisticated checkout and payment processes into their online business. These include: (i) two web checkout options for merchants conducting business over browsers (whether desktop or mobile); and (ii) P2P and social payment tools.

(i) ***Web Checkout:*** Our web checkout options offer tokenization, advanced handling of shipping information, management of subscriptions and automatic billing and order tracking. PagSeguro offer two different levels of web checkout integration: "Redirect" and "Transparent," all of which are easy to set up and customize. PagSeguro supplies its code and documentation to merchants free of charge, allowing merchants to select and implement the web checkout solution that best meets the needs of the merchant's on its business.

Redirect: With Redirect, upon clicking on the payment option, the consumer is redirected away from the merchant's website to the PagSeguro secure domain, where the payment is processed. After payment, the consumer is redirected to the merchant's website.

Transparent: The Transparent checkout solution allows merchants to create a fully customized payment experience. Payment is processed by under the merchant's domain while still benefiting from the features and functionalities from our ecosystem, such as anti fraud and consumer data protection.

(ii) ***P2P and Social Payment Tools***: Our innovative P2P and "social payment" merchants and consumers to transfer their balances between free PagBank digital accounts free of charge. For P2P, our "social payment" tools also allow our clients to request payments by sending a web link via social media directly to the person paying, creating a fast and easy way for anyone to send and receive money electronically. Users can request payments even if they do not have a website, and the person paying does not need to register with PagSeguro and may pay through a variety of options, including credit card, *boleto* or bank deposit. With our social payment tool, customers can request payments creating a payment link and send it to customers via e-mail, social network or messaging service such as WhatsApp, using the recipient's phone number or e-mail address. The payer clicks on the link and can make the payment easily in various ways (credit card, *boleto* or bank deposit). Payment link allows the recipient to pay in up to 12 installments. We believe these P2P and social payment tools drive organic growth in our customer base, establishing relationships with potential PagSeguro customers and encouraging them to join our platform when they make a payment.

- ***In-Person Payment Tools***

PagSeguro's wide range of affordable POS devices enable merchants to accept credit, debit and meal voucher on an in-person, chip and pin or NFC basis. PagSeguro's POS devices can be set up in less than five minutes. It is designed to be easy to use and have high levels of system availability, efficient back-up solutions, value-added functionalities and a five-year warranty.

With PagSeguro, merchants can purchase their own device with a flexible payment plan and no monthly usage or other recurring fees. For the equivalent of three to six months' rental payments to an incumbent, merchants can buy a comparable or better device from PagSeguro, freeing them from the incumbents' continuous monthly rental fees. No credit checks on the merchant are required. All of our POS devices come with a free PagSeguro prepaid card to give the merchant an immediate cash-out option without needing a bank account. We offer a comprehensive suite of POS devices, from our entry-level Minizinha to the Moderninha SMART. These POS devices are offered separately from our transaction services.

- Minizinha NFC mPOS connects, through Bluetooth, to PagBank or PagVendas a PagSeguro platform to accept payment, and offers access to a wide range of features. Minizinha provides receipts via SMS for the consumer. PagSeguro offers Minizinha for 12 installments of R$1.90 (or US$0.38), appealing to the micro-merchants and SMEs who plan their own business expenses on a monthly basis.
- Minizinha Chip 3 is an additional POS device and an upgraded version of the Minizinha Chip mPOS device that features a better user experience, NFC communication and a larger screen. PagSeguro offers Minizinha Chip 3 for 12ºinstallments of R$6.90 (or US$1.39).
- For businesses with greater needs, we offer three more sophisticated devices, (i) Moderninha Plus 2 (priced at 12 installments of R$9.90 (or US$1.99)), (ii) Moderninha Pro 2 (priced at 12 installments of R$18.90 (or US$3.80) and (iii) Moderninha Smart priced at 12 installments of R$24.90 (or US$5.00). Moderninha Plus, provides consumer receipts via SMS, is focus on merchants that generate lower transaction volumes; while the Moderninha Pro, which provides consumer receipts via SMS or in paper form, is focus on merchants that generate higher transaction volumes. Moderninha Pro is the first single unit to offer GPRS/2G/3G (currently available 4G) chip connection, NFC, plug-and-play Wi-Fi and Bluetooth connections (for commercial automation and connection to other devices) on the same device, making it the POS device with the most connectivity features in Brazil. The device switches automatically between the various connection formats. In February 2018, PagSeguro launched a new functionality for the Moderninha Pro and Moderninha Wi-Fi (replacing Moderninha Plus in May 2018), enabling several merchants to share a single POS device (each terminal can serve up to six digital accounts, handling sales transactions for each account separately). Moderninha Smart offers the same features of the Moderninha Pro, plus the integration of a product catalog and inventory management software, an installment payment calculator, *boleto* issuance and payment links. The integration of software and hardware helps merchants be more productive and better serve its clients.

- PagSeguro also offers a Smart POS device, the Moderninha X, which is an innovative and advanced POS device. Moderninha X was built for simplicity and ease of use, offers a full integration of hardware, our apps and a fast and secure payments network. By combining high-end functionalities such as Wi-Fi, Bluetooth and 4G connections, as well NFC and QR Code acceptance, the Moderninha X, offers a robust managed payment experience. The integration of software and hardware helps merchants be more productive and better serve clients. PagSeguro offers Moderninha X for 12 installments of R$23.90 (or US$4.80). With no additional cost and new technologies in one single POS device, Moderninha X is the most attractive product for micro-merchants and small businesses. Additionally, Moderninha X integrates our free PagBank digital account and international cash card, free of charge.

We generate revenues from its provision of POS devices to merchants, and from MDR (a percentage of the commissions held by PagSeguro that is generated on the credit, debit and meal voucher card transactions). Beyond standard installment programs, PagSeguro's merchants can offer customers the options to pay in up to 18 installments on credit card payment transactions

For a significant amount of our POS devices, we currently rely on one manufacturer to manufacture, test and assemble, although we are expanding our range of POS devices, which would be derived from different equipment providers. The Agreement for the Supply of Equipment, dated as of June 26, 2014, as amended from time to time, by and among PAX BR Comércio de Equipamentos de Informática Ltda., or PAX Brazil, Transire Fabricação de Componentes Eletrônicos Ltda., or Transire Brazil, and Net+Phone Telecomunicações Ltda, or Net+Phone, sets forth the types of POS devices to be sold by PAX Brazil, Transire Brazil and Tec Toy S.A., or Tectoy, to us and the standard terms and conditions governing this supply of POS devices. PAX Brazil, Transire Brazil and Tectoy together serve as our main supplier of POS devices. Consideration payable to PAX Brazil, Transire Brazil and Tectoy under this agreement is determined by the number of POS devices ordered by us. For more information, see "Item 3. Key Information—Risk Factors—Some of the key components of our POS devices are sourced from a limited number of suppliers. We are therefore at risk of shortage, price increases, changes, delay or discontinuation of key components, which could disrupt and harm our business."

- ***Payment Methods***

The free PagBank digital account provides 40 cash-in methods, including the items listed below. Our cash-in methods can be accepted through web checkout, in-app checkout, or in-person using our POS devices. For debit card transactions, card issuers in Brazil pay us as acquirer on the first business day following the consumer transaction; and for credit card transactions, card issuers in Brazil pay us as acquirer on the 30th business day following the consumer transaction. We believe our pricing model is simple, transparent and easy to understand, when compared with that of incumbent payment processing providers, which is typically determined based on a mix of volume, card scheme and payment method. We believe that these incumbent providers have little incentive to make aggressive price changes as they may run the risk of cannibalizing their own merchant base as a result.

- ***Credit cards***

We accept card payments, through our online and in-person POS payment tools, from all the major credit card schemes active in Brazil, including Visa, MasterCard, Elo, American Express, Hiper and regional schemes. The major credit card schemes accepted on our platform together represent 98,1% of the total payment volume carried out using credit and debit cards in Brazil in the second quarter of 2022, according to Brazilian Central Bank. We generate revenue from credit card transactions by charging a merchant discount rate, or Merchant Discount Rate ("MDR"), a commission withheld by us from the transaction value paid to the merchant. The transaction amount, less the MDR, is credited to the merchant's free PagBank digital account. Our MDR pricing model is standardized, easy to understand and transparent. We also offer customized MDR pricing for certain merchants who process large payment volumes. We recognize the MDR fees in our financial statements as revenue.

In addition, Brazilian consumers expect merchants to allow them to choose at the point of purchase to have the purchase price either (i) charged to their credit card accounts in a single payment, as in other markets, or (ii) split into several payments and only charged to their credit card accounts in monthly installments. In this case, the merchant only receives the revenues after the respective monthly installment has been charged, rather than 30 business days after the original transaction. Together, the 30-day payment cycle and the installment option create working capital difficulties for merchants. We offer two services to help merchants improve their cash flow. To shorten the payment cycle, our "payment date election" service *(regime de recebimento)* allows our merchants to receive their credit card sales from us either (i) in the regular 30-day payment cycle, or (ii) if the merchant so elects, on the 14th business day, the 1st business day or immediately after the transaction. To help our merchants offer the installment payment option to consumers, we offer to pay the monthly installment receivables to our merchants either (i) when each installment is charged to the consumer's card, or (ii) if the merchant elects our early payment feature, on an up-front basis. Micro-merchants and SMEs have historically faced difficulties obtaining this service from the incumbent payment processing providers, and they often require merchants to request early payment on a transaction-by-transaction basis. We offer a solution to these bottlenecks through simpler onboarding and preapproval of a merchant's early payments. The underlying receivables relating to these payments are owed to us by the credit card issuers, which are owned primarily by Brazil's large retail banks. This early payment of receivables feature creates an important working capital alternative for our merchants while also generating income for us.

When merchants choose to make use of this early payment of receivables feature we charge them a discount fee from the lump sum of the receivable. This discount is additional to the MDR fee withheld from the merchant. The discount fee is deducted from the amounts payable to the merchant at the same time as the MDR, but is recognized in our financial statements as financial income rather than revenues. The discount that generates our Financial income relates only to the early payment of the second and successive installments of the purchase; the first installment is not paid early as it is disbursed to the merchant within the normal billing cycle, so it does not generate remuneration in the form of Financial income (although it does generate MDR, which is recognized as Gross revenue from transaction activities and other services). The lump sum receivable, less the discount fee and the MDR on the intermediation transaction, is credited to the merchant on the 30th, 14th or 1st business day after the transaction, according to the merchant's "payment date election" described in the paragraph above.

Merchants who choose not to make use of our early payment of receivables feature only receive the amount payable to them under the consumer transaction (after deduction of the MDR fee) after the monthly installments are charged to the consumer's credit card and the card issuer has paid us.

- ***Debit cards***

We accept debit cards from all the major card schemes active in Brazil, including Maestro (MasterCard), Visa Electron and Elo, for in-person payments. We generate revenues in the form of MDR commissions using a standardized, easy to understand and transparent pricing model. Unlike credit cards, Brazilian debit cards do not offer an installment payment option.

For debit card transactions, we receive the underlying payment from the debit card issuer one business day after the consumer transaction, and we pay the amount of the consumer transaction (less our commission) to the merchant on the same day as we receive it.

- ***Meal voucher cards***

Meal voucher cards are a labor benefit included in Brazilian employment contracts. The employer simply credits the employee's card on a prepaid basis, and the employee can use the prepaid balance on the card to make purchases in restaurants and grocery stores. We accept in-person card payments from the principal meal voucher card issuers active in Brazil, generating revenues in the form of a value added network, or VAN, commission, which is currently charged at a flat rate per transaction. Meal voucher cards do not offer an installment payment option.

- ***Instant payments***

Through our instant payments feature, merchants can receive payments immediately following debit and credit card transactions (both with and without installments) at the same cost as our one-day payment election service.

- ***Payroll portability***

Through our payroll portability feature, anyone working in Brazil as a registered employee has the ability to have their salary deposited directly into their free PagBank digital account at no cost.

- ***Boletos***

Boletos are payment slip documents issued by Brazilian businesses and utilities through banks to enable consumers to pay their bills. *Boletos* can be used for products or services, utilities or taxes. Each *boleto* refers to a specific merchant and customer transaction, and includes the merchant's name, customer information, expiration date and total amount due, plus a serial number that identifies the account to be credited and a barcode so that the entire document can be read and processed. The consumer can pay the *boleto* through his or her bank either online, over the phone, at a branch or at an ATM. Merchants can receive credits from *boletos* directly into their free PagBank digital account. We generate MDR commissions on cash-in payments made via *boletos* to a merchant's free PagBank digital account, merchants and consumers can also use boletos to add cash to their PagBank account (cash-in) free of charge.

- ***Bank transfers and bank debits***

Consumers can make transfers from bank accounts, either to their own free PagBank digital account in order to add funds to their account balance that can then be used anywhere on our ecosystem, or to a merchant's digital account to pay for a product or service. These payments can be made via any bank transfer or, in the case of payments to merchants, via an online bank debit tool. We generate MDR commissions on payments made via bank transfer or bank debit to a merchant's free PagBank digital account. There is no MDR or any other commission charged by us when consumers add funds to their own free PagBank digital account.

- ***Cash deposits***

Similar to bank transfers, consumers can make cash deposits at a bank branch or ATM directly to their free PagBank digital accounts – either to a merchant's digital account to pay for a product or service, or to the consumer's own digital account. We generate MDR commissions on payments made via cash deposit to a merchant's free PagBank digital account. There is no MDR or any other commission charged by us when consumers add funds to their own free PagBank digital account.

- ***PagBank CD (Certificates of deposit)***

Since March 2021, we have been offering CDs to all PagBank users. These CDs are offered in addition to our current PagBank savings account offering. PagBank users may choose among three different grace periods for their CDs: (i) daily liquidity, (ii) 180 days, or (iii) one year. We believe that is CD offering allows us to provide PagBank users with better investment offerings, while improving engagement with our ecosystem.

- ***Early payment of installment receivables***

As described under "Cash-in Solutions—Credit Cards" above, our early payment of installment receivables feature helps our merchants offer the installment payment option to their clients paying by credit card, without sacrificing their own cash flow. In addition to generating financial income for us, this early payment feature is an important source of working capital for merchants, in particular for our micro-merchants and SMEs, who may not otherwise have efficient access to capital from banks or traditional financial institutions. We believe that by offering this feature, we can strengthen our business partnerships with our merchants by providing this capital to help them grow their businesses.

We generate financial income through this early payment feature by charging a discount fee from the second and successive installments that are paid early in the lump sum, in addition to the MDR fee on the intermediation transaction. The discount fee is deducted from the amounts payable to the merchant, but is recognized in our financial statements as financial income rather than revenues.

Prior to our IPO, we funded the working capital for this early payment service using debt incurred by us. In addition, in November 2017, we set up a Brazilian investment fund to purchase and hold receivables known as a *Fundo de Investimento em Direitos Creditórios* (a Fund for Investment in Credit Rights, or FIDC), which we use to finance the early payment of receivables of our merchants. The FIDC is controlled by PagSeguro Brazil, which owns 100% of the subordinated quotas. Our remuneration from the early payment of receivables feature continues to be reflected as Financial income in our consolidated financial statements. We do not expect the establishment of the FIDC to impact the discount rate we charge in connection to the early payment of receivables feature or the expenses we incur to obtain early payment of receivables from card issuers and acquirers. For further information regarding the FIDC, see "Organizational Structure."

- ***Advanced Built-In Functionalities and Value-Added Services and Features***

Our free PagBank digital account comes with a number of advanced built-in functionalities, provided free of charge, as well as value-added services and features that are designed to help both consumers and merchants. These functionalities and value-added services and features include:

- PagSeguro credit cards for merchants;
- card reconciliation services through Concil Inteligência em Conciliação S.A.;
- enterprise resource planning, or ERP, services through NetPOS
- bill payments;
- e-commerce support through Yamí;
- purchase protection mechanisms;
- antifraud platform;
- account and business management tools;
- our POS App (*PagVendas*);
- PagBank – PagSeguro (i-Banking App) and Super App service; and
- order management and food delivery through our proprietary delivery app, PedeFácil.

Our platform also provides solutions such as PlugPag, a free tool compatible with iOS, Android and Windows, aimed at our medium-sized and larger merchants, enabling them to connect their POS device directly to their ERP software or sales automation system via Bluetooth; cart recovery solutions to improve sales conversion rates on e-commerce websites; and developer platforms allowing merchants to give third-party developers access to their free PagBank digital accounts on a secure basis using application programming interfaces, or APIs; among other functionalities.

✓ ***Purchase Protection***

Our Purchase Protection solution adds multiple layers of security for online purchases made on our platform. As a payment card industry, or PCI, compliant company, we do not share consumer credit card data or sensitive information with merchants, helping to prevent fraud and data misuse. For added protection to online consumers, our ecosystem holds consumer payments in escrow for a set period after purchase. If there is no consumer complaint, the funds are typically released to the merchant in two weeks from the purchase date after review. If a problem occurs with the purchase and the transaction is eligible for Purchase Protection, the consumer can file a claim and, if requested, we will act as mediator to help resolve the issue with the merchant. If the issue is not resolved, we reimburse the consumer for the full purchase price plus shipping costs. In the year ended December 31, 2022, only 0.03% of our online transactions required claim mediation and for those that did, the average time for claim mediation settlement was 17 days. 86.96% of the disagreements related to non-receipt of a purchase, and 35.94% were resolved in favor of the merchant.

✓ ***Antifraud platform***

In addition, our IT background combined with the 14 years of historical transaction data we have amassed since our launch allow us to develop proprietary technology and gain expertise against online fraud and chargebacks related to fraudulent transactions in Brazil. Our antifraud platform combines proprietary features, such as internal risk modeling and scoring through artificial intelligence and risk assessment tools that collect public and private market information, as well as front-line third-party solutions such as Feedzai, LexisNexis and Threatmetrix. The antifraud platform is fully integrated into our ecosystem, and features processes designed to monitor potential fraud in real time, tracking transaction approvals and denials, enabling us to maintain high transaction approval rates and low incidences of fraud.

When a client requests a chargeback from the card issuer, we verify whether the sale occurred and whether the product or service was delivered by the merchant. If the chargeback claim was fraudulent, we pay the amount due to the merchant and we contest the attempted chargeback with the card issuer by providing the supporting documentation. If the chargeback claim was justified, we pass on the cost to the merchant. For information on claim mediation requests filed by our clients on our platform, see "Protecting Our Clients—Transaction Security."

✓ ***Account management tools***

We aim to help our merchants expand their businesses by offering free tools such as account statements for their free PagBank digital account, customized digital invoicing, sales data reports, simulations of early payment of merchants' receivables, and revenue management.

✓ ***Business management tools***

For merchants who generate larger transaction volumes and require more complex controls, we offer value-added services and features such as: (i) flexible crediting dates; (ii) payment into separate bank accounts for each card scheme; (iii) a split payment solution, which automatically segregates credits between two different companies; (iv) a seamless single-click checkout option, allowing customers to make purchases with a single click; and (v) our Electronic Funds Transfer ("EFTPOS") integration solution. Our innovative approach also brought trust to the online merchant-customer relationship by introducing a feature where we hold the consumer's payment in escrow for a period after the purchase, as a precaution in case of any commercial claims. Our split payment solution allows merchants to generate payments, integrate employees, manage receivables and receive commissions in real time. We offer these services by providing our merchants with the code and documentation to implement these tools.

✓ ***POS App (Pag Vendas)***

Our free sales app *PagVendas* is a POS software app available for smartphones and tablets running iOS or Android that integrates seamlessly with our payment processing solution but can also be used on a stand-alone basis. *PagVendas* allows our merchants to add products and manage POS software. By using this app, merchants are able to increase productivity and manage their sales and inventory, among other items. The tablet version of the app allows merchants using POS devices to improve their business operations by registering and itemizing their services and products, selling merchandise on customizable terms, tracking business data and allowing for faster in-app checkout. Items can be grouped, categorized, sorted, and linked to inventory management. *PagVendas* is user-friendly and secure, and fully integrated with our merchants' free PagBank digital accounts and the Moderninha Wi-Fi, Moderninha Pro, Moderninha Smart and Minizinha POS devices. As of March 23, 2023, PagVendas was rated an average of 4.8 stars by 7.5 thousand reviewers in Apple's Brazilian app store and 4.6 stars by 26.9 thousand reviewers in Google Play.

✓ ***PagBank – PagSeguro (i-Banking App) and Super App service***

Our free digital account app, PagBank – PagSeguro, is a transaction and digital account management app available for smartphones and tablets running iOS or Android which provides our clients with an easy and practical way to manage their transactions, account balances and day-to-day banking. Through PagBank – PagSeguro, our clients can pay bills, make peer-to-peer, Pix or wire transfers, make QR code payments, complete online purchases using their PagBank account balance, invest their money in different investments options such as CDs, use their cashcard or prepaid card to buy goods and services or withdraw cash, contract financial service products such as insurances, loans and credit cards. PagBank – PagSeguro also provides real-time statements of a user's historical account and PagSeguro prepaid and cash card activity, as well as a merchant sales panel through which merchants can generate reports and statements as well as manage their sales. As of March 23, 2023, PagBank / PagSeguro was rated an average of 4.9 stars by 1 million reviewers in Apple's Brazilian app store and 4.6 stars by 2.06 million reviewers in Google Play.

In addition, through our Super App services, users of our i-Banking app PagBank – PagSeguro have the option to top up prepaid mobile phone, Uber, Spotify, Games or Google Play credits. Through our partnership with the Shell brand, since March 2020, PagBank users have been able to make payments at gas stations directly through our Super App via a P2P transaction, thus eliminating their need to use a physical card for these purchases. Through our PagBank – PagSeguro digital account, we also pay interest (totaling 110% over the amount generated by "*poupança*" account (a traditional Brazilian savings account) on account balances maintained for at least 30 days. In December 2022, according to the Consolidated Retail Product Distribution Statistics obtained from ANBIMA, this savings account feature had more than R$900 billion under management (considering retail investors with more than R$100,00 in their savings account), corresponding to almost 75 million accounts throughout Brazil in this category. We believe this feature will not only increase loyalty and engagement with our digital banking ecosystem but also help us acquire new PagBank users.

Through our Super App services, we also offer our clients health and transportation benefits. Through our partnership with a third party healthcare assistance company, we developed PagBank Health, which we launched in April 2020. Clients that sign up for this service will receive discounts on medical exams, doctor's appointments and pharmacy purchases, all through our Super App. We receive a rebate from the monthly subscription fee charged to clients that sign up for PagBank Health. Through our partnership with the Shell brand, since March 2020, PagBank users are able to pay gas stations directly through our Super App through a P2P transaction, thus eliminating their need to use a plastic card for these purchases. In addition, when our clients pay at Shell gas stations using our Super App, they will also receive up to R$50 cash back.

✓ ***PlugPag***

PlugPag is a free tool, aimed at our medium-sized and larger merchants, enabling them to connect their POS device directly to their enterprise resource planning (ERP) software or sales automation system via Bluetooth. The PlugPag feature offers various advantages such as a direct connection between the merchant's software and the POS device, which automates the flow of information, avoiding human intervention to minimize potential mistakes and fraud. By sending the confirmation or rejection of each sale directly to the merchant's software, this tool facilitates automatic reconciliation of sales records, a common requirement of larger merchants.

✓ ***Accounting reconciliation***

We offer merchants a platform for reconciling their sales and the related fees with their acquirer payments. This service is offering by Concil, a company specialized in reconciliation, and is supported by our expertise in middleware and back-office solutions processing. We generate revenues from this service in the form of recurring payments, based on number of sales realized. Customers can also choose plans with bank reconciliation or integration with their systems by API.

✓ ***Cart recovery***

Our cart recovery solution aims to improve sales conversion rates on e-commerce websites. If the consumer accesses a merchant website, places items in the website's virtual cart, continues to our web checkout but then leaves the website before finalizing the purchase, this tool keeps the items in the cart, saving the consumer time if he or she later returns to the merchant's website to complete the purchase. It also features e-mail reminders and remarketing to direct the consumer back to the merchant's web checkout.

✓ ***Subscription service and automatic billing***

Our merchants can provide subscription services and automatic billing for their consumers. This tool enables the merchant to manage, cancel or renew subscriptions and manage and cancel automatic billings, all through the free PagBank digital account.

✓ ***Smart Supply***

Our Moderninha Smart and Moderninha Pro have built-in technology that measures the consumption of POS receipt paper. This technology, combined with an advanced logistics system, allows us to deliver replacement paper rolls to the merchant automatically in advance. We believe this tool increases merchant satisfaction while reducing inquiries and the related customer service costs. We consider this service a loyalty initiative and provide it free of charge.

✓ ***POS Assistance***

All of our POS devices have a five-year warranty. In order to reduce the inconvenience of waiting for repair to or replacement of a POS device, we offer eligible merchants three levels of assistance: (i) standard service, where the replacement device is delivered via mail; (ii) express service, where the replacement device is delivered via courier service; and (iii) quarterly preventive assistance for larger clients, where our field technicians visit the merchant periodically to carry out maintenance on a preventive basis.

✓ ***Developer platform***

We enable merchants to give third-party developers access to their free PagBank digital accounts on a secure basis using application programming interfaces, or APIs. Our APIs are designed to allow developers a plug-and-play service to create integrated websites and software applications that connect to the PagSeguro platform, allowing merchants to benefit fully from the features and value-added services and features available on our ecosystem, while keeping our customers' financial information confidential. Our developer platform offers integration tests and guides (including modules and a virtual library) and community and GitHub forums.

✓ ***Shipping solutions***

Through a partnership with the Brazilian Post Office, we offer integrated shipping solutions enabling online merchants to send, insure and track their packages at lower overall shipping rates than the Brazilian Post Office's standard prices. Delivery fees can be included in the online sales transaction or paid separately by the purchaser. Using our shipping cost calculator, merchants can choose to offer (i) a fixed freight rate based on the number of items shipped, (ii) a weight-based rate, or (iii) a customized rate based on a fixed amount plus an incremental rate for each additional item. Merchants can also track all shipments and insure their products against loss. We monitor and review the Brazilian Post Office's performance and compliance with our contractual terms.

✓ ***EFTPOS Integration Solution***

Our EFTPOS integration solution, which we launched in August 2017, offers solutions that integrate EFTPOS technology with merchant software, secured via PIN pad. This service allows merchants to process of large transaction volumes and issue tax receipts more easily than with traditional POS devices.

✓ ***Single-Click***

Our Single-Click service is a functionality offered across our e-commerce platforms that enables merchants to request customer approval to save their payment information, simplifying future purchases. Once approved, e-commerce merchants can provide a seamless checkout option, allowing customers to make purchases with a single click.

✓ ***Promotional engine***

Our free ClubePag promotional engine is a marketing tool that allows merchants to advertise across our client base. For example, a merchant can offer promotional discounts or cashback to other PagSeguro customers. At Clubepag, the merchant can expand his club by requesting the customer's cell phone in the first purchase to register, then can offer and encourage his customers at the time of transaction, in addition to automatically sending discount coupons via SMS and/or e-mail. Available for POS devices, the merchant can follow their results with ClubePag on the PagVendas App (on Moderninha Smart and via the mobile app) or via the website on the computer and mobile.

✓ ***Multiple merchant feature***

In February 2018, we launched an innovative functionality for both our Moderninha Wi-Fi and Moderninha Pro which enables multiple merchants to share a single POS device. Our Moderninha Plus (which we launched in May 2018) and our Moderninha Pro 2 (which we launched in December 2019) also have this functionality. With this functionality, each of these POS devices can serve up to six digital accounts, handling sales transactions for each account separately and allowing entrepreneurs and merchants to manage multiple businesses using a single POS device. The launch of this functionality, innovative in the Brazilian market, furthers our continuous process of democratization and greater penetration of our payment terminals for entrepreneurs and merchants across all types of businesses.

✓ ***Software solutions***

We offer software solutions through our subsidiaries Concil and Yamí as well as through our *PagVendas* app. Through these software solutions, our merchants are able to increase sales and manage their business.

Through Concil, merchants can reconcile payment transactions. Through *PagVendas*, merchants can combine payments and software integration into our smart POS. Through Yamí, PagBank clients have access to a back-office platform for e-commerce and marketplaces.

According to IDC (International Data Corporation), the total addressable market in Brazil for retail management software in 2020 was R$11.1 billion. This represents a large potential revenue addressable market for us, especially since as of March, 2023, PagSeguro has a total of approximately 586.000 active users subscribed to our software, PagVendas.

Our cash-out solutions enable our clients to transfer or spend the balance on their free PagBank digital account securely by a variety of means including in-person and online purchases or cash withdrawals using our PagSeguro prepaid cards or cash cards, on-platform peer-to-peer transfers, instant Central Bank wire transfers, cross-border remittances, bill payments, top up prepaid mobile phone, Uber, Spotify or Google Play credits and QR code transactions with PagSeguro terminals.

✓ ***PagSeguro credit, cash and prepaid cards***

We offer PagSeguro Visa credit cards, PagSeguro Visa NFC enabled cash cards and PagSeguro MasterCard, debit and prepaid cards.

Our PagSeguro Visa credit cards have no annual or membership fees and are offered to our best merchants. The credit card is accepted in Brazil and abroad and the credit card’s information can be stored in the free PagBank digital account to permit NFC or QR Code transactions. As NFC and QR Codes do not require contact between the buyer and the seller’s POS device, the transactions are contactless.

Our PagSeguro Visa NFC enabled cash card is linked directly with the balance of the free PagBank digital account without the need to reload the card, unlike our PagSeguro prepaid cards.

Our PagSeguro Mastercard NFC debit card is linked directly with the balance of the free PagBank digital account. The card is free of issuance fee and offered to merchants and consumers through our PagBank Super APP. Customers can purchase at all Mastercard network and withdraw cash, with a flat fee, at Cirrus ATMs network.

Our PagSeguro MasterCard prepaid cards allow merchants or consumers to use the balance from their free PagBank digital account to buy goods and services in-person and online or withdraw cash at more than one million Cirrus network ATMs in Brazil and abroad. Merchants can therefore receive payments from sales transactions into their free PagBank digital account and spend that money directly using the PagSeguro prepaid card, without needing a bank account. With a modest initial purchase cost, the card comes with no annual fees or interest rates – and we provide it free to merchants who purchase a PagSeguro POS or mPOS device. The PagSeguro prepaid card does not require credit checks on the merchant or preapproval for issuance. In 2021, we issued more than 7.7 million cards, including PagSeguro prepaid, cash and credit cards as compared to more than 3.7 million cards in 2022, including the same modalities as in the previous year.

We generate revenues from: (i) the issuance fees for PagSeguro prepaid cards; (ii) interchange fees we receive, as a card issuer, from each transaction made through PagSeguro prepaid cards; and (iii) a flat fee for cash withdrawals at ATMs using PagSeguro prepaid cards. After the initial issuance fee, the cardholder does not pay an annual fee or other fees for using the card.

✓ ***On-platform peer-to-peer transfers***

Our clients can use the balance on their free PagBank digital account to transfer funds to other free PagBank digital accounts on our platform. We charge a commission paid by the recipient of the payment.

✓ ***Bank transfers***

Clients can make transfers from their free PagBank digital account directly to a bank account. We believe, however, that our numerous direct cash-out options are increasingly reducing the need for our merchants to transfer balances out of our digital platform. We do not receive revenues from cash-out bank transfers.

✓ ***Bill payment***

Clients can pay a wide variety of bills, such as utilities, consumer, tax and other *boletos*, through our i-banking app *PagBank* – PagSeguro using the cash balance in their free PagBank digital account. There is no cost to our clients for using this feature. We receive revenues in the form of a flat fee from the issuer of the bill for each bill payment processed.

✓ ***Cross-border remittance***

Our "PagSeguro Tecnologia" platform provides international merchants with local payment solutions for their consumers located in different countries across Latin America, Spain, Portugal, Greece, Romania and Turkey (for example, for foreign merchants selling to Brazilian consumers, or for Brazilian merchants selling to foreign consumers in Latin America – although the platform is also used for transactions where neither party is Brazilian). PagSeguro Tecnologia originally operated in the online gaming industry and has been particularly attractive to clients in that industry. Since its launch, however, PagSeguro Tecnologia has now expanded to serve other industries.

Using PagSeguro Tecnologia, international online merchants, such as Valve (Steam), Garena, Electronic Arts and Riot Games, can provide their end-users with local payment methods, leveraging conversion rates and unlocking the market potential of cross-border e-commerce.

The PagSeguro Tecnologia platform features both an integrated web-checkout solution and a direct checkout, which allow clients to save their credit card information for future transactions and enables international checkout by offering users more than 140 payment methods in multiple currencies. When Brazilian consumers, for instance, make a purchase using PagSeguro Tecnologia, PagSeguro Tecnologia manages the payment processing and collection and organizes the remittance of the funds outside Brazil on behalf of each customer in accordance with Central Bank regulations using the consumer's Brazilian taxpayer identification number.

Additionally, the PagSeguro Tecnologia platform also features a payout solution and has built a strong relationship with Tik Tok (Bytedance Group). When Tik Tok's Brazilian end-users are eligible for receiving small amounts from the publisher, PagSeguro Tecnologia intermediates the transaction, which collects the cash from Tik Tok abroad and settles the amount for the payee in Brazil, into a bank account held by the end-user.

✓ ***PAGS capital***

Our PAGS Capital offering is a lending product with a small number of clients selected according to characteristics such as credit store, internal data like registered account date, TPV and frequency and external data from credit bureaus and the Central Bank. We expect this product to increase client loyalty and to help our clients gain access to capital in order to grow their businesses and help consumers to invest in their lives. At December 31, 2022, we had a total portfolio of R$2.7 billion (including working capital, credit cards and initiatives such as public, retiree and private payroll loans).

Our Customers

We offer our clients free digital accounts, which they can use to receive payments resulting from the sale of products as merchants, or to buy products as consumers. There is no division between the two categories, since the same digital account serves both types of clients – indeed, our merchants are also consumers when they spend their digital account balance using our cash-out features, and our consumer clients can also be merchants.

We offer the following major benefits for both merchants and consumers:

- PagBank offers to our customers a free PagBank digital account. Customers do not need a bank account to join our ecosystem because our free PagBank digital account is similar to a regular checking account linked to the Central Bank's platform. With a 100% online onboarding process, without paperwork, quick turnaround and a high acceptance rate, we offer to our consumers and merchants access to our advanced digital banking ecosystem, with functionalities such as bill payments, top up prepaid mobile phone, Uber, Bilhete Único, Spotify or Google Play credits, wire transfers, peer to peer cash transfers, prepaid credit cards, cash cards, loans, investments, QR code payments, and payroll portability, among other digital banking services.
- Consumers and merchants can sign up for PagBank through an in-App registration process that takes less than three minutes.
- For merchants, we provide access to our advanced digital payment processing and early payment of merchants' installment receivables. We accept merchants who are either individuals or companies.
- We offer a full suite of 40 cash-in options under a single contract, with security and reliability, plus 13 cash-out options including wire and peer to peer transfers, QR code payments, bill payments, top up prepaid mobile phone, Uber, Spotify or Google Play credits and in-person and online purchases or cash withdrawals using our PagSeguro prepaid and cash cards.
- Our pricing model for all of our services– whether transaction fees, early payment of installment receivables or POS devices – is simple, transparent and easy to understand. We also offer promotions on our MDR pricing, such as zero MDR for new merchants using POS devices for the earlier of the first R$1,500 or 30 days. These promotions are applicable to debit and credit card transactions without installments and purchases made through all of our POS devices.
- Our social payment solution, and payment link allows merchants to use their PagSeguro account and website to request payments via web links that are sent through e-mail, social networks or messaging services like WhatsApp. Beyond that, we provide a full stack of API and on line payment solution such as: checkouts, disbursement, refunds and others.
- We offer a comprehensive suite of affordable POS devices, with user-friendly features and functionalities, reliable connectivity and a five-year warranty. Our devices range from the entry-level Minizinha to the Moderninha Smart, which is an innovative and advanced POS device. This PagSeguro Android based terminal (Smart), launched in October 2019 based on simplicity and ease of use, offers a full integration between hardware and software. This environment allows more than 200 software developers to offer its solution through our smart Terminal combining different kind of apps to form a fast and secure payments network. For the equivalent of three to six months' rental payments with incumbents, merchants can have a comparable device from PagSeguro and avoid continuous monthly rental fees.
- Data protection and confidentiality for consumers, with merchant verification and transaction protection mechanisms, including escrow periods and claim mediation services.
- Our payment solutions reduce the need for consumers to carry cash since more individual entrepreneurs, micro-merchants and SMEs are able to accept digital payments in-person.
- We may offer additional credit lines to eligible merchants, such as lending and credit cards. At December 31, 2022, we had a total portfolio of R$2.7 billion, including working capital, credit cards and initiatives such as public and private payroll loans).

Since we only provide the payment service and the acquiring service, the consumer in the underlying commercial transaction is not our client, and we are not responsible for providing the goods or services or fulfilling the consumer order. As provider of the payment service, we facilitate the payment transaction on behalf of the merchant; while as acquirer, we enable merchants to accept payment cards by completing the processing of the payment transaction.

Our merchant base is highly diversified, which shields us from dependence on a small number of business sectors or major accounts. In 2022, professional services, our largest volume sector, and department stores, our second largest volume sector, accounted for 9% and 8%, respectively, of our overall TPV. No other major business sector (fast food restaurants (9%), eating venues and restaurants (3%), wholesale clubs (3%) or barbers and beauty parlors (3%) accounted for more than 10% of our overall TPV. We are not dependent on any individual merchants. In 2022, our top 10 clients represented less than 5% of our TPV and our top 100 clients represented less than 13% of our TPV.

We have taken a new approach to offering digital financial services to Brazilian clients, both consumers and merchants, focused on individual entrepreneurs, micro-merchants and SMEs. Instead of simply processing transactions, our end-to-end digital platform creates an ecosystem where our clients can transact and manage their cash by providing a free PagBank digital account. We are focused on providing disruptive products and solutions that are secure, affordable, scalable and easy to use, with simple and transparent pricing.

We principally target micro-merchants and SMEs, many of whom were ignored or underserved by the incumbent payment providers and financial institutions in Brazil before PagSeguro was launched. These incumbents generally charge micro-merchants and SMEs higher overall fees and commissions because they generate lower transaction volumes. Our platform enables us to keep overall per-transaction fees lower for merchants who generate lower transaction volumes. We believe our client data supports this model: according to a survey that we conducted in December 2022, 52% of our merchants used PagSeguro as their sole electronic payments service and 56% of Minizinha owners did not accept card payments prior to signing up with us.

We strive to provide relevant products, efficient customer service, account support and protection from fraud and loss. We have developed a number of security procedures to provide protection to consumers by offering escrow periods and claim mediation, covering issues such as non-delivery or failure to match the merchant's description of the product sold. See, "Protecting Our Clients" and "Our Products and Services—The Free PagBank Digital Account—The PagSeguro Ecosystem—Advanced Built-In Functionalities and Value-Added Services and Features—Purchase Protection."

Product Development and Technology

We develop most of the software technology used by our digital payments and banking platform in-house, although we also outsource certain projects to outside developers in order to expedite the delivery of software and keep our time-to-market advantage. Through this combination of technology, developed both in-house and by outsourced developers, we have developed a stable, reliable, proprietary and highly scalable platform with intuitive user interfaces, management tools, transaction processing, APIs, and database and network applications that help our customers utilize our suite of products and services, while keeping their financial information confidential.

Our payments platform allows consumers to make purchases using a broad range of payment methods, regardless of where a merchant is located. For purchases made outside Brazil, we collaborate with local payment service providers. Our banking platform offers a large number of options for making transfers, paying bills, refilling prepaid phones and other wallets. It also includes a complete set of cards, including a cash card, a prepaid card and a credit card.

We manage large volumes of system access data and transactions, with more than 99.55% availability in 2022, using internet data centers provided by Scala Data Centers and outsourcing, cloud computing and other managed IT services provided by Compasso UOL, a UOL group company. Scala Data Centers and Compasso UOL provide these services to UOL, PagSeguro and several other large clients. Our transactions per second monthly peak increased from 79 in June 2016 to 597 in December 2022, and our average monthly deployments increased by a multiple of 20.2 from 597 average monthly deployments in 2017 to 12,076 average monthly deployments in 2022. With our hybrid infrastructure, combining local data centers and cloud computing, we are able to scale up our services while retaining high availability for peak – volume occasions such as Christmas, Mother's Day and Black Friday. This high-availability and continuously deployed platform ensures that all of our clients are able to operate with the latest features and the newest innovations without needing to patch or upgrade their software. Our scale as a UOL group company allows us to establish favorable partnerships with several suppliers, including software developers and hardware manufacturers.

Technology and innovation are in the DNA of the UOL group and are at the core of our business success, with products and engineering personnel representing 44.31% of the total headcount of PagSeguro as at December 31, 2022. With our specialized team of 3,716 people focused on developing reliable, scalable and proprietary systems and new products and features, we regularly roll out innovative and disruptive solutions that are tailored to the Brazilian market. Our expenditure on software and technology (including salaries) amounted to R$ 979.7 million in the year ended December 31, 2022, R$697.5 million in the year ended December 31, 2021 and R$531.1 million in the year ended December 31, 2020.

We strive to offer new features and formats to improve our users' experience on our platform. This process starts by listening to suggestions from our clients. We hold focus group meetings and conduct surveys periodically with regular and highly active customers to obtain feedback regarding our products and services, as well as suggestions and ideas for new features.

We test all new products and features rigorously in-house and with pilot groups of merchants before rolling them out. Once our internal team has ensured they are working properly, we typically roll them out first to a select group of customers on a trial basis, listening to feedback and suggestions and enhancing the final details of the product or feature before rolling out to all customers. We frequently update our software products and follow a regular software release schedule with improvements deployed periodically, ensuring our merchants get immediate access to the latest features.

Managing our platform's software architecture and hardware is as important as offering new products and features. We focus on optimizing our processes and equipment to help ensure that our systems are capable of handling our rapid growth in an efficient and cost-effective way.

Our technology infrastructure simplifies the storage and processing of large amounts of data, automates many administrative tasks, and enables us to deploy and operate products and services on a wide scale. Our technology infrastructure is designed to reduce downtime in the event of system outages or catastrophic events, with continuity features, system redundancy and protection against cybersecurity threats. For further information on the measures we take to protect against cybersecurity threats, see "Protecting Our Clients." We strive to improve our technology infrastructure and platform continuously in order to enhance the customer experience and to increase security, efficiency and scalability.

PagSeguro's research and development activities are based on years of experience in solid agile practices. These activities are distributed among small teams, known as squads, which work in parallel on complex projects. In addition to our information technology professionals, the squads consist of people from different disciplines, including our products department, domain-specific business areas, information security department and customer relationship management team, among others. The exact composition of each squad is different and appropriate for each context. People on the squads apply methods like Scrum and Kanban to manage their daily activities. In order to have a global view of our projects, we use a portfolio management system which utilizes dashboards containing the scope of each development cycle, the backlog and what has been deployed thus far. Our experimentation and decisions are guided by lean practices that are heavily based on factual, data-driven information and hypothesis validation, helping us optimize our prioritization. For hypothesis tests, we heavily use practices like AB tests, data analysis and inferences. Our squads are encouraged to have an open mind and engage in frank communications, while maintaining responsibility and an appropriate level of autonomy.

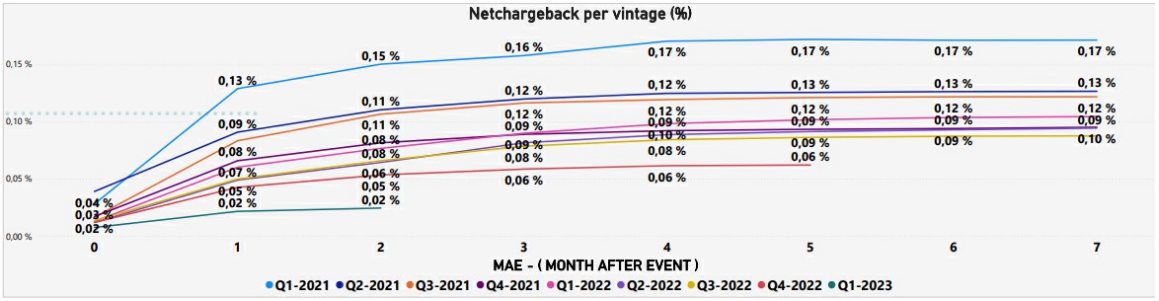
Our efficiencies of scale, relentless cost discipline, and ongoing improvements to systems and processes. As our scale has expanded, our expenses have increased when compared to our Total revenue and income: for example, in the year ended December 31, 2022, our Total expenses increased to 88.5% of our Total revenue and income from 85.8% in the year ended December 31, 2021, while Revenue from transaction activities and other services and Financial income, taken together, increased to 98.9% of our Total revenue and income from 98.6% in the year ended December 31, 2021. In the year ended December 31, 2022, our non-GAAP Total expenses totaled 87.6% of our non-GAAP Total revenue and income, compared to 82.0% in the year ended December 31, 2021. For a reconciliation of our non-GAAP financial measures to the most closely related GAAP financial measures, see "Item 3. Key Information—Non-GAAP Financial Measures—Reconciliation of Non-GAAP Financial Measures." By maintaining our spirit of innovation combined with our focus on reducing costs, we intend to continue to drive costs down to achieve further profitable growth. We anticipate that we will continue to devote considerable resources to research and development in the future as we add new features and functionality to our products and services to strengthen and extend our digital banking solutions. Our market is characterized by rapidly changing and disruptive technologies, as well as evolving industry and regulatory standards, and we seek to remain in the front line of these changes. We believe our ability to adapt to rapidly changing technologies, products and services in an evolving industry is the cornerstone of our future success. For further information on the technological challenges in our industry, see "Item 3. Key Information—Risk Factors—Risks Relating to our Business and Industry—Increasingly intense competition may harm our business."

Protecting Our Clients

Trust and security are essential to success in the digital payments market. Fraud is a constant threat, involving items such as account takeover, identity theft and malicious counterparty activities. The ability to protect our clients from financial loss and data theft has been key to our competing successfully and growing our business sustainably, and we believe security will continue to be a major competitive factor in the future. We invest in providing comprehensive protection for our clients on our ecosystem, focusing on three main areas: transaction security; platform security; and customer service. Our investments in this area have been recognized by our customers and the industry. For example, we were recognized as the "Best Company for Consumers" for electronic payments in 2021, 2020, 2019, 2018, 2017 and 2016 and for online payments in 2015 by Época magazine and *Reclame Aqui*, a consumer protection service. In 2022, we were recognized as the second best company for electronic payments by *Reclame Aqui*. In 2022, we were recognized as the best POS by *Folha Top of Mind*, and we ranked fifth among Brazilian banks in the "World's Best Banks" ranking published by *Forbes*.

Transaction Security

We have focused and is part of our culture since our launch on ensuring the security of payment transactions carried out on our ecosystem. We believe we have been a pioneer in developing technology and expertise against online fraud and chargebacks related to fraudulent transactions in Brazil, supported by the reputation of the PagSeguro and UOL brands. Our transaction approval rate increased slightly in 2022 compared to 2021, from 78% to 79%. In 2016, we were named the Brazilian acquirer with the lowest chargeback-to-sales ratio by Visa. Our net chargeback rates for related to six months old transactions averaged 0.10% in 2021, representing a decrease of 16% from 0.12% in 2020. Our net chargeback rates for transactions in 2022 averaged 0.10%, representing a decrease of 20% from 0.12% in 2021. These net chargeback rates compare highly favorably with the 1.0% limit established by the card schemes. We achieve transaction security through a combination of anti-fraud technology, the design of our platform, and protection programs for our clients.



As is the case with any digital transaction, those that take place on our digital platform are susceptible to potentially fraudulent or improper sales. We use two main processes to control this fraud risk. The first process consists of monitoring credit card, debit card and *boleto* transactions on a real time basis, through systems that identify potential fraud. This process approves or rejects suspicious transactions at the time of the authorization, based on statistical models that are revised on an ongoing basis. The second process, which occurs after approval of the transaction, consists of a reconciliation process in which PagSeguro Brazil follows up on all chargebacks with the card issuers and, where appropriate, opens a claim process to seek reversal of the chargeback. This is a complementary process and increases our ability to avoid and manage chargebacks.

Our antifraud platform combines proprietary features, such as internal risk modeling and scoring through artificial intelligence and risk assessment tools that collect public and private market information, combined by advanced fraud combat tools such as biometric engine with facial recognition with liveliness detection features, as well as front-line third-party solutions such as Feedzai, Emailage, Serasa Experian and Threatmetrics. For more information, see "Our Products and Services—The Free PagBank Digital Account—The PagSeguro Ecosystem—Advanced Built-In Functionalities and Value-Added Services and Features—Antifraud Platform."

The design of our platform also assists in preserving data confidentiality. Consumers can make payments through PagSeguro without sharing sensitive financial information such as credit card or debit card details with the merchant. Transactions on PagSeguro are tokenized and payment authorization credentials are kept separated from account holder's information, helping us to better detect and prevent fraud when funds enter, flow through and exit our ecosystem. In addition, the ability to make and accept digital payments increases personal security in in-person transactions by reducing the need for both consumers and merchants to carry cash.

Our protection programs guard our clients from loss through fraud and counterparty non-performance. We believe the history and critical mass of our consumer database allows us to provide quicker and more reliable transaction approval when compared with smaller or more recently established digital payments providers in Brazil. Our protection programs, which apply to online purchase transactions completed through our ecosystem, aim to reassure consumers the confidence that they will only be required to pay if they receive the product in the condition as described, and merchants the confidence that they will receive payment for the product that they are delivering to the customer.

Our merchant program protects against losses for chargebacks related to fraudulent transactions and similar claims on substantially all of our online transactions. A chargeback situation may also occur if the card used was unauthorized or if there is a non-fraudulent cardholder claim. If a chargeback claim is valid, the card issuer sends the transaction back to the merchant and charges the merchant the amount of the questioned sale. If the merchant cannot remedy the chargeback, it is the merchant's loss. If there are not sufficient funds in the merchant's account, the chargeback amount is charged to the acquirer.

For consumers, we provide protection against losses under which they can submit a claim if there is a problem with a purchase. The consumer can file a claim through our PagSeguro website, in which case the consumer and the merchant can seek to resolve the claim together. If they cannot resolve the claim within seven days after the claim is filed, the consumer has up to 20 days after filing the claim to request our assistance, in which case we act as mediator to help resolve the issue with the merchant. If a consumer does not request mediation within 20 days after filing a claim, the claim will be resolved in favor of the merchant.

Platform Security

The architecture of our proprietary end-to-end payments platform coupled with third-party front-line solutions are key to our ability to provide consumers and merchants with continuity and security in their transactions. Through our numerous cash-in and cash-out options we are able to collect data from our clients, which allows us to save important information on customers for purposes of the approval of future transactions. The multiple layers of protection included in our platform help ensure continuity as well as addressing the cybersecurity risks discussed in "—Transaction Security" above.

We have developed intuitive user interfaces, customer tools and transaction processing and database and network applications that help our users complete transactions reliably and securely, both on our platform and on merchant sites integrated with PagSeguro. Our technology infrastructure simplifies the storage and processing of large amounts of data, facilitates the deployment and operation of large-scale global products and services, and automates administrative tasks. This technology infrastructure has been designed around industry-standard architectures to reduce downtime in the event of outages or catastrophic occurrences. We periodically conduct risk assessments on our business processes and critical assets, identifying the need for the adoption and improvement of our continuity and contingency plans, as well as following an extensive testing program on our business continuity and disaster recovery plans. In addition, we regularly adapt our environment monitoring activities to reduce the time to identify and respond to cyber-attacks and improving the resilience of the environment whenever necessary. We work hard to improve our technology infrastructure continuously in order to enhance customer experience and increase efficiency, scalability and security. We also make use of well-known security protocols and solutions to secure user data, including, among others: EV-SSL certificate, multiple data encryption techniques, intrusion detection (IPS/IDS), application firewalls (WAF), Anti-Distributed Denial-of-Service (Anti-DDos), Data Loss Prevention (DLP), 2-factor authentication and encrypted communications. We also hold the following certifications: PIN security; MasterCard and Visa merchant acquiring host; MasterCard terminal integration process, or M-TIP; Visa acquirer device validation toolkit, or ADVT; MasterCard end-to-end demonstration services, or ETED; PCI Data Security Standard, or PCI-DSS; and Europay, MasterCard, and Visa, or EMV, Levels 1 and 2. Our data centers are also certified under the International Organization of Securitization, or ISO, standards 9001, 20000 and 27001. We also perform security penetration tests on a regular basis and apply top-most security solutions for code and application scanning (SAST/DAST). We maintain a private "Bug Bounty" program for identifying bugs and security vulnerabilities in our systems and applications exposed on the Internet. For information on new data protection regulations, see "Item 3A. Key Information—Risk Factors—Risks Relating to Our Business and Industry—Our business is subject to cyberattacks and security and privacy breaches."

Our platform's architecture enables us to connect all parties regardless of whether the transaction is occurring at a traditional physical location (such as inside a store), a non-traditional physical location (such as in a park), or online, and whether through a mobile or fixed-line device. We believe that mobile devices, in addition to being the future of e-commerce, create opportunities to make digital payments safer. For example, we are able to use location data from mobile devices to reduce risk for our clients.

2021 MOIP Cybersecurity Incident

Following our acquisition of our subsidiary MOIP in October 2020, which represented less than 3% of our consolidated assets as of December 31, 2021 and less than 2% and 1% of our consolidated revenue and net income for the year ended December 31, 2021, we discovered that MOIP was involved in a cyberattack between September 25 and September 29, 2021. The hackers demanded that specified payments be made to prevent the public disclosure or sale of the targeted data that was compromised in the incident, which included personal profile information of MOIP customers. At the time of the incident, MOIP had a distinct and separate IT server and operating environment from the rest of our IT platform and systems, and therefore none of our databases, customer information or systems were subject or comprised, or formed part of the compromised data, beyond those independently within the MOIP IT environment. We promptly followed the requirements of applicable Brazilian law, including the filing of a formal report to the ANPD and the Central Bank on October 7, 2021. After completion of the assessment, without financial impacts, we provided further information regarding the incident to the ANPD on January 5, 2022 through a complementary form. On March 11, 2022, the ANPD requested that MOIP provide more information regarding the incident, specifically requesting a technical report detailing its scope and the measures taken by MOIP after the incident, as well as the communications MOIP sent or intended to send to its customers. MOIP provided a response to ANPD on April 8, 2022. During the review of the incident, we have not identified evidence of unauthorized access to sensitive information, such as passwords or credit card details. The cyberattack has not had a material adverse impact on our business, financial condition or customers, and our IT systems (including the MOIP IT environment) are operating normally, with heightened security measures undertaken in response to the incident. For more information about related risks, see "Item 3A. Key Information—Risk Factors—Risks Relating to Our Business and Industry—Our business is subject to cyberattacks and security and privacy breaches."

Customer Service

We believe in excellence in customer service and we continually invest in our merchant and consumer relationships by providing continuous customer service, account support and innovative solutions. By helping our clients navigate our applications and answering their questions quickly, we have been able to grow rapidly and to build trust with our clients, which has increased their loyalty and enhanced our reputation.

We provide our customers with an array of digital self-service features including real-time online chat, chatbots, customer service e-mail and a customer service hotline. Our customer service operations are provided by a combination of PagSeguro employees and outsourced providers, which together make up approximately 3,362 full-time equivalent, or FTE, positions.

We maintain service quality by placing emphasis on careful selection of our customer service personnel and regular monitoring of employee performance. Our employees are trained to have in-depth product and service knowledge, professional service attitudes and communication skills to best address customer needs and inquiries.

Sales and Marketing

Our marketing strategy is designed to grow our platform by building and maintaining the brand recognition and trust of the PagBank PagSeguro, attracting new users and generating more frequent activity by our existing users. Our marketing initiatives aiming to recruit merchants to our ecosystem currently focus on our POS devices, web checkout solutions and other online payment solutions. We believe that introducing our digital payment solutions to merchants who are not yet our clients is the most efficient and cost-effective strategy to sustain our growth among both merchants and consumers, creating a "network growth effect." The advantages of our digital payment solutions for merchants drive growth in their businesses, and the advantages of our digital payment solutions for consumers lead them to prefer merchants who offer these solutions, resulting in the acquisition of new clients through word-of-mouth recommendations by both merchants and consumers.

Our existing clients, many of whom use PagSeguro as an exclusive payment method, enable us to grow our merchant base rapidly and organically. Each time a consumer who has not yet registered with PagSeguro visits our website or pays a merchant using one of our online or in-app checkout solutions, the consumer is invited to open a free PagBank digital account to make his or her next purchase with PagSeguro easy and seamless.

We strive to position PagSeguro products and services in top of mind and present them as a desirable, easy and secure means to accept and make payments in Brazil, while accompanying the consumer throughout the purchasing process, from general brand awareness through to actual purchase or account registration. As a digital company, and with the support of UOL's audience, we continue to build and maintain brand recognition and trust through a variety of marketing campaigns, including advertising through traditional media, such as television, magazines and newspapers, and online advertising such as display media, videos, search results, social media and influencer marketing, including:

- traditional offline media: television advertisements and merchandising (broadcast and cable), radio, movie theaters, the printed press, festivals and events, and display media such as billboards, urban digital time and weather displays, and airport and bus station displays;
- traditional online advertising: display media (including banners, rich media, interstitials, videos and native ads) on a variety of online platforms, such as premium websites, portals, video platforms such as YouTube, social media platforms such as Facebook, Instagram, Tik Tok and Twitter, mobile apps, e-mail marketing and affiliates programs; and
- search: we have expertise in positioning our products in preferential placements on search platforms displayed on desktops, tablets and smartphones, using specific initiatives such as paid search (Search Engine Marketing, or SEM, which includes bid management tools and keywords analysis) and natural or organic search (Search Engine Optimization, or SEO, which includes website optimization).

Our marketing department develops all these online and offline marketing strategies using single integrated concepts, so that our campaigns include key visual characteristics and consistent messages across all channels. In line with our growth strategy, most of our campaigns focus on micro-merchants and SMEs, with messages that highlight our easy, safe and hassle-free way of accepting payments, such as "a single online contract that allows you to accept more than 40 cash-in methods" and "free yourself from POS rental fees." We regularly compare our pricing to our competitors' and point out the advantages of our products and services as a complete solution for new or growing businesses. At the same time, we also advertise value-added products and services targeted at larger merchants and consumers from higher income sectors, including our business management tools and commercial automation solutions.

We believe that our association with the UOL group brings experience and competitive advantages in designing, negotiating and purchasing advertising space.

The strength of our brand, products and services has been recognized in a number of awards, including:

- Recognized as the 8th Most Innovative Company in Latin America by *Fast Company* in 2019 for helping Brazilian businesses manage their finances;
- Recognized for conducting the Initial Public Offering of the Year by *LatinFinance* and Deal of the Year in Latin America by *IFR* in 2018;
- Recognized for conducting the equity deal of the year by the *Prêmio Golden Tombstone* of the Instituto Brasileiro de Executivos de Finanças São Paulo in 2019;
- Recognized as having the most easily memorizable commercial in April 2017 and the commercial that attracted the most attention in 2018 by Forebrain, a consumer opinions research company;
- Named as the "*Best Company for Consumers*" for electronic payments in 2020, 2018, 2017 and 2016, for payments in 2019 and for online payments in 2015 by *Época* magazine and *Reclame Aqui*, a consumer protection service;
- Recognized as the best company in its industry in terms of client service excellence by *Consumidor Moderno* Award in 2015;
- Recognized for leading performance in Brazilian retail by *Prêmio BR Week* in 2015 and 2016.
- Recognized for innovation in the payments industry by *Prêmio Whow de Inovação* in 2018 and 2020;
- Recognized as the most promising fintech by Best Corporates in the Capital Markets Awards in 2018 by LatinFinance;
- Recognized for its fair stand in the APAS Show (biggest fair directed to supermarket and grocery stores industry in Latin America) by *Prêmio Caio* in 2018;

- Recognized by WOB – Women on Board, a non-governmental organization linked to the United Nations, for having more than two women on its Board of Directors in 2020;
- Recognized as the most innovative company in Brazil in the payments industry by *Consumidor Moderno* Award in 2020;
- Recognized as one of the 1000 largest companies in 2020 by the *Valor Econômico* newspaper;
- Recognized as one of the 500 largest companies by the *Exame* magazine *Melhores & Maiores* Award in 2019;
- Recognized as the most Innovative Electronic Payment Company in Brazil by GBO Awards in 2020;
- Recognized as one of the most Valuable Brazilian Brands in 2020, 2021and 2022/2023 by Interbrand.
- Recognized as one of the World's Best Banks in 2021 and 2022 by Forbes;
- Recognized as the best in Acquisiton category and the 4th in the Fintech category in Brazil in 2021 by iBest;
- Recognized as the 3rd in the Bank category of companies that provided the best service to society throughout 2021 by Brazilian newspaper Estadão.
- Recognized as the 3rd best bank that provided the best services for society throughout 2021 by *Estadão;*
- Recognized as the best POS by Folha Top of Mind 2022 (*Folha de S.Paulo*);
- Recognized as one of the best companies in customer satisfaction in the Digital Banks category by *MESC Institute*.

Further supporting the strength of our brand, PagBank has already shown strong results in brand recognition. Since April 2021, according to Google Trends, the number of internet searches for "PagBank" has been higher than the number of internet searches for "PagSeguro account."

In addition, our PagBank app had 7 million downloads in the fourth quarter of 2022. Further evidencing the strength of our brand, according to an internal survey conducted by us, 88% of our users would hire products and services offered by PagBank. In addition, as of March 14, 2023, our PagBank app was rated an average of 4.9 stars by 1 million reviewers in Apple's Brazilian app store and 4.7 stars by 2 million reviewers in Google Play.

These rankings compare favorably to those of our main competitors' apps, which as of the same date were rated between 4.2 to 4.9 stars in Apple's Brazilian app store and 3.6 and 4.8 stars in Google Play.

We use our proprietary tools and market measurement systems developed by third parties, such as Oracle and Google, to deepen our knowledge about consumer behavior and, consequently, optimize our marketing efforts and expenditures by customizing our sales messages to make it easier for users to understand, find and buy our products and services.

Our marketing strategy is customized and we manage our desktop sites, mobile websites and mobile applications differently, each optimized for the screens they fit and the way our customers use them.

In addition to our online and offline advertising efforts described above, we developed a broad range of marketing and sales channels to access potential clients, including:

- our own sales team, mainly focused on offering our POS devices and online products and solutions to larger clients, as well as on providing ongoing support to those clients;
- partner companies that distribute PagSeguro devices and solutions to their customer base (mostly point of sale solutions' companies);
- third parties hired as independent sale organizations to distribute our POS devices across Brazil;
- online store platforms and web development companies, which integrate PagSeguro as an exclusive or preferred payment method to their clients; and
- third-party call center service provider hired to answer calls, e-mails and chat inquiries from our clients and prospects, and to offer our devices and solutions.

Organizational Structure

We are an exempted company with limited liability incorporated under the laws of the Cayman Islands with the legal name PagSeguro Digital Ltd. and are a subsidiary of Universo Online S.A., or UOL, a Brazilian *sociedade por ações de capital fechado* that was founded in 1996 and Brazil's largest internet content, digital products and services company. Our principal executive office is located at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and our telephone number is +55 (11) 3914-9524. Our investor relations office can also be reached at +55 (11) 3914-9524. The SEC maintains a website (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants, such as us, that file electronically with the SEC. Our internet address is www.pagseguro.uol.com.br. On occasion, we may use our website as a channel of distribution of material company information. Financial and other material information regarding us is routinely posted on and accessible at https://https://investors.pagseguro.com/. Information provided on our website is not part of this annual report and is not incorporated by reference herein.

We carry out our operations principally through our Brazilian operating company, PagSeguro Internet Instituição de Pagamento S.A. (or PagSeguro Brazil), a Brazilian *sociedade por ações.*

PagSeguro Brazil carries out most operations directly, and also has four wholly-owned or substantially wholly-owned subsidiaries: (i) RegistraSeguro S.A., or RegistraSeguro, organized in Brazil, is expected to operate as trade repository (registradora) once it becomes operational and authorized by the Brazilian Central Bank; (ii) Wirecard Brazil Instituição de Pagamento S.A. (formely Wirecard Brazil S.A.), or MOIP, organized in Brazil, which provides collection and registration information activities; (iii) PagSeguro Biva Securitizadora de Créditos Financeiros S.A., organized in Brazil, which provides services related to the acquisition and securitization of financial credit operations and the issuance of securities guaranteed by such credit; and (iv) Concil Inteligência em Conciliação S.A., organized in Brazil, which provides professional data processing services, application service providers, internet hosting services, technical support, maintenance and other services in information technology, licensing and assignment of the right to use computer programs, and Concil Inteligência em Conciliação S.A. that became operational in December 2022. PagSeguro Brazil also holds a non-controlling interest in NetPOS Serviços de Informática S.A., an information technology company, which specializes in the development and licensing of software related to store front commercial automation and provides us with a set of solutions for our merchants to perform sales management, inventory control, financial reporting and tax issuing. In March 2019, October 2020 and August 2021, we acquired 10% of NetPOS, 100% of MOIP and 100% of Concil Inteligência em Conciliação S.A., respectively. We incorporated RegistraSeguro in October 2019.

PagSeg, is a holding company organized in Brazil and incorporated in July 2020, has six wholly-owned or substantially wholly-owned subsidiaries: (i) PagSeguro Tecnologia Ltda., organized in Brazil, which operates our online gaming and cross-border digital services across the globe; (ii) CDS Serviços Financeiros Ltda., organized in Brazil, which provides services as correspondent for financial institutions; (iii) NET+Phone Telecomunicações Ltda., organized in Brazil, which handles the exploration and provides services of telecommunications in general; (iv) PagSeguro Biva Serviços Financeiros Ltda., organized in Brazil, which is a payment scheme owner which provides consulting and financial services; and (v) PagBank Holding, a company organized in Brazil. PagBank Holding has three wholly-owned subsidiaries: (a) Yamí Software & Inovação Ltda., organized in Brazil, which is a gateway specialized in split payments and provides a back-office platform for e-commerce and marketplace, assisting merchants, particularly with exchanges and returns, and is compatible with major e-commerce platforms in Brazil such as VTEX and Oracle; (b) Tilix Digital Ltda., organized in Brazil, which provides software development for payment solutions; (c) Zygo Serviços de Tecnologia S.A., organized in Brazil, which develops computer programs on request; and until October 2022, PagBank Holding held a non-controlling interest in Boletoflex Tecnologia e Serviços S.A., organized in Brazil. Such interest was sold by PagBank Holding to Boletoflex Tecnologia's former shareholders in October 2022 .

We incorporated PagBank Holding in November 2020. In 2017, in December 2018, August 2019 and July 2020, we acquired BCPS, Tilix Digital Ltda., Yamí Software & Inovação Ltda. and Zygo Serviços de Tecnologia S.A., respectively.

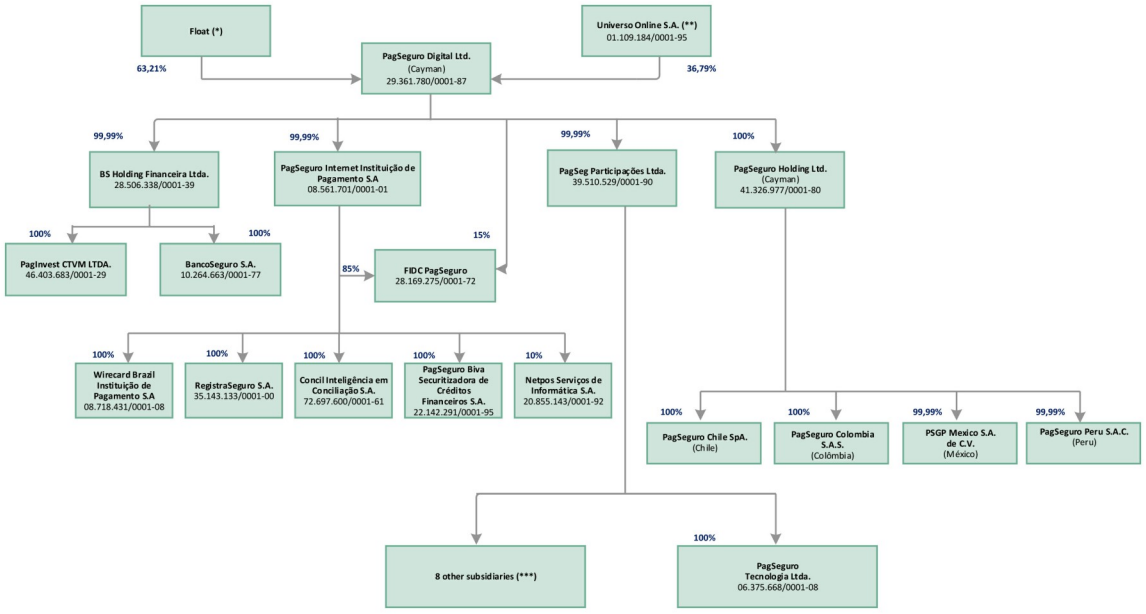
In addition to our operations carried out by PagSeguro Brazil, on January 4, 2019, we acquired 100% of BancoSeguro, organized in Brazil, through our wholly-owned direct subsidiary BS Holding, a holding company organized in Brazil, whose sole purpose is to hold interest in financial institutions, as required by current banking regulations and through which we hold BancoSeguro. BancoSeguro holds a license to provide financial services. This acquisition has allowed us to expand our product and services offering.

In November 2017 we set up a FIDC. The FIDC is controlled by PagSeguro Brazil, which owns 100% of the subordinated quotas In accordance with Brazilian law, the FIDC may use between 50% and 100% of its capital to purchase merchant receivables. The FIDC is used to finance the early payment of receivables of our merchants. Our remuneration from the early payment of receivables feature continues to be reflected as financial income in our consolidated financial statements. We do not expect the establishment of the FIDC to impact the discount rate we charge in connection with the early payment of receivables feature or the expenses we incur to obtain early payment of receivables from card issuers and acquirers. The FIDC is a common structure for Brazilian payment providers who offer early payment of merchants' receivables. In addition to broadening our financing options for this feature generally, it reduces certain regulatory constraints since the FIDC structure is specifically designed for this financing activity under Brazilian law. For further information regarding our early payment of receivables feature, see "Our Products and Services—The Free PagBank Digital Account—The PagSeguro Ecosystem—Early payment of installment receivables."

In March 2021, we incorporated a holding company under PagSeguro Digital called PagSeguro Holding Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands. Additionally, during the third quarter of 2021, four new subsidiaries were set up under PagSeguro Holding Ltd., which include PagSeguro Chile SPA, PagSeguro Colombia S.A.S, PSGP México S.A de C.V. and PagSeguro Peru S.A.C.

In December 2022, PagSeguro Biva Correspondente Bancário Ltda. was incorporated into PagSeguro Biva Serviços Financeiros Ltda.

The chart below shows our corporate structure, including our wholly-owned and majority owned subsidiaries, as of the date of this annual report:



(*) Including treasury shares and shares delivered under the LTIP and LTIP-Goals.
(**) Refers to total capital; UOL directly holds 85.58% of our voting capital.
(***) For more details on the subsidiaries, please refer to "Item4. Information on the Company", subtopic "Our History".

Competition

The Brazilian payments industry is highly competitive and fast-changing. We compete in the online digital payments and financial services market and in the POS payments market.

In the online digital payments and POS payments market, we compete primarily with international payment services, and regional players. In the digital banking market, we compete primarily with regional players. Our business model differs from the model used by the incumbent Brazilian acquirers who generally offer their POS devices under long-term monthly rental contracts with pricing that works out to be more expensive than the monthly installments for the lending of our POS devices. These incumbent providers also target larger clients, since their business model results in more expensive products and services, while our primary target customers are currently micro-merchants and SMEs, who are underserved by incumbent payment providers and large financial institutions in Brazil.

Like the digital payments industry in general, we also compete with other means of payment, both digital and traditional, including cash, checks, money orders and electronic bank deposits.

Among our peers, we are the only financial technology provider in Brazil, however, whose business model covers all of the following six pillars:

- multiple digital banking solutions;
- in-person payments via POS devices that we provide to clients;
- free digital accounts that we provide to our consumers and merchants with functionalities such as bill payments, top up prepaid mobile phone, Uber, Spotify or Google Play credits, wire transfers, peer to peer cash transfers, prepaid credit cards, cash cards, loans, investments, QR code payments, and payroll portability, among other digital banking services;
- issuer of prepaid, cash and credit cards;
- operate as a full acquirer; and
- operate as a cross-border PSP.

We seek to differentiate ourselves from our competitors primarily because of this end-to-end coverage as well as our focus on transaction security, on ease of use, and on the mobile environment. While competitive factors and their relative importance vary based on the size, industry and focus of each merchant, we believe the following factors are key to competition in the digital payments market in Brazil:

- an ecosystem that attracts, retains and engages merchants and consumers;
- speed and simplicity of the customer onboarding process;
- consumer confidence in transaction security, including the ability for consumers to make payments without sharing their financial information with the merchant or counterparty;
- POS devices with affordable prices and no rental fees;
- quality of customer service;
- breadth and depth of features and functionality; and
- brand recognition and reputation.

The Central Bank's regulatory program seeks to increase competition in the banking and payments industry. Recently it terminated the exclusive banking arrangements between banks and some card and meal voucher schemes. By seizing these opportunities, disruptive product offerings like our free PagBank digital account gave unbanked customers access to a free payment account. We were also the first payments provider not linked to a bank in Brazil, other than the incumbent acquirers controlled by banks, to obtain accreditation from MasterCard and Visa as an acquirer, and we have also signed partnerships with Elo, American Express and other card schemes. We will continue using our local knowledge and proximity to customers to seize new business opportunities as the market continues to open.

For information on risks relating to increased competition in our industry, see "Item 3. Key Information—Risk Factors—Risks Relating to our Business and Industry—Increasingly intense competition may harm our business."

Insurance

We have insurance policies with reputable insurers in amounts that our management considers to be sufficient to cover potential losses arising from events that may affect our assets, as well as for any damages that we may have to pay to third parties due to our business activities. We seek coverage against risks that are appropriate for our business activities and our scale, taking into account the nature of our business, the risks we are exposed to, market practices in our industry, and advice from our insurance consultants. We currently have the following insurance policies, which were contracted by our controlling shareholder, UOL, and list our company or our subsidiaries as co-beneficiaries, as applicable:

- insurance policy for coverage of damages to property, business interruption and lost profits, which expires on December 31, 2023 and has a coverage limit of R$108.2 million;
- cyber insurance, which expires on May 21, 2023 and has a coverage limit of R$30 million;
- D&O insurance, which expires on March 1, 2024 and has a coverage limit of R$134.4 million;
- warehouse and storage facility insurance policy, which expires on November 17, 2023 and has a coverage limit of R$87.5 million; and
- general liability insurance, which covers damage awards paid by us in connection with tort claims. This policy expires on December 31, 2023 and has a coverage limit of R$15 million.

We review our coverage limits every year when the policies are renewed, to ensure that they remain consistent with the value of our assets and the liabilities linked to our business. We do not currently anticipate any difficulties in renewing any of our insurance policies.

While we believe our insurance contracts reflect standard market practices, there are certain types of risks that may not be covered by our policies (such as war, terrorism, acts of God and force majeure, liability for certain harm or interruption of certain business activities). Therefore, if any of these uncovered events occur, we may be required to incur additional costs to remedy the situation, reconstitute our assets or indemnify our customers, which may adversely affect us. In addition, even if a risk is covered by our policies, we cannot assure you that any payment from our insurers will be sufficient to cover the loss.

Insurance terms are influenced by economic and market conditions. The increase and recurrence of cyberattacks in recent years may impact negatively in cybersecurity insurance premiums or even in the interest of insurance companies to offer us a cybersecurity insurance. Thus, we may not be able to renew such insurance upon expiration of our current policy and we can be subject to losses that would otherwise be contemplated in such insurance policy. For information about cybersecurity related risks, see "Item 3A. Key Information—Risk Factors—Risks Relating to Our Business and Industry—Our business is subject to cyberattacks and security and privacy breaches."

Seasonality

We operate in a somewhat seasonal industry, which tends to experience relatively fewer transactions in the first quarter of the year, increased activity as the year-end holiday shopping season initiates, and fewer transactions after the year-end holidays. While we have not experienced significant seasonality in our results at the date of this annual report due to our ongoing growth, this could change in the future. For additional information, see "Item 3. Key Information—Risk Factors—Risks Relating to Our Business and Industry —Our quarterly results of operations and operating metrics may fluctuate and are unpredictable and subject to seasonality, which could result in the price of our Class A common shares being unpredictable or declining."

Regulation

Regulation of the Payments Industry in Brazil

Our activities in Brazil are subject to Brazilian laws and regulations relating to the payments industry. Law No. 12,865/2013, which took effect on October 9, 2013, sets forth the first set of rules regulating the payments industry within the overall Brazilian Payment System (the *Sistema de Pagamentos Brasileiro,* or SPB). This law created the concepts of payment schemes (*arranjos de pagamento*), payment scheme owners (*instituidores de arranjos de pagamento*) and payment institutions (*instituições de pagamento*).

Law No. 12,865/2013 also gave the Central Bank and the CMN powers to regulate entities involved in the payments industry, including those operating in digital environments. These powers cover matters such as the incorporation and operation of these entities, risk management, the opening and managing of payment accounts, the transfer of funds to and from payment accounts, as well as the rendering of acquiring services, among others. After enactment of Law No. 12,865/2013, the CMN and the Central Bank created a regulatory framework regulating the operation of payment schemes and payment institutions. Currently, the main rules of this framework consist of CMN Resolution No. 4,282/13, Central Bank Resolutions No. 80/21, 81/21, 96/21, 150/21, 264/22, 237/22 and Circular No. 3,978/20, among others.

Circular Nos. 3,885/18, 3,886/18 and 3,887/18, all issued on March 26, 2018, introduced several changes relevant to payment schemes and payment institutions. Such measures included, among others: (i) the introduction of a formal definition of sub-acquirers and determination of conditions that require sub-acquirers to use centralized settlement via the Brazilian Interbank Payments Clearinghouse (CIP) system; and (ii) a cap on interchange fees in debit cards and maximum average interchange fee on total debit transaction volume. Circulars No. 3,885/18 and 3,886/18 have been replaced by Central Bank Resolutions No.80/21 and 150/21, respectively, as further detailed in this section.

The rules applicable to interchange fees provided by Circular No. 3,887/18 have also been subject to modification by the Central Bank by means of Resolution No. 246/22, which, in addition to the limits applicable to the interchange fee, also regulated the settlement periods applicable for debit and pre-paid cards. Previously, prepaid card issuers such as PagSeguro were not subject to any interchange fees, while debit card issuers were subject to an interchange fee at a maximum rate of 0.5%. The new rule maintains the maximum rate of 0.5% applicable to debit card issuers and introduces a maximum interchange rate of 0.7% applicable to prepaid card issuers. It also determines that debit and pre-paid card transactions abide by the same settlement period (deadline to making funds available to merchants). Resolution No. 246/22 will become effective on April 1, 2023

On April 8, 2021, the Central Bank published Resolution No. 85/21, which provides for the cybersecurity policy and requirements that payment institutions authorized to operate by the Central Bank must follow for contracting data processing and storage services as well as cloud based computing services. In addition to implementing such policy and requirements, the obligated payment institutions must also establish a plan of action and incident response. Payment institutions had until December 31, 2021 to be fully compliant with the cybersecurity rules provided by Resolution No. 85/201 (to which we have successfully adhered within the regulatory deadline). The cybersecurity policy and requirements set forth in Resolution No. 85/21 are in line with the requirements established by CMN Resolution No. 4,893, published on February 26, 2021, applicable to financial institutions and other entities authorized to operate by the Central Bank.

Payment institutions must also establish an ombudsman's office, to be responsible for ensuring the compliance to the rules and regulations regarding consumer's rights and to act as a communication channel between the payment institution and the users of their products and services, including as a mediator in conflicts. Pursuant to Resolution BCB No. 28, of January 28, 2020 (ombudsman regulation applicable specifically to payment institutions), the ombudsman is the last resource for unsolved issues by primary instances, such as any customer assistance channels available, and is also responsible for answering other demands forwarded by the Central Bank and other public institutions. Payment institutions must make the ombudsman's office known to public, by the same means used to offer their products and services and must give full disclosure of the purpose of the ombudsman's office and how it can be of service. Accessibility to the ombudsman's office must be quick and user-friendly and customers and users should be able to contact it through a toll-free number.

Other important additional changes to the regulatory regime of the industry had been promoted by Circular No. 3,925/18: (i) open-loop payment scheme owners (such as Visa and Mastercard), directly or by means of the acquirers, were permitted to impose to sub-acquirers with whom they have a relationship disclosure and monitoring obligations as to their compliance with relevant rules and payment scheme own regulations; (ii) sub-acquirers that also offer pre-paid payment accounts may act as home institutions under a payment scheme; and (iii) interoperability between open-loop and closed loop payment schemes was expressly permitted. Such changes remain applicable under Resolution 150/21, which revoked Circular 3,925/18 and consolidated several rules regarding payment schemes. For more information, see *"Payment Schemes"* below.

PIX

Innovative regulatory changes have been recently implemented by the Central Bank, resulting in modifications to the regulatory framework of the Brazilian payments and financial industries. In February 2020, the Central Bank announced its 24/7 instant payments platform, which operates under the name "Pix". It was launched in November 2020 as a new instant payments scheme operated by the Central Bank, which, by promoting the digitalization of payments, is intended to foster competition, reduce social costs associated with paper-based instruments and provide a better payment experience for Brazilians. Pix is based on a centralized and sole settlement infrastructure operated and maintained by the Central Bank, the Instant Payments System (SPI), and in a Account Identifier Directory (DITC), where all final users' information and corresponding accounts are stored.

Currently, the main rules governing Pix consists of Central Bank Resolution No. 1/2020, which introduced the Pix payment scheme and approved its regulation, and Central Bank Resolution No. 195/22, which governs the Instant Payments System (SPI). Participation in Pix is mandatory for financial institutions and payment institutions with more than 500 thousand active customer accounts, considering deposit accounts, savings accounts and prepaid payment accounts.

Security Mechanisms for Pix and other electronic means of payment

On September 23, 2021, the Central Bank issued Resolution No. 142, introducing security measures to be adopted by institutions under its regulation and supervision to prevent frauds in the provision of payment services, applicable to all electronic payment methods.

Among the obligations established by Central Bank Resolution No. 142/21, financial and payment institutions are required to limit the provision of payment services during the nightly period to a maximum amount per deposit or prepaid payment account, as applicable. This limit may be increased at client's request, upon formalization in the relevant electronic service channels, but the institution must establish a minimum period of 24 hours for the increase to take effect. Central Bank Resolution No. 142/21 required payment service providers to implement the new transaction limit by October 4, 2021.

Pursuant to Resolution No. 142/21, financial and payment institutions must also implement:

(i) procedures aimed at evaluating the customer prior to offering same-day early payment of receivables ; and

(ii) daily registration of fraud or attempted fraud occurrences, including the corrective measures adopted by the institution. Based on these records, the institutions must prepare a monthly report consolidating the occurrences and the preventive and corrective measures adopted. This report must be forwarded to the institution's audit and risk committees, internal audit unit, executive board and board of directors, as applicable.

Furthermore, on September 28, 2021, the Central Bank issued Resolution No. 147, which, in addition to detailing, within the scope of Pix, the measures established by Resolution No. 142/21, also set forth security mechanisms specific to Pix transactions, including the obligation of the receiving institution to perform fraud assessment of Pix transactions and precautionary blocking of funds. If necessary, in case of sufficient indications of fraud or because of operational failure in the systems of one of the participant institutions, the relevant funds may be reversed to the payer by means of the "Special Return Mechanism". The Special Return Mechanism was implemented by the Central Bank by means of Resolution No. 3/21, which entered into effect on November 1, 2021.

Open Finance

Also aiming promoting competition, in May 2020 the Central Bank issued baseline regulations for open banking. Based on the model used in the United Kingdom, open banking in Brazil operates through application programming interfaces (API) and customers' consent is always required before any data sharing.

Open banking has a four-stage implementation plan, as follows:

- Stage 1: public access to participating institutions' data on their access channels and product/service channels related to checking, savings, prepaid payment accounts and to lending transactions.
- Stage 2: sharing of customer record data and customer transactional data in connection with accounts, credit cards and credit transactions, among the participating institutions.
- Stage 3: beginning of Pix transactions by payment initiation service providers, as well as the gradual entry of other payment arrangements, and the forwarding of loan proposals.
- Stage 4: sharing of customer transactional data related to additional products, including the following: (i) insurance, open-end private pension and capitalization products; (ii) merchant acquiring services; (iii) foreign exchange transactions; and (iv) time deposit accounts and other investment products. Stage 4 implementation deadlines are still under discussion among the regulator and market participants.

Stages 1 and 2 were mandatory only for financial institutions belonging to segments S1 and S2 of the Brazilian financial system (which comprises major large banks), according to prudential segmentation rules set forth in Brazil (CMN Resolution 4,553/17). Institutions offering deposit accounts or payment accounts (such as PagSeguro Brazil), as well as payment initiation service providers, are mandatory participants in Stage 3, with respect to the sharing of payment initiation services. Banks that hire banking correspondents must also take part in Stage 3, with respect to the forwarding of loan proposals (which is the case of BancoSeguro). The main rules governing open banking are Joint Resolution No. 1/20 and Central Bank Circular No. 4,015/20 and further regulations may still be issued.

Foreign Exchange

In December 2021, Law No. 14,286, or the New Foreign Exchange Law was published and became effective one year counted from the date of its publication. It includes provisions relating to Brazilian capital abroad and foreign capital in the country. The main goals of the New Foreign Exchange Law are to liberalize the Brazilian foreign exchange market, which faces a lot of regulatory complexity as well as certain inconsistencies, modernize the system as well as increase innovation and competition.

According to the Central Bank, this new legislation may cause a positive impact on attracting foreign capital, for investments in the financial and capital markets and other forms of direct investment, which include long-term investments in infrastructure and concession projects. In addition to greater international insertion, the New Foreign Exchange Law contributes to the greater international use of the *real*, facilitating the use of domestic currency in international financial transactions, such as allowing the entry and remittance of payment orders in Brazilian *reais* from accounts in Brazilian *reais* held by institutions abroad with banks in the country.

The main aspects of the New Foreign Exchange Law are: (i) confirmation, from a legal perspective, that foreign exchange transactions of any amount may be carried out without limitation (provided they are carried out through entities authorized to operate in this market and subject to applicable rules); (ii) granting of broad powers to the Central Bank to regulate the foreign exchange market and its operations; (iii) expansion of the international correspondence activity of Brazilian banks; (iv) implementing the possibility of Brazilian banking institutions to invest and lend abroad funds raised in Brazil or abroad; (v) the exclusion of foreign currency purchase and sale transactions up to an amount of US$500, carried out between individuals on an occasional and non-professional basis to the provisions contained in the New Foreign Exchange Law; and (vi) granting of powers to the Central Bank to establish situations in which the prohibition of private offsetting of credits between residents and nonresidents, as well as the payment in foreign currency in Brazil, would not apply.

This new legislation also consolidates over 40 legal provisions that began to be edited about 100 years ago, with dispersed commands that total more than 400 articles. This new legislation is concise, with 29 articles and clear language, which will bring a greater level of legal certainty to the subjects it concerns. Additionally, the New Foreign Exchange Law encourages the reduction of operational and legal structures of foreign exchange market participants, with greater efficiency in the operations procedures and in the forwarding of information determined by the Central Bank.

Recent Developments on Foreign Exchange Regulation

The CMN and the Central Bank issued new rules in order to enhance foreign exchange and international capital regulation, considering technological innovations and new business models relating to international payments and transfers. The new rules seek to promote a more competitive, inclusive and innovative environment for providing services to citizens and companies that send or receive funds from abroad.

The recently enacted rules allow: (i) authorized payment institutions to operate in the foreign exchange market, operating exclusively through electronic means, as of July 1, 2023; (ii) non-banking institutions authorized to operate in the foreign exchange market (such as securities brokerage companies, foreign exchange brokerage companies and payment institutions) to directly use their foreign currency accounts held abroad to settle transactions carried out in the foreign exchange market; (iii) Brazilian exporters to also receive export revenues in a payment account held in their name with a financial institution abroad or in an account abroad of a non-banking institution authorized to operate in the foreign exchange market; (iv) the receipt or delivery of *reais* in foreign exchange transactions, without amount limitation, to also occur from the customers' payment accounts held with financial institutions and other institutions authorized to operate by the Central Bank of Brazil or in payment institutions participating in the Pix; and (v) prepaid payment accounts in *reais* to be held by residents, domiciled or headquartered abroad.

The regulation of international payment or transfer services in the foreign exchange market have also been consolidated and modernized, providing an equal treatment for purchases of goods and services carried out with the participation of issuers of international cards, international payment facilitators and intermediaries/representatives in cross-border deliverables acquisition. Since October 2021, such services became classified in the foreign exchange regulations by the term "eFX". Moreover, it has also been allowed, through the eFX system, to carry out current unilateral transfers and funds transfers between accounts held by the customer in Brazil and abroad, up to US$10,000.00.

In addition, the new regulatory framework has (i) simplified the classification codes adopted in foreign exchange transactions by reducing the number of options available to that end; (ii) streamlined the registry procedures applicable to direct foreign investments in Brazil and the respective reporting requirements to the Central Bank; and (iii) established that a bank account or payment account held by foreigners shall receive equal regulatory treatments when compared to bank account held by account holders with residence or domicile in Brazil (except in certain specific cases).

The regulations of portfolio investments are expected to be issued by the Central Bank throughout 2023. The main regulation on the foreign exchange industry can be found in Resolution CMN 5,056/22, Resolution BCB 277/22, Resolution BCB 278/22, Resolution BCB 279/22, Resolution BCB 280/22 and Resolution BCB 281/22.

Segregate Net Equity

Moreover, Law No. 14,031/2020 provides guarantee mechanisms for the financial risks associated with the transfer and settlement of funds between the participants of open-loop payment schemes, particularly issuers and acquirers, to ensure that such funds are received by the merchants (final beneficiaries). Law No. 14,031/2020 was introduced to ensure that, in the event that an issuer or acquirer fails, the merchant receives the values arising from payment transactions carried out with payment cards. The concept of segregate net equity (patrimônio segregado) was introduced by Law No. 12,865/2013, when it created a protection against bankruptcy to the funds held in or that flow through payments accounts, setting forth that funds deposited in prepaid payment accounts are segregated from the payment institution's own assets. Law No. 14,031/2020 expanded that concept to cover all the funds flowing between participants of an open-loop payment scheme. In addition, in order to enforce those legal requirements, the payment institution must hold all the funds deposited in the prepaid payment account in certain specified instruments: either (i) in a specific account with the Central Bank or (ii) in federal government bonds registered with the SELIC. As of July 2023, balances held in this specific account with the Central Bank will be remunerated, as provided for by Central Bank Resolution No. 300/23.

Recent Developments on Regulatory Capital Requirements for Payment Institutions

In November 2020, the Central Bank launched Public Consultation Notice No. 78, which provided a set of regulations that sought to harmonize the prudential treatment applicable to payment transactions, whether carried out by a payment institution or by financial institution. It also aimed to harmonize the regulatory treatment of exposures arising from related activities conducted by payment institutions with that applicable to the same exposures of financial institutions. The proposal suggested the gradual implementation of the new rules, with full adoption in January 2025.

In this context, the Central Bank has recently published a set of new rules defining the prudential regulation applicable to payment institutions. This set includes the Central Bank Resolutions No. 197, 198, 199, 200, 201 and 202, all of March 11, 2022.

Pursuant to these rules, in order to facilitate the application of the respective prudential frameworks, prudential conglomerates will be classified into one of the following types:

- **Type 1**: prudential conglomerate led by a financial institution;
- **Type 2**: prudential conglomerate led by a payment institution and not integrated by a financial institution or by another institution authorized to operate by the Central Bank; or
- **Type 3**: prudential conglomerate led by a payment institution and integrated by a financial institution or other institution authorized to operate by the Central Bank.

According to the Central Bank, the concept of regulatory capital applicable to payment institutions was modified in order to ensure greater capacity to absorb unexpected losses. This treatment will consist of deducting certain institution's assets from the calculation of regulatory capital that, in situations of financial stress, have little or no value for maintaining the institution's operation.

Furthermore, the new rules sought to adapt the minimum capital requirement according to the intrinsic risks of each type of activity (payment or financial activity) for a Type 3 conglomerate, recognizing the peculiarities of the payment services and their differentiated legal status, and give specific prudential treatment to the risks arising from them. In this context, a portion of the Risk Weighted Assets of payment services (RWAsp) was created, encompassing the activities of acquiring, issuance of electronic currency and initiation of payment transactions.

With regard to prudential segmentation, it is worth mentioning that this will also be applied to Type 3 conglomerates. Based on their size and complexity, Type 3 conglomerates will be classified between S2 and S5 and will comply with the prudential rules of the respective segment. With regard to Type 2 conglomerates, as they have less complexity and risk, they will be subject to payments, simplified credit and simplified market portions. Type 1 conglomerates will also have the RWAsp portion, with the exception of institutions classified under S1 – in any case, these conglomerates will be subject to specific rules, to be edited by the CMN.

Under the new regulation, the prudential conglomerate made up by BancoSeguro, PagSeguro Brazil and MOIP will be classified as Type 3 conglomerate.

The new requirements will be enforceable according to an implementation schedule. The new rules will come into effect as of July 2023, and full implementation will take place in January 2025. The Central Bank hopes that this will ensure sufficient time for institutions to adjust their internal controls and adjust their equity structure.

Payment Schemes

A payment scheme, for Brazilian regulatory purposes, is a set of rules and procedures governing certain payment services provided to the public with direct access by its end users (i.e., payors and receivers). In addition, such payment service must be accepted by more than one receiver in order to qualify as a payment scheme.

Not all the payment schemes are subject to the applicable regulation of the payment industry, including license requirements and supervision by the Central Bank. The regulatory framework imposes supervision only over payment schemes that are considered relevant and, thus, are part of the SPB. The requirements for such classification depend on certain features, as follows:

- Payment schemes that exceed certain thresholds on number of payment transactions or aggregate value of transactions are considered to form part of the SPB and are subject to the legal and regulatory framework applicable to the payments industry in Brazil, including the requirement to obtain authorization by the Central Bank.
- Payment schemes that operate below these thresholds are not considered to form part of the SPB and are therefore not subject to the legal and regulatory framework applicable to the payments industry in Brazil, including the requirement to obtain authorization from the Central Bank, although they are required to report certain operational information to the Central Bank if so requested by the regulator. Furthermore, the Central Bank can issue an order requiring these payment schemes to apply for authorization to be part of the SPB on a case-by-case basis. In case an operational threshold is met, the payment scheme become part of the SPB and an application must be filed, but the payment scheme can continue to operate as usual until the authorization is granted by the Central Bank.
- Limited-purpose payment schemes are not considered as part of the SPB and, therefore, not subject to the legal and regulatory framework applicable to the payments industry in Brazil, including the requirement to obtain Central Bank authorization. Limited-purpose payment schemes are those whose payment orders are: (i) accepted only at the network of merchants that clearly presents the same visual identity as the issuer, such as franchisees and other merchant licensed to use the issuer's brand; (ii) intended for payment of specific public services, such as public transportation and public telecommunications; (iii) related to employee benefits established by law (such as meal vouchers) or (iv) issued and accepted exclusively in the scope of a closed-loop payment scheme and intended for payment of specific services as set forth by Central Bank by means of Central Bank Resolution No. 150/21.
- Certain types of payment schemes have specific exemptions from the requirement to obtain authorization from the Central Bank. This applies, for example, to payment schemes set up by governmental authorities, closed-loop payment schemes set up by certain financial institutions and closed-loop payment schemes set up by an authorized payment institution in which financial settlement of payment transactions are carried out exclusively using the book-transfer method.

Moreover, there are two key types of payment schemes:

(i) Closed-loop payment scheme (*arranjos de pagamento fechados*), in which payment services (management of payment account, issuance and acquiring) are all carried out by the same entity that is the payment scheme owner or by an entity that controls or is controlled by or is under the same control of the payment scheme owner; and

(ii) Open-loop payment schemes (*arranjos de pagamento abertos*): all other payment schemes that do not fall under the closed-loop category.

In October 2021, Central Bank Resolution No. 150/21 revoked Circular No. 3,682 and Resolution 89/21 to promote changes and consolidate the rules applicable to payment schemes (many of them already introduced by the changes brought under Resolution 89/21). The objectives of the rule were, in addition to modernizing regulation on the matter, (i) reducing the regulatory cost on smaller schemes or that serve specific markets, (ii) improving the rules for settlement of prepayment of arrangements receivables and (iii) giving more equal treatment to agents who perform similar activities in open-loop payment arrangements.

Payment Scheme Owners

Payment scheme owners, for Brazilian regulatory purposes, are the legal entities responsible for managing the rules, procedures and the use of the brand associated with a payment scheme. Central Bank regulations require that payment scheme owners must be incorporated in Brazil, must have a corporate purpose compatible with payments activities, and must have the technical, operational, organizational, administrative and financial capacity to meet their obligations. They must also have clear and effective corporate governance mechanisms that are appropriate for the needs of payment institutions and the users of payment schemes, and rules and procedures contemplating risk management of the participants, minimum operational requirements to be observed by the participants, monitoring of fraudulent actions, settlement of transactions among participants, interoperability mechanism, among others.

Payment scheme settlors that are responsible for managing open payments schemes part of the SPB are also subject to: (i) rules that impose the creation of internal control systems and procedures; (ii) bank secrecy rules; (iii) administrative sanctioning process of the Central Bank; and (iv) the application of preventive measures by the Central Bank, in order to ensure the soundness, efficiency and regular functioning of payment schemes.

Payment Institutions

Payment institutions are classified into the following types under Brazilian regulations, as per Central Bank Resolution No. 80/21:

- Issuers of electronic currency (i.e., e-money, generally in the form of prepaid deposits): these payment institutions manage prepaid payment accounts for cardholders or end-users, carry out payment transactions using electronic currency deposited into these pre-paid accounts, and convert the deposits into physical or book-entry currency or vice versa.
- Issuers of post-paid payment instruments (mainly credit cards): these payment institutions manage payment accounts where the cardholder or end-user intends to make payment on a post-paid basis. They carry out payment transactions using these post-paid accounts.
- Acquirers: these payment institutions do not manage payment accounts, but enable merchants to accept payment instruments issued by a payment institution or by a financial institution that participates in a payment scheme. They participate in the settlement process for payment transactions by receiving the payment from the issuer of the prepaid or post-paid instrument, and settling with the merchant.
- Payment transaction initiators: these payment institutions provide payment transaction initiation services without managing payment accounts nor holding, at any time, the transferred funds. Additionally, they may not store end-users credential data used to authenticate payment transactions. The regulations on payment transaction initiators were recently enacted by the Central Bank and these entities are expected to operate mainly within the scope of open banking.

As for issuers of post-paid payment instruments and acquirers, the requirement to obtain Central Bank authorization depends on certain features, such as the annual cash value of transactions handled by the payment institution. Issuers of post-paid payment instruments and acquirers below the relevant operational threshold can start operations and carry out payment activities immediately, provided that, in case of open-loop payment schemes, they have been granted with a license by the payment scheme owner. While operating below the relevant operational threshold, those payment institutions only need to comply with certain reporting requirements. Once the payment institutions reach the relevant operational thresholds, they need to file the authorization request, but the regulations determined that such entities continue rendering payment services while their applications are being analyzed by the Central Bank.

In addition, certain financial institutions are waived from requiring an authorization from the Central Bank to render certain payment services. Furthermore, certain payment institutions are not subject to the legal and regulatory framework applicable to the payments industry in Brazil. This applies, for example, to payment institutions that only participate in limited-purpose payment schemes and payment institutions that provide services in the scope of programs set up by governmental authorities and payment schemes related to employee benefits established by law.

Recent regulations issued by the Central Bank tightened the rules applicable to issuers of electronic currency, requiring them to obtain Central Bank authorization before launching operations. Before this change, these issuers could operate without a license until reaching certain operational thresholds. The institutions already operating below the established thresholds shall seek authorization according to a predetermined schedule and all existing issuers of electronic currency must request authorization by December 2029.

As for payment transaction initiators, applicable regulations provide that they must obtain Central Bank authorization prior to providing payment initiation services. Any payment institution already licensed in another modality may operate as a payment transaction initiator, provided a 90-day prior notification is sent to the Central Bank.

A payment institution must be incorporated in Brazil and must have a corporate purpose that is compatible with payments activities, and, once they become part of the SPB, as described above, they must comply with several requirements. The CMN and Central Bank regulations applicable to payment institutions that are part of the SPB cover a wide variety of issues, including: (i) homologation by the Central Bank of officers and directors; (ii) the transfer of corporate control requires prior approval of the Central Bank; (iii) minimum corporate capital and net equity; (iv) implementation of internal controls and procedures; (v) establishment of an ombudsman's office; (vi) preparation of accounting statements pursuant to the Standard Chart of Accounts of the National Financial System (*Plano Contábil das Instituições do Sistema Financeiro Nacional*—COSIF); (vii) implementation of operational, liquidity, market and credit risk management structures; (viii) anti-money laundering and know-your-client requirements; (ix) banking secrecy rules; (x) settlement of payment transactions arising under open-loop payment schemes at the centralized settlement system of the Brazilian Interbank Payments Clearinghouse (CIP); and (xi) administrative penalties for non-compliance, among others. Acquiring companies must as well integrate with an authorized registration entity in order to register all merchants' receivables and settle transactions in accordance with the information provided in such entities' systems.

The regulations applicable to payment institutions also cover "payment accounts" (*contas de pagamento*), which are the end-user accounts, in registered (i.e., book-entry) form, which are opened with payment institutions that are issuers of prepaid or post-paid instruments and used for carrying out each payment transaction.

In order to provide protection from bankruptcy, Law No. 12,865/2013 sets forth that funds deposited in prepaid payment accounts are considered segregate net equity *(patrimônio segregado*), i.e. such funds are segregated from the payment institution's own assets. In addition, in order to enforce such legal provision, the payment institution must hold all of the funds deposited in the prepaid payment account in certain specified instruments, either: (i) in a specific account with the Central Bank or (ii) in federal government bonds registered with the SELIC, the Central Bank's overnight rate. As of July 2023, balances held in this specific account with the Central Bank will be remunerated, as provided for by Central Bank Resolution No. 300/23. In this regard, PagSeguro Brazil's activities as a payment institution issuer of electronic currency (prepaid account management) have 100% of all balances maintained in payment accounts invested in such instruments and protected from PagSeguro Brazil's bankruptcy.

Changes in the Regulation of Credit Cards and Prepaid Payment Accounts

On May 19, 2021, the Central Bank issued Resolution No. 96/21 which amended and restated the rules relating to the opening of postpaid payment accounts (*i.e.*, those used in products such as credit cards) and prepaid payment accounts, in addition to making the criteria for opening these accounts compatible with the rules applicable to the opening of deposit accounts (checking accounts). The rule came into force on March 1, 2022, revoking Circular No. 3,680/13.

Among other measures, Resolution No. 96/21 eliminated the exhaustive list of minimum customer registration information for opening prepaid and postpaid payment accounts; each institution will have discretion to determine what information it will require from the customer, depending on its profile. It also provides for new procedures with the goal of facilitating requests for prepaid and postpaid payment accounts to be closed.

Resolution No. 96/21 classifies payment accounts into two types:

- Prepaid payment accounts: where the funds have been deposited into the payment account in advance of the intended payment transaction.
- Post-paid payment accounts: where the payment transaction is intended to be performed regardless of whether or not funds have been deposited into the payment account in advance.

In addition, Resolution No. 96/21: (i) revised the items that must be included in the invoices for postpaid payment accounts (*i.e.*, credit cards), such as the need to include the total consolidated balance of contracted future obligations, such as installment purchases, credit operations and tariffs; (ii) defined minimum provisions that must be included in the account agreements; and (iii) mandated that the institution sends or makes available to the customer, by physical or electronic means, the credit card and the corresponding invoices, according to the form and channel chosen by the customer (among the options made available by the institution).

PagSeguro Brazil's, MOIP's and BancoSeguro's Regulatory Status

In December 2014, PagSeguro Brazil applied to the Central Bank for the following authorizations:

1. Authorization as a *payment institution*, as an *issuer of prepaid electronic money*. This application relates to the free PagBank digital account and to our issuance of PagSeguro electronic currency and prepaid cards. The application regarding the free PagBank digital account relates to our rules and our brand, and the application regarding our prepaid cards relates to the third-party payment schemes within which the cards are issued.
2. Authorization as a *payment institution*, as an *acquirer*.

These authorizations were formally approved on October 17, 2018.

PagSeguro Brazil is also a *payment scheme owner* of a closed-loop payment scheme not forming part of the SPB, which relates to peer-to-peer transfers between accounts opened by our clients within the PagBank digital account, using our rules applying to the PagBank digital account and our brand. Since this payment scheme does not form part of the SPB it does not currently require Central Bank authorization; however, we are required to report certain operational information regarding this scheme to the Central Bank on an annual basis, such as the number of users and the annual cash value of our peer-to-peer transfer transactions.

PagSeguro Brazil also applied to the Central Bank in February 2019 for authorization to conduct activities as a *payment institution* issuer of post-paid payment instruments (credit cards) within third-party payment scheme. This authorization was formally approved on March 16, 2019.

PagSeguro Brazil is a participant of the Pix instant payments scheme and will join open banking on its phase 3, as an account service provider. For more information about the Pix payment scheme, see "Regulation of the Payments Industry in Brazil."

On September 29, 2020, PagSeguro Brazil completed the acquisition of MOIP, which is authorized as an issuer of electronic money and as an acquirer. MOIP's authorizations were obtained on January 17, 2019.

Law No. 12,865/2013 prohibits payment institutions from performing activities that are restricted to financial institutions, which are regulated by Law No. 4,595/1964. There is some debate under Brazilian law as to whether providing early payment of receivables to merchants could be characterized as "lending," which is an activity that is restricted to financial institutions. Similarly, there is some debate as to whether the discount rates applicable to this early payment feature should be considered as "interest," in which case the limits set by the Brazilian Usury Law would apply to these rates. In this sense, the Central Bank Office of Legal Counsel (*Procuradoria-Geral do Banco Central*) issued a legal opinion that (i) advance of merchants' trade receivables (credit card installment receivables backed by executed and paid transaction) to them relates to the early payment of an obligation and should not be confused to an activity that is restricted to financial institutions; and (ii) discount rates applicable to this prepayment mechanism are subject to the limits set by the Brazilian Usury Law.

For transactions that form part of the Brazilian financial system, financial institutions may set interest rates freely, provided that they are not excessive for consumers. For transactions that do not form part of the Brazilian financial system, historically, the Brazilian Usury Law (Decree-Law No. 22,623/1933) capped interest rates at 12% per year. Subsequently, the Brazilian Civil Code, which replaced the Usury Law, capped interest rates at two times the interest rates applicable to the National Treasury (*Fazenda Nacional*), which is currently the SELIC interest rate (although there is some legal debate as to whether the Brazilian Civil Code has effectively replaced the original Brazilian Usury Law). As a result, if the discount rate that we charge merchants for early payment of their receivables is considered to be "interest," it would be capped at two times the SELIC interest rate. This limitation is mitigated by the FIDC that we use to finance our early payment of receivables feature.

BancoSeguro is a financial institution duly authorized by the Central Bank to perform banking operations in accordance with current regulation (such as CMN Resolution 4,970/21). It also holds a license from the CVM to provide securities custody services, which was obtained on February 22, 2021. On December 14, 2021, BancoSeguro was authorized by the Central Bank and received a license to operate in the foreign exchange market.

In March 2023, the Central Bank authorized PagInvest Pagbank to operate as a securities broker-dealer (*corretora de títulos e valores mobiliários*) in Brazil. The filing of a registration with the CVM is required for PagInvest Pagbank to commence its operations, and that registration is still pending. Our investment related activities in the securities market are currently carried out by BancoSeguro through our investment platform.

Operations and Register of Receivables from Payment Arrangements

On December 19, 2018, the CMN and the Central Bank published Resolution No. 4,707/18 and Circular No. 3,924/18, which impose transitional rules regarding credit card receivables and credit operations guaranteed by such receivables.

The main intention of Resolution No. 4,707/18 and Circular No. 3,924/18 is to allow merchants to offer their future credit card receivables as collateral to their banks for loans. In summary, both Resolution No. 4,707/18 and Circular No. 3,924/18 created information exchange obligations between financial institutions and acquirers/subacquirers, in order to facilitate the delivery of information related to merchants' settlement schedules (*agendas de recebíveis*). In accordance with these rules, financial institutions must keep acquirers and subacquirers informed about credit operations linked to credit card receivables. Acquirers, in turn, are required to disclose transaction data, such as settlement schedules (*agendas de recebíveis*), about their respective merchants to (i) financial institutions who have ongoing lending transactions secured by such receivables; and (ii) any other financial institution that is expressly authorized by such merchants to obtain this data.

On June 7, 2021, Resolution No. 4,707/18 and Circular No. 3,924/18 have been replaced by Resolution No. 4,734/19 and Circular No. 3,952/19 (the latter subsequently replaced by Central Bank Resolution No. 264/22), which created new and definitive regulation in order to improve the rules regarding merchants' credit operations guaranteed by receivables from payment arrangements and the prepayment and discount of such operations, increasing competition and thus reducing the cost of credit.

This new regulatory framework brought a number of relevant changes to operations involving credit and debit card receivables, including transactions for the early payment of such receivables by acquirers and subacquirers, which are subject to new procedures, as well as the assignment of these receivables to institutions that do not belong to the Brazilian National Financial System.

The general principle adopted by these new rules is that receivables from payment arrangements that are provided as collateral in credit operations or assigned in discount operations (*desconto de recebíveis*) must be registered in a centralized system operated by an entity authorized by the Central Bank. In this sense, Circular No. 3,952/19, replaced by Central Bank Resolution No. 264/22, introduced the requirement of a market infrastructure convention, which created a system allowing for the registration of these receivables as financial assets, interoperability, and the exchange of information between the registration systems and market participants.

Resolution No. 4,734/19 requires that the amount of receivables perfected into guarantees for a certain credit transaction be reduced, whenever applicable, so that such amount is limited to the outstanding balance of the transaction or to the maximum limit available under the credit line, in the case of an extension of a non-dischargeable credit facility by a financial institution on an absolute and unilateral basis.

If we fail to comply with the requirements of the Brazilian legal and regulatory frameworks, we could be prevented from carrying out our regulated activities, we could be (i) required to pay substantial fines (including per transaction fines) and subject to disgorgement of our profits, (ii) required to change our business practices, or (iii) subjected to insolvency procedures such as an intervention by the Central Bank and the out-of-court liquidation of PagSeguro Brazil. We could also be subject to private lawsuits. For additional information, see "Item 3. Key Information—Risk Factors—Risks Relating to Our Business and Industry—Our business is subject to extensive government regulation and oversight and our status under these regulations may change. Violation of or compliance with present or future regulation could be costly, expose us to substantial liability and force us to change our business practices, any of which could seriously harm our business and results of operations."

The Central Bank also regulates our international transfers of funds under foreign exchange regulations. Compliance with these rules is mandatory and any failure to comply may result in penalties against us.

The Central Bank's regulations also allow payment schemes to set additional rules for entities that use their brands. Since we participate in these third-party payment schemes, we must comply with their rules in order to continue accepting payments from payment instruments bearing their brands.

Anti-Money Laundering Rules

We comply with all anti-money laundering, or AML, rules applicable to us and have implemented policies and procedures to report suspicious activities to the authorities, including any suspected terrorism financing and other potentially illegal activities.

Our activities in Brazil are subject to Brazilian laws and regulations relating to anti-money laundering, or AML, terrorism financing and other potentially illegal activities. These rules require us to implement policies and internal procedures to monitor and identify suspicious transactions, which must be duly reported to the relevant authorities. We have implemented all the required policies and internal procedures to ensure full compliance with these rules and regulations, including structuring a risk and fraud division led by a risk and compliance officer. Our employees are trained and informed of our policies and internal procedures and their compliance is mandatory and supervised.

The Brazilian anti-money laundering law establishes the basic framework to prevent and punish money laundering as a crime. It prohibits the concealment or dissimulation of origin, location, availability, handling or ownership of assets, rights or financial resources directly or indirectly originated from crimes, subjecting the agents of these illegal practices to imprisonment, temporary disqualification from managing enterprises up to 10 years and monetary fines.

The Brazilian anti-money laundering law also created the Financial Activities Control Council, or COAF, which is the Brazilian financial intelligence unit that operates under the jurisdiction of the Ministry of Finance. COAF performs a key role in the Brazilian anti-money laundering and counter-terrorism financing system, and its legal responsibility is to coordinate the mechanisms for international cooperation and information exchange.

On January 7, 2020, Law No. 13,974/2020 came into effect, transferring COAF to the administrative structure of the Central Bank. On January 23, 2020, the Central Bank issued Circular No. 3,978/2020, establishing a new regulatory framework applicable to the policies, procedures and internal controls to be adopted by financial institutions and other institutions authorized to operate by the Central Bank, in order to prevent the financial system from being used to commit money laundering and terrorist financing crimes. Circular No. 3,978/2020 became effective on July 1, 2020, when Circular No. 3,461 of July 24, 2009 was revoked. Circular No. 3,978/2020 is currently the main regulation related to the prevention of money laundering and terrorist financing crimes applicable to institutions regulated by the Central Bank. It applies to several activities conducted by regulated entities, such as foreign exchange and payments.

In compliance with the Brazilian anti-money laundering law, payment institutions and financial institutions in Brazil must establish internal control and procedures aiming at:

- identifying and knowing their clients;
- checking the compatibility between the movement of funds of a client and such client's economic and financial capacity;
- checking the origin of funds;
- carrying out a prior analysis of new products and services, under the perspective of money laundering prevention;
- controls, resources and monitoring systems for the rapid detection and reporting of suspicious activity;
- compliance with all applicable regulatory requirements for recordkeeping and reporting;
- keeping records of all transactions;
- applying special attention to: (i) unusual transactions or proposed transactions with no apparent economic or legal basis; (ii) client and transactions for which the Ultimate Beneficial Owner (UBO) cannot be identified; and (iii) situations in which it is not possible to keep the clients' identification records duly updated;

- offering anti-money laundering training for employees;
- monitoring transactions and situations which could be considered suspicious for anti-money laundering purposes;
- reporting to COAF the occurrence of suspicious transactions, as required under applicable regulations, and also, at least once a year, whether or not suspicious transactions are verified, in order to certify the non-occurrence of transactions subject to reporting to COAF (negative report); and
- ensuring that policies, procedures and internal controls are commensurate with the size and volume of transactions.

In addition, if any person resident in the Cayman Islands knows or suspects or has reason for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of their business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) a nominated officer (appointed in accordance with the Proceeds of Crime Act (As Revised) of the Cayman Islands) or the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Act (As Revised), if the disclosure relates to criminal conduct or money laundering or (ii) to a police constable or a nominated officer (pursuant to the Terrorism Act (As Revised) of the Cayman Islands) or the Financial Reporting Authority of the Cayman Islands, pursuant to the Terrorism Act (As Revised), if the disclosure relates to involvement with terrorism or terrorist financing and terrorist property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

Regulation of Banking Activities

In January 2019, we acquired BBN Banco Brasileiro de Negócios S.A. (renamed to BancoSeguro S.A. in February 2019), or BancoSeguro, through BS Holding, a holding company incorporated under PagSeguro Digital, whose sole purpose is to hold interest in financial institutions, as required by current banking regulations. BancoSeguro holds a multi-bank license to provide financial services, has commercial and investment bank portfolios, and is duly authorized by the Central Bank to perform banking operations in accordance with current regulation. On December 14, 2021, BancoSeguro was authorized by the Central Bank and received a license to operate in the foreign exchange market.

Banking activities in Brazil are governed by Law No. 4,595/1964, which created the CMN, responsible for, among others, regulating the establishment and operation of financial entities, and empowered the Central Bank to supervise public and private financial institutions and, when needed, apply the penalties set forth in the law and regulations to such institutions. The Central Bank also controls and approves the operation, transfer of control, and corporate reorganization of financial institutions, as well as the transfer of the location of its branches (in Brazil or abroad). CMN and the Central Bank created a vast regulatory framework regulating the National Financial System which may impact BancoSeguro's operations and future products.

In this regard, BancoSeguro must observe certain key governance, compliance and supervision requirements applicable to all the institutions part of the National Financial System, such as:

- minimum capital requirements;
- compulsory deposits requirements;
- fixed asset investment limits;
- limits to exposure on foreign currency;
- limits to charge fees and commissions for certain financial services;
- requirements regarding the establishment of internal controls and procedures;
- requirements regarding implementation of risk management structures;
- observation of know your costumer and anti-money laundering rules;
- constitution of ombudsman office;
- preparation of accounting statements pursuant to the Standard Chart of Accounts of the National Financial System (*Plano Contábil das Instituições do Sistema Financeiro Nacional*—COSIF);

- anti-money laundering, anti-terrorist and know-your-client requirements, administrative penalties for non-compliance;
- additional regulations from other agencies that are specific to banking activities, such as the CVM's fundraising rules;
- cybersecurity regulations, notably CMN Resolution No. 4,893/21;
- limits to acquire real estate properties not intended to be used by the institution, except when such properties are received as payment of non-performing or doubtful loans, or when expressly authorized by the Central Bank, and in accordance with rules to be issued by the CMN; and
- requirements to operate with related parties, as described in Resolution CMN No. 4,693/2018.

Financial institutions are also members of the SPB. Under the SPB, the Central Bank has control over the banks' reserve accounts through the STR – Reserve Transfer System, a computerized system which enables the on line transfer of funds between financial institutions and constitutes a strict control of bank balances.

In addition to regulations affecting the financial system, BancoSeguro is also subject to laws relating to anti-money laundering, banking secrecy, consumer protection, tax, and other regulations applicable to Brazilian companies generally, as discussed above.

If BancoSeguro fails to comply with the requirements of the National Finance System, BancoSeguro could be prevented from carrying out its regulated activities and could be (i) required to pay substantial fines (including per transaction fines) and subject to disgorgement of our profits, (ii) required to change our business practices, or (iii) subjected to insolvency procedures such as an intervention by the Central Bank and the out-of-court liquidation.

Securities Regulations

Multi-purpose banks with an investment banking portfolio (also known as investment banks), such as BancoSeguro, may, among other roles, provide securities distribution, intermediation and custody services, which are subject to Brazilian securities laws and regulations.

The main laws governing the Brazilian capital markets are Law No. 4,728/1965 and Law No. 6,385/1976. Among other provisions, they regulate the distribution and issuance of securities in the market, the trading of securities and the settlement and/or clearance of securities transactions. The regulatory framework in Brazil is further supplemented by regulations issued by the CMN, the CVM, the Central Bank, and self-regulation policies, such as those issued by various associations, over-the-counter organized markets and securities exchanges, that govern their members and participants (for example, the B3 and the ANBIMA). In addition to the regulatory and supervision powers of the Central Bank, all Brazilian financial institutions are subject to oversight by the CVM when they participate in the Brazilian capital markets (such as BancoSeguro).

Multi-purpose banks with an investment banking portfolio are also regulated by CMN Resolution No. 5,046/22, which allows these entities to carry out, among others, the following activities in the capital markets: (i) participate in the processes of issuance, subscription for resale and distribution of securities; (ii) enter into securities purchase and sale transactions, for their own account or for the account of third parties; (iii) operate in commodities and futures exchanges, and in organized OTC markets, on its own or third-parties' account; and (iv) coordinate reorganization and restructuring processes of companies and conglomerates, through consultancy services, equity interest and/or granting of funding or loans. Investment banks are also allowed to provide other services in the securities market, such as bookkeeping, custody, and management of third-parties' assets, among others.

E-Commerce, Banking Secrecy, Data Protection, Consumer Protection and Taxes

In addition to regulations affecting digital payment schemes, we are also subject to laws relating to internet activities and e-commerce, as well as banking secrecy laws, consumer protection laws, tax laws and other regulations applicable to Brazilian companies generally. Internet activities in Brazil are regulated by Law No. 12,965/2014, known as the Brazilian Civil Rights Framework for the Internet, which embodies a substantial set of rights and obligations relating to internet service providers. This law exempts intermediary platforms such as PagSeguro from liability for activities carried out by their users. Since there are no settled court decisions in this area, however, it is still possible that we may be subject to joint civil liability for activities carried out by our users.

Furthermore, in September 2020, LGPD entered into force, and its administrative sanctions provisions became effective in August 2021 under the Brazilian Federal Law No. 14,010/20. The LGPD establishes detailed rules to be observed in the maintenance and processing of personal data and provides, among other measures, rights to the data subjects, cases in which the processing of personal data is allowed, obligations and requirements relating to security incidents involving personal data and the transfer and sharing of personal data.

The LGPD further establishes penalties for non-compliance with its provisions, ranging from a warning and exclusion of personal data processed in an irregular way to fines or the prohibition from processing personal data. The LGPD also authorizes the creation of the ANPD, an authority that oversees compliance with the rules on data protection.

Moreover, Law No. 8,078/1990, known as the Consumer Protection Code, regulates consumer relations in Brazil, including matters such as: commercial practices; product and service liability; areas where suppliers of products or services are subject to strict liability; the reversal of the burden of proof so as to benefit consumers; the joint and several liability of all companies within a supply chain; unfair contract terms; advertising; and information on products and services that are offered to the public. Consumers have the right to receive clear and accurate information regarding retail products and services, with correct specification of characteristics, structure, quality, price, risks, and consumers' rights to access and amend personal information collected about them and stored in private databases.

Customer accounts on our digital platform are subject to data protection under the Brazilian Civil Rights Framework for the Internet and bank secrecy laws (Complementary Law 105/01, which had its provisions extended to payment institutions through Article 17 of CMN Resolution No. 4,282/13). We are also subject to trademark protection rules, and to tax laws and related obligations such as the rules governing the sharing of customer information with tax and financial authorities. It is unclear whether the tax and regulatory authorities would seek to obtain information regarding our customers. Any such request could come into conflict with the data protection rules, which could create risks for our business.

The laws and regulations applicable to the Brazilian digital payments industry are subject to ongoing interpretation and change, and our digital payments business may become subject to regulation by other authorities. For further information on the risks relating to regulation of business, see "Item 3. Key Information—Risk Factors—Risks Relating to our Business and Industry."

Environmental, Social and Governance (ESG)

Our mission is to disrupt and democratize access to financial services and payment solutions in Brazil, providing a simple, secure, affordable and digital ecosystem to merchants and consumers. Currently, millions of micro and small entrepreneurs (previously unbanked) and consumers use and benefit from our services. We offer our services in a simple, digital, mobile-first and cost-effective manner.

Our commitment to Environmental, Social and Governance (ESG) principles came from our engagement with both merchants and customers and is grounded in continuous innovation and the pursuit of shared value with our stakeholders. Over the years, we have made a significant positive impact on society, benefiting millions of people. We believe that by combining creativity and technology, we can promote more sustainable and diverse businesses and help reduce Brazil's vast social inequities.

In 2022, we released our second Sustainability Report and disclosed for the first time our Climate Change report on CDP and GHG Protocol Program based on our verified GHG inventories. We also became a carbon-neutral company by offsetting 100% of our Scope 1, Scope 2 and Scope 3 emissions for the years 2019, 2020, and 2021. In connection with financial inclusion, which we consider our natural calling, 40% of merchants joined the formal economy after subscribing to our services. With respect to human capital, we launched *PagTalents*, our internship program, with 50% of the positions being allocated to young and socio-economically vulnerable individuals, providing exclusive access to courses and trainings, and at the same time fostering the education for vulnerable communities and gender equality through our tech education programs, such as *#ElasTech*, *Vai na Web* and *G10 Tech* and many Financial Education initiatives.

Also in 2022, our ESG Committee began meeting on a regular and monthly basis with the participation of our main executive officers and board members, aiming to organize the ESG agenda and set up plans to provide improvement and transparency.

PagBank / PagSeguro has also received several recognitions and awards, and has entered into certain associations, which include:

- We are a signatory of the United Nations Global Compact, the largest voluntary corporate sustainability initiative in the world;
- We have been recognized and possess the Women on Board seal, an independent, non-profit initiative that recognizes companies that have at least two women on their board of directors. Currently, women comprise 50% of the composition of our board of directors;
- We received the Gold Award for the years of 2021 and 2020 for our climate disclosure on the Brazil GHG Protocol Program; and
- We received Score C (awareness level) on our first Climate Disclosure on CDP. Our mission is to disrupt and democratize access to financial services and payment solutions in Brazil, providing a simple, secure, affordable, and digital ecosystem to merchants and consumers. Currently, millions of micro and small entrepreneurs (previously unbanked) and consumers use and benefit from our services. We offer our services in a simple, digital, mobile-first and cost-effective manner.

Property, Plant and Equipment

Our Facilities

We do not own any real estate. We lease our head office directly from a third party, and we directly rent a number of other smaller offices in Brazil directly from third parties. For our other office space and the operations center in São Paulo, we either lease the space on market terms on an arm's-length basis from UOL or its affiliates, or we use the space provided by UOL or its affiliates on a cost-sharing basis through an expense apportionment agreement entered into between us and UOL or the relevant affiliate. For more information on this agreement, see "Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions—Agreements with UOL and UOL Subsidiaries—Cost-Sharing Agreements." We also lease other office for our subsidiaries.

Other Equipment

The majority of our equipment consists of POS devices, which made up 88.7% of our equipment costs in 2022. The rest of our equipment consists of data processing equipment, machinery, building leasing, facilities and furniture and fittings.

Intellectual Property

We regard the protection of our trademarks, copyrights, logos, service marks, trade dress, domain names, patents and trade secrets as critical to our future success. To establish and protect our proprietary rights in our products and services, we rely on a combination of trademark, copyright, service mark, patent and trade secret laws, administrative procedures and contractual restrictions. We have entered into confidentiality and invention assignment agreements with our employees and certain outside contractors. We have also established non-disclosure agreements with our employees, strategic partners and some suppliers in order to limit access to and disclosure of our proprietary information and technology.

We actively pursue registration of our trademarks, copyrights, logos, service marks, trade dress and domain names. We have registered or applied for registration of trademarks with the Brazilian National Institute of Industrial Property (*Instituto Nacional da Propriedade Industrial*, or INPI) including, among others, the trademarks and logos of "PagSeguro,"PagBank", "Moderninha," "Minizinha," "PlugPag," "PagInvest Pagbank," "PedeFácil" and "PagVendas." We have also registered several domain names with NIC.br, Brazil's internet domain name registry, and domain registrars in the United States and elsewhere, including "pagseguro.com.br," "pagseguro.com," "moderninha.com.br," "moderninhapro.com.br," "moderninhax.com.br," "moderninhaplus.com.br," "moderninhapro2.com.br," "moderninhasmart.com.br," "minizinha.com.br," "minizinhachip.com.br," "minizinhanfc.com.br," "boacompra.com.br," "pagbank.com.br", "pagbank.com", "paginvest.com" and "paginvest.com.br". We own or have the right to use all of the material intellectual property that we use.

We have material contracts with Visa, MasterCard and Elo in connection with our activities as an acquirer for these card schemes. Our Visa Payment Arrangements Participation and Trademark License Agreement, dated as of August 24, 2015 and amended on July 3, 2017, between Visa do Brasil Empreendimentos Ltda. and PagSeguro Brazil, sets forth the general terms and conditions under which PagSeguro Brazil acts as a merchant acquiring principal participant for Visa in Brazil and provides PagSeguro Brazil with a non-exclusive and non-transferable license to use certain trademarks owned by Visa in connection with its activities as an acquirer in Brazil. Under this agreement, PagSeguro Brazil is exclusively responsible for all the costs and risks associated with its participation as a merchant acquiring principal, and fees payable to Visa under this agreement is determined by the standard payment terms set forth in the Visa Core Rules and Visa Product and Service Rules, available on Visa's website. Our License Agreement, dated as of June 18, 2015 and as amended from time to time, between MasterCard International Incorporated and PagSeguro Brazil sets forth the general terms and conditions under which MasterCard grants PagSeguro Brazil a non-exclusive license to use certain trade names, trademarks, service marks and logotypes (including MasterCard, Cirrus and Maestro branded marks) in Brazil in connection with PagSeguro Brazil's issuing and acquiring activities. No consideration is due to MasterCard under this agreement. Our Agreement for Accreditor Participation in ELO Payment Arrangements, dated as of February 13, 2019, between Elo Serviços S.A. and PagSeguro Brazil, sets forth the general terms and conditions under which PagSeguro Brazil acts as a merchant acquiring principal participant for Elo and provides PagSeguro Brazil with a non-exclusive and non-transferable license to use certain trademarks owned by Elo in connection with its activities as an acquirer. Under this agreement, PagSeguro Brazil is exclusively responsible for all the costs and risks associated with its participation as a merchant acquiring principal, and fees payable to Elo under this agreement is determined by the standard payment terms set forth in the Elo Arrangements Manual, available on Elo's website.

We operate software products under licenses, including certain open source licenses, from our vendors, including, among others, Verifone, Oracle, Feedzai and Cisco. Even if any such third-party technology did not continue to be available to us on commercially reasonable terms, we believe that alternative technologies would be available as needed in every case.

The standard online contract entered into between us and our merchants when they open a free PagBank digital account provides a limited, non-transferable license to certain of our proprietary rights, such as our name and logo, for use by our merchants for commercial purposes. We expect to continue this practice in the future as part of our marketing strategy. While we attempt to ensure that our licensees maintain the quality of the PagSeguro brand, they may take actions that could materially adversely affect the value of our proprietary rights or reputation.

For information about risks affecting our intellectual property, see "Item 3. Key Information—Risk Factors—Risks Relating to our Business and Industry—We have only a limited ability to protect our intellectual property rights, which are important to our success."

Our Industry and Total Addressable Market

Micro-Merchants and SMEs Drive the Brazilian Economy

According to SEBRAE (*Portal do Empreendedor*) and Brazil's Internal Revenue Services (*Receita Federal*), there were 14.8 million micro-merchants (*MEIs*) in Brazil as of December 31, 2022. In addition, according to the most recent Annual Social Information Report (*Relação Anual de Informações Sociais - RAIS*), published by the Ministry of the Economy, as of December 31, 2021, there were 3.8 million SMEs. Additionally, according to IBGE's PNAD, as of December 31, 2022, there were 18.6 million individuals self-employed in the informal economy, usually individual customers of card acquirers. Taken together, this totals an addressable market of 37.2 million formal and informal businesses. In addition, according to SEBRAE, the number of individual micro entrepreneurs in Brazil increased significantly, from 772 thousand in 2010 to 14.9 million in March 2023.

Business and consumers in developed economies are moving away from cash and paper payments at a slow but steady rate and migrating to electronic payment mechanisms. Since this trend has not yet fully impacted the Brazilian economy, the opportunity for expansion of digital payments in Brazil remains significant. The migration away from checks, in particular, creates efficiencies for businesses, who can reduce cost and accelerate cash flow if their accounts payable and accounts receivable functions are automated through electronic payments and reconciliation. Similar opportunities exist for consumer bill payment, direct deposit, and person-to-person payments.

According to information from eMarketer, the mobile payments retail purchase volume in Brazil increased to US$30 billion in 2022 from US$1 billion in 2015, while in the United States, this volume was approximately US$432 billion in 2022. However, only 35% of the Brazilian population above age 15 reported making an online purchase online in 2021, compared to 75% in the United States and 64% in the United Kingdom, according to the World Bank's most recent Global Findex database published in 2021.

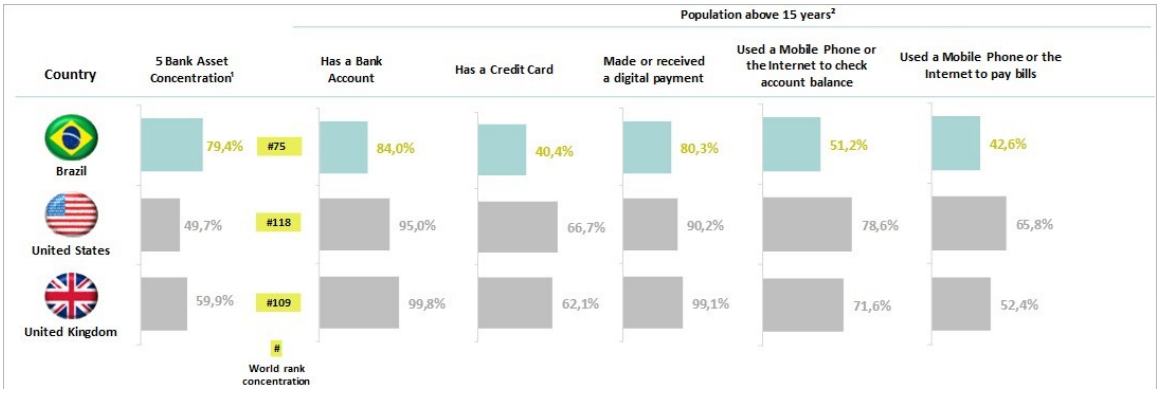
Regarding retail e-commerce as a whole, sales volume in Brazil increased to US$49 billion in 2022 from US$10 billion in 2015 according to eMarketer. This means that the growth of e-commerce on mobile devices has been 6x faster than in retail general e-commerce, with m-commerce share in e-commerce growing from 10% to 60% between 2015 and 2022, according to eMarketer, creating new options for buyers and sellers and providing business opportunities for buyers and providers of digital deliveries.

The Structure of the Brazilian Financial Market Creates Significant Opportunities for Disruption

The structure of the Brazilian financial market creates significant opportunities for technology-driven disruptors, who seek to break up the highly concentrated supply of services, particularly when compared to more developed markets. The banking market is relatively concentrated for global standards. Retail banking leaders are local, with no global retail banking players around the world. In 2021, Brazil's five largest financial institutions held 79.4% of financial assets, which makes it one of the world's most concentrated markets according to the most recent World Bank's Global Financial Development database published in 2021. Further showing this banking concentration, global banks, such as ABN/AMRO, Citibank and HSBC, have entered Brazil, only to later leave the market or reduce their local presence. In the same year, the United Kingdom and the United States had banking concentrations of 59.9% and 49.7%, respectively.

The use of payment cards also remains relatively low in Brazil compared to more developed markets. According to a report by ABECS, card payments accounted for 54% of Brazilian household consumption in the fourth quarter of 2022. In 2021, the same indicator for Brazil was 49%, compared with 53% in the United States, 70% in the United Kingdom and 71% in Australia, according to the most recent data made available by Red Book Statistics for Payments and Financial Market Infrastructures Statistics from the Bank of International Settlements (BIS), indicating the potential for further expansion and the growth already observed in just two years in Brazil. Credit card penetration levels are a fundamental driver for the digital payments industry.

The World Bank's most recent Global Findex database published in 2021 shows that banking penetration in Brazil also significantly lags behind more developed markets in terms of the percentage of the population that had a bank account, a credit card, or had made or received a digital payment.



Source:

(1) The World Bank's Global Financial Development database published in 2021.

(2) The World Bank's most recent Global Findex database published in 2021.

These lower penetration levels are amplified among the lower income classes in Brazil. According to data provided by the IBGE (PNAD), the Central Bank (*CCS - Cadastro de Clientes do Sistema Financeiro*) and internal estimates, 8 million Brazilians of working age (5% of all Brazilian adults) still did not have a bank or relationship bank account (unbanked) in December 2022. However, and more importantly, another estimated 27 million (15% of all Brazilian adults) have incomplete or inadequate access to financial services (underbanked), for example, only possess a savings accounts or basic bank packages for payroll or deposit accounts, totaling 35 million (20% of Brazilian adults) who are at most underbanked in Brazil, reinforcing the still existing potential for innovative digital banks to compete with incumbents.

Commerce Is Increasingly Digital and Mobile Worldwide

According to the International Telecommunications Union (ITU), an estimated 5.3 billion people, or 66% of the total global population, used the internet in 2022, compared with 2.4 billion people, or 34% of the total global population, in 2012.

The increasing number of businesses offering online shopping is fueling consumer demand for faster and more reliable payment methods. We believe these trends create an environment where merchants feel compelled to interact more closely with a broader range of customers, through the use of online stores, mobile-friendly technologies and extensive compatibility with digital payment methods, such as cards. We believe that there is a significant market opportunity for growth in e-commerce in Brazil.

Businesses Are Shifting Towards Increasingly Non-Bureaucratic, Friendly and All-in-One Services

As technology and the regulatory environment evolve, sellers of all types and sizes face a continuous need for new solutions. A significant number of businesses in Brazil remain unserved or underserved in terms of online payments, POS and mPOS services as well as value-added financial services tools for a number of reasons, including lack of access, lack of all-in-one offerings, time-consuming, limited access to conventional funds and lack of transparency.

Internet and Technology Pave the Way for Digitization of Financial Services

Brazil is a reference in global internet adoption. According to Statista, Brazil is the fifth largest country in terms of number of internet users (168 million people), with an 80% penetration of the Brazilian population, the third country in terms of time spent on the internet and the sixth largest country in terms of time spent on social media, according to the 2022 Global Digital Report from "We Are Social" and Hootsuite. According to ITU, Brazil's ratio of cell phone numbers to inhabitants has surpassed one, with smartphone penetration reaching 67% of the Brazilian population (144 million people) in 2022 according to Newzoo's Global Mobile Market Report, compared to 82% in the UK, 81% in the USA and 79% in Japan.

Increasing Significance of Digital Banking and Digital Banks in Brazil

The adoption of technology and focus on transparency, security and simplicity has transformed the consumer habits of the Brazilian population. According to the most recent research report prepared by Deloitte on behalf of the Brazilian Bank Federation (*Federação Brasileira de Bancos)*, or Febraban, mobile banking increased 28% from 2020 to 2021, with 56% (67.1 billion) of all banking transactions (119.5 billion) in 2021 conducted on cell phones or tablets. Moreover, seven out of ten transactions are digital (conducted through mobile and internet banking). Consequently, banks have been reducing their overall number of branches as a response to the digitization of banking, with bank managers and clerks mainly focusing on advising clients and services with greater complexity. According to Febraban and the Central Bank, as of 2021, there were 18.3 thousand bank branches in Brazil, compared to 21.8 thousand bank branches as of 2017.

The traditional financial system has been falling short of meeting expectations of different and complementary social and economic profiles. According to the World Bank's most recent Global Findex database published in 2021, 38% of bill payments made in Brazil were paid in cash.

According to the World Bank's most recent Global Findex database published in 2021, approximately 7% of the Brazilian working age population received wages in cash only, corresponding to approximately 12 million Brazilian adults or 23% of the formal and informal sector employees that did not received wages through a financial institution. Also, 38% of the Brazilian adults who paid utility bills made the utility payment using cash only, according to the World Bank's Global Findex 2021.

According to the World Bank's most recent Global Findex database published in 2017, the main reasons hindering Brazil's unbanked population from opening bank accounts is the combination of high fees associated with such services, insufficient funds and the long distance to physical branches, with such reasons being mentioned by 67%, 63% and 33% of the unbanked population, respectively.

Clients of traditional banks also complain about high fees and spreads, limited product offerings and the level of poor customer service provided in return. According to results reported by Brazil's five largest banks, the financial institutions' annual revenues derived from services increased 27% from 2016 to 2022, while checking account fees charged to individuals and legal entities increased 15% during the same period.

In fact, according to a survey conducted in 2021 by the Brazilian Institute for Consumer Defense (*Instituto Brasileiro de Defesa do Consumidor*), the tariff packages charged by the five largest banks in Brazil have registered a significant increase recently. The most requested services, such as withdrawals, deposits and transfers, had increased between 9% and 25% above the inflation rates observed between 2020 and 2021.

The increasing adoption of digital banks in Brazil is expected to continue as a strong trend, rendering numerous advantages such as the reduction in operational costs, maximized revenues due to increased customer attraction and retention, and new technologies and advancements in the regulatory framework. Brazilians have been responding well to this adoption as, according to the most recent Global Digital Banking Index Report published by Accenture and N26 in 2021, 44% of Brazilians already had a digital-only bank account in 2020. According to this most recent version of the study, Brazil not only had the second-highest number of digital-only bank customers in 2020, but also had the second-fastest-growing market (73% between 2018 and 2020). Moreover, trust was also a very important driver of consumer acceptance of digital banking, with Brazil leading this category, with over 78% of digital-only bank customers stating that they trusted digital banks with their data.

Trends Shaping the Banks of the Future

Fintechs have been splitting apart services once provided through one trusted relationship with a traditional bank in order to meet customers' specific needs with highly specialized offerings and superior customer service. The current unbundling of financial products has created a fragmented landscape that is expected to gradually shift towards trusted, centralized and digitally-enabled financial services platforms. The following principles have an imperative role in building the banks of the future:

- Best-in-class customer experience is digital and requires continuous investment in innovative technologies: mobile banking has succeeded in providing greater flexibility for customers to bank at home, at work or while socializing, in enhancing the financial awareness of its users and in retaining the client base due to user experience.
- Rich data enables more personalized customer experience: customer experience is expected to overtake price and product as the key brand differentiator in the near future. In addition to being more likely to do business with a company that offers a personalized experience, consumers expect companies to anticipate their needs and make relevant suggestions before first contact and will not have issues with sharing personal data in exchange for that.
- Security, exceptional customer service and transparency strengthen trustworthy relationships: trust surpasses convenience, reliability, value and time as the key attribute in the decision to adopt innovative payment and banking solutions, thus being indispensable when acquiring and retaining customers at scale. It is critical to secure the vast amounts of data and the consumer's digital identity, and to constantly delight customers, while receiving high net promoter scores, engagement and retention in return. Equally important is companies' ability to convincingly communicate their benefit, align the timeline of consumer costs and value received and emphasize the many steps taken, special assets used, time saved and complexity eliminated throughout the customer journey.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with our audited consolidated financial statements and the notes thereto included elsewhere in this annual report, as well as the data set forth in "Item 3. Key Information—Selected Financial and Operating Data." The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this annual report, particularly in "Item 3. Key Information—Risk Factors."

Operating and Financial Review and Prospects

Overview

We are a disruptive provider of financial technology solutions focused primarily on consumers, individual entrepreneurs, micro-merchants, small companies and medium-sized companies, or SMEs, in Brazil. Among our peers, we are the only financial technology provider in Brazil whose business model covers all of the following six pillars:

- multiple digital banking solutions;
- in-person payments via POS devices that provide to merchants;
- free digital accounts that we provide to our consumers and merchants with functionalities such as bill payments, top up prepaid mobile phone, Uber, Spotify or Google Play credits, wire transfers, peer to peer cash transfers, prepaid credit cards, cash cards, debit and credit cards, loans, investments, QR code payments, and payroll portability, among other digital banking services;
- issuer of prepaid, cash, debit and credit cards;
- operate as a full acquirer; and
- operate as a cross-border PSP.

Our end-to-end digital ecosystem enables our merchants not only to accept payments, but also to grow and manage their businesses. Before PagSeguro, many of these individual entrepreneurs and SMEs were overlooked or underserved by incumbent payment providers and large financial institutions in Brazil. For example, according to a survey conducted by us in December 2022, 52% of merchants who own our entry-level mPOS device, the Minizinha, did not accept card payments prior to signing up with PagSeguro. We offer safe, affordable, simple, mobile-first solutions for merchants to accept payments and manage their cash through their free PagBank digital accounts, without the need for a bank account. Our digital banking ecosystem features our free PagBank digital account, under the brand PagBank, and offers 40 payment methods and thirteen cash-out options including bill payments, top up prepaid mobile phone, several partnerships available in PagBank app such as Uber, iFood, Playstation, Xbox, among others, wire transfers, peer to peer cash transfers, prepaid credit cards, cash cards, loans, investments, QR code payments, and payroll portability, among other digital banking services. Our free PagBank digital account serves both consumers and merchants.

Financial Presentation and Accounting Practices

For information on our consolidated financial statements, see "Presentation of Financial and Other Information."

Principal Factors Affecting Our Financial Condition and Results of Operations

We believe our operating and business performance is driven by various factors that affect the global and Brazilian economy, the Brazilian digital payments market, trends affecting the broader Brazilian financial technology solutions industry, and trends affecting the specific markets and customer base that we target, particularly micro-merchants and SMEs in Brazil. The following key factors may affect our future performance.

Adoption of our digital payment services and POS devices, and usage of our early payment of receivables feature

We believe our digital platform, digital payment services and POS devices are the foundation of our relationship with our clients. We generate revenue through the commissions and other fees that we charge for electronic payment intermediation, as well as fees for other services and revenues from the provision of POS devices and related items, and we generate financial income through the early payment of receivables feature that we offer our merchant clients. We intend to continue to drive growth in our digital payment services, POS devices and early payment of receivables feature by scaling our solutions to meet the needs of our clients.

Our digital payment solutions and POS devices are the principal way in which our clients become familiar with our full range of products and services. We seek to leverage the familiarity generated by these services, features and devices to encourage merchants to sign up for our other services, which can help them increase their sales and, in turn, generate incremental revenue for us. As a result, the number of new merchants who adopt our digital payment services and purchase our POS devices will affect our growth.

Furthermore, our customer base consists primarily of micro-merchants and SMEs, who tend to generate relatively high levels of early payment of receivables from installment transactions in order to fulfill their working capital needs. These micro-merchants and SMEs are at the core of our strategy. In the future, however, as we sign up a greater proportion of larger merchants, we expect early payment to represent a smaller relative proportion of our overall results, since larger merchants tend to request significantly lower volumes of early payment, given their easier access to alternative funding. Hence, we believe that while our financial income will continue to increase in absolute terms as our client base grows, it may decrease as a proportion of our Total revenues and income in the medium and longer term.

Increased use of credit and debit cards and expanded digital payments network

The results of our operations depend to a significant degree on the use of credit and debit cards to make digital payments in Brazil. According to ABECS, credit, debit and prepaid cards transactions accounted for 54% of household consumption in 4Q2022 in Brazil, totaling R$ 3.3 trillion. Credit, debit and prepaid card transaction volume in Brazil has increased at a compound annual growth rate of 18% from 2016 to 2022 according to ABECS, in which 63% of the transactions volume corresponds to credit card transactions and 30% corresponds to debit card transactions. According to ABECS estimates, 2023 is expected to have between R$ 3.7 and R$ 3.9 trillion in card volume, representing an increase of 14% to 18%.

According to ABECS, online purchases made up only 33% of the total credit card transactions volume in Brazil in 2022, an increase of 4%, from 29% in 2019, illustrating the potential for expansion of online payments in Brazil.

Our results of operations depend in part on consumers' widespread acceptance and use of the internet as a way to conduct commerce and financial transactions. E-commerce is also underpenetrated compared to e-commerce levels in more developed economies. In Brazil, e-commerce totaled approximately R$250 billion in 2022 and accounted for 10.5% (an increase from 5.2% in 2019) of the R$2.5 trillion in retail sales for the year, compared to 19.3% worldwide in 2022, according to eMarketer. Purchases made through mobile devices (m-commerce) reached approximately R$150 billion and accounted for 61% (from 39% in 2019) of all online (e-commerce) retail sales in Brazil in 2022.

Since we view commerce via mobile devices as a key driver of growth going forward, we focus on maintaining a mobile-first digital platform, and we design our solutions on a mobile-first basis so that our merchants can be always self-sufficient.

Further afield, Latin America's retail industry proved resilient amid two years of market volatility. By the end of last year, retail sales were well on their way to a full recovery from 2020, and healthy increases are expected to be seen, with Brazil and Mexico leading the charge, according to eMarketer, as they were the first two Latin American countries where retail spending has recovered to pre-pandemic levels. Retail e-commerce sales in Latin America are expected to grow at a double-digit annual rate until 2026, according to eMarketer, although it is expected that there will be a more challenging short-term path for retailers because of economic headwinds, like persistent high inflation rates and rising interest rates.

In 2022, considering the worldwide economy, "Total Retail Sales" increased 6.9%, "Retail E-commerce Sales" grew 7.1% and "Retail M-commerce Sales" grew 9.1%. In its turn, in Latin America, "Total Retail Sales" increased 11.8%, "Retail E-commerce Sales" grew 19.5% and "Retail M-commerce Sales" grew 25.5%

In addition, according to eMarketer's Latin America Mobile Payment Users report, proximity payment penetration in Brazil reached 25% of Smartphone Users in 2022. This is higher than the penetration rate in Mexico (16%). According to eMarketer, Brazil had 27 million proximity payment users in 2022, representing a 92% increase from the 14 million proximity payment users observed in 2019.

Furthermore, according to data from The Global Payments Report 2023 by Worldpay from FIS, released in March 2023, consumer use of credit cards remains strong, while sources of credit are diversifying and they are increasingly paying via credit card funded digital wallets, BNPL and POS financing offered by banks, fintechs and merchants. For Latin American countries, they expect that digital wallets will increase from 21% to 28% of e-commerce payment volumes by 2026, almost reaching the share of credit cards (which will decrease from 35% to 29%). Globally, digital wallets are extending their omnichannel dominance, being already the leading payment method and remaining among the fastest growing methods. The projections are that digital wallets will increase from 49% to 54% of global e-commerce payment volumes by 2026 with decline in credit cards (from 20% to 16%) and debit cards (from 12% to 10%). Nevertheless, digital wallets and credit and debit cards will still account for 80% of e-commerce global spend by 2026. Buy Now, Pay Later (BNPL) is expected to gradually keep gaining market share, from 5% in 2022 to 6% by 2026, according to FIS Worldpay.

Launch of new products and services and cross-selling to our clients

We strive to stay on the cutting edge of the financial technology solutions industry by developing and launching new products and services to offer to both new and existing clients and intend to continue to invest in product development to build new products and services and to bring them to market. This allows us to continue to meet the needs of our clients, as these needs grow and change over time. While we expect our total expenses to increase in the short term as we plan for growth, we expect our expenses to decline as a percentage of our Total revenue and income over the medium term as these investments benefit our business and our business grows.

Our existing clients represent a sizable opportunity to cross-sell products and services with relatively low incremental marketing and advertising expenses for us. We believe that our range of services, many of which can be used for both business and personal needs, represents an opportunity to further increase engagement with our existing clients. We plan to continually invest in product development so as to maintain and increase the attractiveness of our products and services. To the extent that we are able to cross-sell these products and services and develop and introduce new products and services to our existing clients and attract new clients, we expect our revenues and financial income to continue to grow and our margins to increase.

Marketing and advertising

For information regarding our marketing and advertising, see "Item 4. Information on the Company—Sales and Marketing."

Merchant size

We benefit from our primary focus on micro-merchants and SMEs, who we believe were overlooked or underserved by incumbent payment providers and large financial institutions in Brazil before PagSeguro. As our existing merchants grow and as we serve increasingly larger merchants we expect our TPV to grow accordingly, while we will remain focused on micro-merchants and SMEs. In addition to payments solutions, we are serving our micro merchants and SMEs with evolving day-to-day banking solutions, that should increase the revenue and profitability of our client base. Serving an increasing number of larger merchants also presents an opportunity to cross-sell value-added services and features such as accounting reconciliation, which generate incremental revenues and margin with low or no customer acquisition costs.

Consumer adoption of our products and services

Many of our products and services reach consumers directly. Our escrow period service for consumer protection and mediation services make e-commerce safer for consumers. Our complete and free of charge digital banking solutions is an attractive alternative for consumers who do not have bank accounts or are underserved by traditional banking institutions, with such consumers already representing almost half of the PagBank active customer base. We have made significant investments in the development of these consumer-facing products and services, and our ability to grow our consumer network going forward will be important for strengthening our ecosystem and driving our growth.

Currency fluctuations

We do not generate material revenues in foreign currencies that could substantially affect our results of operations. Certain of our expenses and capital expenditure are subject to currency fluctuation, as the prices of the POS devices we purchase are set in U.S. dollars (both for the devices we imported from outside Brazil prior to mid-2015, and for the locally-made devices we have been purchasing since then).

Inflation

Inflation, government policies adopted to curb inflationary pressures and uncertainties regarding possible future governmental intervention have contributed to economic uncertainty in Brazil. According to the National Consumer Price Index (Índice Nacional de Preços ao Consumidor Amplo), or IPCA, Brazilian inflation rates are 11.30%, as of March 2022 considering the accumulated inflation for the last 12 months, and were 10.06%, 4.52%, 4.31% and 3.75% in 2021, 2020, 2019 and 2018, respectively., while the SELIC interest rate, the Central Bank's overnight rate, reached a high point of 14.25% p.a. in 2016, before a series of rate reductions in 2017, bringing the SELIC interest rate down to 7.00% p.a. as of December 7, 2017, where it remained at year-end 2017. The COPOM reduced the SELIC interest rate to 6.75% p.a. on February 7, 2018, and further reduced it to 6.50% p.a. on March 21, 2018. In 2019, the COPOM reduced the SELIC interest rate further to 4.5% p.a. As of December 31, 2020, the SELIC interest rate was 2.0% p.a. The Central Bank gradually raised the SELIC interest rate in 2021, accelerating the pace of interest rate spikes reaching 9.25% p.a. at the end of 2021. In early 2022, the COPOM raised interest rates again, reaching 11.75% p.a. in April 2022 and raised the interest rates again on May 4, 2022 and June 15, 2022 to 12.75% p.a. and 13.25% p.a., respectively. On August 3, 2022, the COPOM increased the interest rate to 13.75% p.a. and has not revised this rate as of the date hereof. For more information, see "Brazilian political environment and macroeconomic conditions, interest rates, consumer credit and consumer spending" and "Item 3. Key Information—Risk Factors—Risks Relating to Brazil—Inflation and certain measures by the Brazilian government to curb inflation have historically harmed the Brazilian economy and Brazilian capital market, and high levels of inflation in the future would harm our business and the price of our Class A common shares."

Inflation has a direct effect on our contracts with certain suppliers, such as telecommunications operators, whose costs are indexed to the IPCA, and data processors, whose labor costs are adjusted according to inflation. While inflation may cause our suppliers to increase their prices, we are generally able to offset this effect by increasing the prices we charge for our products and services.

When merchants adjust their prices for inflation, the purchasing power of consumers may be reduced, which may adversely affect our revenue if it results in a reduction in the number and volume of transactions. However, if our merchants raise their prices due to inflation, the amount we receive on each transaction also increases.

Pricing and revenue mix in our payment processing services

We generate revenue in the form of commissions and fees on the capture, transmission, processing and settlement of transactions carried out using credit, debit and meal voucher cards, as well as fees for other services. Credit and debit cards generate commissions in the form of the merchant discount rate, or MDR, which is a commission withheld by us from the transaction value paid to the merchant. The MDR we charge may vary over time and we may make different commercial offers for different services or for larger clients. However, overall, the MDR for debit cards is lower than that for credit cards. Our current standard MDR rates are 1.99% for POS debit card transactions. The MDR rates for credit card transactions vary according to whether the merchant has opted for the same-day, or 14-day or 30-day payment service under our payment date election service. For merchants who select the same-day payment date election, the standard MDR is 4.99% for POS credit card transactions not paid in installments and 5.59% for POS credit card transactions paid in installments. For merchants who select the 14-day payment date election, the standard MDR is 3.99% for POS credit card transactions not paid in installments and 4.59% for POS credit card transactions paid in installments. For merchants who select the 30-day payment date election, the standard MDR is 3.19% for POS credit card transactions not paid in installments and 3.79% for POS credit card transactions paid in installments. For online transactions, the standard MDR is 3.99% for merchants who select the 14-day payment date election or who have a verified account and select a two-day payment date election, and 3.19% for merchants who select the 30-day payment date election. Payments made using meal voucher cards and other payment methods generate per-transaction or percentage commissions at various rates. Our revenues are therefore impacted by the mix of these types of services that we sell, as well as any changes in the pricing for each service.

We face competition in all of our payment services and provision of POS devices, and we expect this competition to intensify in the future. For further information, see "Item 3. Key Information—Risk Factors—Increasingly intense competition may harm our business." In addition, we currently offer lower pricing to certain of our clients who generate higher TPV, and we may be required to extend this pricing to other clients as our merchant base expands to include a greater proportion of larger merchants.

Financing of our early payment of merchants' receivables feature

We receive significant financial income from offering our merchants the option to obtain early payment of their receivables from credit card installments. We also incur significant financial expenses in order to fund this optional feature. Through the date of our IPO, we funded this feature (i) principally by obtaining early payment of note receivables due to us from the card issuers and acquirers, enabling us to provide the related early payment to merchants, as well as (ii) through our general third party borrowings, issuing CD's or other financial options through BancoSeguro or PagSeguro and own capital. Our ability to maintain adequate funding for the early payment feature is important for our operations and future income generation. For further information, see "Principal Components of Our Results of Operations—Financial Expenses."

Interchange fees

We rely on card issuers and card schemes to process our transactions, and we are required to pay fees for this service. In addition, although we are accredited as an acquirer, we also use third-party acquirers. From time to time, card schemes such as MasterCard and Visa may increase the interchange fees that they charge for each transaction using one of their cards. Credit card schemes have the right to pass any increases in interchange fees on to us as well as increase their own fees for processing. In addition, card schemes have imposed and may again impose special assessments for transactions that are executed through a "digital wallet," and these fees could particularly affect us and significantly increase our costs. Although our standard contract with our merchant clients allows us to adjust our rates and tariffs at our discretion by notice to the merchant, our ability to vary our pricing remains subject to a variety of factors, including competition from other payment providers, market conditions and, in certain cases, direct price negotiations with the merchant. As a result, we may not necessarily be able to pass through all interchange and processing fees to our merchant clients and increases in these fees may therefore increase our Cost of sales and services and reduce our margins.

In connection with our acquiring business operations, the interchange fee, which we record as Transaction costs within Cost of sales and services, has the potential to affect our margins. An increase in interchange fees will result in an increase in our Cost of sales and services and if we cannot pass the interchange fees onto customers via a corresponding increase in MDR, our margin will also be affected. Currently, the difference between interchange fees and the MDR we charge is less for debit card transactions than for credit card transactions, so our margins on credit card transactions are greater. We cannot predict if or when the card schemes will increase their interchange fees, or what the amount of any such increases may be. For further information, see "Item 3. Key Information—Risk Factors—Risks Relating to Our Business and Industry—We partially rely on card issuers or card schemes to process our transactions. Changes to credit card scheme fees, rules or practices may harm our business."

In connection with our issuing business operations, we earn interchange revenues that vary according to the type of card that we issue to our customers (a credit, debit or prepaid card). These interchange fees are subject to the terms defined by the card schemes, and in certain cases, these fees may also be subject to terms defined by the established card schemes and in certain cases, these fees may also be subject to terms defined by regulator. Thus, our business and financial condition may be negatively affected by the terms of interchange fees established by card schemes and regulator.

As our payments ecosystem, merchant services and banking solutions include both acquiring and issuing business operations, the variations to interchange rates that may negatively affect one side of the business, may also positively affect the other side of the business. However, this correlation does not guarantee that we won't experience a negative impact on our overall financial condition as a result of variations in the interchange rates and payment methods utilization mix.

Brazilian political environment and macroeconomic conditions, interest rates, consumer credit, consumer spending and responses to the COVID-19 pandemic

Substantially all of our operations are located in Brazil. As a result, our revenues, financial income and profitability are affected by political and economic developments in Brazil and the effect that these factors have on the availability of credit, disposable income, employment rates and average wages in Brazil. Our operations, and the financial technology solutions industry in general, are particularly sensitive to changes in economic conditions.

Our Total revenue and income are affected by levels of consumer spending, interest rates and the expansion or retraction of consumer credit in Brazil, each of which impact the number and overall value of payment transactions. The interest rates charged on consumer credit transactions have an indirect effect on us to the extent that lower interest rates can lead to increases in private consumption, and therefore increases in the number of credit and debit card transactions or decreases in the number of installments consumers elect when making a purchase. Increases in interest rates, on the other hand, may lead to a decrease in private consumption or an increase in the number of installments consumers elect when making a purchase. Increases in interest rates may also cause fewer merchants to decide to use our early payment of receivables feature if our overall financing costs require us to increase the discount rate we charge for this feature.

The recent economic instability in Brazil has contributed to a decline in market confidence in the Brazilian economy as well as to a deteriorating political environment. For more information, see "Item 3. Key Information—Risk Factors—Risks Relating to Brazil— Ongoing political instability may adversely affect our business, results of operations and the trading price of our Class A common shares."

According to the SEBRAE report published in 2021 ("*Pesquisa SEBRAE Uso da Maquininha*"), 56% of small entrepreneurs in Brazil have POS devices, of which PagSeguro holds the market leadership with 34% of these POS devices. According to the same report, PagSeguro is the leader among MEIs, with 37%, surpassing the other four competitors combined. Furthermore, according to the same report, 60% of entrepreneurs are served by only one acquiring company. This illustrates the potential for us to provide additional financial services in this segment, which is underserved by the banking sector. We believe that a significant portion of this underserved sector is due to the number of unbanked and underbanked people, who constitute one of the main target sectors for us.

According to data provided by the IBGE (PNAD), the Central Bank (*CCS - Cadastro de Clientes do Sistema Financeiro*) and internal estimates, 8 million Brazilians of working age (5% of all Brazilian adults) still did not have a bank or relationship bank account (unbanked) in December 2022. However, and more importantly, another estimated 27 million (15% of all Brazilian adults) have incomplete or inadequate access to financial services (underbanked), for example, and only possess a savings accounts or basic bank packages for payroll or deposit accounts, totaling 35 million (20% of Brazilian adults) who are at most underbanked in Brazil, reinforcing the still existing potential for innovative digital banks to compete with incumbents.

The following table shows data for real GDP, inflation and interest rates in Brazil and the U.S. dollar/*real* exchange rate at the dates and for the periods indicated.

	For the Years Ended December 31,				
	2022	**2021**	**2020**	**2019**	**2018**
Real growth (contraction) in gross domestic product	2.9 %	5.0 %	(3.9)%	1.2 %	1.8 %
Inflation (IGP-M)[1]	5.6 %	17.8 %	23.1 %	7.3 %	7.6 %
Inflation (IPCA)[2]	5.8 %	10.1 %	4.5 %	4.3 %	3.8 %
Long-term interest rates – TJLP (average)[3]	6.8 %	4.8 %	4.5 %	6.2 %	6.7 %
CDI interest rate (average)[4]	12.5 %	4.5 %	2.8 %	5.9 %	6.5 %
LIBOR[5]	3.4 %	0.3 %	0.7 %	2.4 %	2.8 %
Period-end exchange rate—*reais* per US$1.00	5.28	5.57	5.20	4.03	3.88
Average exchange rate—*reais* per US$1.00[6]	5.17	5.40	5.16	3.95	3.95
Change in average exchange rate of the *real* vs. US$	4.3 %	(4.6)%	(30.8)%	(7.9)%	(14.5)%
Average unemployment rate[7]	9.3 %	13.2 %	13.8 %	12.0 %	12.4 %

Source: FGV, IBGE, Central Bank and Bloomberg

(1) Inflation (IGP-M) is the general market price index measured by the FGV.
(2) Inflation (IPCA) is a broad consumer price index measured by the IBGE.
(3) TJLP is the Brazilian long-term interest rate (average of monthly rates for the period).
(4) The CDI interest rate is an average of interbank overnight rates in Brazil (daily average for the period).
(5) Average US dollar three-month London Interbank Offer Rate.
(6) Average of the exchange rate on each business day of the period.
(7) Average unemployment rate for year as measured by the IBGE.

The Brazilian political and economic environment has recently been characterized by high levels of uncertainty and instability, including a contraction of economic growth, despite a recent appreciation, an overall sharp depreciation of the *real* against the U.S. dollar, increased levels of unemployment and depressed levels of consumer confidence and spending. For further information, see "Item 3. Key Information—Risk Factors— Risks Relating to Brazil— Ongoing political instability may adversely affect our business, results of operations and the trading price of our Class A common shares."

In addition, as a result of the COVID-19 pandemic, the Brazilian economy in 2020 underwent a contraction of 3.3% in GDP. In 2021, Brazil recorded a 5.0% GDP growth driven by the economy reopening of many of the economic sectors. As of January 2023, according to the IMF, Brazil's GDP growth rate for 2023 is expected to be 1.2%. For more information on risks relating to COVID-19, see "Item 3. Key Information—Risk Factors—Risks Relating to our Business and Industry—An occurrence of a natural disaster, widespread health epidemic or pandemic or other outbreaks could seriously harm our business and results of operations. Furthermore, the spread of communicable diseases such as the COVID-19 outbreak on a global scale may affect investment sentiment, cause disruptions and result in sporadic volatility in global markets. As a result, the Brazilian economy and outlook may be affected, and consequently, our business and trading price of our common shares could be adversely affected."

Our business has grown rapidly, driven by new clients and increased TPV, with our Total Revenue and Income increasing to R$ 15,334.9 million in 2022 from R$ 10,448.7 million in 2021 and R$ 6,814.7 million in 2020. In addition to continuing to grow our client base, we believe that our business model will allow us to benefit from Brazil's economic growth potential, particularly among micro-merchants, SMEs and individuals without bank accounts or underserved by traditional banking institutions.

Effects of the COVID-19 pandemic

The outbreak of COVID-19 presented rapid changes in the Brazilian economy and in the payments industry, accelerating the secular shift from cash to electronic transactions. We entered this crisis leading the financial inclusion process and fostering the adoption of electronic payments, reaching 7.7 million active merchants and 13.1 million PagBank active users. The change in consumer behavior described above combined with our recent investments, including the acquisition of MOIP, has allowed our results of operations to continue growing and continue balanced.

In March 2020, at the beginning of the COVID-19 pandemic, the financial markets presented greater liquidity restrictions and a higher cost for raising funds. In response to this scenario, we increased our liquidity reserves to levels sufficient to conclude the first half of 2020 without risking our working capital and restricting transactions for advances or credit to clients. In the second half of 2020, we observed a recovery requiring stronger working capital, especially due to the share that receivables' advances has in our business model. We have diversified the sources from which we raise funds and were able to reduce the share of each such source to mitigate risks from market volatility. The increases in the SELIC interest rate over the recent years and its upward trend add to the challenges to our working capital arising from the COVID-19 pandemic and reinforces our need to diversify our funding sources.

Seasonality

For information regarding our seasonality, see "Item 4. Information on the Company—Seasonality."

ITEM 5C. RESEARCH AND DEVELOPMENT, PATENT AND LICENCES

For more information on our research and development and intellectual property, see "Item 4. Information on the Company—Product Development and Technology", and "Item 4. Information on the Company—Intellectual Property."

ITEM 5D. TREND INFORMATION

We believe that demand for our products and services will remain strong in coming years, since our addressable market remains significant. We believe that this market opportunity will continue to fuel volume growth in our business, supported by increasing levels of penetration and usage of credit cards among the Brazilian population and the introduction of new products and services. However, our results are subject to uncertainties related to the Brazilian economic and political outlook and the ongoing war in Ukraine and its impact on global markets and international relations.

Furthermore, after the global economic downturn triggered by the COVID-19 pandemic, the Brazilian economy in 2020 suffered a contraction of 3.3% in GDP. At the end of 2020 and especially during the beginning of 2021, government stimulus packages, credit growth, and the gradual reopening of the retail and services industries allowed the economy to recover, which intensified at the end of 2021, after the successful vaccination campaign against COVID-19, leading to GDP growth of 5.0% in 2021. In 2022, Brazil recorded GDP growth of 2.9%, despite of showing signs of economic deceleration in the second half of the year. As of January 2023, according to the IMF, Brazil's GDP growth rate for 2023 is expected to be 1.2%.

At this time, we have not faced any material impairment of our assets and we do not believe we will not be able to continue as a going concern for at least the next 12 months based on our current liquidity and current working capital levels.

By the end of 2022, official data on the COVID-19 pandemic pointed to relatively stable indicators in Brazil. After a sharp increase in cases in the first quarter of 2022 (associated with the Omicron variant), which provoked some partial shutdowns and localized isolation. Throughout 2022, there was a sharp drop in the average of infections recorded throughout the year and the number of deaths remained under control throughout the period, as a result of the successful vaccination campaign observed since 2021. This allowed face-to-face activities and social events to resume in the second half of the year at a pace practically similar to the scenario before the pandemic.

As for the indicators of the COVID-19 pandemic in the rest of the world, the evolution took place in a similar way, except for a stronger increase in cases on certain occasions in Europe and Japan in the third quarter of 2022, but also with the number of deaths controlled and much lower than the death tolls observed in 2020 and 2021.

Recently, China has become the focus regarding COVID-19, with the number of cases and deaths vastly increasing after two years of extremely strict lockdown (which has already been partially reversed). With the change in posture of the Chinese government and the end of lockdowns in the fourth quarter of 2022 and the first quarter of 2023, on the one hand, a concern will persist regarding the spread of new variants in other countries, but, on the other hand, the economic reopening in the country may help the resilience of the economic activity observed in emerging countries, benefiting Brazil.

For more information on risks relating to COVID-19, see "Item 3. Key Information—Risk Factors—Risks Relating to our Business and Industry—An occurrence of a natural disaster, widespread health epidemic or pandemic or other outbreaks could seriously harm our business and results of operations. Furthermore, the spread of communicable diseases such as the COVID-19 outbreak on a global scale may affect investment sentiment, cause disruptions and result in sporadic volatility in global markets. As a result, the Brazilian economy and outlook may be affected, and consequently, our business and trading price of our common shares could be adversely affected."

New Accounting Pronouncements Effective for Periods Beginning On or After January 1, 2022

Certain IFRS accounting pronouncements became effective for periods beginning on or after January 1, 2022. The nature and effect of these changes did not have material impacts on our audited consolidated financial statements. For further information, see Note 2.21 and Note 2.22 to our audited consolidated financial statements.

Accounting Pronouncements Issued but Not yet Effective

As of the date of our audited consolidated financial statements, the following new and amended accounting standards and interpretations had been issued, but were not yet effective. We intend to adopt these new and amended accounting standards and interpretations, if applicable, when they become effective.

In May 2017, the IASB issued IFRS 17, which replaces IFRS 4. This new standard requires a current measurement model through which estimates are remeasured in each reporting period. Contracts are measured using the building blocks of discounted probability-weighted cash flows, an explicit risk adjustment and a contractual service margin, or CSM, representing the unearned profit of the contract which is recognized as revenue over the coverage period.

The standard allows a choice between recognizing changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. This choice likely reflects how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability of the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the "variable fee approach" for certain contracts written by life insurers in which policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. Therefore, the results of insurers under this model are likely to be less volatile than under the general model.

Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain results to investors and other parties when applying IFRS 17. The amendments also deferred the application date of IFRS 17 to 1 January 2023, and on such date IFRS 17 replaced IFRS 4. The group does not expect the new IFRS to materially impact its results of operations.

The following list explains amendments that became effective on January 1, 2023:

- Amendment to IAS 1 - "Presentation of Financial Statements": issued in May 2020, with the objective of clarifying that liabilities that are classified as current or non-current, depending on the rights that exist at the end of the period. The classification is not affected by the entity's expectations or events after the reporting date (e.g. receipt of a waiver or breach of covenant). The amendments also clarify what "settlement" of a liability refers to under IAS 1. The group does not expect this new amendment to materially impact its results of operations.

- Amendment to IAS 1 and "IFRS Practice Statement 2 - Disclosure of Accounting Policies": issued in February 2021 this new amendment to IAS 1 focuses on disclosure of "material" accounting policies rather than "significant" accounting policies. The amendment defines what "material accounting policy information" is and explains how to identify it. It also clarifies the point that immaterial accounting policy information does not need to be disclosed, but if disclosed, it should not obscure any relevant accounting information. To support this change, the IASB also amended the "IFRS Practice Statement 2 Making Materiality Judgments" to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The group does not expect the new amendment to materially impact its results of operations.

- Amendment to IAS 8 - "Accounting Policies, Change in Estimate and Error Rectification": issued in February 2021, this amendment clarifies how entities must distinguish changes in accounting policies from changes in accounting estimates, given the fact that changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events, as well as to the current period. The group does not expect the new amendment to materially impact its results of operations.

- Amendment to IAS 12 - "Income Taxes": issued in May 2021, this amendment requires entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This typically applies to lease transactions (right-of-use assets and lease liabilities) and decommissioning and restoration obligations, as an example, and will require the recognition of additional deferred tax assets and liabilities. The group does not expect the new amendment to materially impact its results of operations.

Principal Components of Our Results of Operations

The following is a summary of the items comprising our statements of income:

Total revenue and income

Our Total revenue and income consists of the total of our Revenue from transaction activities and other services, Financial income and Other financial income.

Revenues

We generate revenues from transaction activities and other services. In each case, our revenues consist of gross revenues less deductions from those revenues.

Revenue from transaction activities and other services

Our Revenue from transaction activities and other services consists of Gross revenue from transaction activities and other services, less deductions from those gross revenues.

Our main source of Gross revenue from transaction activities and other services is commissions and fees on the capture, transmission, processing and settlement of transactions carried out using credit, debit and meal voucher cards and fees for other services. We have the primary responsibility for providing the services to our clients and we also directly set the prices for such services, independently from the related transaction costs agreed between us and the card schemes or card issuers. Since we have primary responsibility for providing our merchant clients with the intermediation service, and we have price discretion to adjust the rates and tariffs we charge merchants, we are the principal in the intermediation transaction. We therefore recognize our transaction fees as revenue on a gross basis, and we recognize the transaction costs separately as discussed below. Depending on the type of cash-in payment or transaction, these commissions and fees consist of the MDR, which is a commission withheld by us from the transaction value paid to the merchant, or other commissions or per-transaction fees. This line item also includes the fees we charge for other services, such as revenues received from the one-time and non-refundable membership fee that we began charging merchants on September 1, 2019 in order to simplify inventory control and the acquisition of POS devices by our clients. We recognize revenues from these commissions and fees when the purchase is approved by the card issuer, in the case of cash-in payments made via payment cards; when the transaction is carried out, in the case of payments made via other cash-in payment methods; or in the case of services, when the service, is rendered.

Our membership fee arrangement is currently for an indeterminate period and does not change the way our clients access our POS devices. We currently offer the Minizinha NFC for a price of 12 monthly installments of R$1.90, the Minizinha Chip 3 (which we launched in July 2019) for a price of 12 monthly installments of only R$6.90, the Moderninha Plus for a price of 12 monthly installments of R$13.90, the Moderninha Pro 2 (which we launched in December 2019) for 12 monthly installments of R$18.90, the Moderninha Smart (which we launched in October 2018) for 12 monthly installments of R$24.90, and the Moderninha X (which we launched in October 2019) for a price of 12 monthly installments of only R$23.90. Prior to the introduction of this membership fee, we recognized revenue from the sale to merchants of our POS devices under Revenue from sales, as discussed under "—Revenue from sales" below.

The amounts deducted from our Gross revenue from transaction activities and other services consist principally of the applicable Brazilian sales taxes and social security contributions: service tax (*Imposto sobre Serviços*, or ISS); contributions to the Brazilian government's Social Integration Program (*Programa Integração Social*, or PIS); and contributions to the Brazilian government's social security program (*Contribuição para o Financiamento da Seguridade Social*, or COFINS). We are required to collect each of these on our transaction activities and other services.

Financial Income

As described under "Item 4. Information on the Company—Our Products and Services—Cash-in Solutions—Credit Cards," our early payment of receivables feature consists of paying our merchants their installment receivables upfront when consumers paying by credit card choose to pay the merchant in installments. We account for the remuneration from this feature as Financial income. This Financial income makes up a significant portion of our overall Total revenue and income.

Our remuneration from the early payment of receivables feature consists of a discount that we withhold from the transaction value of the receivables that we pay to merchants in advance. We recognize this discount as Financial income (separate from and in addition to the MDR fee for the payment processing transaction, which we recognize as Gross revenue from transaction activities and other services). We recognize the discount amount as Financial income at the time a sale transaction is approved involving a merchant who has opted to receive early payments of the receivables from their credit card installment sales. The discount that generates our Financial income relates only to the early payment of the second and successive installments of the purchase; the first installment is not paid early as it is disbursed to the merchant within the normal billing cycle, so it does not generate remuneration in the form of Financial income (although it does generate MDR, which is recognized as Gross revenue from transaction activities and other services).

In addition, the Financial income line item does not include the fees we charge for the merchant's payment date election within the monthly billing cycle, which are part of the MDR and are accounted for in Gross revenue from transaction activities and other services.

Our Financial income relates to early payments to merchants of amounts related to receivables from purchase transactions that have been approved by the card issuer and the card scheme.

The financial expenses we incur in funding this early payment of receivables feature are accounted for in our Financial expenses, discussed below.

For more information regarding our early payment of receivables feature and the FIDC that we established in the fourth quarter of 2017 to finance a portion of our related Financial expenses, see "Item 4. Information on the Company—Our Products and Services—Advanced Integrated Functionalities and Value-Added Services and Features—Early Payment of Receivables."

Other Financial Income

Our Other financial income consists principally of interest generated by bank savings accounts and by deposits, we make with Brazilian courts, known as judicial deposits, which guarantee any compensation we may be required to pay in litigation matters.

Our Other financial income also includes our gain of foreign exchange variations, i.e., the gain on our assets and liabilities related to the appreciation or depreciation of the *real* against foreign currencies, which has limited impact on our cash position.

Cost of Sales and Services

Our Cost of sales and services represents the amounts that make up the cost of the services and devices we offer. These amounts are divided into Transaction costs, Marketing and advertising, Personnel expenses, Financial expenses, Chargebacks, Depreciation and amortization and Other costs. For further information on these costs, see Note 24 to our audited consolidated financial statements.

- Our Transaction costs consist of interchange fees set by card schemes that are owed to the issuer of the card; assessment fees owed to card schemes; fees paid to third-party payment processors; fees paid to acquirers; and bank settlement fees. All of our Transaction costs are accounted for within our Cost of sales and services. Since we are the principal in the intermediation transaction, we recognize the transaction costs that we pay to third parties, such as card schemes and card issuers who process these transactions, within our Cost of sales and services separately from the transaction fees we receive, which we recognize on a gross basis. The transaction costs are agreed between the card schemes or card issuers and us, independently from the fees we charge our merchant clients.
- Our Marketing and advertising expenses are divided between our Cost of sales and services as well as our Selling expenses. Of this total, the portion of Marketing and advertising that is accounted for within our Cost of sales and services relates to customer support.

- Our Personnel expenses consist of wages, overtime, benefits (such as meal vouchers, transportation vouchers and medical insurance, among others), profit sharing, and social contribution and payroll taxes. In Brazil, social contribution and payroll taxes consist of the Brazilian Social Security Institute (*Instituto Nacional de Seguridade Social – INSS*) contribution and the Brazilian Unemployment Compensation Fund (*Fundo de Garantia por Tempo de Serviço – FGTS*) contribution. Our Personnel expenses are divided between our Cost of sales and services as well as our Selling expenses and our Administrative expenses. Of this total, the portion of our Personnel expenses that is accounted for within our Cost of sales and services refers to employees engaged in activities related to the cost of goods and services that we offer, such as technology, customer support, logistics, antifraud activities and mediation services.
- Our Financial expenses consist of: (i) expenses when an election to receive early payment of accounts receivable from financial institutions is made. This financial expense is recognized at the time the financial institution agrees to liquidate the accounts receivable due in installments on a prepaid basis, (ii) interest on deposits in our accounts and (iii) losses in foreign exchange variations.
- Our Chargebacks consist of transactions that are susceptible to potentially fraudulent or improper sales and estimated credit losses.
- Our Depreciation and amortization expenses are allocated to our Cost of sales and services as well as our Selling expenses and our Administrative expenses. The portion of our Depreciation and amortization expenses that is included in our Cost of sales and services consists mainly of: (i) the depreciation of equipment, furniture, technology and installations that form part of the cost of the goods and services that we offer; and (ii) the amortization of software that we develop internally for use in our operations.
- Our Other expenses are allocated to our Cost of sales and services as well as our Selling expenses and our Administrative expenses. Of this total, the portion of our Other expenses that is included in our Cost of sales and services consists mainly of items such as travel expenses and office supplies that form part of the cost of the goods and services that we offer.

Selling Expenses

Our Selling expenses represent the amounts that we spend on publicity, marketing, quality control and direct or indirect relations with our clients. These amounts are divided into Marketing and advertising, Personnel expenses, Chargebacks, Depreciation and amortization expenses and Other expenses. For further information on these expenses, see Note 24 to our audited consolidated financial statements.

- The portion of Marketing and advertising expenses included in our Selling expenses relates to the production and distribution of our marketing and advertising campaigns on traditional offline media, traditional online advertising, the positioning of our products in search platforms, telemarketing related to offering our POS devices, commissions to our third party sales force and partners such as platforms, bloggers and developers, expenses incurred in relation to trade marketing at events, and amounts that we spend on consulting services and call centers for our telemarketing campaigns.
- The portion of our Personnel expenses included in our Selling expenses relates to employees engaged in marketing and advertising of our services, POS devices and features.
- Chargebacks consist of transaction losses arising from chargebacks related to fraudulent transactions, which occurs, principally in online transactions, when a consumer makes a purchase via credit card and then requests a chargeback from the issuing bank after receiving the goods or services purchased and expected credit losses related to our credit products. All of our Chargeback expenses are accounted for within our Selling expenses.
- The portion of our Depreciation and amortization expense included in our Selling expenses consists of the depreciation of equipment used for client relationships.
- The portion of our Other costs included in our Selling expenses consist of expenses related to travel, lodging and insurance, facilities, rent, consultancy fees and office supplies relating to marketing and advertising of our services, POS devices and features.

Administrative Expenses

Our Administrative expenses represent the amounts that we spend on back office and overhead expenses. These amounts are divided into Personnel expenses, Depreciation and amortization expenses and Other costs. While we expect our Administrative expenses to increase in the short term as we plan for growth and as we incur costs of compliance associated with being a public company, we expect these expenses to decline as a percentage of our Total revenue and income over the medium term as our business grows.

- The portion of our Personnel expenses that form part of our Administrative expenses relates to our finance, legal, human resources, and administrative personnel, as well as fees paid for professional services, including legal, tax and accounting services.
- The portion of our Depreciation and amortization expenses that form part of our Administrative expenses relates to: (i) the depreciation of the equipment, furniture, tools and technology used in our head office and back-office operations; and (ii) the amortization of software developed internally to support our head office and back-office needs, which is shown in Note 13 to our audited consolidated financial statements.
- The portion of our Other costs that form part of our Administrative expenses includes items such as bank charges, travel, reimbursement of staff expenses and office supplies.

Financial Expenses

Our Financial expenses include the charges we incur to obtain early payment of note receivables owed to us by card issuers and acquirers in order to finance the early payment of receivables feature that we offer merchants and interest related to deposits and bank accounts of our clients. Variations in our Financial expenses are driven by Brazilian interest rates, which determine the cost of most of our financing, together with changes in the mix of the financing we use for our early payment of receivables feature.

Through the date of our IPO, we funded the early payment of receivables feature (i) principally by obtaining early payment of receivables owed to us by card issuers and acquirers, as well as (ii) through our general third-party borrowings and own capital. In addition, in November 2017 we set up a Brazilian investment fund to purchase and hold receivables known as a Fundo de Investimento em Direitos Creditórios (a Fund for Investment in Credit Rights, or FIDC), which we use to finance the early payment of receivables of our merchants. Our remuneration from the early payment of receivables feature continues to be reflected as Financial income in our consolidated financial statements. We do not expect the establishment of the FIDC to impact the discount rate we charge in connection with the early payment of receivables feature or the expenses we incur to obtain early payment of receivables from card issuers and acquirers. For further information regarding the FIDC, see "Item 4. Information on the Company—Organizational Structure."

Other Income (Expenses), Net

Our Other income (expenses), net line item consists mainly of contingencies, impairment of assets mainly related to POS, charges and miscellaneous income or expense items.

Current Income Tax and Social Contribution

Current income tax and social contribution consists of tax assets and liabilities for the current year. Our liability to income tax principally reflects the level of our Profit before income taxes; this line item also varies, however, to the extent that we are entitled to defer tax on certain investments in technological innovation, in which case our tax base for income tax for the year is reduced and the related deferred tax liability is accounted for in the Deferred income tax and social contribution line item below.

Our tax assets for the current year are calculated based on the expected recoverable amount, and tax liabilities for the current year are calculated based on the amount payable to the applicable tax authorities. The tax rates and tax laws used to calculate this amount are those enacted or substantially enacted at the balance sheet date. Current income tax and social contribution related to items recognized directly in equity is also recognized in equity. We periodically evaluate our tax positions with respect to interpreting tax regulations and, when appropriate, establish provisions.

Deferred Income Tax and Social Contribution

Deferred income tax and social contribution consists of temporary differences between the tax basis of assets and liabilities and their carrying amounts at the balance sheet date. This line item refers principally to deferrals of tax liability that we are entitled to take on capital investments that we make in technological innovation under Brazilian Law No. 11,196/2005, known as the Technological Innovation Law or "*Lei do Bem*." We are able to use this tax deferral law principally for the investments we make in developing software internally, where we capitalize the labor and other costs involved as an intangible asset rather than accounting for these amounts as expenses, and we depreciate the accounting value of the intangible asset over its useful life. The *Lei do Bem* allows us to defer our tax liability on these investments. Other Brazilian tax rules also allow us to defer tax on certain items, for example on unpaid amounts due from creditors. The Deferred income tax and social contribution line item consists of our liability to future tax under the *Lei do Bem* and these other tax laws, less the depreciation and amortization that we take during the year on the respective capitalized assets, and less the tax losses carried forward from prior years that we are able to offset against our tax liability during the year. For further information on this line item, see Note 20 to our audited consolidated financial statements.

Deferred tax liabilities are recognized for all taxable temporary differences, except in certain situations explained in Note 2.16 of our audited consolidated financial statements. The carrying amount of deferred tax assets is reviewed at each balance sheet date and derecognized to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reviewed, at each balance sheet date, and recognized to the extent that it is probable that future taxable profit will be available to allow for their utilization.

There is no Cayman Islands taxation on the income earned by PagSeguro Digital and as such, we do not have any tax impacts at the PagSeguro Digital level.

Results of Operations

The following discussion of our results of operations is based on the financial information derived from our audited consolidated financial statements included elsewhere in this annual report.

For a discussion of our results of operations for the year ended December 31, 2021, see "Item 5. Operating and Financial Review and Prospects—Results of Operations—Results of Operations in 2021 and 2020" of our annual report on Form 20-F for the fiscal year ended December 31, 2021, filed with the SEC on May 2, 2022.

Results of Operations in 2022 and 2021

	For the Years Ended December 31,		
	2022	Percent Change	2021
	(in millions of *reais*, with the exception of percentages and per-share amounts)		
Revenue from transaction activities and other services	8,906.4	31.3%	6,784.8
Financial income	6,252.7	77.9%	3,514.4
Other financial income	175.8	17.6%	149.5
Total revenue and income	**15,334.9**	46.8%	**10,448.7**
Cost of sales and services	(7,470.9)	29.3%	(5,775.9)
Selling expenses	(1,946.1)	27.7%	(1,523.9)
Administrative expenses	(668.7)	(23.8)%	(877.6)
Financial expenses	(3,151.6)	298.6%	(790.6)
Other income (expenses), net	(338.4)	(4735.6)%	7.3
Operating profit before income taxes	**1,759.3**	18.2%	**1,488.0**
Current income tax and social contribution	(60.7)	(49.3)%	(119.8)
Deferred income tax and social contribution	(193.8)	(4.0)%	(201.9)
Income Tax and Social Contribution	**(254.5)**	(20.9)%	**(321.7)**
Net Income for the Year	**1,504.8**	29.0%	**1,166.3**
Attributable to:			
Equity holders of the parent	1,504.8	29.0%	1,166.1
Non-controlling interests	—	(100.0)%	0.2
Basic earnings per share attributable to equity holders of the parent – R$	4.6002	30.3%	3.5303
Diluted earnings per share attributable to equity holders of the parent – R$	4.5705	30.2%	3.5105

Total revenue and income

Our Total revenue and income amounted to R$15,334.9 million in 2022, an increase of 46.8% from R$10,448.7 million in 2021. This increase was primarily due to an increase in our TPV and will be detailed in each revenue and income lines described below.

Revenue from transaction activities and other services

Our Revenue from transaction activities and other services in 2022 amounted to R$8,906.4 million, an increase of R$2,121.6 million, or 31.3%, from R$6,784.8 million in 2021, as a result of the factors described below.

Our Gross revenue from transaction activities and other services in 2022 amounted to R$10,047.7 million, an increase of R$2,473.0 million, or 32.6%, from R$7,574.7 million in 2021.

The increase in Gross revenue from transaction activities and other services during 2022 compared to 2021 was mainly due to an increase of 58.9% in our TPV. Our Gross revenue from transaction activities and other services increased by a lesser percentage than our TPV, which increased to R$731.4 billion from R$456.1 billion in 2021. This difference in the growth rate was driven by the increase of TPV generated by PagBank, free of charge and therefore do not generate revenue.

Our Deductions from gross revenue from transaction activities and other services, which consist principally of sales taxes, amounted to R$1,141.2 million in 2022, or 11.4% of our Gross revenue from transaction activities and other services for the year. In 2021, Deductions from gross revenue from transaction activities and other services, totaled R$789.9 million, or 10.4% of our Gross revenue from transaction activities and other services for the year. The R$351.3 million, or 44.5%, increase in these Deductions from gross revenue in 2022 when compared to 2021 was due to our higher TPV.

Financial income

Our Financial income, which represents the volume of the discount fees we withhold from TPV in the early payment of receivables feature that we offer merchants, amounted to R$6,252.7 million in 2022, an increase of R$2,738.3 million, or 77.9%, from R$3,514.4 million in 2021. The increase in this activity in 2022 compared to 2021 was driven by higher TPV and mix of processed debit and credit card payments containing a higher percentage of credit card transactions made in installments in 2022 compared to 2021 and our repricing efforts which occurred in 2022.

Other financial income

Our Other financial income amounted to R$175.8 million in 2022, an increase of R$26.3 million, or 17.6%, from R$149.5 million in 2021. The increase of R$26.3 million in our Other financial income in 2022 was due to the increased income interest on cash and cash equivalents and financial investments as a result of the higher Brazilian basic interest rate (SELIC) compared to the prevailing SELIC interest rate in 2021. This increase was offset by an increase in deductions made which resulted from new taxation legislation imposed by the Central Bank's Resolution No. 33 of October 29, 2020, which became effective in January 2022 and consisted of fund revenue recognition to financial assets resulting from the charge of a 4.65% tax, compared to 0.00% charged previously.

Expenses

Our total expenses amounted to R$13,575.6 million in 2022, an increase of R$4,614.9 million, or 51.5%, from R$8,960.7 million in 2021. As a percentage of our Total revenue and income, our total expenses in 2022 increased by 2.8 percentage points, to 88.5% in 2022 from 85.8% in 2021.

Cost of sales and services

Our Cost of sales and services amounted to R$7,470.9 million in 2022, an increase of R$1,695.0 million, or 29.3%, from R$5,775.9 million in 2021. As a percentage of the total of our Revenue from transaction activities and other services and our Revenue from sales, our Cost of sales and services decreased by 1.2 percentage points, to 83.9% in 2022 from 85.1% in 2021.

i) Interchange fees paid to card issuers in 2022 reached R$4,505.3 million, an increase of R$1,461.7 million, from R$3,043.6 million in 2021; and

ii) Card scheme fees in 2022 totaled R$882.1 million, an increase of R$228.9 million, from R$653.2 million presented in 2021.

The increases in items above are mainly related to a higher TPV and, consequently, to the increased revenues from transactions and other services.

Selling expenses

Our Selling expenses amounted to R$1,946.1 million in 2022 an increase of R$422.2 million, or 27.7%, from R$1,523.9 million in 2021. As a percentage of our Total revenue and income, our Selling expenses decreased by 1.9%, to 12.7% in 2022 from 14.6% in 2021. This decrease in our Selling expenses as a percentage of our Total revenue and income was driven by the decrease in marketing expenses and a decrease in the volume of chargebacks related to TPV.

Administrative expenses

Our Administrative expenses amounted to R$668.7 million in 2022, a decrease of R$208.9 million, or 23.8%, from R$877.6 million in 2021. This decrease was mainly due to the reduction of expenses related to payroll. As a percentage of our Total revenue and income our Administrative expenses decreased by 4.0%, to 4.4% in 2022 from 8.4% in 2021.

Financial expenses

Our Financial expenses amounted to R$3,151.6 million in 2022, an increase of R$2,361.0 million, or 298.6%, from R$790.6 million in 2021. The increase in our Financial expenses is mainly driven by TPV increased rapidly from 2021, impacting our working capital needs related to advances of merchants' receivables. Our Certificates of Deposit and bank accounts expenses also increased from 2021, due to the increase in the Brazilian interest rate (SELIC) and higher number of PagBank active users.

Other income (expenses), net

Our Other income (expenses), net, recorded expenses of R$338.4 million in 2022, compared to revenues of R$7.3 million in 2021. This variation is mainly due to (i) a provision of R$199.9 million related to POS devices made in 2022, (ii) software disposals of R$40.2 million made in 2022, (iii) impairments of R$12.6 million related to our investment in BoletoFlex made in 2022, and (iv) the decision of the Brazilian Supreme Court in the proceeding related to ICMS, that was beneficial to us and for this reason, we reversed the provision in 2021 regarding this proceeding in the amount of R$29.1 million.

Profit before income taxes

Our Profit before income taxes amounted to R$1,759.3 million in 2022, an increase of R$271.3 million, or 18.2%, from R$1,488.0 million in 2021.

Income tax and social contribution

Income tax and social contribution amounted to expenses of R$254.5 million in 2022, a decrease of R$67.2 million, or 20.9%, from expenses of R$321.7 million in 2021. This total item consists of Current income tax and social contribution and deferred income tax and social contribution. Our total effective tax rate was 14.5% in 2022, compared to 21.6% in 2021. In both periods, the difference between the effective income tax and social contribution rate and the rate computed by applying the Brazilian federal statutory rate was mainly related to the tax benefit under the *Lei do Bem*, which reduces income tax charges based on investments made in innovation and technology, such as those made by PagSeguro Brazil, our Brazilian operating subsidiary. Additionally, in 2022 we experienced additional effects related to income tax abroad due to certain entities or investment funds adopting different taxation regimes in accordance with the applicable rules in their respective jurisdictions.

Under Brazilian income tax law, income taxes are paid by each entity on a stand-alone basis.

Net income for the year

Our Net income for the year in 2022 amounted R$1,504.8 million in 2022, an increase of R$338.5 million, or 29.0%, from R$1,166.3 million in 2021. As a percentage of our Total revenue and income, our Net income for the year decreased by 1.3 percentage points, to 9.8% in 2022 compared with 11.2% in 2021.

Liquidity and Capital Resources

The following discussion of our liquidity and capital resources is based on the financial information derived from our audited consolidated financial statements included elsewhere in this annual report.

For a discussion of our liquidity and capital resources for the year ended December 31, 2020, see "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Cash Flows—Cash Flows in 2020" of our annual report on Form 20-F for the fiscal year ended December 31, 2021, filed with the SEC on May 2, 2022.

General

Our principal liquidity requirements relate to the early payment of receivables feature that we offer merchants. We believe our current working capital is sufficient for present requirements. Through the date of this annual report, we have satisfied our funding and working capital requirements (i) through the cash generated by our businesses, (ii) by obtaining early payment of note receivables due to us from the card issuers and acquirers and (iii) by the deposits.

The table below presents our cash position at the beginning of each period, and our net cash provided by operating activities, net cash used in investing activities and net cash provided by financing activities during the periods indicated:

	At and for the Year Ended December 31,		
	(in millions of *reais*)		
	2022	2021	2020
Liquidity and Capital Resources			
Cash and cash equivalents	1,829.1	1,794.4	1,640.1
Net cash provided by operating activities	3,549.0	898.0	2,152.7
Net cash used in investing activities	(2,184.5)	(1,470.9)	(1,861.5)
Net cash provided by (used in) financing activities	(1,329.7)	727.2	(55.1)

Our cash and cash equivalents, which are held in *reais*, include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less, and with immaterial risk of change in value. For more information, see Note 6 to our audited consolidated financial statements.

Cash Flows

Our Net Cash provided by operating activities consists of: (i) our Profit before income taxes for the year; (ii) amounts that are recorded as expenses or revenues in our statement of income but which do not affect cash; (iii) amounts representing changes in our operating assets and liabilities; (iv) the cash amounts of income taxes and social contributions that we pay during the period; and (v) the cash amounts of interest income received (paid).

Our Cash flows used in investing activities consist of amounts paid on acquisitions, our purchases of property and equipment, our purchases of intangible assets, and our new financial investments less the payments we make to redeem existing financial investments.

Our Cash flows from financing activities consist of borrowings, leases and repurchased shares in accordance with our share repurchase program, which was approved by our board of directors in October 2018. For more information on our share repurchases, see "Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers."

Cash Flows in 2022

Our Cash and cash equivalents at the year ended December 31, 2022 amounted to R$1,829.1 million.

Our Profit before income taxes for the year ended December 31, 2022 was R$1,759.3 million.

The adjustments for revenue, income and expenses recorded in our statement of income in the year ended December 31, 2022 but which did not affect our cash flows totaled the positive amount of R$3,171.5 million, mainly due to R$127.4 million of Share-based long-term incentive plan (LTIP) expenses, R$984.5 million in total losses, R$1,130.7 million of Depreciation and amortization recorded in our statement of income, R$270.9 million in loss on disposal of property, intangible assets and investments and R$592.1 million of interest accrued of financial assets and liabilities. LTIP expenses relate to equity awards under our LTIP, total losses relate to amounts that we initially recorded as revenues but for which we did not receive the related cash payment due primarily to fraud and delinquency on unsecured loans and expected credit losses related to our credit products.

The adjustments for changes in our operating assets and liabilities in the year ended December 31, 2022 amounted to a negative cash flow of R$3,998.4 million:

- Our Accounts receivable item, mainly related to receivables derived from transactions where we act as the financial intermediary in operations with the issuing banks, which is presented net of transaction costs and financial expenses we incur when we elect to receive early payment of the accounts receivable owed to us by card issuers, consists of the difference between the opening and closing balances of the Accounts receivable item of Current Assets and Non-current assets on our balance sheet (R$36,994.1 million at December 31, 2022, compared to R$23,657.4 million at December 31, 2021) excluding interest income received in cash and total losses, which are presented separately in the statement of cash flows. Accounts receivable represented a negative cash flow of R$17,853.7 million in the year ended December 31, 2022.
- Our Payables to third parties item, which is presented net of revenue from transaction activities and financial income we receive when merchants elect to receive early payments, consists of the difference between the opening and closing balances of the Payables to third parties item of Current and non current Liabilities on our balance sheet (R$18,072.9 million at December 31, 2022, compared to R$13,217.2 million at December 31, 2021). Payables to third parties represented a positive cash flow of R$4,847.6 million in the year ended December 31, 2022.
- Our Receivables from (payables to) related parties item consists of the difference between the opening and closing balances of the Payables to related parties item excluding interest paid, which are presented separately in the statement of cash flows (R$593.9 million at December 31, 2022, compared to R$543.6 million on December 31, 2021). Receivables from (payables to) related parties represented a positive cash flow of R$9.8 million in the year ended December 31, 2022.
- Our Salaries and social charges item represents amounts that were recorded on our statement of income, but which remained unpaid at the end of the period. This item represented a positive cash flow of R$33.1 million in the year ended December 31, 2022.
- Our Trade payables item consists of the difference between the opening and closing balances of the trade payables (R$449.1 million at December 31, 2022, compared to R$578.0 million at December 31, 2021). Trade payables represented a negative cash flow of R$133.8 million in the year ended December 31, 2022.
- Taxes and contributions item consists of sales taxes (ISS, ICMS, PIS and COFINS). This item represented positive cash flow of R$25.8 million in the year ended December 31, 2022.
- Our financial investments (mandatory guarantee) item consists in the minimum amount that we need to maintain available as requested by the Central Bank. This item represented a negative cash flow of R$157.4 million in the year ended December 31, 2022.
- Our Taxes recoverable item consists of withholding taxes and recoverable taxes on transaction activities and other services and purchase of POS devices. This item represented positive cash flow of R$154.3 million in the year ended December 31, 2022, mainly related to withholding taxes from FIDC quotas redeemed in 2022.
- Our deposits item consists of issued certificates of deposit, excluding paid interest income paid to, which are presented separately in the statement of cash flows. This item represented a positive cash flow of R$9,006.0 million in the year ended December 31, 2022.

We paid income tax and social contribution in cash totaling R$89.9 million and recorded a positive cash flow of R$2,706.4 million related to interest income received (paid) in cash in 2022.

As a result of the above, our Net Cash provided by operating activities in the year ended December 31, 2022 totaled R$3,549.0 million.

Our Cash flows used in investing activities in the year ended December 31, 2022 totaled R$2,184.5 million. This amount consisted of R$1,040.3 million in purchases and development of intangible assets, which represent purchases of third-party software and salaries and other amounts that we paid to develop internally software and technology, which we capitalize as intangible assets, R$1,096.1 million in purchases of property and equipment, mainly related to POS device purchases and negative cash flow of R$48.1 million related to the acquisition of financial investments.

Our Cash flows used in financing activities in the year ended December 31, 2022 totaled R$1,329.7 million, principally related to our new, payments and interest of borrowings in the amount of R$1,020.1 million along with R$291.4 million that we spent on the repurchase of shares to be held in treasury.

After considering the total increase in Cash and cash equivalents of R$34.7 million in 2022, as discussed above, our Cash and cash equivalents at December 31, 2022 amounted to R$1,829.1 million.

Cash Flows in 2021

Our Cash and cash equivalents at the year ended December 31, 2021 amounted to R$1,794.4 million.

Our Profit before income taxes for the year ended December 31, 2021 was R$1,488.0 million.

The adjustments for revenue, income and expenses recorded in our statement of income in the year ended December 31, 2021 but which did not affect our cash flows totaled the positive amount of R$2,193.4 million, mainly due to R$370.6 million of Share-based long-term incentive plan (LTIP) expenses, R$664.3 million in Chargebacks, R$768.6 million of Depreciation and amortization recorded in our statement of income and R$230.6 million of interest accrued of financial assets and liabilities. LTIP expenses relate to equity awards under our LTIP, Chargebacks relate to amounts that we initially recorded as revenues but for which we did not receive the related cash payment due primarily to fraud and delinquency on unsecured loans.

The adjustments for changes in our operating assets and liabilities in the year ended December 31, 2021 amounted to a negative cash flow of R$3,775.0 million:

- Our Accounts receivable item, mainly related to receivables derived from transactions where we act as the financial intermediary in operations with the issuing banks, which is presented net of transaction costs and financial expenses we incur when we elect to receive early payment of the accounts receivable owed to us by card issuers, consists of the difference between the opening and closing balances of the Accounts receivable item of Current Assets and Non-current assets on our balance sheet (R$23,657.4 million at December 31, 2021, compared to R$16,076.5 million at December 31, 2020) excluding interest income received in cash and chargebacks, which are presented separately in the statement of cash flows. Accounts receivable represented a negative cash flow of R$9,303.1 million in the year ended December 31, 2021.
- Our Payables to third parties item, which is presented net of revenue from transaction activities and financial income we receive when merchants elect to receive early payments, consists of the difference between the opening and closing balances of the Payables to third parties item of Current Liabilities on our balance sheet (R$13,217.2 million at December 31, 2021, compared to R$10,101.5 million at December 31, 2020). Payables to third parties represented a positive cash flow of R$2,940.7 million in the year ended December 31, 2021.
- Our Receivables from (payables to) related parties item consists of the difference between the opening and closing balances of the Payables to related parties item excluding interest paid, which are presented separately in the statement of cash flows (R$543.6 million at December 31, 2021, compared to R$58.3 million on December 31, 2020). Receivables from (payables to) related parties represented a positive cash flow of R$471.6 million in the year ended December 31, 2021.
- Our Salaries and social charges item represents amounts that were recorded on our statement of income, but which remained unpaid at the end of the period. This item represented a negative cash flow of R$8.1 million in the year ended December 31, 2021.
- Our Trade payables item consists of the difference between the opening and closing balances of the trade payables (R$578.0 million at December 31, 2021, compared to R$335.5 million at December 31, 2020). Trade payables represented a positive cash flow of R$243.6 million in the year ended December 31, 2021.
- Taxes and contributions item consists of sales taxes (ISS, ICMS, PIS and COFINS). This item represented negative cash flow of R$11.5 million in the year ended December 31, 2021.
- Our financial investments (mandatory guarantee) item consists in the minimum amount that we need to maintain available as requested by the Central Bank. This item represented a negative cash flow of R$84.5 million in the year ended December 31, 2021.

- Our Taxes recoverable item consists of withholding taxes and recoverable taxes on transaction activities and other services and purchase of POS devices. This item represented negative cash flow of R$36.6 million in the year ended December 31, 2021, mainly related to withholding taxes from FIDC quotas redeemed in 2021.

- Our deposits item consists of issued certificates of deposit, excluding paid interest income paid to, which are presented separately in the statement of cash flows. This item represented a positive cash flow of R$2,276.0 million in the year ended December 31, 2021.

We paid income tax and social contribution in cash totaling R$76.8 million and recorded a positive cash flow of R$1,068.5 million related to interest income received in cash in 2021.

As a result of the above, our Net Cash provided by operating activities in the year ended December 31, 2021 totaled R$898.0 million.

Our Cash flows used in investing activities in the year ended December 31, 2021 totaled R$1,470.9 million. This amount consisted of R$779.6 million in purchases and development of intangible assets, which represent purchases of third-party software and salaries and other amounts that we paid to develop internally software and technology, which we capitalize as intangible assets, R$972.3 million in purchases of property and equipment, mainly related to POS device purchases, positive cash flow of R$324.2 million related to the redemption of financial investments and R$43.4 million for the acquisition of companies.

Our Cash flows provided by financing activities in the year ended December 31, 2021 totaled R$727.2 million, principally related to our borrowing in the amount of R$1,012.1 million along with R$258.0 million that we spent on the repurchase of shares to be held in treasury.

After considering the total increase in Cash and cash equivalents of R$154.3 million in 2021, as discussed above, our Cash and cash equivalents at December 31, 2021 amounted to R$1,794.4 million.

Loans and Financings

In November 2021, the PagSeguro Group entered into a US$180 million borrowing agreement with maturity in one year from the execution date. On the date of execution, the foreign exchange rate was R$ 5.6227 per US dollar, totaling this borrowing to R$1,012 million on such date. Interest was paid at the maturity of the borrowing, together with the amounts relating to the settlement such borrowing. Concurrently with this borrowing, we entered into derivative financial instruments with the specific objective of hedging our exposure under this agreement from fluctuations in the US dollar exchange rate. In November 2022, the PagSeguro Group liquidated its borrowing in the total amount of R$1,143 million, which includes amounts related to principal, interests, taxes and the total settlement of the aforementioned financial instruments.

In February 2022, the PagSeguro Group entered into a R$250 million borrowing agreement with maturity in three months from the execution date, bearing interest at 112% of CDI, and with payment intended to occur in a single installment on the maturity date. In May 2022, the borrowing agreement was amended to extend the maturity date for an additional three months and eventually this borrowing was repaid in August 2022. We paid the principal amount of R$250 million and interest payments of R$7.0 million and R$8.3 million were paid in May 2022 and August 2022, respectively.

We had no third-party borrowings at December 31, 2020. For further information on our financing activities, see Note 19 to our audited consolidated financial statements.

Commitments and Contractual Obligations

Our contractual obligations at December 31, 2022 consisted of obligations to purchase POS devices and deposits obligations as follows:

	At December 31, 2022				
	Less than 1 year	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Total**
			(R$ millions)		
POS device purchases	860.3	-	-	-	860.3
Deposits obligations	10,100.6	1,894.7	-	-	11,995.3
Total	**10,960.9**	**1,894.7**	**-**	**-**	**12,855.6**

Off-Balance Sheet Arrangements

Other than the POS contractual obligations shown above, we do not have any off-balance sheet arrangements.

For a discussion of off-balance sheet arrangements for the year ended December 31, 2021, see "Item 5. Operating and Financial Review and Prospects—Off-Balance Sheet Arrangements" of our annual report on Form 20-F for the fiscal year ended December 31, 2021, filed with the SEC on May 2, 2022.

Significant Accounting Estimates and Judgments

The preparation of financial statements requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described below and in Note 3 to our audited consolidated financial statements.

Significant accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Based on assumptions, PagSeguro Digital makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The main estimates and assumptions year are addressed below:

Provision for contingencies

The PagSeguro Group recognizes provisions for civil, tax and labor lawsuits. The assessment of probability of loss includes assessing the available evidence and jurisprudence, the hierarchy of laws and most recent court decisions. Provisions are reviewed and adjusted to consider changes in circumstances such as the applicable limitation period, findings of tax inspections and additional exposures identified based on new issues or court decisions.

Measurement of loss allowance for expected credit losses

For accounts receivable from cards issuers, PagSeguro Group uses a provision matrix to calculate expected credit losses. The provision rates are based on the internal credit rating that consider external information, such as ratings given by major rating agencies and forward-looking factors specific to the debtors and the economic environment. For loans and credit card receivables with the clients, the provision rates are based on exposure at default, probability of default and loss given default.

Impairment of goodwill

Management's judgment must be exercised especially in forecasting cash generating unit's cash flows, computation of the weighted average cost of capital, estimation of inflation and long-term growth rate based on estimated gross domestic product used when calculating the value in the use of the cash generating unit.

ITEM 5E. CRITICAL ACCOUNTING ESTIMATES

Not applicable.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors and Senior Management

Board of Directors

Our board of directors is responsible for, among other things, establishing our overall strategy and general business policies, supervising management, electing and removing our executive officers, and appointing our independent auditors.

Our board of directors is composed of six members. Each director holds office for the term, if any, fixed by the shareholders' resolution that appointed him or her or, if no term is fixed on the appointment of the director, until the earlier of his or her death, resignation or removal. Directors appointed by the board of directors hold office until the next annual general meeting. Our directors do not have a retirement age requirement under our Articles of Association. Maria Judith de Brito was appointed to our board of directors on July 19, 2017, Luis Frias and Eduardo Alcaro were appointed on December 18, 2017, Cleveland Prates Teixeira was appointed on December 18, 2018, effective January 1, 2019, Marcia Nogueira de Mello was appointed on March 16, 2020, and Maria Carolina Ferreira Lacerda was appointed on January 2, 2023 . All current members of our board of directors have been appointed to serve for an indefinite period.

We do not have any service contracts with our executive directors that provide benefits upon termination of employment.

In 2020, we were recognized by WOB – Women on Board, a non-governmental organization linked to the United Nations, for having more than two women on our board of directors.

The table below sets forth certain information of the current members of our board of directors:

Name	Title	Date of Birth
Luis Frias	Chairman	April 6, 1963
Eduardo Alcaro	Vice Chairman	April 26, 1972
Maria Judith de Brito	Director	April 30, 1958
Maria Carolina Ferreira Lacerda*	Director	August 21, 1972
Cleveland Prates Teixeira*	Director	August 15, 1966
Marcia Nogueira de Mello*	Director	March 14, 1965

* Independent according to SEC and NYSE rules.

The following is a brief summary of the business experience of our current directors. Unless otherwise indicated, the current business address for our directors is Av. Brigadeiro Faria Lima, 1384, 4º andar, parte A, São Paulo, SP, 01451-001, Brazil.

Luis Frias. Mr. Frias has been the member of our board of directors since December 18, 2017. He is currently the Chairman of our board of directors since January 8, 2018. He joined Grupo Folha in 1981 and was its principal executive officer from 1989 to 2019, and he is currently the Publisher of Grupo Folha. In 1996, he founded UOL, a pioneering Brazilian internet company. As founder, he has expanded UOL's business, through organic growth and dozens of acquisitions, to cover digital content and products, e-learning and cloud/IT services, as well as the PagSeguro financial technology business. He holds a bachelor's degree in economics from the University of São Paulo (*Universidade de São Paulo – USP*).

Eduardo Alcaro. Mr. Alcaro has been a member of our board of directors since December 18, 2017 and has held a number of executive officer positions over the course of 2021, including Chief Business Development Officer (from which he resigned on October 8, 2021) and Chief Financial Officer, Investor Relations Officer and Chief Accounting Officer (from which he resigned on

May 18, 2021). He is currently the Vice Chairman of our board of directors since June 2, 2021. He was also Chief Financial Officer of the UOL group and Officer of the Folha Group from 2011 until October 2021. He is currently the Chief Financial Officer of UOL Edtech. He holds a bachelor's degree in business administration from the Getulio Vargas Foundation (Fundação Getulio Vargas – FGV-SP) in São Paulo. Before joining our group, Mr. Alcaro held several positions, including Finance Vice President at Walmart Brazil from 2008 to 2011, Financial Planning and Investors Relations Director at Walmart USA from 2006 to 2008, Mergers & Acquisitions Director at Walmart International from 2003 to 2006, Finance Manager at Walmart Brazil from 1997 to 2003 and Auditor at PricewaterhouseCoopers from 1992 to 1997.

Maria Judith de Brito. Mrs. de Brito has been a member of our board of directors since July 19, 2017. She has also been Vice President of corporate areas of the UOL group and was the Vice Chairman of UOL's board of directors. She has worked for Grupo Folha since 1990, and is the current Principal Executive Officer of Grupo Folha. She holds a bachelor's degree in public administration from the Getulio Vargas Foundation (*Fundação Getulio Vargas – FGV-SP*) in São Paulo and a master's degree in political science from the Pontifical Catholic University of São Paulo (*Pontifícia Universidade Católica de São Paulo – PUC-SP*). Mrs. de Brito was a professor of the undergraduate course in Business Administration at the Getulio Vargas Foundation from 1986 to 1990, and professor of the graduate program in journalism at ESPM (*Escola Superior de Propaganda e Marketing*) from 2011 to 2013. She was president of the National Newspaper Association (*Associação Nacional de Jornais*) from 2008 to 2012.

Maria Carolina Ferreira Lacerda. Ms. Lacerda has been a member of our board of directors since January 2, 2023. Ms. Lacerda also serves on our audit committee as a member and the audit committee financial expert. Ms. Lacerda has over 25 years of experience in the financial industry and has held various senior management positions throughout her career. Ms. Lacerda is currently an independent member of the board of directors and a coordinator of the audit, risk and related parties committee at China Three Gorges Brasil, one of the largest clean energy companies in the world. Since 2021, Ms. Lacerda has been an independent member of the board of directors at IHS Towers, a telecom infrastructure provider in Africa, the Middle East, and Latin America, and at Rumo S.A., a Brazilian logistics company. Ms. Lacerda also acts as an independent board member and audit committee member of Hypera Pharma, the largest pharmaceutical company in Brazil since 2016. Ms. Lacerda has held various other senior management positions, including, among others: member of the board of directors and chair of the audit committee at Vibra Energia (former privatized BR Distribuidora) between 2019 and 2022; member of the board of directors of ANBIMA, CNF and the Listing Chamber at BM&FBovespa in Brazil between 2012 and 2016. She has also held senior roles in various investment banks, including: Managing Director (head of Investment Banking Brazil) at UBS Investment Bank from 2011 to 2015; Investment Banking Managing Director at UNIBANCO from 2008 to 2009; Investment Banking Managing Director at Deutsche Bank in Brazil in 2009; Investment Banking Director at Merrill Lynch, Inc. in Brazil and New York from 1999 to 2008; and Corporate Finance Analyst at Bear, Stearns & Company, Inc. in New York from 1996 to 1997. Ms. Lacerda holds an MBA degree in finance from Columbia Business School (USA), and a BA degree in economics from the University of São Paulo (Brazil).

Cleveland Prates Teixeira. Mr. Teixeira has been a member of our board of directors since January 1, 2019. He holds a master's degree in Economics from Getulio Vargas Foundation (*Fundação Getulio Vargas – FGV-SP*) in São Paulo and a bachelor's degree in economics from the University of São Paulo (*Universidade de São Paulo – USP*). From 2002 to 2004, he served as a Commissioner of the Administrative Counsel for Economic Defense (*Conselho Administrativo de Defesa Econômica – CADE*), the Brazilian antitrust agency, and from 1999 to 2002, he served as Deputy Secretary for Economic Monitoring (*Secretaria de Acompanhamento Econômico – SEAE*) of the Brazilian Ministry of Finance, and as Coordinator General of Trade and Services and Cartel Prosecution for the same department. In 2002, he was a member of the Federal Fund for the Defense of Collective Rights of the Brazilian Ministry of Justice, and from 2006 to 2008, he was Council of the Brazilian Institute of Economics (*Instituto Brasileiro de Economia – IBRE*) at Getulio Vargas Foundation (*Fundação Getulio Vargas – FGV*). Since 2007, he has taught courses on Microeconomics, Economic Analysis of Law, Antitrust and Regulation at the GVLaw graduate program at the law school of Getulio Vargas Foundation (*Fundação Getulio Vargas – FGV-SP*) in São Paulo, and has coordinated a course in Market Regulation at the Foundation Institute of Economic Research (*Fundação Instituto de Pesquisas Econômicas – FIPE*). He is also the Managing Partner of Microanalysis Consultoria Econômica, having worked on economic issues and coordinated projects in financial, regulatory and competition affairs in various sectors of the economy, including consultancy to both national and international government agencies, such as the Applied Economic Research Institute (*Instituto de Pesquisa Econômica Aplicada – IPEA*), the United Nations Conference on Trade and Develoment (UNCTAD) and the World Bank.

Marcia Nogueira de Mello. Ms. Mello has been a member of our board of directors since March 16, 2020. She holds a bachelor's degree in computer science from the Mackenzie Presbitarian University (*Universidade Presbiteriana Mackenzie*) in São Paulo, Brazil. From 1984 until 1997, she worked for several information technology services companies, and since 1997 she has dedicated her career to the payments market, working for a series of companies in the industry, including Hypercom (1997/2004), Verifone (2004/2006), Sagem (2006/2007), and Electronic Data Systems (2007/2008), an HP company focusing on payments processing systems, business process outsourcing (BPO) and infrastructure. From 2008 until 2011, she worked at Cielo, first as IT Director, managing architecture, IT innovation and strategy, projects and certification and later as Commercial Director, to develop alternative sales channels (banks, enterprise resource planning (ERP) companies, independent sales organizations (ISO), etc.). From 2011 until 2013, she rejoined the VeriFone Group to develop the Brazilian market for Point, a new business unit dedicated to expanding alternative payments infrastructure. After that, from 2013 until 2014 she acted as the Commercial Director for Elavon do Brasil for medium and large accounts. In mid-2014, she assumed the role of CEO of Global Payments South America and of member of the Board of Directors at Global Payments Serviços de Pagamentos Brazil. Since the beginning of 2020, Ms. Mello has focused on mentoring young executives and preparing women from underprivileged communities to enter the job market. In July 2020, she assumed the role of president of the Board of Smartbank, and since March 2021, she has been a member of the consulting board of DMCard. Since October 2020, she has been a volunteer mentor for Quintessa, a start-up accelerator for companies with a social or environmental purpose.

Audit Committee

Our board of directors has established an audit committee. Members will serve on this committee until the earliest of: (i) the moment they cease to be a director; (ii) their resignation; or (iii) as otherwise determined by our board of directors. Our audit committee currently consists of three members, including Marcia Nogueira Mello, Maria Carolina Lacerda and Cleveland Prates Teixeira. All of our audit committee members satisfy the "independence" requirements of the NYSE rules and meet the independence standards under Rule 10A-3 under the Exchange Act. All of our audit committee members satisfy the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC.

The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements. Our audit committee is responsible for, among other things:

- selecting our independent auditor, approving related fees and terminating our relationship with our independent auditor in the committee's discretion;
- pre-approving audit and non-audit services permitted to be performed by the independent auditor;
- annually reviewing the independent auditor's report describing the auditing firm's internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors and all relationships between the independent auditor and our company;
- reviewing with the independent auditor any audit problems or difficulties and management's response, as well as resolving any disagreements between management and the independent auditor regarding financial reporting;
- reviewing and discussing the annual audited financial statements with management, internal audit team (or third-service provider performing this function) and the independent auditor, as well as quarterly unaudited financial statements;
- reviewing and discussing with management and the independent auditors major issues regarding accounting principles and financial statement presentations;
- discussing earnings press releases with management, as well as financial information and earnings guidance provided to analysts and rating agencies;
- reviewing the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on our financial statements;
- overseeing our disclosure controls and procedures and internal control over financial reporting;
- assessing and monitoring our risk exposures, as well as the policies and guidelines with respect to risk management;
- timely reviewing reports from the independent auditor regarding all critical accounting policies and practices to be used by our company, all alternative treatments of financial information within IFRS that have been discussed with management and all other material written communications between the independent auditor and management;

- establishing procedures for the receipt, retention and treatment of complaints received by our company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- analyzing our related-party transactions based on our policy for these transactions;
- periodically reviewing and reassessing the adequacy of our audit committee charter;
- any other matters that are specifically delegated to our audit committee by our board of directors from time to time;
- periodically meeting with management, internal audit team (or third-party service providers performing this function) and the independent auditors, separately; and
- reporting regularly to the full board of directors.

Executive Committee

Our board of directors has dissolved its executive committee.

Duties of Directors

Directors are responsible to the company and not, in the absence of special circumstances, to the shareholders as individuals. For the purposes of describing directors' duties, the company is generally defined with reference to the interests of both present and future shareholders of the company as a whole. Under Cayman Islands law, a director owes two types of duties to the company: fiduciary duties and duties of skill and care. In fulfilling their duty of care to us, our directors must ensure compliance with our Memorandum and Articles of Association, as amended and restated from time to time. You should refer to "Item 10. Additional Information—Memorandum and Articles of Association—Principal Differences between Cayman Islands and U.S. Corporate Law" for additional information on our standard of corporate governance under Cayman Islands law.

Executive Officers

Our executive officers are primarily responsible for the day-to-day management of our business and for implementing the general policies and directives established by our board of directors. Our board of directors is responsible for establishing the roles of each executive officer. Our executive officers were appointed by our board of directors for an indefinite term.

The table below shows our current executive officers:

Name	Title	Date of Birth
Ricardo Dutra da Silva	Principal Executive Officer	December 1, 1975
Alexandre Magnani	Chief Executive Officer	November 10, 1970
Artur Schunck	Chief Financial Officer, Chief Accounting Officer and Investor Relations Officer	June 11, 1979

The following is a brief summary of the business experience of our current executive officers. The business address of each of our executive officers is Avenida Brigadeiro Faria Lima, 1384, 01451-001 São Paulo, SP, Brazil.

Ricardo Dutra da Silva. Mr. Dutra has been our Principal Executive Officer since January 2, 2023. Mr. Dutra served as a member of our board of directors from December 18, 2017 until January 2, 2023. He was one of our executive officers from December 18, 2017 until October 8, 2021, and he was our Chief Executive Officer from October 8, 2021 until October 10, 2022. He has acted as the Chief Executive Officer of PagSeguro Brazil and was also Chief Executive Officer of UOL Digital Content and Products from March 2016 until August 2019. Mr. Dutra worked for the UOL group from 1997 to 2005, holding management positions in operations, marketing and sales, and rejoined the group in 2009 as Country Manager at UOL Argentina in Buenos Aires, where he served until 2010. He holds a bachelor's degree in electrical/industrial engineering from the Industrial Engineering University (*Centro Universitário da Faculdade de Engenharia Industrial – FEI*), a post-graduate degree in business from the Getulio Vargas Foundation (*Fundação Getulio Vargas – FGV*) in São Paulo, and a full-time MBA from Darden Graduate School of Business Administration at the University of Virginia. Prior to rejoining UOL, he was a management consultant at Bain & Company from 2007 to 2009.

Alexandre Magnani. Mr. Magnani has been Chief Executive Officer since January 10, 2022. He has been working at PagSeguro since January 2015, acting as the Director of the company's Sales and International Financial Services, including leadership in sales, acquiring business and e-commerce, among other areas. Before joining PagSeguro, Mr. Magnani worked for nearly 15 years at Mastercard International, leading their Latin American regional new business development and retailer issuer's initiatives. Prior to that, he spent over five years for Redecard and Credicard in Brazil. Mr. Magnani holds a bachelor's degree and an MBA in business management from the Getulio Vargas Foundation (Fundação Getulio Vargas –FGV) in São Paulo, Brazil.

Artur Schunck. Mr. Schunck has been Chief Financial Officer, Investor Relations Officer and Chief Accounting Officer since November 10, 2018. He has held multiple roles in the finance department at our company, acting as PagBank's Finance Director since April 2015. In that role, he has led the company's finance, treasury, controllership, financial planning and analysis, logistics, financial services and credit products teams. From February 2014 to April 2015, he was the Director of Financial Planning and Treasury for UOL, and from January 2006 to December 2013 he held several financial management positions at Walmart Brasil Ltda., including Director of Financial Planning & Analysis and Strategy. Mr. Schunck holds a bachelor's degree in business administration from the Pontifical Catholic University of the State of Rio Grande do Sul (Pontifícia Universidade Católica do Rio Grande do Sul) in Porto Alegre, Brazil and an MBA in business management from the Getulio Vargas Foundation (Fundação Getulio Vargas -FGV) in São Paulo, Brazil.

Compensation

Management Compensation

Our executive officers, directors and management receive fixed and variable compensation. They also receive benefits in line with market practice in Brazil. The fixed component of their compensation is set on market terms and adjusted annually.

The variable component consists of cash bonuses and awards of restricted shares (or the cash equivalent) under the LTIP and the LTIP-Goals, as discussed below. Cash bonuses are paid to executive officers and members of our management based on the previously agreed corporate results-sharing plan (*plano de participações nos resultados*) and overall targets for the business.

Certain of our directors and officers receive compensation from UOL for services rendered to PagSeguro. The related cost is apportioned between UOL and PagSeguro in accordance with the services that are rendered.

The aggregate compensation paid to the executive officers of PagSeguro Brazil in 2022 was R$ 21.4 million. This includes benefits paid in kind and variable compensation.

Long-Term Incentive Plan – Goals

LTIP-Goals was established by PagSeguro Brazil on December 18, 2018, as approved by our board of directors, amended and ratified along with subsequent amendments on August 7, 2019, February 21, 2020, January 19, 2021, August 16, 2021 and December 22, 2021. We believe the LTIP-Goals will help us attract and retain individuals who have a high potential to contribute to our success, and further align their interests with ours. Beneficiaries under the LTIP-Goals are selected by the LTIP-Goals Committee, which consists of our Chairman of our board of directors and two officers of UOL.

Beneficiaries under the LTIP-Goals are granted awards annually, as payment from the PagSeguro Brazil corporate results-sharing plan, a Maximum Annual Amount, or MAA, in Brazilian *reais*, which may be payable in cash, Class A common shares or a combination of the two, at the discretion of the LTIP-Goals Committee, based on the achievement of performance goals established in our corporate results-sharing plan for any given year. In January of each year, the LTIP-Goals Committee shall establish the MAA for that particular year, which shall be converted into a maximum number of Class A common shares, or MNS, by dividing the MAA by the average price of the Company's Class A common shares in auctions in December of the prior year (or longer periods, at the LTIP-Goals Committee's discretion), converted into Brazilian reais using the average price of U.S. dollar for the same period.

Until March 31 of the year following the PagSeguro Brazil corporate results-sharing plan calculation, each beneficiary shall be entitled to receive, as payment from the LTIP-Goals, either the number of Class A common shares or the amount in Brazilian reais, which form of payment shall be determined in the LTIP-Goals Committee's sole discretion, provided that: (i) the goals established in the PagSeguro Brazil corporate results-sharing plan of the previous year have been totally or partially achieved; (ii) the total amount determined for the payment under the PagSeguro Brazil corporate results-sharing plan, including the corresponding amounts (either a number of Class A common shares or an amount in Brazilian reais), plus taxes shall not be higher than the amount equivalent to a percentage of the Company's net profit, or any other indicator, as established at the beginning of each year by the LTIP-Goals Committee (together with the performance goals set annually for the PagSeguro Brazil corporate results-sharing plan). If the total determined amount exceeds the limit established, payments shall be reduced on a pro-rata basis.

Since the beginning of the LTIP Goals until March 31, 2023, a total of 2,303,850 Class A common shares were delivered to certain members of our management, without cash consideration.

We expect that all of our directors, except for our independent directors mentioned above, will be named beneficiaries under the LTIP-Goals.

If a beneficiary resigns, retires or dies before of any given year, the beneficiary will not be entitled to any awards under the LTIP-Goals for that year. If a beneficiary resigns, retires or dies after the end of any given year, but before the date on which the value of such beneficiary's award is converted into our Class A common shares, the beneficiary will be entitled to his or her award under the LTIP-Goals, provided that the goals for the previous year have been met.

The maximum number of Class A common shares that can be delivered to beneficiaries under the LTIP-Goals may not exceed 1% of our total issued and outstanding share capital at any time.

Long-Term Incentive Plan

Members of our management participated in the LTIP (replaced by the LTIP-Goals on December 18, 2018), which was established by UOL for its group companies on July 29, 2015 and was adopted by PagSeguro Digital Ltd. Beneficiaries under the LTIP were selected by UOL's LTIP Committee, which consists of our Chairman and two officers of UOL. Since the establishment of LTIP-Goals on December 18, 2018, no new rights have been, nor will be, granted under the LTIP.

Beneficiaries under the LTIP were granted rights in the form of notional cash amounts without cash consideration. These rights vest in five equal annual installments starting one year after the beneficiary's grant date. Under the terms of the LTIP, upon completion of our IPO, the vested portion of each beneficiary's LTIP rights was converted into Class A common shares of our company at our IPO price. The number of Class A common shares issued with respect to the vested LTIP rights was calculated, pursuant to each beneficiary's individual LTIP agreement, based on our IPO price of US$21.50 per Class A common share. The unvested portions of each beneficiary's LTIP rights will be settled on each future annual vesting date, at the discretion of the LTIP Committee, by either (i) delivery of a fixed number of Class A common shares of PagSeguro Digital, or (ii) the equivalent in cash of the fixed number of shares at the current fair value. The vesting conditions of the LTIP awards include the completion of our IPO and the attainment of certain service conditions. Upon completion of our IPO in January 2018, payment of future LTIP rights became probable, resulting in us commencing to recognize compensation expenses related to each beneficiary's LTIP rights.

At March 31, 2023, a total of 5,513,266 Class A common shares were delivered without cash consideration to certain members of our management who are beneficiaries under the LTIP, upon closing of our IPO and in the following months.

Our independent directors are not beneficiaries under the LTIP.

If a beneficiary is dismissed by us, resigns, retires or dies, the portion of his or her rights under the LTIP that has vested at that date will be delivered, but the non-vested portion will be cancelled. If a beneficiary is terminated for cause, all of his non-vested portion will be cancelled.

The shares issued under the LTIP upon completion of our IPO were subject to a one-year lock-up period under the terms of the LTIP. Any shares that were issued on a subsequent vesting date during the first year after our IPO were subject to the remainder of that same lock-up period, expiring one year after the closing of our IPO. After the close of that one-year period, shares issued or to be issued under the LTIP are no longer be subject to a lock-up. As such, shares issued under the LTIP are now freely tradable without restriction or further registration under the Securities Act by persons other than our affiliates within the meaning of Rule 144 of the Securities Act. For further information, see "Item 3. Key Information—Risk Factors—Risks Relating to our Business and Industry—Class A common shares eligible for future sale may cause the market price of our Class A common shares to drop significantly."

The maximum number of Class A common shares that can be delivered to beneficiaries under the LTIP may not exceed 3% of our issued share capital at any time.

Share Ownership

The total number of common shares owned by our management as of March 2023 was 7,817,116 Class A common shares (including treasury shares). Except for Luis Frias, no member of our management beneficially owns one percent or more of our common shares.

Our Team

We believe that our team is one of PagSeguro's most important asset. Our highly experienced management team has extensive experience in all areas of the Brazilian payments market, with in-depth knowledge of online payments, retail, financial services, technology, payment processing, in-person electronic payments, acquiring and card issuance. Together, this management experience covers all of our customers' needs, allowing us to plan the future of PagSeguro.

Our culture reflects UOL's innovation-driven focus, instilling in our professionals a passion for customers and merchants and motivating them to provide next-generation payment capabilities in Brazil. At December 31, 2022, our total team consisted of 8,778 people, including 1,555 employees plus outsourced staff, and 10 employees under BCPS, the rest of our team is located in Brazil. At December 31, 2022, our employees had an average age of 34,6 years, 75.8% of whom held a bachelor's degree or higher and 40.6% of whom were women, with 30.3% of our employees specializing in products and engineering. We also offer a long-term motivation plan for key professionals and apply meritocratic methods to engage all our professionals, recognize their value and keep them motivated. The following table sets forth the number of our employees and a breakdown of employees by category of activity as of the dates indicated in each area of our operations. We regularly evaluate the allocation of our employees to the categories of activity indicated in the following table and, in certain instances, we have made corresponding updates to the breakdowns for the periods presented.

	As of December 31,		
	2022	**2021**	**2020**
Products and Engineering	2,187	2,080	1,556
Commercial, Marketing and Operations	4,639	4,304	2,820
Administrative	397	367	235
Total	**7,223**	**6,751**	**4,611**

Together, our management team and employees represent experience in all areas of the Brazilian payments market, with in-depth knowledge of online payments, retail and financial services, technology, payment processing, in-person electronic payments, acquiring and card issuance. They therefore represent a complete picture of all of our customers' needs and can prepare the future of our organization.

We seek to attract and train the best professionals in the market. We seek to motivate our employees to provide next-generation payment capabilities through a corporate results-sharing plan for all employees and a long-term motivation plan for key professionals. Our corporate results-sharing plan includes salary multiples in general of two for coordinators, three for managers, 3.5 for general managers, 4.1 or more for directors and one for other employees, due to the market shortage Products and Engineering might be eligible to higher multiples of salary for each level, and is based on annual targets for metrics such as free cash flow, net income, revenues, working capital, EBT, active merchants and TPV. Through the LTIP-Goals, part or all of a beneficiary's award under our corporate results-sharing plan may be paid in Class A common shares. See "Long-Term Incentive Plan-Goals" and "—Long-Term Incentive Plan." We believe that we offer competitive compensation packages and a dynamic culture, and have therefore been able to attract and retain qualified personnel and a stable management team. We also offer our employees medical and dental insurance, life insurance, meal voucher cards and a retirement savings plan, among other benefits. In a 2017 survey carried out by the website LinkedIn, UOL was named as the second best place to work in Brazil. We are aware, however, that our continued success will depend on our ability to continue to attract and retain these qualified professionals. See "Item 3. Key Information—Risk Factors—Risks Relating to our Business and Industry—The loss of any member of our management team and our inability to make up for such loss with a qualified replacement, could harm our business."

We train our teams in the use of modern management tools such as Agile, Lean, Kanban and Management 3.0.

Our employees are represented by the Union of Employees of Information Technology Businesses and Course Providers of the State of São Paulo (*Sindicato dos Trabalhadores nas Empresas e Cursos de Informática do Estado de São Paulo—SINDIESP*). We consider our relations with our employees to be good. We have not experienced any significant labor disputes.

Disclosure of a registrant's action to recover erroneously awarded compensation.

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

The table below contains information regarding the beneficial ownership of PagSeguro Digital's Class A common shares and Class B common shares by UOL (our controlling shareholder and parent company), our major shareholders and members of our management, as a single group, as of December 31, 2022.

Beneficial ownership, which is determined under SEC rules, generally includes voting or investment power over securities or the right to receive the economic benefit of ownership of the securities. We believe that each shareholder identified in the table below possesses sole voting and investment power over all the Class A common shares or Class B common shares shown as beneficially owned by the shareholder in the table. Common shares subject to options, warrants or rights that are exercisable at the date of this annual report, or that will be exercisable within 60 days thereafter (which in the case of the Company, only consist of Class A common shares), are considered to be outstanding and beneficially owned by the person who holds such options, warrants or rights for purposes of computing that person's common share ownership, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

The percentages of beneficial ownership in the table below are based on 209,148,718 outstanding Class A common shares (including treasury shares) and 120,459,508 outstanding Class B common shares. As of December 31, 2022, approximately 57% of our Class A common shares (including treasury shares) were held of record by 180 record holders in the United States, and 0.0% of our Class B common shares were held of record in the United States.

The holders of our Class A common shares and Class B common shares have identical rights, except that UOL as holder of Class B common shares: (i) is entitled to 10 votes per share, whereas holders of our Class A common shares are entitled to one vote per share; (ii) has certain conversion rights; and (iii) is entitled to maintain a proportional ownership interest in the event that additional Class A common shares are issued. For more information, see "Item 10. Additional Information—Memorandum and Articles of Association—Preemptive or Similar Rights" and "Item 10. Additional Information—Memorandum and Articles of Association—Conversion." Each Class B common share is convertible into one Class A common share.

	Shares Beneficially Owned				
	Class A		Class B		% of Total Voting Power[1]
Name	Shares	%	Share	%	
Universo Online S.A.[2]	799,804	0.38%	120,459,508	100%	85.59%
Capital World Investors[3]	24,528,462	11.73%	-	-	1.74%
FMR LLC[4]	20,205,336	9.66%	-	-	1.43%
Sylebra Capital Limited[5]	12,851,840	6.14%	-	-	0.91%
Treasury	5,331,600	2.55%	-	-	-
Management	6,545,423	3.13%	-	-	0.46%
Others	138,886,253	66.41%	-	-	9.86%
Total	**209,148,718**	**100.0%**	**120,459,508**	**100%**	**100.0%**

(1) Percentage of total voting power represents voting power with respect to all of our Class A common shares and Class B common shares, as a single class. UOL as holder of our Class B common shares is entitled to 10 votes per share, whereas holders of our Class A common shares are entitled to one (1) vote per share. For more information about the voting rights of our Class A common shares and Class B common shares, see "Item 10. Additional Information—Memorandum and Articles of Association—Voting Rights."

(2) Consists of shares held of record by UOL, a company controlled by OFL Participações S.A., in turn controlled by Luis Frias.

(3) Consists of shares beneficially owned by Capital World Investors ("CWI"), a division of Capital Research and Management Company ("CRMC"), as well as its investment management subsidiaries and affiliates Capital Bank and Trust Company, Capital International, Inc., Capital International Limited, Capital International Sarl, Capital International K.K., Capital Group Private Client Services, Inc., and Capital Group Investment Management Private Limited (together with CRMC, the "investment management entities"). CWI's divisions of each of the investment management entities collectively provide investment management services under the name "Capital World Investors." CWI is deemed to be the beneficial owner of 24,528,462 shares or 11.7% of outstanding shares. The address for CWI is 333 South Hope Street, 55th FL, Los Angeles, California 90071.

(4) Consists of shares beneficially owned by Fidelity Management and Research Management Company LLC or FMR LLC, through FIAM LLC, Fidelity Institutional Asset Management Trust Company, Fidelity Management & Research (Hong Kong) Limited and Fidelity Management & Research Company LLC. As of December 31, 2022, the firm may be deemed to be the beneficial owner of 20,205,336 shares or 9.66% of outstanding shares. The address for FMR LLC is 245 Summer Street, Boston, Massachusetts 02210.

(5) Consists of shares beneficially owned by Sylebra Capital Limited by virtue of its position as the investment manager to Sylebra Capital Masters Fund, or SCP MF, Sylebra Capital Parc Master Fund, or PARC MF and other advisory clients. As of December 31, 2022, the firm may be deemed to be the beneficial owner of 12,851,840 shares or 6.14% of outstanding shares. The address for Sylebra Capital Limited is 28 Hennessy Road, 20th FL, Wan Chai, Hong Kong.

On July 15, 2020, UOL reached agreements for the exit of certain of UOL's minority shareholders. On November 23, 2021, UOL purchased 50,000 Class A common shares. In connection with the private transaction, the UOL minority shareholders involved received from UOL at closing, and in exchange for their shares of UOL, a total of 21,316,000 of our Class A common shares (following conversion of Class B common shares into Class A common shares). Following such transaction, UOL continued to be our controlling shareholder with 39.04% of total outstanding share capital and 86.43% of voting power.

In September 2022, UOL reached an agreement for the exit of UOL's minority shareholder, BTG Pactual Principal Investments Fundo em Participações Multiestratégia. In connection with the private transaction, such minority shareholder received from UOL in exchange for its shares in UOL, a total of 7,960,215 Class A common shares of PagSeguro Digital (following a conversion of Class B common shares then held by UOL to Class A common shares), subject to a resale restriction of a six-month lock-up period. Following such transaction, UOL continued to be PagSeguro Digital's controlling shareholder, with 36.55% of the total outstanding share capital and 85.41% of voting power.

There is currently no shareholders' agreement in place.

Related Party Transactions

The total amount of costs and expenses incurred by PagSeguro Digital for shared services and sales of services provided by UOL and other affiliated companies in the year ended December 31, 2022 was R$395.6 million, representing 2.9% of our total expenses for the year. Of the total amount of costs and expenses incurred by PagSeguro Digital for shared services, sales of services and deposits provided by affiliated companies during the year, 57.0% were provided by UOL, 34.6% were provided by Compasso, 4.0% were provided by UOL Edtech and 4.4% where provided by other related parties. PagSeguro also provided services to UOL and certain UOL affiliates during the year ended December 31, 2022 for an amount of R$4.0 million. For more information, see Note 10 to our audited consolidated financial statements.

Prior to our IPO, PagSeguro's cash management was centralized with UOL, leading to positive or negative balances with UOL from time to time as referred to in Note 10 to our audited consolidated financial statements. When PagSeguro provided cash to UOL or UOL provided cash to PagSeguro, these transactions did not include interest. Our cash management was separated from UOL's cash management starting from the date of completion of our IPO. Any remaining balances that relate to prior cash management activities began accruing interest from the date of completion of our IPO, and any such balances were repaid by UOL following completion of our IPO.

Agreements with Our Management and Directors

Certain of our directors and officers receive compensation from UOL for services they provide to PagSeguro. The cost is apportioned between UOL and PagSeguro in accordance with the services provided. In addition, we have entered into indemnification agreements with our directors and officers, as described below.

Indemnification Agreements

We have entered into or will enter into indemnification agreements with each of our directors and officers. Pursuant to these agreements, we have agreed to indemnify and hold harmless each director and officer to the full extent permitted by applicable law in the event of any claim made against him or her in any proceeding due to the fact that he or she is or was a director or officer of our company or served at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

In addition, under the terms of these agreements we have agreed to cover all expenses actually and reasonably incurred by each director and officer in connection with any such proceeding, with certain limited exceptions.

The indemnification extends to the beneficiary's services as a director or officer prior to the date of the indemnification agreement as well as afterward. It continues after the beneficiary ceases to be a director or officer.

Agreements with UOL and UOL Subsidiaries

PagSeguro Brazil was incorporated as a legal entity in 2006, although it did not operate the PagSeguro business prior to August 1, 2015 since most of the PagSeguro business activities were operated by other UOL group members prior to that date. On August 1, 2015, UOL carried out a corporate reorganization in which it segregated some of the PagSeguro Brazil activities from its other activities and contributed them to PagSeguro Brazil. Following this reorganization, PagSeguro Brazil entered into the contracts summarized below governing its relationship with UOL and its subsidiaries.

Advertising Space Assignment Agreement

Under this agreement, UOL may assign to PagSeguro Brazil certain advertising and media space on UOL's own website, as well as other space that UOL obtains from unrelated third parties. We pay UOL monthly fees for this space, based on the actual amount of advertising and media space we use. For advertising and media space on UOL's own website, UOL charges us a price that it determines on market terms. For space that UOL obtains from unrelated third parties, UOL charges us the same price as it pays for the space.

Cost-Sharing Agreements

PagSeguro Brazil is party to two agreements with UOL under which UOL apportions to PagSeguro Brazil the expenses of certain services and personnel hired by UOL for the benefit of PagSeguro Brazil and expenses related to certain of our offices and operations center in São Paulo, which are provided by UOL. Under one agreement, UOL apportions to PagSeguro Brazil expenses relating to call center services, marketing activities, certain ordinary course corporate services, and certain contingency expenses related to litigation. All insurance policies listed under "Business – Insurance" are contracted by UOL under this agreement. Under the other agreement, UOL apportions to PagSeguro Brazil expenses relating to certain back-office personnel who are employed by UOL but allocated to work on matters related to our business.

The two agreements apportion the costs and expenses for these services as between PagSeguro Brazil and UOL. The amounts PagSeguro Brazil pays to UOL are based on different criteria depending on the type of service:

- for marketing, financial and legal services, the amount payable is based on the number of hours actually worked by UOL personnel on PagSeguro Brazil's behalf;
- for human resources services, the amount payable is based on the number of hours actually worked by UOL personnel on PagSeguro Brazil's behalf and on the number of UOL personnel dedicated to PagSeguro Brazil matters;
- for call center services, the amount payable is based on the number of UOL personnel dedicated to PagSeguro Brazil matters;
- for technology services, the amount payable is based on the expenses incurred by UOL on PagSeguro Brazil's behalf.

Platform Licensing Agreements

PagSeguro Brazil and UOL are party to an agreement under which UOL provides services related to the development, maintenance and management of the software used to conduct PagSeguro Brazil's business. The services include the development of new software, analysis and improvement of the efficiency of existing software and resolution of technical issues. The services are provided in accordance with parameters set by PagSeguro Brazil. The amount payable under this agreement is based on the number of hours actually worked by UOL personnel.

PagSeguro Tecnologia and UOL are party to an agreement under which UOL provides services related to software for PagSeguro Tecnologia's business on substantially the same terms.

Software Development and Implementation Services Agreement

PagSeguro Brazil and Compasso Techonogia Ltda., or Compasso, a subsidiary of DigitalServices, are party to a software development and implementation services agreement under which Compasso provides software development or implementation services to PagSeguro Brazil through a series of related services agreements and technical and commercial proposals. Such services include the allocation of software development professionals to PagSeguro Brazil for the development of a financial conciliation system and an application-programming interface (API) system.

PagSeguro Brazil and Invillia - Desenvolvimento de Produtos Digitais LTDA, or Invillia, a subsidiary of Compasso Tecnologia Ltda. (a subsidiary of UOL that is not part of the PagSeguro Group), are party to a software development and implementation services agreement under which Invillia provides software development or implementation services to PagSeguro Brazil through a series of related services agreements and technical and commercial proposals. Such services include the allocation of software development professionals to PagSeguro Brazil for the development of a financial conciliation system and an application-programming interface (API) system.

DigitalServices/Compasso Agreements

Cloud Services Agreement

PagSeguro Brazil is party to certain agreements with DigitalServices.UOL S.A., (formerly called DigitalServices) under which DigitalServices resells cloud services provided by Microsoft Ireland Operations Limited, or Microsoft, Google Cloud Brasil Computação e Serviços de Dados Ltda., or Google, and by Amazon AWS Servicos Brasil Ltda or AWS to PagSeguro Brazil, through technical and commercial proposals. On December 1, 2019, DigitalServices assigned these resale agreements to Compass UOL S.A., or COSA, which in turn began providing these services to PagSeguro Brasil,. These cloud services include the storage of PagSeguro Brazil data on the cloud managed by the respective services providers and related technical support and information technology infrastructure services. PagSeguro Brazil may manage its data through online access or specific software provided by AWS, Microsoft, Google and COSA, as resellers of the services, are not responsible for the quality, warranty, technical support, efficiency or results of the services or for any losses incurred by PagSeguro Brazil deriving from these services.

UOL Cloud Agreement

PagSeguro Brazil and Digital Services are party to an agreement pursuant to which Digital Services provides PagSeguro Brazil with information technology infrastructure services and access to the VMWare and the VirtuStream virtual .Under this agreement, Digital Services also provides PagSeguro with virtual computational resources and services for the creation and use of a processing environment, data storage and provision of internet access.

Hosting Agreement

PagSeguro Brazil and Digital Services are party to a hosting agreement under which Digital Services provides data storage services to PagSeguro Brazil through a series of technical, commercial and business proposals. These services include the lease of equipment, software licenses and assignment of information technology infrastructure to PagSeguro Brazil. In addition, under technical proposal OPT-17-21638 related to the hosting agreement, Digital Services also provides PagSeguro Brazil with payment methods monitoring and invoice issuing services and under technical proposal OPTs 18/25482 and 19/26811, Digital Services provides PagSeguro Brazil with services related to the monitoring and response to possible cyberattacks.

Telecommunications Services Agreement

PagSeguro Brazil and Digital Services are party to an agreement under which Digital Services provides telecommunication services, through a series of technical, commercial and business proposals, that allow PagSeguro Brazil to establish a point-to-point network connection (Lan to Lan). Digital Services also provides support and maintenance of certain telecommunications equipment.

Internet Security Agreements

PagSeguro Brasil is part of an agreement with Digital Services, under which Digital Services provides internet security services against denial of service attacks (DOS attacks) that may affect the technological infrastructure of PagSeguro Brasil or online services. This service uses technology to prevent and mitigate these attacks through behavioral analysis of the data flowing through the PagSeguro Brasil network. Payments under this agreement were made monthly in fixed amounts previously agreed between the parties. On December 1, 2019, Digital Services assigned this agreement to UD Tecnologia. In April 2020, UD Tecnologia was sold to Digital Colony, which is not a related party and used the assets of UD Tecnologia to establish Scala Data Centers.

ITEM 8. FINANCIAL INFORMATION

Consolidated Statements and Other Financial Information

See Item 18. Financial Statements.

Legal Proceedings

From time to time, we are involved in proceedings that arise in the ordinary course of our business. Any claims against us, whether or not they have merit, can be time consuming, result in costly litigation, and require significant management time and operational resources.

We are subject to a number of proceedings in the Brazilian judicial and administrative court systems, relating to civil, tax and labor law claims. We believe these proceedings are normal and incidental to the operation of a business in Brazil. We recognize provisions for legal proceedings in our financial statements when we are advised by independent outside counsel that: (i) it is probable that an outflow of resources will be required to settle the obligation; and (ii) a reliable estimate can be made of the amount of the obligation. The assessment of the likelihood of loss includes analysis by outside counsel of available evidence, the hierarchy of laws, available case law, recent court rulings and their relevance in the legal system. Our provisions for probable losses arising from these matters are estimated and periodically adjusted by management. In making these adjustments our management relies on the opinions of our external legal advisors.

The amounts we had accrued in our financial statements as of December 31, 2022 for all types of legal proceedings for which we believe a loss is probable were R$ 60.6 million. However, legal proceedings are inherently unpredictable and subject to significant uncertainties. If one or more cases were to result in a judgment against us in any reporting period for amounts that exceeded our management's expectations, the impact on our operating results or financial condition for that reporting period could be material. See "Item 3. Key Information—Risk Factors—Risks Relating to our Business and Industry—Unfavorable outcomes in litigation or our inability to post judicial collateral or provide guarantees in pending legal or administrative proceedings could have a material adverse effect on our business, financial condition and Results of Operations of PagSeguro Digital."

We make judicial deposits, which are court-ordered deposits that serve as collateral until the final settlement of the disputes to which they are related, in connection with certain of these civil, labor and tax proceedings. As of December 31, 2022, we had judicial deposits in an aggregate amount of R$ 376.1 million.

Civil Proceedings

The civil claims to which we are party generally relate to customer claims, including those related to non-delivery of products by merchants, denials by PagSeguro of requests for withdrawal of digital account balances and allegations of POS device defects.

As of December 31, 2022, we were party to approximately 12,826 proceedings of a civil nature (consisting of proceedings with PROCONs and small claims courts relating to consumer rights). PagSeguro does not appear in the rankings of companies with large numbers of consumer claims published by the PROCON. As of December 31, 2022, we had recorded R$26.4 million in provisions for current civil proceedings and no provisions for non-current civil proceedings. Most of these proceedings are related to consumer allegations of non-delivery of products by merchants and requests for the withdrawal of digital account balances that were blocked by PagSeguro because they were under investigation for fraud or undergoing claim resolution.

As of December 31, 2022, we were party to two civil lawsuits involving risks classified by management as possible losses. For more information, see Note 18 of our audited consolidated financial statements.

We make judicial deposits, which are court-ordered deposits that serve as collateral until the final settlement of the disputes to which they are related, in connection with certain of these civil proceedings. As of December 31, 2022, we had judicial deposits for civil proceedings in an aggregate amount of R$5.7 million.

Labor Proceedings

As of December 31, 2022, we were party to approximately 284 labor-related judicial and administrative proceedings for which we recorded a provision of R$45.8 million. In general, the labor claims to which we are a party were filed by former employees of third-party service providers hired by us as part of the outsourcing of certain of our non-core activities. As of December 31, 2022, we had judicial deposits for labor proceedings in an aggregate amount of R$11.6 million.

We are not a party to any labor lawsuits involving risks classified by management as possible losses. For more information, see Note 18 of our audited consolidated financial statements.

Tax and Social Security Proceedings

As of December 31, 2022, we were party to approximately 123 tax related judicial and administrative proceedings classified by legal advisors as possible losses, which involved an aggregate amount of R$630,469 million and for which no provision has been recorded. In general, the tax proceedings involve discussions with the Brazil's Internal Revenue Services (*Receita Federal*), States and Municipalities.

Among these proceedings, on October 15, 2021, PagSeguro Internet was assessed by Brazil's Internal Revenue Services (*Receita Federal*), for not collecting financial transaction tax, or IOF tax credit, which is applicable to credit transactions of any nature, including intercompany loans. The amount of this assessment totaled R$267.0 million in December 2022 (R$239.8 million in December 2021). Brazil's Internal Revenue Service claims that PagSeguro Internet entered into loan agreements with companies within the same corporate group and therefore the IOF tax credit should have been collected. PagSeguro Internet has presented its defense, clarifying that the transactions carried out among PagSeguro and its subsidiaries are not credit transactions, which would be subject to the IOF tax credit. The group has a centralized cash pool and, according to the law, this kind of intercompany transaction is not taxable by IOF tax credit. The chances of loss in connection with this proceeding has been determined as possible.

For more information, see Note 18 of our audited consolidated financial statements.

Dividend Policy

For our policy on dividend distributions, see "Item 10. Additional Information—Memorandum and Articles of Association—Dividends and Capitalization of Profits."

ITEM 9. THE OFFER AND LISTING

The Offer

Not applicable.

Plan of Distribution

Not applicable.

Trading Markets and Listing Details

Our Class A common shares are listed on the NYSE under the ticker symbol "PAGS." Our Class A common shares are listed in registered form and are not certificated. The Class A common shares commenced trading on the NYSE on January 24, 2018. As of December 31, 2022, the Class A common shares represented 63.45% of our shares and 100% of our current global public float.

If your shares are registered in the name of The Depository Trust Company, or DTC, you are not a shareholder or member of the company. Each person owning Class A common shares held through DTC must rely on the procedures thereof and on institutions that have accounts therewith to exercise any rights of a holder of the Class A common shares.

On January 28, 2021, Banco B3 announced that it had established an unsponsored program for Brazilian Depositary Receipts representing our Class A common shares, or Class A BDRs, each representing 1/5 of a Class A common share. The Class A BDRs have been listed on the B3 since February 1, 2021, and they trade under the ticker symbol "PAGS34." The Class A BDR program was noted as the first BDR program for the US-listed shares of a primarily Brazilian operating company. The Class A BDR program is unsponsored, meaning that we did not establish and do not administer it, nor have we taken any steps to register the Class A common shares or the Class A BDRs with the CVM. If you hold Class A BDRs, you are not a shareholder or member of the company, and you must rely on the procedures established by the depositary or other BDR administrator to exercise any rights of a holder of the Class A common shares. The average daily trading volume of our Class A BDRs between January 1, 2022 and December 31, 2022 was 32,341, representing approximately 0.015% of our total share capital.

Selling Shareholders

Not applicable.

Dilution

Not applicable.

Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

Share Capital

Not applicable.

Memorandum and Articles of Association

Corporate Purpose

The corporate objects of PagSeguro Digital, as stated in the Memorandum of Association, are unrestricted and PagSeguro Digital has the authority to carry out any object not prohibited by any law, as provided by Section 7(4) of the Companies Act.

Issuances of Shares

Except as expressly provided in PagSeguro Digital's Memorandum and Articles of Association, PagSeguro Digital's board of directors has general and unconditional authority to allot, grant options over, offer or otherwise deal with or dispose of any unissued shares in the company's capital without the approval of our shareholders (whether forming part of the original or any increased share capital), either at a premium or at par, with or without preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise and to such persons, on such terms and conditions, and at such times as the directors may decide, but so that no share shall be issued at a discount, except in accordance with the provisions of the Companies Act. PagSeguro Digital is prohibited under its Articles of Association from issuing shares or warrants to bearer.

PagSeguro Digital's Articles of Association provide that at any time that there are Class A common shares in issue additional Class B common shares may only be issued pursuant to: (i) a share split, subdivision of shares or similar transaction or where a dividend or other distribution is paid by the issue of shares or rights to acquire shares or following capitalization of profit; (ii) a merger, consolidation, or other business combination involving the issuance of Class B common shares as full or partial consideration; or (iii) an issuance of Class A common shares, whereby holders of the Class B common shares are entitled to receive a number of Class B common shares that would allow them to maintain their proportional ownership interests in PagSeguro Digital. For more information see "Preemptive or Similar Rights."

PagSeguro Digital's Articles of Association also provide that the issuance of non-voting common shares requires the affirmative vote of a majority of the of then outstanding Class A common shares.

Fiscal Year

PagSeguro Digital's fiscal year begins on January 1 of each year and ends on December 31 of the same year.

Voting Rights

The holders of the Class A common shares and Class B common shares have identical rights, except that: (i) the holder of Class B common shares is entitled to 10 votes per share, whereas holders of Class A common shares are entitled to one vote per share; (ii) Class B common shares have certain conversion rights; and (iii) the holder of Class B common shares is entitled to maintain a proportional ownership interest in the event that additional Class A common shares are issued. For more information see "Preemptive or Similar Rights" and "—Conversion." The holders of Class A common shares and Class B common shares vote together as a single class on all matters (including the election of directors) submitted to a vote of shareholders, except as provided below and as otherwise required by law.

PagSeguro Digital's Articles of Association provide as follows regarding the respective rights of holders of Class A common shares and Class B common shares:

(i) class consents from the holders of Class A common shares or Class B common shares, as applicable, shall be required for any variation to the rights attached to their respective class of shares, however, the directors may treat any two or more classes of shares as forming one class if they consider that all such classes would be affected in the same way by the proposal;

(ii) the rights conferred on holders of Class A common shares shall not be deemed to be varied by the creation or issue of further Class B common shares and vice versa; and

(iii) the rights attaching to the Class A common shares and the Class B common shares shall not be deemed to be varied by the creation or issue of shares with preferred or other rights, including, without limitation, shares with enhanced or weighted voting rights.

As set forth in the Articles of Association, the holders of Class A common shares and Class B common shares, respectively, do not have the right to vote separately if the number of authorized shares of such class is increased or decreased. Rather, the number of authorized Class A common shares and Class B common shares may be increased or decreased (but not below the number of shares of such class then outstanding) by the affirmative vote of the holders of a majority of the voting power of the issued and outstanding Class A common shares and Class B common shares, voting together in a general meeting.

Preemptive or Similar Rights

The Class A common shares and Class B common shares are not entitled to preemptive rights upon transfer and are not subject to conversion (except as described below under "—Conversion"), redemption or sinking fund provisions.

The Class B common shares are entitled to maintain a proportional ownership interest in the event that additional Class A common shares are issued. As such, except for certain exceptions, if PagSeguro Digital issues Class A common shares, it must first make an offer to each holder of Class B common shares to issue to such holder on the same economic terms such number of Class B common shares as would ensure such holder may maintain a proportional ownership interest in PagSeguro Digital. This right to maintain a proportional ownership interest may be waived by a majority of the holders of Class B common shares.

Conversion

The outstanding Class B common shares are convertible at any time as follows: (i) at the option of the holder, a Class B common share may be converted at any time into one Class A common share; or (ii) upon the election of the holders of a majority of the then outstanding Class B common shares, all outstanding Class B common shares may be converted into a like number of Class A common shares. In addition, each Class B common share will convert automatically into one Class A common share upon any transfer, whether or not for value, except for certain transfers described in the Articles of Association, including transfers to affiliates, trusts solely for the benefit of the shareholder or their affiliates, and partnerships, companies, corporations and other entities exclusively owned by the shareholder or their affiliates and certain transfers to organizations that are exempt from taxation under Section 501(3)(c) of the Internal Revenue Code of 1986, as amended. Furthermore, each Class B common share will convert automatically into one Class A common share and no Class B common shares will be issued thereafter if, at any time, the voting power of the outstanding Class B common shares represents less than 10% of the combined voting power of the Class A common shares and Class B common shares then outstanding.

No class of PagSeguro Digital's common shares may be subdivided or combined unless the other class of common shares is concurrently subdivided or combined in the same proportion and in the same manner.

Equal Status

Except as expressly provided in PagSeguro Digital's Memorandum and Articles of Association, Class A common shares and Class B common shares have the same rights and privileges and rank equally, share ratably and are identical in all respects as to all matters. In the event of any merger, consolidation, scheme, arrangement or other business combination requiring the approval of our shareholders entitled to vote thereon (whether or not PagSeguro Digital is the surviving entity), the holders of Class A common shares shall have the right to receive, or the right to elect to receive, the same form of consideration as the holders of Class B common shares, and the holders of Class A common shares shall have the right to receive, or the right to elect to receive, at least the same amount of consideration on a per share basis as the holders of Class B common shares. In the event of (i) any tender or exchange offer to acquire any Class A common shares or Class B common shares by any third party pursuant to an agreement to which PagSeguro Digital is a party, or (ii) any tender or exchange offer by PagSeguro Digital to acquire any Class A common shares or Class B common shares, the holders of Class A common shares shall have the right to receive, or the right to elect to receive, the same form of consideration as the holders of Class B common shares, and the holders of Class A common shares shall have the right to receive, or the right to elect to receive, at least the same amount of consideration on a per share basis as the holders of Class B common shares.

Record Dates

For the purpose of determining shareholders entitled to notice of, or to vote at any general meeting of shareholders or any adjournment thereof, or shareholders entitled to receive dividend or other distribution payments, or in order to make a determination of shareholders for any other purpose, PagSeguro Digital's board of directors may set a record date which shall not exceed forty (40) clear days prior to the date where the determination will be made.

General Meetings of Shareholders

As a condition of admission to a shareholders' meeting, a shareholder must be duly registered as a shareholder of PagSeguro Digital at the applicable record date for that meeting and, in order to vote, all calls or installments then payable by such shareholder to PagSeguro Digital in respect of the shares that such shareholder holds must have been paid.

Subject to any special rights or restrictions as to voting then attached to any shares, at any general meeting every shareholder who is present in person or by proxy (or, in the case of a shareholder being a corporation or company, by its duly authorized representative not being himself or herself a shareholder entitled to vote) shall have one vote per Class A common share and 10 votes per Class B common share.

As a Cayman Islands exempted company, PagSeguro Digital is not obliged by the Companies Act to call annual general meetings; however, the Articles of Association provide that in each year the company will hold an annual general meeting of shareholders, at a time determined by the board of directors. For the annual general meeting of shareholders the agenda will include, among other things, the presentation of the annual accounts and the report of the directors. In addition, the agenda for an annual general meeting of shareholders will only include such items as have been included therein by the board of directors.

Also, PagSeguro Digital may, but is not required (unless required by the laws of the Cayman Islands), to hold other extraordinary general meetings during the year. General meetings of shareholders are generally expected to take place in São Paulo, Brazil, but may be held elsewhere if the directors so decide.

The Companies Act provides shareholders a limited right to request a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting in default of a company's articles of association. However, these rights may be provided in a company's articles of association. PagSeguro Digital's Articles of Association provide that upon the requisition of one or more shareholders representing not less than one-third of the voting rights entitled to vote at general meetings, the board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. The Articles of Association provide no other right to put any proposals before annual general meetings or extraordinary general meetings.

Subject to regulatory requirements, the annual general meeting and any extraordinary general meetings must be called by not less than ten (10) clear days' notice prior to the relevant shareholders meeting and convened by a notice discussed below. Alternatively, upon the prior consent of all holders entitled to receive notice, with regards to the annual general meeting, and the holders of 95% in par value of the shares entitled to attend and vote at an extraordinary general meeting, that meeting may be convened by a shorter notice and in a manner deemed appropriate by those holders.

PagSeguro Digital will give notice of each general meeting of shareholders by publication on its website and in any other manner that it may be required to follow in order to comply with Cayman Islands law, NYSE and SEC requirements. The holders of registered shares may be given notice of a shareholders' meeting by means of letters sent to the addresses of those shareholders as registered in our shareholders' register, or, subject to certain statutory requirements, by electronic means.

Holders whose shares are registered in the name of DTC or its nominee, which is currently the case for all holders of Class A common shares, will not be a shareholder or member of the company and must rely on the procedures of DTC regarding notice of shareholders' meetings and the exercise of rights of a holder of the Class A common shares.

A quorum for a general meeting consists of any one or more persons holding or representing by proxy not less than one-third of the aggregate voting power of all shares in issue and entitled to vote upon the business to be transacted.

A resolution put to a vote at a general meeting shall be decided on a poll. An ordinary resolution to be passed by the shareholders at a general meeting requires the affirmative vote of a simple majority of the votes cast by, or on behalf of, the shareholders entitled to vote, present in person or by proxy and voting at the meeting. A special resolution requires the affirmative vote on a poll of no less than two-thirds of the votes cast by the shareholders entitled to vote who are present in person or by proxy at a general meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our Company, as permitted by the Companies Act and PagSeguro Digital's Articles of Association.

Pursuant to PagSeguro Digital's Articles of Association, general meetings of shareholders are to be chaired by the chairman or in his absence the vice chairman (if any) of our board of directors. If the chairman or in his absence the vice chairman (if any) of our board of directors is absent or not present within fifteen minutes after the time appointed for holding the meeting, the directors present at the meeting shall appoint one of them to be chairman of the general meeting. If neither the chairman, vice chairman (if any) nor another director is present at the general meeting within fifteen minutes after the time appointed for holding the meeting, the shareholders present in person or by proxy and entitled to vote may elect any one of the shareholders to be chairman. The order of business at each meeting shall be determined by the chairman of the meeting, and he or she shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Company, restrictions on entry to such meeting after the time prescribed for the commencement thereof, and the opening and closing of the polls.

Liquidation Rights

If PagSeguro Digital is voluntarily wound up, the liquidator, after taking into account and giving effect to the rights of preferred and secured creditors and to any agreement between PagSeguro Digital and any creditors that the claims of such creditors shall be subordinated or otherwise deferred to the claims of any other creditors and to any contractual rights of set-off or netting of claims between PagSeguro Digital and any person or persons (including without limitation any bilateral or any multi-lateral set-off or netting arrangements between the company and any person or persons) and subject to any agreement between PagSeguro Digital and any person or persons to waive or limit the same, shall apply PagSeguro Digital's property in satisfaction of its liabilities *pari passu* and subject thereto shall distribute the property amongst the shareholders according to their rights and interests in PagSeguro Digital.

Changes to Capital

Pursuant to the Articles of Association, PagSeguro Digital may from time to time by ordinary resolution:

- increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe;
- consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

- convert all or any of its paid-up shares into shares and reconvert such shares into paid up shares of any denomination;
- subdivide its existing shares or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

PagSeguro Digital's shareholders may by special resolution, subject to confirmation by the Grand Court of the Cayman Islands on an application by the Company for an order confirming such reduction, reduce its share capital or any capital redemption reserve in any manner permitted by law.

In addition, subject to the provisions of the Companies Act and PagSeguro Digital's Articles of Association, PagSeguro Digital may:

- issue shares on terms that they are to be redeemed or are liable to be redeemed;
- purchase its own shares (including any redeemable shares); and
- make a payment in respect of the redemption or purchase of its own shares in any manner authorized by the Companies Act, including out of its own capital.

Transfer of Shares

Subject to any applicable restrictions set forth in the Articles of Association, any shareholder of PagSeguro Digital may transfer all or any of his or her common shares by an instrument of transfer in the usual or common form or in the form prescribed by the NYSE or any other form approved by the Company's board of directors.

PagSeguro Digital's Class A common shares are traded on the NYSE in book-entry form and may be transferred in accordance with PagSeguro Digital's Articles of Association and NYSE's rules and regulations.

However, PagSeguro Digital's board of directors may, in its absolute discretion, decline to register any transfer of any common share which is either not fully paid up to a person of whom it does not approve or is issued under any share incentive scheme for employees which contains a transfer restriction that is still applicable to such common share. The board of directors may also decline to register any transfer of any ordinary share unless:

- a fee of such maximum sum as the NYSE may determine to be payable or such lesser sum as the board of directors may from time to time require is paid to PagSeguro Digital in respect thereof;
- the instrument of transfer is lodged with PagSeguro Digital, accompanied by the certificate (if any) for the common shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- the common shares transferred are free of any lien in favor of PagSeguro Digital; and
- in the case of a transfer to joint holders, the transfer is not to more than four joint holders.

If the directors refuse to register a transfer they are required, within two months after the date on which the instrument of transfer was lodged, to send to the transferee notice of such refusal.

Share Repurchase

The Companies Act and the Articles of Association permit PagSeguro Digital to purchase its own shares, subject to certain restrictions. The board of directors may only exercise this power on behalf of PagSeguro Digital, subject to the Companies Act, the Articles of Association and to any applicable requirements imposed from time to time by the SEC, the NYSE, or by any recognized stock exchange on which our securities are listed.

On October 30, 2018, PagSeguro Digital announced the adoption of its share repurchase program in an aggregate amount of up to US$250 million in outstanding Class A common shares traded on the NYSE. PagSeguro Digital's share repurchase program went into effect in the fourth quarter of 2018 and does not have a fixed expiration date. The program may be executed in compliance with Rule 10b-18 under the Exchange Act.

Dividends and Capitalization of Profits

PagSeguro Digital has not adopted a dividend policy with respect to payments of any future dividends. Subject to the Companies Act, PagSeguro Digital's shareholders may, by resolution passed by a simple majority of the voting rights entitled to vote at a general meeting, declare dividends (including interim dividends) to be paid to shareholders but for the avoidance of doubt no dividend shall be declared in excess of the amount recommended by the board of directors. The board of directors may also declare dividends. Dividends may be declared and paid out of funds lawfully available to PagSeguro Digital. Unless otherwise provided by the rights attached to shares and the Articles of Association of PagSeguro Digital, all dividends shall be paid in proportion to the number of Class A common shares or Class B common shares a shareholder holds at the date the dividend is declared (or such other date as may be set as a record date), except: (i) if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly; and (ii) where we have shares in issue which are not fully paid up (as to par value), we may pay dividends in proportion to the amounts paid up on each share.

The holders of Class A common shares and Class B common shares shall be entitled to share equally in any dividends that may be declared in respect of PagSeguro Digital's common shares from time to time. In the event that a dividend is paid in the form of Class A common shares or Class B common shares, or rights to acquire Class A common shares or Class B common shares: (i) the holders of Class A common shares shall receive Class A common shares, or rights to acquire Class A common shares, as the case may be; and (ii) the holders of Class B common shares shall receive Class B common shares, or rights to acquire Class B common shares, as the case may be.

Appointment, Disqualification and Removal of Directors

PagSeguro Digital is managed by its board of directors. The Articles of Association provide that, unless otherwise determined by a special resolution of shareholders, the board of directors will be composed of four to 11 directors, with the number being determined by a majority of the directors then in office. There are no provisions relating to retirement of directors upon reaching any age limit. The Articles of Association also provide that, while PagSeguro Digital's shares are admitted to trading on NYSE, the board of directors must always comply with the residency and citizenship requirements of the U.S. securities laws applicable to foreign private issuers.

The Articles of Association provide that directors shall be elected by an ordinary resolution of our shareholders, which requires the affirmative vote of a simple majority of the votes cast on the resolution by the shareholders entitled to vote who are present, in person or by proxy, at the meeting. Each director shall be appointed and elected for such term as the resolution appointing him or her may determine or until his or her death, resignation or removal.

PagSeguro Digital's directors are Luis Frias, Eduardo Alcaro, Maria Judith de Brito, Maria Carolina Ferreira Lacerda, Cleveland Prates Teixeira and Marcia Nogueira de Mello. Mr. Teixeira, Ms. Mello and Ms. Lacerda are "independent" as that term is defined under the applicable rules and regulations of the SEC and the listing standards of the NYSE.

Any vacancies on the board of directors that arise other than upon the removal of a director by resolution passed at a general meeting can be filled by the remaining directors (notwithstanding that they may constitute less than a quorum). Any such appointment shall be as an interim director to fill such vacancy until the next annual general meeting of shareholders.

Additions to the existing board (within the limits set pursuant to the Articles of Association) may be made by ordinary resolution of the shareholders.

Upon the completion by PagSeguro Digital of its IPO, the board of directors put in place an audit committee. See "Item 6. Directors, Senior Management and Employees—Audit Committee."

Grounds for Removing a Director

A director may be removed with or without cause by ordinary resolution. The notice of general meeting must contain a statement of the intention to remove the director and must be served on the director not less than ten calendar days before the meeting. The director is entitled to attend the meeting and be heard on the motion for his removal.

The office of a director will be vacated automatically if he or she (i) becomes prohibited by law from being a director, (ii) becomes bankrupt or makes an arrangement or composition with his creditors, (iii) dies or is in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director, (iv) resigns his office by notice to us, or (v) has for more than six months been absent without permission of the directors from meetings of the board of directors held during that period, and the remaining directors resolve that his or her office be vacated.

Proceedings of the Board of Directors

The Articles of Association provide that PagSeguro Digital's business is to be managed and conducted by the board of directors. The quorum necessary for the board meeting shall be a simple majority of the directors then in office (subject to there being a minimum of two directors present) and business at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a casting vote.

Subject to the provisions of the Articles of Association, the board of directors may regulate its proceedings as they determine is appropriate. Board meetings shall be held at least once every calendar quarter and shall take place either in São Paulo, Brazil or at such other place as the directors may determine.

Subject to the provisions of the Memorandum and Articles of Association, to any directions given by ordinary resolution of the shareholders and the listing rules of the NYSE, the board of directors may from time to time at its discretion exercise all powers of PagSeguro Digital, including, subject to the Companies Act, the power to issue debentures, bonds and other securities of the company, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party.

Inspection of Books and Records

Holders of PagSeguro Digital shares will have no general right under Cayman Islands law to inspect or obtain copies of the list of shareholders or corporate records of the Company. However, the board of directors may determine from time to time whether and to what extent PagSeguro Digital's accounting records and books shall be open to inspection by shareholders who are not members of the board of directors. Notwithstanding the above, the Articles of Association provide shareholders with the right to receive annual financial statements. Such right to receive annual financial statements may be satisfied by publishing the same on the company's website or filing such annual reports, as we are required to file with the SEC.

Register of Shareholders

Our registered Class A common shares are held through DTC, and DTC or Cede & Co., as nominee for DTC, is recorded in the shareholders' register as the holder of our Class A common shares.

Under Cayman Islands law, PagSeguro Digital must keep a register of shareholders that includes:

- the names and addresses of the shareholders, a statement of the class and number of shares held by each member, distinguish each share by its number (if such share has a number) and whether such shares carry voting rights, and of the amount paid or agreed to be considered as paid, on the shares of each member;
- the date on which the name of any person was entered on the register as a member; and

- the date on which any person ceased to be a member.

Under Cayman Islands law, the register of shareholders of PagSeguro Digital is *prima facie* evidence of the matters set out therein (i.e., the register of shareholders will raise a presumption of fact on the matters referred to above unless rebutted) and a shareholder registered in the register of shareholders is deemed as a matter of Cayman Islands law to have *prima facie* legal title to the shares as set against his or her name in the register of shareholders. The shareholders recorded in the register of shareholders should be deemed to have legal title to the shares set against their name.

If the name of any person is incorrectly entered in or omitted from the register of shareholders, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a shareholder of PagSeguro Digital, the person or member aggrieved (or any shareholder of PagSeguro Digital, or PagSeguro Digital itself) may apply to the Cayman Islands Grand Court for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register of shareholders.

Exempted Company

PagSeguro Digital is an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of shareholders is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

PagSeguro Digital is subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers. Except as otherwise disclosed in this annual report, PagSeguro Digital complies with the NYSE rules in lieu of following home country practice.

Anti-Takeover Provisions in our Memorandum and Articles of Association

Some provisions of the Memorandum and Articles of Association may discourage, delay or prevent a change in control of PagSeguro Digital or management that shareholders may consider favorable. In particular, the capital structure of PagSeguro Digital concentrates ownership of voting rights in the hands of UOL. These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of PagSeguro Digital to first negotiate with the board of directors. However, these provisions could also have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of the Class A common shares that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the management of PagSeguro Digital. It is possible that these provisions could make it more difficult to accomplish transactions that shareholders may otherwise deem to be in their best interests.

Two Classes of Common Shares

The Class B common shares of PagSeguro Digital are entitled to 10 votes per share, while the Class A common shares are entitled to one vote per share. Since it owns of all of the Class B common shares of PagSeguro Digital, UOL currently has the ability to elect all directors and to determine the outcome of most matters submitted for a vote of shareholders. This concentrated voting control could discourage others from initiating any potential merger, takeover, or other change of control transaction that other shareholders may view as beneficial.

So long as UOL has the ability to determine the outcome of most matters submitted to a vote of shareholders as well as the overall management and direction of PagSeguro Digital, third parties may be deterred in their willingness to make an unsolicited merger, takeover, or other change of control proposal, or to engage in a proxy contest for the election of directors. As a result, the fact that PagSeguro Digital has two classes of common shares may have the effect of depriving you as a holder of Class A common shares of an opportunity to sell your Class A common shares at a premium over prevailing market prices and make it more difficult to replace the directors and management of PagSeguro Digital.

Preferred Shares

PagSeguro Digital's board of directors is given wide powers to issue one or more classes or series of shares with preferred rights. Such preferences may include, for example, dividend rights, conversion rights, redemption privileges, enhanced voting powers and liquidation preferences.

Despite the anti-takeover provisions described above, under Cayman Islands law, PagSeguro Digital's board of directors may only exercise the rights and powers granted to them under the Memorandum and Articles of Association, for what they believe in good faith to be in the best interests of PagSeguro Digital.

Protection of Non-Controlling Shareholders

The Grand Court of the Cayman Islands may, on the application of shareholders holding not less than one fifth of the shares of PagSeguro Digital in issue, appoint an inspector to examine the Company's affairs and report thereon in a manner as the Grand Court shall direct.

Subject to the provisions of the Companies Act, any shareholder may petition the Grand Court of the Cayman Islands, which may make a winding up order, if the court is of the opinion that this winding up is just and equitable.

Notwithstanding the U.S. securities laws and regulations that are applicable to PagSeguro Digital, general corporate claims against PagSeguro Digital by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by PagSeguro Digital's Memorandum and Articles of Association.

The Cayman Islands courts ordinarily would be expected to follow English case law precedents, which permit a minority shareholder to commence a representative action against PagSeguro Digital, or derivative actions in PagSeguro Digital's name, to challenge: (i) an act which is *ultra vires* or illegal; (ii) an act which constitutes a fraud against the minority and the wrongdoers themselves control PagSeguro Digital; and (iii) an irregularity in the passing of a resolution that requires a qualified (or special) majority.

Registration Rights and Restricted Shares

Although no shareholders of PagSeguro Digital have formal registration rights, they or entities controlled by them or their permitted transferees will be able to sell their shares in the public market from time to time without registering them, subject to certain limitations on the timing, amount and method of those sales imposed by regulations promulgated by the SEC.

Principal Differences between Cayman Islands and U.S. Corporate Law

The Companies Act was modelled originally after similar laws in England and Wales but does not follow subsequent statutory enactments in England and Wales. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to PagSeguro Digital and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies.

For these purposes: (i) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company; and (ii) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by: (i) a special resolution of the shareholders of each constituent company; and (ii) such other authorization, if any, as may be specified in such constituent company's articles of association. The plan must be approved by the directors of each constituent company and filed with the Register of Companies of the Cayman Islands together with a declaration as to: (i) the solvency of the consolidated or surviving company; (ii) the merger or consolidation is bona fide and not intended to defraud unsecured creditors of the constituent companies; (iii) no petition or other similar proceeding has been filed and remains outstanding and no order or resolution to wind up the company in any jurisdiction; (iv) no receiver, trustee, administrator or similar person has been appointed in any jurisdiction and is acting in respect of the constituent company, its affairs or property; (v) no scheme, order, compromise or similar arrangement has been entered into or made in any jurisdiction with creditors; (vi) a list of the assets and liabilities of each constituent company; (vii) the non-surviving constituent company has retired from any fiduciary office held or will do so; (viii) that the constituent company has complied with any requirements under the regulatory laws, where relevant; and (ix) an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and published in the Cayman Islands Gazette.

Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, may be determined by the Cayman Islands' court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation, which is effected in compliance with these statutory procedures.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement in question is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder would have the right to express to the court the view that the transaction should not be approved, the court can be expected to approve the arrangement if it satisfies itself that:

- PagSeguro Digital is not proposing to act illegally or ultra vires and the statutory provisions as to majority vote have been complied with;
- the shareholders have been fairly represented at the meeting in question;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act or that would amount to a "fraud on the minority."

When a takeover offer is made and accepted by holders of 90.0% in value of the shares affected within four months, the offer or may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection may be made to the Grand Court of the Cayman Islands but is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction were thus approved, any dissenting shareholders would have no rights comparable to appraisal rights, which might otherwise ordinarily be available to dissenting shareholders of U.S. corporations and allow such dissenting shareholders to receive payment in cash for the judicially determined value of their shares.

Shareholders' Suits

Class actions are not recognized in the Cayman Islands, but groups of shareholders with identical interests may bring representative proceedings, which are similar. However, a class action suit could nonetheless be brought in a U.S. court pursuant to an alleged violation of U.S. securities laws and regulations.

In principle, PagSeguro Digital itself would normally be the proper plaintiff and as a general rule, whilst a derivative action may be initiated by a minority shareholder on behalf of PagSeguro Digital in a Cayman Islands court, such shareholder will not be able to continue those proceedings without the permission of a Grand Court judge, who will only allow the action to continue if the shareholder can demonstrate that PagSeguro Digital has a good case against the Defendant, and that it is proper for the shareholder to continue the action rather than the Company's board of directors. Examples of circumstances in which derivative actions would be permitted to continue are where:

- a company is acting or proposing to act illegally or beyond the scope of its authority;
- the act complained of, although not beyond the scope of its authority, could be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Corporate Governance

Cayman Islands law restricts transactions between a company and its directors unless there are provisions in the Memorandum and Articles of Association which provide a mechanism to alleviate possible conflicts of interest. Additionally, Cayman Islands law imposes on directors' duties of care and skill and fiduciary duties to the companies that they serve. Under PagSeguro Digital's Articles of Association, a director must disclose the nature and extent of his interest in any contract or arrangement, and following such disclosure and subject to any separate requirement under applicable law or the listing rules of the NYSE, and unless disqualified by the chairman of the relevant meeting, the interested director may vote in respect of any transaction or arrangement in which he or she is interested. The interested director shall be counted in the quorum at such meeting and the resolution may be passed by a majority of the directors present at the meeting.

Indemnification of Directors and Executive Officers and Limitation of Liability

The Companies Act does not limit the extent to which a company's articles of association may provide for indemnification of directors and officers, except to the extent that it may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. PagSeguro Digital's Articles of Association provide that we shall indemnify and hold harmless our directors and officers against all actions, proceedings, costs, charges, expenses, losses, damages, liabilities, judgments, fines, settlements and other amounts incurred or sustained by such directors or officers, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil, criminal or other proceedings concerning PagSeguro Digital or our affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to PagSeguro Digital's directors, officers or persons controlling the Company under the foregoing provisions, we have been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company. Accordingly, directors owe fiduciary duties to their company to act bona fide in what they consider to be the best interests of the company, to exercise their powers for the purposes for which they are conferred and not to place themselves in a position where there is a conflict between their personal interests and their duty to the company. Accordingly, a director owes a company a duty not to make a profit based on his or her position as director (unless the company permits him or her to do so) and a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. However, this obligation may be varied by the company's articles of association, which may permit a director to vote on a matter in which he has a personal interest provided that he has disclosed that nature of his interest to the board of directors. PagSeguro Digital's Articles of Association provides that a director must disclose the nature and extent of his or her interest in any contract or arrangement, and following such disclosure and subject to any separate requirement under applicable law or the listing rules of the NYSE, and unless disqualified by the chairman of the relevant meeting, such director may vote in respect of any transaction or arrangement in which he or she is interested and may be counted in the quorum at the meeting.

A director of a Cayman Islands company also owes to the company duties to exercise independent judgment in carrying out his functions and to exercise reasonable skill, care and diligence, which has both objective and subjective elements. Recent Cayman Islands case law confirmed that directors must exercise the care, skill and diligence that would be exercised by a reasonably diligent person having the general knowledge, skill and experience reasonably to be expected of a person acting as a director. Additionally, a director must exercise the knowledge, skill and experience which he or she actually possesses.

A general notice may be given by a director to the board of directors to the effect that: (i) the director is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm; or (i) he or she is to be regarded as interested in any contract or arrangement which may after the date of the notice to the board of directors be made with a specified person who is connected with him or her, will be deemed sufficient declaration of interest. This notice shall specify the nature of the interest in question. Following the disclosure being made pursuant to PagSeguro Digital's Articles of Association and subject to any separate requirement under applicable law or the listing rules of the NYSE, and unless disqualified by the chairman of the relevant meeting, a director may vote in respect of any transaction or arrangement in which he or she is interested and may be counted in the quorum at the meeting.

In comparison, under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself or herself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws. The board of directors may call a special meeting or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. PagSeguro Digital's Articles of Association provide that upon the requisition of one or more shareholders representing not less than one-third of the voting rights entitled to vote at general meetings, the board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. The Memorandum and Articles of Association provide no other right to put any proposals before annual general meetings or extraordinary general meetings.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, PagSeguro Digital's Articles of Association do not provide for cumulative voting. As a result, the shareholders of PagSeguro Digital are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

The office of a director shall be vacated automatically if, among other things, he or she (i) becomes prohibited by law from being a director, (ii) becomes bankrupt or makes an arrangement or composition with his creditors, (iii) dies or is in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director, (iv) resigns his office by notice to us, or (v) has for more than six months been absent without permission of the directors from meetings of the board of directors held during that period, and the remaining directors resolve that his/her office be vacated.

Transaction with Interested Shareholders

The Delaware General Corporation Law provides that; unless the corporation has specifically elected not to be governed by this statute, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that this person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting shares or who or which is an affiliate or associate of the corporation and owned 15% or more of the corporation's outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which the shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction, which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, PagSeguro Digital cannot avail itself of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that the board of directors owe duties to ensure that these transactions are entered into bona fide in the best interests of the company and for a proper corporate purpose and, as noted above, a transaction may be subject to challenge if it has the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up; Restructuring

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. If the dissolution is initiated by the board of directors it may be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority-voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company resolves by ordinary resolution that it be wound up because it is unable to pay its debts as they fall due. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Under the Companies Act, PagSeguro Digital may be dissolved, liquidated or wound up by a special resolution of shareholders (requiring a two-thirds majority vote). PagSeguro Digital's Articles of Association also give its board of directors authority to petition the Cayman Islands Court to wind up PagSeguro Digital.

Under the Companies Act, a company may present a petition to the Court for the appointment of a restructuring officer on grounds that (i) the company is (or is likely) to become unable to pay its debts and (ii) intends to present a compromise or arrangement to its creditors (or classes thereof). The Companies Act allows a petition to be presented by a company acting by its directors, without a resolution of its shareholders or an express power in its articles of association.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of that class, unless the certificate of incorporation provides otherwise. Under PagSeguro Digital's Articles of Association, if the share capital is divided into more than one class of shares, the rights attached to any class may only be varied with the written consent of the holders of two-thirds of the shares of that class or the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

Also, except with respect to share capital (as described above), alterations to PagSeguro Digital's Memorandum and Articles of Association may only be made by special resolution of shareholders (requiring a two-thirds majority vote).

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote, and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. Under Cayman Islands law, PagSeguro Digital's Memorandum and Articles of Association generally (and save for certain amendments to share capital described in this section) may only be amended by special resolution of shareholders (requiring a two-thirds majority vote).

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by PagSeguro Digital's Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on PagSeguro Digital's shares. In addition, there are no provisions in the Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

Transfer Agent and Registrar

American Stock Transfer & Trust Company, LLC maintains our shareholders' register and acts as our transfer agent, registrar and paying agent for the Class A common shares. The Class A common shares are traded on the NYSE in book-entry form. The transfer agent, registrar and paying agent's address is 6201 15th Avenue, Brooklyn, NY, 11219, and its telephone number is +1 (800) 937-5449 or +1 (718) 921-8124.

Material Contracts

For information concerning our material contracts, see "Item 4. Information on the Company," "Item 5. Operating and Financial Review and Prospects," "Item 6. Directors, Senior Management and Employees—Compensation" and Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions."

Exchange Controls and Other Limitations Affecting Security Holders

The Cayman Islands currently has no exchange control restrictions.

Taxation

The following summary contains a description of certain Cayman Islands and U.S. federal income tax consequences of the acquisition, ownership and disposition of our Class A common shares but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Class A common shares. The summary is based upon the tax laws of the Cayman Islands and regulations thereunder and on the tax laws of the United States and regulations thereunder at the date hereof, which are subject to change. Holders of our Class A common shares should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of Class A common shares.

Cayman Islands Tax Considerations

The Cayman Islands laws currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty or withholding tax applicable to us or to any holder of Class A common shares. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands. The Cayman Islands is not party to any double tax treaties, which are applicable to any payments made by or to our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

As a Cayman Islands exempted company with limited liability, we have received an undertaking from the Cabinet Office of the Cayman Islands, dated August 10, 2017, as to tax concessions pursuant to Section 6 of the Tax Concessions Act (2018 Revision). This undertaking provides that, for a period of 20 years from the date of issue of the undertaking, no law thereafter enacted in the Cayman Islands imposing any taxes to be levied on profits, income, gains or appreciation will apply to us or our operations and, in addition, no such tax shall be payable:

(i) on or in respect of our shares (including our Class A common shares), debentures or other obligations; or

(ii) by way of withholding in whole or in part of any payment of dividend or other distribution of income or capital to any holder of our shares (including our Class A common shares) or any payment of interest or other sums due under our debentures or other obligations.

There is no income tax treaty or convention currently in effect between the United States and the Cayman Islands.

U.S. Federal Income Tax Considerations

The following discussion describes certain U.S. federal income tax consequences of the purchase, beneficial ownership and disposition of our Class A common shares. This discussion deals only with Class A common shares that are held as capital assets for U.S. federal income tax purposes by a United States Holder (generally property held for investment).

As used herein, the term "United States Holder" means a beneficial owner of our Class A common shares that is, for U.S. federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if it (i) is subject to the primary supervision of a court within the United States and one or more United States persons (as defined in Section 7701(a)(30) of the Code (as defined below)) have the authority to control all substantial decisions of the trust, or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person (as defined in Section 7701(a)(30) of the Code (as defined below)).

This discussion is based upon provisions of the Internal Revenue Code of 1986, as amended, or the Code, its legislative history, existing final, temporary and proposed regulations, administrative pronouncements of the U.S. Internal Revenue Service, or the IRS, and judicial decisions thereunder at the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in this discussion, and there can be no assurance that the IRS will agree with these statements and conclusions.

This discussion does not represent a detailed description of the U.S. federal income tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws, including if you are:

- a dealer in securities or currencies;
- a bank or other financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a person holding our Class A common shares in a retirement account or other tax-deferred account;
- a tax-exempt organization;

- a person holding our Class A common shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person who owns directly, indirectly or constructively, 10% or more of our shares by vote or value;
- a partnership or other pass-through entity for U.S. federal income tax purposes; or
- a person whose "functional currency" is not the United States dollar.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our Class A common shares, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership considering an investment in our Class A common shares, you should consult your tax advisors as to the U.S. federal, state, local and non-U.S. tax consequences of the acquisition, beneficial ownership and disposition of our Class A common shares.

Except where specifically described below, this discussion assumes that we are not a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. See the discussion under "—Passive Foreign Investment Company" below.

This discussion does not contain a detailed description of all the U.S. federal income tax consequences to you in light of your particular circumstances and does not address the alternative minimum tax, net investment income tax consequences, or the effects of any state, local, non-United States tax laws or any estate and gift tax laws. If you are considering the purchase of our Class A common shares, you should consult your own tax advisors concerning the particular U.S. federal income tax consequences to you of the purchase, beneficial ownership and disposition of our Class A common shares, as well as the consequences to you arising under other U.S. federal tax laws and the laws of any other taxing jurisdiction.

Taxation of Dividends

Subject to the discussion under "—Passive Foreign Investment Company" below, the gross amount of distributions on the Class A common shares will be taxable as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, the distribution will first be treated as a tax-free return of capital, causing a reduction in the tax basis of the Class A common shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain recognized on a sale or exchange. We do not, however, expect to determine earnings and profits in accordance with U.S. federal income tax principles. Therefore, you should expect that a distribution generally will be reported as a dividend.

With respect to non-corporate United States Holders, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation so long as certain holding period and other requirements are met. A foreign corporation is treated as a qualified foreign corporation provided that: (i) the corporation was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a PFIC (as discussed below); and (ii) either (A) the corporation is eligible for the benefits of a comprehensive income tax treaty with the United States that the IRS has approved for purposes of the qualified dividend rules, or (B) the stock with respect to dividends paid by that corporation is readily tradable on an established securities market in the United States, such as the NYSE. Our Class A common shares are listed on the NYSE.

We believe that dividends we pay on our Class A common shares will meet the conditions required for the reduced tax rate. There can be no assurance, however, that our Class A common shares will be considered readily tradable on an established securities market in later years. Non-corporate United States Holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated (whether under a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. You should consult your own tax advisors regarding the application of these rules to your particular circumstances.

Any dividends that you receive will be includable in your gross income as ordinary income on the day actually or constructively received by you. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the Code.

Passive Foreign Investment Company

We do not expect to be a PFIC for the current taxable year or any future year, based on our current business plans. However, whether we are a PFIC will be determined annually based upon the composition and nature of our income, the composition, nature and valuation of our assets (including goodwill), all of which are subject to change, and which may be determined in large part by reference to the market value of our shares, which may be volatile, and our corporate structure and the classification for U.S. federal income tax purposes of our subsidiaries. The determination of whether we are a PFIC will also depend upon the application of complex U.S. federal income tax rules concerning the classification of our assets (including goodwill) and income for this purpose, and the application of these rules is uncertain in some respects. Moreover, the determination of the value of our assets (including goodwill and certain other intangible assets) may depend on our market capitalization, and that market capitalization may fluctuate. Accordingly, due to the lack of directly applicable authority regarding the foregoing, there can be no assurance that the IRS will not challenge any determination by us that we are not a PFIC.

Under the Code, we will be a PFIC for any taxable year in which, after the application of certain "look-through" rules with respect to subsidiaries, either (i) 50% or more of the average quarterly value of our assets consist of assets that produce, or are held for the production of, passive income (the "asset test"), or (ii) 75% or more of our gross income consists of passive income (the "income test"). For purposes of the asset test, any cash, including proceeds from the public offering, will generally be treated as a passive asset and the amount of cash held by us in any year will depend, in part, on when we spend the cash raised from the public offering and generated in our operations. Furthermore, to the extent any of our receivables are considered to give rise to passive income, such receivables will be considered passive assets for purposes of the asset test. In addition, the determination of our PFIC status will depend upon the nature of the assets acquired by us. Moreover, the determination of the value of our assets (including goodwill and certain other intangible assets) may depend on our market capitalization, and that market capitalization may fluctuate. Accordingly, there can be no assurance that we will satisfy the asset test in the current or any future year.

For purposes of the income test, passive income generally includes dividends, interest (including certain types of income that are equivalent to interest), royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person), as well as gains from the sale of assets (such as stock) that produce passive income, foreign currency gains, and certain other categories of income. If we own (directly or indirectly) at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of determining whether we are a PFIC, as owning our proportionate share of the other corporation's assets and as receiving directly our proportionate share of the other corporation's income.

If we are or become a PFIC for any taxable year during which you hold our Class A common shares and you do not make a timely mark-to-market election, as described below, you will be subject to special tax rules with respect to any "excess distribution" received on such Class A common shares and any gain realized from a sale or other disposition, including a pledge, of Class A common shares. Distributions received in a taxable year will be treated as excess distributions to the extent that they are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or your holding period for the Class A common shares. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the Class A common shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year for individuals or corporations, as applicable, and the interest charge (at the rate generally applicable to underpayments of tax) will be imposed on the resulting tax attributable to each such year.

Although the determination of whether we are a PFIC is made annually, if we are a PFIC for any taxable year in which you hold our Class A common shares, you generally will be subject to the special tax rules described above for that year and for each subsequent year in which you hold the Class A common shares (even if we do not qualify as a PFIC in such subsequent years). However, if we cease to be a PFIC, you can avoid the continuing impact of the PFIC rules by making a special election to recognize gain as if you had sold our Class A common shares for its fair market value on the last day of the last taxable year during which we were a PFIC. If such an election is made, any gain from the deemed sale is generally treated as an excess distribution. You are urged to consult your own tax advisor about this election.

In lieu of being subject to the special tax rules relating to PFICs and excess distributions discussed above, you may make a mark-to-market election with respect to our Class A common shares provided such Class A common shares are treated as "marketable stock." The Class A common shares generally will be treated as marketable stock if they are "regularly traded" on a "qualified exchange or other market" (within the meaning of the applicable Treasury regulations), such as the NYSE. Our Class A common shares are listed on the NYSE.

If you make an effective mark-to-market election, for each taxable year that we are a PFIC you will include as ordinary income the excess of the fair market value of our Class A common shares at the end of the year over your adjusted tax basis in the Class A common shares. You will be entitled to deduct as an ordinary loss in each such year the excess of your adjusted tax basis in the Class A common shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. Your adjusted tax basis in the Class A common shares will be increased by the amount of any income inclusions and decreased by the amount of any deductions under the mark-to-market rules. In addition, upon the sale or other disposition of our Class A common shares in a year that we are a PFIC, any gain will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount of previously included income as a result of the mark-to-market election. If you make a mark-to-market election, the tax rules that apply to distributions by corporations that are not PFICs would apply to distributions by us, except that the reduced rate discussed above under "—Taxation of Dividends" would not apply.

If you make a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the Class A common shares are no longer regularly traded on a qualified exchange or other market, or the IRS consents to the revocation of the election. You are urged to consult your tax advisor about the availability of the mark-to-market election, and whether making the election would be advisable in your particular circumstances.

Alternatively, you can sometimes avoid the special tax rules described above by electing to treat a PFIC as a "qualified electing fund" under Section 1295 of the Code. However, this option is not available to you because we do not intend to comply with the requirements necessary to permit you to make this election in the event that we are or become a PFIC.

If we are a PFIC for any taxable year during which you hold our Class A common shares and any of our non-United States subsidiaries is also a PFIC, you will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of the PFIC rules. A United States Holder may not make a mark-to-market election with respect to the shares of any lower-tier PFIC. Thus, the mark-to-market election is not available to mitigate the adverse tax consequences attributable to any lower-tier PFIC.

You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.

You generally will be required to file Internal Revenue Service Form 8621 if you hold our Class A common shares in any year in which we are classified as a PFIC. You are urged to consult your tax advisors concerning the U.S. federal income tax consequences of holding Class A common shares if we are considered a PFIC in any taxable year.

Sale, Exchange or Other Taxable Disposition

For U.S. federal income tax purposes, you will recognize taxable gain or loss on any sale or exchange of the Class A common shares in an amount equal to the difference between the amount realized for the Class A common shares and your adjusted tax basis in the Class A common shares. Your initial tax basis in the Class A common shares will be the U.S. dollar value of the purchase price determined on the date of purchase. Subject to the discussion under "—Passive Foreign Investment Company" above, such gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if you have held the Class A common shares for more than one year. Long-term capital gains of non-corporate United States Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you generally will be treated as U.S.source gain or loss.

Information Reporting and Backup Withholding

In general, information reporting will apply to dividends in respect of our Class A common shares and the proceeds from the sale, exchange or other disposition of our Class A common shares that are paid to you within the United States (and in certain cases, outside the United States), unless you are an exempt recipient. Backup withholding may apply to such payments if you fail to provide a taxpayer identification number or certification of exempt status or fail to report in full dividend and interest income. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is timely furnished to the IRS.

In addition, if you are an individual, you should be aware that additional reporting requirements apply (including a requirement to file IRS Form 8938, Statement of Specified Foreign Assets) with respect to the holding of certain foreign financial assets, including stock of foreign issuers which is not held in an account maintained by certain financial institutions, if the aggregate value of all of such assets exceeds US$50,000 at the end of the taxable year or US$75,000 at any time during the taxable year. The thresholds are higher for individuals living outside of the United States and married couples filing jointly. You are encouraged to consult your own tax advisors regarding the application of the information reporting rules to the Class A common shares and the application of these additional reporting requirements to your particular situation.

YOU ARE ENCOURAGED TO CONSULT YOUR OWN INDEPENDENT TAX ADVISORS TO DETERMINE THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE ACQUISITION, BENEFICIAL OWNERSHIP AND DISPOSITION OF CLASS A COMMON SHARES.

Dividends and Payments Agents

Not applicable.

Statements by Experts

Not applicable.

Documents on Display

Statements contained in this annual report regarding the contents of any contract or other document are not necessarily complete, and, where the contract or other document is an exhibit to the annual report, each of these statements is qualified in all respects by the provisions of the actual contract or other documents.

We are subject to the informational requirements of the Exchange Act that are applicable to foreign private issuers. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. You may inspect and copy the reports and other information to be filed with the SEC at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington D.C. 20549. Copies of the materials may be obtained from the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. The public may obtain information on the operation of the SEC's Public Reference Room by calling the SEC in the United States at 1-800-SEC-0330. In addition, the SEC maintains an internet website at http://www.sec.gov, from which you can electronically access the registration statement and its materials.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements and our executive officers, directors and principal shareholders are exempt from reporting and short swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

You may request a copy of our SEC filings, at no cost, by contacting us at our investor relations office at Av. Brigadeiro Faria Lima, 1384, 4º andar, parte A, São Paulo, SP, 01451-001, Brazil. Our investor relations office can be reached at +55 11 3914-9524.

Subsidiary Information

Not applicable.

Common Shares Eligible for Future Sale

As of March 31, 2023, PagSeguro Digital had 209,148,718 Class A common shares (including treasury shares), par value of US$0.000025 per share, issued and outstanding, and 120,459,508 Class B common shares, par value of US$0.000025 per share, issued and outstanding.

Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our activities expose us to a variety of financial risks: foreign exchange risk, interest rate risk, fraud risk (chargebacks), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See Note 26 to our audited consolidated financial statements.

Among the main market risk factors that may affect the PagSeguro business are the following:

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Company's risk is mainly related to POS purchases, PagSeguro Tecnologia, BCPS, PSGP Mexico, PagSeguro Colombia, PagSeguro Chile and PagSeguro Peru that have revenues in other currencies and cash and cash equivalents maintained in other countries.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to the risk of changes in market interest rates arises primarily from financial investments and deposits both subject to variable interest rates, principally the CDI rate. For further details, see Note 26 of our financial statements, where a sensitivity analysis of the interest rate risks is presented as of December 31, 2022.

In addition, margins can be affected due to interest rate fluctuation mainly for our prepayment business when we advance receivables to our merchants. Cash is our raw material for this product and if the costs spike, we need to reprice the product to reflect the new cost base. However sometimes the repricing does not occur at the same time of the cost increase or does not achieve the same level, and consequently, the margin may decrease.

Fraud Risk (Chargebacks)

Our sales transactions are susceptible to potentially fraudulent or improper sales. We use the following two main procedures to control fraud risk:

The first procedure consists of monitoring, on a real time basis, transactions carried out using credit and debit cards and *boletos* through an anti-fraud system. This process approves or rejects suspicious transactions at the time of the authorization, based on statistical models that are revised on an ongoing basis.

The second procedure detects chargebacks and disputes not identified by the first procedure. This is a complementary procedure and increases our ability to avoid and manage chargebacks.

Credit Risk

Credit risk is managed on a group basis. This risk is limited to the possibility of default by (i) card issuers, who are required to transfer the fees charged for transactions carried out by their card holders to the credit and debit card schemes, (ii) acquirers, which we use to approve transactions with card issuers, and (iii) analyses for our customers' background to provide access to credit portfolio.

In order to mitigate this risk, PagSeguro Brazil has established a Credit and Liquidity Risk Committee, whose responsibility is to assess the level of risk of each card issuer served by us, classifying them into three groups:

(i) card issuers presenting a low level of risk, who have credit ratings assigned by Fitch, S&P or Moody's and who do not require additional monitoring;

(ii) card issuers presenting a medium level of risk, who are monitored in accordance with Basel requirements and property, plants and equipment ratios; and

(iii) card issuers presenting a high level of risk, who are assessed by the Credit and Liquidity Risk Committee at monthly meetings.

We have a rating process for loans and credit based on statistical application models (in the early stages of customer relationships) and behavior scoring (used for customers who already have a relationship history). This includes a process for designing, calibrating and implementing policies and guidelines for granting credit and calibrating collection rules. Our approach also involves a process for monitoring the portfolio's risk profile, with a prospective view, which generates early warning alerts to the credit granting policies and risk classification models in a timely manner.

No credit limits were exceeded in 2022, 2021 or 2020. Management does not expect any losses from non-performance by these counterparties in addition to the amounts already recognized as chargebacks, presented as fraud risk.

Liquidity Risk

We manage liquidity risk by maintaining cash reserves, positive working capital and bank credit lines on receivables from issuing banks. We continuously monitor actual and projected cash flows, and match the maturity profile of our financial assets and liabilities in order to ensure we have sufficient funds to honor our obligations to third parties and meet our operational needs.

We invest surplus cash in interest-bearing financial investments, choosing instruments with appropriate maturity or sufficient liquidity to provide adequate margins as determined by the forecasts.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

None.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

On January 23, 2018, we commenced our IPO. On January 26, 2018, we closed our IPO, pursuant to which we issued and sold 50,925,642 Class A common shares and UOL sold 70,267,746 Class A common shares. Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC acted as the representatives of the underwriters in our IPO. The 121,193,388 registered Class A common shares were sold to the public at a price of US$21.50 per Class A common share, for an aggregate price of US$2,265,789,433. We incurred approximately US$5.3 million in expenses related to our IPO and paid approximately US$91.2 million in underwriting discounts and commissions.

On June 18, 2018, we commenced our follow-on offering. On June 26, 2018, we closed our follow-on offering, pursuant to which we issued and sold 11,550,000 Class A common shares and UOL sold 24,400,000 Class A common shares. Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC acted as the underwriters in our June 2018 follow-on offering. The 35,950,000 registered Class A common shares were sold to the public at a price of US$29.25 per Class A common share, for an aggregate price of US$1,110,037,500. We incurred approximately US$1.8 million in expenses related to our June 2018 follow-on offering and paid approximately US$7.9 million in underwriting discounts and commissions.

On October 16, 2019, we commenced our follow-on offering by our selling shareholder, UOL. On October 21, 2019, we closed our follow-on offering, pursuant to which UOL sold 16,750,000 Class A common shares. Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC acted as the as the representatives of the underwriters in our October 2019 follow-on offering. The 16,750,000 registered Class A common shares were sold to the public at a price of US$39.00 per Class A common share, for an aggregate price of US$653,250,000. The expenses related to our October 2019 follow-on offering and the underwriting discounts and commissions were paid by UOL.

The net proceeds to PagSeguro Digital from the sale of Class A common shares in our January 2018 IPO and June 2018 follow-on offering were approximately US$1,045.8 million and US$328.1 million, respectively, after deducting underwriting discounts and commissions and estimated expenses payable by us.

To date, we have used our net proceeds from our January 2018 IPO and June 2018 follow-on offering to finance working capital, particularly the early payment of receivables feature that we offer merchants, and to fund future selective acquisitions and investments in businesses, technologies or products that are complementary to our business. We currently plan to continue using our net proceeds from our January 2018 IPO and June 2018 follow-on offering for the same purposes. Any remaining net proceeds will be used for other general corporate purposes. Our management will have broad discretion in allocating the net proceeds from our January 2018 IPO and June 2018 follow-on offering.

We did not receive any proceeds from the sale of common shares by UOL in our January 2018 IPO June 2018 follow-on offering and October 2019 follow-on offering.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We have evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of December 31, 2022. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Our management, including our Principal Executive Officer and Chief Financial and Investor Relations Officer and Chief Accounting Officer, are responsible for establishing and maintaining our disclosure controls and procedures. These controls and procedures were designed to ensure that information relating to us required to be disclosed in the reports that we file under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We evaluated these disclosure controls and procedures under the supervision of our Principal Executive Officer and Chief Financial and Investor Relations Officer and Chief Accounting Officer as of December 31, 2022. Based on this evaluation, our Principal Executive Officer and Chief Financial and Investor Relations Officer and Chief Accounting Officer concluded that our disclosure controls and procedures were adequate and effective.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting.

Our internal control over financial reporting is a process designed by, or under the supervision of, our Principal Executive Officer and our Chief Financial and Investor Relations Officer and Chief Accounting Officer, and effected by our board of directors, management and other employees, and is designed to provide reasonable assurance regarding the reliability of financial reporting and of the preparation of our consolidated financial statements for external purposes, in accordance with IFRS, as issued by the IASB.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with our policies or procedures may deteriorate.

Our management has assessed the effectiveness of internal control over financial reporting as of December 31, 2022, based on the criteria established in Internal Controls—Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment and criteria, our management has concluded that our internal control over financial reporting was effective as of December 31, 2022.

The effectiveness of our internal control over financial reporting as of December 31, 2022 has been audited by PricewaterhouseCoopers Auditores Independentes Ltda., an independent registered public accounting firm, as stated in their report included elsewhere in this annual report.

Attestation Report of the Registered Public Accounting Firm

PricewaterhouseCoopers Auditores Independentes Ltda., the independent registered public accounting firm that has audited our consolidated financial statements, has issued a report on the effectiveness of our internal control over financial reporting as of December 31, 2022. This report appears on page F-3 of this annual report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the year ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

At our board meeting held on January 8, 2018, we established an audit committee, as defined under section 3(a)(58) of the Exchange Act. On January 30, 2022, we held a board meeting and deliberated about the resignation of Noemia Gushiken from her position as an independent director as the audit committee financial expert, both of which became effective as of January 2, 2023. At the same board meeting, the board appointed Maria Carolina Ferreira Lacerda to replace Noemia Gushiken as an independent director, as well as the audit committee financial expert, both also becoming effective as of January 2, 2023. Our board of directors has determined that Maria Carolina Ferreira Lacerda qualifies as an "audit committee financial expert" as defined for the purposes of this Item 16A in Item 16 of Form 20-F. Maria Carolina Ferreira Lacerda is an "independent director" within the meaning of the SEC rules. For more information, see "Item 6. Directors, Senior Management and Employees—Audit Committee."

ITEM 16B. CODE OF ETHICS

We consider ethics to be an essential value for our reputation and longevity. PagSeguro Digital, including all of our employees, is subject to UOL's Code of Ethics and Conduct and UOL's Code of Ethics and Conduct – Mobbing and Sexual Harassment, which we refer to, together with UOL's Code of Ethics and Conduct, as the Code of Ethics. We will report each year under Item 16B of our annual report on Form 20-F any waivers of the Code of Ethics, in favor of our principal executive officer, chief financial officer, principal accounting officer and persons performing similar functions. The Code of Ethics governs all relations between companies in the UOL group and their stakeholders (shareholders, clients, employees, suppliers, service providers, governments, communities and society). A copy of the Code of Ethics has been filed with this annual report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit and Non-Audit Fees

The following table sets forth the fees billed to us by our independent registered and public accounting firm during the years ended December 31, 2022 and 2021. Our independent accounting firm was PricewaterhouseCoopers Auditores Independentes Ltda. for the years ended December 31, 2022 and December 31, 2021.

	Year ended December 31,	
	2022	**2021**
	(in thousands of *reais*)	
Audit fees(1)	5,994.6	5,201.8
Total	**5,994.6**	**5,201.8**

(1) "Audit Fees" include fees for: (i) the audit of our annual consolidated financial statements for the years ended December 31, 2022 and 2021 prepared in accordance with IFRS, as issued by the IASB; (ii) the review of our interim financial statements for the three-month periods ended March 31, 2022 and 2021, for the six-month periods ended June 30, 2022 and 2021 and for the nine-month periods ended September 30, 2022 and 2021.

Audit Committee Pre-Approval Policies and Procedures

In accordance with the requirements of the US Sarbanes-Oxley Act of 2002 and rules issued by the SEC, in connection with the establishment of our audit committee (which was undertaken as a result of our IPO in January 2018), we introduced a procedure for the review and pre-approval of any services performed by our independent auditors, including audit services, audit related services, tax services and other services. The procedure requires that all proposed engagements of our independent auditors for audit and permitted non-audit services are submitted to the audit committee for approval prior to the beginning of any such services.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On October 30, 2018, we announced the adoption of our share repurchase program in an aggregate amount of up to US$250 million. Our share repurchase program went into effect in the fourth quarter of 2018 and does not have a fixed expiration date. The program may be executed in compliance with Rule 10b-18 under the Exchange Act.

The table below summarizes the repurchases we made in the periods indicated.

Month	Total Number of Class A Common Shares Purchased	Average Price Paid Per Class A Common Share (R$)[2][3]	Total Number of Class A Common Shares Purchased as Part of Share Repurchase Program	Approximate Dollar Value of Class A Common Shares that May Yet Be Purchased Under Share Repurchase Program[1] (US$, in millions)
January 2022	670,477	139.73	3,422,897	163.6
February 2022	0		3,422,897	163.6
March 2022	0		3,422,897	163.6
April 2022	0		3,422,897	163.6
May 2022	0		3,422,897	163.6
June 2022	0		3,422,897	163.6
July 2022	1,707,350	57.54	5,130,247	145.5
August 2022	0		5,130,247	145.5
September 2022	0		5,130,247	145.5
October 2022	0		5,130,247	145.5
November 2022	1,671,240	52.47	6,801,487	128.9
December 2022	231,560	51.58	7,033,047	126.6

(1) Our share repurchase program, which was adopted in October 2018 authorized the repurchase in an aggregate amount of up to US$250 million with no fixed expiration date.
(2) Not including brokerage fees.
(3) For convenience purposes only, amounts in reais in this column have been translated from U.S. dollars using a weighted average rate of R$ 5.69 to US$1.00 at January 2022, R$ 5.42 at July 2022, R$ 5.27 at November 2022 and R$ 5.20 at December 2022 as reported by the Central Bank . These translations should not be construed as representations that the U.S. dollar amounts have been, could have been or could be converted into *reais* at that or at any other exchange rate.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Significant Differences between our Current Corporate Governance Practices and the U.S. Corporate Governance Standards

We are subject to the NYSE corporate governance listing standards. As a foreign private issuer, however, the standards applicable to us are considerably different from the standards that apply to U.S. listed companies. Under the NYSE rules, as a foreign private issuer, we may follow the "home country" practice of the Cayman Islands, except that we are required to: (i) have an audit committee or audit board that meets certain requirements, pursuant to an exemption available to foreign private issuers (subject to the phase-in rules described above under "Item 6. Directors, Senior Management and Employees—Audit Committee"); (ii) to provide prompt certification by our chief executive officer of any material non-compliance with any corporate governance rules; and (iii) to provide a brief description of the significant differences between our corporate governance practices and the NYSE corporate governance practice required to be followed by U.S. listed companies.

A summary of the significant differences between our corporate governance practices and those required of U.S. listed companies is included below.

Majority of Independent Directors

The NYSE rules applicable to U.S. companies require a majority of the board of directors to be comprised of independent directors. Independence is defined by various criteria, including the absence of a material relationship between the director and the listed company. This is not required by the laws of the Cayman Islands. While our directors meet the qualification requirements of Cayman corporate law, we do not believe that a majority of our directors would be considered independent under the NYSE test for director independence. Currently, three of our directors, Maria Carolina Ferreira Lacerda, Marcia Nogueira Mello and Cleveland Prates Teixeira, are independent.

Compensation committee

The NYSE rules applicable to U.S. companies require the company to have, and to certify that it has and will continue to have, a compensation committee composed entirely of independent directors and governed by a written charter addressing the committee's required purpose and detailing its required responsibilities. This is not required by the laws of the Cayman Islands. Our board of directors is responsible for determining the individual compensation of each executive officer, as well as the compensation of our board and committee members. In making such determinations, the board will review the performance of our executive officers, including the performance of our principal executive officer, who will be required to excuse him- or herself from discussions regarding his or her performance and compensation.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTION THAT PREVENTS INSPECTIONS

Not applicable.

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

See pages F-1 through F-54, filed as part of this annual report.

ITEM 19. EXHIBITS

No.	Description
1.1	Memorandum and Articles of Association of the Registrant (incorporated by reference to Exhibit 3.1 of Form F-1/A filed on January 10, 2018).
2.1	Description of Securities Registered under Section 12 of the Exchange Act.
4.1†	English translation of the Agreement for the Supply of Equipment – PIN pad Terminals, dated as of June 26, 2014, among PAX BR Comercio de Equipamentos de Informática Ltda., CIS Eletrônica Indústria e Comércio Ltda., and Net+Phone Telecomunicações Ltda., including 1st Addendum to the Agreement for the Supply of Equipment, dated as of October 21, 2014, among PAX BR Comercio de Equipamentos de Informática Ltda., CIS Eletrônica Indústria e Comércio Ltda., Densam da Amazônia Industria Eletrônica Ltda., and Net+Phone Telecomunicações Ltda.; 2nd Addendum to the Agreement for the Supply of Equipment, dated as of July 3, 2015, among PAX BR Comercio de Equipamentos de Informática Ltda., CIS Eletrônica Indústria e Comércio Ltda., Densam da Amazônia Industria Eletrônica Ltda., Transire Fabricação de Componentes Eletrônicos Ltda., and Net+Phone Telecomunicações Ltda.; 3rd Addendum to the Agreement for the Supply of Equipment, dated as of October 8, 2015, among PAX BR Comercio de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda., and Net+Phone Telecomunicações Ltda.; Statement of Liability for the Application Signer's Use on PAX Terminals, dated as of March 9, 2016, among PAX BR Comercio de Equipamentos de Informática Ltda. and Net+Phone Telecomunicações Ltda.; 4th Addendum to the Agreement for the Supply of Equipment, dated as of May 20, 2016, among PAX BR Comercio de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda., and Net+Phone Telecomunicações Ltda.; 5th Addendum to the Agreement for the Supply of Equipment, dated as of December 9, 2016, among PAX BR Comercio de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda., and Net+Phone Telecomunicações Ltda.; 6th Addendum to the Agreement for the Supply of Equipment, dated as of February 6, 2017, among PAX BR Comercio de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda., and Net+Phone Telecomunicações Ltda. (incorporated by reference to Exhibit 10.1 of Form F-1 filed on December 26, 2017).
4.2†	English translation of 7th Addendum to the Agreement for the Supply of Equipment, dated as of August 25, 2017, among Net+Phone Telecomunicações Ltda., PAX BR Comércio e Serviços de Equipamentos de Informática Ltda. and Transire Fabricação de Componentes Eletrônicos Ltda. (incorporated by reference to Exhibit 4.2 of Form 20-F filed on April 16, 2019).
4.3†	English translation of 8th Addendum to the Agreement for the Supply of Equipment, dated as of November 5, 2019, among Net+Phone Telecomunicações Ltda., PAX BR Comércio e Serviços de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda. and PagSeguro Internet Ltda. (incorporated by reference to Exhibit 4.3 of Form 20-F filed on April 27, 2021).
4.4†	English translation of 9th Addendum to the Agreement for the Supply of Equipment, dated as of October 1, 2020, among Net+Phone Telecomunicações Ltda., PAX BR Comércio e Serviços de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda. and PagSeguro Internet Ltda. (incorporated by reference to Exhibit 4.4 of Form 20-F filed on April 27, 2021).
4.5†	English translation of 10th Addendum to the Agreement for the Supply of Equipment, dated as of July 20, 2021, among Net+Phone Telecomunicações Ltda., PAX BR Comércio e Serviços de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda.,PagSeguro Internet Ltda., Transire Fabricacao de Componentes Eletronicos Ltda. and Tec Toy S.A. (incorporated by reference to Exhibit 4.5 of Form 20-F filed on May 2, 2022).
4.6†	English translation of 11th Addendum to the Agreement for the Supply of Equipment, dated as of March 18, 2022, among Net+Phone Telecomunicações Ltda., PAX BR Comércio e Serviços de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda.,PagSeguro Internet Ltda., Transire Fabricacao de Componentes Eletronicos Ltda. and Tec Toy S.A. (incorporated by reference to Exhibit 4.6 of Form 20-F filed on May 2, 2022).
4.7†	English translation of 12th Addendum to the Agreement for the Supply of Equipment, dated as of May 16, 2022, among Net+Phone Telecomunicações Ltda., PAX BR Comércio e Serviços de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda.,PagSeguro Internet Ltda., Transire Fabricacao de Componentes Eletronicos Ltda. and Tec Toy S.A.

4.8†	English translation of 13th Addendum to the Agreement for the Supply of Equipment, dated as of May 23, 2022, among Net+Phone Telecomunicações Ltda., PAX BR Comércio e Serviços de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda.,PagSeguro Internet Ltda., Transire Fabricacao de Componentes Eletronicos Ltda. and Tec Toy S.A.
4.9†	English translation of 14th Addendum to the Agreement for the Supply of Equipment, dated as of September 27, 2022, among Net+Phone Telecomunicações Ltda., PAX BR Comércio e Serviços de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda.,PagSeguro Internet Ltda., Transire Fabricacao de Componentes Eletronicos Ltda. and Tec Toy S.A.
4.10†	English translation of 15th Addendum to the Agreement for the Supply of Equipment, dated as of October 25, 2022, among Net+Phone Telecomunicações Ltda., PAX BR Comércio e Serviços de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda.,PagSeguro Internet Ltda., Transire Fabricacao de Componentes Eletronicos Ltda. and Tec Toy S.A.
4.11†	English translation of 16th Addendum to the Agreement for the Supply of Equipment, dated as of August 22, 2022, among Net+Phone Telecomunicações Ltda., PAX BR Comércio e Serviços de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda.,PagSeguro Internet Ltda., Transire Fabricacao de Componentes Eletronicos Ltda. and Tec Toy S.A.
4.12†	English translation of 17th Addendum to the Agreement for the Supply of Equipment, dated as of December 29, 2022, among Net+Phone Telecomunicações Ltda., PAX BR Comércio e Serviços de Equipamentos de Informática Ltda., Transire Fabricação de Componentes Eletrônicos Ltda.,PagSeguro Internet Ltda., Transire Fabricacao de Componentes Eletronicos Ltda. and Tec Toy S.A.
4.13†*	License Agreement, dated as of June 18, 2015, between MasterCard International Incorporated and PagSeguro Internet Ltda., including the Acceptance Letter, dated as of June 18, 2015, from MasterCard International Incorporated to PagSeguro Internet Ltda.; the Summary of Licenses Granted, dated as of June 18, 2015; and Supplement to MasterCard License Agreement, effective as of March 11, 2015, between MasterCard International Incorporated and Pagseguro S.A. (incorporated by reference to Exhibit 10.6 of Form F-1 filed on December 26, 2017).
4.14†	Amendment and Restatement to the Supplement to the License Agreement, dated as of October 7, 2020, between MasterCard International Incorporated and PagSeguro Internet S.A. (incorporated by reference to Exhibit 4.15 of Form 20-F filed on April 27, 2021).
4.15†	English Translation of Incentive Agreement for Optimization of the debit card base, dated December 1, 2021, between Mastercard and PagSeguro (incorporated by reference to Exhibit 4.18 of Form 20-F filed on May 2, 2022).
4.16†	English Translation of the First Amendment to the Incentive Agreement for Optimization of the debit card base, dated November 1, 2022, between Mastercard and PagSeguro.
4.17†*	English translation of the Service Agreement, dated as of January 1, 2017, between PagSeguro Internet S.A. and UOL Diveo Tecnologia Ltda., including Commercial Proposal – Managed Services – OPT-17/21628, dated as of January 1, 2017, from UOL Diveo Tecnologia Ltda. to PagSeguro Internet Ltda.; and Technical Proposal – IT Asset Management and Monitoring, dated as of January 1, 2017, from UOL Diveo Tecnologia Ltda. to PagSeguro Internet Ltda. (incorporated by reference to Exhibit 10.7 of Form F-1 filed on December 26, 2017).
4.18†*	English translation of Technical Proposal – Colocation – Patch Panel – OPT 19/27381-A, dated as of August 30, 2019, from UOL Diveo Tecnologia Ltda. to PagSeguro Internet Ltda.; and Commerial Proposal – Pageguro – Glete Interconnections (4 UTPs 4 Fibers) – OPT 19/27381, dated as of August 30, 2019, from UOL Diveo Tecnologia Ltda. to PagSeguro Internet Ltda.; both related to the Service Agreement, dated as of January 1, 2017, between PagSeguro Internet S.A. and UOL Diveo Tecnologia Ltda. (incorporated by reference to Exhibit 4.13 of Form 20-F filed on April 22, 2020).
4.19*	Visa Payment Arrangements Participation and Trademark License Agreement, dated as of August 24, 2015, between Visa do Brasil Empreendimentos Ltda. and PagSeguro Internet Ltda. (incorporated by reference to Exhibit 10.8 of Form F-1 filed on December 26, 2017).
4.20*	First Amendment to the Visa Payment Arrangements Participation and Trademark License Agreement, dated as of July 3, 2017, between Visa do Brasil Empreendimentos Ltda. and PagSeguro Internet Ltda. (incorporated by reference to Exhibit 4.10 of Form 20-F filed on April 16, 2019).

4.21*	Advertising Space Assignment Agreement for Insertion of Advertisements, dated as of August 1, 2015, by and between Universo Online S.A. and PagSeguro Internet Ltda., including 1st Addendum to the Advertising Space Assignment Agreement for Insertion of Advertisements, dated as of January 1, 2017 and UOL – Table of Prices – August 2016. (incorporated by reference to Exhibit 10.9 of Form F-1 filed on December 26, 2017).
4.22	English translation of the Long-Term Incentive Plan (LTIP) Restricted Shares Plan – Universo Online S.A., dated as of July 29, 2015. (incorporated by reference to Exhibit 10.10 of Form F-1 filed on December 26, 2017).
4.23	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.11 of Form F-1 filed on December 26, 2017).
4.24	English translation of the Long-Term Incentive Plan – Goals (LTIP-Goals) – PagSeguro Internet S.A., dated as of December 18, 2018 and ratified on August 7, 2019, February 21, 2020 and January 19, 2021., (incorporated by reference to Exhibit 4.23 of Form 20-F filed on April 27, 2021).
4.25†	English translation of Software Development and Implantation Services Agreement, dated as of July 15, 2019, between PagSeguro Internet S.A. and Compasso Tecnologia Ltda., including Service Agreement for Financial Conciliation System, dated as of August 13, 2019, between PagSeguro Internet S.A. and Compasso Tecnologia Ltda.; Technical/Commercial Proposal – PagSeguro – Squad 1 – Financial Conciliation System – PS-20190725.10v2, dated August 7, 2019; Service Agreement for API Development, dated as of August 13, 2019, between PagSeguro Internet S.A. and Compasso Tecnologia Ltda.; Technical/Commercial Proposal – PagSeguro – Squad 2 – API Development – PS-20190725-11v2; and Annex II – Information Security and Data Protection of the Contractor (incorporated by reference to Exhibit 10.3 of Form F-3/ASR filed on October 15, 2019).
4.26†	English translation of the 25th Amendment to the Software Development and Implantation Services Agreement, dated as of September 6, 2022, between PagSeguro Internet S.A. and Compasso Uol Tecnologia Ltda. (formerly known as Compasso Tecnologia Ltda.).
4.27†	English translation of the 26th Amendment to the Software Development and Implantation Services Agreement, dated as of September 16, 2022, between PagSeguro Internet S.A. and Compasso Uol Tecnologia Ltda. (formerly known as Compasso Tecnologia Ltda.).
4.28†	English translation of the 29th Amendment to the Software Development and Implantation Services Agreement, dated as of November 21, 2022, between PagSeguro Internet S.A. and Compasso Uol Tecnologia Ltda. (formerly known as Compasso Tecnologia Ltda.).
4.29†	English translation of Service Agreement No. 3, dated as of November 5, 2019, between PagSeguro Internet S.A. and Compasso Tecnologia Ltda.; Technical/Commercial Proposal – PagSeguro – Squad – Data Engineering – PS-20190930-DATENG-v4, dated November 1, 2019; Service Agreement No. 04, dated December 3, 2019, between PagSeguro Internet S.A. and Compasso Tecnologia Ltda.; Technical/Commercial Proposal – PagSeguro – Squad – Merchant APP – PS-20190930-MERAPP-v5, dated November 14, 2019; 1st Amendment Service Agreement, dated as of December 4, 2019, between PagSeguro Internet S.A. and Compasso Tecnologia Ltda.; Technical/Commercial Proposal – Increment AS 01 – Financial Conciliation Squad – PS-20191126-SYSADMIN-v2, dated December 4, 2019, Service Agreement No. 4, dated January 9, 2020, between PagSeguro Internet S.A. and Compasso Tecnologia Ltda.; and Technical/Commercial Proposal – PagSeguro – Data Specialists – PS-20191016-DATSPC-v2, dated November 18, 2019; all related to the Software Development and Implantation Services Agreement, dated as of July 15, 2019, between PagSeguro Internet S.A. and Compasso Tecnologia Ltda. (incorporated by reference to Exhibit 4.22 of Form 20-F filed on April 22, 2020).
4.30†	English translation of Service Agreement No. 5, dated as of January 9, 2020, between PagSeguro Internet S.A. and Compasso Tecnologia Ltda.; Service Agreement No. 19, dated as of September 28, 2020, between PagSeguro Internet S.A. and Compasso Tecnologia Ltda.; and Technical/Commercial Proposal – PagSeguro – Data Specialists – PS-20208026-V1, dated September 25, 2020; all related to the Software Development and Implantation Services Agreement, dated as of July 15, 2019, between PagSeguro Internet S.A. and Compasso Tecnologia Ltda. (incorporated by reference to Exhibit 4.28 of Form 20-F filed on April 27, 2021).
4.31†	English Translation Software Implementation and Development Service Agreement, dated October 28, 2021, between PagSeguro Internet S.A. and Compasso Tecnologia Ltda. (incorporated by reference to Exhibit 4.33 of Form 20-F filed on May 2, 2022).

4.32†	English Translation Software Implementation and Development Service Agreement, dated November 27, 2021, between PagSeguro Internet S.A. and Compasso Tecnologia Ltda. (incorporated by reference to Exhibit 4.34 of Form 20-F filed on May 2, 2022).
4.33†	MasterCard Bonus Program and Strategic Alliance Agreement, dated as of July 1, 2020, between MasterCard do Brasil Solucoes de Pagamentos Ltda. and PagSeguro Internet S.A., (incorporated by reference to Exhibit 4.31 of Form 20-F filed on April 27, 2021).
4.34†	First Amendment to the MasterCard Bonus Program and Strategic Alliance Agreement, dated as of February 14, 2022, between MasterCard do Brasil Solucoes de Pagamentos Ltda. and PagSeguro Internet S.A.
4.35†	English translation of the AWS Cloud Agreement, dated as of January 1, 2017, among UOL Diveo Tecnologia Ltda., and PagSeguro Internet S.A.
4.36†	English translation of the Instrument for Assignment of the AWS Cloud Agreement, dated as of February 4, 2021, among UOL Diveo Tecnologia Ltda., Compasso Informática S.A. and PagSeguro Internet S.A. (incorporated by reference to Exhibit 4.33 of Form 20-F filed on April 27, 2021).
4.37†	English translation of the First Amendment to the AWS Cloud Agreement, dated as of August 18, 2020, between UOL Diveo Tecnologia Ltda. and PagSeguro Internet S.A. (incorporated by reference to Exhibit 4.32 of Form 20-F filed on April 27, 2021).
4.38†	English translation of the Third Amendment to the AWS Cloud Agreement, dated as of September 3, 2021, between UOL Diveo Tecnologia Ltda., PagSeguro Internet S.A., Registraseguro S.A. and Compasso Informatica S.A.
4.39†	English translation of the Fourth Amendment to the AWS Cloud Agreement, dated as of October 25, 2022, between Pagseguro Internet Instituição de Pagamento S.A., Registraseguro S.A., and Compass.UOL S.A.
4.40†	English translation of the Second Amendment to Purchase Order No. 19-09362 (Exhibit of the AWS Cloud Agreement), dated as of April 16, 2021, between UOL Diveo Tecnologia Ltda. and PagSeguro Internet S.A.
4.41†	English translation of Acquisition Agreement with respect to the acquisition of Google Cloud services, dated as of March 1, 2021, between UOL Diveo Tecnologia Ltda. and PagSeguro Internet S.A. (incorporated by reference to Exhibit 4.34 of Form 20-F filed on April 27, 2021).
4.42†	English Translation of Service Agreement and Other Covenants, dated as of November 7, 2019, between Pagseguro Internet S.A. and Invillia Desenvolvimento de Produtos Digitais Ltda. (incorporated by reference to Exhibit 4.43 of Form 20-F filed on May 2, 2022).
4.43†	English Translation of the First Amendment to the Service Agreement and Other Covenants, dated as of August 18, 2020, between Pagseguro Internet S.A. and Invillia Desenvolvimento de Produtos Digitais Ltda. (incorporated by reference to Exhibit 4.44 of Form 20-F filed on May 2, 2022).
4.44†	English Translation of the Second Amendment to the Service Agreement and Other Covenants, dated as of August 20, 2020, between Pagseguro Internet S.A. and Invillia Desenvolvimento de Produtos Digitais Ltda. (incorporated by reference to Exhibit 4.45 of Form 20-F filed on May 2, 2022).
4.45†	English Translation of the Third Amendment to the Service Agreement and Other Covenants, dated as of April 22, 2021, between Pagseguro Internet S.A. and Invillia Desenvolvimento de Produtos Digitais Ltda. (incorporated by reference to Exhibit 4.46 of Form 20-F filed on May 2, 2022).
4.46†	English Translation of the Fourth Amendment to the Service Agreement and Other Covenants, dated as of August 13, 2021, between Pagseguro Internet S.A. and Invillia Desenvolvimento de Produtos Digitais Ltda. (incorporated by reference to Exhibit 4.47 of Form 20-F filed on May 2, 2022).
4.47†	English Translation of the Long-term Incentive Plan, dated as of December 20, 2021 (incorporated by reference to Exhibit 4.48 of Form 20-F filed on May 2, 2022).
4.48†	English Translation of the Software Implementation and/or Development Services Agreement (No. 0119/22), dated as of March 22, 2022, between Pagseguro Internet S.A. and Everymind Consultoria e Sistemas Ltda.
4.49†	English Translation of the PAX Store License Agreement, dated as of September 19, 2022, between Pagseguro Internet Instituição de Pagamentos S.A. and PAX Technology Limited.

8.1	Subsidiaries of PagSeguro Digital Ltd.
11.1	English translation of the UOL Code of Ethics and Conduct, dated as of June 2022.
11.2	English translation of the UOL Code of Ethics and Conduct – Mobbing and Sexual Harassment (incorporated by reference to Exhibit 11.2 of Form 20-F filed on May 2, 2022).
12.1	Certification of Ricardo Dutra da Silva, Principal Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification of Artur Schunck, Chief Financial and Investor Relations Officer and Chief Accounting Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification of Ricardo Dutra da Silva, Principal Executive Officer, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2	Certification of Artur Schunck, Chief Financial and Investor Relations Officer and Chief Accounting Officer, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1	Consent of PricewaterhouseCoopers Auditores Independentes Ltda.

† Certain identified confidential information has been redacted fromthis exhibit because: (i) it is not material; and (ii) it would be competitively harmful ifpublicly disclosed.

(*) References to PagSeguro Internet Ltda. should be interpreted as PagSeguro Internet S.A.

GLOSSARY OF TERMS

"ABECS" means the Brazilian Association of Credit Card and Services Companies (*Associação Brasileira de Empresas de Cartões de Crédito e Serviços*).

"acquirer" means a payment institution that does not manage payment accounts, but enables merchants to accept payment cards issued by a payment institution or by a financial institution that participates in a card scheme. The acquirer receives the card transaction details from the merchant's terminal, passes them to the card issuer via the card scheme for authorization, and completes the processing of the transaction. The acquirer arranges settlement of the card transaction and credits the merchant's bank account with the funds in accordance with its service agreement with the merchant. The acquirer also deals with any chargebacks that may be received via the card issuer regarding consumer transactions with merchants.

"active merchant" means a merchant that has completed at least one transaction during the 12 months prior to a specified date.

"average spending per active merchant" is calculated by dividing our total TPV for a specified period by the average number of active merchants in such period.

"*boleto*" means a printable document issued by merchants that is used to make payments in Brazil. *Boletos* can be used to pay bills for products or services, utilities or taxes. Each *boleto* refers to a specific merchant and customer transaction, and includes the merchant's name, customer information, expiration date and total amount due, plus a serial number that identifies the account to be credited and a barcode so the entire document can be read and processed by a Brazilian ATM. A *boleto* can be paid in cash at a bank teller, at an ATM, or by bank transfer. PagSeguro's payment platform and merchant account can be used to pay *boletos*.

"card scheme" means a payment network using payment cards, such as debit or credit cards. Any bank or any other eligible institution can become a member of a card scheme, allowing it to issue payment cards operating on the card scheme. The card scheme passes card transaction details from the acquirer to the issuer and passes payments back to the acquirer, which in turn pays the merchant. MasterCard and Visa are major card schemes.

"Chargeback" refers to a claim where the consumer makes a purchase using a payment card and subsequently requests a reversal of the transaction amount from the card issuer on the basis of a commercial claim (for example, if the goods are not delivered, or are delivered damaged). Chargebacks occur more frequently in online transactions than in in-person transactions, and more frequently for goods than for services.

"Chargebacks related to fraudulent transactions" refers to chargebacks where the consumer's request for a reversal of the transaction amount is related to an illegitimate transaction.

"DigitalServices" means DigitalServices.Uol S.A., a company focused on IT infrastructure management services and cloud computing as well as the development of software and services to promote digital transformation.

"FIDC" means *Fundo de Investimento em Direitos Creditórios* (Fund for Investment in Receivables), a type of investment fund established under Brazilian law composed of receivables.

"GPRS" means "General Packet Radio Service," a packet-based wireless communication service on the 2G and 3G cellular communication systems that provides continuous connection to the internet for mobile phone and computer users.

"Grupo Folha" means the group of companies that have a minority interest in the preferred shares, without voting rights, of OFL Participações S.A., the controlling shareholder of UOL, and as such, the indirect controlling shareholder of PagSeguro Digital. The newspaper Folha de S. Paulo and the research company Datafolha, which conducts statistical surveys, election polling and opinion and market surveys for the market at large, are a part of Grupo Folha.

"IBGE" means the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatistica*).

"Individual Micro Entrepreneurs" refers to businesses that are classified as such in accordance with the standard segmentation of Brazilian businesses by size under Brazilian Law No. 123/2006, known as the General Law on Micro and Small Enterprises, as amended, and the Brazilian tax code. This classification refers to businesses with annual gross revenues of up to R$81,000.

"Large Companies" refers to legal entities with annual gross revenues in excess of R$78 million. This commonly used definition in Brazil refers to companies that are not eligible for the deemed profit (*lucro presumido*) taxation regime under Brazilian Law No. 9,718/1998, as amended.

"MDR" means merchant discount rate, a commission that we withhold from the transaction value paid to the merchant.

"meal voucher card" refers to a labor benefit included in Brazilian employment contracts, where employers provide cash for employee meals on a tax-efficient basis. The employer deposits the benefit to a prepaid card held by the employee, and the employee can use the balance on the card to make purchases in restaurants and grocery stores.

"Medium-Sized Companies" refers to legal entities with annual gross revenues of between R$4.8 million and R$78 million. This commonly used definition in Brazil refers to companies that are eligible for the deemed profit (*lucro presumido*) taxation regime under Brazilian Law No. 9,718/1998, as amended.

"Micro Companies" refers to legal entities with annual gross revenues of up to R$360,000, as determined in accordance with the standard segmentation of Brazilian businesses by size under Brazilian Law No. 123/2006, known as the General Law on Micro and Small Enterprises, as amended, and the Brazilian tax code.

"Micro-Merchant" means Micro Companies and Individual Micro Entrepreneurs.

"Mobile Payments" refers to the payment method where a mobile phone is used to complete payment (with payment information being transmitted in real time), instead of simply as an alternative channel to send payment instructions.

"mPOS" means mobile POS. mPOS devices are similar to POS devices, but they require the merchant's cell phone in order to function and accept payments. mPOS devices connect to a merchant's cell phone network by Bluetooth. As an example, the Minizinha is an mPOS device.

"NetPOS" means NetPOS Serviços de Informática S.A., an information technology company, which specializes in the development and licensing of software related to store front commercial automation and provides us with a set of solutions for our merchants to perform sales management, inventory control, financial reporting and tax issuing.

"NFC" means near-field communication.

"Portal do Empreendedor" means the Entrepreneur's Portal – Individual Micro Entrepreneur (*Portal do Empreendedor – Microempreendedor Individual*), a Brazilian government web portal for Individual Micro Entrepreneurs.

"PagBank active user" means a merchant that has completed at least one transaction in addition to acquiring activities during the 12 months prior to a specified date or a consumer that has either a positive balance in his or her free PagBank digital account or has completed at least one transaction with PagBank during the 12 months prior to a specified date.

"PNAD" means the Brazilian National Household Sample Survey (*Pesquisa Nacional por Amostra de Domicílios*).

"POS" means point of sale. POS devices allow merchants to accept payments where a sale is made, whether inside an establishment or outside on the street. POS includes mPOS, although various features differentiate the two systems. As an example, the Moderninha Pro is a POS device.

"SEBRAE" means the Brazilian Micro and Small Businesses Support Service (*Serviço Brasileiro de Apoio às Micro e Pequenas Empresas*).

"Small Companies" refers to legal entities that are classified as such in accordance with the standard segmentation of Brazilian businesses by size under Brazilian Law No. 123/2006, known as the General Law on Micro and Small Enterprises, as amended, and the Brazilian tax code. This classification refers to businesses with annual gross revenues of between R$360,000 and R$4.8 million.

"SMEs" refers to Small Companies and Medium-Sized Companies.

"TPV" means total payment volume, being the value of payments successfully processed through our end-to-end digital banking ecosystem, net of payment reversals.

"unique active account" means the account of an active merchant (as defined above) or of a consumer who has: (i) completed at least one transaction during the 12 months prior to a specified date, (ii) a positive balance in his or her free PagBank digital account, or (iii) completed at least one transaction with PagBank during the 12 months prior to a specified date.

"unique visitor" refers to a person who visits a website at least once in a predetermined time period, typically 30 days. Each visitor to the website is only counted once during the relevant period (i.e., if the same IP address accesses the website several times, it only counts as one visitor).

"UOL" means Universo Online S.A., a Brazilian *sociedade por ações* and the controlling shareholder, of PagSeguro Digital. Founded in 1996, UOL is Brazil's largest internet content, digital products and services company. UOL's majority shareholder is OFL Participações S.A., a holding company controlled by Luis Frias.

"UOL EdTech" means Uol Edtech Tecnologia Educacional S/A (currently in the process of internal reorganization), an online education platform.

"UOL Group" means the group of companies controlled by UOL, which includes, among others Uol Edtech and DigitalServices.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant, PagSeguro Digital Ltd., hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of São Paulo, Brazil, on April 28, 2023.

PagSeguro Digital Ltd.

By:	/s/ Artur Schunck
Name:	Artur Schunck
Title:	Chief Financial Officer, Chief Accounting Officer and Investor Relations Officer

PagBank PagSeguro

Results 2022

As of December 31, 2022 and 2021 and Report of Independent Registered Public Accouting Firm

PagSeguro Digital Ltd.

Consolidated Financial Statements



5 YEARS PAGS LISTED NYSE



PagSeguro Digital Ltd.

Consolidated Financial Statements

As of December 31, 2022 and 2021

Contents

Report of Independent Registered Public Accounting Firm (PCAOB ID 1351) F-3
Management's Report on Internal Control over Financial Reporting F-6

Consolidated Financial Statements

Consolidated Balance Sheets F-7
Consolidated Statements of Income F-9
Consolidated Statements of Comprehensive Income F-10
Consolidated Statements of Changes in Equity F-11
Consolidated Statements of Cash Flows F-12
Notes to the Consolidated Financial Statements F-13



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
PagSeguro Digital Ltd.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of PagSeguro Digital Ltd. and its subsidiaries (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition

As described in Note 2.15 to the consolidated financial statements, revenue comprises mainly fees charged for the electronic intermediation of the purchases made through the Company's electronic platform, and financial income mostly related to early payments made to merchants. Revenues from the intermediation transactions are recognized when the purchase transaction is approved by the financial institutions (card issuers) and the Company's performance obligation related to the electronic validation of the transaction is completed, while financial income is recognized when the payment to the merchant is anticipated. The Company recorded during the year ended December 31, 2022 as "revenue from transaction activities and other services", substantially related to electronic intermediation fees, and "financial income", mostly related to early payments to merchants, the amounts of R$ 8,906,406 thousand and R$ 6,252,735 thousand, respectively, as described in Note 23 to the consolidated financial statements.

The principal considerations for our determination that performing procedures relating to revenue recognition is a critical audit matter are (i) the complex information technology environment used to process a high volume of transactions with individually low amounts, resulting in a significant volume of data being extracted from the systems of the Company which needs to be reconciled with general ledger before being used for the audit procedures purpose and (ii) effort in performing audit procedures and in evaluating audit evidence considering the high volume and nature of data.

Our approach to addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included understanding and testing the effectiveness of controls relating to revenue recognition process. The procedures also included, among others, (1) reconciliation of the data extracted from the systems with the general ledger, (2) performing audit procedures over the information technology general controls of the Company's systems, (3) test the mathematical accuracy of the revenue recognized as a percentage of the transactions selected, also testing if the percentages applied for these transactions were in accordance with the applicable agreements, (4) performing, on a sample basis, cash collection inspection for the transactions selected and (5) evaluating the sufficiency of the Company's disclosures.

Measurement of Expected Credit Losses for Loans and Credit Card Receivables

As described in Notes 2.6, 3.2 and 8 to the consolidated financial statements, management measures the expected credit losses at the probability-weighted estimate of credit losses, which involves management's judgment, as set forth in IFRS 9 - Financial Instruments. As at December 31, 2022, the expected credit losses on (i) loans and (ii) credit card receivables were R$ 521,929 thousand and R$ 451,285 thousand, respectively. The balance of (i) loans and (ii) credit card receivables as at December 31, 2022, was R$ 743,379 thousand and R$ 1,112,510 thousand, respectively. Management calculates expected credit losses ('ECL') using collective models, probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD'). The ECL measurement is based on management's estimate of present value expected to be received, which uses assumptions as the historical loss experience, credit quality and guarantees, economic factors and estimated future cash flows. In this assessment, management has considered forward-looking information, changes in macroeconomic scenarios, impacting the calculation model for provisioning expected credit losses.

The principal considerations for our determination that performing procedures relating to the measurement of expected credit losses is a critical audit matter are (i) there was significant judgment used by management in determining the expected credit losses, considering the severity of past due loans and credit card receivables during the current year and also the significant assumptions used in determining the PD, EAD and LGD, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and in evaluating audit evidence obtained relating to these significant assumptions; and (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in evaluating those significant assumptions.



Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included understanding and testing the effectiveness of controls relating to management's measurement of expected credit losses, which included controls over the assumptions used. These procedures also included, among others: (i) the involvement of professionals with specialized skill and knowledge to assist in testing management's process for determining the expected credit losses, including evaluating the appropriateness of the methodology and models, testing the accuracy and completeness of data used, and evaluating the reasonableness of significant assumptions; (ii) the analysis of management's accounting policies in comparison with IFRS 9; and (iii) evaluating the sufficiency of the Company's disclosures.

São Paulo,
March 2, 2023

/s/PricewaterhouseCoopers Auditores Independentes Ltda.
We have served as the Company's auditor since 2020.

Management's Report on Internal Control over Financial Reporting

The management of PagSeguro Digital Ltd. and subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting.

The Company's internal control over financial reporting is a process under the supervision of the co-chief executive officer and chief financial officer and effected by the Company's Statutory Audit Committee, the Company's Board of Directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with and in compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's internal control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with and in compliance with IFRS as issued by the IASB and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2022, is based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that assessment, management has concluded that, as of December 31, 2022 the Company's internal control over financial reporting is effective.

São Paulo
February 28, 2023.

/s/ Alexandre Magnani	/s/ Artur Schunck
Alexandre Magnani	Artur Gaulke Schunck
Chief Executive Officer	Chief Financial Officer

	Note	December 31, 2022	2021
Assets			
Current assets			
Cash and cash equivalents	6	**1,829,097**	1,794,362
Financial investments	7	**1,103,299**	782,647
Accounts receivable	8	**36,248,589**	23,428,522
Inventories		**13,281**	49,537
Tax receivable	9	**410,801**	469,490
Other receivables		**162,011**	194,776
Total current assets		**39,767,078**	26,719,334
Non-current assets			
Accounts receivable	8	**745,546**	228,880
Judicial deposits		**44,855**	40,224
Deferred income tax and social contribution	20	**99,411**	120,762
Other receivables		**18,509**	11,710
Investment		**1,651**	15,666
Property and equipment	12	**2,493,499**	2,289,052
Intangible assets	13	**2,158,773**	1,650,176
Total non-current assets		**5,562,244**	4,356,470
Total assets		**45,329,322**	31,075,804

The accompanying notes are an integral part of these consolidated financial statements.

	Note	December 31, 2022	2021
Liabilities and equity			
Current Liabilities			
Payables to third parties	14	**17,988,139**	13,217,150
Deposits	15	**10,100,599**	3,056,444
Borrowings	19	**—**	1,005,787
Derivative Financial Instruments	26	**22,289**	14,317
Trade payables		**449,102**	578,004
Payables to related parties	10	**593,906**	543,621
Salaries and social security charges	16	**292,778**	259,724
Taxes and contributions	17	**89,779**	63,934
Provision for contingencies	18	**46,233**	27,653
Deferred revenue	2.15	**126,042**	162,566
Other liabilities		**31,484**	73,719
Total current liabilities		**29,740,351**	19,002,919
Non-current liabilities			
Payables to third parties	14	**84,759**	—
Deposits	15	**1,894,689**	77,552
Deferred income tax and social contribution	20	**1,564,228**	1,391,760
Provision for contingencies	18	**14,370**	13,910
Deferred revenue	2.15	**17,486**	17,300
Other liabilities		**171,313**	70,165
Total non-current liabilities		**3,746,845**	1,570,687
Total liabilities		**33,487,196**	20,573,606
Equity			
Share capital	21	**26**	26
Treasury shares	21	**(475,354)**	(285,011)
Capital reserve	21	**6,102,573**	6,076,286
Retained earnings	21	**6,237,392**	4,732,624
Equity valuation adjustments	21	**(22,372)**	(22,372)
Other comprehensive income	21	**(139)**	645
Total equity		**11,842,126**	10,502,198
Total liabilities and equity		**45,329,322**	31,075,804

The accompanying notes are an integral part of these consolidated financial statements.

	Note	For the year ended December 31, 2022	2021	2020
Revenue from transaction activities and other services	23	**8,906,406**	6,784,806	4,508,719
Financial income	23	**6,252,735**	3,514,425	2,177,360
Other financial income	23	**175,773**	149,491	128,594
Total revenue and income		**15,334,914**	10,448,722	6,814,673
Cost of sales and services	24	**(7,470,895)**	(5,775,895)	(3,772,298)
Selling expenses	24	**(1,946,075)**	(1,523,908)	(617,463)
Administrative expenses	24	**(668,679)**	(877,559)	(563,893)
Financial expenses	24	**(3,151,552)**	(790,635)	(109,232)
Other income (expenses), net	24	**(338,397)**	7,302	22,904
Profit before income taxes		**1,759,316**	1,488,027	1,774,691
Current income tax and social contribution	20	**(60,718)**	(119,801)	(62,840)
Deferred income tax and social contribution	20	**(193,830)**	(201,942)	(419,551)
Income tax and social contribution		**(254,548)**	(321,743)	(482,391)
Net income for the year		**1,504,768**	1,166,284	1,292,300
Attributable to:				
Equity holders of the parent		**1,504,768**	1,166,102	1,291,658
Non-controlling interests		**—**	182	642
Basic earnings per common share - R$	22	**4.6002**	3.5303	3.9225
Diluted earnings per common share - R$	22	**4.5705**	3.5105	3.9163

The accompanying notes are an integral part of these consolidated financial statements.

	For the year ended December 31,		
	2022	**2021**	**2020**
Net income for the year	**1,504,768**	1,166,284	1,292,300
Other comprehensive income that may be reclassified to the statement of income in subsequent years			
Currency translation adjustment	**(677)**	(117)	959
Loss on investments designated at fair value through OCI	**(162)**	411	(421)
Income tax and social contribution	**55**	(140)	143
Other comprehensive income for the year	**1,503,984**	1,166,438	1,292,981
Attributable to			
Equity holders of the parent	**1,503,984**	1,166,256	1,292,339
Non-controlling interests	—	182	642
Net income for the year	**1,503,984**	1,166,438	1,292,981

The accompanying notes are an integral part of these consolidated financial statements.

	Note	Share capital	Treasury shares	Capital reserve	Capital reserve: Share-based long-term incentive plan (LTIP)	Profit reserve: Retained earnings	Equity valuation adjustments	Other comprehensive income	Total	Non-controlling interests	Total equity
At December 31, 2019		26	(41,267)	5,686,255	95,248	2,274,864	(22,372)	(190)	7,992,564	22,384	8,014,948
Net income for the year		—	—	—	—	1,291,658	—	—	1,291,658	642	1,292,300
Currency translation adjustment		—	—	—	—	—	—	959	959	—	959
Loss on financial assets through OCI		—	—	—	—	—	—	(278)	(278)	—	(278)
Non-controlling		—	—	—	—	—	—	—	—	(10,913)	(10,913)
Shares issued		—	—	3,834	(3,834)	—	—	—	—	—	—
Share based long termincentive plan (LTIP)		—	—	—	75,218	—	—	—	75,218	—	75,218
Acquisition oftreasury shares		—	(44,775)	—	—	—	—	—	(44,775)	—	(44,775)
(LTIP) oftreasury shares		—	72,433	—	(72,433)	—	—	—	—	—	—
At December 31, 2020		26	(13,609)	5,690,089	94,199	3,566,522	(22,372)	491	9,315,346	12,113	9,327,459
Net income for the year		—	—	—	—	1,166,102	—	—	1,166,102	182	1,166,284
Currency translation adjustment		—	—	—	—	—	—	(117)	(117)	—	**(117)**
Loss on financial assets through OCI		—	—	—	—	—	—	271	271	—	271
Non-controlling		—	—	—	—	—	—	—	—	(12,295)	(12,295)
Shares issued		—	—	138,665	(138,665)	—	—	—	—	—	—
Share based long termincentive plan (LTIP)		—	—	—	305,408	—	—	—	305,408	—	305,408
Acquisition oftreasury shares		—	(284,812)	—	—	—	—	—	(284,812)	—	(284,812)
(LTIP) oftreasury shares		—	13,410	—	(13,410)	—	—	—	—	—	—
At December 31, 2021		26	(285,011)	5,828,754	247,532	4,732,624	(22,372)	645	10,502,198	—	10,502,198
Net income for the year	21	—	—	—	—	**1,504,768**	—	—	**1,504,768**	—	**1,504,768**
Currency translation adjustment	21	—	—	—	—	—	—	**(677)**	**(677)**	—	**(677)**
Loss on financial assets through OCI	21	—	—	—	—	—	—	**(107)**	**(107)**	—	**(107)**
Share based long termincentive plan (LTIP)	21	—	—	—	**127,389**	—	—	—	**127,391**	—	**127,391**
Acquisition oftreasury shares	21	—	**(291,445)**	—	—	—	—	—	**(291,445)**	—	**(291,445)**
(LTIP) oftreasury shares	21	—	**101,102**	—	**(101,102)**	—	—	—	—	—	—
At December 31, 2022		**26**	**(475,354)**	**5,828,754**	**273,819**	**6,237,392**	**(22,372)**	**(139)**	**11,842,126**	—	**11,842,126**

The accompanying notes are an integral part of these consolidated financial statements.

	Note	For the year ended December 31, 2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income taxes		**1,759,316**	1,488,027	1,774,691
Expenses (revenues) not affecting cash:				
Depreciation and amortization	24	**1,130,690**	768,593	376,335
Total losses	24	**984,487**	664,268	288,309
Accrual of provision for contingencies	18	**37,276**	25,938	6,409
Share based long term incentive plan (LTIP)		**127,391**	370,629	122,870
Reversal of taxes and contributions		**—**	(4,638)	(84,294)
Loss on disposal of property, equipment, intangible and investment assets		**270,901**	28,393	19,465
Derivative Financial Instruments, net	15	**22,289**	5,952	—
Interest accrued		**592,146**	230,555	17,222
Other (income) cost, net		**6,355**	103,667	(18,185)
Changes in operating assets and liabilities				
Accounts receivable		**(17,853,689)**	(9,303,060)	(5,586,919)
Financial investments (mandatory guarantee)		**(157,419)**	(84,534)	43,229
Inventories		**36,257**	(132,398)	31,602
Taxes recoverable		**154,273**	(36,565)	(206,221)
Other receivables		**26,050**	(62,084)	(78,744)
Deferred revenue		**(36,338)**	(33,689)	145,005
Other liabilities		**68,266**	(17,312)	67,669
Payables to third parties		**4,847,629**	2,940,739	4,173,264
Trade payables		**(133,846)**	243,585	72,328
Receivables from related parties		**9,787**	471,585	38,250
Deposits		**9,006,018**	2,276,041	758,003
Salaries and social charges		**33,054**	(8,091)	7,605
Taxes and contributions		**25,829**	(11,499)	(34,438)
Provision for contingencies		**(24,234)**	(17,763)	(1,127)
		932,488	(93,661)	1,932,328
Income tax and social contribution paid		**(89,899)**	(76,782)	(46,384)
Interest income received, net		**2,706,375**	1,068,450	266,719
NET CASH PROVIDED BY OPERATING ACTIVITIES		**3,548,964**	898,007	2,152,663
CASH FLOWS FROM INVESTING ACTIVITIES				
Amount paid on acquisitions, net of cash acquired		**—**	(43,367)	(345,602)
Purchases of property and equipment	12	**(1,096,059)**	(972,274)	(1,522,769)
Purchases and development of intangible assets	13	**(1,040,337)**	(779,555)	(523,785)
Redemption (Acquisition) of financial investments		**(48,134)**	324,247	530,667
NET CASH USED IN INVESTING ACTIVITIES		**(2,184,530)**	(1,470,949)	(1,861,489)
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowings	19	**250,000**	1,012,086	—
Payment of borrowings		**(1,213,144)**	—	—
Payment of borrowings Interest		**(56,931)**	—	—
Acquisition of treasury shares	21	**(291,445)**	(257,992)	(44,774)
Payment of leases		**(18,179)**	(15,148)	—
Capital increase by non-controlling shareholders		**—**	(11,708)	(10,289)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		**(1,329,699)**	**727,238**	(55,064)
INCREASE IN CASH AND CASH EQUIVALENTS		**34,735**	**154,297**	236,110
Cash and cash equivalents at the beginning of the year		**1,794,362**	1,640,065	1,403,955
Cash and cash equivalents at the end of the year		**1,829,097**	1,794,362	1,640,065

The accompanying notes are an integral part of these consolidated financial statements.

1. General information

PagSeguro Digital Ltd. ("PagSeguro Digital" or the "Company") is a holding company with its principal executive offices located in Cayman Islands, subsidiary of Universo Online S.A. ("UOL"), referred to, together with its subsidiaries, as the "PagSeguro Group", was incorporated on July 19, 2017. A total of 99.99% of the shares of PagSeguro Internet Instituição de Pagamento S.A. ("PagSeguro Brazil") were contributed to PagSeguro Digital on January 4, 2018 and PagSeguro Digital maintains control of PagSeguro Brazil.

PagSeguro Brazil is a privately held corporation established on January 20, 2006, and engages in providing financial technology solutions and services and corresponding related activities, focused principally on micro-merchants and small and medium-sized businesses ("SMEs").

On March 18, 2021, PagSeguro Group constituted a holding company incorporated under PagSeguro Digital called PagSeguro Holding Ltd ("PSHC"). Additionally, during the third quarter of 2021, PagSeguro Group established four new subsidiaries under PSHC: PagSeguro Chile SPA ("PagSeguro Chile"), PagSeguro Colombia S.A.S ("PagSeguro Colombia"), PSGP México S.A de C.V. ("PSGP Mexico") and PagSeguro Peru S.A.C. ("PagSeguro Peru").

In June 2022, Boa Compra Tecnologia Ltda., changed its name to PagSeguro Tecnologia Ltda. ("PagSeguro Tecnologia"), as part of a marketing strategy to bring the entity closer to PagSeguro's brand.

The subsidiaries of PagSeguro Digital are PagSeguro Brazil, PagSeg Participações Ltda. ("PagSeg"), BS Holding Financeira Ltda. ("BS Holding") and PSHC. The PagSeguro Group subsidiaries are as follows:

- PagSeguro Brazil subsidiaries are PagSeguro Biva Securitizadora de Créditos Financeiras S.A. ("Biva Sec"), Fundo de Investimento em Direitos Creditórios – PagSeguro ("FIDC"), RegistraSeguro S.A. ("RegistraSeguro"), Wirecard Brazil Instituição de Pagamento S.A. ("MOIP") and Concil Inteligência em Conciliação S.A ("Concil").
- PagSeg subsidiaries are Net+Phone Telecomunicações Ltda. ("Net+Phone"), PagSeguro Tecnologia, BCPS Online Services Lda. ("BCPS"), CDS Serviços Financeiros Ltda. ("CDS"), PagSeguro Biva Serviços Financeiros Ltda. ("Biva Serviços") and PagBank Participações Ltda ("PagBank").
- PagBank subsidiaries are Tilix Digital Ltda. ("TILIX"), YAMÍ Software & Inovação Ltda. ("YAMÍ") and Zygo Serviços de Tecnologia S.A. ("ZYGO").
- PSHC subsidiaries are PagSeguro Chile, PagSeguro Colombia, PagSeguro Peru and PSGP México.
- BS Holding subsidiary are BancoSeguro S.A. ("Bancoseguro") and Paginvest CTVM Ltda. ("Paginvest").
- Biva Serviços subsidiary is PagSeguro Biva Correspondente Bancário Ltda. ("Biva Corban").

These consolidated financial statements include PagSeguro Brazil, PagSeg, PSHC, BS Holding and corresponding subsidiaries.

1.1 Additional Information

i) Covid-19

During the year ended December 31, 2021, the Company observed that, in the first three months, there was an increase in the number of people infected by COVID-19 and consequently the return of partial shutdowns and social isolation in several cities and states of the country. In the second quarter of 2021, most of the cities in Brazil accelerated the vaccination of the population, and consequently, the Company saw a graduate reopening process, with the extension of opening hours of commercial activities. In the third and fourth quarters of 2021, the Company observed the return of social events of the public, and consequently the growth of transaction payment volume ("TPV").

During the year ended December 31, 2022, Brazil observed a decrease in the number of people infected and the total deaths by COVID-19, and social events and commercial activities generally returned to a level similar to that observed before the pandemic. These circumstances resulted in higher TPV and consequently higher revenues for the Company.

The Company has a significant variable cost structure mainly related to TPV, such as processing, interchange, card scheme fees and chargebacks. Marketing and sales expenses are also variable and depend on the Company's strategy to leverage new products and services such as PagBank. The Company is also still accompanying the evolution of the Brazilian economy and reassessing, when necessary, the provisions for loss allowance for expected credit losses.

ii) MOIP incident

MOIP, which represented less than 3% of the Group's consolidated assets as of December 31, 2021 and less than 2% and 1% of the consolidated revenue and net income for the year ended December 31, 2021, was involved in a cyberattack between September 25 and September 29, 2021 (the "Incident"). The hackers demanded that the Company make a specified payment to prevent the public disclosure or sale of the targeted hacked data that was compromised in the Incident, which included personal profile information of MOIP customers.

At the time of the Incident, MOIP had a distinct and separate IT server and operating environment from the rest of PagSeguro's IT platform and systems, and therefore none of PagSeguro's databases, customer information or systems were subject to the Incident, or formed part of the compromised data, beyond those independently within the MOIP IT environment. PagSeguro promptly followed the requirements of applicable Brazilian law, including the filing of a formal report to the Brazilian National Authority for Data Protection (Autoridade Nacional de Proteção de Dados) and Brazilian Central Bank on October 7, 2021.

After completion of the assessment, without financial impacts, PagSeguro communicated to the ANPD on January 5, 2022 through a complementary form to the one initially reported on October. During the review of the Incident, PagSeguro did not identified evidence of unauthorized access to sensitive information, such as passwords or credit card details.

PagSeguro confirms that the Incident has not had a material adverse financial impact on the Company or on its customers, and PagSeguro's IT systems (including MOIP's IT environment) are operating normally, with heightened security measures undertaken in response to the Incident.

iii) Ukraine x Russia

Furthermore, geopolitical instability arising from conflicts, such as the ongoing war in Ukraine, and the resulting imposition of sanctions, taxes or tariffs against Russia and Russia's response to such sanctions (including retaliatory acts, such as cyberattacks and sanctions against other countries) could adversely affect the global economy or specific international, regional and domestic markets, including the Brazilian market. Such events could have an adverse effect on our business and financial performance through increased worldwide inflation, greater compliance costs, higher volatility in foreign currency exchange rates, destabilized supply chains and further market disruptions, including from cyberattacks targeting technologies that we rely on or the markets in which we or our customers operate. At this moment, the Company does not see any significant impact in its operations as a result of the conflict.

2. Presentation and preparation of the consolidated financial statements and significant accounting policies

2.1. Basis of preparation of the consolidated financial statements

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and disclose all (and only) the applicable significant information related to the financial statements, which is consistent with the information utilized by management in the performance of its duties. The consolidated financial statements are presented in thousands of Brazilian reais, unless otherwise indicated, which is the functional currency of PagSeguro Group.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying PagSeguro Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

These consolidated financial statements as of December 31, 2022 and 2021 and for the three years ended December 2022, were authorized for issuance by PagSeguro Digital's Board of Directors on February 28, 2023.

2.2. Basis of consolidation

PagSeguro Group consolidates all entities over which it has control. Control is achieved when PagSeguro Group is exposed or has rights to variable returns with its involvement with the investee and can affect those returns through its power over the investee's relevant activities.

Subsidiaries are all entities over which PagSeguro Digital has control. Subsidiaries are fully consolidated from the date PagSeguro Group obtains control of the subsidiary and ceases when PagSeguro Group loses control of the subsidiary. The subsidiaries included in the consolidation are described in Note 4.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3. Foreign currencies

i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency sport rates of exchange at the reporting date. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Reais at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions.

The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

2.4. Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash needs and not for investment or any other purposes. PagSeguro Group classifies as cash equivalents a financial investment that can be immediately converted into a known amount of cash and is subject to immaterial risk of change in value. PagSeguro Group classifies financial instruments with original maturities of three months or less as cash equivalents.

2.5. Financial instruments – initial recognition and subsequent measurement

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss. The classification depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling (such as the financial investment disclosed on Note 7).

Financial assets include cash and cash equivalents, financial investments, accounts receivable, judicial deposits and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, which may be (i) financial assets at amortized cost; (ii) financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments); (iii) financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and (iv) financial assets at fair value through profit or loss.

Financial assets at amortized cost

Financial assets at amortized cost relating to debt instruments are subsequently measured using the effective interest method and are subject to impairment. Financial assets at amortized cost relating to equity instruments are measured at cost of acquisition. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, accounts receivable, judicial deposits, investments and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are presented at fair value in the balance sheet, with the corresponding gains or losses recognized in the statement of income. The Group does not hold any financial asset within this category.

Financial assets at fair value through OCI

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in Brazilian Treasury Bonds, as disclosed in Note 7.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. The Group does not hold any financial asset within this category.

Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets, is derecognized when:

- The rights to receive cash flows from the asset expire; or
- PagSeguro Group transfers its rights to receive cash flows from the asset, or assumes an obligation to pay the received cash flows in full to a third party under a "pass-through" arrangement; and (a) transfers virtually all the risks and benefits of the asset, or (b) neither transfers nor retains virtually all the risks and benefits of the asset, but transfers control of the asset.

When PagSeguro Group has transferred its rights to receive cash flows from an asset and has not transferred or retained substantially all the risks and benefits of the asset, this asset is recognized to the extent of PagSeguro Group's continuing involvement in the asset. In such case, PagSeguro Group also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that PagSeguro Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that PagSeguro Group may be required to repay.

ii) Impairment of financial assets

PagSeguro Group assesses, at the balance sheet date, if there is objective evidence that a financial asset or a group of financial assets is impaired. The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group applies a credit risk policy taking into consideration the possibility of default by: (a) the card issuers, which have the obligation of transferring to the credit and debit card labels the fees charged for the transactions carried out by their card holders, and/or (b) the acquirers, which are used by the PagSeguro Group to approve transactions with the issuers. To mitigate this risk, the PagSeguro Group has established a Credit and Liquidity Risk Committee, whose responsibility is to assess the level of risk of each of the card issuers served by PagSeguro Group, as discussed in Note 26.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. The Group's debt instruments at fair value through OCI comprise solely investments in Brazilian Treasury Bonds, considered to be low credit risk investments.

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss, or amortized cost. PagSeguro Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities include payables to third parties, payables to related parties, trade payables and other payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, which may be as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities and financial liabilities designated at fair value through profit or loss at initial recognition. Financial liabilities and corresponding specific derivative entered with the objective of protecting against fair value exposure risk are also designated at fair value hedge.

Financial liabilities are classified as held-for-trading if acquired for sale in the short term. This category includes derivative financial instruments which do not meet the hedge accounting criteria defined by IFRS 9 – Financial Instruments.

Gains and losses on held-for-trading liabilities are recognized in the statement of income.

Financial liabilities at amortized cost

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost, using the effective interest rate method, and are recognized in the statement of income.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in "Financial expenses" in the statement of income.

Derecognition

A financial liability is derecognized when the obligation is discharged, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

iv) Financial instruments – offsetting

Financial assets and liabilities are presented net in the balance sheet if, and only if, there is an existing and enforceable legal right to offset the amounts recognized and an intention to offset or to realize the asset and settle the liability simultaneously.

v) Fair value of financial instruments

The fair value of financial instruments actively traded in organized markets is determined based on quoted market prices at the balance sheet date, without a deduction of transaction costs.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These techniques include the use of recent arm's length transactions, reference to other similar instruments, discounted cash flow analysis or other valuation methods.

vi) Current versus non-current classification

The PagSeguro Group presents financial assets and liabilities in the balance sheet based on current and non-current classification. An asset is current when it is: (i) expected to be realized or intended to be sold or consumed in the normal operating cycle; (ii) held primarily for the purpose of trading; (iii) expected to be realized within twelve months after the reporting period; or (iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: (i) it is expected to be settled in the normal operating cycle; (ii) it is held primarily for the purpose of trading; (iii) it is due to be settled within twelve months after the reporting period; or (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

vii) Derivative Financial Instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the remaining period until maturity, using a recalculated effective interest rate.

2.6. Accounts receivable

Accounts receivable include mainly (i) the receivables from credit/debit card issuers and acquirers originated from transactions through PagSeguro Group payment platform and credit operations (ii) loans, credit card receivables and payroll loans and other credit operations. Accounts receivables are initially recorded at the fair value net of the expected credit losses. If the term is equivalent to one year or less, accounts receivable is classified as current assets, if not, as non-current assets.

For debit and credit cards receivables from the clients, since they are comprised of transactions approved by large financial institutions that have a low overall risk level based on ratings received from major credit rating agencies, the Company assess it's expected credit risk as low. This assessment is constantly updated considering other external factors, such as credit ratings assigned by FITCH, S&P and Moody's.

PagSeguro Group incurs financial expenses when an election to receive early payment of accounts receivable from financial institutions is made. This financial expense is recognized at the time the financial institution agrees to liquidate the accounts receivable due in installments on a prepaid basis, and it is recorded as Financial expenses in the statement of income.

For loans, credit card receivables and payroll loans and other credit operations, the methodology for determining the allowance for impairment loss is periodically reviewed, and calculated based on the multiplication of the following factors:

- Exposure at Default (EAD): amount exposed to credit risk at default;
- Probability of Default (PD): probability of the counterparty not meeting its contractual payment obligations; and
- Loss Given Default (LGD): percentage of the exposure that is not expected to be recovered in the event of default.

PagSeguro uses a credit risk rating model that assesses the risk of insolvency and default of counterparties, the methodologies and rules of which are defined in internal rules and policies. The main purpose of this credit risk rating model is to rate the likelihood of a customer to default, called Probability of Default (PD), by using objective factors that combine the economic and financial information on the customer and its economic group with the accessory guarantees offered for the operations: significant financial difficulty of the issuer or debtor; high probability of bankruptcy or composition with creditors or financial reorganization; breach of contract, such as a default or arrears in interest or principal payments; debt renegotiation; and the disappearance of an active market.

The PD is set for each business segment established by PagSeguro, which segregation is mainly based on customer size, so that customers with similar behavior and PD are grouped.

The weighting of objective factors plus the analysis of the coverage percentage of accessory guarantees leads to the customer rating this allows the grouping of customers with similar credit risks and classification into one of the following stages:

- Stage 1: comprises the credit portfolio that have not shown significant increase in credit risk since initial recognition, or that showed a low credit risk at the reporting date of the financial statement. It requires the recognition of an allowance related to the expected credit losses resulting from default events that are possible within 12 months after the reporting date (12-month expected credit losses).
- Stage 2: comprises the credit portfolio that have shown significant increase in credit risk since initial recognition, but that did not show objective evidence of impairment. It requires the recognition of an allowance at the amount of the expected credit losses considering default events that are possible over the expected lifetime of the transaction.
- Stage 3: comprises the credit portfolio that show objective evidence of impairment. It requires the recognition of an allowance at the amount of the expected credit losses considering default events that are possible over the expected lifetime of the transaction.

In addition to the above-described internal policies and rules, used for calculating the necessary allowance requirements, the recognition of the allowance for impairment also takes into consideration prospective information and scenarios established by PagSeguro, as follows: change in macroeconomic scenarios which impact in the calculation mode, such as, unemployment rate, Gross Domestic Product (GDP), score to credit cards, inflation rate, debt rate and score to loans. Macroeconomic scenarios also involve inherent risks, market uncertainties and other factors that may give rise to results different from those expected.

Finally, in addition to the methodology for calculating the allowance for impairment (EAD x PD x LGD), PagSeguro takes into consideration any other factor that may not be reached by such methodology, applying such factor to the individual transaction level. In this assessment, management has considered forward looking information and assumptions as the historical loss experience, credit quality and guarantees, economic factors and estimated future cash flows, which could impact the calculation model for provisioning expected credit losses.

An asset or group of financial assets is impaired and impairment loss is incurred if: there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"); such loss event (or events) effectively impact the estimated future cash flows of the operation; and the loss can be reliably estimated.

If, in a subsequent period, the amount of the loss decreases and is objectively related to an event occurring after the loss recognition (such as an upgrade in the debtor"s credit rating), the previously recognized loss is reversed by adjusting the allowance.

2.7. Inventories

Inventories consist of POS devices. Inventories are stated at historical cost. The Company used the average cost method to account for inventories' cost and corresponding provision for losses is recognized when sale value is lower than its purchase cost.

2.8. Property and equipment

Property and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items and may also include finance costs related to the acquisition of qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these costs will flow to PagSeguro Group and that such benefits can be reliably measured.

The carrying amount of replaced items or parts is derecognized. All other repairs and maintenance expenses are charged to the statement of income during the year in which they are incurred.

The assets' residual values and useful lives are reviewed at the end of each reporting period, and adjusted on a prospective basis, if appropriate. Depreciation is calculated using the straight-line method, based on the estimated useful lives, as shown below:

Data processing equipment (includes the POS devices)	2.5 to 5 years
Building leasings	5 to 10 years
Machinery and equipment	5 to 10 years
Other assets	5 to 10 years

During 2022, the Company reviewed the estimated useful lives of these assets and no significant change was identified.

An item of property and equipment is derecognized upon disposal or when future economic benefits are expected from its use or disposal. Any gain or loss on disposal (calculated as the difference between the net disposal proceeds with the carrying amount of the asset) is recognized within "Other (expenses) income, net" in the statement of income when an asset is derecognized.

An asset's carrying amount is immediately written down to its recoverable amount when the asset's carrying amount is greater than its estimated recoverable amount. See note 2.10.

2.9. Intangible assets

Software licenses are recorded at historical cost. Software licenses are amortized on the straight-line basis over the estimated useful life of the software which is approximately five years.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by PagSeguro Group are recognized as intangible assets.

Directly attributable costs relating to internal development of software are capitalized as part of the software product, which mainly includes costs incurred with employees and third-party contracted services.

Other development expenditures that do not meet the capitalization criteria are expensed as incurred. Development costs previously recorded as an expense are not recognized as an asset in a subsequent period and are included in the income statement.

Capitalized computer software development costs are amortized over their estimated useful lives which are reviewed at the end of each reporting period, and adjusted on a prospective basis, if appropriate.

2.10. Impairment of non-financial assets

The PagSeguro Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the PagSeguro Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on most recent budgets and forecast calculations. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Goodwill is impaired when the recoverable amount of the CGU is less than it is carrying amount, an impairment loss is recognized.

2.11. Payables to third parties

Payables to third parties refer to funds payable and amounts due to merchants that use PagSeguro Brazil platform. PagSeguro Group recognizes a liability for the transaction amount, net of the transaction cost that will be made available to the merchant on its PagSeguro account.

The payables to third parties from installment transactions are estimated based on the fair value, in accordance with the terms of these transactions.

2.12. Deposits

The PagSeguro Group has sell-buy back transactions (sales of financial assets with future repurchase agreement). Such repurchase agreements are recorded in term deposits accounts when refers to certificate deposits operations and interbank deposits accounts for financial letter issuance purposes. The difference between sale price and repurchase price is treated as interest and it is recognized during the term of the agreement by effective interest rate method.

2.13. Borrowings

Borrowings are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method, except for the embedded derivative, which is measured at fair value through profit or loss.

Gains and losses are recognized in the consolidated income statements when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method. The effective interest method amortization is included in interest expense in the consolidated income statements.

2.14. Provisions

Provisions are recognized when PagSeguro Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. When PagSeguro Group expects the value of a provision to be reimbursed, in whole or in part (for example, due to an insurance contract) the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. Expenses associated with any provisions are presented in the statement of income, net of any reimbursements. PagSeguro Group is a party to legal and administrative proceedings.

Provisions are established for all contingencies related to lawsuits for which it is probable that an outflow of funds will be necessary to settle the contingency/obligation and a reasonable estimate can be made. The assessment of the likelihood of loss includes the evaluation of available evidence, the hierarchy of laws, available case law, recent court decisions and their importance in the legal system, as well as the opinion of outside legal counsel. The provisions are reviewed and adjusted to reflect changes in circumstances.

2.15. Revenue and income

Revenue from contract with customers is recognized as control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services in the ordinary course of PagSeguro Group's activities. Revenue is presented net of sales and excise taxes and returns.

PagSeguro Group's revenue from contract with customers substantially comprises:

- Revenue from transaction activities and other services: Revenue from fees charged for intermediation of electronic payments, and other services such as prepaid cards, which are recognized at the time the purchase is approved by the financial institution. Revenues from fees charged for intermediation of electronic payments are recognized on a gross basis and related transaction costs are recognized as Cost of sales and services, since PagSeguro Group is the principal in the intermediation transaction. PagSeguro Group has primary responsibility for providing the services to customers and directly sets the prices for such services, independently from the related transaction costs agreed between PagSeguro Group and the card schemes or card issuers.
- Revenue from membership fee: The Company charges a non-refundable membership fee at the inception of the contract with customers that provides access to the PagSeguro Group ecosystem. Revenue related to the non-refundable membership fee has been deferred according to the PagSeguro clients' internal metrics and recognized in deferred revenues over time.
- Income is mostly comprised of financial income recognized because of the discount rate charged on the early payments of payables to third parties (merchants). The income is recognized at the time the merchant agrees to receive a sale in installments on an early payment basis, and it is recorded as financial income in the statement of income.

2.16. Current and deferred income tax and social contribution

Current income tax and social contribution

Tax assets and liabilities for the current year are calculated based on the expected recoverable amount or the amount payable to the tax authorities. The tax rates and tax laws used to calculate the amount are those enacted or substantively enacted at the balance sheet date in the countries where PagSeguro Group operates and generates taxable income.

Current income tax and social contribution related to items recognized directly in equity are recognized in equity. PagSeguro Group periodically evaluates the tax positions involving interpretation of tax regulations and establishes provisions when appropriate.

Deferred taxes

Deferred taxes arise from temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date.

Deferred tax liabilities are recognized for all temporary taxable differences, except in the following situations:

- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit; and
- On temporary tax differences related to investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized on all deductible temporary differences and tax loss carryforwards, to the extent that it is probable that taxable profit will be available against which they can be offset, except:

- When the deferred tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss; and
- On the deductible temporary differences associated with investments in subsidiaries. Deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and that taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and a deferred tax asset is recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed, at each reporting date and are recognized to the extent that it has become probable that future taxable profits will be available to allow their utilization.

Based on the local law of the Cayman Islands (specifically, the Companies Law of 1960), there is no taxation on the income earned by companies organized in this jurisdiction. Therefore, PagSeguro Digital has no income tax impacts in the Cayman Islands.

For the subsidiaries of PagSeguro Digital, deferred tax assets and liabilities are measured using the prevailing tax rates in the year in which the assets will be realized, and the liabilities will be settled. The currently defined tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred taxes, except for BancoSeguro, which currently defined tax rates of 25% for income tax and 21% for social contribution, according to the Law 14.446.

Deferred tax assets and liabilities are presented on a net basis when there is legally or contractually enforceable right to offset the tax asset against the tax liability, and the deferred taxes are related to the same taxable entity and subject to the same tax authority.

2.17. Employee benefits – Profit sharing

PagSeguro Group recognizes a liability and an expense for profit sharing subject to achievement of operational targets and performance established and approved at the beginning of each fiscal year. PagSeguro Group recognizes a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

2.18. Business combination and goodwill

PagSeguro Group accounts for business combinations using the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, based on its fair value on the acquisition date. Costs directly attributable to the acquisition are expensed as incurred. The assets acquired, and liabilities assumed are measured at fair value, classified and allocated according to the contractual terms, economic circumstances and relevant conditions on the acquisition date. PagSeguro Group recognizes any non-controlling interest in the acquired business either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquired businesses' identifiable net assets. Non-controlling interests are determined upon each acquisition. Acquisition-related costs are accounted for in the statement of income as incurred.

Goodwill is measured as the excess of the consideration transferred over the fair value of net assets acquired. If the consideration transferred is smaller than the fair value of net assets acquired, the difference is recognized as a gain on bargain purchase in the statement of income. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9.

2.19. Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the PagSeguro Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in equity.

2.20. Share-based payments (LTIP and LTIP Goals)

LTIP-Goals was established by PagSeguro Brazil on December 18, 2018, as approved by the Company's board of directors, and ratified on August 7, 2019, February 21, 2020 and January 19, 2021. Beneficiaries under the LTIP-Goals are selected by the LTIP-Goals Committee, which consists of the Company's Chairman of the board of directors and two officers of UOL. Beneficiaries under the LTIP-Goals are granted awards, which may be payable in cash, Class A common shares or a combination of the two, at the discretion of the LTIP-Goals Committee based on the goals established in the Company's corporate results-sharing plan for any given year. If any portion of an award was payable in Class A common shares, the relevant value in Brazilian reais was converted into Class A common shares on the last business day of January for awards related to 2019 and 2020. For awards related to 2021 and beyond, the LTIP-Goals Committee will set a determination date that falls no later than on the last business day of March following the year for which such amount was awarded. Under the LTIP-Goals plan, the relevant payment shall be made and/or Class A common shares delivered within 10 business days of that determination date.

Before the LTIP-Goals was created, members of management participated in the LTIP, which was established by UOL for its group companies on July 29, 2015 and was adopted by PagSeguro Digital Ltd. Beneficiaries under the LTIP were selected by UOL's LTIP Committee, which consists of the Company's chairman and two officers of UOL. Since the establishment of LTIP-Goals on December 18, 2018, no new rights have been, nor will be, granted under the LTIP. Beneficiaries under the LTIP were granted rights in the form of notional cash amounts without cash consideration. In this plan, employees (including senior executives) of the UOL group companies receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made. These rights vest in five equal annual installments starting one year after the beneficiary's grant date.

That cost is recognized in personnel expenses, together with a corresponding increase in equity over the period in which the service is fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense in the statement of profit or loss represents the movement in cumulative expense recognized as at the beginning and end of the year. No expense is recognized for awards that do not ultimately vest because service conditions have not been met.

2.21. New accounting standards adopted in 2022

The accounting policies adopted in the preparation of the Consolidated financial statements for the year ended December 31, 2022 are consistent with those adopted for the year ended December 31, 2021, except for the changes required by the pronouncements, interpretations and standards which became effective on January 1, 2022, as described below.

- The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The Group analyzed their transactions and concluded that is not exposed to this amendment.
- Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The Group did not participate of any business combination in 2022.
- The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The Group analyzed their transactions and concluded that is not exposed to this amendment.

The following improvements were finalized in May 2020 and become effective on January 2022, but did not impact the Group:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

2.22. New accounting standards not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of discounted probability-weighted cash flows, an explicit risk adjustment and a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023. The group does not expect the new IFRS to materially impact its results of operations.

- Amendment to IAS 1 "Presentation of Financial Statements": issued in May 2020, with the objective of clarifying that liabilities are classified as current or non-current, depending on the rights that exist at the end of the period. The classification is not affected by the entity's expectations or events after the reporting date (eg, receipt of a waiver or breach of covenant). The amendments also clarify what "settlement" of a liability refers to under IAS 1. The amendments to IAS 1 are effective as of January 1, 2023. The group does not expect the new amendment to materially impact its results of operations.

- Amendment to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies: in February 2021 the IASB issued a new amendment to IAS 1 on disclosure of "material" accounting policies rather than "significant" accounting policies. The amendments define what "material accounting policy information" is and explain how to identify it. It also clarifies that immaterial accounting policy information does not need to be disclosed, but if so, it should not obscure the relevant accounting information. To support this change, the IASB also amended the "IFRS Practice Statement 2 Making Materiality Judgments" to provide guidance on how to apply the concept of materiality to accounting policy disclosures. This amendment is effective as of January 1, 2023. The group does not expect the new amendment to materially impact its results of operations.

- Amendment to IAS 8 - Accounting Policies, Change in Estimate and Error Rectification: the amendment issued in February 2021 clarifies how entities must distinguish changes in accounting policies from changes in accounting estimates, as changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events, as well as to the current period. This amendment is effective as of January 1, 2023. The group does not expect the new amendment to materially impact its results of operations.

- Amendment to IAS 12 - Income Taxes: the amendment issued in May 2021 requires entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This typically applies to lease transactions (right-of-use assets and lease liabilities) and decommissioning and restoration obligations, as an example, and will require the recognition of additional deferred tax assets and liabilities. This amendment is effective as of January 1, 2023.

The group does not expect the new improvements to materially impact its results of operations.

3. Accounting estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Based on assumptions, PagSeguro Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The main estimates and assumptions are addressed below:

3.1. Provision for contingencies

PagSeguro Group recognizes provisions for civil, tax and labor lawsuits. The assessment of probability of loss includes assessing the available evidence and jurisprudence, the hierarchy of laws and most recent court decisions. Provisions are reviewed and adjusted to consider changes in circumstances such as the applicable limitation period, findings of tax inspections and additional exposures identified based on new issues or court decisions.

3.2. Measurement of loss allowance for expected credit losses

For accounts receivable from cards issuers, PagSeguro Group uses a provision matrix to calculate ECLs. The provision rates are based on the internal credit rating that consider external information, such as ratings given by major rating agencies and forward-looking factors specific to the debtors and the economic environment. For loans and credit cards receivable with the clients, the provision rates are based on EAD, PD and LGD as detailed in note 2.6 accounts receivable.

3.3. Impairment of goodwill

Management's judgment must be exercised especially in forecasting CGU's cash flows, computation of the weighted average cost of capital ("WACC"), estimation of inflation and long-term growth rate based on estimated gross domestic product used when calculating the value in use of the CGU, as described in Note 13.

4. Consolidation of subsidiaries

	As of December 31, 2022					
Company	**Assets**	**Liabilities**	**Equity**	**Net income (loss) for the year**	**Ownership - %**	**Level**
PagSeguro Brazil	**28,149,503**	**18,821,951**	**9,327,552**	**1,065,582**	**99.99**	**Direct**
BS Holding	**771,011**	**5,198**	**765,813**	**27,156**	**99.99**	**Direct**
Pagseg Participações	**781,745**	**871**	**780,874**	**76,549**	**99.99**	**Direct**
PagSeguro Holding	**3,269**	**1,365**	**1,904**	**(1,681)**	**99.99**	**Direct**
Pagbank Participações	**165,263**	**9,775**	**155,490**	**(15,178)**	**99.99**	**Indirect**
Paginvest	**2,016**	**4**	**2,012**	**12**	**99.99**	**Indirect**
Net+Phone	**467,890**	**125,476**	**342,414**	**70,491**	**99.99**	**Indirect**
PagSeguro Tecnologia	**363,377**	**134,468**	**228,909**	**15,880**	**99.99**	**Indirect**
BCPS	**1,916**	**(41)**	**1,957**	**486**	**99.99**	**Indirect**
Biva Sec	**1,840,046**	**1,825,459**	**14,586**	**7,491**	**99.99**	**Indirect**
Biva Serviços	**68,164**	**26,240**	**41,924**	**4,676**	**99.99**	**Indirect**
Biva Corban	**1,248**	**(16,181)**	**17,428**	**1,674**	**99.99**	**Indirect**
FIDC	**5,122,004**	**792,391**	**4,329,613**	**2,211,249**	**100.00**	**Indirect**
TILIX	**46,888**	**34,357**	**12,531**	**132**	**99.99**	**Indirect**
BancoSeguro	**22,238,338**	**21,509,017**	**729,321**	**16,676**	**100.00**	**Indirect**
Yamí	**34,795**	**33,331**	**1,465**	**(1,261)**	**99.99**	**Indirect**
Registra Seguro	**5,000**	**23**	**4,977**	**(23)**	**99.99**	**Indirect**
CDS	**10,192**	**479**	**9,713**	**239**	**99.99**	**Indirect**
Zygo	**70,940**	**10,448**	**60,492**	**(11,242)**	**99.99**	**Indirect**
Moip	**686,496**	**555,713**	**130,783**	**(60,439)**	**100.00**	**Indirect**
Concil	**11,315**	**2,823**	**8,492**	**(6,317)**	**100.00**	**Indirect**
PagSeguro Chile	**1,092**	**684**	**408**	**(626)**	**100.00**	**Indirect**
PagSeguro Colombia	**968**	**751**	**217**	**(764)**	**100.00**	**Indirect**
PSGP México	**1,118**	**973**	**145**	**(867)**	**100.00**	**Indirect**
PagSeguro Peru	**906**	**772**	**134**	**789**	**100.00**	**Indirect**

	As of December 31, 2021					
Company	**Assets**	**Liabilities**	**Equity**	**Net income (loss) for the year**	**Ownership - %**	**Level**
PagSeguro Brazil	23,863,783	15,250,100	8,613,683	1,136,230	99.99	Direct
BS Holding	545,693	7,019	538,674	84,032	99.99	Direct
Pagseg Participações	648,175	5,870	642,305	(51,550)	99.99	Direct
PagSeguro Holding	36	—	36	—	99.99	Direct
Pagbank Participações	180,053	9,385	170,668	(3,621)	99.99	Indirect
Net+Phone	375,347	103,424	271,923	(35,806)	99.99	Indirect
PagSeguro Tecnologia	456,934	243,905	213,029	14,271	99.99	Indirect
BCPS	2,022	(52)	2,074	258	99.99	Indirect
Biva Sec	1,446,640	1,439,545	7,095	6,728	99.99	Indirect
Biva Serviços	42,901	5,653	37,248	5,965	99.99	Indirect
Biva Corban	21,200	5,446	15,754	12,912	99.99	Indirect
FIDC	4,770,455	816,980	3,953,475	2,294,655	100.00	Indirect
TILIX	13,972	1,573	12,399	5,017	99.99	Indirect
BancoSeguro	10,320,430	9,807,767	512,663	73,489	100.00	Indirect
Yamí	2,087	861	1,226	267	99.99	Indirect
Registra Seguro	5,000	9	4,991	(9)	99.99	Indirect
CDS	10,057	5,583	4,474	(3,157)	99.99	Indirect
Zygo	2,013	4,278	(2,265)	(9,597)	99.99	Indirect
Moip	787,659	596,429	191,230	10,070	100.00	Indirect
Concil	2,390	3,080	(690)	(2,832)	100.00	Indirect
PagSeguro Chile (i)	7	—	7	—	100.00	Indirect
PagSeguro Colombia (i)	28	—	28	—	100.00	Indirect
PSGP México (i)	1	—	1	—	100.00	Indirect
PagSeguro Peru (i)	13	—	13	—	100.00	Indirect

(i) Entities with very limited or no operation.

Subsidiaries are engaged in providing financial technology solutions and services and the corresponding related activities. PagSeguro Brazil has investments in the following companies:

- Biva Sec: The company's main objective is to acquire and securitize credit solutions of PagSeguro Group, such as, loans and credit card operation.
- FIDC: FIDC is a Brazilian investment fund that was formed on October 4, 2017 to finance the growth of PagSeguro Brazil's early payment of receivables feature by acquiring payables to third parties held by PagSeguro Brazil, as assignor. PagSeguro Brazil consolidates the financial statements of FIDC, since the risks of default and the responsibility for the payment of expenses and administration fees related to the FIDC are linked to subordinated quotas held by the PagSeguro Brazil.

  On March 29, 2018, third party investors contributed capital in the amount of R$20 million in FIDC, acquiring only senior and mezzanine quotas of the FIDC. On November 3, 2020 and November 1, 2021, the third party investors redeemed all of their capital related to the senior quotas and mezzanine quotas. On December 27, 2021 PagSeguro Brazil transferred 15% of their subordinated quotas to PagSeguro Digital. In October 2022, 100,000 new senior shares of the FIDC were issued with a nominal value of R$1,000 each, totaling R$100 million with third party investors and registered as other liabilities in PagSeguro Group. As of December 31, 2022, 100% of subordinated quotas are owned by the PagSeguro Group.

- RegistraSeguro: On October 2, 2019, PagSeguro Brazil constitutedRegistraSeguro by investing R$5,000 in share capital. The company provides financial services and software developments related to financial market.
- MOIP: On October 31, 2020, PagSeguro Brazil acquired 100% of the share capital of MOIP. The company provides an online payment platform and end-to-end payment processing for e-commerce and marketplaces.
- Concil: On August 12, 2021, PagSeguro Brazil acquired 100% of the share capital of Concil. The company's corporate purpose is to provide professional data processing services, application service providers, internet hosting services, technical support, maintenance and other services in information technology, licensing, and assignment of the right to use computing (Note 10).
- PagSeg: On July 15, 2020, PagSeguro Group constituted the company, a holding company incorporated under PagSeguro Digital, whose main objective is to acquire participations in other companies, commercial or civil, as partner, shareholder or quota holder, as well as the management of these holdings. PagSeg subsidiaries are:
  - Net+Phone: The Company was mainly engaged in acquisition and selling POS devices and similar items and has focus on exploring and providing services of telecommunications in general, as well as the practice of any activities necessary or useful for the execution of these services;
  - BCPS: BCPS's main activity is to serve as Boa Compra's hub in Portugal and to handle part of its account management.
  - PagSeguro Tecnologia: Allows its clients to operate in cross-border transactions where the merchant and consumer are located in different countries across Latin America, Spain, Portugal and Turkey.
  - CDS: On August 31, 2020, PagSeguro Brazil acquired 100% of the issued shares of CDS. Management expects that this acquisition will allow PagSeguro to expand product and services offering.
  - R2TECH Informatica Ltda. ("R2TECH"): R2TECH's main activity was in the information technology industry, focused on the processing of back-office solutions, including sales reconciliation, gateway solutions and services and the capture of credit cards with acquirers and sub acquirers. On December 1, 2021, Boa Compra incorporated R2TECH.
  - Biva Serviços: whose main objective is the intermediation among investors, financial institutions and credit borrowers via an electronic platform.
  - Biva Corban: whose main objective is to structure peer-to-peer financing for small and medium enterprises following the crowdfunding model.
  - BIVACO Holdings Ltda ("BIVACO"): BIVACO previous main objective was the intermediation among investors, financial institutions and credit borrowers via an electronic platform. On December 1, 2021, Biva Serviços reversely incorporated BIVACO.
- PagBank: On October 22, 2020, PagSeguro Group constituted the company, a holding company incorporated under PagSeg, whose main objective is to acquire participations in other companies, commercial or civil, as partner, shareholder or quota holder, as well as the management of these holdings. Pagbank subsidiaries are:
  - TILIX: On December 5, 2018, PagSeguro Brazil acquired 100% of the share capital and obtained the control of TILIX. The company provides software development for managing payment solutions for B2C and B2B.
  - YAMÍ: On August 9, 2019, PagSeguro Brazil acquired 100% of the share capital and obtained the control of YAMÍ. The Company provides a back-office platform for e-commerce and marketplace.

- Zygo: On July 23, 2020, PagSeguro Brazil acquired 100% of the issued shares of Zygo. Management expects that this acquisition will allow PagSeguro to expand product and services offering (note 11). ZYGO is a multisided customer engagement and loyalty platform that enables micro, small and medium sized merchants to acquire, engage and grow their customer base by offering customized marketing and loyalty programs and providing consumer insights and analytics.

- BS Holding: is a holding company whose main objective is to acquire participations in other companies, mainly related to banking and financial services, as partner, shareholder or quota holder, as well as the management of these holdings. BS Holding subsidiaries are:

  - BancoSeguro holds a license to provide financial services and its main products are the deposits of PagSeguro Group customers and the service offering of banking solutions for other companies in the Group.

  - PagInvest: On May 13, 2022, BS Holding was constituted by the Company by investing R$2,000 in share capital. The company provides financial services related to financial market.

- PSHC: On March 18, 2021, PagSeguro Group constituted this holding company incorporated under PagSeguro Digital and additionally, in third quarter of 2021, PagSeguro Group established four new subsidiaries under PSHC.

  - PagSeguro Chile, PagSeguro Colombia, PagSeguro Peru and PSGP Mexico. Their main objective is to develop all kinds of operations directly or indirectly related to the creation, implementations, and maintenance of technological platforms for payments and especially about e-commerce or the internet in their countries. They may act, directly or indirectly as a facilitator and/or agent within payment systems and digital and electronic payment ecosystems.

5. Segment reporting

Operating segments are determined based on the information reported and reviewed by chief operating decision maker ("CODM"). The Board of Directors has been identified as the CODM, and is responsible for allocating resources and assessing the performance of the business and to make PagSeguro Group's strategic decisions.

Considering that all decisions are based on consolidated reports, and that all decisions related to strategic and financial planning, purchases, investments and the allocation of funds are made on a consolidated basis, the PagSeguro Group and its subsidiaries operate in a single segment, as financial service agents.

Main companies of PagSeguro Group are domiciled in Brazil and have revenue arising from local customers and customers located abroad. The main revenue is related to sales from the domestic market. The revenue from international market represents 1%, 2.5% and 2.8% for the years 2022, 2021 and 2020.

6. Cash and cash equivalents

	December 31,	
	2022	**2021**
Short-term bank deposits	**761,044**	569,816
Short-term investments	**1,068,053**	1,224,546
	1,829,097	1,794,362

Cash and cash equivalents are held for the purpose of meeting short-term cash needs and include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three-month or less and with immaterial risk of change in value.

Short-term bank deposits is mainly represented by amounts to cover instant payments (PIX), cash on ATMs and clients payments.

Short-term investments consist mainly of investments in Brazilian Treasury Bonds ("LFTs") with an average return of 100% of the Basic Interest Rate (SELIC, 13.75% per year on December 31, 2022 and 9.25% per year on December 31, 2021).

7. Financial investments

Consists of investments in LFTs, in the amount of R$1,103,299 as of December 31, 2022 (R$782,647 as of December 31, 2021) with an average return of 100% of the Basic Interest Rate (SELIC, 13.75% per year as of December 31, 2022 and 9.25% per year as of December 31, 2021), invested to comply with certain requirements for authorized payment institutions as set forth by the Brazilian Central Bank regulation. This financial asset was classified at fair value through other comprehensive income. Unrealized accumulated gain on LFTs for the year ended December 31, 2022 totaled R$141 (loss of R$107 for the year ended December 31, 2022).

8. Accounts receivable

	December 31, 2022						December 31, 2021					
	Visa	Master	Hipercard	Elo	Amex	Total	Visa	Master	Hipercard	Elo	Amex	Total
Legal obligors												
Itaú	**1,920,151**	**5,268,454**	**649,586**	—	—	**7,838,191**	1,333,263	2,045,133	757,306	—	—	4,135,702
Bradesco	**2,924,890**	**242,708**	—	**1,228,553**	**440,535**	**4,836,686**	1,630,756	160,690	—	842,352	296,696	2,930,494
Nubank	—	**4,050,376**	—	—	—	**4,050,376**	—	2,045,699	—	—	32,530	2,045,699
Santander	**829,714**	**2,564,868**	—	—	**11,021**	**3,405,603**	818,937	1,464,314	—	—	—	2,286,504
Banco do Brasil	**2,008,045**	**359,572**	—	**553,321**	—	**2,920,938**	1,384,872	77,639	—	467,305	—	1,929,816
Banco Carrefour	**142,392**	**973,915**	—	—	—	**1,116,307**	121,398	744,030	—	—	—	865,428
CEF	**369,282**	**180,490**	—	**453,043**	—	**1,002,815**	206,969	136,125	—	257,929	—	601,023
Porto Seguro	**708,008**	**216,926**	—	—	—	**924,934**	550,352	141,924	—	—	—	692,276
Banco C6	—	**825,958**	—	—	—	**825,958**	—	481,017	—	—	—	481,017
Sicredi	**404,825**	**372,297**	—	—	—	**777,122**	233,081	202,562	—	—	—	435,643
Banco Cooperativo Sicoob	—	**644,039**	—	—	—	**644,039**	—	466,030	—	—	—	466,030
Banco Bradescard	**470,100**	**113,100**	—	**15,613**	—	**598,813**	362,978	91,016	—	9,368	—	463,362
Banco Inter	—	**550,070**	—	—	—	**550,070**	—	407,601	—	—	—	407,601
Banco XP	**406,986**	—	—	—	—	**406,986**	197,903	—	—	—	—	197,903
Midway	**268,221**	**124,417**	—	—	—	**392,638**	199,605	94,396	—	—	—	293,997
Banco Votorantim	—	**358,072**	—	—	—	**358,072**	—	316,917	—	—	—	316,917
Realize	**166,754**	**185,371**	—	—	—	**352,125**	85,992	161,638	—	—	—	247,630
Will Financeira	—	**349,453**	—	—	—	**349,453**	—	55,972	—	—	—	55,972
Banco Pan	**68,683**	**246,112**	—	**10**	—	**314,805**	52,514	271,717	—	—	—	324,231
Banco Original	—	**246,976**	—	—	—	**246,976**	—	168,343	—	—	—	168,343
Digio	**180,936**	**1**	—	**14,454**	—	**195,391**	173,093	444	—	—	—	173,537
Pernambucanas	—	**1,017**	—	**186,556**	—	**187,573**	—	101	—	112,543	—	112,644
Credz	**176,030**	—	—	—	—	**176,030**	—	149,753	—	—	—	149,753
Banrisul	**36,400**	**133,065**	—	—	—	**169,465**	21,372	69,219	—	—	—	90,591
Cred-system	—	**153,681**	—	—	—	**153,681**	110,868	—	—	—	—	110,868
Mercado Pago	**143,073**	—	—	—	—	**143,073**	122,591	—	—	—	—	122,591
Bancoob	**112,743**	**208**	—	—	—	**112,951**	56,767	67,383	—	—	—	124,150
Outros (iv)	**988,354**	**795,339**	—	**170,155**	**2,131**	**1,955,979**	852,964	697,601	—	102,835	770	1,654,170
Total card issuers (i)	**12,325,587**	**18,956,485**	**649,586**	**2,621,705**	**453,687**	**35,007,050**	8,516,271	10,517,264	757,306	1,792,332	300,719	21,883,892
Current card issuers						**34,884,835**						21,883,892
Non – Current card issuers						**122,215**	—	—	—	—	—	—
Cielo – Elo	—	—	—	—	—	**29**	—	—	—	—	—	42,662
Getnet	—	—	—	—	—	**52,597**	—	—	—	—	—	97,248
Other	—	—	—	—	—	**10,934**	—	—	—	—	—	11,716
Total acquirers (ii)	—	—	—	—	—	**63,560**	—	—	—	—	—	151,626
Loans	—	—	—	—	—	**743,379**	—	—	—	—	—	1,069,671
Loans ECL (iii)	—	—	—	—	—	**(521,929)**	—	—	—	—	—	(256,927)
Credit card receivables	—	—	—	—	—	**1,112,510**	—	—	—	—	—	726,095
Credit card receivables ECL (iii)	—	—	—	—	—	**(451,285)**	—	—	—	—	—	(174,046)
Payroll loans and other	—	—	—	—	—	**864,825**	—	—	—	—	—	110,050
Payroll loans and other ECL (iii)	—	—	—	—	—	**(12,400)**	—	—	—	—	—	(6,166)
Total credit receivables	—	—	—	—	—	**1,735,100**	—	—	—	—	—	1,468,677
Current						**1,111,769**	—	—	—	—	—	1,239,797
Non – Current						**623,331**	—	—	—	—	—	228,880
Other accounts receivable	—	—	—	—	—	**188,425**	—	—	—	—	—	153,207
Total accounts receivable	**12,325,585**	**18,956,484**	**649,586**	**2,621,707**	**453,686**	**36,994,135**	8,516,273,000	10,517,262,000	757,306,000	1,792,332,000	300,719	23,657,402
Current						**36,248,589**						23,428,522
Non – Current						**745,546**						228,880

(i) Card issuers: receivables derived from transactions where PagSeguro Brazil acts as the financial intermediary in operations with the issuing banks, related to the intermediation agreements between PagSeguro Brazil and Visa, Mastercard, Hipercard, Amex or Elo. However, PagSeguro Brazil's contractual accounts receivable are with the financial institutions, which are the legal obligors on the accounts receivable payment. Additionally, amounts due within 27 days of the original transaction, including those that fall due with the first installment of installment receivables, are guaranteed by Visa, Mastercard, Hipercard, Amex or Elo, as applicable, if the legal obligors do not make the payment.
(ii) Acquirers: refers to card processing transactions to be received from the acquirers, which are a third parties acting as financial intermediaries between the issuing bank and PagSeguro Brazil.
(iii) The ECL ("expected credit losses"), are measured according to the IFRS 9 as described in note 2.6
(iv) Refers to other dispersed receivables from legal obligors.

The maturity analysis of accounts receivable is as follows:

	December 31,	
	2022	**2021**
Past due	**1,073,275**	503,464
Due within 30 days	**13,784,017**	3,921,208
Due within 31 to 120 days	**13,743,397**	12,033,372
Due within 121 to 180 days	**4,422,424**	3,457,830
Due within 181 to 360 days	**4,210,024**	3,808,539
Due after 360 days	**746,612**	370,128
Expected credit losses	**(985,614)**	(437,139)
	36,994,135	23,657,402

The maturity analysis of credit receivables as of December 31, 2022 is as follows:

	December 31, 2022			
	Loans	**Credit card receivables**	**Payroll loans and other**	**TOTAL**
Past Due	468,236	603,352	1,687	1,073,275
Due within 30 days	35,435	232,013	24,332	291,780
Due within 31 to 120 days	102,413	146,409	72,599	321,421
Due within 121 to 180 days	49,642	86,055	40,621	176,318
Due within 181 to 360 days	70,218	43,615	119,691	233,524
Due after 360 days	17,435	1,066	605,895	624,396
	743,379	**1,112,510**	**864,825**	**2,720,714**
Expected credit losses	(521,929)	(451,285)	(12,400)	(985,614)
Receivables net of ELC	**221,450**	**661,225**	**852,425**	**1,735,100**

For the credit receivables the weighting of objective factors plus the analysis of the coverage percentage of accessory guarantees leads to the customer rating this allows the grouping of customers with similar credit risks and classification into one of the following stages as suggested by IFRS9:

	December 31, 2022		
	Credit Amount	**Exposure off balance credit limits not used**	**Expected Credit Losses**
Loans			
stage 1	173,407	—	67,717
stage 2	24,223	—	12,982
stage 3	545,749	—	441,230
Credit card receivables			
stage 1	439,544	663,059	34,529
stage 2	205,356	214,282	34,756
stage 3	467,611	9,033	382,000
Payroll loans and other (i)			
stage 1	844,075	—	6,656
stage 2	6,643	—	201
stage 3	14,106	—	5,544
TOTAL	**2,720,714**	**886,374**	**985,614**

(i) This line of credit are mainly related to payroll loans offered to retirees, public sector employees and FGTS early prepayment, therefore are secured operation and less prone to expected credit losses.

The movement in the allowance for expected credit losses of credit receivables is as follows:

Expected credit losses	Working capital loans	Credit card receivables	Payroll loans and other	Total
December 31, 2021	256,927	174,046	6,166	437,139
Additions (Reversals), net	**265,002**	**277,239**	**11,351**	**553,592**
Write-Off	—	—	**(5,117)**	**(5,117)**
December 31, 2022	**521,929**	**451,285**	**12,400**	**985,614**

9. Tax receivable

	December 31,	
	2022	**2021**
Income tax and Social contribution (i)	**358,232**	294,955
Social integration program (ii)	**35,488**	167,701
Other	**17,081**	6,834
	410,801	469,490

(i) The increase is mainly related to withholding taxes from FIDC quotas redeemed during 2022 amounted to R$1,835,111, representing withholding taxes of R$230,202.
(ii) Refers to Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) recoverable on transaction activities and other services.

10. Related-party balances and transactions

i) Balances and transactions with related parties:

	December 31,	
	2022	**2021**
	Payables	**Payables**
Immediate parent		
UOL – sales of services (a)	**16,170**	16,216
UOL – shared service costs (b)	**11,790**	19,093
UOL – deposits (c)	**312,295**	248,271
Affiliated companies		
UOL Edtech Tecnologia Educacional S.A- Deposits (c)	**122,197**	229,250
Web Jump Desing em Informática Ltda – Deposits (c)	**12,372**	—
Ingresso.com Ltda – Deposits (c)	**21,833**	—
Invillia Desenvolvimento de produtos Digitais Ltda – Deposits (c)	**60,096**	—
Invillia Holding Ltda – Deposits (c)	**1,849**	—
Digital Services UOL S.A – sales of services (d)	**244**	7,612
Compass UOL S.A.- sales of services (d)	**12,624**	12,853
Invillia Desenvolvimento de produtos Digitais Ltda- sales of services (d)	**12,897**	—
Others	**9,539**	10,326
	593,906	543,621

(a) Sales of services refer mainly to the purchase of advertising services from UOL.
(b) Shared services costs mainly related to payroll costs that are incurred by the parent company UOL and are charged to PagSeguro Group.
(c) Certificate of deposits (CD) acquired by UOL, UOL Edtech Tecnologia Educacional S.A, Web Jump Design em Informática Ltda., Ingresso.com Ltda., Invillia Desenvolvimento de Produtos Digitais Ltda. and others from Banco Seguro with interest rate between 107% to 110% per year of CDI. The maturity analysis is as follows:

	December 31,	
	2022	**2021**
Due within 31 to 120 days	**49,094**	—
Due within 121 to 180 days	**28,604**	193,592
Due within 181 to 365 days	**455,488**	283,929
	533,186	477,521

(d) This payable refers mainly to colocation and cloud services.

ii) Revenue and expense from transactions with related parties

	For the year ended December 31,					
	2022		2021		2020	
	Revenue	Expense	Revenue	Expense	Revenue	Expense
Immediate parent						
UOL - shared service costs (a)	—	**121,809**	—	141,915	—	134,277
UOL - sales of services (b)	**3,115**	**83,462**	3,221	92,664	2,878	80,820
UOL - deposits (c)	—	**20,251**	—	3,797	—	2,970
Affiliated companies						
Digital Services UOL S.A. - sales of services (d)	—	**2,339**	—	2,887	—	49,665
Compasso UOL S.A.(d)	—	**136,726**	—	102,912	—	—
UOL Edtech Tecnologia (c)	—	**15,753**	—	9,695	—	—
Web Jump Desing em Informática Ltda (c)	—	**931**	—	—	—	—
Ingresso.com Ltda (c)	—	**954**	—	—	—	—
Invillia Desenvolvimento de produtos Digitais Ltda (d)	—	**2,096**	—	—	—	—
Transfolha Transportadora e Distribuição Ltda.	—	—	—	12,447	—	23,571
Others	**885**	**11,263**	1,013	4,082	603	2,926
	4,000	**395,584**	4,234	370,399	3,481	294,229

(a) Shared services costs mainly related to payroll costs sharing that are incurred by the parent company UOL and are charged to PagSeguro. Such costs are included in administrative expenses.
(b) Sale of services expenses is related to advertising services from UOL and revenue is related to intermediation fees.
(c) Expenses are related to UOL, UOL Edtech Tecnologia Educacional S.A. Invillia Desenvolvimento de Produtos Digitais Ltda.and Web Jump Desing em Informática Ltda. of Banco Seguro's Certificate of Deposits (CD).
(d) Expenses related to colocation and cloud services.

iii) Key management compensation

Key management compensation includes short and long-term benefits of PagSeguro Brazil's executive officers. The short and long-term compensation related to the executive officers for the year ended December 31, 2022 amounted to R$21,446 (R$41,198 for the year ended December 31, 2021 and R$104,568 for the year ended December 31, 2020).

11. Business combinations

On August 12, 2021, PagSeguro Brazil acquired 100% of the share capital and obtained control of Concil. Total consideration amounted to R$43,896 and the total net assets acquired at fair value amounted to R$23,165. The consideration paid in cash amounted to R$35,000 and the remaining portion in amount of R$8,896 was recognized in other liabilities and will be retained for the achievement of metrics. Concil main activity is in the information technology industry, focused on the processing of back-office solutions, including reconciliation services for the capture of credit cards with acquirers and sub acquirers.

The purchase price allocation ("PPA") was completed on September 30, 2021, which included the recognition of a customer portfolio with a fair value of R$3,839, non-compete agreement of R$940 and software of R$33,136. The Company has also recognized a contingent liability and indemnification assets of R$7,848 resulting in the recognition of goodwill of R$20,731, which is attributable mainly to operational synergy and cost reductions.

The PPA was elaborated considering projections for the period of five years based on management's budgets for Concil and applying an inflation rate plus the estimated growth of GDP of services (fluctuating from 2.0% to 4.5% per year) in order to project future cash flows, with a discount rate based on the weighted average cost of capital (fluctuating from 17.5% to 19.5% per year).

This acquisition is in accordance with PagSeguro Group's business strategies, ramping up investments on new technologies, products and services for the Group's digital ecosystem. The fair value of assets and liabilities acquired in 2021 were as follow:

	December 31, 2021
Fair value of assets and liabilities acquired	
Cash and cash equivalents	**529**
Accounts receivable acquired	**540**
Financial investments acquired	**—**
Other Assets acquired	**1,092**
Payables to third parties assumed	**—**
Liabilities assumed	**(4,020)**
Customer portfolio, expenditures with software and others	**45,763**
Deferred taxes	**(12,891)**
Contingent liability	**(7,848)**
Value of net assets	**23,165**
Goodwill	**20,731**
Purchase cost	**43,896**
Consideration for the purchase settled in cash	**35,000**
Cash and cash equivalents at the subsidiary acquired	**(529)**
Amount paid on acquisitions less cash and cash equivalents acquired	**34,471**

12. Property and equipment

a) Property and equipment are composed as follows:

	December 31, 2022		
	Cost	Accumulated depreciation	Net
Data processing equipment	214,279	(68,274)	146,005
Machinery and equipment (i)	3,382,067	(1,115,120)	2,266,947
Buildings Leasing (ii)	102,145	(43,901)	58,244
Other	33,692	(11,389)	22,303
Total	**3,732,183**	**(1,238,684)**	**2,493,499**

	December 31, 2021		
	Cost	Accumulated depreciation	Net
Data processing equipment	106,643	(51,294)	55,349
Machinery and equipment (i)	2,798,823	(654,360)	2,144,463
Buildings Leasing (ii)	94,048	(26,928)	67,120
Other	29,909	(7,789)	22,120
Total	3,029,423	(740,371)	2,289,052

b) The changes in cost and accumulated depreciation were as follows:

	Data processing equipment	Machinery and equipment (i)	Buildings Leasing (ii)	Other	Total
On December 31, 2020					
Cost	77,413	1,881,556	79,890	22,114	2,060,973
Accumulated depreciation	(35,572)	(204,154)	(12,621)	(6,013)	(258,360)
Net book value	41,841	1,677,402	67,269	16,101	1,802,613
On December 31, 2021					
Opening balance					
Cost	29,230	917,267	14,156	7,796	968,449
Purchases	29,940	931,859	15,013	10,478	987,290
Disposals	(1,226)	(14,601)	(857)	(2,902)	(19,586)
Acquisition of subsidiary	516	9	—	220	745
Depreciation	(15,722)	(450,206)	(14,305)	(1,777)	(482,010)
Depreciation	(16,407)	(453,595)	(14,804)	(3,137)	(487,943)
Disposals	1,063	3,392	499	1,445	6,399
Acquisition of subsidiary	(378)	(3)	—	(85)	(466)
Net book value	55,349	2,144,463	67,120	22,120	2,289,052
On December 31, 2021					
Cost	106,643	2,798,823	94,048	29,909	3,029,423
Accumulated depreciation	(51,294)	(654,360)	(26,928)	(7,789)	(740,371)
Net book value	55,349	2,144,463	67,120	22,120	2,289,052
On December 31, 2022					
Opening balance					
Cost	**107,636**	**583,244**	**8,097**	**3,783**	**702,760**
Purchases	**109,245**	**981,462**	**8,097**	**5,352**	**1,104,156**
Disposals/Provisions (iii)	**(1,609)**	**(398,218)**	—	**(1,569)**	**(401,396)**
Depreciation	**(16,980)**	**(460,760)**	**(16,973)**	**(3,600)**	**(498,313)**
Depreciation	**(17,092)**	**(647,318)**	**(16,973)**	**(3,851)**	**(685,234)**
Disposals/Provisions (iii)	**112**	**186,558**	—	**251**	**186,921**
Net book value	**146,005**	**2,266,947**	**58,244**	**22,303**	**2,493,499**
On December 31, 2022					
Cost	**214,279**	**3,382,067**	**102,145**	**33,692**	**3,732,183**
Accumulated depreciation	**(68,274)**	**(1,115,120)**	**(43,901)**	**(11,389)**	**(1,238,684)**
Net book value	**146,005**	**2,266,947**	**58,244**	**22,303**	**2,493,499**

(i) Net book value of POS devices is R$2,212,692 (R$2,091,671 as of December 31, 2021), which are depreciated over 5 years. The depreciation of POS in the year ended December 31, 2022, amounted to R$640,798 (R$448,385 in the year ended December 31, 2021). On December 31, 2022, PagSeguro have contractual obligations to acquire POS Devices in the amount of R$860,321 (R$1,650,885 on December 31, 2021).

(ii) As of December 31, 2022, PagSeguro had a lease liability presented in other current liabilities in the amount of R$18,704 (R$15,690 as of December 31, 2021) and as non-current liability in the amount of R$39,867 (R$51,521 as of December 31, 2021). For the year ended December 31, 2022, the Company incurred in financial expenses related to these leases of R$18,179 (R$21 for the year ended December 31, 2021).

(iii) The net book value of disposals is R$211,660 of which R$398,218 are cost and R$186,558 are accumulated depreciation. During the year ended December 31, 2022, the Company revised its business strategy towards a specific group of merchants and observed no future economic benefit is expected from them, resulting in the provision of POS devices allocated to these merchants in the net book value of R$199,868 (R$387,261 are cost and R$187,392 are accumulated depreciation)..

13. Intangible assets

a) Intangible assets are composed as follows:

	December 31, 2022		
	Cost	Accumulated amortization	Net
Expenditures related to software and technology (i)	**2,904,505**	**(1,155,187)**	**1,749,318**
Software licenses	**257,096**	**(97,698)**	**159,398**
Goodwill (ii)	**209,908**	**—**	**209,908**
Other	**67,768**	**(27,619)**	**40,149**
	3,439,277	**(1,280,504)**	**2,158,773**

	December 31, 2021		
	Cost	Accumulated amortization	Net
Expenditures related to software and technology (i)	2,016,541	(772,804)	1,243,737
Software licenses	196,854	(53,129)	143,725
Goodwill (ii)	209,908	—	209,908
Other	67,768	(14,962)	52,806
	2,491,071	(840,895)	1,650,176

(i) The PagSeguro Group capitalizes expenses incurred with the development of platforms, which are amortized over their useful lives of approximately five years.
(ii) The balances comprise the goodwill arising from the acquisition of the companies Biva, BancoSeguro, Yami, Zygo, Moip and Concil.

The goodwill is allocated to the Cash Generating Units (CGUs) in each of the acquired companies that generated the goodwill and is demonstrated below:

	December 31,	
	2022	2021
Moip	**148,218**	148,218
Concil	**20,731**	20,731
Biva Serviços	**14,627**	14,627
Banco Seguro	**12,612**	12,612
Boa Compra	**6,570**	6,570
Zygo	**5,768**	5,768
Yami	**1,382**	1,382
Total	**209,908**	**209,908**

The recoverable amount of a CGU is determined based on value-in-use calculations. The goodwill was mainly represented by the MOIP acquisition in the amount of R$148,117. The recoverability of this goodwill was tested using five-year budgets, a long-term growth rate based on estimated gross domestic product (2.01% in 2026 and 2.01% in 2027), inflation rates (3.29% in 2026 and 3.29% in 2027) metrics to project future cash flows and discount rate based on WACC (fluctuation from 14% to 16% per year). For the goodwill originated by other acquisitions, the Company tested the recoverability using the same approach.

Based on these assessments, management concluded that the book balances of goodwill recorded as on December 31, 2022 of the respective assets are recoverable, since the estimated value for GCU was higher than its book value and, therefore, no provision for impairment of was accounted for.

b) The changes in cost and accumulated amortization were as follows:

	Expenditures with software and technology	Software licenses	Goodwill	Other	Total
On December 31, 2020					
Cost	1,319,061	103,256	169,667	62,786	1,654,770
Accumulated amortization	(501,319)	(29,060)	—	(771)	(531,150)
Net book value	817,742	74,196	169,667	62,015	1,123,620
On December 31, 2021					
Cost	697,480	93,597	40,241	4,983	836,301
Additions (i)	715,382	97,103	40,589	4,983	858,057
Disposals	(18,167)	(3,645)	(348)	—	(22,160)
Acquisition of subsidiary	265	139	—	—	404
Amortization	(271,485)	(24,068)	—	(14,192)	(309,745)
Amortization	(278,220)	(24,290)	—	(14,192)	(316,702)
Disposals	6,735	222	—	—	6,957
Net book value	1,243,737	143,725	209,908	52,806	1,650,176
On December 31, 2021					
Cost	2,016,541	196,854	209,908	67,768	2,491,071
Accumulated amortization	(772,804)	(53,129)	—	(14,962)	(840,895)
Net book value	1,243,737	143,725	209,908	52,806	1,650,176
On December 31, 2022					
Cost	**887,964**	**60,242**	—	—	**948,206**
Additions (i)	**979,734**	**60,603**	—	—	**1,040,337**
Disposals (ii)	**(91,770)**	**(361)**	—	—	**(92,131)**
Amortization	**(382,383)**	**(44,569)**	—	**(12,657)**	**(439,609)**
Amortization	**(430,358)**	**(44,903)**	—	**(12,657)**	**(487,918)**
Disposals	**47,975**	**334**	—	—	**48,309**
Net book value	**1,749,318**	**159,398**	—	**40,149**	**2,158,773**
On December 31, 2022					
Cost	**2,904,505**	**257,096**	**209,908**	**67,768**	**3,439,277**
Accumulated amortization	**(1,155,187)**	**(97,698)**	—	**(27,619)**	**(1,280,504)**
Net book value	**1,749,318**	**159,398**	**209,908**	**40,149**	**2,158,773**

(i) Refers to several and diverse expenditures with software and technology, mainly related to customer experience functionalities, such as, digital payment and digital banking account. Goodwill recorded in business combinations in 2021 are related to Concil and MOIP acquisitions.
(ii) The net book value of disposals is R$43,822 of which R$92,131 are cost and R$48,309 are accumulated amortization. During the year ended December 31, 2022, the Company revised some softwares originated from acquired companies and observed no future economic benefit is expected from them, resulting in the write off of some related softwares in the net book value of R$40,213 (R$86,835 are costs and R$46,622 are accumulated amortization).

14. Payables to third parties

Payables to third parties, in the amount of R$18,072,898 (R$13,217,150 as of December 31, 2021) correspond mainly to amounts to be paid to merchants related to transactions carried out by their card holders, net of the intermediation fees and discounts applied. PagSeguro Brazil's average settlement terms agreed upon with commercial establishments is up to 14 days.

Of the total amount of payable to third parties, R$1,196,491 (R$533,436, as of December 31, 2021) refer to the balance of transactions settled on merchant's payment account and available to be used by them and R$7,470,978 (R$5,167,577 as of December 31, 2021) refer to the balance of the clients maintained in their banking accounts that are invested by the Company in Certificate of Deposits with 30 days of maturity and interest average rate of 69% of CDI (59% of CDI in December 2021).

15. Deposits

	December 31,	
	2022	**2021**
Certificate of Deposit (i)	**9,806,062**	2,510,818
Interbank deposits (ii)	**2,101,152**	404,998
Corporate Securities (iii)	**88,074**	218,180
	11,995,288	3,133,996
Current	**10,100,599**	3,056,444
Non-Current	**1,894,689**	77,552

(i) The average return is 117% of CDI (163% of CDI in December 2021). From the total amount, R$2,080,779 refer to certificate of deposits with interest rates correlated to the IPCA (Brazilian inflation rates) and fixed rates that started in 2022. For these certificates of deposit, the Company entered into derivative financial instruments ("Swaps") with the specific objective of protecting said deposit from fluctuations arising from inflation, changing IPCA and fixed rates for CDI rates. In December 2022, the Company recorded liabilities of Swaps in the amount of R$22,289.
(ii) The average return is 111% of CDI (118% of CDI in December 2021).
(iii) The average return is 141% of CDI (152% of CDI in December 2021).

The maturity analysis of deposits based on due date of the agreements (disregarding that some can be withdrawn at any time, which is limited to the contracts with a due date of less than 365 days) is as follows:

	December 31,	
	2022	**2021**
Due within 30 days	**864,864**	646,232
Due within 31 to 120 days	**3,253,826**	1,029,936
Due within 121 to 180 days	**1,945,917**	313,008
Due within 181 to 360 days	**4,035,992**	1,067,268
Due to 361 days or more days	**1,894,689**	77,552
	11,995,288	3,133,996

The changes in deposits were as follows:

On December 31,2020	766,086
Additions	4,929,926
Withdraws	(2,667,612)
Interest	105,596
On December 31,2021	3,133,996
Additions (i)	**25,475,725**
Withdraws	**(17,228,838)**
Interest	**614,405**
On December 31, 2022	**11,995,288**

(i) Increase is mainly related to higher volume of deposits issued due to attractiveness of interest rates paid.

16. Salaries and social security charges

	December 31,	
	2022	**2021**
Payroll accruals	**100,810**	75,151
Profit sharing	**87,111**	75,076
Social charges	**49,651**	39,200
Payroll taxes (LTIP) (i)	**42,791**	61,359
Other	**12,415**	8,938
	292,778	259,724

(i) Refers to social charges and income tax over LTIP and LTIP goals balances

17. Taxes and contributions

	December 31,	
	2022	**2021**
Taxes		
Services tax and other (i)	**184,536**	171,902
Social integration program (ii)	**35,003**	26,832
Social contribution on revenues (ii)	**211,749**	164,330
Income tax and social contribution (iii)	**4,104**	31,865
Other	**18,878**	12,596
	454,270	407,525

	December 31,	
	2022	**2021**
Judicial deposits (iv)		
Services tax (i)	**(163,005)**	(159,101)
Social integration program (ii)	**(28,165)**	(25,789)
Social contribution on revenues (ii)	**(173,321)**	(158,701)
	(364,491)	(343,591)
	89,779	63,934

(i) Refers to tax on revenues.
(ii) Refers mainly to Social Integration Program(PIS) and Social Contribution on Revenues (COFINS) charged on financial income.
(iii) Refers to the income tax and social contribution payable.
(iv) The PagSeguro Group obtained until January 2021 court decisions to deposit the amount related to the payments in escrow for matters discussed in items "i" and "ii" and above.

18. Provision for contingencies

PagSeguro Group is party to labor and civil litigation in progress and are discussing such matters at the administrative and judicial levels, for which in some cases the PagSeguro Group has made corresponding judicial deposits. The likelihood of a negative outcome is assessed periodically and adjusted by management, when appropriate. Such assessment considers the opinion of its external legal advisors.

	December 31,	
	2022	**2021**
Civil	**26,365**	33,343
Labor	**45,797**	18,387
	72,162	51,730
Labor Deposits	**(11,559)**	(10,167)
	60,603	41,563
Current	46,233	27,653
Non-Current	14,370	13,910

Below it is demonstrated the movements of the provision for contingencies in the year ended December 31, 2022:

On December 31,2020	28,804
Accrual	25,907
Settlement	(17,760)
Interest	4,612
On December 31,2021	41,563
Accrual	**37,276**
Settlement	**(24,234)**
Interest	**5,998**
On December 31,2022	**60,603**

The movements of the labor deposits for the year ended December 31, 2022 is mainly related to interest in the year.

The PagSeguro Group is party to tax and civil lawsuits involving risks classified as possible losses, for which no provision was recognized on December 31, 2022, totaling R$635,515 (December 31, 2021 R$504,691). The main tax and labor lawsuit are disclosed below:

On October 15, 2021, PagSeguro Internet was assessed by the Brazilian Internal Revenue Service ("IRS") for not collecting tax on financial operation ("IOF") on intercompany loans. IOF is applicable over credit transactions of any nature, including intercompany loans. The amount of this assessment was R$266,957 (R$239,812 in December 2021).

The Company has presented its defense, clarifying that the transactions carried out among PagSeguro and its subsidiaries are not credit transactions. The Group has a centralized cash pool and, according to the law, this kind of intercompany transaction is not taxable by IOF.

Additionally, PagSeguro in 2022 has one labor contingency in the amount of R$133,286 (R$68,534 in December 2021).

19. Borrowings

In November 2021, the PagSeguro Group entered in a US$180 million borrowing agreement with maturity one year from the execution date and payment in a single instalment at the due date. At the moment the agreement was signed, the foreign exchange rate was R$5.6227 per US dollar amounting in R$1,012,086. Interest on the borrowing was paid at the maturity of the financing, together with the total settlement of the financial instrument, for the same financing, the Company entered into derivative financial instruments ("Swaps"), with the specific objective of protecting said borrowing from fluctuations arising from the exchange rate variation. In November 2022, the PagSeguro Group liquidated its borrowing in the total amount of R$1,143,026 considering principal, interests, taxes and the total settlement of the financial instruments.

In February 2022, the Group entered in a R$250 million borrowing agreement with maturity in three months from the execution date, the interest rate was 112% of CDI and the payment would occur in a single instalment as the due date. In May 2022, the borrowing agreement was re-signed with new maturity for an additional three months and was settled in August 2022 in the principal amount of R$250 million and the interests of R$7,015 were paid in May and R$8,322 in August.

The table below demonstrates the changes in the borrowings:

	December 31, 2022
On December 31,2020	—
Additions	1,012,086
Interest	8,018
Financial Instruments	(14,317)
On December 31,2021	1,005,787
Additions	**250,000**
Interest	**175,338**
Payment	**(1,270,075)**
Financial Instruments	**(161,050)**
On December 31, 2022	—

20. Income tax and social contribution

a) Reconciliation of the deferred income tax and social contribution

	Tax losses	Tax credit	Technological innovation (i)	Other temporary differences assets(ii)	Other temporary differences liability (iii)	Total
Deferred tax						
On December 31, 2020	68,839	4,897	(277,971)	182,818	(1,027,883)	(1,049,300)
Included in the statement of income	(2,524)	(5,084)	(157,885)	170,895	(207,344)	(201,942)
Other	4,468	—	8,617	(93)	(32,748)	(19,756)
On December 31, 2021	70,783	(187)	(427,239)	353,620	(1,267,975)	(1,270,998)
Included in the statement of income	**(3,205)**	**(2,061)**	**(175,297)**	**190,982**	**(204,238)**	**(193,819)**
On December 31, 2022	**67,578**	**(2,248)**	**(602,536)**	**544,602**	**(1,472,213)**	**(1,464,817)**
Deferred tax asset						**99,411**
Deferred tax liability						**(1,564,228)**

(i) Refers to the benefit granted by the Technological Innovation Law (Lei do Bem), which reduces the tax charges on the capitalized amount intangible assets.
(ii) The main other assets temporary difference refers to expected credit losses (Note 8) and taxes and contributions (Note 17).
(iii) The main other liability temporary difference refers to gain on the ownership of FIDC quotas, that will be realized only in the redemption of such quotas.

Deferred tax assets are recognized for tax loss carry-forward to the extent that the realization of the related tax benefit through future taxable profits is probable. Tax losses do not have expiration date.

b) Reconciliation of the income tax and social contribution expense:

PagSeguro Group computed income tax and social contribution under the taxable income method. The following is a reconciliation of the difference between the actual income tax and social contribution expense and the expense computed by applying the Brazilian federal statutory rate for the years ended December 31, 2022, 2021 and 2020:

	For the year ended December 31,		
	2022	**2021**	**2020**
it for the year before taxes	**1,759,316**	1,488,027	1,774,691
tory rate	**%34**	%34	%34
cted income tax and social contribution	**(598,167)**	(505,929)	(603,395)
me tax and social contribution effect on:			
anent additions (exclusions)			
Gifts	**(3,806)**	704	(7,175)
R&D and technological innovation benefit - Law 11,196/05 (i)	**255,354**	187,207	134,247
Taxation of income abroad (ii)	**114,229**	(800)	504
Unrecorded deferred taxes	**(17,570)**	(1,100)	(6,017)
Other additions (exclusions)	**(4,589)**	(1,826)	(555)
me tax and social contribution expense	**(254,549)**	(321,744)	(482,391)
tive rate	**%14**	%22	%27
me tax and social contribution – current	**(60,718)**	(119,801)	(62,840)
me tax and social contribution – deferred	**(193,830)**	(201,942)	(419,551)

(i) Refers to the benefit granted by the Technological Innovation Law (Lei do Bem), which reduces the income tax charges, based on the amount invested by the PagSeguro Group on specific intangible assets, see note 13.
(ii) Some entities and investment funds adopt different taxation regimes according to the applicable rules in their jurisdictions, which differs from the Brazilian tax rate of 34% applied for the purpose of this note.

21. Equity

a) Share capital

On December 31, 2022, share capital is represented by 329,608,226 common shares, par value of US$0.000025. Share capital is composed of the following shares for the year ended December 31, 2022:

December 31, 2020 shares outstanding	329,016,372
Treasury shares	1,520,065
Long-Term Incentive Plan	758,024
Repurchase of common shares	(1,686,235)
December 31, 2021 shares outstanding	329,608,226
Treasury shares	3,642,899
Long-Term Incentive Plan	637,728
Repurchase of common shares	(4,280,627)
December 31, 2022 shares outstanding	**329,608,226**

b) Capital reserve

The capital reserve can only be used to increase capital, offset losses, redeem, reimburse, or purchase shares or pay cumulative dividends on preferred shares. For the year ended December 31, 2022, the Company has not recognize any capital reserve movement, as all the LTIP and LTIP goals shares were delivered with treasury. For the year ended December 31, 2021, the Company recognize LTIP capital movement by issuing new shares of R$138,665 (R$3,834 in the year ended December 31, 2020).

c) Share based long-term incentive plan (LTIP and LTIP goals)

Under the terms of the LTIP, upon completion of the IPO, the vested portion of each beneficiary's LTIP rights was converted into Class A common shares of PagSeguro Digital at the IPO price (US$21.50) which is the assessed fair value at the grant date. As a result, the beneficiaries of the LTIP received a total of 1,823,727 new Class A common shares upon completion of the IPO. The unvested portions of each beneficiary's LTIP rights will be settled on each future annual vesting date in shares.

This arrangement is classified as equity settled. For the year ended December 31, 2022, the Company recognized in equity, costs related to the LTIP and LTIP Goals in the total amount of R$127,391 (R$305,408 and R$75,218 for the years ended December 31, 2021 and 2020, respectively). On December 31, 2022, the amount of R$42,791 (R$61,359 and R$62,293 for the years ended December 31, 2021 and 2020, respectively) was accounted for LTIP and LTIP Goals social charges, including withholding income tax (Note 16).

The maximum number of common shares that can be delivered to beneficiaries under the LTIP may not exceed 3% of the Company's issued share capital at any time. Until December 31, 2022, total shares granted were 8,169,039 and the total shares issued were 6,545,423, representing 2.5% and 2.0% of total shares respectively.

d) OCI and Equity valuation adjustments

The Company recognizes in this account the accumulated effect of the foreign exchange variation resulting from the conversion of the financial statements of the foreign subsidiary BCPS, PagSeguro Colombia, PagSeguro Chile, PagSeguro Peru and PagSeguro Mexico which amounted to a loss of R$677 for the year ended on December 31, 2022 (loss of R$117 for the year ended December 31, 2021 and gain of R$959 for the year ended December 31, 2020). This accumulated effect will be reverted to the result of the year as gain or loss only in case of disposal or write-off of the investment.

The financial investments mentioned in note 6 were classified at fair value through other comprehensive income. Unrealized accumulated gain on LFTs for the year ended December 31, 2022 totaled R$141 (loss of R$107 for the year ended December 31, 2022).

As part of transactions completed in prior years, the Company also recognized in this account the difference between the book value and the amounts paid in the acquisitions of additional interests from the non-controlling shareholders of the subsidiary represented by the accumulated amount of R$22,372 (R$22,372 as of December 31, 2021 and 2020).

e) Treasury shares

On October 30, 2018, PagSeguro Digital's board of directors authorized a share repurchase program, under which the PagSeguro Group may repurchase up to US$250 million in outstanding Class A common shares traded on the New York Stock Exchange (NYSE). The Company's management is responsible for defining the timing and the number of shares to be acquired, within authorized limits. Treasury shares are composed of the following shares for the years ended December 31, 2022 and 2021:

	Shares	Amount	Average Price (US$)
Repurchase shares			
December 31, 2020 treasury shares	168,636	13,609	18.06
Repurchase of common shares	1,686,235	284,812	30.23
Long-Term Incentive Plan	(166,170)	(13,410)	18.06
December 31, 2021 treasury shares	**1,688,701**	**285,011**	**30.23**
Repurchase of common shares	4,280,627	291,445	12.50
Long-Term Incentive Plan	(637,728)	(101,102)	28.16
December 31, 2022 treasury shares	**5,331,600**	**475,354**	**16.00**

22. Earnings per share

a) Basic

Basic earnings per share is calculated by dividing net income attributable to equity holders of PagSeguro Digital by the weighted average number of common shares issued and outstanding during the years ended December 31, 2022, 2021 and 2020:

	For the year ended December 31,		
	2022	**2021**	**2020**
Profit attributable to stockholders of the Company	**1,504,768**	1,166,102	1,291,658
Weighted average number of outstanding common shares (thousands)	**327,110,295**	330,310,786	329,292,240
Basic earnings per share - R$	**4.6002**	3.5303	3.9225

b) Diluted

Diluted earnings per share is calculated by dividing net income attributable to equity holders of PagSeguro Digital by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all dilutive potential common shares into common shares. The share in the LTIP and LTIP Goals are the only shares with potential dilutive effect. In this case, a calculation is done to determine the number of shares that could have been acquired at fair value.

	For the year ended December 31,		
	2022	**2021**	**2020**
Profit used to determine diluted earnings per share	**1,504,768**	1,166,102	1,291,658
Weighted average number of outstanding common shares (thousands)	**327,110,295**	330,310,786	329,292,240
Weighted average number of shares that would have been issued at average market price	**2,124,398**	1,864,038	521,937
Weighted average number of common shares for diluted earnings per share (thousands)	**329,234,693**	332,174,824	329,814,177
Diluted earnings per share - R$	**4.5705**	3.5105	3.9163

Weighted average number of outstanding common shares decreased due to the repurchase of common shares (treasury shares) in the amount of 4,280,627 in the year ended December 31, 2022 (1,686,235 shares in 2021).

23. Total revenue and income

	For the year ended December 31,		
	2022	**2021**	**2020**
Gross revenue from transaction activities and other services (i)	**10,047,654**	7,574,728	5,059,464
Gross financial income (ii)	**6,438,774**	3,587,823	2,193,961
Gross other financial income (iii)	**288,333**	162,944	145,055
Total gross revenue and income	**16,774,761**	11,325,495	7,398,480
Deductions from gross revenue from transactions activities and other services (iv)	**(1,141,248)**	(789,922)	(550,744)
Deductions from gross financial income (v)	**(186,039)**	(73,398)	(16,603)
Deductions from gross other financial income (vi)	**(112,560)**	(13,453)	(16,460)
Total deductions from gross revenue and income	**(1,439,847)**	(876,773)	(583,807)
Total revenue and income	**15,334,914**	10,448,722	6,814,673

(i) Includes mainly intermediation fee, membership fee and credit operations revenues.
(ii) Includes income from early payment of notes payable to third parties.
(iii) Includes (a) interest of financial investments and (b) gain on exchange variation.
(iv) Deductions consist of transactions taxes.
(v) Deductions consist of taxes on financial income.
(vi) Deductions consist of taxes on other financial income. Central Bank of Brasil Resolution n°33 of October 29, 2020, implemented in January 2022, established, among others, the treatment of financial income resulted from transactions with FIDC to be classified as financial investments and therefore subject to taxation of PIS and COFINS.

24. Expenses by nature

	For the year ended December 31,		
	2022	**2021**	**2020**
Transactions costs (i)	**(5,566,927)**	(4,321,135)	(2,773,436)
Marketing and advertising	**(717,732)**	(791,134)	(510,840)
Personnel expenses (ii)	**(1,032,732)**	(1,074,249)	(619,137)
Financial expenses (iii)	**(3,151,552)**	(790,635)	(109,232)
Total losses (iv)	**(984,487)**	(664,268)	(288,309)
Depreciation and amortization (vi)	**(1,130,690)**	(768,593)	(376,335)
Other (v)	**(991,478)**	(550,681)	(362,693)
	(13,575,598)	(8,960,695)	(5,039,982)
Classified as:			
Cost of services	**(7,470,895)**	(5,775,895)	(3,772,298)
Selling expenses	**(1,946,075)**	(1,523,908)	(617,463)
Administrative expenses	**(668,679)**	(877,559)	(563,893)
Financial expenses	**(3,151,552)**	(790,635)	(109,232)
Other income (expenses), net	**(338,397)**	7,302	22,904
	(13,575,598)	(8,960,695)	(5,039,982)

(i) The increase is mainly represented by: (i) costs related to interchange fees of card issuers in the amount of R$4,505,290 for year ended December 31, 2022 (R$3,043,591 and R$1,680,441 for years ended December 31, 2021 and 2020, respectively), (ii) card scheme fees in the amount of R$882,091 for year ended December 31, 2022 (R$653,224 and R$432,361 for years ended December 31, 2021 and 2020, respectively). The balance is also impacted by an increase in costs related to freight, maintenance of POS and storage costs in the amount R$250,323 for the year ended December 31, 2022 (R$242,834 and R$212,813 for the years ended December 31, 2021 and 2020, respectively).

(ii) Includes R$79,447, R$370,629 and R$207,012 of compensation expenses related to the LTIP and LTIP goals for the years ended December 31,2022, 2021 and 2020, respectively. Despite that, there was an increase in personnel expenses which is mainly related to increase in headcount.

(iii) Relates mainly to the early collection of receivables, which amounted to R$1,233,045 in the year ended December 31, 2022 (R$426,992 and R$49,204 for the years ended December 31, 2021 and 2020, respectively). The remaining increase is related to expenses with higher amount of interests on deposits which amounted to R$654,903 in the year ended December 31, 2022 (R$105,568 and R$8,083 in the years ended December 31, 2021 and 2020, respectively) and bank accounts which amounted to R$918,390 in the year ended December 31, 2022 (R$173,238 and R$35,533 for the years ended December 31, 2021 and 2020, respectively) due to the increase of Brazilian interest rates and exchange rate in foreign currency and also on the amounts of deposits during 2022.

(iv) Total losses refer to amounts recognized during the year related to card processing operations (acquiring and issuing), losses on digital accounts in the amount of R$430,895 (R$386,143 and R$171,925 for the years ended December 31, 2021 and 2020, respectively) and provision for delinquency rate of credit portfolio in the amount of R$553,592 (R$278,125 and R$116,384 for the years ended December 31, 2021 and 2020, respectively), as detailed in Note 25. In the first quarter of 2021, the amount of R$73,356 related to card processing operations losses on digital accounts is represented by inappropriate use of a system functionality implemented in the past, allowing unappropriated transactions by digital accounts customers and unexpected chargebacks on digital account losses for specific group of customers with higher credit risk for a new product. For all these facts, the corresponding root cause was identified and appropriately addressed by PagSeguro management. The increase is related to the growth of operation of card processing operations and to credit initiatives with higher ECLs as detailed in note 8.

(v) For the year ended December 31, 2022, the increase is impacted by R$199,868 related to provision of POS devices, as described in note 12. The year ended December 31,2022 was also impacted by R$40,213 of softwares disposals, as described in note 13, impairment of our investment in BoletoFlex in the amount of R$12,602 and R$10,000 related to a payment agreement related to PagPhone with our POS supplier. The increase is also impacted by higher consumption of software and cloud services which amounted to R$432,391 for the year ended December 31, 2022 (R$326,070 and R$233,660 for the years ended December 31, 2021 and 2020, respectively) In addition, in June 2021, there was a decision taken by Brazilian Supreme Court related to Value-added Tax on Sales and Services (ICMS), that beneficiated the Company. For this reason, the Company reversed the related provision in the amount of R$29,114 during 2021.

(vi) Depreciation and amortization amounts incurred in the year are segregated between costs and expenses as presented below:

	For the year ended December 31,		
	2022	**2021**	**2020**
Depreciation			
Cost of sales and services (i)	**(658,275)**	(464,411)	(187,284)
Selling expenses	**(173)**	(89)	(25)
Administrative expenses	**(26,786)**	(23,439)	(17,319)
	(685,234)	(487,939)	(204,628)
Amortization			
Cost of sales and services	**(464,108)**	(295,218)	(174,943)
Administrative expenses	**(23,810)**	(21,484)	(4,709)
	(487,918)	(316,702)	(179,652)
PIS and COFINS credits (ii)	**42,461**	36,048	7,945
Depreciation and amortization expense, net	**(1,130,690)**	(768,593)	(376,335)

(i) The depreciation of POS for the year ended December 31, 2022, amounted to R$640,798 (R$448,385 and R$172,519 for the years ended December 31, 2021 and 2020, respectively).

(ii) PagSeguro Brazil has a tax benefit on PIS and COFINS that allows it to reduce the depreciation and amortization over some operational expenses when incurred. This tax benefit is recognized directly as a reduction of depreciation and amortization expense.

25. Financial instruments by category

The PagSeguro Group estimates the fair value of its financial instruments using available market information and appropriate valuation methodologies for each situation.

The interpretation of market data, as regards the choice of methodologies, requires considerable judgment and the establishment of estimates to reach an amount considered appropriate for each situation. Therefore, the estimates presented may not necessarily indicate the amounts that could be obtained in the current market. The use of different hypotheses to calculate market value or fair value may have a material impact on the amounts obtained. The assets and liabilities presented in this note were selected based on their relevance. The PagSeguro Group believes that the financial instruments recognized in these consolidated financial statements at their carrying amount are substantially similar to their fair value. However, since they do not have an active market (except for the LFT included in financial investments, which is actively traded in the market), variations could occur in the event the PagSeguro Group were to decide to settle or realize them in advance.

The PagSeguro Group classifies its financial instruments into the following categories:

	December 31,	
	2022	**2021**
Financial assets		
Amortized cost:		
Cash and cash equivalents	**1,829,097**	1,794,362
Accounts receivables	**36,994,135**	23,657,402
Other receivables	**180,517**	206,486
Judicial deposits	**44,855**	40,224
Investment	**1,651**	1,406
Fair value through other comprehensive income		
Financial investments	**1,103,299**	782,647
	40,153,554	26,482,527

	December 31,	
	2022	**2021**
Amortized cost:		
Payables to third parties	**18,072,898**	13,217,150
Trade payables	**449,102**	578,004
Payables to related parties	**593,906**	543,621
Deposits	**11,995,288**	3,133,996
Borrowings	**—**	1,005,787
Deferred revenue	**143,528**	179,866
Other liabilities	**202,797**	143,884
Fair value through profit or loss		
Derivative financial instruments	**22,289**	14,317
	31,479,808	18,816,625

26. Financial risk management

The PagSeguro Group's activities expose it to a variety of financial risks: market risk, fraud risk (chargebacks), credit risk and liquidity risk. The PagSeguro Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the PagSeguro Group's financial performance.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. In the Group, market risk comprises interest rate risk and foreign currency risk and other price risk, such as equity price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates arises primarily from financial investments and deposits both subject to variable interest rates, principally the CDI rate. The Group conducted a sensitivity analysis of the interest rate risks to which the financial instruments are exposed as of December 31, 2022. For this analysis, the Group adopted as a probable scenario for 2023 interest rates of 12.4% for the CDI. As a result, financial income (with respect to financial investments) and financial expense (with respect to certificate of deposit, corporate securities, bank accounts and interbank deposits) would be impacted as follows:

Transaction	Interest rate risk	Book Value	Scenario with maintaining of CDI (13.65%)	Probable scenario with decrease to 12.40%
Short-term investment	100% of CDI	**1,829,097**	**249,672**	**226,808**
Financial investments	100% of CDI	**1,103,299**	**150,600**	**136,809**
Certificate of Deposit (i)	117% of CDI	**9,806,062**	**(1,566,077)**	**(1,422,663)**
Certificate of Deposit - related party	109% of CDI	**533,186**	**(79,330)**	**(72,065)**
Interbank deposits	111% of CDI	**2,101,152**	**(318,356)**	**(289,203)**
Corporate securities (iii)	141% of CDI	**88,074**	**(16,951)**	**(15,399)**
Bank accounts	69% of CDI	**7,470,978**	**(703,654)**	**(639,217)**
Total			**(2,284,096)**	**(2,074,930)**

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company's risk is mainly related to POS purchases, PagSeguro Tecnologia, BCPS, PSGP Mexico, PagSeguro Colombia, PagSeguro Chile and PagSeguro Peru that have revenues in other currencies and cash and cash equivalents maintained in other countries.

Equity price risk

The Group's non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment. As of December 31, 2022 and December 31, 2021, the exposure to equity price from such investments was not material.

Fraud risk (chargeback)

The PagSeguro Group's sales transactions are susceptible to potentially fraudulent or improper sales and it uses the following two processes to control the fraud risk:

(i) The first process consists of monitoring, on a real time basis, the transactions carried out with credit and debit cards and payment slips, through an anti-fraud system. This process approves or rejects suspicious transactions at the time of the authorization, based on statistical models that are revised on a periodic basis.

(ii) The second process detects chargebacks and disputes not identified by the first process. This is a supplemental process and increases the PagSeguro Group's ability to avoid new frauds. PagSeguro's expenses with chargeback are disclosed in note 24.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily accounts receivable) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments such as loans and credit card receivables with the Company's customers.

Credit risk is managed on a group basis and for its accounts receivable is limited to the possibility of default by: (a) the card issuers, which have the obligation of transferring to the credit and debit card labels the fees charged for the transactions carried out by their card holders, (b) the acquirers, which are used by the PagSeguro Group to approve transactions with the issuers and (c) analyses for the customers background to provide access to credit portfolio.

In order to mitigate this risk, PagSeguro Brazil has established a Credit and Liquidity Risk Committee, whose responsibility is to assess the level of risk of each of the card issuers served by PagSeguro Group, classifying them into three groups:

(i) Card issuers with a low level of risk, with credit ratings assigned by FITCH, S&P and Moody's, which do not require additional monitoring.

(ii) Card issuers with a medium level of risk, which are also monitored in accordance with the financial metrics and ratios; and

(iii) Card issuers with a high level of risk, which are assessed by the committee at monthly meetings.

PagSeguro has a rating process for loans and credit, based on statistical application models (in the early stages of customer relationships) and behavior scoring (used for customers who already have a relationship history). A process for designing, calibrating and implementing policies and guidelines for granting credit and calibrating collection rules.

A process for monitoring the portfolio's risk profile, with a prospective view, which generates early warning feedbacks to the credit granting policies and risk classification models in a timely manner.

Liquidity risk

The PagSeguro Group manages liquidity risk by maintaining reserves, bank and credit lines in order to obtain borrowings, when deemed appropriate. The PagSeguro Group continuously monitors actual and projected cash flows and matches the maturity profile of its financial assets and liabilities in order to ensure that the PagSeguro Group has enough funds to honor its obligations to third parties and meet its operational needs.

The PagSeguro Group invests surplus cash in interest bearings financial investments, choosing instruments with appropriate maturity or enough liquidity to provide adequate margin as determined by the forecasts. On December 31, 2022, PagSeguro Group held cash and cash equivalents of R$1,829,097 (R$1,794,362 on December 31, 2021).

The table below shows the PagSeguro Group's non-derivative financial liabilities divided into the relevant maturity group based on the remaining period from the balance sheet date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Due within 30 days	Due within 31 to 120 days	Due within 121 to 180 days	Due within 181 to 360 days	Due to 361 days or more days
On December 31, 2022					
Payables to third parties	**13,354,285**	**1,717,388**	**856,011**	**2,060,455**	**84,759**
Trade payables	**397,335**	**50,975**	**309**	**482**	**—**
Trade payables to related parties	**—**	**62,559**	**30,390**	**506,671**	**—**
Deposits	**876,415**	**3,384,194**	**2,075,859**	**4,521,112**	**2,198,340**
On December 31, 2021					
Payables to third parties	10,415,882	1,770,271	504,444	526,553	—
Trade payables	573,570	4,339	95	—	—
Trade payables to related parties	—	259,216	5,691	323,203	—
Deposits	655,289	1,073,239	334,942	1,201,888	90,595
Borrowings	—	—	—	1,114,211	—

27. Derivative Financial Instruments designated to Hedge Accounting

The Group trades derivative financial instruments (SWAPs) to manage its overall exposures (inflation index and interest rate).

(i) Fair value hedge

In the year ended December 2022, the PagSeguro Group issued certificate of deposits with maturity in one-year from the execution date and interest rates correlated to the IPCA (Brazilian inflation rates) and interest fixed rates. For these certificate of deposits, the Company entered into swaps with the specific objective of protecting said deposits from fluctuations arising from inflation and high interest rates, changing them for CDI rates. All the amount, which includes principal and interest, are covered and the same due dates are applied. Below is the composition of the derivative financial instruments portfolio by type of instrument, liability value and fair value, financial instrument and MTM registered in profit and loss:

	Notional Liability	Liabilities Fair value	MTM (a)
IPCA CDB	708,454	710,475	2,021
Fixed rated CDB	1,368,325	1,370,304	1,980
Total	**2,076,779**	**2,080,779**	**4,001**

	Notional SWAP	SWAP	MTM (b)	Profit and Loss ((a)+(b))
IPCA CDB	(728,142)	(733,026)	(2,109)	(88)
Fixed rated CDB	(1,374,472)	(1,378,916)	(2,149)	(169)
Total	**(2,102,614)**	**(2,111,942)**	**(4,258)**	**(257)**

The structure of risk limits is extended to the risk factor level, where specific limits aim at improving the monitoring and understanding processes, as well as avoiding concentration of these risks. Additionally, as the main financial assets and financial liabilities of the Company are measured by CDI, the PagSeguro Group's strategy is to change any other risk factors to CDI. The PagSeguro Group undertakes risk management through the economic relationship between hedge instruments and hedged item, in which it is expected that these instruments will move in opposite directions, in the same proportions, with the aim of neutralizing the risk factors. The Company performs the hedging account effectiveness as each reporting date test and for 2022, this test was effective.

28. Non-cash Transactions

	For the year ended December 31,		
	2022	**2021**	**2020**
Non-cash investing activities			
Property and equipment acquired through lease	**8,097**	15,016	79,031
MTM of financial investments	**(107)**	271	(278)

29. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. A three-level hierarchy is used to measure fair value, as shown below:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the assets and liabilities that are not based on observable market data (that is, unobservable inputs).

The PagSeguro Group believes that the financial instruments recognized in these consolidated financial statements at their carrying amount are substantially similar to its fair value. Regarding financial assets, they are comprised by accounts receivable from credit/debit card issuers and acquirers originated from transactions through PagSeguro Group payment platform comprised of transactions approved by large financial institutions in the normal course of business. The financial investments are represented by government bonds with quoted prices in an active market and recognized in the balance sheet based on its fair value.

Financial liabilities are mostly represented by deposits and short-term payables to merchants which are paid in accordance with the contract set out with the merchant and other short-term payables to service providers in the normal course of business and, as such, also approximate from their fair values. There were no transfers between Levels 1, 2 and 3 in 2022.

The following table provides the fair value measurement hierarchy of PagSeguro Group's financial assets and financial liabilities as of December 31, 2022:

	December 31, 2022		
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets			
Cash and cash equivalents	**404,468**	**1,424,629**	—
Financial investments	**1,103,299**	—	—
Accounts receivable	—	**36,994,135**	—
Other receivables	—	**180,517**	—
Judicial deposits	—	**44,855**	—
Investment	—	—	**1,651**
Financial liabilities			
Payables to third parties	—	**18,072,898**	—
Trade payables	—	**449,102**	—
Payables to related parties	—	**593,906**	—
Deposits	—	**11,995,288**	—
Derivative financial instruments	—	**22,289**	—
Deferred revenue	—	**143,528**	—
Other liabilities	—	**202,797**	—

	December 31, 2021		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets			
Cash and cash equivalents	446,322	1,348,040	—
Financial investments	782,647	—	—
Accounts receivable	—	23,657,402	—
Other receivables	—	206,486	—
Judicial deposits	—	40,224	—
Investment	—	—	1,406
Financial liabilities			
Payables to third parties	—	13,217,150	—
Trade payables	—	578,004	—
Payables to related parties	—	543,621	—
Deposits	—	3,133,996	—
Borrowings	—	1,005,787	—
Derivative financial instruments	—	14,317	—
Deferred revenue	—	179,866	—
Other liabilities	—	143,884	—

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT

As of December 31, 2022, PagSeguro Digital Ltd. ("we," "us," "our," "PagSeguro", "PagSeguro Digital" and the "Company") had the following series of securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class:	**Trading Symbol**	**Name of each exchange on which registered**
Class A common shares, par value US$0.000025 per share	PAGS	New York Stock Exchange

We are an exempted company with limited liability incorporated under the laws of the Cayman Islands with the legal name PagSeguro Digital Ltd. Our registered office is located at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 - Cayman Islands and our principal office telephone number is +55 (11) 3914-9524. Our corporate affairs are governed by our Memorandum and Articles of Association and by the laws of the Cayman Islands.

Capitalized terms used but not defined herein have the meanings given to them in our annual report on Form 20-F for the fiscal year ended December 31, 2022.

Description of Share Capital

Set forth below is a summary of the material terms and provisions of our share capital. This description does not purport to be complete and is qualified in its entirety by reference to our Memorandum and Articles of Association (filed in our annual report on Form 20-F as Exhibit 1.01) and the laws of the Cayman Islands. We have included references to items of Form 20-F for convenience.

Item 9.A.3 Preemptive Rights

See "—Item 10.B Memorandum and Articles of Association—Preemptive or Similar Rights" below.

Item 9.A.5 Type and Class of Securities

Our Class A common shares are listed on the NYSE under the symbol "PAGS." Our Class A common shares are listed in registered form and are not certificated. The Class A common shares commenced trading on the NYSE on January 24, 2018. At December 31, 2022, the Class A common shares represented 61.45% of our shares and 100% of our current global public float.

As of December 31, 2022, our authorized share capital was US$50,000 divided into 2,000,000,000 shares of a par value of US$0.000025 per share. All of our outstanding share capital is fully paid. Our Class A common shares are in book-entry form, registered in the name of each shareholder or its nominee. The authorized but unissued shares are presently undesignated and may be issued by the board of directors as common shares of any class or as shares with preferred, deferred or other special rights or restrictions.

Our Memorandum and Articles of Association authorize two classes of common shares: Class A common shares, and Class B common shares. Any holder of Class B common shares may convert his or her shares at any time into Class A common shares on a share-for-share basis. The rights of the two classes of common shares are otherwise identical, except as described below and in our Articles of Association.

As of December 31, 2022, 209,148,718 Class A common shares and 120,459,508 Class B common shares were issued, fully paid and outstanding, and we held 5,331,600 Class A common shares in treasury.

Item 9.A.6. Limitations Qualifications

Not applicable.

Item 9.A.7. Other Rights

Not applicable.

Item 10.B. Memorandum and Articles of Association

Description of Our Memorandum and Articles of Association

History of Share Capital - Initial Public Offering

The shares offered and sold in our initial public offering ("IPO") were registered under the Securities Act of 1933, as amended, pursuant to our Registration Statement on Form F-1 (Registration No. 333-222292), which was declared effective by the Securities and Exchange Commission on January 19, 2018. On January 26, 2018, we closed our IPO, pursuant to which we issued and sold 50,925,642 Class A common shares and UOL sold 70,267,746 Class A common shares. The 121,193,388 registered Class A common shares were sold to the public at a price of US$21.50 per Class A common share, for an aggregate price of US$2,265,789,433.

Corporate Purpose

The corporate objects of PagSeguro Digital, as stated in the Memorandum and Articles of Association, are unrestricted, and PagSeguro Digital has the authority to carry out any object not prohibited by any law, as provided by Section 7(4) of the Companies Act.

Voting Rights

The holders of the Class A common shares and Class B common shares have identical rights, except that: (i) the holder of Class B common shares is entitled to ten (10) votes per share, whereas holders of Class A common shares are entitled to one (1) vote per share; (ii) Class B common shares have certain conversion rights; and (iii) the holder of Class B common shares is entitled to maintain a proportional ownership interest in the event that additional Class A common shares are issued. For more information see "—Preemptive or Similar Rights" and "—Conversion." The holders of Class A common shares and Class B common shares vote together as a single class on all matters (including the election of directors) submitted to a vote of shareholders at general meetings of the Company, except as provided below and as otherwise required by law.

Holders of our Class A and Class B common shares who are nonresidents of the Cayman Islands may freely hold and vote their shares.

The following summarizes the rights of holders of our Class A and Class B common shares:

- each holder of Class A common shares is entitled to one (1) vote per share on all matters to be voted on by shareholders generally, including the election of directors;
- each holder of Class B common shares is entitled to ten (10) votes per share on all matters to be voted on by shareholders generally, including the election of directors;
- the holders of our Class A common shares and Class B common shares are entitled to dividends and other distributions as may be recommended and declared from time to time by our board of directors out of funds legally available for that purpose, if any; and
- upon our liquidation, dissolution or winding up, each holder of Class A common shares and Class B common shares will be entitled to share equally on a pro rata basis in the distribution of all of our assets remaining available for distribution after satisfaction of all our liabilities.

The Memorandum and Articles of Association provide that at any time when there are Class A common shares in issue, Class B common shares may only be issued pursuant to: (a) a share split, subdivision or similar transaction or as contemplated in the Memorandum and Articles of Association; (b) a business combination involving the issuance of Class B common shares as full or partial consideration; or (c) an issuance of Class A common shares, whereby holders of Class B common shares are entitled to receive an issuance of Class B common shares that would allow holders of Class B common shares to maintain their proportional ownership interest in the Company. A business combination, as defined in the Memorandum and Articles of Association, would include, amongst other things, a statutory amalgamation, merger, consolidation, arrangement or other reorganization.

Share Repurchases

The Companies Act and the Memorandum and Articles of Association permit PagSeguro Digital to purchase its own shares, subject to certain restrictions. The board of directors may only exercise this power on behalf of PagSeguro Digital, subject to the Companies Act, the Memorandum and Articles of Association and to any applicable requirements imposed from time to time by the SEC, the NYSE, or by any recognized stock exchange on which our securities are listed.

On October 30, 2018, PagSeguro Digital announced the adoption of its share repurchase program in an aggregate amount of up to US$250 million in outstanding Class A common shares traded on the NYSE. PagSeguro Digital's share repurchase program went into effect in the fourth quarter of 2018 and does not have a fixed expiration date. The program may be executed in compliance with Rule 10b-18 under the Exchange Act.

Dividends and Capitalization of Profits

PagSeguro Digital has not adopted a dividend policy with respect to payments of any future dividends. Subject to the Companies Act, PagSeguro Digital's shareholders may, by resolution passed by a simple majority of the voting rights entitled to vote at a general meeting, declare dividends (including interim dividends) to be paid to shareholders but for the avoidance of doubt no dividend shall be declared in excess of the amount recommended by the board of directors. The board of directors may also declare dividends. Dividends may be declared and paid out of funds lawfully available to PagSeguro Digital. Unless otherwise provided by the rights attached to shares and the Articles of Association of PagSeguro Digital, all dividends shall be paid in proportion to the number of Class A common shares or Class B common shares a shareholder holds at the date the dividend is declared (or such other date as may be set as a record date), except: (i) if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly; and (ii) where we have shares in issue which are not fully paid up (as to par value), we may pay dividends in proportion to the amounts paid up on each share.

The holders of Class A common shares and Class B common shares shall be entitled to share equally in any dividends that may be declared in respect of PagSeguro Digital's common shares from time to time. In the event that a dividend is paid in the form of Class A common shares or Class B common shares, or rights to acquire Class A common shares or Class B common shares: (i) the holders of Class A common shares shall receive Class A common shares, or rights to acquire Class A common shares, as the case may be; and (ii) the holders of Class B common shares shall receive Class B common shares, or rights to acquire Class B common shares, as the case may be.

Preemptive or Similar Rights

The Class A common shares and Class B common shares are not entitled to preemptive rights upon transfer and are not subject to conversion (except as described herein and below under "—Conversion"), redemption or sinking fund provisions.

The Class B common shares are entitled to maintain a proportional ownership interest in the event that additional Class A common shares are issued. As such, except for certain exceptions, if PagSeguro Digital issues Class A common shares, it must first make an offer to each holder of Class B common shares to issue to such holder on the same economic terms such number of Class B common shares as would ensure such holder may maintain a proportional ownership interest in PagSeguro Digital. This right to maintain a proportional ownership interest may be waived by a majority of the holders of Class B common shares.

Conversion

The outstanding Class B common shares are convertible at any time as follows: (i) at the option of the holder, a Class B common share may be converted at any time into one Class A common share; or (ii) upon the election of the holders of a majority of the then outstanding Class B common shares, all outstanding Class B common shares may be converted into a like number of Class A common shares. In addition, each Class B common share will convert automatically into one Class A common share upon any transfer, whether or not for value, except for certain transfers described in the Articles of Association, including transfers to affiliates, trusts solely for the benefit of the shareholder or their affiliates, and partnerships, companies, corporations and other entities exclusively owned by the shareholder or their affiliates and certain transfers to organizations that are exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Furthermore, each Class B common share will convert automatically into one Class A common share and no Class B common shares will be issued thereafter if, at any time, the voting power of the outstanding Class B common shares represents less than 10% of the combined voting power of the Class A common shares and Class B common shares then outstanding.

No class of PagSeguro Digital's common shares may be subdivided or combined unless the other class of common shares is concurrently subdivided or combined in the same proportion and in the same manner.

Record Dates

For the purpose of determining shareholders entitled to notice of, or to vote at any general meeting of shareholders or any adjournment thereof, or shareholders entitled to receive dividend or other distribution payments, or in order to make a determination of shareholders for any other purpose, PagSeguro Digital's board of directors may set a record date which shall not exceed forty (40) clear days prior to the date where the determination will be made.

General Meetings of Shareholders

As a condition of admission to a shareholders' meeting, a shareholder must be duly registered as a shareholder of PagSeguro Digital at the applicable record date for that meeting and, in order to vote, all calls or installments then payable by such shareholder to PagSeguro Digital in respect of the shares that such shareholder holds must have been paid.

Subject to any special rights or restrictions as to voting then attached to any shares, at any general meeting every shareholder who is present in person or by proxy (or, in the case of a shareholder being a corporation or company, by its duly authorized representative not being himself or herself a shareholder entitled to vote) shall have one (1) vote per Class A common share and ten (10) votes per Class B common share.

As a Cayman Islands exempted company, PagSeguro Digital is not obliged by the Companies Act to call annual general meetings; however, the Articles of Association provide that in each year the company will hold an annual general meeting of shareholders, at a time determined by the board of directors. For the annual general meeting of shareholders the agenda will include, among other things, the presentation of the annual accounts and the report of the directors. In addition, the agenda for an annual general meeting of shareholders will only include such items as have been included therein by the board of directors.

Also, PagSeguro Digital may, but is not required (unless required by the laws of the Cayman Islands), to hold other extraordinary general meetings during the year. General meetings of shareholders are generally expected to take place in São Paulo, Brazil, but may be held elsewhere if the directors so decide.

The Companies Act provides shareholders a limited right to request a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting in default of a company's articles of association. However, these rights may be provided in a company's articles of association. PagSeguro Digital's Articles of Association provide that upon the requisition of one or more shareholders representing not less than one-third of the voting rights entitled to vote at general meetings, the board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. The Articles of Association provide no other right to put any proposals before annual general meetings or extraordinary general meetings.

Subject to regulatory requirements, the annual general meeting and any extraordinary general meetings must be called by not less than ten (10) clear days' notice prior to the relevant shareholders meeting and convened by a notice discussed below. Alternatively, upon the prior consent of all holders entitled to receive notice, with regards to the annual general meeting, and the holders of 95% in par value of the shares entitled to attend and vote at an extraordinary general meeting, that meeting may be convened by a shorter notice and in a manner deemed appropriate by those holders.

PagSeguro Digital will give notice of each general meeting of shareholders by publication on its website and in any other manner that it may be required to follow in order to comply with Cayman Islands law, NYSE and SEC requirements. The holders of registered shares may be given notice of a shareholders' meeting by means of letters sent to the addresses of those shareholders as registered in our shareholders' register, or, subject to certain statutory requirements, by electronic means.

Holders whose shares are registered in the name of DTC or its nominee, which is currently the case for all holders of Class A common shares, will not be a shareholder or member of the company and must rely on the procedures of DTC regarding notice of shareholders' meetings and the exercise of rights of a holder of the Class A common shares.

A quorum for a general meeting consists of any one or more persons holding or representing by proxy not less than one-third of the aggregate voting power of all shares in issue and entitled to vote upon the business to be transacted.

A resolution put to a vote at a general meeting shall be decided on a poll. An ordinary resolution to be passed by the shareholders at a general meeting requires the affirmative vote of a simple majority of the votes cast by, or on behalf of, the shareholders entitled to vote, present in person or by proxy and voting at the meeting. A special resolution requires the affirmative vote on a poll of no less than two-thirds of the votes cast by the shareholders entitled to vote who are present in person or by proxy at a general meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our Company, as permitted by the Companies Act and PagSeguro Digital's Articles of Association.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands.

Pursuant to PagSeguro Digital's Articles of Association, general meetings of shareholders are to be chaired by the chairman or in his absence the vice-chairman (if any) of our board of directors. If the chairman or in his absence the vice chairman (if any) of our board of directors is absent or not present within fifteen minutes after the time appointed for holding the meeting, the directors present at the meeting shall appoint one of them to be chairman of the general meeting. If neither the chairman, vice chairman (if any) nor another director is present at the general meeting within fifteen minutes after the time appointed for holding the meeting, the shareholders present in person or by proxy and entitled to vote may elect any one of the shareholders to be chairman. The order of business at each meeting shall be determined by the chairman of the meeting, and he or she shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Company, restrictions on entry to such meeting after the time prescribed for the commencement thereof, and the opening and closing of the polls.

Transfer of Shares

Subject to any applicable restrictions set forth in the Articles of Association, any shareholder of PagSeguro Digital may transfer all or any of his or her common shares by an instrument of transfer in the usual or common form or in the form prescribed by the NYSE or any other form approved by the Company's board of directors.

PagSeguro Digital's Class A common shares are traded on the NYSE in book-entry form and may be transferred in accordance with PagSeguro Digital's Articles of Association and NYSE's rules and regulations.

However, PagSeguro Digital's board of directors may, in its absolute discretion, decline to register any transfer of any common share which is either not fully paid up to a person of whom it does not approve or is issued under any share incentive scheme for employees which contains a transfer restriction that is still applicable to such common share. The board of directors may also decline to register any transfer of any ordinary share unless:

- a fee of such maximum sum as the NYSE may determine to be payable or such lesser sum as the board of directors may from time to time require is paid to PagSeguro Digital in respect thereof;
- the instrument of transfer is lodged with PagSeguro Digital, accompanied by the certificate (if any) for the common shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- the common shares transferred are free of any lien in favor of PagSeguro Digital; and
- in the case of a transfer to joint holders, the transfer is not to more than four joint holders.

If the directors refuse to register a transfer they are required, within two months after the date on which the instrument of transfer was lodged, to send to the transferee notice of such refusal.

Transmission of Shares

Our Articles of Association provide provisions for the transmission of shares where a person becomes entitled to a share in consequence of the death or bankruptcy of a shareholder.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by PagSeguro Digital's Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on PagSeguro Digital's shares. In addition, there are no provisions in the Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

Appointment, Disqualification and Removal of Directors

PagSeguro Digital is managed by its board of directors. The Articles of Association provide that, unless otherwise determined by a special resolution of shareholders, the board of directors will be composed of four (4) to eleven (11) directors, with the number being determined by a majority of the directors then in office. There are no provisions relating to retirement of directors upon reaching any age limit. The Articles of Association also provide that, while PagSeguro Digital's shares are admitted to trading on NYSE, the board of directors must always comply with the residency and citizenship requirements of the U.S. securities laws applicable to foreign private issuers.

The Articles of Association provide that directors shall be elected by an ordinary resolution of our shareholders, which requires the affirmative vote of a simple majority of the votes cast on the resolution by the shareholders entitled to vote who are present, in person or by proxy, at the meeting. Each director shall be appointed and elected for such term as the resolution appointing him or her may determine or until his or her death, resignation or removal.

Any vacancies on the board of directors that arise other than upon the removal of a director by resolution passed at a general meeting can be filled by the remaining directors (notwithstanding that they may constitute less than a quorum). Any such appointment shall be as an interim director to fill such vacancy until the next annual general meeting of shareholders.

Additions to the existing board (within the limits set pursuant to the Articles of Association) may be made by ordinary resolution of the shareholders.

Grounds for Removing a Director

A director may be removed with or without cause by ordinary resolution. The notice of general meeting must contain a statement of the intention to remove the director and must be served on the director not less than ten (10) calendar days before the meeting. The director is entitled to attend the meeting and be heard on the motion for his removal.

The office of a director will be vacated automatically if he or she (i) becomes prohibited by law from being a director, (ii) becomes bankrupt or makes an arrangement or composition with his creditors, (iii) dies or is in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director, (iv) resigns his office by notice to us, or (v) has for more than six (6) months been absent without permission of the directors from meetings of the board of directors held during that period, and the remaining directors resolve that his or her office be vacated.

Proceedings of the Board of Directors

The Articles of Association provide that PagSeguro Digital's business is to be managed and conducted by the board of directors. The quorum necessary for the board meeting shall be a simple majority of the directors then in office (subject to there being a minimum of two (2) directors present) and business at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a casting vote.

Subject to the provisions of the Articles of Association, the board of directors may regulate its proceedings as they determine is appropriate. Board meetings shall be held at least once every calendar quarter and shall take place either in São Paulo, Brazil or at such other place as the directors may determine.

Subject to the provisions of the Memorandum and Articles of Association, to any directions given by ordinary resolution of the shareholders and the listing rules of the NYSE, the board of directors may from time to time at its discretion exercise all powers of PagSeguro Digital, including, subject to the Companies Act, the power to issue debentures, bonds and other securities of the company, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party.

Inspection of Books and Records

Holders of PagSeguro Digital shares will have no general right under Cayman Islands law to inspect or obtain copies of the list of shareholders or corporate records of the Company. However, the board of directors may determine from time to time whether and to what extent PagSeguro Digital's accounting records and books shall be open to inspection by shareholders who are not members of the board of directors. Notwithstanding the above, the Articles of Association provide shareholders with the right to receive annual financial statements at least ten (10) days before the date of the annual general meeting. Such right to receive annual financial statements may be satisfied by publishing the same on the company's website or filing such annual reports as we are required to file with the SEC.

Register of Shareholders

Our registered Class A common shares are held through DTC, and DTC or Cede & Co., as nominee for DTC, is recorded in the shareholders' register as the holder of our Class A common shares.

Under Cayman Islands law, PagSeguro Digital must keep a register of shareholders that includes:

- the names and addresses of the shareholders, a statement of the class and number of shares held by each member, distinguish each share by its number (if such share has a number) and whether such shares carry voting rights, and of the amount paid or agreed to be considered as paid, on the shares of each member;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under Cayman Islands law, the register of shareholders of PagSeguro Digital is *prima facie* evidence of the matters set out therein (i.e., the register of shareholders will raise a presumption of fact on the matters referred to above unless rebutted) and a shareholder registered in the register of shareholders is deemed as a matter of Cayman Islands law to have *prima facie* legal title to the shares as set against his or her name in the register of shareholders. The shareholders recorded in the register of shareholders should be deemed to have legal title to the shares set against their name.

If the name of any person is incorrectly entered in or omitted from the register of shareholders, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a shareholder of PagSeguro Digital, the person or member aggrieved (or any shareholder of PagSeguro Digital, or PagSeguro Digital itself) may apply to the Cayman Islands Grand Court for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register of shareholders.

Exempted Company

PagSeguro Digital is an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of shareholders is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

PagSeguro Digital is subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers. Except as otherwise disclosed in this annual report, PagSeguro Digital complies with the NYSE rules in lieu of following home country practice.

Anti-Takeover Provisions in our Memorandum and Articles of Association

Some provisions of the Memorandum and Articles of Association may discourage, delay or prevent a change in control of PagSeguro Digital or management that shareholders may consider favorable. In particular, the capital structure of PagSeguro Digital concentrates ownership of voting rights in the hands of UOL. These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of PagSeguro Digital to first negotiate with the board of directors. However, these provisions could also have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of the Class A common shares that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the management of PagSeguro Digital. It is possible that these provisions could make it more difficult to accomplish transactions that shareholders may otherwise deem to be in their best interests.

Two Classes of Common Shares

The Class B common shares of PagSeguro Digital are entitled to ten (10) votes per share, while the Class A common shares are entitled to one (1) vote per share. Since it owns of all of the Class B common shares of PagSeguro Digital, UOL currently has the ability to elect all directors and to determine the outcome of most matters submitted for a vote of shareholders. This concentrated voting control could discourage others from initiating any potential merger, takeover, or other change of control transaction that other shareholders may view as beneficial.

So long as UOL has the ability to determine the outcome of most matters submitted to a vote of shareholders as well as the overall management and direction of PagSeguro Digital, third parties may be deterred in their willingness to make an unsolicited merger, takeover, or other change of control proposal, or to engage in a proxy contest for the election of directors. As a result, the fact that PagSeguro Digital has two classes of common shares may have the effect of depriving you as a holder of Class A common shares of an opportunity to sell your Class A common shares at a premium over prevailing market prices and make it more difficult to replace the directors and management of PagSeguro Digital.

Preferred Shares

PagSeguro Digital's board of directors is given wide powers to issue one or more classes or series of shares with preferred rights. Such preferences may include, for example, dividend rights, conversion rights, redemption privileges, enhanced voting powers and liquidation preferences.

Despite the anti-takeover provisions described above, under Cayman Islands law, PagSeguro Digital's board of directors may only exercise the rights and powers granted to them under the Memorandum and Articles of Association, for what they believe in good faith to be in the best interests of PagSeguro Digital.

Changes to Capital

Pursuant to the Articles of Association, PagSeguro Digital may from time to time by ordinary resolution:

- increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe;
- consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

- convert all or any of its paid-up shares into shares and reconvert such shares into paid up shares of any denomination;
- subdivide its existing shares or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

PagSeguro Digital's shareholders may by special resolution, subject to confirmation by the Grand Court of the Cayman Islands on an application by the Company for an order confirming such reduction, reduce its share capital or any capital redemption reserve in any manner permitted by law.

In addition, subject to the provisions of the Companies Act and PagSeguro Digital's Articles of Association, PagSeguro Digital may:

- issue shares on terms that they are to be redeemed or are liable to be redeemed;
- purchase its own shares (including any redeemable shares); and
- make a payment in respect of the redemption or purchase of its own shares in any manner authorized by the Companies Act, including out of its own capital.

Liquidation Rights

If PagSeguro Digital is voluntarily wound up, the liquidator, after taking into account and giving effect to the rights of preferred and secured creditors and to any agreement between PagSeguro Digital and any creditors that the claims of such creditors shall be subordinated or otherwise deferred to the claims of any other creditors and to any contractual rights of set-off or netting of claims between PagSeguro Digital and any person or persons (including without limitation any bilateral or any multi-lateral set-off or netting arrangements between the company and any person or persons) and subject to any agreement between PagSeguro Digital and any person or persons to waive or limit the same, shall apply PagSeguro Digital's property in satisfaction of its liabilities *pari passu* and subject thereto shall distribute the property amongst the shareholders according to their rights and interests in PagSeguro Digital.

Protection of Non-Controlling Shareholders

The Grand Court of the Cayman Islands may, on the application of shareholders holding not less than one fifth of the shares of PagSeguro Digital in issue, appoint an inspector to examine the Company's affairs and report thereon in a manner as the Grand Court shall direct.

Subject to the provisions of the Companies Act, any shareholder may petition the Grand Court of the Cayman Islands which may make a winding up order, if the court is of the opinion that this winding up is just and equitable.

Notwithstanding the U.S. securities laws and regulations that are applicable to PagSeguro Digital, general corporate claims against PagSeguro Digital by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by PagSeguro Digital's Memorandum and Articles of Association.

The Cayman Islands courts ordinarily would be expected to follow English case law precedents, which permit a minority shareholder to commence a representative action against PagSeguro Digital, or derivative actions in PagSeguro Digital's name, to challenge: (i) an act which is *ultra vires* or illegal; (ii) an act which constitutes a fraud against the minority and the wrongdoers themselves control PagSeguro Digital; and (iii) an irregularity in the passing of a resolution that requires a qualified (or special) majority.

REDACTED COPY

Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****].

12TH AMENDMENT TO THE EQUIPMENT SUPPLY AGREEMENT

Entered into on June 26, 2014.

NET+PHONE TELECOMUNICAÇÕES LTDA., limited liability company, headquartered at Avenida Caminho do Mar, No. 3.115, Bloco C, Pavimento Superior, Parte A, City of São Bernardo do Campo, State of São Paulo, enrolled with the National Corporate Taxpayers' Registry of the Ministry of Finance ("CNPJ/MF") under No. [*****], herein represented pursuant to its Bylaws, hereinafter referred to as "CLIENT 1";

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A. (new corporate name of **PAGSEGURO INTERNET S.A.**), corporation, headquartered at Avenida Brigadeiro Faria Lima, 1384, 4th floor, Parte A, City of São Paulo, State of São Paulo, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "CLIENT 2", and jointly with CLIENT 1, as "CLIENTS";

TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA. limited liability company, headquartered at Rua Santa Mônica, No. 281, Bloco A, City of Cotia, State of São Paulo, Postal Code 06.715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "TRANSIRE SERVIÇOS"; and

TEC TOY S.A., corporation, headquartered at Avenida Buriti, 3,149, Distrito Industrial I, City of Manaus, State of Amazonas, Postal Code 69075-000, enrolled with CNPJ/MF under No. [*****], which is also the successor, by merger, of **TRANSIRE FABRICAÇÃO DE COMPONENTES ELETRÔNICOS S.A.**, and with branch at Rua Santa Mônica, 281, Bloco D, Parque Industrial San Jose, City of Cotia, State of São Paulo, CEP 06715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "TEC TOY". TRANSIRE SERVIÇOS, and TEC TOY are jointly referred to as SERVICE PROVIDERS or SUPPLIERS.

CLIENT 1, CLIENT 2, TRANSIRE SERVIÇOS and TEC TOY are hereinafter jointly referred to as "Parties", and individually as "Party".

WHEREAS:

(i) The Parties executed the Equipment Supply Agreement ("Agreement") as of June 26, 2014, with subsequent amendments on October 21, 2014; July 3, 2015; October 8, 2015; May 20, 2016; December 9, 2016; February 6, 2017; August 25, 2017; November 5, 2019; October 1, 2020; July 20, 2021; and March 18, 2022;

(ii) The Parties decided to include the provision of services, by the SUPPLIERS, of maintenance and repair of Equipment qualified as scrap; and

(iii) The Parties wish to include the company **VICTUM SERVIÇOS S.A** as a service provider to the Agreement, as well as to add TEC TOY's branch registered under CNPJ No. [*****], and to formalize the merger of **TRANSIRE FABRICAÇÃO DE COMPONENTES ELETRÔNICOS S.A.** (CNPJ No. [*****]) by **TEC TOY S.A.** (CNPJ No. [*****]).

The Parties have decided to enter into this 12th Amendment to the Equipment Supply Agreement ("Amendment"), pursuant to the following terms and conditions:

1. AMENDMENTS

1.1. The Parties, in addition to the maintenance services comprised in the Agreement and its Exhibits, agree to include the services of maintenance and repair of Equipment qualified as scrap, which shall be provided by the SUPPLIERS to the CLIENTS, in compliance with the rules and terms established in the Agreement and its Exhibits for the general maintenance services.

1.1.1. For the repair of Equipment qualified as scrap, the Parties agree to establish the prices included in the chart below, including the exchange of electronic parts and plastic parts:

EQUIPMENT MODEL	SCRAP REPAIR PRICE
D190	[*****]
A930	[*****]
S920	[*****]
Q92	[*****]

1.1.2. For services of maintenance to scrap Equipment, the SUPPLIERS shall [*****].

1.2. The Parties mutually agree, in addition to formalizing the merger of **TRANSIRE FABRICAÇÃO DE COMPONENTES ELETRÔNICOS S.A.** (CNPJ No. [*****]) by **TEC TOY S.A.** (CNPJ No. [*****]), to include the company **VICTUM SERVIÇOS S.A.**, as a service provider to the Agreement, which shall become effective with the following wording:

*"**NET+PHONE TELECOMUNICAÇÕES LTDA.**, limited liability company, headquartered at Avenida Caminho do Mar, No. 3.115, Bloco C, Pavimento Superior, Parte A, City of São Bernardo do Campo, State of São Paulo, enrolled with the National Corporate Taxpayers' Registry of the Ministry of Finance ("CNPJ/MF") under No. [*****], herein represented pursuant to its Bylaws, hereinafter referred to as "CLIENT 1";*

***PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A.**, corporation, headquartered at Avenida Brigadeiro Faria Lima, 1384, 4th floor, Parte A, City of São Paulo, State of São Paulo, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "CLIENT 2", and jointly with CLIENT 1, as "CLIENTS";*

***TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA.**, limited liability company, headquartered at Rua Santa Mônica, No. 281, Bloco A, City of Cotia, State of São Paulo, Postal Code 06.715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "TRANSIRE SERVIÇOS";*

***TEC TOY S.A.**, private corporation, headquartered at Avenida Buriti, 3.149, Distrito Industrial I, City of Manaus, State of Amazonas, Postal Code 69075000, enrolled with CNPJ/MF under No. [*****], with branches (i) at Rua Santa Mônica, 281, Bloco D, Parque Industrial San Jose, City of Cotia, State of São Paulo, Postal Code 06715-865, enrolled with CNPJ/MF under No. [*****], and (ii) at Avenida Ministro Mario Andreazza, nº 4.120, Galpão A, Distrito Industrial I, city of Manaus, State of Amazonas, Postal Code 06975-830, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "TEC TOY"; and*

***VICTUM SERVIÇOS S.A.**, private corporation, headquartered at Rua Santa Mônica, No. 281, Bloco E, Parque Industrial San José, City of Cotia, State of São Paulo, Postal Code 06.715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "VICTUM".*

TRANSIRE SERVIÇOS, TECTOY and VICTUM are jointly referred to as SERVICE PROVIDERS or SUPPLIERS.

CLIENT 1, CLIENT 2, TRANSIRE SERVIÇOS, TEC TOY and VICTUM are hereinafter individually referred to as "Party" and jointly as "Parties".

1.3. VICTUM is a company from the economic group of TRANSIRE SERVIÇOS and TEC TOY, and herein represents to be aware of and to agree with the conditions of the Agreement, becoming liable for its rights and obligations included in that instrument.

1.4. Due to the above-mentioned inclusion, all references made to the Service Providers/Suppliers in the Agreement, in whichever instance is not specified, it shall be construed as a reference to TRANSIRE SERVIÇOS, TEC TOY, and VICTUM.

2. RETROACTIVITY

2.1. This Amendment Instrument is executed on the date hereof, however, its effects shall relate back to the date of March 1st, 2022, when the Parties had oral understandings concerning its purpose.

3. RATIFICATION

3.1. The Parties ratify all other terms and conditions of the Agreement, making it clear that the terms and clauses that have not been expressly changed by this Instrument shall remain unchanged and fully effective.

In witness whereof, the Parties execute this instrument in the electronic form, and such Parties, together with their Witnesses, acknowledge that electronic, digital, and computerized signatures are valid and fully effective, constituting instrument enforceable out-of-court for all legal purposes, even if it such signatures or certifications are not under ICP-Brazil standards, pursuant to the provisions in paragraphs of Article 10 of the Provisional Presidential Decree No. 2,200/2001 in force in Brazil.

Therefore, this Agreement, as well as the Proposals, their exhibits and amendments may be executed through such means.

São Paulo, Monday, May 16, 2022.

NET+PHONE TELECOMUNICAÇÕES LTDA.

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A.

TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA.

TEC TOY S.A.

VICTUM SERVIÇOS S.A.

Witnesses:

1.		2.	
Name:	Klaus Gottsfritz	Name:	Clayton Xavier Ribeiro
CPF:	[*****]	CPF:	[*****]

[*****] Confidential information redacted

TRANSIRE

Rua Fernando de Albuquerque, 155 - Consolação - São Paulo - SP - 01309-030

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Signer Events	Signature	Timestamp
Paulo Rodrigo Dantas de Carvalho Dias [*****] LAWYER UNIVERSO ONLINE SA Security Level: E-mail, Account Authentication (None)	 Signature adoption: Signature image loaded Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/18/2022 6:39:46 AM Viewed: 5/18/2022 7:03:35 AM Signed: 5/18/2022 7:03:46 AM
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Aline Marins dos Santos [*****] Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/18/2022 7:03:49 AM Viewed: 5/18/2022 8:17:34 AM Signed: 5/18/2022 8:17:48 AM
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Klaus Gottsfritz [*****] Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/18/2022 8:17:51 AM Viewed: 5/19/2022 5:04:01 AM Signed: 5/19/2022 5:04:41 AM
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Signer Events	Signature	Timestamp
Artur Gaulke Schunck [*****] Chief Financial Officer Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/19/2022 5:04:45 AM Viewed: 5/19/2022 7:13:29 AM Signed: 5/19/2022 7:13:34 AM
Electronic Record and Signature Disclosure: Accepted: 11/24/2020 12:09:02 PM ID: 5a4c0fb4-f25d-4d6c-9dd3-5f36b01ffbcc		
Clayton Xavier Ribeiro [*****] Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/19/2022 5:04:45 AM Viewed: 5/23/2022 5:05:59 AM Signed: 5/23/2022 5:07:15 AM
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Leandro Roberto Rodrigues [*****] Treasury Officer Pagseguro Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/19/2022 5:04:45 AM Viewed: 5/19/2022 5:45:31 AM Signed: 5/19/2022 5:45:37 AM
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Paulo Gasparo [*****] DIRECTOR Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/19/2022 5:04:46 AM Resent 5/23/2022 7:09:44 AM Viewed: 5/23/2022 7:17:35 AM Signed: 5/23/2022 7:18:04 AM
Electronic Record and Signature Disclosure: Accepted: 5/23/2022 7:17:35 AM ID: 88960b93-aabe-4d23-9dca-07f171d1bdc2		
Rogildo Torquato Landim [*****] CEO UOLDIVEO CEO Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/19/2022 5:04:46 AM Viewed: 5/19/2022 5:30:41 AM Signed: 5/19/2022 5:30:47 AM
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Signer Events	Signature	Timestamp
Tiago Cabral [*****] Commercial Services Officer Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]Signed using cellphone	Sent: 5/19/2022 5:04:46 AM Viewed: 5/22/2022 6:22:03 AM Signed: 5/22/2022 6:23:19 AM
Electronic Record and Signature Disclosure: Accepted: 8/14/2020 10:54:21 AM ID: 338646ed-b76b-4afa-9d52-db37c34f2730		
Valdeni Rodrigues de Novaes [*****]CEO Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/19/2022 5:04:46 AM Viewed: 5/19/2022 5:21:01 AM Signed: 5/19/2022 5:21:39 AM
Electronic Record and Signature Disclosure: Accepted: 5/19/2022 5:21:01 AM ID: 959e5d66-5d3c-4589-8cc5-397e1ca28145		
In Person Signer Events	**Signature**	**Timestamp**
Editor Delivery Events	**Status**	**Timestamp**
Agent Delivery Events	**Status**	**Timestamp**
Intermediary Delivery Events	**Status**	**Timestamp**
Certified Delivery Events	**Status**	**Timestamp**
Carbon Copy Events	**Status**	**Timestamp**
Witness Events	**Signature**	**Timestamp**
Notary Events	**Signature**	**Timestamp**
Envelope Summary Events	**Status**	**Timestamp**
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Certified delivery	Security checked	5/19/2022 5:21:01 AM
Signing complete	Security checked	5/19/2022 5:21:39 AM
Completed	Security checked	5/23/2022 7:18:04 AM
Payment Events	**Status**	**Timestamp**
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(ii) send an e-mail to [*****] and provide your e-mail address, full name, Brazil Postal Address, and telephone number. We do not need any other information from you to withdraw consent. The consequences of your withdrawing consent for online documents will be that transactions may take longer to process. We do not require any other information from you to change your email address. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process.

Required hardware and software:**

(i) Operating Systems: Windows® 2000, Windows® XP, Windows Vista®; Mac OS®

(ii) Browsers: Latest versions Internet Explorer® 6.0 or above (only Windows); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (only Mac)

(iii) PDF readers: Acrobat® or similar software may be required to view and print PDF files.

(iv) Screen Resolution: 800 x 600 minimum

(v) Enabled Security Settings: Allow per session cookies

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Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****]

13TH AMENDMENT TO THE EQUIPMENT SUPPLY AGREEMENT
Entered into on June 26, 2014.

NET+PHONE TELECOMUNICAÇÕES LTDA., limited liability company, headquartered at Avenida Caminho do Mar, No. 3.115, Bloco C, Pavimento Superior, Parte A, City of São Bernardo do Campo, State of São Paulo, enrolled with the National Corporate Taxpayers' Registry of the Ministry of Finance ("CNPJ/MF") under No. [*****], herein represented pursuant to its Bylaws, hereinafter referred to as "CLIENT 1";

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A., corporation, headquartered at Avenida Brigadeiro Faria Lima, 1384, 4th floor, Parte A, City of São Paulo, State of São Paulo, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "CLIENT 2", and jointly with CLIENT 1, as "CLIENTS";

TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA., limited liability company, headquartered at Rua Santa Mônica, No. 281, Bloco A, City of Cotia, State of São Paulo, Postal Code 06.715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "TRANSIRE SERVIÇOS";

TEC TOY S.A., corporation, headquartered at Avenida Buriti, 3,149, Distrito Industrial I, City of Manaus, State of Amazonas, Postal Code 69075-000, enrolled with CNPJ/MF under No. 22.770.366/0001-82, with branch at Rua Santa Mônica, 281, Bloco D, Parque Industrial San Jose, City of Cotia, State of São Paulo, Postal Code 06715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "TEC TOY".

VICTUM SERVIÇOS S.A., private corporation, headquartered at Rua Santa Mônica, No. 281, Bloco E, Parque Industrial San José, City of Cotia, State of São Paulo, Postal Code 06.715- 865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "VICTUM"; TRANSIRE SERVIÇOS, TECTOY and VICTUM are jointly referred to as SERVICE PROVIDERS or SUPPLIERS.

CLIENT 1, CLIENT 2, TRANSIRE SERVIÇOS, TEC TOY and VICTUM are hereinafter individually referred to as "Party" and jointly as "Parties".

WHEREAS:

(i) The Parties executed the Equipment Supply Agreement ("Agreement") as of June 26, 2014, with subsequent amendments on October 21, 2014; July 3, 2015; October 8, 2015; May 20, 2016; December 9, 2016; February 6, 2017; August 25, 2017; November 5, 2019; October 1, 2020; July 20, 2021; March 18, 2022; and May 16, 2022;

(ii) The Parties wish to adjust the prices applied to the Equipment Maintenance Services included in the Agreement and previously mentioned in the 10th Amendment to the Equipment Supply Agreement.

The Parties have decided to enter into this 13th Amendment to the Equipment Supply Agreement ("Amendment"), pursuant to the following terms and conditions:

1. AMENDMENTS

1.1. The Parties agree to adjust the prices charged for the Equipment maintenance services, replacing the chart in section 2.1 of Exhibit I of the Agreement, previously adjusted by the 10th Amendment to the Equipment Supply Agreement, with the chart below:

Model	Price (R$)
D150	[*****]
D175-BT	[*****]
D180	[*****]
D177	[*****]
D155	[*****]
D200 WIFI	[*****]
D175-2G	[*****]
D188-2G	[*****]
D190-2G	[*****]
D195-3G	[*****]
S920	[*****]
Q60	[*****]
Q92	[*****]
A50	[*****]
A930 - S/C	[*****]
A930 - C/C	[*****]
P2	[*****]
P2 - with LCD	[*****]
M30 - Cosmetic and Misuse	[*****]
M30 - Maintenance*	[*****]
SK800 - Labor **	[*****]

Assumptions:
- [*****]warranty after maintenance only for Equipment or pursuant to specific terms agreed between the Parties;
- Repair period (SLA): As provided in the Agreement;
- The manufacturer shall bear all operational costs in the event of epidemic defect, provided that its responsibility is proven, otherwise, the CLIENT shall bear the costs.
- Billing within [*****] days after the invoice is issued.

1.2. The Parties agree that the Equipment repair/maintenance services may be delayed due to proven external factors outside the control of the **SUPPLIERS**, and in these events, no penalties are applicable to the **SUPPLIERS**.

1.3. In conclusion, it is hereby agreed that the billing for the Equipment Maintenance services shall be performed by TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA. or VICTUM SERVIÇOS S.A., and their information detailed below:

Corporate Name:	**TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA.**
Doing Business As:	TRANSIRE SERVIÇOS
Address:	Rua Santa Mônica, n° 281, Bloco A, City of Cotia, State of São Paulo, CEP 06.715-865
Phone:	[*****]

Corporate Taxpayers' Registry # ("CNPJ"):	[*****]
State Registry Enrollment:	[*****]
Corporate Name:	**VICTUM SERVIÇOS S.A.**
Address:	Rua Santa Mônica, n° 281, Bloco E, City of Cotia, State of São Paulo, CEP 06.715-865
Phone:	[*****]
Corporate Taxpayers' Registry # ("CNPJ"):	[*****]

2. RETROACTIVITY

2.1. This Amendment Instrument is executed on the date hereof, however, its effects shall relate back to the date of January 1, 2022, when the Parties had oral understandings concerning its purpose.

3. RATIFICATION

3.1. The Parties ratify all other terms and conditions of the Agreement, making it clear that the terms and clauses that have not been expressly changed by this Instrument shall remain unchanged and fully effective.

In witness whereof, the Parties execute this instrument in the electronic form, and such Parties, together with their Witnesses, acknowledge that electronic, digital, and computerized signatures are valid and fully effective, constituting instrument enforceable out-of-court for all legal purposes, even if it such signatures or certifications are not under ICP-Brazil standards, pursuant to the provisions in paragraphs of Article 10 of the Provisional Presidential Decree No. 2,200/2001 in force in Brazil. Therefore, this Agreement, as well as the Proposals, their exhibits and amendments may be executed through such means.

São Paulo, May 23, 2022.

NET+PHONE TELECOMUNICAÇÕES LTDA.

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A.

TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA.

TEC TOY S.A.

VICTUM SERVIÇOS S.A.

Witnesses:

1. _____
Name: Klaus Gottsfritz
CPF: [*****]

2. _____
Name: Clayton Xavier Ribeiro
CPF: [*****]

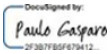
[*****] Confidential information redacted

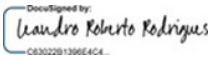
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Signer Events	Signature	Timestamp
Klaus Gottsfritz [*****] Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/23/2022 10:11:52 AM Viewed: 5/23/2022 11:25:04 AM Signed: 5/23/2022 11:25:29 AM
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Paulo Gasparo [*****] DIRECTOR Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/23/2022 11:25:32 AM Viewed: 5/23/2022 11:31:47 AM Signed: 5/23/2022 11:32:04 AM
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Tiago Cabral [*****] Commercial Services Officer Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/23/2022 11:25:32 AM Viewed: 5/23/2022 11:29:07 AM Signed: 5/23/2022 11:29:19 AM
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Valdeni Rodrigues de Novaes [*****] CEO Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/23/2022 11:25:32 AM Viewed: 5/23/2022 11:26:04 AM Signed: 5/23/2022 11:26:41 AM
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Signer Events	Signature	Timestamp
Artur Gaulke Schunck [*****] Chief Financial Officer Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Signed through URL link sent to Using IP Address: [*****] [*****]	Sent: 5/23/2022 11:32:07 AM Viewed: 5/23/2022 11:46:04 AM Signed: 5/23/2022 11:46:10 AM
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Leandro Roberto Rodrigues [*****]Treasury Officer Pagseguro Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-set style Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/23/2022 11:32:07 AM Viewed: 5/23/2022 11:33:32 AM Signed: 5/23/2022 11:33:42 AM
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Renato Bertozzo Duarte [*****] HEAD OF UNIVERSO ONLINE LEGAL DEPARTMENT Security Level: E-mail, Account Authentication (None)	 Signature adoption: Signature image loaded Signed through URL link sent to [*****] Using IP Address: [*****]	Sent: 5/23/2022 11:32:08 AM Viewed: 5/23/2022 11:34:47 AM Signed: 5/23/2022 11:34:55 AM
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Electronic Record and Signature Disclosure		

CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORDS AND SIGNATURE DISCLOSURES

Electronic Record and Signature Disclosure

From time to time, we may be required by law to provide you with certain written notices or disclosures. Described below are the terms and conditions for us to provide you with such notices and disclosures electronically through the DocuSign, Inc. (DocuSign) electronic signature system. Read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, confirm your agreement by clicking the 'I agree' button at the bottom of this document.

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Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us thereafter that you want to receive notices and disclosures only in paper format. The procedure to inform us of your decision to receive future notices and disclosures in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and provide services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of receipt of such paper notices or disclosures. To let us know that you are changing your mind, you must withdraw your consent using the DocuSign "Withdraw Consent" form on the signature page of a DocuSign envelope instead of signing it. This will indicate to us that you have withdrawn your consent to receive notices and disclosures electronically from us and you will no longer be able to use the DocuSign system to receive notices and consents electronically from us or to electronically sign documents sent by us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will electronically send you through the DocuSign system all required notices, disclosures, authorizations, acknowledgments, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you using the same method and to the same address you have informed us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, let us know as described below. Also see the paragraph immediately above that describes the consequences if you elect not to receive notices and disclosures electronically from us.

How to contact us:

You may contact us to let us know of your changes on how we should contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically, as provided below: To contact us by email send messages to:

To inform of your new e-mail address:

To let us know of a change in your e-mail address to which we should send notices and disclosures electronically to you, you must send us an e-mail and provide: your previous e-mail address and your new e-mail address. We do not require any other information from you to change your e-mail address.

In addition, you must notify DocuSign, Inc. in order to reflect your new e-mail address in your DocuSign account by following the process for changing e-mail in the DocuSign system.

To request paper copies from us:

To request us to send you paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail and provide: your e-mail address, full name, Brazil Postal address, and telephone number. We will charge you for the amount of the copies, if applicable.

To withdraw your consent to us:

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

(i) refuse to sign a document in your DocuSign session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent; or you may

(ii) send us an e-mail and provide your e-mail address full name, Brazil Postal Address, and telephone number. We do not need any other information from you to withdraw consent. The consequences of your withdrawing consent for online documents will be that transactions may take longer to process.

Required hardware and software:**

(i) Operating Systems: Windows® 2000, Windows® XP, Windows Vista®; Mac OS®

(ii) Browsers: Latest versions Internet Explorer® 6.0 or above (only Windows); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (only Mac)

(iii) PDF readers: Acrobat® or similar software may be required to view and print PDF files.

(iv) Screen Resolution: 800 x 600 minimum

(v) Enabled Security Settings: Allow per session cookies

** These minimum requirements are subject to change. If these requirements change, you will be asked to re-accept the disclosure. Pre-release (e.g. beta) versions of operating systems and browsers are not supported.

Acknowledging your access and consent to receive materials electronically:

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please make sure you read this electronic disclosure and are able to print on paper or electronically save this page for your future reference and access or are able to e-mail this disclosure and consent to an e-mail address in which you will be able to print on paper or save this page for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format under the terms and conditions described above, let us know by clicking the "I agree" button below.

By checking the "I agree" box, I confirm that:

(i) I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORDS AND CONSUMER SIGNATURE DISCLOSURES; and

(ii) I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and (iii) Until or unless I notify as described above, I consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by during the course of my relationship with you.

REDACTED COPY

Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****].

14TH AMENDMENT TO THE EQUIPMENT SUPPLY AGREEMENT
Entered into on June 26, 2014.

NET+PHONE TELECOMUNICAÇÕES LTDA., limited liability company, headquartered at Avenida Caminho do Mar, No. 3.115, Bloco C, Pavimento Superior, Parte A, City of São Bernardo do Campo, State of São Paulo, enrolled with the National Corporate Taxpayers' Registry of the Ministry of Finance ("CNPJ/MF") under No. [*****], herein represented pursuant to its Bylaws, hereinafter referred to as "CLIENT 1";

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A., corporation, headquartered at Avenida Brigadeiro Faria Lima, 1384, 4th floor, Parte A, City of São Paulo, State of São Paulo, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "CLIENT 2", and jointly with CLIENT 1, as "CLIENTS";

TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA. limited liability company, headquartered at Rua Santa Mônica, No. 281, Bloco A, City of Cotia, State of São Paulo, Postal Code 06.715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "TRANSIRE SERVIÇOS"; and

TEC TOY S.A., corporation, headquartered at Avenida Buriti, 3.149, Distrito Industrial I, City of Manaus, State of Amazonas, Postal Code 69075-000, enrolled with CNPJ/MF under No. [*****], with branches (i) at Rua Santa Mônica, 281, Bloco D, Parque Industrial San Jose, City of Cotia, State of São Paulo, Postal Code 06715-865, enrolled with CNPJ/MF under No. [*****], and (ii) at Avenida Ministro Mario Andreazza, nº 4.120, Galpão A, Distrito Industrial I, city of Manaus, State of Amazonas, Postal Code 06975-830, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "TEC TOY".

VICTUM SERVIÇOS S.A., private corporation, headquartered at Rua Santa Mônica, No. 281, Bloco E, Parque Industrial San José, City of Cotia, State of São Paulo, Postal Code 06.715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "VICTUM".

TRANSIRE SERVIÇOS, TECTOY and VICTUM are jointly referred to as SERVICE PROVIDERS or SUPPLIERS.

CLIENT 1, CLIENT 2, TRANSIRE SERVIÇOS, TEC TOY and VICTUM are hereinafter individually referred to as "Party" and jointly as "Parties".

WHEREAS:

(i) The Parties executed the Equipment Supply Agreement ("Agreement") as of June 26, 2014, with subsequent amendments on October 21, 2014, July 3, 2015, October 8, 2015, May 20, 2016, December 9, 2016, February 6, 2017, August 25, 2017; November 5, 2019; October 1, 2020; July 20, 2021; March 18, 2022; May 16, 2022; and May 23, 2022;

(ii) The Parties wish to adjust the warranty period associated to the batteries of Equipment sold by the SUPPLIERS; and

(iii) The Parties hereby agree to include additional obligations to the SUPPLIERS concerning the Equipment discontinuance.

The Parties have decided to enter into this 14th Amendment to the Equipment Supply Agreement ("Amendment"), pursuant to the following terms and conditions:

1. AMENDMENTS

1.1. The Parties agree to change the warranty period offered by the SUPPLIERS in relation to the batteries of the Equipment sold by the SUPPLIERS, which becomes effective according to the following terms:

1.1.1. For all Equipment Models, the battery's warranty shall be of [*****], from the battery's manufacture date, noting that said date/information is displayed in the battery, except in cases where misuse is identified, upon expert's report evidence.

1.1.2. For S920 equipment purchased by the CLIENTS with Hallei battery, the PARTIES agree that once the Equipment is sent to the Repair Center, it may not be returned with that type of battery, and the SUPPLIERS shall choose the battery brand to be used as replacement.

1.2. The Parties agree that the new terms established above shall be effective and applicable to all Equipment sold by the SUPPLIERS as of January 1st, 2022, and the SUPPLIERS are prohibited from delivering new equipment with rechargeable batteries manufactured over [*****] prior.

1.2.1. For Equipment sold before January 1st, 2022, the Parties agree that the warranty period of the batteries shall begin as of the date of manufacture printed in the battery, subject to the terms established in sections 1.1.1 and 1.1.2 above.

1.3. The Parties agree that new Equipment purchased by the CLIENTS must not include batteries with manufacture date prior to [*****].

1.4. In conclusion, the Parties agree to include section 3.2 and its sub-sections 3.2.1 and 3.2.2, referring to the additional obligations of the SUPPLIERS in relation to the discontinuance of Equipment, which shall be effective with the following wording:

"3.2. Throughout the effectiveness hereof, the SUPPLIERS shall ensure the continuity of manufacturing and provision of the EQUIPMENT models subject matter of the supply herein contracted to the CLIENTS, without any changes to its characteristics and/or characteristics of any of its internal parts, such as modem, antenna, display, battery, processors and memories, among other items.

3.2.1. The discontinuance of the manufacturing and/or the provision of any EQUIPMENT model, whose provision is contracted herein, as well as the change to any of its characteristics and/or internal parts, shall be subject to prior notice sent to the CLIENTS at least [*****] *in advance, and in that circumstance the SUPPLIER undertakes:*

(i) to fully bear (a) [*****]to (b) [*****];

(i.i) [*****].

(ii) to keep and provide the CLIENTS with incremental inventory of EQUIPMENT of the discontinued model or whose characteristics and/or internal parts are changed, ensuring the continuity of provision of said EQUIPMENT to the CLIENTS for at least [*****] *days and until the new model is made available for delivery, with all certification mentioned above and in compliance with all other conditions provided herein.*

(iii) [*****]."

2. RETROACTIVITY

2.1. This Amendment Instrument is executed on the date hereof, however, its effects shall relate back to the date of January 1, 2022, when the Parties had oral understandings concerning its purpose.

3. RATIFICATION

3.1. The Parties ratify all other terms and conditions of the Agreement, making it clear that the terms and clauses that have not been expressly changed by this Instrument shall remain unchanged and fully effective.

In witness whereof, the Parties execute this instrument in the electronic form, and such Parties, together with their Witnesses, acknowledge that electronic, digital, and computerized signatures are valid and fully effective, constituting instrument enforceable out-of-court for all legal purposes, even if it such signatures or certifications are not under ICP-Brazil standards, pursuant to the provisions in paragraphs of Article 10 of the Provisional Presidential Decree No. 2,200/2001 in force in Brazil.

Therefore, this Agreement, as well as the Proposals, their exhibits and amendments may be executed through such means.

São Paulo, September 27, 2022.

NET+PHONE TELECOMUNICAÇÕES LTDA.	**PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A.**
TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA.	**TEC TOY S.A.**
VICTUM SERVIÇOS S.A.	

Witnesses:

1. _____	2. _____
Name:	Name:
CPF:	CPF:

DocuSign

Completion Certificate

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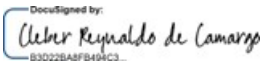
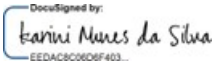
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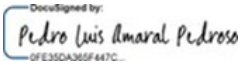
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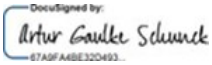
Holder: Karini Nunes da Silva
[*****]

Location: DocuSign

Signer Events	Signature	Timestamp
Paulo Rodrigo Dantas de Carvalho Dias [*****] LAWYER UNIVERSO ONLINE SA Security Level: E-mail, Account Authentication (None)	 Signature adoption: Signature image loaded Using IP Address: [*****]	Sent: 9/29/2022 7:12:31 AM Viewed: 9/29/2022 7:27:11 AM Signed: 9/29/2022 7:27:39 AM
Electronic Record and Signature Disclosure: Not offered via DocuSign		
Cleber Reynaldo de Camargo [*****] Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-selected Style IP Address: [*****]	Sent: 9/29/2022 7:27:45 AM Resent 9/29/2022 8:01:24 AM Viewed: 9/29/2022 8:03:29 AM Signed: 9/29/2022 8:03:36 AM
Electronic Record and Signature Disclosure: Accepted: 11/11/2020 10:51:59 AM ID: 1238f001-ee66-4f53-a6d9-2433419d9dc3		
Karini Nunes da Silva [*****] Paralegal UNIVERSO ONLINE SA Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-selected Style IP Address: [*****]	Sent: 9/29/2022 7:27:45 AM Viewed: 9/29/2022 7:29:16 AM Signed: 9/29/2022 7:29:26 AM
Electronic Record and Signature Disclosure: Not offered via DocuSign		

Signer Events	Signature	Timestamp
Igor Nunes Dourado de Carvalho [*****] Lawyer Security Level: E-mail, Account Authentication (None)	DocuSigned by:  002EBA225F74461... Signature established by: Pre-set style Using IP Address: [*****]	Sent: 9/29/2022 8:03:44 AM Resent 9/29/2022 8:04:13 AM Resent 9/29/2022 8:04:16 AM Resent 9/29/2022 5:36:03 PM Viewed: 9/30/2022 4:01:16 AM Signed: 9/30/2022 4:09:43 AM
Electronic Record and Signature Disclosure: Accepted: 8/31/2020 6:19:19 AM ID: 31033af2-987e-47f9-adc5-9f0d2dfa7176		
Valdeni Rodrigues de Novaes [*****] CEO Security Level: E-mail, Account Authentication (None)	DocuSigned by:  DB124387FBC24A7... Signature established by: Pre-set style Using IP Address: [*****]	Sent: 9/30/2022 4:09:49 AM Viewed: 9/30/2022 6:07:44 AM Signed: 9/30/2022 6:08:03 AM
Electronic Record and Signature Disclosure: Accepted: 9/30/2022 6:07:44 AM ID: 6876d022-ca41-40f4-bc3c-3b5b63d43312		
Pedro Luis Amaral Pedroso [*****] Security Level: E-mail, Account Authentication (None)	DocuSigned by:  0FE35DA365F447C... Signature adoption: Pre-selected Style IP Address: [*****]	Sent: 9/30/2022 6:08:10 AM Resent 9/30/2022 7:01:02 AM Resent 9/30/2022 11:09:57 AM Viewed: 9/30/2022 11:10:56 AM Signed: 9/30/2022 11:11:20 AM
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Signer Events	Signature	Timestamp
Tiago Cabral [*****] Commercial Services Officer Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Using IP Address: [*****]	Sent: 9/30/2022 11:11:28 AM Resent 9/30/2022 11:18:46 AM Resent 9/30/2022 11:22:36 AM Resent 9/30/2022 11:45:16 AM Resent 9/30/2022 3:20:36 PM Resent 10/3/2022 12:54:55 PM Resent 10/4/2022 11:19:55 AM Resent 10/4/2022 3:38:42 PM Resent 10/4/2022 3:42:38 PM Resent 10/6/2022 8:08:25 AM Resent 10/6/2022 12:07:24 PM Resent 10/7/2022 11:16:53 AM Resent 10/10/2022 7:46:02 AM Resent 10/10/2022 8:37:44 AM Resent 10/10/2022 10:04:51 AM Resent 10/10/2022 10:58:51 AM Resent 10/10/2022 11:37:02 AM Resent 10/11/2022 11:30:45 AM Resent 10/11/2022 11:41:46 AM Resent 10/13/2022 3:11:26 AM Resent 10/13/2022 4:17:18 PM Resent 10/14/2022 8:09:52 AM Resent 10/14/2022 2:00:05 PM Resent 10/17/2022 8:18:16 AM Resent 10/17/2022 12:09:41 PM Resent 10/17/2022 3:47:51 PM Resent 10/18/2022 2:50:23 AM Resent 10/19/2022 2:20:09 PM Resent 10/19/2022 3:19:13 PM Resent 10/20/2022 11:35:15 AM Viewed: 10/21/2022 6:55:18 AM Signed: 10/21/2022 6:55:27 AM
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Flávio Gonçalves [*****] Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-selected Style IP Address: [*****]	Sent: 10/21/2022 6:55:33 AM Resent 10/21/2022 2:01:43 PM Viewed: 10/21/2022 4:39:42 PM Signed: 10/21/2022 4:40:01 PM
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Signer Events	Signature	Timestamp
Artur Gaulke Schunck [*****] Chief Financial Officer Security Level: E-mail, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 5/1/2021 3:19:10 AM ID: fa0c9073-addf-4780-b419-41a5b944e0e2	DocuSigned by:  Signature established by: Pre-set style Using IP Address: [*****]Signed using cellphone	Sent: 10/21/2022 4:40:09 PM Resent 10/21/2022 5:09:50 PM Viewed: 10/23/2022 2:49:09 PM Signed: 10/23/2022 2:49:23 PM
Leandro Roberto Rodrigues [*****] Treasury Officer Security Level: E-mail, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 10/21/2022 5:01:03 PM ID: 3ef9696b-6300-418d-91f8-38768058d5d9	DocuSigned by:  Signature established by: Pre-set style Using IP Address: [*****]Signed using cellphone	Sent: 10/21/2022 4:40:09 PM Viewed: 10/21/2022 5:01:03 PM Signed: 10/21/2022 5:01:31 PM

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp
Carlos Ficher [*****] Security Level: E-mail, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 9/20/2022 5:30:21 AM ID: 57c9c5ca-fc86-433e-9cd5-2f6480a2cd7d	Copied	Sent: 10/23/2022 2:49:33 PM
Everton Rodrigues Dantas [*****] Security Level: E-mail, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not offered via DocuSign	Copied	Sent: 10/23/2022 2:49:33 PM

Carbon Copy Events	Status	Timestamp
Renata da Silva [*****] Procurement Manager UOL - UNIVERSO ONLINE S/A Security Level: E-mail, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 8/7/2020 10:03:51 AM ID: 5b66d5ae-f8db-4625-b318-8f0f0f287575	Copied	Sent: 10/23/2022 2:49:33 PM

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamp
Envelope sent	Hashed/Encrypted	9/29/2022 7:12:31 AM
Certified delivery	Security checked	10/21/2022 5:01:03 PM
Signing complete	Security checked	10/21/2022 5:01:31 PM
Completed	Security checked	10/23/2022 2:49:33 PM

Payment Events	Status	Timestamp
Electronic Record and Signature Disclosure		

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Required hardware and software:**

(i) Operating Systems: Windows® 2000, Windows® XP, Windows Vista®; Mac OS®

(ii) Browsers: Latest versions Internet Explorer® 6.0 or above (only Windows); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (only Mac)

(iii) PDF readers: Acrobat® or similar software may be required to view and print PDF files.

(iv) Screen Resolution: 800 x 600 minimum

(v) Enabled Security Settings: Allow per session cookies

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(iii) PDF readers: Acrobat® or similar software may be required to view and print PDF files.

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Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****]

15TH AMENDMENT TO THE EQUIPMENT SUPPLY AGREEMENT
Entered into on June 26, 2014.

NET+PHONE TELECOMUNICAÇÕES LTDA., limited liability company, headquartered at Avenida Caminho do Mar, No. 3.115, Bloco C, Pavimento Superior, Parte A, City of São Bernardo do Campo, State of São Paulo, enrolled with the National Corporate Taxpayers' Registry of the Ministry of Finance ("CNPJ/MF") under No. [*****], herein represented pursuant to its Bylaws, hereinafter referred to as "CLIENT 1";

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A., corporation, headquartered at Avenida Brigadeiro Faria Lima, 1384, 4th floor, Parte A, City of São Paulo, State of São Paulo, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "CLIENT 2", and jointly with CLIENT 1, as "CLIENTS";

TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA., limited liability company, headquartered at Rua Santa Mônica, No. 281, Bloco A, City of Cotia, State of São Paulo, Postal Code 06.715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "TRANSIRE SERVIÇOS"; and

TEC TOY S.A., corporation, headquartered at Avenida Ministro Mario Andreazza, 4,120, Distrito Industrial I, City of Manaus, State of Amazonas, Postal Code 69075-830, enrolled with CNPJ/MF under No. 22.770.366/0001-82, with branch at Rua Santa Mônica, 281, Bloco D, Parque Industrial San Jose, City of Cotia, State of São Paulo, Postal Code 06715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "TEC TOY".

VICTUM SERVIÇOS S.A., private corporation, headquartered at Rua Santa Mônica, No. 281, Bloco E, Parque Industrial San José, City of Cotia, State of São Paulo, Postal Code 06.715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "VICTUM".

TRANSIRE SERVIÇOS, TECTOY and VICTUM are jointly referred to as SERVICE PROVIDERS or SUPPLIERS.

CLIENT 1, CLIENT 2, TRANSIRE SERVIÇOS, TEC TOY and VICTUM are hereinafter individually referred to as "Party" and jointly as "Parties".

Whereas:

(i) The Parties executed the Equipment Supply Agreement ("Agreement") as of June 26, 2014, with subsequent amendments on October 21, 2014; July 3, 2015; October 8, 2015; May 20, 2016; December 9, 2016; February 6, 2017; August 25, 2017; November 5, 2019; October 1, 2020; July 20, 2021; March 18, 2022; May 16, 2022; May 23, 2022; and September 27, 2022; and

(ii) The Parties wish to include the provision of services, by the SUPPLIERS, application package update and change of key.

The Parties hereby have decided to enter into this 15th Amendment to the Equipment Supply Agreement ("Amendment Instrument), pursuant to the following terms and conditions:

1. AMENDMENTS

1.1. The Parties agree to include the services of application package update and change of key of the Equipment, which shall be provided by the SUPPLIERS to the CLIENTS, in compliance with the rules and terms set in the Agreement and Exhibit I, which shall become an integral and inseparable part of the Agreement.

1.2. Due to the new services mentioned above, the Parties agree that the CLIENTS shall pay the rates comprised in Exhibit I hereto, within the terms set in said Exhibit.

2. RETROACTIVITY

2.1. This Amendment Instrument is executed on the date hereof, however, its effects shall relate back to the date of September 1st, 2022, when the Parties had oral understandings concerning its purpose.

3. RATIFICATION

3.1. The Parties ratify all other terms and conditions of the Agreement, making it clear that the terms and clauses that have not been expressly changed by this Instrument shall remain unchanged and fully effective.

In witness whereof, the Parties execute this instrument in the electronic form, and such Parties, together with their Witnesses, acknowledge that electronic, digital, and computerized signatures are valid and fully effective, constituting instrument enforceable out-of-court for all legal purposes, even if it such signatures or certifications are not under ICP-Brazil standards, pursuant to the provisions in paragraphs of Article 10 of the Provisional Presidential Decree No. 2,200/2001 in force in Brazil. Therefore, this Agreement, as well as the Proposals, their exhibits and amendments may be executed through such means.

São Paulo, October 25, 2022.

NET+PHONE TELECOMUNICAÇÕES LTDA.	**PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A.**
TRANSIRE COMÉRCIO E SERVIÇOS DE QUIPAMENTOS LTDA.	**TEC TOY S.A.**
VICTUM SERVIÇOS S.A.	

Witnesses:

1. _____	2. _____
Name:	Name:
CPF: [*****]	CPF [*****]

EXHIBIT I - SERVICES OF APPLICATION PACKAGE UPGRATE AND CHANGE OF EQUIPMENT KEY

1. Package, Warranty, Prices and Payment Method.

1.1. Package and key:
For each update request received from PagSeguro, the application package and keys must be provided so that we can properly carry out the update.

The application update is fully separated from the process of inserting secure keys, thus, the services are independent with separate costs and flows.

1.2. Warranty:
[*****]warranty.

1.3. Prices:

Model	PagSeguro Application Package Update	Key change
A50	R$ [*****]	R$ [*****]
A930	R$ [*****]	R$ [*****]
P2	R$ [*****]	R$ [*****]
D150	R$ [*****]	R$ [*****]
D175-BT	R$ [*****]	R$ [*****]
D180	R$ [*****]	R$ [*****]
D200	R$ [*****]	R$ [*****]
D177	R$ [*****]	R$ [*****]
D155-2G	R$ [*****]	R$ [*****]
D175-2G	R$ [*****]	R$ [*****]
D190-2G	R$ [*****]	R$ [*****]
D188-2G	R$ [*****]	R$ [*****]
D195-3G	R$ [*****]	R$ [*****]
S920	R$ [*****]	R$ [*****]
Q92	R$ [*****]	R$ [*****]
Q60	R$ [*****]	R$ [*****]
M30	R$ [*****]	R$ [*****]
SK800	R$ [*****]	R$ [*****]

Note: Reminder that none of the activities above refer to maintenance of terminals, as it is directly related to the application or keys.

1.4. Payment Method:
Conditions: Bank-issued invoice (boleto) for payment within [*****] after the invoice is issued. The billing (invoicing) shall be carried out by the company

VICTUM SERVIÇOS S.A.
Corporate Taxpayers' Registry # ("CNPJ"): [*****]
Rua Santa Mônica, 281, Bloco E, Parque Industrial San Jose, Cotia/SP, CEP 06715-865

Or

TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA.
Corporate Taxpayers' Registry # ("CNPJ"): [*****]
Rua Santa Mônica, 281, Parque Industrial San Jose, Cotia/SP, CEP 06715-865

1.5. Price Adjustment:
The prices shall be adjusted on [*****].

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Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****].

16TH AMENDMENT TO THE EQUIPMENT SUPPLY AGREEMENT

Entered into on June 26, 2014.

NET+PHONE TELECOMUNICAÇÕES LTDA., limited liability company, headquartered at Avenida Caminho do Mar, No. 3.115, Bloco C, Pavimento Superior, Parte A, City of São Bernardo do Campo, State of São Paulo, enrolled with the National Corporate Taxpayers' Registry of the Ministry of Finance ("CNPJ/MF") under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter referred to as "CLIENT 1";

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A. (formerly known as **PAGSEGURO INTERNET S.A.**), corporation, headquartered at Avenida Brigadeiro Faria Lima, 1384, 4th floor, Parte A, City of São Paulo, State of São Paulo, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "CLIENT 2", and jointly with CLIENT 1, as "CLIENTS";

TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA. (formerly known as **PAX BR COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS DE INFORMÁTICA LTDA**.), limited liability company, headquartered at Rua Santa Mônica, No. 281, Bloco A, City of Cotia, State of São Paulo, Postal Code 06.715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "TRANSIRE SERVIÇOS"; and

TEC TOY S.A. (as the successor by merger of **TRANSIRE FABRICAÇÃO DE COMPONENTES ELETRÔNICOS S/A, CNPJ/MF**: [*****]) corporation, headquartered at Avenida Buriti, 3149, Distrito Industrial I, City of Manaus, State of Amazonas, Postal Code 69075-000, enrolled with CNPJ/MF under No. [*****], with branch at Rua Santa Mônica, 281, Bloco D, Parque Industrial San Jose, City of Cotia, State of São Paulo, CEP 06715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "TEC TOY". TRANSIRE SERVIÇOS and TEC TOY are jointly referred to simply as "SUPPLIERS".

CLIENT 1, CLIENT 2, TRANSIRE SERVIÇOS and TEC TOY are hereinafter jointly referred to as "Parties", and individually as "Party".

Whereas:

(i) The Parties entered into the Equipment Supply Agreement ("Agreement") on June 26, 2014, which was subsequently amended;

(ii) The Parties negotiated some conditions, and they wish to formalize through this instrument.

The Parties have decided to enter into this 16th Amendment to the Equipment Supply Agreement ("Amendment"), pursuant to the following terms and conditions:

1. PURPOSE

1.1. It is hereby agreed, as part of a negotiation carried out by the Parties, that the CLIENTS shall make an advance payment to the SUPPLIERS in the amount of [*****] ([*****]), within [*****]from its execution. That amount shall be [*****].

1.1.1. Upon the completion of the deliveries established in Exhibit I, the Parties undertake to assess the composition of the [*****].

1.1.2. [*****].

1.2. In conclusion, the CLIENTS undertake to purchase any types of equipment offered by the SUPPLIERS under the Agreement, such as POS/MPOS/Smart terminals, as from the full delivery of the equipment purchased by the CLIENTS in orders that have previously been executed, undertaking the total [*****] ([*****]).

2. GENERAL PROVISIONS

2.1. This Amendment constitutes the entire content of the understanding between the Parties, superseding any exchange of information, whether orally or by writing, by telephone, fax, email, letter, or similar mean, binding the Parties and their successors.

2.2. The Parties agree that no change to this Amendment, or the failure to exercise the rights provided herein by either Party, shall be considered as novation of any obligation or provision herein, except as otherwise agreed by the Parties.

In witness whereof, the Parties execute this instrument in the electronic form, and such Parties, together with their Witnesses, acknowledge that electronic, digital, and computerized signatures are valid and fully effective, constituting instrument enforceable out-of-court for all legal purposes, even if it such signatures or certifications are not under ICP-Brazil standards, pursuant to the provisions in paragraphs of Article 10 of the Provisional Presidential Decree No. 2,200/2001 in force in Brazil.

São Paulo, August 4, 2022.

NET+PHONE TELECOMUNICAÇÕES LTDA.

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A.

TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA.

TEC TOY S.A.

Witnesses:

1. _____
Name:
CPF: [*****]

2. _____
Name:
CPF [*****]

EXHIBIT I

Model	Aug/22	Sep/22	Total	ORDER PRICE USD	PTAX	AMOUNT (R$)
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]		[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
Total	[*****]	[*****]	[*****]			

[A]	[B]	[A-B]		
Total Amount	**Total Paid**	**Discount Amount**		**(%) Discount**
[*****]	[*****]	[*****]		[*****]
[*****]	[*****]	[*****]		[*****]
[*****]	[*****]	[*****]		[*****]
[*****]	[*****]	[*****]		

REDACTED COPY

Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****].

17TH AMENDMENT TO THE EQUIPMENT SUPPLY AGREEMENT

Entered into on June 26, 2014.

By this private instrument, the following Parties, on one side,

NET+PHONE TELECOMUNICAÇÕES LTDA., limited liability company, currently headquartered at Avenida Caminho do Mar, No. 3.115, Bloco C, Pavimento Superior, Parte A, City of São Bernardo do Campo, State of São Paulo, enrolled with the National Corporate Taxpayers' Registry of the Ministry of Finance ("CNPJ/MF") under No. [*****], herein represented pursuant to its Bylaws, hereinafter referred to as "**CLIENT 1**";

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A., corporation, headquartered at Avenida Brigadeiro Faria Lima, 1384, 4th floor, Parte A, City of São Paulo, State of São Paulo, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "**CLIENT 2**", and jointly with CLIENT 1, as "CLIENTS"; and, on the other side,

TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA., limited liability company, headquartered at Rua Santa Mônica, No. 281, Bloco A, City of Cotia, State of São Paulo, Postal Code 06.715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "**TRANSIRE SERVIÇOS**";

TEC TOY S.A., corporation, headquartered at Avenida Buriti, 4,120, Distrito Industrial I, City of Manaus, State of Amazonas, Postal Code 69075-830, enrolled with CNPJ/MF under No. [*****], with branch at Rua Santa Mônica, 281, Bloco D, Parque Industrial San Jose, City of Cotia, State of São Paulo, Postal Code 06715865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "**TEC TOY**"; and

VICTUM SERVIÇOS S.A., private corporation, headquartered at Rua Santa Mônica, No. 281, Bloco E, Parque Industrial San José, City of Cotia, State of São Paulo, Postal Code 06.715-865, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Incorporation, hereinafter simply referred to as "**VICTUM**".

TRANSIRE SERVIÇOS, TECTOY and VICTUM are jointly referred to as **SERVICE PROVIDERS or SUPPLIERS**.

CLIENT 1, CLIENT 2, TRANSIRE SERVIÇOS, TEC TOY and VICTUM are hereinafter individually referred to as "Party" and jointly as "Parties".

Whereas:

(i) The Parties executed the Equipment Supply Agreement ("Agreement") as of June 26, 2014, with subsequent amendments on October 21, 2014; July 3, 2015; October 8, 2015; May 20, 2016; December 9, 2016; February 6, 2017; August 25, 2017; November 5, 2019; October 1, 2020; July 20, 2021; March 18, 2022; May 16, 2022; May 23, 2022 and September 27, 2022; October 25, 2022; and August 04, 2022;

(ii) The Parties wish to adjust the prices applied to the Equipment Maintenance Services included in the Agreement and previously mentioned in the 13th Amendment to the Equipment Supply Agreement.

The Parties have decided to enter into this 17**th Amendment to the Equipment Supply Agreement ("Amendment")**, pursuant to the following terms and conditions:

1. AMENDMENTS

1.1. The Parties agree to adjust the prices charged for the Equipment maintenance services, replacing the chart in section 2.1 of Exhibit I of the Agreement, previously adjusted by the 13th Amendment to the Equipment Supply Agreement, with the chart below, in force for the Equipment models included below:

Equipment Model	Current Price (R$)	Adjustment Percentage (%)	Adjustment Amount (R$)	New Price (R$)
D150	[*****]	[*****]	[*****]	[*****]
D175	[*****]	[*****]	[*****]	[*****]
D180	[*****]	[*****]	[*****]	[*****]
D177	[*****]	[*****]	[*****]	[*****]
D200 WIFI	[*****]	[*****]	[*****]	[*****]
D188	[*****]	[*****]	[*****]	[*****]
Q60	[*****]	[*****]	[*****]	[*****]
P2	[*****]	[*****]	[*****]	[*****]
D190	[*****]	[*****]	[*****]	[*****]
D195	[*****]	[*****]	[*****]	[*****]
S920	[*****]	[*****]	[*****]	[*****]
Q92	[*****]	[*****]	[*****]	[*****]
A50	[*****]	[*****]	[*****]	[*****]
A930	[*****]	[*****]	[*****]	[*****]
A930 WITH CAMERA	[*****]	[*****]	[*****]	[*****]
D155	[*****]	[*****]	[*****]	[*****]

Assumptions:
- *[*****]warranty after maintenance only for Equipment or pursuant to specific terms agreed between the Parties;*
- *Repair period (SLA): As provided in the Agreement;*
- *The manufacturer shall bear all operational costs in the event of epidemic defect, provided that its responsibility is proven, otherwise, the CLIENT shall bear the costs.*
- *Billing within* [*****] *after the invoice is issued.*

1.1.1. For Equipment not mentioned in the chart above, it is kept the same price included in the 13th Amendment executed between the Parties as of May 23, 2022, and those prices shall be in force until the next negotiation by the Parties.

1.2 .The Parties agree that the Equipment repair/maintenance services may be delayed due to proven external factors outside the control of the **SUPPLIERS**, and in these events, no penalties are applicable to the **SUPPLIERS**.

1.3. Moreover, it is hereby agreed that the billing for the Equipment Maintenance services shall be performed by PAX BR COMERCIO E SERVIÇOS LTDA., and its information detailed below:

Corporate Name:	**TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA.**
Doing Business As:	TRANSIRE SERVIÇOS
Address:	Rua Santa Mônica, n° 281, Bloco A, City of Cotia, State of São Paulo, CEP 06.715-865
Phone:	[*****]
Corporate Taxpayers' Registry # ("CNPJ"):	[*****]
State Registry Enrollment:	[*****]

Corporate Name:	**VICTUM SERVIÇOS S.A.**
Address:	Rua Santa Mônica, n° 281, Bloco E, City of Cotia, State of São Paulo, CEP 06.715-865
Phone:	[*****]
Corporate Taxpayers' Registry # ("CNPJ"):	[*****]

1.4. In conclusion, the Parties reinforce that the deadline for Equipment repair by the **SUPPLIERS** is [*****]days, and, after that period, the **SUPPLIERS** undertake to purchase the Equipment whose maintenance/repair have not been completed, for the amount to be calculated as per shown below:

1.4.1. For equipment purchased by NETPHONE, the amount to be considered shall be subject to the following calculation: [*****];

1.4.2. For equipment purchased by PAGSEGURO, the amount to be considered shall be subject to the following calculation: [*****];

1.4.3. In all scenarios mentioned, the following procedure shall be adopted: [*****].

1. RATIFICATION

2.1. The Parties ratify all other terms and conditions of the Agreement, making it clear that the terms and clauses that have not been expressly changed by this Instrument shall remain unchanged and fully effective.

In witness whereof, the Parties execute this instrument in the electronic form, and such Parties, together with their Witnesses, acknowledge that electronic, digital, and computerized signatures are valid and fully effective, constituting instrument enforceable out-of-court for all legal purposes, even if it such signatures or certifications are not under ICP-Brazil standards, pursuant to the provisions in paragraphs of Article 10 of the Provisional Presidential Decree No. 2,200/2001 in force in Brazil.

Therefore, this Agreement, as well as the Proposals, their exhibits and amendments may be executed through such means.

São Paulo, December 29, 2022.

NET+PHONE TELECOMUNICAÇÕES LTDA.

NET+PHONE TELECOMUNICAÇÕES LTDA.

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A.

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A.

TRANSIRE COMÉRCIO E SERVIÇOS DE EQUIPAMENTOS LTDA.

TEC TOY S.A.

VICTUM SERVIÇOS S.A.

Witnesses:

1. _____
Name: CLAYTON XAVIER RIBEIRO

CPF: [*****]

2. _____
Name: JULIETE CORREIA

CPF [*****]

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Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****].

MASTERCARD BRASIL SOLUÇÕES DE PAGAMENTO LTDA.
Avenida das Nações Unidas, 14.171, Torre Crystal, 20 andar
São Paulo, SP.



1st AMENDMENT TO THE AGREEMENT ENTERED INTO ON NOVEMBER 10, 2021

MASTERCARD BRASIL SOLUÇÕES DE PAGAMENTO LTDA., headquartered in the City of São Paulo, State of São Paulo, at Avenida das Nações Unidas, 14.171, Rochaverá Corporate Plaza, Torre C –Edifício Crystal Tower -20º andar, enrolled with the Brazilian Corporate Taxpayers' Registry under No. [*****] ("MASTERCARD BRASIL"); and

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A., a corporation headquartered in the city of São Paulo, State of São Paulo, at Avenida Brigadeiro Faria Lima No. 1,384, 4º andar, parte A, Jardim Paulistano, CEP 01.451-001, enrolled with the CNPJ/MF under No. [*****], **("CLIENT")**

WHEREAS:

- The Parties entered into an agreement on November 10, 2021 providing for the grant of funds for reimbursement of expenditures with the courses of Mastercard Academy or implementation of CI tools ("Agreement");
- The Parties wish to extend the period to use said funds, provided in section "1.a" of the Agreement, which formerly was 12/31/2021 and now is 12/31/2022;

The Parties decided to enter into this 1st Amendment Instrument to the Agreement (1st Amendment), pursuant to the provisions below:

1. AMENDMENTS

1.1.A Section "1.a" of the Agreement shall be effective with the following wording:

a) **Incentive for Support in Training or Implementation of CI Tools.** - During the effectiveness hereof and provided that the conditions established herein are met, **MASTERCARD BRASIL** shall reimburse the **CLIENT**, [*****], with the amounts disbursed to develop the Mastercard Academy courses or to implement CI tools.

The **CLIENT** must spend the **Incentive** on *Mastercard Academy* and training events with the purpose of preparing the **CLIENTS**' employees and channels for Mastercard products and the regular development of the employee teams responsible for the **CLIENT**'s business or on the implementation of CI tool. In the event of Annual Support for Training, the Incentive shall cover [*****]. Any training or course event to be scheduled and conducted by any other entity, using the resources of this Incentive, shall be permitted upon prior approval from **MASTERCARD BRASIL**.

This Incentive must be used by [*****], and the projects/trainings must be carried out until that date.

1.2. Section "3.1" of the Agreement shall be effective with the following wording:

3.1. The Agreement will come into effect on the date it is executed until December 31, 2022, provided that the obligations set forth in Sections 4 ("Confidentiality") and Section 7 ("General Conditions of the Agreement") hereof shall survive until the date of execution hereof and after this agreement is ended or terminated.

STRATEGIC ALLIANCE AGREEMENT AND INCENTIVE PROGRAM

2. Ratification of other contractual provisions.

The Parties ratify all the provisions in the Agreement that were not expressly changed by this 1st Amendment, which remain effective and valid for all legal purposes.

3. Electronic Signature.

The Parties agree that this 1st Amendment may be electronically signed, pursuant to legislation in force, provided that all legal requirements for said signature are met, and the Parties represent, for all and any legal purposes, that they are aware and have agreed to electronically execute this 1st Amendment using electronic signature.

IN WITNESS WHEREOF, the Parties execute this Agreement, by their legal representatives, in two (2) counterparts, same in content and form, in the presence of two witnesses, for all legal purposes, binding upon their represented parties and any successors or assignees thereof.

São Paulo, Tuesday, November 1, 2022.

PagSeguro Internet Instituição de Pagamento S.A	PagSeguro Internet Instituição de Pagamento S.A
Full Name:	Full Name:
Title:	Title:
Mastercard Brasil Soluções de Pagamento Ltda	Mastercard Brasil Soluções de Pagamento Ltda
Full Name:	Full Name:
Title:	Title:

WITNESSES:

1. _____	**2.** _____
Name:	Name:
ID:	ID:

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Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****].

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AMENDMENT: 04664/22

25TH AMENDMENT TO THE SOFTWARE DEVELOPMENT AND/OR IMPLEMENTATION SERVICES AGREEMENT

By this private instrument, on one side,

COMPASS.UOL TECNOLOGIA LTDA. (FORMERLY KNOWN AS COMPASSO TECNOLOGIA LTDA.), a company headquartered at Rua Coronel Chicuta, n.º 575, in the City of Passo Fundo, State of Rio Grande do Sul, enrolled with the Corporate Taxpayers' Registry ("CNPJ") under No. [*****], herein represented pursuant to its articles of association, hereinafter referred to as COMPASS.UOL, and on the other side,

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A., a company headquartered at Avenida Brigadeiro Faria Lima, nº 1384, 4º andar, Parte A, in the City of São Paulo, State of São Paulo, enrolled with the CNPJ/MF under No. [*****], herein represented pursuant to its articles of association, hereinafter referred to as CLIENT;

Whereas:

(i) As of June 15, 2019, the Parties executed the Software Development and/or Implementation Services Agreement ("Agreement"), for the provision of expert services on demand by COMPASSO, formalized through the Services Agreements, which are an integral part of the Agreement;

(ii) As of November 23, 2021, the Parties executed the Services Agreement No. 64, with the purpose of providing the allocation of a Squad of Professionals with knowledge on software development, working with agile dynamic, effective for twelve (12) months, starting on October 19, 2021 and ending on October 18, 2022 ("SA No. 64"); 64");

(iii) The Parties wish to include new services to the SA No. 64; 64;

The Parties hereby execute the 25th AMENDMENT TO THE SOFTWARE DEVELOPMENT AND/OR IMPLEMENTATION SERVICES AGREEMENT ("Agreement"), as per the following clauses and conditions:

SECTION 1 - PURPOSE

1.1 The purpose of this Amendment is to change the conditions of Service Agreement No. 64, to promote a downgrade in the **Squad of Professionals**, pursuant to the conditions established below.

1.1.1 The Services herein contracted shall be provided according to the specific form and conditions described in PagSeguro Proposal - Portfolio Commercial Systems, dated July/2022, which, upon due execution, will become an integral part of this amendment.

SECTION 2 - PRICES

2.1 Pursuant to the conditions described in section 1.1. above, the CLIENT shall pay to COMPASSO the monthly amount of **[*****]**.

2.2 The CLIENT represents to accept the new prices and they shall be billed after the start date of the provision of the services, from July 18, 2022, for the period of [*****].

SECTION 3 - GENERAL PROVISIONS

3.1 The Parties, including their Witnesses, acknowledge that electronic, digital, and computerized signatures are valid and fully effective, constituting an extrajudicial enforcement instrument for all legal purposes, even if such signatures or certifications are not under ICP-Brazil standards, pursuant to the provisions in paragraphs of Article 10 of the Provisional Measure No. 2,200/2001 in force in Brazil. Therefore, this Agreement, as well as the Proposal, its exhibits and amendments may be executed through such means.

3.2 The Parties agree that, regardless of the execution date hereof, its effects shall relate back to the date of July 18, 2022.

IN WITNESS WHEREOF, the Parties have executed this Amendment in two (02) counterparts, same in form and content, in the presence of the undersigned witnesses.

São Paulo, September 6, 2022.

COMPASS.UOL TECNOLOGIA LTDA.

DocuSigned by:
Cleyton de Almeida Ferreira
4CFB25988A3448C...
Name: Cleyton de Almeida Ferreira
ID No.: [*****]

DocuSigned by:
Marcelo Ivaldo da Silva
AF8BD9CB8E8E43A...
Name: Marcelo Ivaldo da Silva
ID No.: [*****]

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A.

DocuSigned by:
Artur Gaulke Schunck
B7A9F4ABE32D493...
Name: Artur Gaulke Schunck
ID No.: [*****] Witnesses:

DocuSigned by:
777C90E710EF4A4...
Name: Renato Bertozzo Duarte
ID No.: [*****]

DocuSigned by:
Adriano Alves Dornelas
A35C7E747472469...
Name: Adriano Alves Dornelas
ID No.: [*****]

DocuSigned by:
Andrea Spolavori Perez
334353F78C9F447...
Name: Andrea Spolavori Perez
ID No.: [*****]

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[*****] Confidential information redacted

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Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****].

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ADT: 04600/22

26TH AMENDMENT TO THE SOFTWARE DEVELOPMENT AND/OR IMPLEMENTATION SERVICES AGREEMENT

By this private instrument, on one side,

COMPASS.UOL TECNOLOGIA LTDA. (FORMERLY KNOWN AS COMPASSO TECNOLOGIA LTDA., headquartered at Rua Coronel Chicuta, No. 575, in the City of Passo Fundo, Rio Grande do Sul, enrolled with the Corporate Taxpayers' Registry of the Ministry of Finance ("CNPJ/MF") under No. [*****], herein represented pursuant to its corporate acts, hereinafter simply referred to as COMPASSO, and, on the other side;

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A., a company headquartered at Avenida Brigadeiro Faria Lima, nº 1384, 4º andar, Parte A, in the City of São Paulo, State of São Paulo, enrolled with the CNPJ/MF under No. [*****], herein represented pursuant to its articles of association, hereinafter referred to as CLIENT;

Whereas:

(i) As of June 15, 2019, the Parties executed the Software Development and/or Implementation Services Agreement ("Agreement"), for the provision of expert services on demand by COMPASSO, formalized through the Services Agreements, which are an integral part of the Agreement;

(ii) As of October 25, 2021, the Parties executed the Services Agreement No. 44, with the purpose of providing the allocation of a Squad of Professionals with knowledge on software development, working with agile dynamic, effective for [*****];

(iii) The Parties are interested in extending the effectiveness for [*****];

The Parties hereby execute the 26th AMENDMENT TO THE SOFTWARE DEVELOPMENT AND/OR IMPLEMENTATION SERVICES AGREEMENT ("Agreement"), as per the following clauses and conditions:

SECTION 1 - PURPOSE

1.1 The purpose of this Amendment is to renew the effectiveness of the Services Agreement No. 44, for **[*****]**, as from [*****], under the conditions of the Agreement.

1.1.1 The Services herein contracted shall be provided according to the specific form and conditions described in the Proposal "PagSeguro Monolith Hybrid Squad - Renewal", dated July/2022, which, upon due execution, will become an integral part of this amendment.

1.2 This instrument also has the purpose of establishing that, as agreed between the parties, an adjustment of [*****] will be applied, assessed from [*****]. Thus, for the period from [*****], the monthly price will become **[*****].**

1.1.2 After August 3, 2023, the adjustment shall be carried out pursuant to the Agreement or to what was agreed between the parties.

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SECTION 2 - PRICES

2.1 Pursuant to the conditions described in section 1.1. above, the CLIENT shall pay to COMPASSO the monthly amount of **[*****]**.

2.2 The CLIENT represents to accept the new prices that shall have the billing from the start date of the Services provision activities, starting on August 4, 2022.

SECTION 3 - GENERAL PROVISIONS

1. The Parties, including their Witnesses, acknowledge that electronic, digital, and computerized signatures are valid and fully effective, constituting an extrajudicial enforcement instrument for all legal purposes, even if such signatures or certifications are not under ICP-Brazil standards, pursuant to the provisions in paragraphs of Article 10 of the Provisional Measure No. 2,200/2001 in force in Brazil. Therefore, this Agreement, as well as the Proposal, its exhibits and amendments may be executed through such means.

3.2. The Parties agree that, regardless of the execution date hereof, its effects shall relate back to the date of August 4, 2022.

IN WITNESS WHEREOF, the Parties have executed this Amendment in two (02) counterparts, same in form and content, in the presence of the undersigned witnesses.

São Paulo, September 16, 2022.

COMPASS.UOL TECNOLOGIA LTDA.

DocuSigned by: Cleyton de Almeida Ferreira
4CFB25988A3448C...
Name: Cleyton de Almeida Ferreira
ID No.: [*****]

DocuSigned by: Marcelo Ivaldo da Silva
AF8BD9CB8E8E45A...
Name: Marcelo Ivaldo da Silva
ID No.: [*****]

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A.

DocuSigned by: Artur Gaulke Schunck
67A9EA4BB32D493...
Name: Artur Gaulke Schunck
ID No.: [*****]

DocuSigned by:
777C90E710EF4A4...
Name: Renato Bertozzo Duarte
ID No.:

Witnesses:

DocuSigned by:
EE6072DE5D2B42E...
Name: Adriana Mariko Ishikawa Shiguedomi
ID No.: [*****]

DocuSigned by: Andrea Spolavori Perez
334353F78C9F447...
Name: Andrea Spolavori Perez
ID No.: [*****]

DS

→

[*****] Confidential information redacted

→

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Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****].

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ADT: 04601/22

29TH AMENDMENT TO THE SOFTWARE DEVELOPMENT AND/OR IMPLEMENTATION SERVICES AGREEMENT

By this private instrument, on one side,

COMPASS.UOL TECNOLOGIA LTDA. (FORMERLY KNOWN AS COMPASSO COMPASSO TECNOLOGIA LTDA., headquartered at Rua Coronel Chicuta, No. 575, in the City of Passo Fundo, Rio Grande do Sul, enrolled with the Corporate Taxpayers' Registry of the Ministry of Finance ("CNPJ/MF") under No. [*****], herein represented pursuant to its corporate acts, hereinafter simply referred to as COMPASSO, and, on the other side;

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A., a company headquartered at Avenida Brigadeiro Faria Lima, nº 1384, 4º andar, Parte A, in the City of São Paulo, State of São Paulo, enrolled with the CNPJ/MF under No. [*****], herein represented pursuant to its articles of association, hereinafter referred to as CLIENT;

Whereas:

(i) As of June 15, 2019, the Parties executed the Software Development and/or Implementation Services Agreement ("Agreement"), for the provision of expert services on demand by COMPASSO, formalized through the Services Agreements, which are an integral part of the Agreement;

(ii) As of May 20, 2022, the Parties executed the Services Agreement No. 91, with the purpose of providing the allocation of a Squad of Professionals with knowledge on software development, working with agile dynamic, effective for [*****] ("SA No. 91");

(iii) The Parties are interested in extending the effectiveness for a period of [*****]and adjusting the prices of SA No. 91;

The Parties hereby execute the 29th AMENDMENT TO THE SOFTWARE DEVELOPMENT AND/OR IMPLEMENTATION SERVICES AGREEMENT ("Agreement"), as per the following clauses and conditions:

SECTION 1 - PURPOSE

1.1 The purpose of this Amendment is to renew the effectiveness of the Services Agreement No. 91, [*****], under the conditions of the Agreement.

1.1.1 The Services herein contracted shall be provided according to the specific form and conditions described in Proposal "PagSeguro Berlin and Panama Squad", dated July/2022, which, upon due execution, will become an integral part of this amendment.

SECTION 2 - PRICES

2.1 Pursuant to the conditions described in section 1.1. above, the CLIENT shall pay to COMPASSO the monthly amount of **[*****]**.

2.2 The CLIENT represents to accept the new prices that shall have the billing from the start date of the Services provision activities, starting on August 1, 2022.

SECTION 3 - GENERAL PROVISIONS

3.1 The Parties, including their Witnesses, acknowledge that electronic, digital, and computerized signatures are valid and fully effective, constituting an extrajudicial enforcement instrument for all legal purposes, even if such signatures or certifications are not under ICP-Brazil standards, pursuant to the provisions in paragraphs of Article 10 of the Provisional Measure No. 2,200/2001 in force in Brazil. Therefore, this Agreement, as well as the Proposal, its exhibits and amendments may be executed through such means.

3.2. The Parties agree that, regardless of the execution date hereof, its effects shall relate back to the date of August 1, 2022.

IN WITNESS WHEREOF, the Parties have executed this Amendment in two (02) counterparts, same in form and content, in the presence of the undersigned witnesses.

São Paulo, November 21, 2022.

COMPASS.UOL TECNOLOGIA LTDA.

DocuSigned by:
Cleyton de Almeida Ferreira
4CFB25988A3448C...
Name: Cleyton de Almeida Ferreira
ID No.: [*****]

DocuSigned by:
Marcelo Ivaldo da Silva
AF8BD9CB8E8E43A...
Name: Marcelo Ivaldo da Silva
ID No.: [*****]

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A.

DocuSigned by:
Artur Gaulke Schunck
Name: Artur Gaulke Schunck
ID No.: [*****]

DocuSigned by:
Name: Renato Bertozzo Duarte
ID No.:

Witnesses:

DocuSigned by:
GABRIEL ARRIGONI RIBEIRO
2EE3005FD71441B...
Name: GABRIEL ARRIGONI RIBEIRO
ID No.: [*****]

DocuSigned by:
Andrea Spolavori Perez
334353F78C9F447...
Name: Andrea Spolavori Perez
ID No.: [*****]

DS

→

[*****] Confidential information redacted

→

REDACTED COPY

Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****].

MASTERCARD BRASIL SOLUÇÕES DE PAGAMENTO LTDA.
Avenida das Nações Unidas, 14.171, Torre Crystal, 20 andar
São Paulo, SP.

ADT:04563/21

FIRST AMENDMENT TO THE STRATEGIC ALLIANCE AGREEMENT AND INCENTIVE PROGRAM

This **FIRST AMENDMENT TO THE STRATEGIC ALLIANCE AGREEMENT AND INCENTIVE PROGRAM ("First Amendment")** is entered into, on the date hereof, between **MASTERCARD BRASIL SOLUÇÕES DE PAGAMENTO LTDA.,** limited liability corporation, headquartered in the City of São Paulo, State of São Paulo, at Avenida das Nações Unidas, 14.171, Rochaverá Corporate Plaza, Torre C Edifício Crystal Tower - 20º andar, enrolled with the Corporate Taxpayers' Registry issued by the Ministry of Finance ("CNPJ/ME") under No. [*****], herein represented pursuant to its articles of incorporation (**"MASTERCARD BRASIL**"); and **PAGSEGURO INTERNET S.A.**, corporation headquartered in the City of São Paulo, State of São Paulo, at Avenida Brigadeiro Faria Lima, 1.384, 4º andar, parte A, Jardim Paulistano, CEP 01.451--001, enrolled with CNPJ/ME under No. [*****], herein represented pursuant to its articles of association **("CLIENT"). MASTERCARD BRASIL** and **CLIENT** are hereinafter individually referred to as "**Party**", and jointly as "**Parties**".

Capitalized terms, whether in their singular or plural form, used in this First Amendment shall have their definitions set forth in the STRATEGIC ALLIANCE AGREEMENT AND INCENTIVE PROGRAM ("Agreement") entered into between the Parties as of July 1st, 2020 ("Effective Date")

WHEREAS:

a) As of July 1st, 2020, the Parties executed the Agreement with the purpose, but not limited to, of increasing the issuance of Mastercard PagSeguro Cards, as prepaid cards ("Mastercard PagSeguro Cards - Prepaid"), as well as the release of the new product defined in the Agreement as Mastercard PagSeguro Cards - Combo, which comprises Mastercard PagSeguro Credit Cards, with product code MLC, and the Mastercard PagSeguro Prepaid Cards, which can be used as debit cards, with product code OLS;

b) The Parties wish to adjust the terms of the Agreement to include new card products in the composition of Mastercard PagSeguro Cards - Combo, resulting in the composition of Mastercard Portfolio, namely, Consumer Standard Credit Cards, with product code MCS, and the Consumer Single Message Prepaid Cards, with product code ORL, as well as to amend the Client's Goal and general conditions to receive the Incentives.

The Parties hereby decide to execute this First Amendment to the Agreement ("First Amendment"), pursuant to the following terms conditions:

I) AMENDMENTS TO THE AGREEMENT

I.1. Addition of Combo Consumer Cards to Mastercard Portfolio. The CLIENT is interested in, and MASTERCARD BRASIL agrees to, include the new products in the composition of Mastercard PagSeguro Cards - Combo in Mastercard Portfolio, namely, Combo Consumer Cards, which comprise the Consumer Standard Credit Cards (MCS) and the Consumer Single Message Prepaid Cards (OLR). The addition of the new combo Cards shall not change the total amount of the volume goals previously established in the Agreement, prevailing, for all purposes, the chart pursuant to item i.3 hereof.

I.2. Definition of Terms. To reflect the addition of the new products mentioned above, the Parties agree to adjust certain definitions provided in EXHIBIT A of the Agreement, which shall become in force with the following wording:

*"**Mastercard PagSeguro Cards - Combo** - means new product, combining credit and prepaid (single) methods, included in the CLIENT's Mastercard Portfolio, namely:*

(a) Mastercard PagSeguro Credit Cards, with the product code being MLC ("Mastercard Credit Microbusiness");

STRATEGIC ALLIANCE AGREEMENT AND INCENTIVE PROGRAM

(b) Prepaid Mastercard PagSeguro Cards (OLC), which is used as debit card, with product code being OLC ("Mastercard Prepaid Business Card – debit terms");

(c) Mastercard PagSeguro Credit Cards, with the product code being MLC ("Standard Consumer");

(d) Prepaid Mastercard PagSeguro Cards, with product code being OLR ("Consumer Single Message").

***Total POS Revenue** - means the volume of revenue assessed for the period of twelve (12) months, resulted from Transactions made with Mastercard Pagseguro Cards, part of the Mastercard Portfolio, as credit charges (MLC and MCS), prepaid (OLC and ORL) and prepaid (dual message), and processed within Banknet Systems and GCMS ("Mastercard Global Clearing Management System"), excluding withdrawal transactions.*

***POS Revenue from Credit Portfolio (MLC and MCS)** - means the volume of revenue assessed for the period of twelve (12) months, resulted from Transactions made with Mastercard Pagseguro Cards, as credit charges (MLC and/or MCS), which are part of the Mastercard Portfolio, and processed within Banknet Systems and GCMS ("Mastercard Global Clearing Management System"), excluding withdrawal transactions.*

***POS Revenue from Prepaid Portfolio (OLC and OLR)** - volume of revenue assessed for the period of twelve (12) months for each Year, resulted from Transactions made with Mastercard Pagseguro Cards, as prepaid charges (OLC and/or OLR), and also accepting debit charges with the Maestro Brand, which are part of the Mastercard Portfolio, and processed within Banknet Systems and GCMS ("Mastercard Global Clearing Management System"), excluding withdrawal transactions.*

***Total ATM Revenue from Credit Portfolio (MLC and MCS)** - volume of revenue assessed for the period of twelve (12) months for each Year, resulted from Transactions made with Mastercard Pagseguro Cards, as credit charges (MLC and MCS), captured by Mastercard ATM Network.*

***Mastercard Portfolio** - means all portfolios including Mastercard PagSeguro Cards - Combo e Mastercard PagSeguro Cards - Pre-Paid, issued, sold and manages by the CLIENT, under "Mastercard" and/or "MAESTRO" brands, and which solely and exclusively include the products under this Agreement and the Incentive Program, namely:*

a) Mastercard PagSeguro Credit Cards, with the product code being MLC ("Mastercard Credit Microbusiness");

b) Mastercard PagSeguro Prepaid Cards (OLC), with product code being OLC ("Mastercard Prepaid Business Card – debit terms");

c) Mastercard PagSeguro Credit Cards, with the product code being MCS ("Standard Consumer");

d) Mastercard PagSeguro Prepaid Cards, with product code being OLR ("Consumer Single Message"); and

e) Mastercard PagSeguro Prepaid Cards, accepted as credit card in dual message, with product codes: MRW ("Mastercard Prepaid Business Card – credit terms") and MGR ("Mastercard Prepaid General Spend Consumer")."

1.3. Revenue Volume Goals. The chart in section 3.1.(iii) of the Agreement is amended, and shall be in force with the following wording:

" ...



GOALS FOR VOLUME OF TOTAL POS REVENUE FOR MASTERCARD PORTFOLIO (R$)

PagSeguro Cards from Mastercard Portfolio	POS Volume (Credit) MLC + MCS	POS Volume (Prepaid) OLC + OLR)	POS Incremental Volume (Prepaid)	POS Base Volume (Prepaid)	Total
Year 1	[*****]	[*****]	[*****]	[*****]	[*****]
Year 2	[*****]	[*****]	[*****]	[*****]	[*****]
Year 3	[*****]	[*****]	[*****]	[*****]	[*****]
Year 4	[*****]	[*****]	[*****]	[*****]	[*****]
Year 5	[*****]	[*****]	[*****]	[*****]	[*****]
Year 6	[*****]	[*****]	[*****]	[*****]	[*****]
Year 7	[*****]	[*****]	[*****]	[*****]	[*****]

"

I.4. Incentives. On account of the adjustments made above, the Parties agree that the wording of the Incentives provided in section 2.1., items "b", "c" and "i" of the Agreement shall be in force with the following wording:

"2.1. (...)

b) Incentive on POS Revenue from Credit Portfolio (MLC and MCS). *For the years from 2 to 7, MASTERCARD BRASIL shall provide the following amounts (BPS) to the CLIENT as a "Incentive on POS Revenue from Credit Portfolio (MLC and MCS)", [*****]. The Incentive is subject to the achievement of at least [*****]of the goals for the Total POS Revenue Volume, for each year.*

%of Volume achieved (POS)	Years 2 to 7
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]

**BPS (basis points): 1/10000; unit used to calculate the Incentives.*

Applicable Conditions:

(I) Incentive on POS Revenue from Credit Portfolio (MLC and MCS) shall only be paid if [*****].

(i) If the CLIENT [*****].

(ii) The Incentive is calculated on [*****].

c) ***Incentive on POS Revenue from Prepaid Portfolio (OLC and OLR).*** *From Year 2 to Year 7, MASTERCARD BRASIL provides to the CLIENT, as "Incentive on POS Revenue from Prepaid Portfolio (OLC and OLR)", the following amounts [*****], and to the following chart for payouts:*

%of Volume achieved (POS)	Years 2 to 7
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]
[*****]	[*****]

**BPS (basis points): 1/10000 unit used to calculate the Incentives' amount*

Applicable Conditions:
(i) Incentive on POS Revenue from Prepaid Portfolio (OLC and OLR) will be paid if [*****].
(ii) If the CLIENT [*****].
(iii) Incentive is calculated on [*****].

i) ***Incentive on Total ATM Revenue from Credit Portfolio (MLC and MCS).*** *MASTERCARD BRASIL provides to the CLIENT, as "Incentive on Total ATM Revenue from Credit Portfolio (MLC and MCS)", the amount equivalent to [*****].*

%of Volume achieved (POS)	Years 1 to 7
[*****]	[*****]
[*****]	[*****]

*BPS (basis points): 1/10000; unit used to calculate the Incentives.

Applicable Conditions:
(i) [*****].
(ii) [*****].

I.5. Conversion of Innovation Forum into Support for Training Considering that the Innovation Forum did not take place in the year of 2021, the funds provided in Section 1.1.2 of the Agreement, in the amount of [*****] shall be used for purposes of training at Mastercard Academy during Year 2 of the Agreement ("Incentive"), subject to the following conditions.

MASTERCARD BRASIL shall reimburse the **CLIENT** with the amounts disbursed [*****].

The **CLIENT** must spend the **Incentive** on *[*****]*.

The annual amount of the **Support for Training** Incentive, established for Year 2 of the Agreement, is calculated on [*****].

I.6. Issuance of Mastercard PagSeguro Combo Cards. The issuance of Mastercard PagSeguro Combo Cards shall start within [*****] from the Agreement's Effective Date, and Section 3.1(i) of the Agreement shall be in force with the following wording:

3.1. (...)

(i) Mastercard PagSeguro Card - Combo: The CLIENT shall release the Mastercard PagSeguro Card - Combo in up to thirteen (13) months, as from the Agreement's Effective Date ("Release Date"), as credit and prepaid cards, but also accepting debit charges. The CLIENT is aware that MASTERCARD BRASIL has the intent to release the new product Prepaid Mastercard (DMC - Debit), as from the second semester of 2021. The Parties hereby agree that, due to the closeness of the new release, the CLIENT is not obliged to proceed with the reissuance or migration of any Mastercard PagSeguro Prepaid Card ("OLC") for at least [*****] as from the Release Date of Mastercard PagSeguro Card - Combo. However, the CLIENT is aware that the product is subject to new conditions and rules. Thus, in order to include the new product into the CLIENT's Mastercard Portfolio and to make it the subject matter hereof, the Parties hereby agree that they will negotiate, at the implementation of the new product, the new terms and conditions for the product, which shall be reflected in this Incentive Program, through contractual amendment. For clarification purposes, the contractual amendment will have the sole and exclusive purpose of adding the terms and conditions to the new product, and the CLIENT may not change any condition agreed upon herein with respect to the other products and Incentive.

III) RATIFICATION OF THE AGREEMENT'S CLAUSES



III.1. The Parties hereby ratify all other terms and conditions of the Agreement that were not expressly mentioned herein, which remain in force, without changes, including the venue clause and electronic signature clause.

IN WITNESS WHEREOF, the Parties execute this First Amendment, by their legal representatives, in the presence of two (2) witnesses, for all legal purposes, binding upon their represented parties and any successors or assignees thereof.

São Paulo, Monday, February 14, 2022.

PagSeguro Internet S.A.

Full Name: Artur Galke Schunck
Title: Chief Financial Officer

PagSeguro Internet S.A.

Full Name: Leandro Roberto Rodrigues
Title: Treasury Officer

Mastercard Brasil Soluções de Pagamento Ltda

Full Name: Miltonleise Filho
Position: Senior Vice President

Mastercard Brasil Soluções de Pagamento Ltda

Full Name: Paulo Frossard
Position: Vice-CEO

WITNESSES: 1. _____ **2.** _____

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Holder: Liza Alcazar
[*****]

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Liza Alcazar lalcazar@uolinc.com UOL - UNIVERSO ONLINE S/A Security Level: E-mail, Account Authentication (None)	 Signature established by: Signature image loaded Using IP Address: [*****]	Sent: 2/25/2022 6:46:08 AM Viewed: 2/25/2022 6:46:25 AM Signed: 2/25/2022 6:47:00 AM
Electronic Record and Signature Disclosure: Not offered via DocuSign		
Artur Gaulke Schunck [*****] Chief Financial Officer Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Using IP Address: [*****]	Sent: 2/25/2022 6:47:03 AM Viewed: 2/25/2022 7:00:12 AM Signed: 2/25/2022 7:00:18 AM
Electronic Record and Signature Disclosure: Accepted: 11/24/2020 12:09:02 PM ID: 5a4c0fb4-f25d-4d6c-9dd3-5f36b01ffbcc		
Deborah Barros [*****] Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-selected Style IP Address: [*****]	Sent: 2/25/2022 6:47:03 AM Viewed: 2/25/2022 6:49:05 AM Signed: 2/25/2022 6:49:13 AM
Electronic Record and Signature Disclosure: Accepted: 12/1/2021 12:14:41 PM ID: dd3fe090-66c1-490f-9844-e00969088eb5		

Signer Events	Signature	Timestamp
Jessica Victoria Ferreira [*****] Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-selected Style IP Address: [*****]	Sent: 2/25/2022 6:47:04 AM Viewed: 2/25/2022 7:00:39 AM Signed: 2/25/2022 7:01:01 AM
Electronic Record and Signature Disclosure: Accepted: 2/25/2022 7:00:39 AM ID: 63aea22f-caf5-410a-8e8c-5b39c6ad01b5		
Leandro Roberto Rodrigues [*****] Treasury Officer Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Using IP Address: [*****]	Sent: 2/25/2022 6:47:04 AM Viewed: 2/25/2022 7:36:42 AM Signed: 2/25/2022 7:36:54 AM
Electronic Record and Signature Disclosure: Accepted: 2/25/2022 7:36:42 AM ID: 52770672-003a-4e26-beb8-47556d009520		
Miltonleise Filho [*****] Senior Vice President Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Using IP Address: [*****] Signed using cellphone	Sent: 2/25/2022 6:47:04 AM Viewed: 2/25/2022 12:10:22 PM Signed: 2/25/2022 12:11:19 PM
Electronic Record and Signature Disclosure: Accepted: 6/17/2020 2:39:16 PM ID: 3e689f15-858a-4f5d-aa24-c07069e905ec		
Paulo Frossard [*****] Vice President Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Using IP Address: [*****]	Sent: 2/25/2022 6:47:05 AM Viewed: 3/3/2022 7:11:29 AM Signed: 3/3/2022 7:11:38 AM
Electronic Record and Signature Disclosure: Accepted: 6/17/2020 2:07:33 PM ID: d94afd78-197b-4c37-a68f-6586e20c5cfa		

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Intermediary Delivery Events	**Status**	**Timestamp**
Certified Delivery Events	**Status**	**Timestamp**
Carbon Copy Events	**Status**	**Timestamp**
Witness Events	**Signature**	**Timestamp**
Notary Events	**Signature**	**Timestamp**
Envelope Summary Events	**Status**	**Timestamp**
Envelope sent	Hashed/Encrypted	2/25/2022 6:46:08 AM
Certified delivery	Security checked	3/3/2022 7:11:29 AM
Signing complete	Security checked	3/3/2022 7:11:38 AM
Completed	Security checked	3/3/2022 7:11:38 AM
Payment Events	**Status**	**Timestamp**
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If you elect to receive notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and provide services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of receipt of such paper notices or disclosures. To let us know that you are changing your mind, you must withdraw your consent using the DocuSign "Withdraw Consent" form on the signature page of a DocuSign envelope instead of signing it. This will indicate to us that you have withdrawn your consent to receive notices and disclosures electronically from us and you will no longer be able to use the DocuSign system to receive notices and consents electronically from us or to electronically sign documents sent by us.

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(iii) PDF readers: Acrobat® or similar software may be required to view and print PDF files.

(iv) Screen Resolution: 800 x 600 minimum

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Parties agreed to: Jessica Victoria Ferreira, Leandro Roberto Rodrigues, Miltonleise Filho

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If you elect to receive notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and provide services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of receipt of such paper notices or disclosures. To let us know that you are changing your mind, you must withdraw your consent using the DocuSign "Withdraw Consent" form on the signature page of a DocuSign envelope instead of signing it. This will indicate to us that you have withdrawn your consent to receive notices and disclosures electronically from us and you will no longer be able to use the DocuSign system to receive notices and consents electronically from us or to electronically sign documents sent by us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will electronically send you through the DocuSign system all required notices, disclosures, authorizations, acknowledgments, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you using the same method and to the same address you have informed us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, let us know as described below. Also see the paragraph immediately above that describes the consequences if you elect not to receive notices and disclosures electronically from us.

How to contact UOL - UNIVERSO ONLINE S/A:

You may contact us to let us know of your changes on how we should contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically, as provided below: To contact us by email send messages to: [*****]

To contact us by email send messages to: UOL - UNIVERSO ONLINE S/A

To inform of your new e-mail address to UOL - UNIVERSO ONLINE S/A:

To let us know of a change in your e-mail address to which we should send notices and disclosures electronically to you, you must send us an e-mail to [*****] providing: your previous e-mail address and your new e-mail address. We do not require any other information from you to change your e-mail address. We do not require any other information from you to change your email address.

In addition, you must notify DocuSign, Inc. in order to reflect your new e-mail address in your DocuSign account by following the process for changing e-mail in the DocuSign system.

To request paper copies from UOL - UNIVERSO ONLINE S/A:

To request us to send you paper copies of the notices and disclosures previously provided by us to you electronically, you must send an e-mail to [*****] and provide: your e-mail address, full name, Brazil Postal address, and telephone number. We will charge you for the amount of the copies, if applicable.

To withdraw your consent to UOL - UNIVERSO ONLINE S/A:

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

(i) refuse to sign a document in your DocuSign session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent; or you may

(ii) send an e-mail to [*****] and provide your e-mail address, full name, Brazil Postal Address, and telephone number. We do not need any other information from you to withdraw consent. The consequences of your withdrawing consent for online documents will be that transactions may take longer to process. We do not require any other information from you to change your email address. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process.

Required hardware and software:**

(i) Operating Systems: Windows® 2000, Windows® XP, Windows Vista®; Mac OS®

(ii) Browsers: Latest versions Internet Explorer® 6.0 or above (only Windows); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (only Mac)

(iii) PDF readers: Acrobat® or similar software may be required to view and print PDF files.

(iv) Screen Resolution: 800 x 600 minimum

(v) Enabled Security Settings: Allow per session cookies

** These minimum requirements are subject to change. If these requirements change, you will be asked to re-accept the disclosure. Pre-release (e.g. beta) versions of operating systems and browsers are not supported.

Acknowledging your access and consent to receive materials electronically:

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please make sure you read this electronic disclosure and are able to print on paper or electronically save this page for your future reference and access or are able to e-mail this disclosure and consent to an e-mail address in which you will be able to print on paper or save this page for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format under the terms and conditions described above, let us know by clicking the "I agree" button below.

By checking the "I agree" box, I confirm that:

(i) I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORDS AND CONSUMER SIGNATURE DISCLOSURES; and

(ii) I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and (iii) Until or unless I notify UOL - UNIVERSO ONLINE S/A as described above, I consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by UOL - UNIVERSO ONLINE S/A during the course of my relationship with you.

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Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material. Confidential portions of this Exhibit are designated by [*****].

AWS CLOUD AGREEMENT

By this private instrument, on one side, **PAGSEGURO INTERNET S.A.**, company headquartered in the city of São Paulo, State of São Paulo, at Avenida Brigadeiro Faria Lima, No. 1384, 4º andar - Parte A, Jardim Paulistano, Brasil, CEP 01451-001, enrolled with the Brazilian Corporate Taxpayers' Registry of the Ministry of Finance ("CNPJ/MF") under No. [*****], hereinafter simply referred to as "**CLIENT**" and **UOL DIVEO TECNOLOGIA LTDA.**, headquartered at Alameda Barão de Limeira, 425, 1 andar, São Paulo/SP, enrolled with the CNPJ/MF under No. [*****], hereinafter simply referred to as "**UOL DIVEO**", and both are part of the same economic group of UNIVERSO ONLINE (UOL), represented pursuant to its corporate acts, hereby decided to enter into this Agreement ("Agreement"), pursuant to the following clauses and conditions:

1. The CLIENT hereby contracts UOL DIVEO, which is a resale partner of the company AMAZON WEB SERVICES, INC. (AWS) in Brazil, with the purpose of acquiring AWS CLOUD and AWS TECHNICAL SUPPORT services. The CLIENT hereby REPRESENTS to ACKNOWLEDGE AND AGREE that the provision of the scope and/or AWS Services shall be promptly considered and, starting at the execution date hereof.

   1.1 The contracts shall be carried out through the acceptance of Technical and/or Business Proposal executed by the legal representatives of the parties, where the **form of contract, effectiveness, PTAX and other commercial conditions shall be set.**

2. The CLIENT represents to acknowledge that the AWS CLOUD and AWS TECHNICAL SUPPORT services are provided by AWS. Upon execution hereof, the CLIENT REPRESENTS and ACKNOWLEDGES that the AWS CLOUD and AWS TECHNICAL SUPPORT services are subject to the terms of the AWS' access and use license ("AWS License Terms"), which are characterized as an independent agreement between the CLIENT and AWS, with its current version available at https://s3-us-west-2.amazonaws.com/legal-reseller/AWS+Reseller+Customer+License+Terms.pdf. Moreover, the CLIENT REPRESENTS and ACKNOWLEDGES that: (i) in order to access and/or use the services, the CLIENT must expressly agree with the AWS License Terms; (ii) the CLIENT read and understood all clauses and conditions of the AWS License Terms, and it is fully aware of all restrictions and limitations provided by AWS for the provision of the services; (iii) the AWS License Terms may be amended by AWS at any time, and it is recommended for the CLIENT to frequently check AWS website.

3. The services contracted herein may only be used for the CLIENT's internal business operations, which are subject to the AWS License Terms and to other AWS conditions and policies, as well as the provisions herein, and the CLIENT must not resale AWS services.

4. In compliance with the provisions above, the CLIENT represents to acknowledge that UOL DIVEO is only the reseller of AWS services. By virtue of the abovementioned, the CLIENT accepts and agrees that UOL DIVEO, as it is the solution's reseller, is not responsible for delays in the delivery or unavailability of services.

5. UOL DIVEO does not offer any guarantee on services contracted from AWS. The CLIENT acknowledges that UOL DIVEO is only a reseller of AWS services and, thus, UOL DIVEO is not liable for the quality/guarantee/support/outcome/efficiency of those services. UOL DIVEO is not responsible for the accuracy or completeness of the information on AWS services, and UOL DIVEO is HELD HARMLESS FROM ANY REPRESENTATIONS, WARRANTIES AND LIABILITIES OF ANY KIND, CONCERNING INFORMATION ON AWS SERVICES. UOL DIVEO recommends the CLIENT to confirm any information on AWS services before its use for any purpose. All information on AWS services are subject to changes without prior notice. UOL DIVEO is not responsible for typographical errors, or any other errors or omissions in relation to AWS services.

[*****] Confidential information redacted.



6. In addition to the AWS CLOUD services and AWS TECHNICAL SUPPORT to be provided by AWS, UOL DIVEO may provide supplementary support services to the CLIENT, if so established in the Business/Technical Proposal. The CLIENT represents to acknowledge that, if UOL DIVEO's supplementary support services are contracted, the services are only accessories to the services provided by AWS, limited to the management of the CLIENT's account with AWS, as well as the provision of information and guidance on the consumption and billing of AWS services. By virtue of the abovementioned, the provision of any of those supplementary support services by UOL DIVEO does not constitute change to the constitution of this agreement, especially concerning the limitation of liability of UOL DIVEO only as a reseller of AWS services, pursuant to these General Conditions.
7. This instrument shall become effective on the date of execution hereof, for a [*****].
8. The Parties agree that the conditions related to the termination, price adjustment through the energy level and SLA shall be governed by the agreement with similar purpose executed by UOL and UOL DIVEO.
9. Except for the obligation to pay, no party shall be liable for the failure to comply with its obligations hereunder due to reasons beyond their control (e.g., Acts of God or Force Majeure, operational interruption, human or natural disasters, epidemics, shortage of material, strikes, criminal acts, delay in the delivery or transportation of the products by the manufacturer or the inability to obtain workforce or material through its regular sources).
10. The CLIENT acknowledges and agrees that it will comply with the specifications of the manufacturer or supplier of the products and/or services. The use of products and/or services in cases of critical security nature or similar, where any failure of the products and/or services that occurs may result in harm, death or severe damage to the CLIENT's or third party's movable or immovable property, is prohibited. If the CLIENT uses or sales products and/or services to be used in any of those cases or no longer complies with the manufacturer's or supplier's specifications, the CLIENT must be fully liable for the consequences of its acts.
11. The CLIENT represents and accepts that the entire scope included in the solution is exclusively for the use by the CLIENT within AWS environment, and they be used in compliance with the rights and rules set by AWS at https://aws.amazon.com/pt/agreement/, subject to the penalty of the CLIENT being liable for any damages caused, having the scope interrupted/blocked.
12. The CLIENT hereby represents and acknowledges that certain products, services, technologies and documentation sold by UOL DIVEO shall be subject to the UE and USA export or re-export control laws. The CLIENT must comply with said legislation and the CLIENT undertakes to obtain and bear all costs of attainment for all and any license, permit or authorization required if the CLIENT wishes to export or re-export such products and/or services.
13. The CLIENT represents and acknowledges that it will not export or re-export products, services, technologies and documentations sold by UOL DIVEO to countries or entities where those operations are prohibited, including any countries or entities with sanction and embargo imposed by the United Nations (UN), U.S. Department of the Treasury or U.S. Department of State. Moreover, the CLIENT shall not use the Products, technologies and documentation sold by UOL DIVEO in the development or manufacturing or nuclear, chemical or biological weapons, or missile systems with the capacity to launch those weapons, neither in the development of weapons of mass destruction.
14. The products and services, including the software or similar intellectual property, are subject to the rights of applicable third parties, such as patents, copyrights and/or user licenses, and the CLIENT represents and accepts that it must comply with those, subject to the penalty of being liable for damages and losses.



15. The CLIENT represents and accepts that it is fully and exclusively responsible for the development, content, operation and use of the products and/or services hereunder.

16. The CLIENT represents and accepts that it is responsible for the setup and use of the products and/or services provided, and for taking the precautions in order to keep the proper security, protection and backup of their content, hereby holding UOL DIVEO harmless from any claim in this regard.

17. The CLIENT acknowledges and agrees that [*****].

18. The CLIENT hereby represents to acknowledge and to agree that the scope provided by UOL DIVEO may have its characteristics and features changed or terminated at any time by AWS, which shall not result in liens to UOL DIVEO.

19. The CLIENT may not remove, change or omit any notice of copyrights, trademarks or any other notices related to ownership rights that are included or displayed in the products and/or services licensed by AWS.

20. The CLIENT cannot use reverse engineering, decompile, nor disassemble the licensed products and/or services, except to the limit that such activity is expressly permitted by the AWS License Terms and applicable law.

21. The services are provided for the use during the contracted period and for the restricted use by the CLIENT. All rights and ownership of intellectual property related to the services and the elements comprising them are owned by AWS and its suppliers. The services licensed by AWS are protected by copyright laws and copyright international treaties, as well as other international laws and treaties related to intellectual property. The ownership, access or use of the products to the CLIENT does not transfer the ownership on any services provided or any rights to the intellectual property.

22. The CLIENT agrees (i) to comply with all local, domestic and international laws and regulations governing the internet use; (ii) to have read and to comply with the "Use Policy" available at UOL DIVEO website (http://www.uoldiveo.com), which prohibits certain activities, such as (a) to obtain or to try to obtain unauthorized access to other account, host or network (hacker), and (b) to distribute, apply or send messages to entities that do not expressly ask for those messages (also known in the market as spamming).

23. The CLIENT hereby represents to accept the terms of these General Conditions, ratifying that it is fully aware that AWS Cloud and Technical Support, which are the scope of the agreement, shall be directly provided by AWS.

24. The CLIENT agrees that, upon execution of this instrument, the CLIENT accepts all of its terms and conditions, and that the instrument constitutes a net and definite executive enforceable title, and it may be executed by UOL DIVEO in the event of breach.

25. The CLIENT may not transfer the responsibilities and rights acquired upon the execution of this Agreement without prior consent in writing from UOL DIVEO. This Amendment binds the successors and assigns, on any account.

26. UOL DIVEO and the CLIENT are independent contracting parties and they agree that this relationship does not constitute a 'joint venture', representation or partnership.

27. If any term/condition becomes null or void, the other terms and conditions shall remain in force.

28. For purposes of verifying the compliance, the CLIENT agrees to keep for up to [*****], all books and full, accurate and sufficient registration in order to verify the CLIENT's compliance with this Agreement, whether by UOL DIVEO or the licensor.

The audit request shall be preceded by notice submitted at least [*****] in advance, and the [*****]. Upon verification of breach by the CLIENT of the agreement's terms, UOL DIVEO and/or the licensor shall notify the CLIENT about the breach within [*****] from the receipt of the notice, and the CLIENT must [*****].

29. Except for payment default actions or violation of AWS intellectual property rights, no action, regardless of the form, arising from or related to the Agreement shall be shall be interposed by either party after [*****] from the date the date of occurrence of the action.

30. This instrument shall be governed, construed and executed pursuant to the Brazilian laws. The Parties hereby elect the courts of the Judicial District of São Paulo, State of São Paulo, to settle any disputes that may arise out of this Agreement, to the express waiver of any other, however privileged it may be.

In witness whereof, the Parties execute this Agreement in two (2) counterparts of equal content, in the presence of two witnesses.

São Paulo, January 1st, 2017.

UOL DIVEO TECNOLOGIA LTDA.

_____
Name: Rogildo Torquato Landim

ID No.: [*****]

_____
Name: Renato Bertozzo Duarte

CPF: [*****]

PAGSEGURO INTERNET S.A.

_____
Name: Renato Bertozzo Duarte

ID No.: CPF: [*****]

_____
Name: Marcelo Ivaldo da Silva

CPF: [*****]

WITNESSES:

Name:	Name:
ID No.:	ID No.:

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Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****].

3RD AMENDMENT TO THE CLOUD AWS AGREEMENT

By this private instrument, the Parties, on one side,

PAGSEGURO INTERNET S.A., headquartered at Avenida Brigadeiro Faria Lima, No. 1384, 4º andar, Part A, City of São Paulo, State of São Paulo, enrolled with the Brazilian Corporate Taxpayers' Registry ("CNPJ/MF") under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "**CLIENT** ";

REGISTRASEGURO S.A., headquartered at Avenida Brigadeiro Faria Lima, No. 1384, 5º andar, City of São Paulo, State of São Paulo, enrolled with the CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "**CLIENT 2**";

UOL DIVEO TECNOLOGIA S.A., corporation headquartered in the City of São Paulo, State of São Paulo, at Alameda Barão de Limeira, 425, 1º andar, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Association, hereinafter simply referred as **"INTERVENING/CONSENTING PARTY";**

COMPASSO INFORMATICA S/A., headquartered at Alameda Barão de Limeira, 425, 7º andar, Campos Elíseos, City of São Paulo, State of São Paulo, enrolled with the CNPJ under No. [*****], herein represented pursuant to its Articles of Association, hereinafter simply referred to as **"SERVICE PROVIDER"**, and together with the CLIENTS, simply referred to as "Parties".

WHEREAS:

I. The Parties have entered into, on January 1st, 2017, a Cloud AWS Agreement, by means of which the CLIENT acquired from UOL DIVEO, AWS's resale partner, products and services provided to CLIENT directly by AWS, as per the terms of use adhered, available at: https://s3-us-west-2.amazonaws.com/legal-reseller/AWS+Reseller+Customer+License+Terms.pdf (periodically revised by AWS) ("Agreement");

II. As of August 18, 202, the Parties entered into the 1st Amendment Instrument to include some conditions in the Agreement, in compliance with Circular Letter 3,909/2018, as enacted by the Full Board of the Central Bank of Brazil (BACEN); and

III. The Parties are interested in adding the company REGISTRASEGURO as CLIENT 2, as well as to change and include new conditions established in the 1st Amendment Instrument.

Now, therefore, the Parties have agreed, pursuant to law, to enter into this 3rd Amendment to the Agreement ("Amendment Instrument"), which shall bind the Parties and their successors at any time and on any account, under the following terms and conditions:

SECTION ONE - PURPOSE

1.1 The purpose of this Amendment Instrument is to **include** REGISTRASEGURO in the Agreement, as CLIENT 2 under the same conditions as the CLIENT.

1 Individually, each CLIENT may request the provision of services from the SERVICE PROVIDER, not requiring the consent from the other parties, subject to the conditions established in the Agreement.

2 Billing and payment shall be made pursuant to the Agreement, directly between the SERVICE PROVIDER and the party who requests the services, including the information of each party.

3 The party benefiting from the service shall be the sole owner of the rights and obligations arising therefrom, thus not creating any type of liability, including joint and several liability, to the other parties.

1.2 CLIENT 2 represents to acknowledge all clauses and conditions of the Agreement, undertaking to fully comply with each of them.

1.3 This instrument also has the purpose to amend items i, vi and viii of section 1.3, included in the 1st Amendment Instrument:

(i) The AWS Regions offered to the CLIENT by AWS are listed in Exhibit I to this instrument and on AWS's website, on the "AWS Global Infrastructure" page, available at https://aws.amazon.com/about-aws/globalinfrastructure. ***The Client can specify the location(s) where the Client's Content shall be stored within the AWS Network, including the South American region (São Paulo) (each location, a "Region"). Once the Client has made its choice, AWS shall not transfer the Client's Content from the Region(s) selected by the Client, except to the extent required to provide the Services initiated by the Client or as necessary to comply with law or binding resolution from a governmental authority.***

(vi) Performance Information and Monitoring. AWS discloses updated information regarding service availability on its Service Health Dashboard, on the AWS website, available at http://status.aws.amazon.com, or in any successor address or related locations appointed by AWS. As of the Addendum's Date of Effectiveness, the Amazon CloudWatch is a Service that allows the CLIENT to monitor its resources in the AWS cloud and the applications they run in the AWS. The CLIENT may use the Service Health Dashboard and the Amazon CloudWatch (or any successor Service) to monitor any limitations to the Services that may affect the CLIENT's compliance with the applicable legislation or regulations.
Level Service Agreements shall be applicable to certain Service Offers.
"Service Level Agreement" means all service level agreements AWS offers in relation to the Services and published on the AWS Website, as they are periodically revised. The service level agreements currently offered by AWS in relation to the Services are available at https://aws.amazon.com/legal/service- level-agreements/ (and at any other successor website or associated website assigned by AWS), as periodically revised by AWS. The Client may use the Services to project, test and implement applications that meet the availability and resiliency requirements of the Regulatory Authority, including concerning the Recovery Time Objective (RTO) and Recovery Point Object (RPO). Additionally to the Service Level Agreements, AWS shall provide timely assistance to the Client, pursuant to Section 9 hereof.

(viii) Regulatory Authority Requirements. If the Regulatory Authority requires for a Regulated Entity to verify its compliance with Applicable Laws managed by the Regulatory Authority in relation to the use of the Services by the Regulated Entity ("Requirement"), AWS, subject to the terms and conditions of this Section 9, shall provide the Client with support to answer such Requirement, offering to the Client material information and documentation or promoting a briefing meeting, as described in this Section.

(a) Information Request. In case the CLIENT and the Regulated Entity (if the Regulated Entity is an End User of the Client) are not able to respond to a Requirement after employing commercially reasonable efforts for such (including the supply of available documentation and information and access to AWS's relevant accounts) and notifying AWS of such condition, AWS shall employ commercially reasonable efforts to assist the Client in the response to the Requirement by means of providing (i) relevant documentation and information related to the technical and organizational measures of AWS or its affiliates, and also to the Agreement; and (ii) for matters that may not be responded by said information and documentation, if any, a briefing on security and compliance to be drafted by the workers of AWS or its affiliates. The parties agree that AWS can provide information and documentation hereunder to the Regulatory Authority, through the method established by AWS, which shall be defined at AWS' sole criteria.

(b) *Regulatory Authority Supervision. AWS acknowledges that the Client may be notified by the Regulatory Authority to take measures in relation to this Addendum. AWS and the Client shall deal with a Requirement made by the Regulatory Authority as described in this Section. If the Parties cannot respond to such Requirements, the Client may terminate the Agreement under Section 7.2(a)* ***(Termination for Convenience) of the Agreement. Without prejudice to the above-mentioned, if a Regulatory Authority requires additional information about the use of the Services by the Client that are not covered by items 9(a) and 9(b), then, upon reasonable request by the Client, AWS shall meet the Client (on a time and date mutually agreed and which may be carried out by phone) to discuss this Addendum, and which additional information or assistance the Client needs from AWS in order to comply with the law or requests from a governmental entity, including the Regulatory Authority.***

1.4 This instrument also has the purpose to include the items below in section 1.3 of the 1st Amendment Instrument:

DEFINITIONS:

"Resolution BCB 85" means "Resolution No. 85, of April 8, 2021", issued by the Brazilian Central Bank, or any subsequent normative or revision (subject to such subsequent normative or revision being in force).

"Resolution CMN 4,893" means "Resolution No. 4,893, of February 26, 2021", issued by the Brazilian Central Bank, or any subsequent normative or revision (subject to such subsequent normative or revision being in force).

(xi) Event of Termination. If a Regulatory Authority issues a Requirement related to an event of insolvency, liquidation, termination or any other similar procedure or event (any such procedure or event, "Event of Termination"), AWS and the Client shall handle the Requirement pursuant to Section 9 hereof.
If a Regulated Entity becomes subject of an Event of Termination, AWS shall comply with all applicable laws concerning that Event of Termination (however, without prejudice to any rights and resources owned by AWS pursuant hereto). Notwithstanding Section 4.4 (Login Credentials and Account Passwords) of the Agreement, the Client may disclose its login credentials, private passwords, Client's Content or the terms of this Addendum to the Regulatory Authority in relation to an Event of Termination, provided that any disclosure is subject to the terms of the Agreement, NDA (if any), and this Addendum, as applicable. Any termination of the Agreement shall be subject to the notification requirements established by Section 7 of the Agreement, by AWS to the Client, at least thirty (30) days in advance from the termination of the Agreement, pursuant to Section 7.2(b)(i) (Motivated Termination) of the Agreement.

The Client shall submit a notice to the Regulatory Authority about the termination of the Agreement, as required by Applicable Law in relation to an Event of Termination.

(xii) Compliance with data protection laws Each party shall comply with all legal requirements concerning data protection that are applicable and binding in the performance of this Addendum, including, as applicable, legal requirements related to the protection of personal information provided by Brazilian Federal Law No. 13.709/2018 (Brazilian General Data Protection Act).

1.5 The Parties also represent and warrant that they comply with the legislation and regulation concerning personal data, sensitive data, and the confidentiality rules pursuant Law No. 13,709, of 2018 (Brazilian General Data Protection Act), and that they have all required authorizations to share such information. The Parties attest that they will comply with all of those rules and the other rules applicable to data (including affidavits and obtainment of required authorization), one party ensuring the other, full indemnification for all damages resulting from all and any breach of such laws and regulations.

RATIFICATION

The Parties ratify all other terms and conditions of the Agreement, making it clear that the terms and clauses that have not been expressly changed by this Addendum shall remain unchanged and fully effective.

In witness whereof, the Parties have executed this instrument in three (03) counterparts of equal content, in the presence of two witnesses.

São Paulo, September 3, 2021

DocuSigned by: Artur Gaulke Schunck 1D8FA6C8FC014C9...
DocuSigned by: Leandro Roberto Rodrigues 709911AD02D145E...

PAGSEGURO INTERNET S.A.

DocuSigned by: 777C90E710EF4A4...
DocuSigned by: Wilson Gomes de Lima 4CB1FE96F9D34B1...

REGISTRASEGURO S.A.

DocuSigned by: Rogildo Torquato Landim 01973DA31A1B4BF...
DocuSigned by: Marcelo Mogen Epperlein D42F8BCAD0C4421...

UOL DIVEO TECNOLOGIA S.A.

DocuSigned by: Rogildo Torquato Landim 01973DA31A1B4BF...
DocuSigned by: Marcelo Mogen Epperlein D42F8BCAD0C4421...

COMPASSO INFORMATICA S/A

Witnesses:

1. DocuSigned by: Fabiana Algaves 637153CC10124BF...
Name:

2. DocuSigned by: 8FA3845925DB4A4...
Name:

DS

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Initials: 1

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Electronic Record and Signature Disclosure: Not offered via DocuSign		
Artur Gaulke Schunck [*****] Chief Financial Officer Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Using IP Address: [*****]	Sent: 9/8/2021 10:08:35 AM Viewed: 9/8/2021 10:49:51 AM Signed: 9/8/2021 10:49:55 AM
Electronic Record and Signature Disclosure: Accepted: 11/24/2020 12:09:02 PM ID: 5a4c0fb4-f25d-4d6c-9dd3-5f36b01ffbcc		
Leandro Roberto Rodrigues [*****] Treasury Officer Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Using IP Address: [*****]	Sent: 9/8/2021 10:08:35 AM Viewed: 9/8/2021 10:24:21 AM Signed: 9/8/2021 10:53:28 AM

Signer Events	Signature	Timestamp
Electronic Record and Signature Disclosure: Accepted: 9/8/2021 10:24:21 AM ID: 20989e4a-d8fd-4997-bc67-e3608cb9e567		
Renato Bertozzo Duarte [*****] HEAD OF UNIVERSO ONLINE LEGAL DEPARTMENT Security Level: E-mail, Account Authentication (None)	 Signature adoption: Signature image loaded Using IP Address: [*****]	Sent: 9/8/2021 10:08:34 AM Viewed: 9/8/2021 10:53:22 AM Signed: 9/8/2021 10:53:28 AM
Electronic Record and Signature Disclosure: Not offered via DocuSign		
Wilson Gomes de Lima [*****] Controllership Officer Security Level: E-mail, Account Authentication (None)	 Signature established by: Pre-set style Using IP Address: [*****]	Sent: 9/8/2021 10:08:34 AM Viewed: 9/8/2021 10:57:56 AM Signed: 9/8/2021 10:58:25 AM
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Marcelo Mojen Epperlein [*****] CFO CFO Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-selected Style IP Address: [*****]	Sent: 9/8/2021 10:58:29 AM Viewed: 9/8/2021 11:11:54 AM Signed: 9/8/2021 11:12:04 AM
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Rogildo Torquato Landim [*****] CEO UOLDIVEO CEO Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-selected Style IP Address: [*****]	Sent: 9/8/2021 10:58:28 AM Viewed: 9/8/2021 10:59:05 AM Signed: 9/8/2021 10:59:12 AM

Signer Events	Signature	Timestamp
Electronic Record and Signature Disclosure: Accepted: 9/8/2021 10:59:05 AM ID: 3325bb28-9890-4383-9680-637315b88708		
Fabiana Algaves [*****] ANALISTA DE CONTRATOS UNIVERSO ONLINE SA Security Level: E-mail, Account Authentication (None)	 Signature adoption: Pre-selected Style IP Address: [*****]	Sent: 9/8/2021 11:12:07 AM Viewed: 9/8/2021 11:13:57 AM Signed: 9/8/2021 11:14:03 AM
Electronic Record and Signature Disclosure: Not offered via DocuSign		
Murilo Machado Sampaio Ferraz [*****] UOL - UNIVERSO ONLINE S/A Security Level: E-mail, Account Authentication (None)	 Signature established by: Signature image loaded Using IP Address: [*****]	Sent: 9/8/2021 11:12:07 AM Resent 9/8/2021 12:52:23 PM Resent 9/8/2021 12:56:00 PM Viewed: 9/8/2021 12:57:24 PM Signed: 9/8/2021 12:57:43 PM
Electronic Record and Signature Disclosure: Not offered via DocuSign		

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamp
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Certified delivery	Security checked	9/8/2021 12:57:24 PM
Signing complete	Security checked	9/8/2021 12:57:43 PM
Completed	Security checked	9/8/2021 12:57:43 PM

Payment Events	Status	Timestamp

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(iii) PDF readers: Acrobat® or similar software may be required to view and print PDF files.

(iv) Screen Resolution: 800 x 600 minimum

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Electronic Record and Signature Disclosure created on: 12/27/2017 6:27:37 AM
Parties agreed to: Leandro Roberto Rodrigues, Rogildo Torquato Landim

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To inform of your new e-mail address to UOL - UNIVERSO ONLINE S/A:

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Required hardware and software:**

(i) Operating Systems: Windows® 2000, Windows® XP, Windows Vista®; Mac OS®

(ii) Browsers: Latest versions Internet Explorer® 6.0 or above (only Windows); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (only Mac)

(iii) PDF readers: Acrobat® or similar software may be required to view and print PDF files.

(iv) Screen Resolution: 800 x 600 minimum

(v) Enabled Security Settings: Allow per session cookies

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REDACTED COPY

Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****].

4TH AMENDMENT TO THE CLOUD AWS AGREEMENT

By this private instrument, the Parties, on one side,

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A. (formerly known as PAGSEGURO INTERNET S.A., headquartered at Avenida Brigadeiro Faria Lima, No. 1384, 4º andar, Part A, City of São Paulo, State of São Paulo, enrolled with the Brazilian Corporate Taxpayers' Registry ("CNPJ/MF") under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "**CLIENT** ";

REGISTRASEGURO S.A., headquartered at Avenida Brigadeiro Faria Lima, No. 1384, 5º andar, City of São Paulo, State of São Paulo, enrolled with the CNPJ/MF under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "**CLIENT 2**";

COMPASS.UOL S.A. (formerly known as COMPASSO INFORMATICA S/A., headquartered at Alameda Barão de Limeira, 425, 7º andar, Campos Elíseos, City of São Paulo, State of São Paulo, enrolled with the CNPJ under No. [*****], herein represented pursuant to its Articles of Association, hereinafter simply referred to as **"SERVICE PROVIDER"**, and together with the CLIENTS, simply referred to as "Parties".

WHEREAS:

I. The Parties have entered into, on January 1st, 2017, a CLOUD AWS agreement, by means of which the CLIENT acquired from UOL DIVEO, AWS's resale partner, products and services provided to CLIENT directly by AWS, as per the terms of use adhered, available at: https://s3-us-west-2.amazonaws.com/legal-reseller/AWS+Reseller+Customer+License+Terms.pdf (periodically updated by AWS) ("Agreement");

II. The Parties wish to amend the commercial conditions of the Purchase Order;

Now, therefore, the Parties have agreed, pursuant to law, to enter into this 4th Amendment to the Purchase Order ("Amendment Instrument"), which shall bind the Parties and their successors at any time and at any rate, under the following terms and conditions:

SECTION ONE - PURPOSE

1.1. As per negotiation between the Parties, the purpose of this instrument is to change the commercial conditions provided in the Purchase Order, pursuant to the conditions described below and, supplementary, the conditions described in the Business Proposal - AWS PPA Renewal, which once it is duly initialed, it becomes an integral part hereof.

1.1.1 The Minimum Allowance Values included in *Field 2 - Scope Description* shall be effective with the following wording:

FIELD 2 - SCOPE DESCRIPTION			
AWS SERVICE RESALE - EDP			
CATEGORY: *ON DEMAND with minimum annual allowance*			
FIELD 2.1 - AWS NET CONSUMPTION: MINIMUM ANNUAL ALLOWANCE			
1st year From 11/1/2022 to 10/31/2023	***2nd year From 11/1/2023 to 10/31/2024***	***3rd year From 11/1/2024 to 10/31/2025***	***4th year From 11/1/2025 to 10/31/2026***
[*****]	[*****]	[*****]	[*****]

FIELD 2.2 - WORKLOAD CREDITS: [*****]
FIELD 2.3 - CREDIT FOR TRAINING, HACKATHON AND RE:INVENT [*****] Confidential information redacted

1.1.2. Sections 3.2.1, 3.2.2, 3.3.1, 3.3.2, 3.10 and 3.10.1 of *Field 2 - Commercial Conditions* shall be effective with the following wording:

"3.2.1. Considering the commercial benefits achieved from this deal, if the CLIENT wishes to fully or partially terminate the Agreement without reason, before the period agreed in section 3.2 above, the CLIENT shall [*****];

3.2.2. After the forty-ninth (49th) day of effectiveness of the Agreement, the CLIENT is [*****].

*3.3.1 **AWS Consumption Calculation**: The measurement of AWS Cloud Services used from the first to the last month to be assessed [*****].*

3.3.2. Marketplace Consumption Calculation: [*****].

3.10. The AWS Regions described in the URL link below are eligible for contract: https://aws.amazon.com/pt/about-aws/global-infrastructure/regions_az/?p=ngi&loc=2, and any other AWS regions where AWS may include from time to time upon written notice to you, except Mainland China Regions.

3.10.1. The Eligible Services described in the URL links below are used in the regions listed above, provided that they are consumed through EDP AWS ID Account, provided in the Technical Proposal included in this Agreement.

https://solutionprovider.s3.amazonaws.com/Solution+Provider+Eligible+Services+List.pdf

https://commitment-eligible-products-list.s3.amazonaws.com/Commitment+Eligible+Products+SP.pdf

1.1.3. The Parties also agree on the removal of sections 3.4 and 3.5 of Field 3 - Commercial Conditions, as the support scope is no longer provided.

1.2 Moreover, the scope of this instrument includes formalizing the changes concerning PTAX and MarketPlace Factor for AWS, pursuant to the conditions set below:

AWS Ptax

- [*****];

MarketPlace Factor

[*****]

2. RATIFICATION

2.1 The Parties ratify all other terms and conditions of the Agreement, making it clear that the terms and clauses that have not been expressly changed by this Amendment shall remain unchanged and fully effective.

2.2. The Parties hereby acknowledge that electronic, digital, and computerized signatures are valid and fully effective, constituting instrument enforceable out-of-court for all legal purposes, even if such signatures or certifications are not under ICP-Brazil standards, pursuant to the provisions in paragraphs of Article 10 of the Provisional Presidential Decree No. 2,200/2001 in force in Brazil. Therefore, this Amendment may be signed by such means.

São Paulo, Tuesday, October 25, 2022.

PAGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A.	
Artur Gaulke Schunck	Leandro Roberto Rodrigues

REGISTRASEGURO S.A.

Renato Bertozzo Duarte Wilson Gomes de Lima

Witnesses:

COMPASS.UOL S.A.	
Marcelo Moojen Epperlein	Rogildo Torquato Landim

1.			2.	
\	Andrea Spolavori Perez		Name:	Cesar Augusto Felix Leite

Vanessa P Souza

[*****] Confidential information redacted

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Document Pages: 38
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Raphaela Queiroz da Costa
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SP, 01452-002
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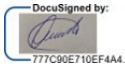
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Electronic Record and Signature Disclosure: Accepted: 2/23/2022 4:46:03 AM ID: 6d4e4a58-8937-4b2b-b736-16ae1d9a9a03		
Marcelo Mogen Epperlein [*****] CFO Compasso Tecnologia Ltda Security Level: E-mail, Account Authentication (None)	DocuSigned by: Marcelo Mogen Epperlein D42F8BCAD0C4421...	Sent: 10/27/2022 8:24:38 AM Viewed: 10/27/2022 8:30:41 AM Signed: 10/27/2022 8:30:58 AM
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Rogildo Torquato Landim [*****] CEO Security Level: E-mail, Account Authentication (None)	DocuSigned by: Rogildo Torquato Landim 15CC19F69B8E4B3... Signature established by: Pre-set style Using IP Address: [*****]	Sent: 10/27/2022 8:24:38 AM Resent 10/27/2022 8:58:15 AM Resent 10/27/2022 9:08:11 AM Viewed: 10/27/2022 9:47:39 AM Signed: 10/27/2022 9:47:55 AM

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Artur Gaulke Schunck [*****] Chief Financial Officer Security Level: E-mail, Account Authentication (None)	DocuSigned by:  67A9FA4BE32D493... Signature established by: Pre-set style Using IP Address: [*****]	Sent: 10/27/2022 9:48:04 AM Viewed: 10/27/2022 10:17:32 AM Signed: 10/27/2022 10:17:49 AM
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Carbon Copy Events	Status	Timestamp
Rafael Silva de Oliveira [*****] Security Level: E-mail, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 10/27/2022 10:26:27 AM ID: f646c241-6570-4420-8b1f-c38233152902	**Copied**	Sent: 10/27/2022 11:17:03 AM
Raphaela Queiroz da Costa [*****] Security Level: E-mail, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 6/15/2021 4:47:01 AM ID: 31e69e8e-d4dd-497c-bc07-c7279665f43f	**Copied**	Sent: 10/27/2022 11:17:03 AM

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamp
Envelope sent	Hashed/Encrypted	10/27/2022 8:13:15 AM
Certified delivery	Security checked	10/27/2022 10:41:19 AM
Signing complete	Security checked	10/27/2022 10:46:32 AM
Completed	Security checked	10/27/2022 11:17:06 AM

Payment Events	Status	Timestamp

Electronic Record and Signature Disclosure

Electronic Record and Signature Disclosure created on: 2/7/2018 5:43:37 AM
Parties agreed to: Andrea Spolavori Perez, Marcelo Mojen Epperlein, Rogildo Torquato Landim, Vanessa Peres de Souza, Artur Gaulke Schunck, Cesar August

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Required hardware and software:**

(i) Operating Systems: Windows® 2000, Windows® XP, Windows Vista®; Mac OS®

(ii) Browsers: Latest versions Internet Explorer® 6.0 or above (only Windows); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (only Mac)

(iii) PDF readers: Acrobat® or similar software may be required to view and print PDF files.

(iv) Screen Resolution: 800 x 600 minimum

(v) Enabled Security Settings: Allow per session cookies

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Electronic Record and Signature Disclosure created on: 12/27/2017 6:27:37 AM Parties agreed to: Leandro Roberto Rodrigues, Wilson Gomes de Lima

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Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****].

2ND AMENDMENT TO PURCHASE ORDER No. 19-09632 (EXHIBIT OF AWS CLOUD AGREEMENT)

By this private instrument, the Parties, on one side,

PAGSEGURO INTERNET S.A., a corporation headquartered at Avenida Brigadeiro Faria Lima, No. 1384, 4º andar, Part A, City of São Paulo, State of São Paulo, enrolled with the Brazilian Corporate Registry ("CNPJ/MF") under No. [*****], herein represented pursuant to its Bylaws, hereinafter simply referred to as "**CLIENT**";

UOL DIVEO TECNOLOGIA S.A. (formerly known as UOL DIVEO TECNOLOGIA LTDA.), corporation headquartered in the City of São Paulo, State of São Paulo, at Alameda Barão de Limeira, 425, 1º andar, enrolled with CNPJ/MF under No. [*****], herein represented pursuant to its Articles of Association, hereinafter simply referred to as "**SERVICE PROVIDER**",

Whereas:

I. As of July 1st, 2020, the Parties executed the Purchase Order No. 19-09632, attached to the AWS Cloud Agreement ("Purchase Order"); and

II. The Parties wish to amend the commercial conditions of the Purchase Order;

Now, therefore, the Parties have agreed, pursuant to law, to enter into this 2nd Amendment to the Agreement ("Amendment Instrument"), which shall bind the Parties and their successors at any time and on any account, under the following terms and conditions:

1. PURPOSE

1. As negotiated between the Parties, this instrument has the purpose of changing the commercial conditions provided in the Purchase Order, established below:

1.1.1 The Support Services and Minimum Allowance Values included in *Field 2 - Scope Description* shall be effective with the following wording:

FIELD 2 - SCOPE DESCRIPTION			
AWS SERVICE RESALE - EDP			
CATEGORY: *ON DEMAND with minimum annual allowance*			
SUPPORT CONTRACTED: Enterprise Resold			
FIELD 2.1 - AWS CONSUMPTION: MINIMUM ANNUAL ALLOWANCE			
[*****]	*[*****]*	*[*****]*	*[*****]*
[*****]	*[*****]*	*[*****]*	*[*****]*

1.1.2. Sections 3.1.1, 3.1.2 and 3.3.1 of Field 3 - Commercial Conditions shall be effective with the following wording:

"3.1.1. Considering the commercial benefits achieved from this deal, which granted the discounts and credits described in the chart below, under the [*****], if the CLIENT wishes to fully or partially terminate the Agreement without reason, before the period agreed in section 3.2 above, the CLIENT shall bear all costs of the remaining allowances starting from the date the termination was requested until the date expected to end the minimum commitment term, after [*****] days from the date of notice;

BENEFITS	*[*****]*	*[*****]*	*[*****]*	*[*****]*
Discounts	*[*****]*	*[*****]*	*[*****]*	*[*****]*
Credits	*[*****]*	*[*****]*	*[*****]*	*[*****]*

2.1.2. [*****].

*3.3.1 **AWS Consumption Calculation**: [*****]."*

2 RATIFICATION

2.1 The Parties ratify all other terms and conditions of the Agreement, making it clear that the terms and clauses that have not been expressly changed by this Amendment shall remain unchanged and fully effective.

In witness whereof, the Parties sing this instrument in two (2) counterparts of equal content, in the presence of two witnesses.

São Paulo, April 16, 2021.

PAGSEGURO INTERNET S.A.

UOL DIVEO TECNOLOGIA S.A.

Witnesses:

1. _____
Name:

2. _____
Name:

everymind

REDACTED COPY

Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [*****].

CT:01199/22

SOFTWARE IMPLEMENTATION AND/OR DEVELOPMENT SERVICES AGREEMENT NO. 01199/22

By this private instrument, on one site, **PAGSEGURO INTERNET S.A.**, headquartered at Avenida Brigadeiro Faria Lima, No. 1,384, 4º andar, in the City of São Paulo, State of São Paulo, enrolled with the Brazilian Corporate Taxpayers' Registry ("CNPJ/MF") under No. [*****], herein represented pursuant to its corporate acts, hereinafter simply referred to as CLIENT, and on the other side, **EVERYMIND CONSULTORIA E SISTEMAS LTDA.**, private company, enrolled with the CNPJ/MF under No. [*****], headquartered in São Paulo - SP, at Rua Alexandre Dumas, n.º 1.711, herein represented pursuant to its corporate acts, decided to enter into this Software Implementation and/or Development Services Agreement ("Agreement"), pursuant to the following clauses and conditions:

SECTION ONE - PURPOSE

1.1. This Agreement establishes the general conditions for the provision of software development and/or implementation services by EVERYMIND to the CLIENT ("Services"), which are set and described in the Technical/Business Proposal, which conditions are an integral part of this Agreement (Exhibits I).

1.1.1. The services herein contracted shall be provided according to the type and specific conditions required to perform the Services, described in the Service Agreement, which include, without limitation: (i) detailed description of the Services; (ii) site to perform the activities; (iii) price, term and method of payment; (iv) time period for execution of Services; (v) equipment, installations and/or human resources to be provided by the CLIENT; (vi) policy and/or rules to be complied with for the refund of expenses incurred by EVERYMIND. At any time and without prejudice to the type of contracting in force, the parties may contract the provision of other types of Services, through the execution of a new Proposal, which shall comprise all details about the specific conditions of the type of Services contracted therein and shall become an integral part of this Agreement, for all legal purposes and effect.

1.1.2. This Agreement does not cover the provision of data hosting services and/or IT environment services, which, if contracted by the parties, shall be the purpose of a different contractual instrument, with its conditions not being affected nor harmed by this Agreement.

1.2.3. Likewise, this Agreement shall not cover the provision of software or its licensing by EVERYMIND to the CLIENT. The Proposal comprises all descriptions of the software whose licenses the CLIENT must acquire in case they are needed for the performance of the Services, and we hereby clarify that, in such event, the performance of the Services shall be conditioned to the acquisition and maintenance of all relevant licenses by the CLIENT.

1.1.3. In the event of discrepancy or if any question may arise from this Agreement and any of its Exhibits, or any other documents, the terms of this Agreement shall prevail.

1.2. Depending on the type of Services contracted and their technical scope, this Agreement may also cover the provision of advisory services by EVERYMIND to the CLIENT, pursuant to the specifications included in the Proposal, also subject to the other provisions herein.

SECTION TWO – PRICES AND ADJUSTMENT

2.1. The prices for provision of Services are mentioned in the Proposal, including all taxes. In the event any new tax is created or an existing tax is changed, EVERYMIND shall review the amounts comprised in the invoice in order to match such changes.

2.2. The parties hereby elect [*****].

2.2.1. If the applicable index has its publication delayed or if it is not published, EVERYMIND shall issue the invoices using [*****].

2.3. In the event of occurrence of acts or facts that may harm the financial and economic balance of this agreement, both parties shall use their best efforts to solve and remedy the situation, in a way to prevent any economic, financial or any other type of loss.

SECTION THREE – PAYMENT METHOD

3.1. The service provision shall be billed as from the date of commencement of the activities related thereto, as described in the Proposal.

3.2 The delay for payments due shall subject the CLIENT to [*****].

3.2.1. The services provision may be interrupted if the default by the CLIENT lasts [*****].

SECTION FOUR – OBLIGATIONS OF THE CLIENT

4.1. Without prejudice to any other obligation provided herein, the CLIENT undertakes:

4.1.1. To provide, in writing, all information, including banking and tax information, and technical data that may be requested by EVERYMIND, which are needed to perform the Services, including, but not limited to specific and detailed information on the size and settings needed for the services provided to fulfill its activities' and business' needs, as well as other information that may be deemed relevant and/or useful for the Service provision, notifying COMPASSO about any necessary changes.

4.1.2. To review the services and/or products delivered by EVERYMIND, within five (5) business days, period when the CLIENT must execute the relevant Services Acceptance Term or notify in writing COMPASSO about the non-acceptance, explaining the reason for refusal and indicating which actions need to be taken to make the services and/or the products acceptable. In the event there is no express acceptance nor refusal within the period established above, the services and/or the products shall be deemed accepted.

4.1.3 To appoint someone among the CLIENT's employees as the professional in charge for all technical matters involved in the performance of the Services, which includes participation, upon request by EVERYMIND, in an initial meeting to be scheduled between the parties as from the execution hereof ("Kick-Off Meeting"), where the schedule of Services shall be established.

4.1.4. To provide EVERYMIND with the equipment, software, facilities and/or human resources provided in the Service Agreement.

4.1.5. To provide proper location for the development of EVERYMIND's activities at the CLIENT's site, if necessary.

4.1.6. To refrain from giving orders and instructions directly to any employees performing their activities within the CLIENT's establishment, restricting the communication of requests to the responsible employees appointed by EVERYMIND.

4.1.7. To provide EVERYMIND with access to the CLIENT's systems and relevant facilities, equipment, software and database, in case access is needed for the provision of Services, and allowing, as applicable, the installation of equipment and systems of EVERYMIND in its facilities.

4.1.8. To keep all of its systems, equipment, software, database and connections working, also with the maintenance and support of their relevant licenses and security assets, in the same condition as informed by EVERYMIND, in a way to foster the provision of Services, notifying EVERYMIND, [*****] in advance, of all and any changes that may impact the provision of Services, under the penalty of holding EVERYMIND harmless from any liability over the services contracted herein.

4.1.9. To use and keep in operation all software that may be provided by EVERYMIND exclusively in the CLIENT's own establishment, and to not sell, assign, bind, pledge, lease or offer as guarantee, change, enhance, insert modifications, developments, components, connections or in any way dispose of any software licensed by EVERYMIND, which shall remain as EVERYMIND's property until the end of the contracting period.

4.1.10. To be liable for the legal compliance of the CLIENT's IT infrastructure, holding EVERYMIND harmless from any liability regarding data, files, software, systems and contents that have not been provided by EVERYMIND, as well as any liability for the activities performed by the CLIENT and/or third parties, and also for any failure in the Services arising from the lack of legal compliance by the CLIENT's IT infrastructure.

4.1.11. To suit itself to the technical and security criteria appointed by EVERYMIND, adopting all procedures recommended by EVERYMIND for the completion of the Services and using the Services according to the directions given by EVERYMIND, cooperating with EVERYMIND in all matters and issues related to the provision of the Services.

4.1.12. To carry out payments due for the service provision, pursuant to the terms and conditions herein and in the Service Agreements.

4.1.13 To bear all expenses arising from commuting, accommodations and meals of EVERYMIND's technicians to the CLIENT's facilities, throughout the effectiveness hereof, provided that previously agreed between the parties.

4.1.14 The CLIENT is liable for proper license use within its environment throughout the effectiveness of the Agreement, and it shall be aware of and comply with the rules to use such licenses. Any penalty or fine that may be applied by the licensing company to EVERYMIND shall be passed on to the CLIENT.

4.1.14.1 If the licensing company notifies EVERYMIND about carrying out an audit to verify the use of licenses, the CLIENT shall be responsible for taking all necessary measures to comply with the request, and any penalty or fine that may be applied by the licensing company to EVERYMIND shall be passed on to the CLIENT.

4.2. The CLIENT shall refrain from hiring any of EVERYMIND's employees for a period of [*****] after the completion of the contracted services, subject to a fine in the amount of thirteen (13) salaries, considering the calculation basis to be the last effective salary of the employee who was hired by the CLIENT in breach of this section, except if previously agreed between the parties.

SECTION FIVE – OBLIGATIONS OF EVERYMIND

5.1. Without prejudice to any other obligation provided herein, EVERYMIND undertakes:

5.1.1 To provide the Services as contracted and described in Section One hereof, within the best technical standards and the terms established in the Proposal.

5.1.2. To provide the CLIENT with all information related to the Service provision and relevant deliverables, upon formal reports of all activities performed, if so provided by the Proposal.

5.1.3. Bear [*****].

5.1.4. To comply with internal rules of the CLIENT's work environment and to perform the Services in a way to not interfere with the CLIENT's regular business activities, except if agreed otherwise by the parties.

5.1.5. After the Services are performed, to complete all Software tests together with the technical personnel appointed by the CLIENT, with the purpose of issuing the relevant Services Acceptance Term.

SECTION SIX – LEGAL COMPLIANCE OF IT ENVIRONMENT

6.1. The CLIENT is and shall be solely and exclusively liable for the legal compliance of its IT environment where the Services are performed, and EVERYMIND is not required to inspect and/or is not liable for any data, files, software, systems and contents in the CLIENT's IT environment and which have not been provided by EVERYMIND, as well as for any activities carried out by the CLIENT and/or third parties using such IT environment.

6.2. Regardless of the type of Services contracted, the CLIENT agrees to comply with all local, domestic and international laws and regulations that govern the use of the IT environment where the Services are performed, refraining from: (i) performing any activities that may be considered unlawful, not using the Services to any unlawful purposes; (ii) keeping data, files, software, systems and content that the CLIENT may not have the right of use over and/or that may be considered unlawful, for any reason; (iii) using the IT environment where the Services are performed or allowing the use of the environment with the purpose to obtain unauthorized access to equipment, systems, networks and/or third-party data (hacking), as well as for the distribution of messages to entities that do not expressly request such messages (also known in the industry as spamming); (iv) using the IT environment and/or the Services with any other purpose that contradicts the information security good practices in effect in the market or that may cause losses or failures to third parties or to EVERYMIND, whether intentionally or not; (v) performing any action or use through the IT environment contradicting the Acceptable Use Policy (PUA) adopted by EVERYMIND, which is available at http://www.uoldiveo.com.br/politica-de- uso.html.

6.3. At any time, in case it verifies non-compliance by the CLIENT regarding the provisions of this Section, EVERYMIND may communicate the fact to the CLIENT and suspend the Service provision, until the CLIENT cures such non-compliance and restores to EVERYMIND the legal compliance of the IT environment where the Services are provided, also subject to the provisions in clause 7.2 below.

SECTION SEVEN – EFFECTIVENESS AND TERMINATION

7.1. This Agreement shall become effective on March 18, 2022 and shall remain in force for the period of [*****]. It may be renewed for by means of written and executed amendment thereto.

7.2. This Agreement may be immediately terminated by any of the parties, with cause, in the following events:

(a) if the other party breaches any clauses or conditions established herein and does not remedy such default within thirty (30) days after the date such party receives written notice from the aggrieved party;

(b) if the other party files for bankruptcy or judicial or extrajudicial reorganization; or

(c) by force majeure or Act of God, pursuant to the Civil Code.

7.2.1. Regardless of the time left to remedy the default, provided in item a of section 7.2, in the event of breach of section 3.2.1 hereof or in the event of breach of any provision of law or rule by any regulatory agency or governmental authority, termination may occur immediately.

7.3. If the CLIENT wishes to terminate this Agreement or a Proposal without cause, the CLIENT must notify so in writing, [*****] in advance, and it CLIENT shall bear all compensation related to Services already provided by EVERYMIND.

SECTION EIGHT - ASSIGNMENT

8.1. The Parties may partially or fully assign and transfer this Agreement, upon prior written communication to the other Party. In the event of corporate reorganization by any of the Parties, within the modalities provided by the applicable corporate law, the successor must subrogate all rights and obligations undertaken herein.

SECTION NINE – CONFIDENTIALITY

9.1. By virtue of this Agreement, the parties may have access or receive from one another confidential information and data ("Confidential Information") which, in general, are not public knowledge, including, among others, technical, commercial, financial, legal or miscellaneous data or information, including, without limitation, trade secrets, know-how, and information related to technology, clients, business plans, promotional and/or trade, economic and financial activities and other business, and such information and data may be included in several materials, such as drawings, models, data, specifications, reports, compilations, computer programs, formulas, patents, financial and economic spreadsheets, information from current or potential clients and suppliers, agreements, existing or future products and any other materials that have been obtained or acknowledged before or after the effectiveness hereof, also including any and every information provided orally.

9.2. The parties agree that all Confidential Information from one party provided or made available to the other party ("Receiving Party") shall continue to be the sole and exclusive property of the disclosing or relevant party ("Disclosing Party").

9.3. None of the parties may disclose the Confidential Information to any person without the prior written consent from the Disclosing Party, except to the Receiving Party's employees, contractors or suppliers and/or affiliates who provenly need to know any such information for the accurate performance of this Agreement, and anyone receiving Confidential Information must comply with the confidentiality terms established herein.

9.4. The parties shall not use, nor allow anyone else to use, any Confidential Information for any other purpose other than the one for which it was disclosed, with the parties also undertaking to execute with their employees and workers involved in the operation and performance of the Services a confidentiality agreement that assures compliance herewith.

9.5. The obligations of this section shall survive for a period of [*****] after the end or termination of this Agreement.

9.6. The provisions provided in this Section do not apply to Confidential Information: (i) already known by the Receiving Party on the date the information was disclosed by the Disclosing Party; (ii) under public domain without any breach by the Receiving Party of the obligations undertaken herein; (iii) disclosed to the Receiving Party without any restrictions by a third party legally authorized to do so; (iv) independently developed by the Receiving Party; (v) disclosed due to a law requirement or court order.

9.7. EVERYMIND may use the CLIENT's name and trademark in merchandise material, provided that previously approved by the CLIENT.

9.8. The CLIENT and EVERYMIND agree that none of the Parties may make any public or private representation, comment or communication, under any form, whether oral, written or by electronic means, with depreciative or harmful nature regarding the good name and reputation of the other party and/or its products and/or services, as well as its respective employees, officers and/or directors, particularly in case any attack or other event occurs.

SECTION TEN - LIABILITY

10.1. The Services shall be provided by EVERYMIND pursuant to the best techniques and the items and conditions contracted, pursuant to the Proposal. The CLIENT hereby acknowledges and represents to be aware that the Services shall be provided by EVERYMIND with the purpose of supplying the necessary means for the implementation and/or development of software pursuant to the requirements informed by the CLIENT, and EVERYMIND shall be only responsible for ensuring the operation of such software in fulfillment of all requirements by the CLIENT. For such reason, THE PARTIES ACKNOWLEDGE AND AGREE THAT EVERYMIND DOES NOT UNDERTAKE HEREIN ANY OBLIGATION THAT MAY BE CONSIDERED AN OBLIGATION WITH THE RESULTS OF SAID SOFTWARE AND, THUS, EVERYMIND SHALL NOT ENSURE AND SHALL NOT BE HELD LIABLE FOR ANY RESULTS THAT THE CLIENT AIMS TO ACHIEVE BY USING SAID SOFTWARE AND/OR ANY OF ITS FEATURES, AS WELL AS FOR ANY OPERATIONS CARRIED OUT AND/OR REVENUES RESULTED FROM THE USE OF THAT SOFTWARE.

10.2. The Parties' liability shall be limited to the event of proven wrongful default with the obligations undertaken herein and/or in any of the Exhibits.

10.3. The parties may not be held liable for non-compliance with their obligations hereunder in the event of force majeure or acts of God that may temporarily or permanently hinder compliance with any such obligations, pursuant to article 393 of the Brazilian Civil Code. The party that decides to be dismissed from its obligation under this Clause shall promptly notify the other Party, in writing, about the occurrence of an Act of God or Force Majeure, also providing information on the estimated time such event will last.

10.4. In the event that EVERYMIND does not comply with any of the specific conditions of the Proposal, by its exclusive and proven fault, the CLIENT shall be entitled to a ratable discount in the total amount set forth in the respective Proposal, as reimbursement, which may also occur by any other means agreed between the parties.

10.5 None of the parties shall bear the costs of indemnification related to losses and damages, loss of profits and/or direct damages incurred by virtue of this Agreement, in an amount over the sum of the twelve (12) monthly fees before the triggering fact.

10.6. The parties represent and warrant that they acknowledge, agree and shall comply with all laws, rules and regulations applicable to the Services and the activities to be performed by them hereunder, including, without limitation, those enacted by the competent regulatory bodies.

10.7. EVERYMIND shall solely bear all labor, social security, tax and occupational insurance obligations that may arise from the employment bond between EVERYMIND and its employees, agents or any other professionals assigned to work on the Services and other contracted items.

10.8. For all legal purposes, in spite of any services that may require the presence of EVERYMIND's technicians at the CLIENT's facilities, such services always correspond to professional computer technical services, with no type of hierarchical or occupational bond with the CLIENT, at all times, and may not be characterized as employee leasing services, pursuant to RFB Normative Instruction No. 971/2009, articles 117 and 118, but as professional computer technical services, therefore, no discount nor withholding by the source paying for the contracted service is applicable.

SECTION ELEVEN – DATA AND INFORMATION PROTECTION

11.1 Information provided by the CLIENT for performance of this Agreement – which may include, without limitation, customer or third-party information – may only be stored by EVERYMIND in encrypted form, pursuant to applicable legislation. Data made available to EVERYMIND is solely and exclusively aimed at the provision of services subject matter of this Agreement, and EVERYMIND, may not, under any circumstance, change such purpose without the express and written instruction from the CLIENT, subject to liability for damages and indemnification.

11.1.1 EVERYMIND shall promptly notify the CLIENT in writing in the event of any (i) violation to information security procedures; (ii) unauthorized access or change, disclosure or use of data provided by the CLIENT. Such notice shall include measures taken or established by EVERYMIND to remedy the situation. If a security breach is verified, EVERYMIND must immediately track and/or retrace the steps up to the breach and remedy it.

11.2 EVERYMIND acknowledges that the unauthorized disclosure of data provided by the CLIENT may result in irreparable damages and that, in the event of violation or threat of violation of any such obligations, EVERYMIND shall be liable for the damages and indemnification of any type – caused to the CLIENT and/or third parties – arising from the use of such data in noncompliance with the terms provided herein.

11.3 EVERYMIND represents to acknowledge and agree with the CLIENT's Privacy Policy, which is available at: https://sobrePAGSEGURO.noticias.PAGSEGURO.com.br/normas-de-seguranca-e-privacidade.html.

SECTION TWELVE – FIGHT AND PREVENTION AGAINST CORRUPTION AND MONEY LAUNDERING

12.1. EVERYMIND represents, on its behalf and on behalf of its Representatives, as defined below, that it acts in compliance with all laws, regulations, guidelines, policies and any other provisions related to fighting and preventing corruption and money laundering, including, but not limited to: (i) applicable Brazilian law, (ii) Foreign Corrupt Practices Act (FCPA), (iii) international conventions and pacts to which Brazil is a party, and (iv) the CLIENT's guidelines and policies.

12.1.1. Representatives. For purposes of this Section, "Representatives" means all persons that comprise the economic groups of the Parties, shareholders, managers, officers, board members, partners, attorneys-in-fact, advisors, consultants, employees, agents, subcontractors or any other third parties directly or indirectly related to EVERYMIND, as well as any person, whether individual or legal entity, including the ones exercising direct or indirect control over such legal entity, as well as its parent companies, subsidiaries, affiliates and companies under common control, pursuant to Law No. 6,404/1976.

12.1.2. EVERYMIND represents to acknowledge all of the CLIENT's policies associated to fighting and preventing corruption and money laundering and that it has not performed nor will perform any acts or practices that directly or indirectly involve the offer, promise, bribery, extortion, authorization, solicitation, acceptance, delivery or any other act related to undue pecuniary advantage or any other unlawful advantage violating the laws provided above or any other applicable law.

12.1.3. EVERYMIND undertakes to inform and offer training sessions to all of its Representatives on the provisions set forth herein and regarding the practices to fight and prevent corruption and money laundering, in addition to implementing, if not yet implemented, policies, conducts and rules complying with the practices established herein.

12.1.4. EVERYMIND undertakes to notify the CLIENT if any of its Representatives has been or is a Governmental Authority, as defined below, as well as all family members or persons with a close relationship of its Representatives with a Governmental Authority.

12.1.5. Public Authority. For the purposes hereof, "Public Authority" means, without limitation, any person, agent, employee or contractor exercising activities in departments, institutions, associations, entities or bodies of the direct or indirect public administration, as well as any employee, family member, relative or personal close relationships.

12.1.6. Non-compliance with the provisions herein established by EVERYMIND or by its Representatives shall be considered a critical breach and may result in the contractual termination by the CLIENT, which may, at its sole discretion, promptly suspend compliance with its obligations hereunder. The violation of this section by EVERYMIND or its Representatives shall also result in the obligation to compensate the CLIENT for any losses and damages caused.

12.1.7. EVERYMIND agrees that the CLIENT may, at its sole discretion, audit EVERYMIND regarding any information and/or document, with the purpose of monitoring compliance with the provisions established in this Section. The audit herein mentioned may be carried out by the CLIENT or by a third party indicated and paid by the CLIENT, and EVERYMIND must, at all times, ensure wide and unrestricted access to all related documents.

12.1.8. EVERYMIND undertakes to immediately notify the CLIENT in the event of any breach, suspicion of breach or any inconsistent situation that may arise against the CLIENT's internal conducts and policies, as well as the Brazilian anti-corruption and anti-money laundering law, and international agreements and conventions governing such matter.

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SECTION THIRTEEN – ANTI-CORRUPTION

13.1 The Parties undertake, on their own account and on account of their officers, board members, employees and/or representatives, to comply with the Brazilian law and strictly not to perform any act, directly or indirectly, that may be construed as corruption or harmful to the Brazilian or a foreign government, pursuant to article 5 of Brazilian Federal Law No. 12.846/2013, such as offering and/or making undue payments, rewards, gifts or any direct or indirect advantage to public servants, State employees under any sphere, political parties and their employees, as well as foreign government's agents or employees. The violation of any Anti-corruption Law by the Party shall be considered a critical breach and entitles the other Party to immediate contractual termination.

13.2 The non-breaching Party shall not be liable for any actions and/or omissions of any type, losses and damages, loss of profits resulted from or related to the violation of any anti-corruption laws by the breaching Party, including its officers, directors, employees and/or representatives.

13.3 The breaching party shall indemnify and hold the other Party and/or its officers, directors, employees and/or representatives harmless from any loss, claim, fine, costs or any expense incurred by the Party arising from any breach provided in this Section or any Anti-corruption Laws.

13.4 Without prejudice to the applicable legal measures, both Parties acknowledge and agree that they shall provide all relevant data and information when requested by the competent authorities, in the event any procedure is instituted with the purpose of assessing violations of anti-corruption laws applicable to this Agreement.

SECTION FOURTEEN – BACEN

14.1 It is hereby agreed between the Parties that PAGSEGURO may amend or terminate the Agreement, without any lien, fine or penalty, upon simple notice to EVERYMIND, with the purpose of adjusting this instrument to industry rules, mainly, but not limited to, the rules established by the Brazilian Central Bank - BACEN.

SECTION FIFTEEN – GENERAL PROVISIONS

15.1. The Parties hereby acknowledge that if any provision becomes invalid or unenforceable, the remainder of this agreement and the entire agreement shall not be affected in any way.

15.2. Any forbearance by any of the Parties with respect to the non-compliance of the conditions established herein, shall be held as mere liberality, and shall not be construed as novation or waiver of rights, which may be exercised by the affected party, at any time.

15.3. This Agreement may not be amended, except by written amendment executed by both parties.

15.4. Under no circumstance, this contract gives the Parties the right or authority to represent each other before any third party.

15.5. All notices required hereunder shall be (a) delivered in hands or (b) sent by registered mail to the addresses the parties specified in the Proposal, or to any other address specified by one party to the other in writing.

15.6. The CLIENT must refrain from using, for any means or purpose, the name, the trademarks and/or any other intellectual property of EVERYMIND, except if the latter prior and expressly authorizes such use in writing, case where such use must be restricted to the terms of EVERYMIND's authorization.

15.7 This instrument, jointly with the Proposal and other Exhibits, contains the entire agreement between the Parties in connection with its subject matter and replaces any previous or contemporary agreements, whether oral or written, with any individual willful representations made by the parties other than agreed herein and in such documents being legally void.

15.8. The CLIENT represents that the attorneys-in-fact and/or legal representatives executing this Agreement and the Proposal are duly empowered pursuant to the respective Bylaws /Articles of Association to undertake all obligations herein provided.

15.9. This Agreement shall be governed by the Brazilian law.

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SECTION SIXTEEN - VENUE

16.1. The parties hereby elect the courts of the judicial district of São Paulo/SP, to settle any disputes arising out hereof.

IN WITNESS WHEREOF, the Parties have executed this Agreement in two (2) counterparts in the same form and content, together with two undersigned witnesses.

São Paulo, March 22, 2022.

PAGSEGURO INTERNET S.A.

Artur Gaulke Schunck

Renato Bertozzo Duarte

EVERYMIND CONSULTORIA E SISTEMAS LTDA.

Marcelo Moojen Epperlein

Gustavo Afonso Rodrigues

WITNESSES:

1. Cristina Ely

   Vanessa Araújo

2. Carlos Eduardo Pereira dos Santos

DocuSign

Completion Certificate

Envelope ID: F45E33AC7D2F4AECAA47F36641E0F5BA
Completed Subject: PAGSEGURO | EVERY | CPS MASTER + PCS
Source Envelope:
Document Pages: 73
Certificate Pages: 10
AutoNav: Enabled
Enveloped Stamping (ID Stamping): Enabled
Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Signatures: 7
Initials: 93

Status:

Envelope Sent by:
Raphaela Queiroz da Costa
Av. Brigadeiro Faria Lima, 1.384 SP, 01452-002
[*****] IP Address: [*****]

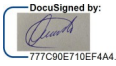
Record Tracking

Status: Original
10/11/2022 12:11:39 PM

Holder: Raphaela Queiroz da Costa
[*****]

Location: DocuSign

Signer Events	Signature	Timestamp
Saedio Dias de Souza Filho [*****] LAWYER UNIVERSO ONLINE S.A. Security Level: E-mail, Account Authentication (None)	DS Signature adoption: Signature image loaded Using IP Address: [*****]	Sent: 10/11/2022 12:28:06 PM Viewed: 10/11/2022 12:48:09 PM Signed: 10/11/2022 12:48:35 PM
Electronic Record and Signature Disclosure: Not offered via DocuSign		
Cristina Ely [*****] 98194011 UOL - UNIVERSO ONLINE S/A Security Level: E-mail, Account Authentication (None)	DocuSigned by: Cristina Ely 3E0D2BA775DA468... Signature adoption: Pre-selected Style IP Address: [*****]	Sent: 10/11/2022 12:48:46 PM Viewed: 10/11/2022 1:30:21 PM Signed: 10/11/2022 1:30:39 PM
Electronic Record and Signature Disclosure: Not offered via DocuSign		
manager Security Level: E-mail, Account Authentication (None)	DocuSigned by: Vanessa Araújo 2EBF6E7505AA4B1... Signature adoption: Pre-selected Style IP Address: [*****]	Sent: 10/11/2022 1:30:49 PM Viewed: 10/11/2022 1:40:06 PM Signed: 10/11/2022 1:40:30 PM
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Marcelo Moojen Epperlein [*****]CFO Compasso Tecnologia Ltda Security Level: E-mail, Account Authentication (None)	DocuSigned by: Marcelo Moojen Epperlein D42F8BCAD0C4421... Signature adoption: Pre-selected Style IP Address: [*****]	Sent: 10/11/2022 1:40:40 PM Viewed: 10/11/2022 3:33:54 PM Signed: 10/11/2022 3:34:25 PM
Electronic Record and Signature Disclosure: Accepted: 8/31/2018 1:30:22 PM ID: 774a953a-502f-490e-8d30-287bcf760845		

Signer Events	Signature	Timestamp
Gustavo Afonso Rodrigues [*****]CEO Everymind Security Level: E-mail, Account Authentication (None)	DocuSigned by: Gustavo Afonso Rodrigues E61A754BA129401... Signature adoption: Pre-selected Style IP Address: [*****]Signed using cellphone	Sent: 10/11/2022 3:34:36 PM Viewed: 10/11/2022 3:37:39 PM Signed: 10/11/2022 3:38:18 PM
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Carlos Eduardo Pereira dos Santos [*****] General Manager - Software Engineering Security Level: E-mail, Account Authentication (None)	DocuSigned by: Carlos Eduardo Pereira dos Santos BD63127AE40D47F... Signature established by: Pre-set style Using IP Address: [*****]	Sent: 10/11/2022 3:38:31 PM Resent 10/13/2022 5:47:59 AM Resent 10/14/2022 9:12:47 AM Viewed: 10/14/2022 11:48:39 AM Signed: 10/17/2022 6:01:51 AM
Electronic Record and Signature Disclosure: Accepted: 10/14/2022 11:48:39 AM ID: 471d2207-5743-400d-9b65-7076ab3573c7		
Renato Bertozzo Duarte [*****] HEAD OF UNIVERSO ONLINE LEGAL DEPARTMENT Security Level: E-mail, Account Authentication (None)	DocuSigned by:  777C90E710EF4A4... Signature adoption: Signature image loaded Using IP Address: [*****]	Sent: 10/17/2022 6:02:03 AM Viewed: 10/17/2022 6:11:20 AM Signed: 10/17/2022 6:11:55 AM
Electronic Record and Signature Disclosure: Not offered via DocuSign		
Artur Gaulke Schunck [*****] Chief Financial Officer Security Level: E-mail, Account Authentication (None)	DocuSigned by: Artur Gaulke Schunck 67A9FA4BE32D493... Signature established by: Pre-set style Using IP Address: [*****]	Sent: 10/17/2022 6:12:08 AM Viewed: 10/17/2022 7:22:15 AM Signed: 10/17/2022 7:22:45 AM
Electronic Record and Signature Disclosure: Accepted: 5/1/2021 3:19:10 AM ID: fa0c9073-addf-4780-b419-41a5b944e0e2		

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp
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EVERY [*****] Security Level: E-mail, Account Authentication (None)	Copied Signature adoption: Pre-selected Style IP Address: [*****]	Sent: 10/17/2022 7:23:01 AM Viewed: 10/17/2022 7:28:46 AM
Electronic Record and Signature Disclosure: Not offered via DocuSign		

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamp
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Certified delivery	Security checked	10/17/2022 7:22:15 AM
Signing complete	Security checked	10/17/2022 7:22:45 AM
Completed	Security checked	10/17/2022 7:23:01 AM

Payment Events	Status	Timestamp

Electronic Record and Signature Disclosure

Electronic Record and Signature Disclosure created on: 2/7/2018 5:43:37 AM
Parties agreed to: Vanessa Araújo, Marcelo Mbojen Epperlein, Artur Gaulke Schunck, Raphaela Queiroz da Costa

CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORDS AND SIGNATURE DISCLOSURES

Electronic Record and Signature Disclosure

From time to time, UOL - UNIVERSO ONLINE S/A may be required by law to provide you with certain written notices or disclosures. Described below are the terms and conditions for us to provide you with such notices and disclosures electronically through the DocuSign, Inc. (DocuSign) electronic signature system. Read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print the documents we send to you through the DocuSign system during and immediately after the signature session, and, if you elect to create a DocuSign user account, you may access them for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish to get paper copies of any such documents to be sent from our office to you, you will not be charged a per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us thereafter that you want to receive notices and disclosures only in paper format. The procedure to inform us of your decision to receive future notices and disclosures in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and provide services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of receipt of such paper notices or disclosures. To let us know that you are changing your mind, you must withdraw your consent using the DocuSign "Withdraw Consent" form on the signature page of a DocuSign envelope instead of signing it. This will indicate to us that you have withdrawn your consent to receive notices and disclosures electronically from us and you will no longer be able to use the DocuSign system to receive notices and consents electronically from us or to electronically sign documents sent by us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will electronically send you through the DocuSign system all required notices, disclosures, authorizations, acknowledgments, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you using the same method and to the same address you have informed us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, let us know as described below. Also see the paragraph immediately above that describes the consequences if you elect not to receive notices and disclosures electronically from us.

How to contact UOL - UNIVERSO ONLINE S/A:

You may contact us to let us know of your changes on how we should contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically, as provided below:

To contact us by email send messages to: UOL - UNIVERSO ONLINE S/A

To inform of your new e-mail address to UOL - UNIVERSO ONLINE S/A:

To let us know of a change in your e-mail address to which we should send notices and disclosures electronically to you, you must send us an e-mail and provide: your previous e-mail address and your new e-mail address. We do not require any other information from you to change your e-mail address.

In addition, you must notify DocuSign, Inc. in order to reflect your new e-mail address in your DocuSign account by following the process for changing e-mail in the DocuSign system.

To request paper copies from UOL - UNIVERSO ONLINE S/A:

To request us to send you paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail and provide: your e-mail address, full name, Brazil Postal address, and telephone number. We will charge you for the amount of the copies, if applicable.

To withdraw your consent to UOL - UNIVERSO ONLINE S/A:

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

refuse to sign a document in your DocuSign session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent; or you may

send us an e-mail and provide your e-mail address, full name, Brazil Postal Address, and telephone number. We do not need any other information from you to withdraw consent. The consequences of your withdrawing consent for online documents will be that transactions may take longer to process.

Required hardware and software:**

(i) Operating Systems: Windows® 2000, Windows® XP, Windows Vista®; Mac OS®

(ii) Browsers: Latest versions Internet Explorer® 6.0 or above (only Windows); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (only Mac)

(iii) PDF readers: Acrobat® or similar software may be required to view and print PDF files.

(iv) Screen Resolution: 800 x 600 minimum

(v) Enabled Security Settings: Allow per session cookies

** These minimum requirements are subject to change. If these requirements change, you will be asked to re-accept the disclosure. Pre-release (e.g. beta) versions of operating systems and browsers are not supported.

Acknowledging your access and consent to receive materials electronically:

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please make sure you read this electronic disclosure and are able to print on paper or electronically save this page for your future reference and access or are able to e-mail this disclosure and consent to an e-mail address in which you will be able to print on paper or save this page for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format under the terms and conditions described above, let us know by clicking the "I agree" button below.

By checking the "I agree" box, I confirm that:

(i) I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORDS AND CONSUMER SIGNATURE DISCLOSURES; and

(ii) I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and (iii) Until or unless I notify UOL - UNIVERSO ONLINE S/A as described above, I consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by UOL - UNIVERSO ONLINE S/A during the course of my relationship with you.

Electronic Record and Signature Disclosure created on: 12/27/2017 6:27:37 AM
Parties agreed to: Gustavo Afonso Rodrigues, Carlos Eduardo Pereira dos Santos

CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORDS AND SIGNATURE DISCLOSURES

Electronic Record and Signature Disclosure

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If you elect to receive notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and provide services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of receipt of such paper notices or disclosures. To let us know that you are changing your mind, you must withdraw your consent using the DocuSign "Withdraw Consent" form on the signature page of a DocuSign envelope instead of signing it. This will indicate to us that you have withdrawn your consent to receive notices and disclosures electronically from us and you will no longer be able to use the DocuSign system to receive notices and consents electronically from us or to electronically sign documents sent by us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will electronically send you through the DocuSign system all required notices, disclosures, authorizations, acknowledgments, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you using the same method and to the same address you have informed us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, let us know as described below. Also see the paragraph immediately above that describes the consequences if you elect not to receive notices and disclosures electronically from us.

How to contact UOL - UNIVERSO ONLINE S/A:

You may contact us to let us know of your changes on how we should contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically, as provided below: To contact us by email send messages to: [*****]

To contact us by email send messages to: UOL - UNIVERSO ONLINE S/A

To inform of your new e-mail address to UOL - UNIVERSO ONLINE S/A:

To let us know of a change in your e-mail address to which we should send notices and disclosures electronically to you, you must send us an e-mail to [*****] providing: your

previous e-mail address and your new e-mail address. We do not require any other information from you to change your e-mail address. We do not require any other information from you to change your email address.

In addition, you must notify DocuSign, Inc. in order to reflect your new e-mail address in your DocuSign account by following the process for changing e-mail in the DocuSign system.

To request paper copies from UOL - UNIVERSO ONLINE S/A:

To request us to send you paper copies of the notices and disclosures previously provided by us to you electronically, you must send an e-mail to [*****] and provide: your e-mail address, full name, Brazil Postal address, and telephone number. We will charge you for the amount of the copies, if applicable.

To withdraw your consent to UOL - UNIVERSO ONLINE S/A:

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

(i) refuse to sign a document in your DocuSign session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent; or you may

(ii) send an e-mail to [*****] and provide your e-mail address, full name, Brazil Postal Address, and telephone number. We do not need any other information from you to withdraw consent. The consequences of your withdrawing consent for online documents will be that transactions may take longer to process. We do not require any other information from you to change your email address. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process.

Required hardware and software:**

(i) Operating Systems: Windows® 2000, Windows® XP, Windows Vista®; Mac OS®

(ii) Browsers: Latest versions Internet Explorer® 6.0 or above (only Windows); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (only Mac)

(iii) PDF readers: Acrobat® or similar software may be required to view and print PDF files.

(iv) Screen Resolution: 800 x 600 minimum

(v) Enabled Security Settings: Allow per session cookies

** These minimum requirements are subject to change. If these requirements change, you will be asked to re-accept the disclosure. Pre-release (e.g. beta) versions of operating systems and browsers are not supported.

Acknowledging your access and consent to receive materials electronically:

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please make sure you read this electronic disclosure and are able to print on paper or electronically save this page for your future reference and access or are able to e-mail this disclosure and consent to an e-mail address in which you will be able to print on paper or save this page for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format under the terms and conditions described above, let us know by clicking the "I agree" button below.

By checking the "I agree" box, I confirm that:

(i) I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORDS AND CONSUMER SIGNATURE DISCLOSURES; and

(ii) I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and (iii) Until or unless I notify UOL - UNIVERSO ONLINE S/A as described above, I consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by UOL - UNIVERSO ONLINE S/A during the course of my relationship with you.

REDACTED COPY

Certain identified confidential information has been redacted from this exhibit because both (i) it is customarily and actually treated as private or confidential and (ii) it is not material.

Confidential portions of this Exhibit are designated by [redacted].

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Pax Store License Agreement
Terms and Conditions

This Pax Store License Agreement ("Agreement") is a contract between P**AX Technology Limited**, whose registered office is at Room 2146, 24th floor, Sun Hung Kai Center, 30 Harbour road, Wanchai, Hong Kong and **Zolon Technology (HK) Limited**, whose registered office is at Room 2504, 25th floor, Sun Hung Kai Center, 30 Harbour road, Wanchai, Hong Kong (herein both referred as "PAX") and P**AGSEGURO INTERNET INSTITUIÇÃO DE PAGAMENTO S.A.**, whose registered office is at Avenida Brigadeiro Faria Lima, 1384, 4º floor, part A, São Paulo, São Paulo, Brazil, Postal Code 01451-001, enrolled with the General Taxpayers' Registry of the Ministry of Finance (CNPJ/MF) under number [redacted] (herein referred as "PagSeguro").

WHEREAS:

(a) PagSeguro is a company that provides digital payment system and other additional services for companies, specializing in monetization, publishing and offering local methods of payment for End Users (as defined hereinafter);

(b) PAX is a digital software company that owns or has the competent licenses and authorizations to license an open-platform collaborative ecosystem which connects app providers, terminal managers, payment service providers and merchants, provided as a cloud-based software as a service solution ("PaxStore"), all of which to be licensed and made available to PagSeguro as one copy in a specified server provided by Pagseguro, which will be made available to the Merchants and PagSeguro Business Partners (as defined hereinafter). The current license does not authorize Pagseguro the right to re-distrute and / or re-sell the software to any third party.

(c) PAX desires to license to PagSeguro, PagSeguro Business Partners and the Merchants pursuant to the following sections, terms and conditions, the PaxStore; and

(d) In connection with the license to the PaxStore, PagSeguro wishes to retain PAX to provide support and customization services for the PaxStore.

1. DEFINITIONS

1.1. The following terms, when used in this Agreement or in any document referred to herein, shall have the following meanings:

Card or Payment Scheme means any card payment systems (such as VISA®, MasterCard®, American Express® or others, including national or local systems) or bank payment schemes (such as direct banking systems, direct debit systems or bank transfer systems).

Confidential Information means any information which is marked as "Confidential" or should be reasonably expected to be confidential based on the context of disclosure or the nature of the information; including, the generality of the foregoing, the terms of this Agreement, as well as business plans, data, strategies, methods, suppliers, customers and clients lists, technical specifications, transaction data and customer data, technical data, trade secrets, plans for products or services, End User's, PagSeguro's or PAX's lists, including, databases, marketing plans, software, source code for software, financial documents or data, inventions, processes, technology, and designs.

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Digital Payment System means PagSeguro's digital payment service through which an End User can pay for products or services acquired from the Merchant in on-site transactions.

Effective Date means the date this Agreement entered into force, as defined in clause 13.1.

End User means an individual, a company or corporation, an association, a partnership, a trust or any other legal entity or organization, as the case may be, that purchases products or services from a Merchant and pays for the product or service using a stripe or CHIP card in a Hardware.

Marks means the respective Party's name and any one or more trademarks, logos, service marks, and copyrighted artwork or graphics related to the Party's activities.

Merchant means any individual or business entity, organization that owns a Hardware and accesses or uses the Software service directly or indirectly.

Software is an open-platform collaborative ecosystem which connects app providers, terminal managers, payment service providers and Merchants, provided as a cloud-based software as a service solution, and that includes all applications, modules, plugins, components and any other necessary resources for the correct operation of all of its functionalities; and (ii) software installed on the Hardware that enables the Merchant to download applications to the Hardware. The Software is owned by PAX or to which PAX has the competent licenses and authorizations for licensing. All PAX's Software is copyrighted by PAX, or is explored by PAX under express and legal authorization from the copyrighted owners, including any related licenses of "virtual goods", add-on, plug-ins, mods, appliances, rights of use, or any kind of experience or upgrade.

Hardware means mobile devices regardless of its model or manufacturer (including third parties) that are sold or distributed by PagSeguro or its representatives that allows the Merchant to receive payments through Digital Payment System and manage its business.

PagSeguro's Business Partners means any partner that PagSeguro may engage in business with regarding the Software or the Hardware, which includes, but is not limited to, software houses and developers.

Regulatory Requirements means any law, statute, regulation, order, judgment, decision, recommendation, rule, policy or guideline passed or issued by any competent authority or any payment system (including but not limited to bank payment systems, card payment systems such as Visa®, MasterCard®, American Express®, etc., or any other payment, clearing or settlement system or similar arrangement that is being used for providing the services hereunder).

Transaction means any transaction between the Merchant and an End User using PagSeguro's Digital Payment System to obtain a product or service from Merchant.

1.2. Headings are for convenience only and shall not affect the construction or interpretation of this Agreement.

1.3. Unless the contrary intention appears, words in the singular include the plural and vice-versa; words in the masculine gender include the feminine, neuter, and vice versa.

1.4. Any sentence introduced by the term "included", "including", "in particular", "especially" or any similar expression will be construed as if such term were followed by the expression "but not limited to" or "without limitation", and will consist of examples and illustrations, not limiting the sense of the words preceding that term. Additionally, the term "and" shall be read as "and/or" in order to include, as applicable, all the different possibilities established in the clauses hereof.

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1.5. If there is any conflict between the provisions of this Agreement, the conflict shall be resolved in accordance with the following order of precedence (item "a" being the most prevalent): (a) Agreement; and (b) attachments to this Agreement.

2. SCOPE

2.1. This Agreement contains the general terms for the license of the Software from PAX to PagSeguro.

2.2. Additionally, PAX shall provide support services and customization for the Software according to sections 3 and 4 and Attachment III of this Agreement.

3. SOFTWARE

3.1. PAX grants to PagSeguro an exclusive, unsublicensable, untransferable, license to the Software during the Term to use the Software on any production, contingency, homologation and testing servers. PAX also authorizes PagSeguro to embed the Software in all the Hardware.

3.1.1. There shall be no limitation as to the number of terminals that may be connected to the Software under this Agreement.

3.1.2. Any license granted pursuant to this Agreement will terminate immediately upon the termination of the Agreement, as foreseen on clause 14.

3.2. The client software on the terminal side that connects and communicates with PAXstore server is NOT part of the PAXstore software. PAX licenses the client software on PAX terminals to PagSeguro free of charge during the action of the current agreement and permanently if PagSeguro opts to purchase the Software, as foreseen on clause 8.5..

3.3. PAX shall deliver to PagSeguro all the applications and documentation necessary for installation and proper operation of the Software, whether it be installers, executables, scripts and database installation scripts within [redacted] as of the Effective Date. The applications and documentation will be used to embed the Software in the Hardware and to install the Software in PagSeguro's production, contingency, homologation and testing servers, as applicable. PagSeguro shall also have the right to maintain a security copy of the applications and documentation of the Software.

3.4. Upon request from PagSeguro, PAX shall install the Software on PagSeguro's production, contingency, homologation and testing servers and also train PagSeguro's employees to install the Software on the server-side and any Hardware. The setup and training may be provided in person or through video conference.

4. MAINTENANCE

4.1. PAX shall provide, upon PagSeguro's request, all assistance required to enable PagSeguro to install and use the Software on the sever-side and in the Hardware. PAX shall provide, but is not limited to, adequate IT personnel, system support, and project management. PAX represents and warrants that any services performed pursuant to this section 4 will be performed in a competent, workmanlike manner.

4.2. It is expressly agreed by the Parties that if the Software contains bugs, glitches or errors, such corrections shall be made by PAX, and PagSeguro shall not incur any additional costs for such services. PAX shall, as soon as possible, provide any updates necessary to correct bugs, glitches or errors discovered at any time during the term of this Agreement. PAX's liability is limited to corrections of such bugs, glitches or errors and it shall only responsible for any

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other consequence and/or losses related to such bugs, glitches or errors limited to the amounts paid by PagSeguro on the [redacted].

4.3. PAX shall provide PagSeguro with upgrade packages along with documentation describing the changes made between the previous version provided for PagSeguro and this latest version, as well as documentation with instructions needed to perform the upgrade ("Maintenance"). At PagSeguro's sole discretion, the Maintenance shall be made either by PagSeguro's professionals or by PAX professionals accompanied by PagSeguro's professionals. The Parties shall agree for the best date/time to perform the Maintenance.

4.4. PAX shall be liable for any delays, inaccuracies, errors or omissions with respect to any transmission or delivery arising from inability to use the Software with the exception of disruption or changes to the Software initiated by PagSeguro.

5. PAX RIGHTS AND OBLIGATIONS

5.1. PAX takes full and exclusive responsibility for PAX's Software copyright regularity, and in addition, takes full and exclusive responsibility for PAX's Software and its content.

5.1.1. PAX shall be fully responsible for all and any claims originated from or somehow related to PAX's Software, keeping PagSeguro free and exempt of all and every burden, obligation or responsibility..

5.2. PAX shall comply, and shall not offer any software that fails to comply, with any domestic, foreign or international law, rule, regulation or other restriction or any fiduciary or contractual relationship applicable to PAX or PAX's Software.

5.3. PAX shall provide the Software to PagSeguro via a link by email for internet download.

5.4. During the term of this Agreement PAX shall allow PagSeguro, the Merchants and PagSeguro's Business Partners to immediately access and use PAX's Software.

5.5. PAX may change, suspend or cancel some of the Software functions, features and properties for market needs following PagSeguro's written approval. [redacted].

5.6. Except for the express obligations of PagSeguro set forth in this Agreement, PAX is solely responsible for all activities required by or otherwise related to the development, production, delivery, updating and/or promotion of PAX's Software, including all information used in PAX's Software, [redacted].

5.7. Besides providing the services subject to this Agreement, PAX shall be responsible for providing PagSeguro with the necessary support concerning the Software. PAX shall update the Software regularly, providing any security patches and other critical updates that may be necessary to maintain the security of the Software.

5.8. PAX shall use commercially reasonable efforts to ensure that the Software is free from material defects and available at all times. PAX shall be solely and exclusively responsible for any bugs that may cause unavailability or improper operation of the Software, being responsible for any damage or loss that may cause PagSeguro or third parties as a result of such bugs, limited to [redacted]

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5.9. PAX shall implement reasonable and appropriate measures designed to help secure the Confidential Information against accidental or unlawful loss, access or disclosure. PAX shall not access or use PagSeguro's, Merchant's, End User's or PagSeguro's Business Partners Confidential Information without permission from Pagseguro.

5.10. PAX acknowledges and agrees that

(a) PAX herein irrevocably appoints PagSeguro as its attorney-in-fact, granting thereto full powers, specially, but without limitation, towards banks, financial institutions and other entities whose activities are authorized by the Brazilian Central Bank, for purposes of representing the PAX in connection with all acts and measures that might be necessary for the regular and lawful completion of the transfers of amounts hereunder, which powers shall include the execution of exchange agreements and its amendments and other related documents, as well as powers to delegate the present powers to third parties; and

(b) PagSeguro operates solely as a payment intermediary, and PagSeguro: (a) under no circumstances acts or purports to act as a seller, dealer, middleman, retailer, auctioneer, supplier, distributor, manufacturer, broker, agent or hirer of PAX's Software; and (b) makes no representations or warranties and does not ensure the quality, safety or legality of any PAX's Software.

5.11. PAX shall be duly registered by means to comply with PagSeguro's Compliance Policy. PAX understands and agrees that PagSeguro may at any time request information, including PAX's identification information and information in connection with PagSeguro's verification of PAX's compliance with the representations contained in this Agreement. PAX agrees to cooperate with, and provide complete, accurate, and timely information as requested by PagSeguro. PAX agrees to notify PagSeguro of all and any changes regarding its details and to the limit permitted by the applicable law. PagSeguro may hold any payment due to PAX, until PAX verification, which may include copies of PAX's business licenses, articles of incorporation, tax information requirements, authentication of business owner(s) or Director(s) identity, PAX's bank account and other related information, powers of attorney whenever necessary and/or other documentation required to meet (a) Know-Your-Customer ("KYC") banking mandates, (b) Anti-money-laundering ("AML") legislation or (c) similar purposes as needed.

6. PAGSEGURO'S OBLIGATIONS

6.1. PagSeguro will be responsible for informing the Merchants and End Users of the limitations of use of the Software contained in this Agreement.

6.2. PagSeguro will make all payments set forth in this Agreement.

7. FEES AND PAYMENT

7.1. [redacted] For the scope of this Agreement, PagSeguro shall pay PAX [redacted] which already includes [redacted].

7.1.1. The fee mentioned on the previous clause also includes [redacted].

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7.2. [redacted] Pagseguro shall pay PAX an annual maintenance fee of [redacted]. This value already includes the maintenance, support and development of the Software, as foreseen on clause 7.1.1..

7.3. [redacted]] If Pagseguro shall [redacted].

7.4. PagSeguro shall provide to PAX, no later than [redacted] upon request, report containing the number of active terminals connected to the Software within the month that PAX made the request.

7.5. PAX shall calculate and bill fees upon their generation and shall send all invoices to PagSeguro. PagSeguro agrees to pay all such invoiced amounts within [redacted]. If PAX does not receive PagSeguro's payment of any amounts [redacted], PAX may terminate or suspend this Agreement.

7.6. Except as otherwise agreed hereby, each Party shall be liable for the [redacted].

7.7. PAX acknowledges and agrees that PagSeguro is subject to local currency exchange regulations whenever a payment is remitted abroad to PAX. Any taxes levied on the currency exchange required for such remittance, including but not limited to the Brazilian tax on financial transaction – IOF, [redacted] Notwithstanding the provision hereof, PagSeguro shall not be liable nor responsible for any claims regarding the payment of taxes applicable to PAX or any other of its obligations related to a payment. The amounts foreseen on the Agreement are the amounts that PAX shall receive as net value.

7.8. Invoices shall be stated in US dollars. In the case Transactions occur in a different currency, currency conversion shall occur on a daily basis using [redacted]. Whenever a remittance is made in a currency other than the one stated in this clause, PagSeguro shall be entitled to use the applicable exchange rate defined by [redacted].

7.8.1. In the event that PAX fails to provide PagSeguro with the correctly issued competent documents, PagSeguro shall [redacted].

7.9. The Parties shall maintain for a period of [redacted] or greater if required by the Regulatory Requirements, accurate and complete records regarding fees charged and collected by PAX.

7.10. Any amount paid under this Agreement may be [redacted].

8. INTELLECTUAL PROPERTY

8.1. PAX represents and warrants that it is the legitimate bearer and/or properly licensed agent of all necessary intellectual and industrial property rights from PAX's Software under the terms hereof, together with any updates, upgrades and new versions to it from time to time and together with any APIs made available to PagSeguro in connection with the Software from time to time, including the related rights to license and distribute the Software,

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rights on trademark and copyrights in anyway related to PAX's Software. PAX hereby exempts PagSeguro from all and any demand or claim arising from or somehow related to the representation herein.

8.2. Title to and ownership of PAX's Software remains with PAX. PAX retains the right to, without limitation, use, copy, modify, license, sublicense, and distribute PAX's Software.

8.3. Title to and ownership of the Digital Payment System remains with PagSeguro. PagSeguro retains the right to, without limitation, use, copy, modify, license, sublicense, and distribute the Digital Payment System and the Hardware.

8.4. Except as expressly set forth herein, nothing in this Agreement is intended to grant any right in or to either Party under any patent, copyright, trade secret or other intellectual property right, nor shall this Agreement grant either Party any right, title or license in or to the other Party's Confidential Information.

8.5. PagSeguro shall have the option to purchase the source code of the Software from PAX, which shall entail on the Parties signing an agreement for this specific purpose. The Parties hereby agree that if PagSeguro exercises this option, [redacted]

9. CONFIDENTIAL INFORMATION

9.1. During the term of this Agreement, each Party hereto may disclose (the "Disclosing Party") to the other Party (the "Receiving Party") Confidential Information in connection with this Agreement or the performance of this Agreement.

9.2. The Parties hereby agree that all Confidential Information disclosed under this Agreement, unless written consent is otherwise granted by the Disclosing Party, shall be maintained in strict confidence by Receiving Party and shall be used solely in connection with performing its obligations as required by this Agreement. To the extent that the Receiving Party may be required to disclose Confidential Information pursuant to applicable laws, regulations or legal process requirements, the Receiving Party shall provide, if not prohibited by applicable law, Disclosing Party with prompt notice sufficient to enable Disclosing Party to seek from the appropriate authority a protective order or other appropriate remedy that will preclude or limit the scope of the disclosure of the Confidential Information. The Receiving Party and the Disclosing Party shall cooperate with one another in seeking such protective order or remedy, and each shall bear its own costs related thereto. If disclosure is not precluded or limited, the Receiving Party shall furnish only that portion of the Confidential Information which is legally required and will exercise all reasonable efforts to obtain reliable assurances that confidential treatment will be accorded the Confidential Information.

9.3. Access to all Confidential Information shall be restricted to those employees in the Receiving Party's immediate organization, parent corporations, subsidiaries, and other persons, such as consultants, attorneys and other advisors having a need to know to perform services specifically requested by one Party or the other to fulfill the purpose of this Agreement. The Receiving Party shall notify such employees or persons of the proprietary nature of the Confidential Information and shall require such employees or other persons to agree to maintain the confidentiality of the Confidential Information on the same terms as the Receiving Party.

9.4. Notwithstanding the definition of Confidential Information in section 1.1 hereof, same shall not be deemed to include information if (a) it was already known to the Receiving Party prior to the Effective Date of this Agreement as established by documentary evidence, provided that the source of the information was not bound by confidentiality obligations to the Disclosing Party; (b) it is or becomes generally known to the public through no breach of this Agreement or other wrongful act of the Receiving Party; (c) it has been rightfully received by the Receiving Party from a third Party and without breach of any obligations of confidentiality of such third party to the Disclosing Party; (d) it

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has been approved for release by written authorization of the owner of the Confidential Information; or (e) it has been independently developed by a Party without access to or use of the Confidential Information of the other Party.

10. DATA PROTECTION

10.1. Information provided by PagSeguro for the performance of this Agreement – which includes, but is not limited to, customer or third-party data – may only be stored by PAX in encrypted form and in compliance with applicable law. The data to which PAX shall have access is solely and exclusively for the provision of the obligations under this Agreement, which cannot be altered in any way by PAX without express written instructions from PagSeguro, under penalty of being responsible for the damages and indemnities.

10.2. PAX shall immediately notify PagSeguro in writing in the event of any (i) breach of its information security procedures; (ii) unauthorized access or alteration, disclosure or use of data obtained by PAX under this Agreement. This notice will include measures taken or envisaged by PAX to remedy the situation. Upon breach of security, PAX shall immediately track and/or recreate the steps leading to this breach and remedy them.

10.3. PAX acknowledges that unauthorized disclosure of data obtained under this Agreement may cause irreparable damage and that, in the event of breach or threat of breach of any of these obligations, PAX shall be liable for damages and indemnities of any kind – caused to PagSeguro or third parties – arising from the use of this data in breach of terms of the Agreement.

10.4. PAX declares that it is aware of and agrees with PagSeguro's Privacy Policy, which can be found at https://sobreuol.noticias.uol.com.br/normas-de-seguranca-e-privacidade.html.

11. INDEMNIFICATION

11.1. Each Party agrees to [redacted].

11.2. Notwithstanding anything in this Agreement to the contrary, in no event shall either Party, or its affiliates or any of its respective directors, officers, employees, agents or subcontractor, be liable under any theory of tort, contract, strict liability or other legal theory for lost profits, lost revenues, lost business opportunities, exemplary, punitive, special, incidental, indirect or consequential damages, each of which is hereby excluded by agreement of the Parties, regardless of whether such damages were foreseeable or whether any party or any entity has been advised of the possibility of such damages.

11.3. Neither Party nor their respective affiliates, subsidiaries, or subcontractors shall have liability for delays or damages due to: fire, explosion, lightning, pest damage, power surges or failures, strikes or labor disputes, water, acts of God, the elements, war, civil disturbances, acts of civil or military authorities or the public enemy, inability to obtain parts or supplies or network access, transportation facilities, fuel or energy shortages, acts or omissions of any common carrier or its agent (including the local exchange companies), or other causes beyond a Party's control whether or not similar to the foregoing.

12. DISCLAIMER OF WARRANTIES

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12.1. PAX shall not be considered responsible for the suspension and interruption of the Software in the following circumstances:

12.1.1. PAX is engaged in scheduled or emergency maintenance periods, as provided for in this Agreement;

12.1.2. use of the Software is conducted in an unauthorized manner.

12.2. PAX shall not be responsible for any damage or loss other than the operation of PaxStore itself.

13. TERM

13.1. This Agreement will be valid and binding upon the Parties as of November 1st, 2018 (the "Effective Date") and will remain in full force and effect indefinitely, unless and until [redacted]

13.2. This Agreement is signed between the Parties on this date, however:

(i) it retroactively applies to all the Hardware and Software that PagSeguro acquired from PAX; and

(ii) the fees foreseen on this Agreement are only due from the date of its signature, and no amount will be due for the retroactive period.

14. SUSPENSION AND TERMINATION

14.1. Either Party has the right to restrict, suspend or terminate the Agreement upon notice to the other Party, in any of the following situations:

14.1.1. A breach of this Agreement, which is not cured within [redacted]

14.1.2. Breach of any applicable laws, regulations or any governmental body's current policy;

14.1.3. Either Party engaged in any deceptive or unlawful act;

14.1.4. Any change in laws, regulations or policy requiring PAX to discontinue the Software or the Maintenance; or

14.1.5. Either Party becomes the subject of any bankruptcy, liquidation, dissolution or similar proceedings.

14.2. Obeying the provisions of the clause below, both Parties may terminate the agreement at any time with [redacted]. Neither Party shall be liable to the other for the termination of the Agreement or for any consequence arising out of termination of the Agreement under this clause.

14.2.1. PAX shall not be able to terminate this Agreement for a period of [redacted] starting from the date of its signature.

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14.3. It is agreed between the Parties that PagSeguro may amend or terminate the Agreement with the purpose of adapting this Agreement to the sectoral rules, mainly, but not limited to the rules imposed by the Brazilian Central Bank – BACEN. If above circumstances occur, which results in PagSeguro's demand for any change of this Agreement, PagSeguro is obliged to notify PAX and the parties shall conduct further negotiation.

14.4. Upon termination of this Agreement, [redacted]

14.5. Notwithstanding anything in this Agreement to the contrary, the following survival terms shall apply: (a) section 8 (Intellectual Property Rights); 9 (Confidential Information) shall survive for five (5) years after the expiration or termination of this Agreement for any reason; and (b) any other provision of this Agreement that due to its nature must survive shall be in full force and effect in accordance with the respective prescriptive or preclusion terms of law regarding that matter.

14.6. If this Agreement is terminated according to any of the situations foreseen on clause 14.1. or before the term foreseen on clause 14.2.1., or if PAX decides to no longer offer the Software and services as foreseen on this Agreement, PAX agrees to irrevocably assign the source code of the Software, in its entirety, to PagSeguro, allowing PagSeguro to be able to carry out its maintenance, adaptations, derivations, transformations and updates that it considers are necessary, appropriate or convenient, as well as being able to provide it, along with its services, to End Users and PagSeguro's Business Partners. This assignment will be characterized as an irrevocable, full, total and definitive assignment of all rights related to the source code of the Software.

15. MISCELLANEOUS

15.1. This Agreement hereto constitutes the entire agreement and understanding between the Parties and supersedes all other prior and contemporaneous communications, discussions, understandings, negotiations, arrangements and agreements between the Parties, whether written or oral, relating to the subject matter of this Agreement. Rights and obligations established hereof shall bind the Parties and their respective successors in irrevocable and inalterable basis.

15.2. No agency, partnership, joint venture or employment relationship is created between PagSeguro and PAX by way of this Agreement. In the performance of their respective obligations hereunder, the Parties are, and will be, independent. Neither Party will bind, or attempt to bind, the other Party to any contract or the performance of any obligation, and neither Party will represent to any third party that it has any right to enter into any binding obligation on the other Party's behalf.

15.3. Except to an affiliated entity or in connection with the merger, reorganization or sale of all or substantially all of its business or assets, or subject to mandatory rules of applicable law, neither Party may assign any rights or obligations hereunder without the prior written approval of the other Party. Any attempt to assign any rights, duties or obligations hereunder without the other Party's written consent will be void.

15.4. Neither Party is responsible for delays or failures in performance (other than payment) resulting from acts of God, strikes, lockouts, riots, acts of war and terrorism, embargoes, changes in governmental regulations, epidemics,

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fire, communication line failures, power failures, earthquakes and other disasters beyond the reasonable control of such Party (each, a "Force Majeure"). If a claim by a Party for release of its obligations under this section 15.4 exceeds thirty (30) days, then the other Party has the right to terminate this Agreement without penalty of any kind. Neither Party is entitled to relief under this section to the extent that any event otherwise constituting an event of Force Majeure results from the negligence or fault of such Party or its employees or agents.

15.5. The failure of a Party to assert any of its rights under this Agreement, including the right to terminate this Agreement in the event of breach or default by the other Party, will not be deemed to constitute a waiver by that Party of its right to enforce each and every provision of this Agreement in accordance with its terms.

15.6. This Agreement is executed in English and Portuguese languages. In the event of any conflict, the Portuguese version shall prevail.

16. GOVERNING LAW AND DISPUTE RESOLUTION

16.1. This Agreement shall be governed by and construed in accordance with the internal substantive laws of Brazil, without regard to conflicts of law's provisions.

16.2. To expedite resolution and control the cost of any dispute, controversy or claim related to this Agreement ("Dispute"), the Parties agree to first attempt to informally negotiate any Dispute for at least [redacted] before initiating any court proceeding, with exception to (a) Disputes seeking to enforce or protect, or concerning the validity of, any intellectual property rights; (b) any Dispute related to, or arising from, allegations of theft, piracy, invasion of privacy or unauthorized use; and (c) any claim for injunctive relief. Such informal negotiations commence upon written notice from one Party to the other.

16.3. All Disputes, conflicts and questions that directly or indirectly result from this Agreement that are not resolved by mutual agreement between the Parties shall be submitted to the sole and exclusive jurisdiction of the state courts located in the city of São Paulo, state of São Paulo, Brazil, which shall have exclusive jurisdiction over any suit arising from those matters.

16.4. If any provision of this Agreement is determined to be invalid under any applicable statute or rule of law, it is to that extent to be deemed omitted, and the balance of the Agreement will remain enforceable.

São Paulo, September 19th 2022.

PAX Technology Limited		Zolon Technology (HK) Limited	
Signature:	DocuSigned by: 7E295740783649A...	Signature:	DocuSigned by: C54D03DE84FA4DA...
Name:	Sun Yun	Name:	Zheng Renchi
Date and Place:	2022年9月19日 | 19:31:15 PDT	Date and Place:	19 September 2022 | 23:42:31 PDT
PagSeguro Internet Instituição De Pagamento S.A.			
Signature:	DocuSigned by: 1D8FA6C8FC014C9...	Signature:	DocuSigned by: 777C90E710EF4A4...
Name:	Artur Gaulke Schunck	Name:	Renato Bertozzo Duarte
Date and Place:	20 de setembro de 2022 | 02:05:48 PDT	Date and Place:	20 de setembro de 2022 | 01:51:03 PDT

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Witnesses:

Signature:	DocuSigned by: Carlos Ficher B2C49732DF66461...	Signature:	DocuSigned by: Luciana Rafaelly Gomes Santana E996B982E3EC4D4...
Name:	Carlos Ficher	Name:	Luciana Rafaelly Gomes Santana
ID:		ID:	

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ATTACHMENT I
Acceptable Use Policy

This Acceptable Use Policy (this "Policy") sets outs rules of restricted behavior and/or activities applicable to the use of the Software.

1 RESTRICTED BEHAVIOR

1.1. As a condition of access to the Software, the person accessing the Software will comply with any and all applicable laws and regulations when using the Software.

1.2. The Merchant shall agree that it will not engage in any illegal (or possible illegal) harmful activities including:

a) engage in any fraudulent, deceptive or misleading activities;
b) pose a risk of loss and damage to the Software, systems, computers or any portion of the Software content;
c) access to accounts in an unauthorized manner;
d) copy, download, compile or otherwise use any Software content for operating a business that competes with PAX for commercial purpose, unless authorized by PAX; or
e) infringe and misappropriate PAX's rights or any third party's rights of intellectual property and proprietary.

1.3. Merchant shall agree that it will not engage in security (or potential security) interference including:

a) try to interfere with any parts of the Software, examples as virus, Trojan horse or other malicious code;
b) reverse compile and reverse engineer of the Software;
c) disrupt any computer or server used to support the Software;
d) access to and monitor data on systems via unauthorized access; or
e) breach any security measures taken by PAX.

1.4. Merchant shall agree that it will not interfere with any system (including network, computer and software application) including:

a) access to and interfere with the proper function of any System without permission;
b) engage in any behavior that may constitutes network abuse of any system;
c) try to test, probe, scan and attack the vulnerability of any security features on PAX's systems; or
d) engage in any behavior that may undermine the security of any of PAX's system.

2 BREACH OF THIS POLICY

2.1. In addition, Merchant shall agree that PAX may report any illegal activity under Applicable Law to law enforcement agencies, who may cooperate with PAX to investigate the illegal conducts. Such investigation may be involved in disclosure of contents and information in relation to illegal conducts.

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ATTACHMENT II
SOFTWARE PRIVACY POLICY

This Privacy Policy (referred to as "Policy" hereinafter) applies to the use of the Software and sets out when PAX's support team may access, use and disclose the information pursuant to the use of the Software. By using the Software, the Merchant will be accepting to be bound by the terms herein.

1 DATA SUBMISSION

1.1. This Privacy Policy applies to the information (referred to as "DATA" hereinafter) submitted, uploaded, transmitted or displayed in the Software; for example a company name, country, user name, contact addresses, telephone numbers, email addresses, billing information of either the Merchant or End Users, in connection with the use of the Software.

1.2. The information PAX receives comes from:

a) The Merchant giving it to PAX;
b) The Merchant entering and browsing the Software and/or other sources when the Merchant uses the Software for business purposes;
c) Merchant or PagSeguro contacting PAX's supporting groups or service support team.

1.3. Merchant and End User both are entitled, individually, to require PAX to correct and/or delete such DATA, and may also request PAX to provide feedback regarding what PAX stores in relation to Merchant's and End User's information as applicable. PAX shall respond to such requests within five (05) working days.

2 DATA RETENTION

2.1. PAX may use, retain and disclose information received from Merchant, End Users or PagSeguro for the following purposes:

a) Maintaining Merchant's registration and ensuring Merchant's registration is valid for use of the Software;
b) Maintaining the Software service and improving PAX's quality of service;
c) Retaining and using the information under Merchant's, End Users' or PagSeguro's instructions, as applicable; or
d) Purposes which are reasonably related to the aforesaid data retention, disclosure, and usage.

2.2. PAX may only retain the DATA in accordance with the purposes above to maintain the Software.

3 DATA SECURITY

3.1. PAX uses commercially reasonable endeavors and security technology for the adoption of identity and/or access management measures, for the purpose of preventing unauthorized access to information and to prevent illegal processing. Nevertheless, no one can guarantee 100% data security. PAX cannot and do not guarantee perfect security in Merchant's use of the Software.

3.2. If the Software is installed on infrastructure that is the responsibility of PagSeguro (either proprietary or third Party), PAX shall not have access to PagSeguro's any information on Merchant, PagSeguro's Business Partners or End Users that is stored there, unless expressly authorized by PagSeguro.

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4 DATA DISCLOSURE

4.1. PAX uses commercially reasonable endeavors and security technology to provide global privacy protection, data security and a security control environment. PAX shall not access, use, collect, replicate, sell, rent, disclose, move or transfer the information to others except as:

a) Required by the Agreement and other such agreements;
b) Required by laws or country regulations;
c) Required by a court order or other legal process;
d) Required by a governmental authority or government body;
e) For protecting our or your rights (especially legal rights), property or safety of our personnel or our affiliates.

4.2. PAX shall not share information with others except under the following circumstances:

a) With third-party service providers, such as IT server providers or a company within PAX Group for market assistance purposes;
b) If PAX sells any subsidiary or business unit that provides the Software or services associated, in which case the information may be transferred along with business assets, which in turn may be sold and shared by the successor, but such policies will be complied with and updated continually;
c) PAX may release information under laws, regulations, and other agreements for protecting rights, property or safety of PAX, our users, end users and others. Obviously, however, this is only for reasons above, not for commercial purposes; or
d) Other than as set out above, PAX may release information to third parties with the prior consent in writing of PagSeguro or the person to whom the information relates. Whether to share information or not is at PagSeguro and the persons sole discretion.

5 SCOPE OF THIS POLICY

5.1. This Policy forms an important part of the Agreement. Any terms in this policy will have the same meaning in the Agreement.

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ATTACHMENT III

PAX Service Level Agreement

This PAX Service Level Agreement ("SLA") is a policy governing the use of the Software under the terms of the Agreement between PAX Technology Limited, whose registered office is at Room 2146, 24th floor, Sun Hung Kai Center, 30 Harbour road, Wanchai, Hong Kong ("PAX", "us" or "we") and **PAGSEGURO INTERNET S.A.**, whose registered office is at Avenida Brigadeiro Faria Lima, 1384, 4º floor, part A, São Paulo, São Paulo, Brazil, Postal Code 01451-001, enrolled with the General Taxpayers' Registry of the Ministry of Finance (CNPJ/MF) under number [redacted] (herein referred as "PagSeguro"). Unless otherwise provided herein, this SLA is subject to the terms of the Pax Store License Agreement - Terms and Conditions ("Agreement") and capitalized terms will have the meaning specified in the Agreement. We reserve the right to change the terms of this SLA in accordance with the Agreement.

1 SERVICE COMMITMENT

1.1. Availability. we will use commercially reasonable efforts to make the Software available with a Monthly Uptime Percentage (defined below) of at [redacted] The availability pertains to ensure the Software is free from any bugs that may cause unavailability or improper operation of the Software, as foreseen on clause 5.9. of the Agreement.

1.2. Data Security. we will implement reasonable and appropriate measures designed to help secure the data obtained from the Software against accidental or unlawful loss, access or disclosure.

1.3. Data Privacy. we will not access or use any data obtained by or via the Software except as necessary to maintain or provide the Software, or as necessary to comply with the law or a binding order of a governmental body. We will not disclose Your content to any third party.

2 DEFINITIONS

2.1. "Monthly Uptime Percentage" is calculated by [redacted] .

2.2. "Unavailable" means that [redacted].

3 CHANGES

3.1. To the Service Offerings. We will quarterly update the Software to enhance or add new features. We will notify PagSeguro of any material change to the Services. These changes shall follow the Maintenance proceeding foreseen on clause 4.3. of the

3.2. Requested by PagSeguro. Demands related to new features, enhancements and bug fixes that are requested by PagSeguro and negotiated between the Parties. If requested by PagSeguro, the new features must be unique within the new upgrade package, so as not to contain any further modifications or upgrades made by PAX. The installation of these upgrades shall follow the Maintenance proceeding foreseen on clause 4.3. of the Agreement. The Parties agree that features and enhancements requested by PagSeguro shall take into account a [redacted] The Parties agree that bug fixes shall be made free of charge by PAX and shall not consume any of the man-hours foreseen on this clause.

3.3. To the APIs. We may change any APIs for the Software from time to time. For any discontinuation of or material change to an API, we undertake to continue supporting the previous version of such API for 24 months after the change

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or discontinuation (except if doing so (a) would pose a security or intellectual property issue, (b) would cause us to violate the law or requests of governmental entities or (c) if PagSeguro requests for its non-discontinuation).

4 TECHNICAL SUPPORT SERVICE

4.1 PAX shall provide technical support services 24x7 (twenty-four hours per day, seven days per week) by:

- 4.1.1 All necessary detailed and up-to-date software documentation;
- 4.1.2 Monitored e-mail support;
- 4.1.3 Running a browser based online issue tracking system (issue tracking system support);

4.2 Remote assistance will be provided in line with the above timescales dependent on the priority of the support request.

4.3 Raised issues are categorized into five areas, with the following priority by PAX:

Category	Type of error	Resolution time	Penalty
Urgent	Software - errors in the Software that prohibit the Merchants to upload, download, update/install or push the application/firmware, or core functionality is not available and there is no workaround.	[redacted]	[redacted]
Priority	Software - errors in the Software that prohibit the Merchants to upload, download, update/install or push the application/firmware, or core functionality is not available, but there is a workaround.	[redacted]	[redacted]
High	Software – errors that do not prohibit the Merchants from performing ordinary transactions but do present major disadvantages and delays in the transaction processing, and/or important functionality is not available and there is no workaround.	[redacted]	[redacted]

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Medium	Software – errors that do not prohibit the Merchants from performing ordinary transactions but do present major disadvantages and delays in the transaction processing, and/or important functionality is not available and there is a workaround.	[redacted]	[redacted]
Low	Day to day technical questions regarding the Software or functional errors which are not seen as a time critical activity.	[redacted]	[redacted]

4.4 PAX shall manage proper follow up of all support requests. PAX is to assign a person at a sufficient management level to whom can be escalated whenever the partner has questions or complaints of the follow-up of the support requests.

4.5 PAX shall manage proper follow up of all support requests. PAX is to assign a person at a sufficient management level to whom can be escalated whenever the partner has questions or complaints of the follow-up of the support requests.

4.6 The Penalties foreseen on clause 4.3. shall be [redacted]. PAX must present PagSeguro with a monthly report regarding all the incidents/issues presented and if they were solved or attended timely.

4.7 The amounts due as Penalties will be [redacted].

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ATTACHMENT IV

PAX GoInsight Cloud Service Agreement

This Agreement of GoInsight (referred to as "Agreement" hereinafter) sets outs the descriptions of GoInsight cloud services, fee structure and Pricing model.

1. SCOPE and DEFINITION

"GoInsight" is a cloud servisse of Big Data analysis developed by PAX, which is designed for all types of organizations, devices, and transactions. It enables users to build data applications efficiently and economically. Its combines platform flexibility, ease of operation and rich features to help users to implement data-driven policies, boosts business growth and improves operational performance.

"GoInsight" runs on a cloud server and is provided to the clientes as a service. The clientes get access to this service through subscription.

"GoInsight" is NOT part of PAXStore software. The aim of this service is to expand the clients' ability for big data analysis.

2. AGREEMENTS

2.1. Pageseguro agrees to subscribe to PAX's GoInsight cloud service for a [redacted] starting on July 2021.

2.2. Upon the signature of this contract, PAX shall provide Pagseguro all the information neccessary to access the GoInsight cloud service.

2.3. Pagseguro agrees to pay for the service according to the pricing conditions as specified in Clause 3.

3. PRICING & PAYMENT

3.1. The subscription fees [redacted].

3.2. The charge will not apply if:
[redacted].

3.3. PAX shall invoice Pagseguro the fees [redacted]

4. RIGHTS

GoInsight is a cloud service provided by PAX. By subscribing to it, Pagseguro is granted the right to use this service for its own business purpose. PAX reserves all rights. The subscription does not result in or imply the transfer of ownership, licensing or intelectual rights of the cloud software itself.

The data uploaded by Pagseguro to the server belong to Pagseguro and PAX shall not have the ownership over them.

5. SUBSCRIPTION RENEWAL AND TERMINATION

5.1. If not otherwised agreed, Pagseguro shall renew the subscription automatically upon continuous payment.

5.2. The subscription is terminated if i) Pageseguro requests to terminate with a written notice to PAX; or ii) Pagseguro ceases to pay for the subscription.

Exhibit 8.1

Subsidiaries of PagSeguro Digital Ltd.

1. BS Holding Financeira Ltda. (Brazil)
2. PagSeg Participações Ltda. (Brazil)
3. PagSeguro Holding Ltd. (Cayman)
4. PagSeguro Internet Instituição de Pagamento S.A. (Brazil)
5. BancoSeguro S.A. (Subsidiary og BS Holding Ltda.) (Brazil)
6. Wirecard Brazil Instituição de Pagamento S.A (Subsidiary of PagSeguro Internet Instituição de Pagamento S.A.) (Brazil)
7. RegistraSeguro S.A. (Subsidiary of PagSeguro Internet Instituição de Pagamento S.A.) (Brazil)
8. Concil Inteligência em Conciliação S.A. (Subsidiary of PagSeguro Internet Instituição de Pagamento S.A.) (Brazil)
9. PagSeguro Biva Securitizadora de Créditos Financeiros S.A. (Subsidiary of PagSeguro Internet Instituição de Pagamento S.A.) (Brazil)
10. Netpos Serviços de Informática S.A. (Subsidiary of PagSeguro Internet Instituição de Pagamento S.A.) (Brazil)
11. BCPS Online Services, Lda. (Subsidiary of PagSeguro Internet Instituição de Pagamento S.A.) (Portugal)
12. PagBank Participações Ltda. (Subsidiary of PagSeg Participações Ltda.) (Brazil)
13. CDS Serviços Financeiros Ltda. (Subsidiary of PagSeg Participações Ltda.) (Brazil)
14. Net+Phone Telecomunicações Ltda. (Subsidiary of PagSeg Participações Ltda.) (Brazil)
15. 1Boa Compra Tecnologia Ltda. (Subsidiary of PagSeg Participações Ltda.) (Brazil)
16. PagSeguro Biva Serviços Financeiros Ltda. (Subsidiary of PagSeg Participações Ltda.) (Brazil)
17. PagSeguro Biva Correspondente Bancário Ltda. (Subsidiary of PagSeguro Biva Serviços Financeiros Ltda.) (Brazil)
18. Zygo Serviços de Tecnologia S.A. . (Subsidiary of PagBank Participações Ltda.) (Brazil)
19. BoletoFlex Tecnologia e Serviços S.A. (Subsidiary of PagBank Participações Ltda.) (Brazil)
20. Tilix Digital Ltda. (Subsidiary of Bank Participações Ltda.) (Brazil)
21. Yamí Software & Inovação Ltda. (Subsidiary of PagBank Participações Ltda.) (Brazil)
22. PagSeguro Chile SpA. (Subsidiary of PagSeguro Holding Ltd.) (Chile)
23. PagSeguro Colombia (Subsidiary of PagSeguro Holding Ltd.) (Colombia)
24. PSGP Mexico S.A. de C.V. (Subsidiary of PagSeguro Holding Ltd.) (Mexico)
25. PagSeguro Peru S.A.C. (Subsidiary of PagSeguro Holding Ltd.) (Peru)

CODE OF ETHICS AND CONDUCT OF GRUPO UOL

Grupo UOL is the largest Brazilian group of content, technology, services and electronic payment means, and it is comprised by four large business units:

- **UOL Conteúdo e Serviços (Content and Services)**: incorporated in 1996, UOL's website is the leading website in the Brazilian Internet, and it offers over 1,000 channels of journalism, information, entertainment and services. With coverage of 92% of the Brazilian Internet, UOL's homepage receives over 110 million unique visitors/month. UOL CS also offers solutions for electronic media, security products and convenience, Wifi connection, entertainment, among others.
- **PagBank/PagSeguro:** offers all-in-one solutions for online and in-person payments (mobile and POS) for all payment means (credit and debit cards and meal vouchers), in addition to free electronic accounts which allow for the payment of bills, cellphone top-up, salary portability, and sending and receiving wire transfers (TEDs).
- **Compass UOL:** offers all-in-one solutions in IT outsourcing for large companies.
- **UOL EdTech:** platform with e-learning solutions.

The **Code of Ethics and Policies of Grupo UOL** sets forth how the professional activities shall be performed, and it must be acknowledged and complied with by all employees in their roles. It is comprised by the following items:

1. Mission, View and Values.
2. Personal behavior.
3. Company's property protection.
4. Behavior in business.
5. Behavior on social media.
6. Code of ethics for journalists.
7. Behavior in agreements related to investment activities.
8. Situations where questions may arise.
9. Liability for the compliance with the Code of Ethics and Policies of Grupo UOL.
10. Questions and whistle blowing.

1. Mission, View and Values.

1.1. GRUPO UOL

Mission: To offer the best electronic products and services to Internet users and clients, in a way to make people's and company's daily routines easier.

View: To consolidate as the largest Internet and electronic services company in Brazil, through a modern and profitable group of companies and business units.

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Values:

- **EDITORIAL INDEPENDENCE:** The journalistic content of UOL is produced based on principles of editorial independence, transparency and pluralism.
- **FINANCIAL INDEPENDENCE:** UOL Group understands that editorial independence and value generation for shareholders depends on the financial health of the business corporation.
- **ETHICS:** our internal and external relationships are governed by integrity and honesty.
- **COMMITMENT TO THE CUSTOMER:** we respect privacy and seek the protection and security of our users and customers data.
- **AGILITY AND TECHNOLOGICAL INNOVATION:** we improve the user experience and anticipate their needs.
- **COOPERATION AND DIVERSITY:** we work as a team, sharing knowledge, valuing diversity, and driving the continuous development of people, areas and companies in the UOL Group.
- **EXCELLENCE** in service provision.
- **SIMPLICITY, RELEVANCY, AND FACILITY** of use of products and services.
- **RESULTS ORIENTATION:** we continuously monitor our performance, always focused on sustainable business growth.

1.2. In addition to the general Mission, View and Values of Grupo UOL, the companies and business units comprising the Group must also follow specific instructions:

1.2.1. PagBank/PagSeguro (payment means and financial services):

Mission: To transform and democratize banking and payment services in Brazil, through a digital ecosystem that is simple, secure and accessible for merchants and consumers.

Values:

- **All for the customer:** we make our customers' lives easier, democratizing access to financial services in a simple and safe way.
- **Ownership attitude:** we take responsibility, focus on the delivery, act with a sense of urgency and make it happen.
- **Cooperation:** we welcome everyone who arrives, by sharing knowledge, valuing the diversity of opinions and working together to develop value for our customers and investors.
- **Innovation:** we cultivate innovation as a fuel to do things differently and to go beyond the conventional.
- **Ethics:** we maintain integrity in our relationships, acting with seriousness and honesty, always based on the truth, justice and a common good, which reinforces our credibility in the market.
- **Sustainable results:** we believe in constant business growth, making the best decisions, without compromising medium and long-term results.

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1.2.2. UOL Conteúdo e Serviços (UOL CS):

Mission: To connect each Brazilian to their universe, informing, entertaining and making each one's life easier.

Values:

- **Ethics:** what is right is right, regardless the consequences.
- **Credibility:** It is the basis of our company, and without it we would not be what we are. It takes years to build it, but a second to lose it. Lie and omission are the same thing.
- **Diversity and Freedom of Expression:** We respect and consider everyone's ideas and collaboration, regardless the age, orientation, education, experience or position. We promote healthy and respectful discussion between different points of view. Everyone can put their point of view without retaliation.
- **Respect and transparency with our customers:** In all business decisions, we focus on understanding, meeting and exceeding our customers' expectations. We have an obligation to be honest, transparent, respectful, listen to them and offer excellent service.
- **Cooperation and teamwork:** We are a team. We encourage the exchange of information and collaboration between areas. There are no "silos".
- **Constant search for quality:** We seek quality in any activity we do. We plan and execute with excellence.
- **Innovation:** There is no "because it was always done this way". We encourage experience and consequently we understand that we will fail along the way, but we will fix it fast.
- **Obsessive focus on results and owner mentality:** We plan and execute our activities as if we were the owners of the company. We don't waste resources. We always seek to maximize results for the company and return for shareholders. We believe that achievements for employees come from companies that generate results.

1.2.3. Compass UOL:

Mission: Create digital experiences that enable companies to grow and improve people's lives.

Values:

- **Sense of urgency:** meeting deadlines, executes quickly and takes advantage of opportunities.
- **Uncomplicated is better:** it goes straight to the point, bets on creativity and solves challenges in a structured and lasting way.
- **Focus on results:** in addition to fulfilling the assigned tasks, it fulfills the established deadlines, cost and quality goals.
- **Autonomy and delegation of responsibility:** communicates assertively, collects status, monitors the progress of projects and seeks all clarifications so that all objectives are achieved.
- **Persistence is the key:** pursue achievable goals, look for the best way to achieve them and set firm purposes.
- **Shared knowledge:** implements multiplier actions and has a collaborative posture.
- **Communication and formalization:** seek for agile means, ensuring good communication, in an aligned manner, without forgetting to formalize important decisions.
- **It's the people who make the difference:** to deliver excellent results, we need excellent people. For this we treat everything that involves our team with dedication. We demand results, we recognize those who achieve them and we make this a cycle of continuous evolution.

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1.2.4. UOL EdTech:

Mission: To transform the way how people learn throughout their lives, by using educational technologies and promoting online learning experiences with quality.

Values:

- Entrepreneurship: we make entrepreneurial decisions.
- Collaboration: we believe that the team is bigger than the player.
- Learning: we develop people.
- Overcoming: we bring constant challenges.
- Passion for teaching: we are passionate about education.
- Impact: we want to leave a legacy.

2. Personal behavior

The image of Grupo UOL as for its ethical behavior must be preserved by its employees under any circumstances. In order to achieve that, all employees must act according to the highest ethical standards, continually practicing responsible judgment in negotiations and resolutions. All employees must treat clients, suppliers, competitors and employees of the Company in a balanced and ethical way.

2.1. Work environment

- Grupo UOL offers a sound and safe environment that promotes professional development and production. The practices of sexual or moral harassment, discrimination or prejudice of any type, such as based on race, skin color, religion, gender, etc. are forbidden.
- Employees shall promote an environment based on cooperation and respect towards coworkers, as well as the clients, vendors, partners, etc.
- Employees shall not, under any circumstance, use their position, title or information from companies of Grupo UOL in a way to pressure or influence decisions to the benefit of their own private interests, or to the benefit of suppliers, clients, partners, etc.
- Employees shall not use data, information or intellectual property of the company or partners, except upon consent and within the strict performance of their duties, always in compliance with the copyrights of ideas, projects, etc.
- Managers shall watch over relationships in the work environment, making sure they are always based in professionalism and respect towards other employees. They shall also make all internal promotion and management criteria clear, based on individual/joint performance and meritocracy.
- Managers shall promote the Company's view and values, in a way to transmit them in a clear manner to the team and to align the performance of the team to the corporate goals.

2.2. Click here to see information on mobbing and sexual harassment.

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3. Company's property protection.

3.1. All employees are responsible for the physical integrity of the properties and assets of Grupo UOL's companies, as well as to ensure its proper and effective use, at all times with professional purposes and pursuant to the law. Such assets include, among others, real estate and securities, machinery and equipment, systems, financial resources, supplies, information, data bank, copyrights, patents, etc.

3.2. Information Security: Information security: all employees must keep confidential all information provided by Grupo UOL, except when the disclosure is expressly authorized. Read our Information Security Policy.

3.3. Participation in external events (in Brazil or abroad): all employees must be aware of the Policy of participation of employees in external events (in Brazil or abroad), which establishes clear rules for the participation of employees in trainings, lectures, conferences, courses, interviews, etc., such as lecturer or audience, in Brazil or abroad. Read our Policy of participation in external events (in Brazil or abroad) and interviews.

4. Behavior in business.

All employees must be ethical and follow the legal requirements in all of their negotiations on behalf of the companies of Grupo UOL. Regardless of the organization type that the employee is dealing with, such employee must watch for the actual compliance with the agreements and arrangements entered into, establishing clear and objective rules, in addition to complying with the following general standards:

4.1. Vendors, partners, clients, etc.: the Company considers the concerns with ethical criteria crucial when negotiating and closing deals with vendors, partners, clients, etc. Such concern is even more material when we deal with professionals who directly deal the agreements with vendors and clients. In Grupo UOL's opinion, an employee who accepts benefits from vendors is morally hindered from negotiating for Grupo UOL's best interest. Access our Policy of Relationship with Vendors and Clients.

4.2. Compliance with laws: Grupo UOL complies with all laws and regulations applicable to its business. Whenever, at the exercise of their work/duty, the employee has a question about the applicability of any specific laws or regulations, they must seek help from Grupo UOL's legal department. Grupo UOL does not tolerate any type of behavior that in any may constitute corruption, embezzlement or exchange of favors.

5. Behavior on social media

Due to employment bond, all content produced by employees for social media - even if published on a personal basis - may result in associations with the image of Grupo UOL, hindering it. Thus, social media shall be used in a discerning form. The proper use of such electronic means and social media by the employees is deemed healthy by Grupo UOL, provided that the personal and professional uses are separated.

During work hours, all access to such websites must have a purpose related to the professional activity, in a way not to hinder the work routine.

Read our Social Media Behavior Policy.

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6. Code of ethics for journalists

- Journalists shall have their behavior guided by the concern to follow the highest ethical principles of such occupation, which include to never use its condition as a journalist in order to obtain personal benefits and not to write about matters of direct personal interest.
- In order to avoid an actual or apparent conflict of interest, UOL CS' journalists must not own investments in shares of companies about which they write on a regular basis. The recommendation is applicable to all employees, not only to those who cover the financial market. E.g., journalists covering health news shall not have investments in healthcare insurance companies, others who cover real estate news shall not have investments in construction companies, etc.
- The journalist must claim impediment and refuse task assignments on companies and other organizations with whom they have any kind of relationship.
- Any invitation received as a journalist of UOL CS shall be subject to inquiry by its immediate superior before acceptance. UOL CS is not obliged to publish texts on matters to the benefit of the person who made the invitation; only journalist criteria shall decide what will be used.
- All invitations to trips, cooperation with other communication means, attendance in conferences, workshops, courses, scholarships, internships must be submitted to the Chief Content Officer for approval. All attendance to events in which there appears to be or there is a conflict of interest are prohibited.
- In many cases, the presence of a journalist may change the course of operation of a certain service or event. When testing the services of a restaurant, for instance, it is convenient for the reporter to remain anonymous and it is mandatory that they pay their bill. Otherwise, their assessment may be compromised by a special service to which the reader would not have access.
- In the event of trips, when the invitation is accepted and it results in the published text, UOL's website, clearly discloses that the journalist had their expenses paid by the sponsor.
- The journalist must not take part in advertising. However, the possibility of acting in public interest campaign ads is allowed, upon prior authorization from the Chief Content Officer.
- The journalist must not accept gifts in a higher value than the one considered by Grupo UOL as material (check with Grupo UOL's HR department on the limit permitted), including material items or any special discounts in commercial establishments or industry. All gifts considered of material value sent to UOL CS, or to the journalist's house, must be submitted to Grupo UOL's HR for return with standard appreciation letter and explanation. All products to be used for disclosure and critical assessment, such as copies of disks, DVDs, books and software, are excluded from such provision.
- The UOL CS journalist must not ask for tickets of cultural events, such as concerts and theater plays. Whenever deemed necessary (at the discretion of the Chief Content Officer), UOL CS will pay for the tickets of the employees who are going to cover those events. If such concerts have exclusive areas for journalists, UOL CS may request accreditation.
- During work meetings with sources at restaurants or coffee places, UOL CS journalist must pay their share in the bill. UOL CS will reimburse the employee upon its superior approval.

(source: Manual of Journalistic Writing of Folha de S.Paulo).

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7. Behavior in agreements related to investment activities

7.1. Employees of PagBank PagSeguro and BancoSeguro performing tasks related to distribution of investment products shall comply with the following guidelines:

7.1.1. To avoid practices that may hinder the distribution of investment products, specially concerning rights and obligations related to the specific assignments of each participating institution established in agreements, regulations, in this code and in regulation in force.

7.1.2. To work in an unbiased form, know the code of ethics of the participating institution and the laws applicable to their activity.

7.1.3. To disclose clear and accurate information to investors about risks and consequences that may arise from the investment products.

7.2. PagBank/PagSeguro and BancoSeguro work to identify, manage and mitigate any conflicts of interest that may affect the impartiality of the employees who work on tasks connected to the distribution of investment products.

8. Situations where questions may arise

Grupo UOL trusts its discerning sense and the judgment capacity of its employees in order to prevent situations where conflicts of interests may arise (personal x corporate interests).

Here are some recommendations in order to prevent situations of conflict of interest from occurring:

- Employee of Grupo UOL shall not use their position/title to gain privileges;
- Employee of Grupo UOL shall not work for a competitor, including as an employee, advisor or member of the board;
- Employee of Grupo UOL, except if previously approved by Grupo UOL's CFO, shall not work as a vendor to Grupo UOL, represent a vendor of Grupo UOL, work for a vendor of Grupo UOL or be a member of the executive board while working for Grupo UOL. In addition, the employee may not accept cash or benefits of any kind in exchange for services or advisory services in connection to the business of Grupo UOL.

9. Responsibilities for the compliance with the Code of Ethics and Policies of Grupo UOL.

- Managers: all managers are responsible for knowing and transmitting the Code of Ethics and Policies of Grupo UOL to their teams, in addition to leading by example, as role model.
- Employees: all employees are responsible for knowing the Code of Ethics and Policies of Grupo UOL and acting pursuant the guidelines herein established.
- Breach: in the event of breaches to this Code of Ethics and Policies, Grupo UOL's HR department is responsible for conducting an investigation on the matter and listening to all involved parties, for subsequent escalation of the matter to the Board of Executive Officers or the CEO, as the case may be.

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10. Questions and whistle blowing

If the employee of Grupo UOL has any question on how to construe or apply the Code of Ethics and Policies, or if they have found procedures and behaviors contrary to this Code of Ethics and Policies of Grupo UOL, they shall send an e-mail to **canaldedenuncias@uolinc.com**.

The Code of Ethics and Policies of Grupo UOL is under the responsibility of the Human Resources Department of Grupo UOL. If any questions may arise, send it to canaldedenuncias@uolinc.com.

CONTROL OF CHANGES

Revision	Changes	Date
01	Revision 2021 | Human Resources	**July/21**
02	Revision 2022 | Human Resources	**April/22**
03	Revision 2022 | Human Resources	**June/22**

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Mobbing and sexual harassment

Grupo UOL is known for its inclusive, meritocratic and discrimination-free environment. Our DNA is comprised by journalistic activities and technology, where young teams continuously help creating an easy-going and colorful universe, guided by tolerance and imperative respect towards differences.

Our culture has become a great differential. Many employees who come from traditional companies report to have noticed a difference between internal cultures, and point out the benefits of our environment.

Grupo UOL's Code of Ethics and Conduct endorses such behavior:

"- The Company offers a sound and safe environment that promotes professional development and production. Mobbing, sexual harassment, any kind of discrimination or prejudice, such as based on race, skin color, religion, gender and sexual orientation is not permitted.

- Employees shall promote interaction based on cooperation and respect towards coworkers, as well as clients, vendors, partners, etc.

- Managers shall look after for relations in the work environment to be based on professionalism and respect towards other employees. They shall also make it clear that all criteria related to internal promotion and management is based on individual/group development and meritocracy.

- Managers shall promote the Company's values and vision in order to clearly disseminate them to the team and to align the team's development with corporate goals."

When we talk about human relations, good judgment and respect towards others are crucial to all levels and occasions. Within the work environment, there are interactions between employees who have different opinions and character traits. What was not construed as an offense in the past, now it may be.

Regardless, it is important to clarify some concepts and procedures on mobbing and sexual harassment, in order to improve or practices and offer support for specific cases.

1. What is harassment?

Harassment means to persecute someone or a group of people with the purpose of dominance and intimidation.

It is always inconvenient, and it hassles and/or embarrasses the person involved and it affects their dignity, creating a hostile and degrading environment with the purpose of humiliating and disrupting the person.

Harassment may be carried out through words, gestures, acts and even through virtual means (WhatsApp, e-mails, social media posts, etc.)

While there are different types of harassment, the ones that are mostly known and experienced in the workplace are mobbing and sexual harassment.

2. What is mobbing?

Mobbing is the deliberate repetition of acts, words (weather they are said out loud or by writing) and/or other behaviors exposing another person to humiliating and embarrassing situations, making the work environment a stressful place.

Most of the times, mobbing comes from a person who is in a higher hierarchical level than the other employees in the team.

When the mobbing is carried out by a person in an upper hierarchical level, the situation is more severe, as it diminishes, scares and despises the employee. However, it also may occur between persons who occupy similar positions.

Here is an example: mobbing may occur when two people, either a subordinate or a manager, disagree on the work results of the other coworker in a disrespectful, unproductive and negative way. Hostility, use of generic criticism or derogatory personal comments to the employee are unacceptable behaviors. Constructive feedback is always objective and clearly points out the specific issues, suggesting better choices than the one which was previously presented and reasons for that.

NOTE: the practice of administrative management in the Company's interest without discriminatory purpose does not constitute mobbing (e.g., allocation of tasks to employees, transfer of employee to another work position, change in working hours, etc.)

3. What is sexual harassment?

As of 2001, sexual harassment has become a crime in Brazil. It is provided by the Brazilian Criminal Code, article 216-A: *"Embarrass someone with the intention of obtaining sexual advantage or favor, whichever is the agent of its superior condition or ascendancy inherent in the exercise of employment, position or function."*

Therefore, it is an unwanted sexual conduct, which creates a hostile and degrading environment. It also comprises a series of implicit and explicit behaviors, such as unwanted sexual advances and even requests for sexual favors, in addition to comments on body traits, whistles, touching and even obscene gestures.

The person who suffered the harassment must make their disagreement clear to the perpetrator for the behavior to be characterized as sexual harassment.

4. Report to HR:

The Company encourages to promptly report the cases to HR, so that the department can take actions before the relation becomes irreparable. Fast intervention is strongly recommended.

The employee shall contact HR through: canaldedenuncias@uolinc.com, reporting the situation or requesting a face-to-face hearing. The person who suffered the harassment is the only one who shall submit their case. No third-party whistleblowing will be accepted, although they may encourage the person under harassment to ask for help.

Communication shall only be received by Grupo UOL's Head of HR (Fabiana Verdichio) and kept confidential. If necessary, Grupo UOL's Head of HR may submit the matter to the Head of HR/Legal.

5. How are the investigation procedures?

All claims will be immediately investigated by the Head of HR, who may allocate a qualified employee to help the investigation, if needed.

The claim shall be submitted through e-mail canaldedenuncias@uolinc.com, and will be handled by the Head of HR/Legal, with legal advisory, if needed.

All investigation procedures will be explained and a written agreement of the claimant will be requested. Once the procedure is completed, the investigation procedure immediately begins.

The employee who is involved in the claim will also be heard by the Head of HR, in order to present their version of the facts.

All employees who report harassment or mobbing claim will be ensured:

- with full protection against any type of retaliation;
- that the Company will perform an unbiased investigation and will take the proper measures;
- with confidentiality regarding allegations, as required; and
- that the Company will inform the claimant about all results and measures taken regarding the case.

If the misconduct is proven, the Company will take proper disciplinary measures and it may even proceed to terminate the employment contract.

If you have any questions, send an e-mail to canaldedenuncias@uolinc.com.

Exhibit 12.01

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED

I, Ricardo Dutra da Silva, certify that:

1. I have reviewed this annual report on Form 20-F of PagSeguro Digital Ltd. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 28, 2023

By: /s/ Ricardo Dutra da Silva
Name: Ricardo Dutra da Silva
Title: Chief Executive Officer

Exhibit 12.02

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED

I, Artur Schunck, certify that:

1. I have reviewed this annual report on Form 20-F of PagSeguro Digital Ltd. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 28, 2023

By: /s/ Artur Schunck

Name: Artur Schunck
Title: Chief Financial Officer, Chief Accounting Officer and Investor Relations Officer

Exhibit 13.01

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 UNDER THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of PagSeguro Digital Ltd. (the "Company") does hereby certify, to such officer's knowledge, that:

(i) The Annual Report on Form 20-F for the year ended December 31, 2022 of the Company ("Form 20-F"), as filed with the U.S. Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2023

By: /s/ Ricardo Dutra da Silva

Name: Ricardo Dutra da Silva
Title: Chief Executive Officer

Exhibit 13.02

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 UNDER THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of PagSeguro Digital Ltd. (the "Company") does hereby certify, to such officer's knowledge, that:

(i) The Annual Report on Form 20-F for the year ended December 31, 2022 of the Company ("Form 20-F"), as filed with the U.S. Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2023

By: /s/ Artur Schunck

Name: Artur Schunck
Title: Chief Financial Officer, Chief Accounting Officer and Investor Relations Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-223508) of PagSeguro Digital Ltd. of our report dated March 2, 2023 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F. We also consent to the reference to us under the heading "Selected Financial and Operating Data" in this Form 20-F.

/s/ PricewaterhouseCoopers Auditores Independentes Ltda.
São Paulo, Brazil
April 28, 2023