

Conference Call Transcript

LWSA

4Q25's Results

Operator:

Good morning, ladies and gentlemen. Welcome to LWSA's third quarter 2025 earnings conference call. Joining us today are Mr. Rafael Chamas, Chief Executive Officer, and Mr. André Kubota, Chief Financial Officer and Investor Relations Officer. For the Q and A session, we will also be joined by the company's senior management team. This event is being broadcast live via Zoom Webinar with simultaneous translation into English and can be accessed at ri.lwsa.tech by clicking the link that will appear in the pop-up window.

The presentation slides are available for download in the Results Center on the Investor Relations website under the Financial Information section. The information is presented in Brazilian reais and has been prepared in accordance with accounting practices adopted in Brazil, based on the standards, guidelines and interpretations issued by the Brazilian Accounting Pronouncements Committee.

Before we begin, we would like to mention that statements contained in this document regarding business outlook, projections for operating and financial results, and growth prospects are merely projections and, as such, are based solely on management's expectations regarding the future of the business. These expectations are substantially dependent on market conditions, the performance of the Brazilian economy, the sector and international markets, and are therefore subject to change without prior notice. All variations presented here are calculated based on figures in millions of Brazilian reais, unless otherwise indicated, as well as rounding differences.

This performance report includes both accounting and non-accounting data, such as operational metrics, organic and pro forma financial information, and projections based on the expectations of the company's management. Non accounting data has not been reviewed by the independent auditors.

For the Q&A session, we kindly ask that questions be submitted through the Q and A icon located at the bottom of your screen, including your name and company. As part of the session dynamics, your name will be announced so that you may ask your question live. At that time, a request to activate your microphone will appear on your screen.

I would now like to turn the floor over to Mr. Rafael Chamas, who will begin the presentation, followed by Mr. André Kubota. Rafael, please go ahead.

Rafael Chamas:

Good morning, everyone. Thank you very much for joining another LWSA earnings call, this time for the fourth quarter of 2025. I will start with a slide presenting an executive summary of what was a very strong year for the company. It was a year in which we faced important strategic and execution challenges, and the team delivered results that I consider very consistent and very much aligned with the main objectives we had set for the year.

Let me highlight a few points. First, accelerating growth was a relevant challenge for us in 2025. 2024 had been a year in which we performed below our potential. Over the last few quarters we have consistently demonstrated an acceleration trend, and the fourth quarter delivered an even better performance than the third quarter. I will go into more detail in the following slides, but this is an important first message.

Second, we were able to translate this growth into profitability and cash generation. We once again delivered profitability expansion. The company reached a record EBITDA generation of nearly 100 million reais, which I will discuss shortly, with margin expansion. More importantly, beyond profitability and EBITDA, we converted this performance into cash generation.

Cash generation was a major highlight throughout the year. We delivered strong cash generation across all quarters, including the fourth quarter, which allowed us to close 2025 with operating cash generation of 224.8 million reais. This represents a free cash flow yield close to the low double-digit range, which is quite significant.

More broadly, in a year with many strong achievements, we focused on accelerating growth, improving operational efficiency, reinforcing our strategic focus on the company's core operations and divesting businesses that had limited strategic fit for us. We were able to convert all this effort into top line and bottom-line results, and especially into cash generation.

Finally, it was also a year of meaningful progress in terms of product integration. We continued to consolidate our ecosystem and our architectural infrastructure to operate in a more integrated manner whenever it makes sense. This is particularly relevant in the current environment of rapid AI advancement, as it positions us well to capture this opportunity and strengthen our strategic role as a major orchestrator of companies' operational dynamics in Brazil, particularly among SMBs.

Moving to the next slide, I will provide some additional details on the fourth quarter results.

We closed the fourth quarter with GMV of 21.6 billion reais, which represents approximately 20 percent of Brazilian ecommerce, reflecting year over year growth of 11 percent. TPV expanded 21 percent and reached 2.5 billion reais during the quarter. I would like to highlight this metric because payments represent an important monetization lever for us. Our company has an economic model in which transaction dynamics are embedded in the pricing structure, complementing our core offering. This is a key strength for us. The fourth quarter

of 2024 had been somewhat weaker for this operation, but this quarter clearly shows that we have regained momentum, with strong growth of nearly 21 percent.

Our subscriber base also continued to grow, expanding 6.8 percent to reach 206.3 thousand clients.

From a financial perspective, revenue growth in the Commerce segment accelerated compared to the third quarter, reaching 16.4 percent and almost 280 million reais in revenue. This led to consolidated revenue growth of 11.1 percent, reaching nearly 382 million reais.

On the bottom line, EBITDA grew 18.7 percent to 96.6 million reais, representing a margin of 25.3 percent and an expansion of 1.6 percentage points year over year.

We converted this growth into profitability and, more importantly, into cash generation. Free cash flow increased nearly 80 percent, reaching 63.6 million reais, corresponding to a free cash flow margin of 16.7 percent.

On the next slide we present the full year snapshot. The figures are very consistent with what we saw in the fourth quarter, which demonstrates the consistency of our performance. This has not been a one-off result but rather a sustained trend.

IMV grew 14 percent, reaching 79.5 billion reais for the year. TPV increased 17.7 percent, totaling 9 billion reais in transactions during the year. This reflects a very strong operational acceleration.

Looking at financial results, Commerce revenue grew 15.3 percent to reach 1.1 billion reais, which also shows that the fourth quarter outperformed the average performance for the year. On a consolidated basis, the company delivered double-digit growth of 10.3 percent, reaching 1.5 billion reais in total revenue.

For the year, EBITDA reached approximately 327 million to 330 million reais, representing growth of 17 percent. EBITDA margin was 22.1 percent, with an expansion of 1.3 percentage points.

Once again, we translated growth into profitability and delivered a strong cash generation performance. We closed the year with 225 million reais in operating cash generation, corresponding to a margin of 15.1 percent.

In summary, it was a very successful year in terms of accelerating the bottom line, particularly in the company's main growth segment, Commerce, which closed the quarter with more than 16 percent growth. Through operational focus, disciplined capital allocation and continued product development, we were able to convert this growth into stronger results and cash generation.

From this point forward I will provide additional context regarding our operations, product development and the role of AI within LWSA.

Moving to the next slide, it is worth taking a moment to recap who we are as a company. Understanding this operational foundation makes it much easier to understand where we are heading in a world shaped by AI advancements. This applies to customer experience, the way consumption will evolve, how agentic systems integrate into operations and also how we think about internal productivity and efficiency.

There are several interesting aspects to explore here, but first it is important to clearly define who we are. Our client base is primarily composed of SMBs. We currently serve more than 206 thousand clients, representing roughly 21 percent of Brazilian ecommerce. This gives us a very large operational scale and allows us to support highly complex and integrated operations.

Our solution essentially removes friction for our clients by eliminating the need for them to rely on multiple isolated solutions. At its core, what we aim to provide is something close to an operating system for their business. This includes back-office management, sales channel management, customer relationship management and a range of transactional and operational capabilities.

When we think about our clients' journey, we consider both physical and digital commerce, inventory management, order management, integration with multiple sales channels, including D2C, checkout processes, risk management, integration with multiple payment methods and logistics providers.

This represents a very high level of operational complexity with highly critical workflows. Because of our operational scale, client base and transaction volume, this creates strong strategic value. For our clients, it is extremely beneficial to have all these capabilities working together within a well-designed and fully integrated architecture.

Beyond that, from a strategic perspective, this integration also creates strong operational lock in. Ultimately, we aim to simplify our clients' operations while building a platform that is difficult to replicate. Even with the simplification of software development enabled by AI, our value proposition goes far beyond a simple software layer or an interface with the end customer. That interface is part of the strategy, of course, but behind everything we do lies a much broader system built around data, critical workflows and integrated processes that support our clients' operational success.

Moving to the next slide, I would like to explain why I emphasized our operational context before discussing the concept of agentic ecommerce.

What agentic ecommerce introduces is essentially a change in interface. The way consumers interact with the purchasing process evolves, as does the way our clients interact with their operational systems. It eliminates clicks and reduces friction in interactions. So there is clearly an evolution in how interaction takes place.

However, agents do not operate in a vacuum. For them to function effectively, they must operate on structured data. The way we operate, query information, interact and orchestrate

processes depends on structured transactional data, native automation capabilities and context. And context comes from scale and operational depth.

Integrated workflows are required for these interactions to generate productivity gains, along with governance, compliance and reliability layers.

Therefore, while this evolution represents a new interface, the underlying infrastructure remains essential. This is exactly the foundation on which we have built our operations.

What we have been developing as part of our strategy is an ecosystem and infrastructure that is fully pluggable, enabling this new agent driven transactional dynamic to interact seamlessly with the operational richness we already have.

Within this framework we have created what we call the LWSA agentic layer. This layer connects and orchestrates complex workflows, robust data structures and multiple operational domains such as inventory, catalog management, order processing and logistics operations. It also maintains the agnostic architecture of our system, which integrates with multiple layers that allow agents to interact with the platform, including not only our own agents but also those operating in an open environment.

Our agnostic role in connecting with multiple sales channels and logistics providers continues to evolve, now extending to multiple agentic possibilities. At the same time, our core infrastructure remains unchanged. The value we create lies in our infrastructure and in our ability to integrate and orchestrate this multiplicity of domains and operational complexity, which is essential for our clients to operate successfully.

AI has made digital tools easier to use and has brought more people into the digital ecosystem. However, being successful in business requires much more than an interface or a simplified digital journey. Clients need robust systems that support their entire operational journey.

This is exactly what we do. It is part of our DNA and our strategic mission. For this reason, I often say that AI and agentic systems ultimately increase our strategic centrality and reinforce our role in supporting our clients.

Moving to the next slide, another important dimension is how we apply AI within our product offerings.

Our goal is to bring AI to our clients in a very native way, improving their experience, increasing productivity and bringing more people into the digital economy. AI simplifies the experience and facilitates digital adoption.

There are many use cases, and I will not cover all of them here, but they play an important role in the evolution of our products.

For example, AI allows us to simplify customer journeys. A company like ours can develop very specific use cases that deliver productivity gains. Because of the breadth of our platform, we are able to drive meaningful marginal adoption of AI capabilities across our client base.

Examples include product registration and onboarding across multiple sales channels, helping clients improve SEO and generate content to increase sales, and simplifying product onboarding and setup processes. Our products are affordable and accessible, and enabling clients to quickly adopt the full capabilities of our platform are essential to their success.

AI also enables more sophisticated use cases, leveraging our data depth and our knowledge of Brazilian ecommerce. For example, we can automate sales campaigns and help clients optimize their sales strategies.

Finally, it is important to consider the profile of our typical client. Most of them have limited digital resources, so it is unlikely that they will adopt multiple standalone tools unless they have no alternative. It is far more likely that they will adopt AI features when these capabilities are embedded directly within the operational platform they already use.

The more functionality we provide within our platform, the more value our clients will obtain from it. Our pricing model, which is based on the usage of the solution itself, also supports this integrated approach.

Lastly, I would like to address the impact of AI on our internal operations.

There are two main areas where we see productivity gains: software development and operational efficiency.

In software development, we have been early adopters of AI based coding solutions across the company. Today, 100 percent of our developers use AI assisted coding tools. This has generated significant operational gains, accelerating our development roadmap and increasing productivity. In some cases we have observed productivity gains of up to 55 percent.

We also support this transformation through training, internal knowledge sharing and structured best practices to ensure that teams adopt these tools effectively.

On the operational side, particularly in customer service operations, we have achieved significant efficiency gains. We have seen a 35 percent reduction in the number of customer contacts and a 25 percent reduction in headcount year over year in these areas. Overall, the company has also reduced total headcount year over year as we continue to redesign our operational processes with the support of AI.

The two areas where we see the most meaningful financial impact are software development and customer service operations.

With that, I will now hand the floor over to our CFO, André Kubota. Kubota, please go ahead.

André Kubota:

Thank you, Rafa, and thank you to everyone joining the call. I will start by focusing on the company's financial data for the fourth quarter of 2025.

Opening with the net revenue slide for the fourth quarter of 2025, on a consolidated basis the company grew 11.1 percent year over year, reaching 381.5 million reais. The Commerce segment grew 16.4 percent, reaching nearly 280 million reais, while Be Online SaaS remained essentially stable compared with the previous year at 101.8 million reais.

Moving to the next slide, we highlight an interesting dynamic in year over year revenue growth throughout the quarters of 2025. We observed a gradual acceleration in growth, starting the year at 9.3 percent year over year on a consolidated basis and closing the year at 11.3 percent compared with the fourth quarter of 2024. This performance was largely driven by the Commerce segment, which has been growing above 16 percent since the third quarter of 2025.

Looking at adjusted EBITDA for the fourth quarter, we see a very strong growth of 18.7 percent year over year, with a robust margin of 25.3 percent, reaching 96.6 million reais. This performance was supported by a strong result in the Commerce segment, which grew 27.9 percent and reached a record margin since the IPO of 25.9 percent, totaling 72.3 million reais. The Be Online SaaS segment continues to deliver a very solid margin of 23.7 percent, reaching 24.2 million reais.

When we look at the historical dynamics on the next slide, we see that the 25.3 percent margin represents the highest margin we have achieved to date, as well as a record nominal value for a fourth quarter at 96.6 million reais.

In addition, our cash conversion has been very strong, as illustrated on the following slide, which shows cash generation over the last twelve months by quarter. We started with 33.1 million reais of operating cash flow in the fourth quarter of 2024 on a last twelve-month basis, which corresponded to the full year 2024 period and represented a margin of 2.6 percent over revenue. By the fourth quarter of 2025, this figure had increased to 224 million reais, representing a margin of 15.9 percent.

An important point regarding this cash generation is that we have consistently returned operating cash flow to shareholders, and 2025 was no exception. Of the 224 million reais generated, we returned 216.7 million reais to shareholders, with 48.1 million through share buybacks and 168.6 million through dividends and or capital reduction approved last year and executed in February 2026.

With that, we will move to the Q&A session. I will now hand the floor back to the operator.

Operator:

I would like to remind everyone that questions should be submitted through the Q and A icon located at the bottom of your screen. As part of the session format, your names will be announced so that you can ask your question live.

Our first question comes from Mr. Gustavo Farias from UBS. Please go ahead.

Gustavo Farias, UBS:

Good morning, everyone. First of all, congratulations on the very strong quarterly results.

I have two questions. The first is about the recent launch of Locaweb Cloud. Could you comment a bit on the size of this opportunity and whether you have any internal targets that you can share, for example in terms of penetration within your client base. Also, how do you intend to differentiate this product?

My second question is about TPV growth. We saw TPV growing faster than GMV, and you mentioned greater penetration of your payment solutions. If you could provide more detail on the specific actions taken within the operation that enabled this improvement during the fourth quarter.

Thank you very much.

Higor Franco:

Gustavo, good morning. Higor speaking. I will take the question on Locaweb Cloud and then hand it over to Scarpa to address the TPV question.

We launched the product a few days ago, so let me first give a quick recap for everyone. Locaweb Cloud is an internal initiative that started about two years ago. It is a project that we began with the goal of bringing to our own operations a cloud infrastructure that could be as competitive as any public cloud in terms of functionality and robustness, but with a very strong cost benefit profile. In other words, our initial focus was to create a solution that could deliver significant cost reductions for our internal operations.

Over the past two years we developed the platform based on open source solutions. So it is an open solution that originates from public technologies. There is nothing proprietary here. It is essentially an evolution of technologies that are already openly available and used by many companies around the world. We developed this evolution with an internal focus and, after observing the internal performance and the potential for broader usage, we realized that extending it to the market could be a very natural and organic step.

When we look at Locaweb and KingHost, which are our hosting operations, they have always had a strong infrastructure DNA. When we look at companies serving infrastructure in the market today, especially with the new wave of AI adoption, these companies have been

experiencing strong growth and significant opportunities to provide solutions with a compelling cost benefit while still enabling access to the latest technologies.

So we saw a window of opportunity to launch this solution now. At the same time, it is important to emphasize that this project was designed from the beginning to be highly robust and to deliver a very strong cost benefit proposition. In some client cases we are already seeing more than 50 percent cost reduction compared with traditional public clouds, which represents a very attractive return for clients. At the same time, we have maintained the product quality and robustness that are core to our offering.

So we found the ideal conditions to launch the product at this moment, and it is also fully prepared to support client workloads related to LLMs, agents or vibe coding directly on top of this infrastructure.

In short, the timing is very good and the product is very well positioned in terms of functionality and cost efficiency. Naturally, we do not provide guidance, so I cannot share specific projections. However, the cloud market in Brazil is very large. We are talking about a market of roughly 4 billion dollars. We already have several clients running the solution in proof of concept and some already in production. In addition, we have internal workloads running on this infrastructure for some time with very solid performance.

So we are very confident about the opportunity. We believe this product can bring a very strong differentiation to the Brazilian market. That said, we are still at a very early stage.

Rafael Chamas:

Good morning, everyone. I will ask Scarpa and Williams to comment on the TPV topic, because there are two important points to consider here.

First, the acceleration in TPV itself. However, for us TPV is not a standalone product. It is part of a much broader journey and is deeply integrated with our software platforms. Williams can provide more detail on the progress we have made in improving the embedded payments experience within our platforms.

Scarpa will also bring another perspective related to strategy and future planning. Financial services represent an important strategic pillar for us. Payments have historically been a key component, but with our increasingly integrated architecture across management systems, platforms, payments, checkout and logistics, many additional opportunities are emerging around financial services within a transactional ecosystem.

So there are two relevant aspects to discuss here, both in terms of the numbers and the broader strategic direction.

Scarpa, please go ahead.

Marcelo Scarpa:

Gustavo, it is a pleasure to speak with you.

Regarding TPV, we are indeed seeing strong traction in this operation. The year 2025 was very positive for us. We grew 21 percent, reaching nearly 9 billion reais in TPV.

There are several factors contributing to this performance. First, we saw higher penetration within our platforms, which validates our embedded finance thesis. We also achieved meaningful operational efficiency improvements, including higher conversion rates, stronger operational service levels, and a consistent reduction in chargebacks. All these elements combined contributed to the improvement in TPV.

As Rafa mentioned, monetizing GMV is one of our key levers, but we also have other growth avenues. This includes the banking and credit initiatives that we have been developing within the company. So the financial services vertical reflects several complementary growth drivers.

The year 2025 delivered a very strong response in terms of TPV, but as Rafael highlighted, this is only one of the growth avenues. We also have the banking initiatives, especially with Bling Conta, where we have been investing significant effort. We expect 2026 to show strong momentum in these areas as well, both in banking and credit.

With that, I will hand it over to Williams to complement the answer.

Williams Marques:

Thank you, Scarpa. Good morning everyone, and thank you Gustavo for the question.

This result reflects a long term effort to strengthen our integrated ecosystem vision. In the SME software platforms, payments are a core part of the customer journey from the very beginning of the store creation process.

Clients launch their stores already equipped with a payment account, ready to sell and receive payments. Over the years we have continuously improved this integrated experience, and in 2025 we introduced additional features directly within the platform. Clients can now have a comprehensive view of their payment performance, track their transactions, reconcile payments, request early settlements, and monitor their full financial flow.

This represented a significant advancement and created a truly unified platform and payments experience. I believe this has been a key pillar supporting the increase in payment penetration, which has been growing faster than GMV.

To support this product evolution, we also operate with a fully integrated and transparent operational structure. Today, if a platform client has a question about payments, they do not need to contact a separate support channel. The platform team can address simpler questions directly, and if the issue is more complex it is internally routed through our support systems. From the client's perspective, the experience is unified.

Even though the back office operations are separate internally, the client perceives a single operation. This unified experience has been an important differentiator and has contributed to the higher penetration we are seeing.

Bernardo Guttmann, XP:

Good morning, everyone. Thank you for taking my question and congratulations on the results. I have two questions.

The first is about margins and operating leverage. You delivered a meaningful margin improvement this quarter. I would like to better understand how much of this comes from operating leverage in Commerce and how much reflects more structural efficiency initiatives.

My second question is about artificial intelligence. You showed a slide about building this agentic layer connecting data, integrations and applications. The question is, in a scenario where AI becomes increasingly present in the creation and operation of online stores, what do you believe truly becomes the competitive differentiator? Is it the integrated infrastructure, the data from your base, or the ability to build agents on top of this ecosystem? And where could disruption risks emerge in this model?

André Kubota:

Bernardo, thank you for the question. I will address the first question and then the team will address the second part.

Starting with margins and leverage, I think you highlighted some important points. It is the result of a combination of factors and I will highlight the ones we believe are the most relevant in this dynamic. Naturally, our business has fixed cost dilution when we accelerate growth, so operating leverage is a natural characteristic of our business and this is something we have consistently delivered. That would be the first point.

Second, we did a very significant amount of work, especially throughout last year, and the effects will become clearer when we analyze this year. This includes operational synergies and cost centralization. Over the course of last year we also fully implemented our shared services center and created synergies across support areas.

But perhaps the most important point, which is part of a journey that started some time ago, is the allocation and optimization of the portfolio we have. We have been talking about this quite frequently. Within the businesses we have been strongly simplifying not only brands but mainly focusing on the customer journey.

And obviously this brings optimization and capital allocation toward the products and journeys that have the best profitability and the highest growth potential. So if I had to summarize the main drivers, I would describe them in this way. For the second part of the question, I will hand it over to Rafa, who will start addressing the topic of artificial intelligence.

Rafael Chamas:

Good morning, Bernardo. I will bring a few strategic points and then I will ask the team to complement with specific cases so we can make the opportunity more tangible. But I will start by going back to what I tried to show on the first slide.

It is very important to understand that the role we play today when we build solutions goes far beyond the interaction environment with the customer. The real value of what we do is in the infrastructure. It starts with data, but data that is configured, contextualized and built in a robust way. This is what allows workflows to function very well.

There are workflows of many different types such as consultation, order management and sales. There are many ways for this data to integrate. The strength of what we have built with this group, and Willians described very well how he presented the integrated payment experience within the platform, reflects this.

Because we have a platform with an integrated checkout, reconciliation becomes much more precise and the experience of advancing receivables can take place within the transactional environment of the platform. This entire architecture that integrates multiple domains of the operation, complex layers of structured data and workflows that have been developed through many years of customer usage experience is what creates the main strength of what we see as our infrastructure.

When we think about the developments brought by AI, generative AI has already been around for some time and has helped us a lot with classic use cases related to the customer experience itself. It accelerates product development and the roadmap, simplifies usage and improves the overall experience, bringing more people into the digital world, which is very positive for us.

But there is another side of the story that began to be reconsidered when we started seeing agents operating. Agents are, in fact, another way of thinking about the interface.

The way the customer consumes systems and, consequently, the way our own clients use and operate their systems evolves. It becomes simpler and more conversational. It removes friction and reduces the number of clicks. But I always say that for this to work well, agents necessarily need to be built in a way that allows them to communicate with structured data, and that is exactly what we have.

So here we start to see another way of thinking about the evolution of the company in an agnostic way. This is extremely important and fully complementary to the entire strategy we have been pursuing.

Today the company has several hundred, if not thousands, of integrations with multiple market players, whether they are solutions that complement areas where we do not operate or opportunities for our clients to evolve through multiple sales channels and other

capabilities. In our commerce platform we have more than 400 integrations and our management system has thousands.

What already works as a multi-layer orchestration system now expands further with agents connecting to our infrastructure. These can be our own agents, which we will make available to our clients to increase productivity and improve their experience, or they can be external market agents.

But this is more of a strategic view. I will let the team bring additional context and practical use cases.

Alessandro Gil:

This is Alessandro speaking. Thank you for the question. Building on what Rafa mentioned, I believe we have a very consistent view of how we should structure ourselves for this new phase. Rafa explained it well. We do have a significant amount of information. We hold order data and customer history, and without this context agents will obviously hallucinate. For us, an important point is how we strengthen our relationship with clients while ensuring that data becomes even more robust and consistent.

In the case of Wake specifically, our OMS is extremely important, and our CDP, which provides customer context, is also very important. They interact with two additional layers that are fundamental for us and were illustrated on the slide Rafa presented. One is an internal layer where there is internal orchestration of agents and the development of these agents that execute tasks. This includes creating an order, triggering invoicing, allocating a product to a store or to a specific inventory location to fulfill a certain order. All of this is very important and functional within our platforms.

But there is another world evolving outside, which is the multi agent environment. For that reason we are also working intensively on building this infrastructure so that we can orchestrate multiple agents and connect with Google UCP and other agentic infrastructure standards. This ensures that our products and our internal agents remain connected with this multi agent environment.

Willians Marques:

I will complement that. First I would like to thank Bernardo for the question and bring the SMB perspective. We are talking about very small teams that sometimes are even shared with the physical store. When we look at the potential of bringing AI into this operation, it can often be the difference between success and failure.

In this way the merchant gains the ability to operate their e commerce with much greater scalability, even compared with what larger teams are able to do. For us, serving SMB clients, embedding AI in our software truly brings this leverage to what small businesses can accomplish.

A major differentiator we have, when looking at LWSA as an ecosystem, is that you have the entire journey. From inventory management with Bling, to orchestration, to logistics and operational execution. With AI and agents, this allows two main things. First, it allows new stores to be launched very quickly because the inventory is already there and intelligence can be used to create the e-commerce operation much faster. Second, because the entire operation is integrated, merchants tend to consume AI directly within our offering instead of using separate AI software, agents or third party applications and then having to connect them with their core systems.

We can already integrate and connect our own AI solutions and offer them in a very simple way. SMB clients typically do not have the capacity to manage many integrations. They prefer a more integrated solution, and this is where we see a major differentiator for LWSA within this vision.

Higor Franco:

Just to add another angle to what everyone has already mentioned. Bernardo, this is Higor speaking. The perspective I would add is how we think about AI within the group. We are a very pragmatic technology company and we understand very well how technology influences the lives of our clients. Therefore, the application of AI in our case takes into account how the client truly benefits from it and not simply vanity metrics.

What really matters is how our clients benefit from it. All the cases you have heard so far from Willians, Alê and Rafa have a strong orientation toward how the client benefits. It is not about using AI simply for the sake of using AI. We are not building the agentic layer just because it is interesting or because everyone else is doing it.

We are developing it because we genuinely believe that, considering our system architecture and the way our solutions are built, bringing these capabilities accelerates our clients. It benefits their operations and makes them more productive. So we have been very pragmatic and grounded, but there are indeed many opportunities on the table for us to capture and this is the path we are following.

Otavio Dantas:

Just to close the topic, building on everything that has been discussed, we believe in a very resilient architecture, solution, operation and model, as mentioned before. We believe disruption will happen more at the interface level, especially in products that are more stand alone, easier to replicate and not integrated into the broader journey. There was a lot of discussion about our focus on an integrated journey.

Therefore, the same foundation that could support a disruption thesis for certain products that we may not be able to integrate as well into our own journeys is also the same foundation that supports a major opportunity for us to enrich these same journeys with associated services and generative AI. So I believe there is much more opportunity than disruption,

although there may eventually be some level of exposure that we will have to manage over time.

Marcelo Santos, JP Morgan:

Good morning everyone. Thank you for the opportunity to ask questions. I would like to return briefly to Bernardo's first question regarding margins. You mentioned fixed cost dilution, but you also talked about operational synergies, cost centralization and portfolio optimization. I would like to understand, on a scale from 0 percent to 100 percent, where you believe you currently are in this process.

If we imagine that you have identified a number of projects to execute all the transformations that are underway, how many of them have already been completed? How many are still pending? And what are the expected timelines for these projects to deliver results? That is my first question.

My second question relates to e commerce. When we look at the segment, it showed a good pace with revenue acceleration. However, when looking specifically at platform revenue, it appeared somewhat more volatile. In the third quarter it moved faster and now it seems a bit slower, including in terms of new client additions. I would like to better understand these movements, what the expected trend is for this line, and what explains these variations.

André Kubota:

Thank you. Good morning, Marcelo, and thank you for the question. I will try to elaborate a bit more on the margin and operating leverage perspective.

Taking a step back, after the IPO we were a company that completed a significant number of acquisitions, more than 20 in total. This obviously brought considerable complexity to our operations across several fronts. I believe we have made substantial progress and evolution in many of these areas. It is difficult to assign a consolidated score, but in terms of operational synergies I would say we are at a more advanced stage. We have already captured many of the major potential synergies across different areas, especially within support functions.

From the perspective of journey unification, I would say we are somewhat past the midpoint. In terms of brand simplification, which is something we have progressed significantly on, the focus has been on making the journeys across different products much smoother and, from the client's perspective, creating a single unified journey.

We have advanced significantly, although there are still additional improvements to be made. I would say this area is somewhat earlier compared to the operational synergies. We also carried out substantial brand simplification. Previously we operated with a large number of brands, and over time we have simplified this structure, which has generated meaningful operational synergies.

Another area that is largely completed is portfolio optimization. We had a number of products and even companies that we either discontinued or evolved by integrating some products

and services into unified brand journeys and discontinuing certain brands, or we effectively completed divestments. From the divestment perspective, this process is already concluded.

The main divestments were completed last year, notably Squid and Nextius, which within our portfolio had lower profitability and growth potential compared to other assets we had. This is clearly reflected in the fourth quarter numbers, particularly the improvement in gross margin and EBITDA margin. So I would say portfolio optimization is largely completed.

Moving to your second question regarding platform revenue and subscription revenue within the ecosystem. First, regarding ARPU, we always emphasize that ARPU is not specifically about pricing. It is essentially a calculation of subscription revenue divided by our user base. We also like to highlight that our pricing model is strongly focused on the value we generate for clients.

We rarely charge based on seats. Instead, our model focuses much more on the value generated for clients and how our products and services contribute to their overall journey. Therefore, when we look at ARPU growth year over year, it does not necessarily reflect price increases for the same products. It is much more related to our clients growing together with us and adopting additional journeys within the platform as well as more features within our group, essentially increasing cross sell.

As we mentioned before, when we look at total revenue we also consider the penetration of payments and logistics. So when we look at our monetization model, this is how we see it. Looking ahead, we strongly believe we can help our clients sell more. We are including AI tools to help our clients increase sales, remove operational friction and support their growth. As our clients grow, we believe there is still room for ARPU to increase alongside that growth, rather than through price increases for the same product and service level.

Lucca Brendim, BofA:

Good morning everyone. Thank you for taking my question. I would like you to comment a bit on how you are seeing the e commerce market in Brazil. How did the end of the year perform? Did it finish stronger or weaker? How are you seeing the start of this year? And what are your expectations for the rest of the year? Whether in terms of acceleration, stabilization or uncertainty given the elections and the macroeconomic environment. Thank you.

Alessandro Gil:

Hi Lucca, Alessandro speaking. Looking specifically at the last quarter, October performed in line with the other months. November was relatively good, but December was a bit more challenging. It is worth remembering that GMV represents only one part of our monetization. We have other ways of monetizing, especially within Wake where part of our revenue comes from fixed fees. For example, we charge based on the number of inventory locations and physical stores. Because of this structure we are somewhat less exposed to GMV fluctuations, even though it still affects part of our remuneration.

Looking at this year, January was very much in line with expectations. February was a bit more challenging, partly because of the timing of Carnival. At the beginning of March we are already seeing a more positive response, so we may have a quarter aligned with expectations.

For the year overall, it is a year with several uncertainties. When speaking with retailers, many of them are not entirely sure what will happen. Although it is an election year, which in some ways may inject more money into the economy and increase optimism among consumers, creating expectations that people may have more cash available, we also have a year with many holidays and the World Cup taking place in the middle of the year, which can slightly affect GMV performance.

Therefore, this is a year that we will likely need to monitor quarter by quarter to understand how it develops. We are keeping a close pulse on the operation to ensure that we can adjust according to how the economic environment unfolds throughout the year.

Willians Marques:

Adding the SMB perspective, we also saw December as a slightly more challenging month, while November had been a good month. What we are seeing is an increase in the number of sellers, so the absolute number of stores has grown, and what actually declined was the average value sold by each seller. This is probably more related to the broader macroeconomic environment.

Entering 2026, we also had the shift related to Carnival, as Ale already mentioned. Last year it happened in March, so February this year was not really a comparable metric because it was a shorter month and included Carnival. After Carnival it becomes difficult to use it as a reference point, but we now have expectations for March, which will have 22 business days. So we believe we will see a recovery compared to what we have seen so far, considering this seasonality.

SMB tends to have an even stronger seasonal effect because it typically has a longer tail portfolio, so it ends up being slightly more impacted. However, we expect a recovery during this quarter and, with all the tools we have been developing, as I mentioned earlier, we expect to increasingly enable SMB clients to compete with larger players across other channels. Therefore, we maintain a positive outlook for the year, naturally depending on broader economic movements as well.

Daniel Federle, Bradesco BBI:

Thank you, everyone, and congratulations on the results. I believe most of the structural and strategic questions have already been asked, so I will focus on two more specific points just to hear your perspective.

For example, we saw Yapay's financing costs as a percentage of TPV increase slightly in the fourth quarter. I would like to understand whether this represents a new level or simply a temporary seasonal effect. We observed something similar with CAPEX, which was somewhat

higher as a percentage of revenue in the fourth quarter. We saw this pattern in the fourth quarter last year, then it declined in the first quarter and later increased again.

I am not sure whether there is a specific seasonality that affects the fourth quarter more negatively, so any perspective on that would be helpful. And as a follow up to Marcelo's question regarding subscription revenue, subscription growth quarter over quarter was around 1 percent to 2 percent. Should we think about this business expanding sequentially at that pace going forward, or are there seasonal effects and we should focus more on the year over year trend?

Marcelo Scarpa:

Thank you for the question. Regarding TPV, when we look at margin per TPV it remains quite stable. On a year over year basis it is practically in line.

There is an effect from the increase in volume, since TPV grew 21 percent in the quarter, reaching 2.5 billion, and 17.7 percent year over year. When we look at it this way, margin per TPV remains very stable and consistent with what we have been seeing. Regarding CAPEX, I will ask Kubota to provide more details.

André Kubota:

Good morning and thank you for the question. Regarding CAPEX, there may occasionally be some differences between quarters, but when we look over a slightly longer time horizon it has been very much in line with what we have delivered in recent quarters.

This is true regardless of the metric we consider, whether in absolute terms or as a percentage of revenue. It is important to remember that most of our CAPEX is focused on the development of new products and the evolution of our existing products and customer journeys, and it is linked to future growth.

Looking ahead, the dynamics have been very similar to what we have delivered over the past few years. Regarding subscription revenue, it is important to note that a large portion of our revenue is linked to subscriptions, and we have been delivering consistent growth.

When we look quarter over quarter, both ARPU and revenue per client have been steadily increasing, and we continue adding clients on top of that recurring MRR base. We analyze this dynamic both quarterly and annually. In the year over year comparison, it is important to remember that in the fourth quarter of 2024 we had delivered very strong growth, so the base effect may have had some impact compared with the year over year growth in the third quarter.

However, the dynamic of our business, which you know well, is essentially about stacking revenue. We look at both quarter over quarter and year over year performance, but year over year can sometimes show larger or smaller variations depending on specific campaigns or particular dynamics. Over the long term, however, the model is about stacking revenue and growing quarter after quarter.

Operator:

As there are no further questions, we will now close the question and answer session and return the floor to our CEO, Rafael Chamas, for his closing remarks.

Rafael Chamas:

I would like to thank everyone for their interest in the company and for participating in the call. Thank you very much and have a great day.

Operator:

The LWSA fourth quarter 2025 earnings conference call is now concluded. Thank you all for your participation and have a great day.