StoneCo 2Q26 Earnings Conference Call

August 13, 2026

Operator

Good evening, everyone. Thank you for standing by. Welcome to StoneCo's second quarter 2026 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.

Before we begin, 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 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 Mateus. Please proceed.

Mateus Scherer – Chief Executive Officer

Thank you, operator, and good evening, everyone. Let me start with some perspective on the quarter. This was a quarter of steady progress on the priorities we laid out earlier in the year: reaccelerating TPV growth through better retention, deepening our banking and credit franchises, and keeping a disciplined approach to costs. TPV growth accelerated to 4%, an early signal that the retention initiatives we launched this year are beginning to work, though there's still a lot of work to be done. Banking and credit kept advancing, with retail deposits up 22% year over year and our credit portfolio now more than doubled its level from a year ago. On costs, we kept expense growth well below revenue growth, while scaling the use of AI more broadly across the company. Finally, we continued to return meaningful capital to shareholders throughout the quarter.

Having said that, today I want to spend a few minutes on something that goes beyond the quarterly numbers: how we are positioning Stone today for the long term, and how our ecosystem is coming together for the merchant.

Let's turn to **slide 3**. This quarter, we launched our new brand positioning: Stone, the bank for entrepreneurs. This is not a change in strategy, and it does not depend on anything new — we already have the complete offering: payments, banking, and credit, working together in a single relationship. The gap is in the perception. Many clients still see Stone mainly as a payments company. This positioning is our way of closing that gap — so that when an entrepreneur needs banking or credit, Stone is part of that consideration from day one. As that perception builds, it naturally opens the door to more cross-sell, deeper relationships, and growth across the ecosystem. To bring this to life, we also launched a campaign film — the link is on this page.

Now, moving to **slide 4**, this is what the bank for entrepreneurs means in practice. Everything starts with a complete account. Money comes in through whatever channel the client sells, in person or online. It goes out to pay employees, suppliers, and taxes. In between, it stays within Stone, where clients can hold a balance, invest their money, or take credit. On its own, that is just what a complete account should do. The difference is what we build around it: helping entrepreneurs run their day to day — by charging customers, issuing invoices, managing orders — with AI increasingly doing part of that work, from enhancing catalog images to creating content that helps merchants sell more.

On **slide 5,** we recently reached an important milestone in that direction. Pagar.me, which historically was our digital commerce front, has been integrated into Stone. For the merchant, this means online and physical operations in one account, with one view of the business. It brings our full digital commerce suite into the Stone platform. And with sales consolidated in one place, we understand the business better — which unlocks more credit and more cross-sell. One brand, one account, one experience. For Stone, this opens a new growth avenue: capturing a larger share of digital transactions, a part of the market that is growing faster than the average.

Now, let me connect this to our financial commitments for the year on **slide 6**. In the first half, we delivered R$3.1 billion in Adjusted Gross Profit and R$4.58 in Adjusted Basic EPS, against our full-year 2026 guidance of R$6.6 to R$7.0 billion in Adjusted Gross Profit and R$10.8 to R$11.4 in Adjusted Basic EPS. While our guidance remains achievable, interest rates have stayed higher for longer than expected, making the backdrop considerably more challenging than we anticipated at the start of the year. In that context, while the scenario today is more challenging than it was last quarter, we continue to be focused on delivering toward the lower end of these ranges. Our year-to-date effective tax rate of 15.4% remains consistent with the mid-teens level we guided to, and we stay disciplined on execution, with performance weighted toward the second half as credit revenues compound and our commercial initiatives continue to take hold.

With that said, I will pass it over to Diego, who will go over our financial and operating results for the quarter. Diego?

Diego Salgado – Chief Financial and Investor Relations Officer

Thank you, Mateus, and good evening, everyone.

Let me start on **slide 7**, where we present our main financial metrics for the quarter. Our revenue grew to R$3.6 billion, led by credit, as our portfolio continues to scale. Adjusted Gross Profit was broadly stable year over year at R$1.6 billion, as higher revenues and lower financial expenses were offset by the provision expenses that come with the credit portfolio growth. Adjusted Net Income was down slightly on an annual basis, while Adjusted Basic EPS grew 9%, with continued share buybacks over the past year meaningfully reducing our share count.

On **slide 8**, our active client base reached 4.8 million merchants and ARPAC grew mainly as credit keeps gaining penetration and weighting in our client base.

Turning to **slide 9**, TPV growth accelerated to 4% annually, a small improvement over the pace we saw in the first quarter. We are still facing the churn challenges we detected earlier this year and they still weight on our overall performance. However, this is the first tangible sign that our initiatives are gaining traction. Our work here is focused on three fronts: simplifying our offerings and bundles, aligning salesforce incentives, and improving client experience to reduce operational friction. So far, the effect is more meaningful on micro merchants, as simpler offerings and an easier contact allowed us to move quickly and bring churn down. With larger merchants, the breadth of the offerings and needs make the operation more complex and riskier, and, therefore, we calibrate it cautiously before scaling. We expect the benefits of our initiatives to become more visible as the year progresses and therefore accelerates TPV growth.

Looking at TPV mix, Pix QR Code continues to grow faster than card volumes. In banking, our deposit franchise keeps building: retail deposits reached R$10.8 billion, up more than 20% year over year, as we further engage clients with our account offerings.

On **slide 10**, we present the growth metrics of our credit business. Our portfolio reached R$3.8 billion, two times larger than one year ago, driven mainly by working capital solutions. During this quarter we also began disbursing government-backed loans, which already account for roughly R$300mm of our portfolio while credit cards reached R$400mm. Moving to revenues, given the continued growing contribution of our credit card, we have revisited our credit revenue and yield metrics to include credit card interchange fees, as we see it as part of the overall product P&L. Credit revenues grew 14% in the period with flattish yield. This stability reflects the entry of government-backed lines, which carry lower rates and a lower risk profile.

That takes me to **slide 11**, where I want to spend some time explaining how government-backed facilities will impact our P&L going forward, considering its growing relevance in our portfolio. Let me first explain how we segregate clients on working capital products based on the two main distribution channels we have. Our automated desk handles the smaller tickets — about R$40 thousand, and typically up to 18 months tenor, at an average rate of 4% per month. Our dedicated desk serves larger clients, with an average ticket today closer to R$700 thousand, but with tenors going up to 30 months, and lower rates of roughly 2.5% per month. Through those desks, we are currently operating two government programs, each with a different profile and focus. We began disbursing FGI PEAC in April, and it has already gained some relevance in our book. And the second program we just launched, so it is still very small. What these programs have in common is a guarantee that reduces losses upon an event of default, considering the reimbursement guarantees we obtain from the government. As a result, this reduction on provision expenses affects the coverage for loans on stage 1 and stage 2. This kind of guarantee allows us to be more aggressive in pricing for clients where we previously were not competitive, improving the risk-adjusted returns on what we lend. In short, this is about expanding access to credit and deepening merchant relationships, while keeping the risk profile of our growth under control.

On **slide 12**, we turn to credit quality and cost of risk. In the quarter, provision expenses reached R$188 million. The growth on expenses is a combination of (i) first, the record expansion of the portfolio, (ii) second, the roll forward effect of the loans disbursed in late 2025 and early 2026 that are moving to later provisioning stages and finally (iii) the continuous pressure that we've been noticing on the dedicated desk, with records in bankruptcy protection filings all over the country. Although the dedicated desk represents less than 25% of our total merchant portfolio and the average ticket today is at R$700k as I have mentioned, we've been facing defaults precisely on some of the largest tickets we have in our books, in some cases north of R$10 million. On the other hand, on the automated desk the improvements that we rolled out during the second quarter are showing significant results, with

First Payment Default (FPDs) consistently trending down and with the June cohort presenting the best result during the last twelve months. These combined effects pushed our NPLs higher across all indicators and kept cost of risk at 21.5%. On coverage, the ratio came down to 204%, and I want to address that directly. Two main effects explain the move: one is mix-related, and the other is simply a mechanical effect. In the mix, we are steering new disbursements toward better-rated clients and ramping our government-backed facilities, which carry a guarantee and therefore require lower provisioning. Therefore, these two effects combined structurally lower the coverage we need to hold. The mechanical part is simply the math of a seasoning book: this quarter our over-90-day NPLs grew faster than our provisions, as the strong late-2025 and early-2026 vintages rolled into the over-90-day bucket, while write-offs, which clear the oldest and most heavily provisioned loans come with a lag.

Slide 13 provides a bit more color of the NPL composition by product and channel. On the short end, sequential increase came mainly from new delinquency cases in our dedicated desk, as I have mentioned. The automated desk, by contrast, actually pulled this early metric down, in line with the improvements of first payment default metrics we previously mentioned. Later-stage delinquency tells the opposite story. Here, the automated desk was the main driver of the increase, as weaker vintages are rolling forward to over 90-days stage.

On **slide 14**, we present the evolution of our costs and expenses. Cost of Services excluding provisions was broadly flat year over year, as we continue seeking operational leverage using technology and start benefiting from the workforce reduction carried out in the first quarter. Net financial expenses have been flattish for quite some time now, as we've been growing clients' deposits. This shows in our funding cost, which has come down to roughly 85% of CDI. Administrative expenses were lower year over year, on reduced personnel and third-party services expenses. Selling expenses were up modestly, on higher marketing investments, partially offset by lower distribution-channel expenses. Other operating expenses were higher year over year, mainly reflecting a non-recurring gain in the prior-year, and higher net provisions for POS. These effects were partly offset by lower share-based compensation. Our effective tax rate was 16.4% in the quarter, slightly higher than the mid-teens implied in our guidance, but broadly in line year-to-date. We certainly have a long path towards the efficiency levels we want, but we will keep evolving in time.

Finally, on **slide 15**, we present our capital position and return on equity. Our Capital Ratio stood at 26%, normalizing after the extraordinary dividend paid in May from the Linx sale proceeds. In total, we have already returned R$4.3bn to shareholders during the first half of the year.

To wrap up, and coming back to Mateus' opening remarks: this was a quarter of steady execution. TPV growth is reaccelerating, our banking franchise keeps building, and credit continues to scale, despite the short term headwinds we keep facing. Ultimately, this all comes back to the merchant. Our goal is to be the bank that Brazilian entrepreneurs rely on to run and grow their businesses, and we believe that improving our banking and credit capabilities is how we deepen that relationship over time. With that, let's open it up for questions.

— Q&A —