

## Stone Co 4Q25 Earnings Conference Call

March 2, 2026

### Operator:

Good evening, everyone. Thank you for standing by. Welcome to StoneCo's fourth quarter and fiscal year 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](https://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](http://www.SEC.gov).

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

Joining the call today is StoneCo's former CEO, Pedro Zinner, the incoming CEO, Mateus Scherer, the CFO and IRO, Diego Salgado, and the Head of IR, Roberta Noronha. I would now like to turn the conference over to Pedro Zinner. Please proceed.

### Pedro Zinner- former CEO

Thank you operator, and good evening everyone. This call marks the conclusion of my journey as CEO of Stone and the beginning of a new chapter as I transitioned leadership to Mateus. During my tenure, we chose to fight complexity directly—simplifying the business, sharpening our focus on payments, banking, and credit, and building a more resilient and scalable platform for long-term growth. In 2025, that meant selling our software assets—Linx—to TOTVS for more than R\$3 billion, not because it was a bad business, but because it sat outside the intersection where our competitive advantages live. It also meant expanding our credit book prudently, launching products like TapStone and Payment Links with D+0 settlement, unifying our technology stack, and deploying AI where it reduces cost and improves quality. Adjusted basic EPS grew 34% year over year, return on equity expanded to 26% in the 4Q25, and we closed the year with a robust net cash position.

I am deeply proud of the team and of what we have built together. I would also like to sincerely thank our investors for their continued trust, partnership, and support throughout this journey. From my new future role as non-executive Chairman of the Board, I remain fully committed to supporting Stone's continued evolution and long-term vision—thinking like an owner, protecting what we have built, and contributing to what comes next.

I have complete confidence in Mateus' leadership. He has been one of the architects of Stone's transformation—helping restore discipline, simplify the business, and focus the organization on what truly matters. He brings clarity of direction, analytical rigor, and the right sense of urgency to accelerate execution and continue elevating what matters most: delivering value to our clients and building intrinsic value per share.

With that, I will hand it over to Mateus, your new CEO, who will walk you through our fourth quarter and full-year 2025 results.

## Mateus Scherer- incoming CEO

Thank you, Pedro, and good evening, everyone.

Before getting into the results, I want to thank Pedro for his leadership and commitment to Stone over the past years. It has been a privilege to work alongside him, and I am honored to step into this role as we continue building Stone as the financial partner for entrepreneurs across Brazil.

Now, turning to **slide 3**, we highlight our full-year performance relative to the guidance we provided at the beginning of the year. Despite a challenging macroeconomic environment, we delivered solid results while remaining fully committed to our capital allocation framework and to returning excess capital to shareholders.

Our Adjusted Gross Profit reached R\$6.319 billion, an increase of 13.5% year-over-year. Importantly, when factoring in the R\$1.8 billion in share repurchases executed in the second half of the year, which had an estimated R\$60 million impact on Gross Profit, our Adjusted Gross Profit would have reached R\$6.379 billion, slightly above our guidance of R\$6.375 billion.

Adjusted Basic EPS came in at R\$9.71 per share, representing a 34% year-over-year growth and exceeding the R\$9.60 per share guidance, reflecting disciplined operational execution and a consistent focus on capital efficiency.

On capital allocation: one year ago, we identified a position of R\$3.0 billion in excess capital. True to our commitment, we distributed the full R\$3.0 billion over the course of the year, representing a 15% yield. We remain disciplined in our capital allocation strategy and will continue returning capital to shareholders whenever we do not identify immediate value-accretive opportunities.

Moving to **slide 4**, we will now examine our consolidated profitability and Return on Equity.

Our fourth-quarter Adjusted Net Income increased 10% year over year, driven by 12% growth in continuing operations. These results demonstrate the resilience of our model in a macro environment that continues to weigh more meaningfully on smaller merchants, alongside a competitive and dynamic market.

Adjusted Basic EPS was R\$2.87, up 27% year over year, benefiting from both net income growth and the impact of share repurchases.

On returns, our consolidated ROE continued to expand, increasing by 6 percentage points year over year to 26%, reflecting ongoing improvements in profitability and capital efficiency.

Moving to **slide 5**, we highlight the top-line performance of our continuing operations. Total Revenue and Income increased 13% year over year to R\$3.7 billion, reflecting mid-single-digit TPV growth combined with disciplined pricing. Credit continues to scale and is becoming a more meaningful contributor to revenue, further strengthening our position as the financial partner of choice for MSMB clients.

In the fourth quarter, Adjusted Gross Profit from continuing operations grew 9% year over year to R\$1.7 billion. Revenue growth was the primary driver, partially offset by higher credit provisions as we continue to scale our loan portfolio. We see this as a natural step in expanding our credit business and further diversifying our revenue streams to build a more resilient earnings profile. We will discuss portfolio performance and credit dynamics in more detail later in the presentation.

Turning to **slide 6**, we present our key operating metrics, starting with MSMB payments. Our active client base increased 15% year over year, reaching 4.7 million clients at year-end. Out of those, 41% are classified as heavy users, up from 38% in the previous quarter. This trend reinforces our strategy of deepening client engagement beyond payments, as we seek to build a more comprehensive and long-lasting financial relationship with our clients.

MSMB TPV growth decelerated to 5.3% year over year, driven by three factors. First, the macro environment continues to weigh on smaller clients. Second, digital-native merchants are performing better than brick-and-mortar businesses, a segment where we have greater exposure. And third, our operational performance in the fourth quarter fell short of our internal expectations, with slightly higher churn and softer gross client additions than planned.

We are not standing still. We are implementing a series of commercial initiatives, and gross additions have already shown a clear improvement. Our focus is now shifting toward churn management by deepening client relationships and ramping up bundled offerings to increase share of wallet and improve retention over time.

Turning to **slide 7**, we highlight the performance of our banking operations. Our banking active client base increased 21% year over year, reaching 3.7 million clients, reflecting continued progress in bundling Payments and Banking into a more integrated value proposition.

Client deposits grew 27% year over year and 23% quarter over quarter, totaling R\$11.1 billion at year-end. Notably, deposits expanded significantly faster than MSMB TPV, with penetration over MSMB TPV increasing from 6.8% in 4Q24 and 7.1% last quarter to 8.2% in 4Q25. This outperformance reinforces that we are on the right track with our banking strategy, deepening engagement and capturing a larger share of our clients' financial flows within our ecosystem.

Of the R\$11.1 billion in deposits, 86% were time deposits in the quarter, compared to 84% in the previous quarter. This shift reflects higher adoption of our investment products and increases in the portion of deposits eligible for our cash sweep strategy, contributing to lower funding costs and supporting profitability.

Turning to **slide 8**, we review the evolution of our credit operations.

Our portfolio reached R\$2.8 billion in the quarter, growing 23% sequentially. Of this total, R\$2.5 billion relates to merchant solutions — primarily our MSMB working capital offering — which also expanded 23% quarter over quarter. The remaining R\$300 million corresponds to our credit card portfolio, which grew 30% sequentially from a smaller base.

Credit continues to gain relevance in our results. In 4Q25, credit revenues reached R\$238 million, up 33% sequentially, while provisions totaled R\$110 million, increasing 27%. As provisions are recognized upfront and revenues are accrued over time, continued portfolio growth should translate into a stronger earnings contribution going forward.

Since relaunching our credit operations, we have prioritized disciplined scaling and tight portfolio oversight. Within MSMB working capital, we operate two distinct models: a fully digital approach for smaller merchants, resulting in granular and diversified exposures, and a more analytical, desk-based approach for larger SMBs, with higher average ticket sizes and a more concentrated position.

In terms of asset quality, we remain aligned with our risk appetite. NPL 15–90 days increased to 4.43%, primarily reflecting payment delays from a limited number of higher-ticket clients within the specialized

desk. NPLs above 90 days stood at 5.21%, compared to 5.03% in the prior quarter, consistent with normal portfolio seasoning.

Our coverage ratio remained stable at 264% and cost of risk was approximately 17% in the quarter.

We have also continued refining our pricing framework, balancing client sensitivity with risk-adjusted returns. This has allowed us to improve spreads while maintaining disciplined and sustainable growth. As a result, our average monthly credit yield, calculated as credit revenue over the average portfolio, reached 3.1%, compared to 2.9% in 3Q25, despite mix effects from the specialized desk and non-interest bearing credit card balances.

To wrap up, and before I hand over to Diego, I want to thank the team for their resilience and dedication in delivering a solid performance despite a challenging year. I am truly honored to lead the Company into its next chapter, continuing to execute our strategy with energy and passion as we strive to be the leading financial services provider for entrepreneurs in Brazil.

With that, I'll hand it over to Diego, our new CFO, who will take you through our financial performance in more detail, along with updates on capital allocation and guidance. Diego?

### **Diego Salgado – Chief Financial and Investor Relations Officer**

Thank you, Mateus, and good evening, everyone. It's a pleasure to speak with you today for the first time as CFO. I'm honored to take this responsibility. You have my commitment to keep elevating our financial discipline and to hold a high bar on execution.

Now, I'll begin by reviewing our adjusted consolidated P&L for continuing operations for the fourth quarter, as shown on **slide 9**:

- **Our Cost of Services increased 23%, rising 200 basis points** as a percentage of revenues. This increase was driven by higher loan loss provisions during the quarter, mostly driven by the growth of our credit portfolio.
- **Financial expenses increased 12%, a reduction of 30 basis points** as a percentage of revenues. This was primarily driven by the use of low-cost demand deposits as funding source, which helped offset the impact of a higher average CDI rate compared to the prior year period.
- **Administrative expenses also increased 12%, a small decrease** as a percentage of revenues, reflecting ongoing efforts to gain leverage across our support functions.
- **Selling Expenses increased 16%, a 40 bps increase** as a percentage of revenues. This reflects a more evenly distributed marketing spend in 2025 compared with 2024, when expenses were weighted toward the first half due a significant investment in a specific reality show.
- **Other Expenses decreased 27% year-over-year or 100 basis points as percentage of revenues**, a result of lower share-based compensation expenses in the quarter.
- **Our effective tax rate was 10.3% in the quarter**, down from 13.7% in 4Q24. The year over year decrease was driven primarily by higher benefits from Lei do Bem.

Moving to **slide 10**, our Adjusted Net Cash position closed the quarter at R\$2.6 billion, down R\$930 million sequentially. This reduction stems primarily from the R\$1.3 billion in share repurchases during 4Q. Excluding these buybacks, Adjusted Net Cash would have increased by nearly R\$350 million.

Now, let's review our capital allocation in more detail, distinguishing between recurring operational generation and the extraordinary proceeds from the Linx transaction. Starting with operational excess on **slide 11**, as you may recall from last year's call, our framework is guided by three strict hurdles that define excess capital: (i) maintaining a minimum core equity ratio for the consolidated entity, (ii) the maintenance of certain global ratings, and (iii) maintaining an adjusted net cash position above zero.

This year we have refined our core equity ratio hurdle. First, we have enhanced our methodology to better align it with the Brazilian Central Bank standards for the treatment of all the deferred tax assets that we have, regardless of which legal entity holds it. Consequently, we felt more comfortable to reduce the capital hurdle from 20% to 17%. These adjustments mostly offset each other.

Our policy is straightforward: upon the approval of our annual budget and financial statements, in the absence of additional immediate value-accretive opportunities, excess capital is returned to shareholders. Following our 2025 performance, we have generated excess capital of just over R\$ 2.0 billion, which the Board approved for distribution via share repurchases during 2026. As a reminder, we already have an open repurchase program of the same amount, announced on December 22nd, which will be used for this distribution.

Now, turning to **slide 12**, we detail the extraordinary distribution from the Linx sale. On February 27th we received the proceeds from the sale and closed the deal. This divestment released slightly over R\$3.0 billion in capital, which will be returned to shareholders in 2026. However, given the recent closing, we expect to approve this specific distribution during a board meeting in April with a market announcement to follow.

Finally, let's move to **slide 13**, where we present our guidance for 2026 and 2027 for continuing operations.

Starting with 2026, we expect Adjusted Gross Profit to range between R\$6.6 and R\$7 billion. Adjusted Basic EPS is expected to be between R\$10.8 and R\$11.4 per share. The guidance for both KPIs considers the capital distribution that we have already announced, of R\$2 billion, to be fully returned through buybacks during 2026 but does not include the proceeds from Linx.

Regarding 2027, we are no longer providing operational KPIs guidance and keeping it consistent to 2026's. Therefore we expect Adjusted Gross Profit to range between R\$7.2 and R\$8.3 billion. Adjusted Basic EPS is projected between R\$11.8 and R\$13.4. In those numbers we are not considering yet any additional capital distribution. We will adjust this in the beginning of 2027, when we disclose 2026 full year earnings.

Also important to keep in mind that, we assume an effective tax rate in the mid-teens range.

To close, we started this journey with a simple belief: that Brazilian merchants deserve a better financial partner — and that conviction hasn't changed. For 2026 and 2027, our priorities are clear: continued earnings expansion, a credit business that scales on our terms, and capital returned to shareholders — including the extraordinary Linx distribution. Operator, we're ready for questions.

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