



# 4Q25 Letter to Shareholders

March 02<sup>nd</sup>, 2026

# CEO Letter to Shareholders

## A Letter from One Long-Term Owner to Another

"Dear Fellow Shareholders,

There is a simple test we apply before almost every major decision at Stone: would we make this same call if our entire net worth were invested here? In most cases, that is not hypothetical. We are owners first. Our fortunes rise and fall with yours. That is not a posture. It is the organizing principle of how we run this company, and it is the lens through which I want to share what happened in 2025, and why we believe the years ahead will matter far more than the one behind us.

2025 was, above all, a year of deliberate simplification. That word, simplification, can sound like a euphemism for retreat. It is not. It is, in our view, one of the most underrated acts of leadership a management team can perform. Businesses naturally accumulate: products, brands, systems, reporting layers, meetings about meetings. Left unchecked, complexity becomes its own kind of drag on compounding. We chose to fight that drag directly.

The results support the logic. Adjusted basic EPS grew 34% year-over-year. Return on equity expanded to 26% in the last quarter. And throughout the year, we maintained a robust net cash position — a buffer that gives us the freedom to act when opportunities arise and the discipline to wait when they do not.

### The Hardest Decisions Are About What You Stop Doing

The most consequential act of simplification in 2025 was the sale of our software assets, Linx, to TOTVS for more than R\$3.0 billion. We want to be clear about why.

We did not sell Linx because it was a bad business. We sold it because it was not our business — not in the sense that matters most. Our competitive advantages live at a very specific intersection: payments, banking, and credit, all reinforced by proprietary transaction data, deep distribution, disciplined underwriting, and end-to-end technology we control. Linx was a good business sitting outside that intersection. Keeping it would have meant dividing our attention, our capital, and our best people across two different games. We are not equipped to win both.

Charlie Munger once said that knowing what you don't want to do is just as important as knowing what you do. The Linx sale was that kind of clarity applied at scale. The proceeds gave us capital. The decision gave us focus. In the long run, the focus will matter more.

### Our Core Business: Building Compounding Value for Entrepreneurs

Our MSMB segment — micro, small, and medium-sized businesses — is where Stone's story is most alive. These are the entrepreneurs who wake up before sunrise and close after dark. They run the restaurants, the retail shops, the service businesses that form the connective tissue of the Brazilian economy. They trusted us with their payments in growing numbers this year. They deepened their relationship with us across deposits and credit. And with each product they adopt, the economics of serving them improve — not just for us, but for them.

TPV growth moderated in 2025. We will say that plainly rather than dress it up. Macroeconomic headwinds were real, and we made a deliberate choice not to chase volume that does not compound. Growth bought at the expense of client profitability is not growth — it is a loan against the future. We are not interested in that trade.

On credit: we expanded prudently. Our book more than doubled year-over-year while delinquency metrics held at levels we are comfortable with. This reflects the structural advantage of underwriting against real transaction data — we see our clients' businesses in ways most lenders cannot. Credit, done right, is one of the most powerful tools for deepening client relationships. Done carelessly, it destroys them. We intend to keep doing it right.

### Products That Earn Their Way Into Daily Life

The best financial products are not the ones that generate applause at conferences. They are the ones quietly woven into how real people run their real businesses, day after day. This year we launched Subscriptions, TapStone, Payment Links with T+0 settlement, and payroll features including “Bate-Ponto” (employees timesheet control). None of these required a stage. All of them earned their place by solving problems entrepreneurs actually have.

We track adoption carefully. When a new product spreads through word-of-mouth, when customers return to it without prompting, when it becomes part of the rhythm of running a business — we know we have done something that will compound. These are the early signals we watch.

### **The Foundation No One Sees, and Why It Matters**

Behind every interface a client touches is infrastructure they never think about: identity systems, onboarding flows, data architecture, shared components. In 2025, we made significant investments to unify our core technology stack and to converge toward a single app and experience across all customer segments.

These changes do not generate headlines. But over time, they generate something better: lower cost structures, faster development cycles, and compounding reliability that clients come to depend on. The returns from platform investments often feel invisible right until they are not — until a competitor realizes they cannot replicate years of architectural work in a quarter. We are building that kind of foundation deliberately.

### **On Artificial Intelligence: Avoiding POC Fever**

We want to say something honest about AI — not because we think we have figured it out, but because we have watched enough companies chase it the wrong way to know what we want to avoid.

The pattern we see most often is what we have started calling POC fever: dozens of pilots, each small enough to fail invisibly, each too small to matter. The result is a portfolio of experiments that looks innovative on a slide deck and produces nothing on a P&L. We chose a different path.

We identified the workflows most consequential to our economics — customer support, engineering productivity, and operations — and pushed AI into production where it demonstrably reduces cost or improves quality. Early results are encouraging. Automated support resolution has improved meaningfully. Engineering teams are shipping faster. We also gave every team across the company the tools to experiment on their own, and hundreds of incremental improvements have followed.

We believe the compounding value of many small efficiencies, reliably implemented, will outperform the spectacular projects that never leave the lab. That is the bet we are making.

### **Culture as Compounding Capital**

Every business eventually faces the question of whether its culture will hold under pressure. 2025 was, for many companies, a pressure-testing year. For us, it was a year of sharpening.

We have a strong view on how companies fail: rarely through bad strategy and almost always through the slow erosion of behavior — the small compromises that accumulate until no one can quite remember when the standards changed. The antidote is not a culture initiative. It is daily practice. It is how people seek truth when it is uncomfortable, how they hold themselves accountable when no one is watching, and how they develop the people around them with the same seriousness they bring to their own work.

We continue to invest in this because we know it compounds as powerfully as any financial metric. Culture is not separate from business performance. Over a long enough time horizon, it is indistinguishable from it.

### **Financial Results and Capital Allocation**

Adjusted net income grew 19% year-over-year. Return on equity reached 26% in the last quarter. Operating leverage improved as revenues scaled faster than costs — a pattern we intend to extend. We closed the year with a net cash position of R\$2.6 billion.

On capital return: we repurchased R\$3.0 billion in shares during 2025 at prices we believed represented a meaningful discount to intrinsic value. Our framework for capital allocation is not complicated. We reinvest in the business where returns exceed our cost of capital. We maintain appropriate buffers for our credit operations. And we return excess capital to shareholders when we cannot find uses for it that meet our hurdle. What we will not do is grow for the sake of size. We are in the business of building intrinsic value per share — everything else is a means to that end.

## **A Transition Built on Continuity**

In alignment with the Board's succession planning, I will be transitioning from Chief Executive Officer to non-executive Chairman of the Board following the release of our fourth-quarter results. The Board is unanimous in its support. And I want to be direct: this is a transition I am proud of, not one I am navigating reluctantly.

Companies benefit from fresh energy in execution and long memory in governance. I believe Stone now reinforces both.

Mateus Scherer, our current CFO, will assume the CEO role. Mateus has been one of the architects of Stone's transformation over the past years — helping simplify the business, restore discipline, and focus the organization on what truly matters. He is analytically rigorous in a way that is rare, and he combines that rigor with the kind of judgment that cannot be taught: the ability to stay calm under pressure, to protect the long term even when the short term is loud, and to take genuine responsibility for the people and the outcomes in his care. I have seen him perform in moments of both difficulty and success. He has the temperament, the values, and the depth that this role requires.

For me, this is a change in posture, not in purpose. I will continue thinking like an owner — protecting what we have built, contributing to what comes next, and staying true to the principles that guided us here. Stone's story is far from finished. If anything, its most important chapters are still ahead.

## **In Closing**

To our employees: the discipline and resilience you showed in 2025 is the foundation everything else rests on. Thank you.

To our clients: you trusted us with your businesses. We do not take that lightly, and we intend to keep earning it.

To our shareholders: Our commitment remains the disciplined, long-term execution that creates lasting, sustainable value."

## **Pedro Zinner**

### **Former Chief Executive Officer, Incoming Chairman of the Board**

## **A Message from Our Incoming CEO**

"I am honored to lead Stone into its next cycle. My mandate is clear: to execute our strategic roadmap with the same agility that built Stone, but with a heightened level of financial discipline. We will continue to prioritize high-quality growth and capital efficiency as we build the most reliable and focused financial platform for Brazilian entrepreneurs".

## **The Opportunity Ahead**

Brazil is one of the most entrepreneurial countries on Earth. The gap between what Brazilian businesses need from a financial partner and what they currently receive remains large. Millions of merchants and service providers are still underserved — by institutions that are too slow, too complex, or simply not aligned with their success.

Our ambition is simple to say and hard to earn: to become the most trusted and indispensable financial platform for Brazilian entrepreneurs. Trusted not because we market ourselves that way, but because we have earned it.

We believe this goal is within reach. But we also know it requires staying focused when distraction is available, staying rational when the market rewards irrationality, and continuing to raise our standards in the moments when no one would notice if we did not.

We enter 2026 prepared and focused — a combination that, in our experience, tends to serve companies well over time.

## **Mateus Scherer**

### **Incoming Chief Executive Officer**