

Stone Co 3Q25 Earnings Conference Call

November 6, 2025

Operator:

Good evening, everyone. Thank you for standing by. Welcome to StoneCo's third quarter 2025 earnings conference call. By now everyone should have access to our earnings release. The Company also posted a presentation to go along with its call. All material can be found online at investors.stone.co.

Before we begin the call, I advise you to review the disclaimer included in the press release and presentation, which outlines important information about forward-looking statements and non-IFRS financial measures.

In addition, many of the risks regarding the business are disclosed in the Company's Form 20-F filed with the Securities and Exchange Commission, which is available at www.SEC.gov.

In hindsight, I would like to highlight that the Company is restricting the number of questions to one per analyst.

Joining the call today is Stone's CEO, Pedro Zinner, the CFO and IRO, Mateus Scherer, the Strategy & Marketing Officer, Lia Matos, and the Head of IR, Roberta Noronha. I would now like to turn the conference over to your host, Pedro Zinner. Please proceed.

Pedro Zinner – Chief Executive Officer

Thank you, operator, and good evening everyone. I'd like to start with a brief update on our key performance metrics and our capital allocation strategy. In the third quarter, we continued to make solid progress toward our 2025 objectives, even in a more challenging macro environment. Our Adjusted Gross Profit grew 15.2% year-to-date despite our ongoing share buyback program, which has had some impact on this metric.

Meanwhile, for the first nine months of 2025, our Adjusted Basic EPS reached R\$6.9 per share, up 37% year-to-date, keeping us well on track to meet our full-year target.

Despite external headwinds, our team is performing with discipline and focus, delivering consistent value to our clients and shareholders.

Turning to capital allocation, we have maintained a disciplined approach to returning capital to shareholders through share buybacks. In the last twelve months, we have returned R\$2.8 billion to shareholders, about 10% yield for the period.

Building on the R\$3 billion in excess capital we identified last year, I'm pleased to report that by the end of October we had already returned **74%** of that amount to investors.

This underscores our commitment to return excess capital through buybacks or dividends when we don't have immediate value-accretive investment opportunities. Our goal remains the same: exercise financial prudence while maximizing long-term value creation for our clients and shareholders.

With that, I will now hand it over to Lia for a closer look at our quarterly numbers. Lia, please go ahead.

Lia Matos –Strategy & Marketing Officer

Thank you, Pedro and good evening everyone.

Starting on slide 4, we dive into our consolidated bottom line and return on equity results. We are pleased to see another quarter of consistent performance towards our goals, despite a continued challenging macro environment.

Our Adjusted Net Income grew **18% year over year**, with a **13% increase in continuing operations**. This performance was driven by three key factors. The first one relates to the successful adjustment to our pricing policy implemented earlier this year, which helped offset the impact of the higher interest rates in the country. Second, the strategic use of client deposits as a funding source helped improve efficiency by lowering our average funding spreads. And third, a lower effective tax rate compared to the same period last year also contributed to the results. These effects were partially offset by our decision to more evenly distribute marketing expenses this year, which negatively affected the year-over-year comparison.

Our Adjusted Basic EPS reached R\$2.57 per share, growing 31% year over year. The above-net-income growth was supported by continued execution in our share buyback program.

Regarding returns, our ROE continued to expand sequentially. Consolidated ROE expanded 8 percentage points year over year to 24% while Financial Services ROE from continuing operations increased 4 percentage points over the same period to reach 33% in the quarter.

Now, let's detail our continuing operations top line performance on slide 5.

Total Revenue and Income grew 16% year over year reaching R\$3.6 billion, driven by continued solid execution in our core business. Importantly, this growth was achieved despite lower floating revenues, as we began deploying client deposits as a funding alternative in our operations starting early this year. While this strategy naturally reduces floating revenues, it generates savings in financial expenses, reinforcing the strength of our funding model.

Our Adjusted Gross Profit from continuing operations was R\$1.6 billion in the quarter, growing 12% year over year. This growth was largely aligned with TPV, as higher revenues were partially offset by increased financial expenses driven by the higher CDI rate.

On Slide 6, we highlight our operating metrics, beginning with our payments business for MSMBs. Our active client base grew **17% year over year**, reaching **4.7 million clients**, with **38%** classified as heavy users, leveraging more than three of the solutions we offer. This demonstrates not only growth in scale but also the engagement across our product ecosystem.

MSMB TPV grew 11% year over year in the third quarter, reaching R\$126 billion. Such growth comes from a combination of 49% growth in PIX QR Code volumes, which continues to outpace card TPV and capture share from debit transactions, and 6% growth in card volumes. Compared to the previous

quarter, the yearly growth showed a slight deceleration, reflecting the more challenging macroeconomic environment and softer same-store sales among our clients—trends that are persisting in the 4th quarter and we are monitoring carefully.

On Slide 7, we highlight the performance of our banking operations. We are pleased to report continued growth in our active client base, which increased **22% year over year**, reaching **3.5 million clients**. This sustained expansion reflects both strong client acquisition and the evolution of our Payments and Banking bundle offers.

Client deposits grew **32% year over year** and **2% quarter over quarter**, reaching **R\$9.0 billion** during the period. While we observed a slight decline in our deposit base relative to MSMB TPV, from **7.2% in 2Q25** to **7.1% in 3Q25**, this primarily reflects daily seasonality driven by clients' cash-out obligations, and we saw a quick rebound on the days that followed.

Viewed from another perspective, the average daily deposit base increased **40% year over year** and **6% quarter over quarter**, expanding relative to TPV.

The composition of deposits in the quarter moved slightly towards more time deposits, which now account for **84% of total deposits**, slightly up from 83% in the previous quarter. This growth underscores increased adoption of our investment solution, leading to higher engagement with our banking features.

Now, turning to Slide 8, we review the evolution of our credit operation. In the quarter, we observed an acceleration in portfolio growth, combined with disciplined asset quality and in strict alignment with our risk appetite statement parameters.

The total credit portfolio grew **27% sequentially**, accelerating compared to the previous quarter and reaching **R\$2.3 billion**. Of this, **R\$2.1 billion** is attributable to our merchant solutions, primarily working capital financing for MSMBs, which grew **28% quarter over quarter**. Additionally, just over **R\$200 million** relates to credit cards, which increased **18%** over the same period.

Despite the acceleration in portfolio growth, our credit quality remains strong. NPLs 15-90 days reached **3.12%**, while NPLs over 90 days stood at **5.03%**. The rise in NPLs over 90 days reflects the natural maturation of the portfolio, whereas the increase in NPLs 15-90 days was primarily due to a specific client payment delay, which has already normalized in 4Q.

As you may recall, in the second quarter we made a deliberate decision to increase coverage ratio levels in response to the weaker macro outlook. With no additional adjustments required this quarter, the coverage ratio declined slightly to **265%**, yet remaining at a conservative level. Similarly, our cost of risk, which reflects provisions recorded during the quarter, decreased from 20.2% to **16.8%** sequentially, staying within the expected mid-teens range and reflecting disciplined risk management.

Following the provision adjustments in Q2, we implemented corresponding pricing changes. This ensures a disciplined balance between risk and return while supporting sustainable growth.

As you can see in the slide, the average monthly credit rate was **2.9%** in Q3, up from **2.7%** in Q2. The metric is calculated by dividing the credit revenue by the average credit portfolio. However, the result is significantly impacted by the product mix, as the inclusion of non-financed credit card portfolio and higher growth in specialized desk disbursements can dilute the rate.

In summary, I'm pleased with how our company has evolved and remained resilient despite ongoing macroeconomic headwinds. We continue to execute with focus on our clients, confident that there are multiple opportunities to help them grow further and manage their businesses in a more seamless and effective way.

Now, I want to pass it over to Mateus who will discuss our financial performance in more detail. Mateus?

Mateus Scherer – Chief Financial and Investor Relations Officer

Thank you, Lia, and good evening, everyone.

Let's discuss our adjusted consolidated P&L for continuing operations, which is shown on slide 9:

- **Our Cost of Services increased 12% year-over-year, decreasing 90 basis points** as a percentage of revenues. This reduction reflects the combination of efficiency gains in logistics, lower transaction and technology costs, and lower provisions for acquiring losses, which were partially offset by higher loan loss provisions in the period.
- **Administrative expenses increased 7% year-over-year, resulting in a reduction of 50 basis points** as a percentage of revenues, driven by continued operating leverage across our support functions.
- **Selling Expenses increased 21% year-over-year increasing 50 basis points** relative to revenues. This reflects a more evenly distributed marketing spend in 2025, compared to last year, when they were skewed towards the first half of the year given the strong investment in sponsoring a specific reality show.
- **Financial expenses increased 28% year-over-year, representing a 280 basis points increase** as a percentage of revenues. This was largely due to a higher average CDI rate year over year, which was partially mitigated by increased use of client deposits as a lower-cost funding source, which intensified since the end of the first Q. Lastly, I would just like to remind that the execution of our capital distribution strategy negatively affects our financial expenses.
- **Other Expenses increased 2% year-over-year and reduced 40 basis points relative to revenues**, which was mainly due to an increase in gains related to the sale of POS.
- **Our effective tax rate was 15.3% in the quarter**, down from 18.6% in 3Q24. The year over year decrease was driven primarily by an intra-group interest on equity operation and higher benefits from Lei do Bem.

Moving to slide 10, our Adjusted Net Cash position ended the quarter at R\$3.5 billion, decreasing R\$140 million sequentially despite R\$465 million in share buybacks executed in the quarter. Excluding these buybacks, Adjusted Net Cash would have increased by R\$325 million.

Once again, I want to thank you all for your time and continued support. Our focus remains on executing our strategy effectively and in a value-accretive manner, while listening closely to our clients, meeting their needs, and ultimately creating long-term value for our shareholders.

With that said, we are now ready to open the call up to questions.