



PagSeguro Digital Ltd. (NYSE: PAYS)

Q3 2025

Earnings Call Transcript

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Earnings Call Transcript | Q3 2025 Results

Operator: Good evening! My name is Audir, and I will be your conference operator today. Welcome to PagSeguro Digital earnings call for the third quarter of 2025. The slide presentation for today's webcast is available on PagSeguro Digital's Investor Relations website at investors.pagbank.com.

Please refer to the forward-looking statement and reconciliation disclosure in this presentation and in the Company's earnings release appendix.

All participants will be in listen-only mode. To ask a live question after the presentation, please use the "raise hand" button to join the queue. Once you are announced, a request to activate your microphone will appear on your screen. Please ask all your questions at once. Today's conference is being recorded and will be available on the company's IR website after the event is concluded. Now, I turn the call over to Gustavo Sechin, IR Director.

Gustavo Sechin: Hello everyone, and welcome to the PagBank earnings conference call for the third quarter 2025. I'm Gustavo Sechin, PagBank's Investor Relations Director. Thank you for taking the time to join us today. Tonight, I am joined by Ricardo Dutra, our Principal Executive Officer, Alexandre Magnani, our CEO, Carlos Mauad, our COO, and Artur Schunck, our CFO. We will begin by sharing the highlights for the quarter, followed by our live Q&A session. Now, I would like to turn it over to Dutra.

Please, Dutra.

Slide 04: Ricardo Dutra: Hello everyone and thank you for joining our third quarter 2025 earnings call. I will begin with slide 4, which summarizes our key operational and financial highlights.

This quarter, we continued to execute our strategy with discipline, navigating a more challenging macroeconomic environment while maintaining our focus on long-term value creation. We ended the quarter with **33.7 million** clients, growing **1.6 million** clients year-over-year.

In 3Q25, we continued to demonstrate resilience and protect profitability, navigating a challenging macroeconomic environment while facing tougher year-over-year comparisons from Q3 2024. On our Acquiring business, Total Payment Volume (TPV) remained stable sequentially, and reached **R\$ 130 billion**. This performance reflects our ability to sustain momentum even amid broader market pressures.

Our credit portfolio and funding base continued to expand at a low double-digit pace compared to the same period last year with NPLs that are half of the industry. During the quarter, we once more accelerated our unsecured lending portfolio, with a particular focus on working capital loans. Meanwhile, we advanced our funding efficiency initiatives, further reducing deposits APY. These efforts reinforce the strength of our ecosystem and our commitment to democratize access to financial services in a responsible and sustainable way.

Moving on to financial highlights, our Total Net Revenue excluding interchange and card scheme fees increased +14% year-over-year, reaching **3.4 billion** reais.

Our Non-GAAP Net Income was **571 million reais**, flat year-over-year while Diluted EPS on a GAAP basis reached **R\$ 1.88**, 14% higher year-over-year, supported by consistent cost discipline and capital efficiency.

On capital efficiency, we have returned **R\$ 2.0 billion** to shareholders via dividends and share repurchases. We repurchased **3.3 million** shares year-to-date, and distributed more than **R\$ 600 million** in dividends following our May 2025 announcement—reinforcing our balanced approach to capital allocation.

In conclusion, our performance this quarter reflects the strength, profitability and resilience of our business model. We have delivered positive earnings every single quarter since IPO, a track record we are committed to uphold through disciplined execution, operational efficiency, and a clear strategic focus.

Slide 05: Moving to slide 5, despite a more cautious economic backdrop, our track record continues to reflect the resilience and consistency of our business model in generating long-term value. Once again, we showcase the evolution of our GAAP diluted EPS since going public in 2018. Over the past years, EPS has grown approximately 2.3 times, translating into a compound annual growth rate of 15%, even as we navigated global disruptions and ongoing macroeconomic volatility.

Throughout this journey, we have reached key strategic milestones that expanded our addressable market and reinforced profitability. These efforts have laid a solid foundation for sustained EPS growth, driven by operational leverage and

disciplined execution. Our performance reflects a clear focus on building strong earnings visibility with a high share of recurring revenues, which enhances predictability and supports long-term value creation.

It also stems from a thoughtful capital allocation strategy – balancing share repurchases and dividend distributions – with a total yield of approximately 15.5%. Combined with our robust capital position, we remain well-equipped to pursue value-accretive opportunities with flexibility and confidence.

Slide 07: As we move to slide 7, we highlight how our long-term vision continues to shape the way we build and evolve the company. Our fully integrated ecosystem, which integrates Payments and Banking, creates powerful synergies that allow each side of the business to leverage the other. By delivering a diverse and complementary range of products, we have deepened client engagement, enhanced monetization, and expanded our share of wallet. This approach positions us not just as a service provider, but also as the primary financial partner for our clients, supporting their needs across every stage of their journey.

Slide 08: Moving to the next slide, as we've emphasized in recent quarters, there's still meaningful room to grow across our platform. In several areas of our banking business, our market share remains below 1%, which reinforces our conviction that we are only scratching the surface of what we are capable of building.

As we continue to scale our banking operations, we're opening new paths for growth – whether through deeper cross-sell, a stronger and more efficient deposit base, or a broader and more diversified credit portfolio, all handled with discipline.

With that, I'll hand it over to Alex, who will walk you through the operational highlights for the quarter. Thank you.

Alexandre Magnani: Thank you, Ricardo! Hello, everyone. In this section, we'll walk through the performance of our business units for the third quarter of 2025.

Slide 10: On slide 10, we highlight the continued evolution of our client base in 3Q25. We ended the quarter with **33.7 million** clients, adding **1.6 million** over the past 12 months. Our active client base reached **17.8 million**, supported by a 2% year-over-year increase in Banking-only clients.

Slide 11: On slide 11, we showcase the evolution of our cash-in, which continues to be one of the most meaningful indicators of transactionality on our platform. In the third quarter of 2025, cash-in totaled **R\$ 95 billion**, representing a 14% increase compared to the same period of last year. On a per-client basis, the figure advanced to **R\$ 5.5 thousand reais**, making a 12% annual increase. These results reflect the strength of our ecosystem and the growing intensity of client engagement across our base.

In addition, we are witnessing broader uptake of bill payments, PIX transactions, investment and insurance solutions, signaling stronger relationships and monetization as customers increasingly entrust us with a wider share of their financial needs.

Slide 12: On slide 12, we present the continued strength of our deposit base, coupled with meaningful progress in reducing our funding cost.

During the quarter, total deposits increased to **R\$ 39.4 billion**, representing an increase of +15% year-over-year. This expansion is particularly significant given our strategy to lower funding costs. It shows. This quarter, we have reached a 6th quarter of consecutive reduction of our cost of funding as a percentage of CDI, demonstrating our ability to attract and retain client deposits while simultaneously enhancing the efficiency and resilience of our liability structure.

When we include other funding sources, total funding reached **R\$ 43.7 billion** in the quarter, an increase of 14% year over year. This performance underscores not only the growth in deposits but also our ongoing commitment to diversifying the funding mix, supporting a more balanced and resilient capital structure.

It is also important to emphasize that deposits remain a cornerstone of our funding strategy, primarily allocated to finance merchant prepayments and our loan portfolio. As of September, our Loan-to-Funding ratio, which compares our expanded portfolio to total funding, stood at 113%, reflecting prudent balance sheet management and disciplined capital allocation.

Slide 13: On slide 13, let me turn to our credit performance.

We see credit as a strategic lever to drive greater transactional activity across both our banking and payment segments. In doing so, we unlock cross-sell opportunities and capture the full potential of our ecosystem. In the third quarter, our total Credit Portfolio reached **4.2 billion reais**, a 30% year-over-year increase.

Since the second half of 2024, we have been gradually accelerating credit underwriting for unsecured products, particularly focused on working capital loans. This has been supported by continuous enhancement in our risk assessment and

collection processes, leveraged by Artificial Intelligence. This quarter, we originated more than two and a half times the volume of working capital loans compared to the second quarter 2025.

If we include financial operations linked to merchant prepayment, facilitated by our instant settlement feature on the acquiring side, our expanded credit portfolio now exceeds **R\$ 49 billion**, up 12% in the last twelve months.

Now turning to asset quality, as shown at the bottom right of the slide, our NPL 90 ratio remains below the market average, underscoring the strength of our risk management practices.

With that, I will now hand it over to Artur, who will walk you through the financial highlights of the third quarter of 2025. Artur, please.

Artur Schunck: Thanks, Alexandre! Hello, everyone, and thank you for joining us today. I'm following the presentation with our consolidated financial results for the third quarter of 2025.

Slide 15: Turning to slide 15, total revenue and income net of interchange and card scheme fees totaled **R\$ 3.4 billion** in 3Q25, a 14% increase year-over-year. This performance reflects the repricing strategies we began rolling out for acquiring products in the fourth quarter of 2024. These initiatives have been crucial to offsetting higher financial costs and to securing a more sustainable revenue base in a more challenging growth environment.

Our revenue growth once again outpaced TPV, showing that our repricing strategy is working to boost profitability. As we wrap up the year, we're staying alert to economic conditions that could bring challenges. Still, the progress we've made puts us in a strong position to maintain solid growth and profits into 2026 as we stay focused on executing our disciplined strategy..

Looking at the charts on the right side, Payments' revenue, net of interchange fees, totaled **2.7 billion reais**, supported by the successful execution of our repricing strategy.

Banking revenue reached **744 million reais** in the quarter, a strong growth of **50%** year-over year. This performance was driven by the expansion of our credit portfolio, stronger engagement and higher monetization. It was also benefited by the growth in deposit volumes and increased in fee generation, particularly from card usage and account-related services.

Moving on to the next slide.

Slide 16: Here, we present a comparison of our Gross Profit over the last twelve months. Our strong banking performance, combined with the repricing strategy we implemented, helped partially offset the negative impact of higher interest rates, which rose by more than **400 basis points** during the period.

Gross profit totaled **R\$ 1.9 billion reais** and increased 2% year-over-year. Buyback and dividend distribution negatively impacted by **R\$ 64 million**. Excluding this effect, Gross Profit would have increased 5.0%, year over year.

On the right side of this slide, I'd like to highlight the robust performance of our Banking business, which has become an increasingly important pillar of our overall results. Banking gross profit grew 59% year-over-year and now represents more than 28% of our total gross profit. In addition, our banking gross profit margin reached 72% in the quarter, up from 68% in the same period last year. These results highlight the strength of our platform, the diversification of our revenue streams, and our ability to efficiently scale complementary products and services.

Slide 17: On slide 17, we dive into our cost and expense structure this quarter.

Our disciplined approach to managing expenses continues to be a cornerstone of our strategy. It played an important role in helping us navigate the pressures of rising financial costs, allowing us to balance sustainable growth and profitability.

On the cost side, **Financial Costs** increased 45%, primarily due to higher interest rates and the impact of recent capital structure adjustments, as noted earlier. These effects were partially offset by our funding strategy, which focused on diversifying sources and reducing interest expenses. Concurrently, **Total Losses** fell 26%, reflecting improvements in our KYC and onboarding processes, resulting in fewer chargebacks, partially mitigated by the natural increase of ECLs given the acceleration of our credit operation.

Operating expenses decreased 3% year-over-year, reflecting our continued focus on efficient cost management. This reduction was driven mainly by lower personnel expenses along with more disciplined marketing investments. As a percentage of total revenue and income, we achieved **400 basis points** of operating leverage compared to the same period of last year.

Slide 18: Moving on to slide 18.

We achieved a non-GAAP net income of **571 million reais**, reflecting a 1% sequential growth and stable year over year.

Shareholder value creation, measured by diluted GAAP earnings per share, reached **R\$1.88** in the last quarter, reflecting an increase of 14% year-over-year.

On the right side of the slide, I am pleased to present the improvement of 30 basis points in our annual Return on Average Equity, which increased to 15.1% from 14.8% as reported in Q3 2024. Even with a conservative capital structure, we've consistently delivered solid returns to our shareholders.

Slide 19: Now, moving on to slide 19, let's turn to the initiatives we're executing to drive shareholder value and reinforce our capital structure.

Throughout 2025, we maintained consistent momentum in our buyback program, repurchasing over **18.5 million** shares. In the third quarter, we advanced into our third repurchase program, which authorizes the Company to buy back up to an additional **US\$200 million** in outstanding shares, demonstrating our commitment to returning capital to shareholders and enhancing long-term value.

In addition to the **R\$ 617 million** in cash dividends already paid in 2025, we announced in September a **R\$1.4 billion** dividend distribution for 2026, to be paid in four installments, further reinforcing our commitment to enhanced shareholder value. Our Basel Index consistently declined from 3Q24 to 3Q25, reflecting an improvement of approximately 2 percentage points in capital allocation.

Moving on to the next slide.

Slide 20: Now, let's take a quick look at our guidance for the year.

While our performance has remained consistent throughout the year, we recognize that the outlook for the rest of 2025 is more challenging, driven by slowing economic activity and sustained high interest rates. Accordingly, we are revising our guidance to align with current market conditions, while staying focused on sustainable growth, capital efficiency, and long-term value creation.

We are adjusting our gross profit growth guidance from a range of 7% to 11% to a revised range of 5% to 7%, reflecting the impact of elevated financial costs in a high-interest rate environment. For reference, our gross profit for the first nine months of 2025 grew 6.3% year-over-year.

Our 9 months Diluted EPS — calculated using the same share count as of December 2024 and excluding the impact of share repurchases and LTIP grants in 2025 — grew 15.7% year-over-year, reflecting the resilience of our business model and the disciplined execution of our strategy. For this metric, we are narrowing our full-year guidance from 11% to 15% growth year-over-year to 13% to 15% growth year-over-year.

Finally, Capex levels remain aligned with expectations for this stage of the year.

With that, I'll invite Alexandre for the closing remarks.

Slide 22: Alexandre Magnani: Thank you, Artur.

Before we conclude, let's move to the next slide for a few final thoughts.

Throughout 2025, we've continued to deliver consistent results, even as the macroeconomic environment remains one of the key challenges. In this context, our margin discipline and operating leverage have been critical in sustaining profitability and protecting returns.

A key highlight this quarter was the expansion of our Banking business, which now accounts for over 27% of total Gross Profit – growing 56% year-over-year. This performance was driven by consistent credit acceleration and stronger client engagement, reinforcing the strategic relevance of this segment within our ecosystem.

Looking ahead, our focus remains on mitigating financial cost pressures while preparing the Company to capture growth opportunities in 2026 and beyond. We remain committed to our long-term ambition: to become the primary financial interface for individuals, micro, small and medium-sized businesses, supported by strong growth potential and a proven track record of creating shareholder value.

To that end, as a reminder, our 2029 strategic targets include:

- (i) **R\$ 25 billion** in Credit Portfolio, supported by a balanced mix of secured and unsecured products, with emphasis on working capital loans and AI-powered solutions like private payroll and PIX finance;

- (ii) Above 10% Gross Profit CAGR, driven by stronger Banking contribution, cross-sell opportunities, and efficiency gains, and;
- (iii) Above 16% EPS CAGR, as we continue converting growth and operational improvements into consistent shareholder returns.

These targets reflect our confidence in the scalability of our platform and the strength of our execution.

Thank you once again for joining us today. I'll now hand it over to Ricardo Dutra for a special announcement.

Slide 23 - Encerramento: **Ricardo Dutra:** Before we move to Q&A I'd like to share some leadership updates.

Effective January 1st, 2026, as part of our planned succession process started last year, **Carlos Mauad**, our current Chief Operation Officer, will become our new **Chief Executive Officer**, and **Gustavo Sechin**, our Investor Relations Officer, will become our new **Chief Financial Officer**.

Alexandre Magnani, our current CEO, and **Artur Schunk**, our current CFO, will keep supporting Carlos and Gustavo in their transition to the new roles.

The Company expresses gratitude to Alex and Artur for their extraordinary contributions as executive officers. The Company will send notice of a general meeting of shareholders in order to vote to approve the appointment of both Alex and Artur to the Company's Board of Directors.

Looking ahead, I am confident that Carlos, who joined PagBank one year ago, will build on this solid foundation and lead the Company into its next chapter of growth. He brings more than 2 decades of extensive experience in the banking sector and credit market in Brazil, which will be fundamental as we continue to expand our digital bank and financial ecosystem, aligned with our long-term strategy.

Gustavo, who also joined PagBank last year and has more than 25 years of experience in the financial sector, brings an extensive background to continue strengthening our finance organization and execution.

Finally, I would like to thank all our teams — the people who works hard every day to make PagBank what it is today. With a strong team, a culture of excellence, and a clear strategic vision, we are well positioned to capture the opportunities ahead and achieve our full potential in the coming years.

Operator: Thank you for the presentation. We will now begin the Q&A session for investors and analysts.

Daniel Vaz, Safra: First of all, congrats on the appointment of Carlos Mauad and Gustavo Sechin to CEO and CFO. I also recognize the works of Magnani and Artur during this transition.

In the middle of the quarter, you announced a strategic update. You put together a bunch of KPIs and guidances for 2029, and you mentioned on your credit portfolio that 2026 could be more of a transition year before a stronger credit origination cycle, specially in working capital. But looking at your numbers in the 3Q, unsecured lending is already showing meaningful sequential acceleration in concessions, in the origination. So probably the portfolio could close this year at R\$1 billion. So it feels like there's room to grow well above 2x next year, particularly considering your expansion right now.

So the question is, given this momentum, how should we think about what is your target for 2026? Is it still a transition year, or does the run rate suggest a steeper curve in your appetite for working capital loans? Thank you.

Carlos Mauad: Vaz, thank you for your question. Just to give you an overview on how we are thinking about our credit products here, we could say that we have three different workstreams, where we are working in a different set of products.

We have the secured products, that we already have processing systems in place. We have channels implemented, we have credit policies already developed and tested, and in these, we have the mission here to keep accelerating, but it is the same thing that we are doing today and we have been done on the past few years.

Then we have this second workstream that I am calling here a scale up workstream, where we are talking about products that we already have the platforms in place, but we are still finding the right credit balance to finding different levels of credit production.

Those products are a working capital that you saw the production increasing on the 3Q25. The overdraft, it is a quite important product to us, especially due to the reason, which it is a very high yield product, and credit cards, that's still a challenge to us here.

So, again, we already see the working capital producing something around R\$70 million in terms of credit production in a monthly base, and we already have credit clusters in test that can push this production up to R\$100 million. This is what we have on a very short time frame, so you can see a little bit of where we are in terms of credit production on working capital.

And that is a third workstream, which is going to show up on 2026, which it is the two main products that are being developed as we speak here, which are the PIX financing and the payroll personal loans that's going to have a perfect fit for us here due to the change that we saw on the FGTS changes, or the regulatory milestone that we saw a few weeks ago.

So, that's a little bit how we are. Yes, we are accelerating, but as you know, taking credit risk, it is a matter of testing different levels, different credit clusters, different ways to collect, to actually test the collection products here, so we can push up observing the right performance in terms of net credit margin.

Daniel Vaz: That's super clear. If I may follow up on your scale of portfolio that you mentioned about the working capital loans, is it too soon for you to share a bit of the KPIs here on the new origination you could put up of R\$70 million per month? Is it exciting for you going above this number, or R\$70 million could be like a good estimate for us to work?

Carlos Mauad: No, we are going to push this production. We are just on the very beginning of this journey here. We are being very careful to test all kinds of clusters and customer profiles embedded in our database. So probably, you are going to see a higher number in the coming quarters, as we evolve on the credit strategy.

Ricardo Buchpiguel, BTG Pactual: Thank you for the opportunity of making questions. In the quarter, we saw that acquiring TPV was kind of flat quarter over quarter, and fell around like 5% year over year. Could you comment on the challenges faced in growing volumes during the quarter, and what initiatives are being taken to enable an eventual acceleration in volume growth, and also eventually if we can already see some signs of re-acceleration in 4Q adjusting for the seasonal effects? Thank you.

Ricardo Dutra: Ricardo, thank you for the question. Right, the TPV was flat sequentially. We do understand TPV as one of the metrics that we should follow here. As we have been said in the past quarters, TPV per se is not the most important metric for us, but of course, it's part of the volumes that we need to manage here.

I am going to talk to you about the past to 3Q and then looking forward. Looking past 3Q, first, it's important to remember we have a very hard comp from 3Q24 where we grew 36% versus previous year. That was the largest TPV percentage growth in a quarter, I guess, in the past couple of years. So, 3Q24 was a very strong quarter, so we have this hard comp.

We also understand the macro and the lower economic activity could have impacted our merchants as well, especially those with a lower income profile. And looking forward, when we look at what happened in the last months, or the beginning of this year, we had some strategies to go to market that we evaluated and we adjusted a few months ago. And I would say to you that, looking at year-over-year base, August was the bottom in terms of growth, it decreased in August. September was better than August, October is better than September.

So, it seems that we reached the bottom in August. With the changes that we did a few months ago, when you have these cohorts piling up, we expect to see better TPV results looking forward. So, that's the overall picture here.

And remember that we always look on the client as a whole, focusing on the increase in the gross profit and EPS. So, if you have a TPV that is accretive, we will go for it. That's pretty much the scenario about TPV.

Ricardo Buchpiguel: That's very clear. And just a quick follow-up, if you could also comment about the competitive environment in the current segment, if you notice any changes during 3Q and the start of 4Q, it will also be very helpful. Thank you.

Ricardo Dutra: Ricardo, we do not see changes in the competition in terms of irrationality. We see all players being rational. When you have an interest rate in the country that is 15% per year, everyone is very concerned about profitability, about the cost of funding. So, we do not see companies trying to get market share at any price. Everyone is trying to be rational and preserve profitability.

So, by having this 15%, of course, we have everyone being more focused on the bottom line and less in the market share. So, going back to your question here, no big changes in competition in 3Q, not even in 4Q.

Kaio Prato, UBS: I have two questions, please. First, a follow-up on working capital allowance. Just wondering if you can share a little bit more about the profile of this client that you are accelerating today. What is the average size of this client? If you can share some numbers on the economics as well, interest rates and level of upfront provisions that should be required, just to understand when this product should start to contribute positively to your gross profit. So, this is the first.

And the second, if you can talk a little bit more about the improvements that you are doing on your chargeback process. I think we had another solid quarter on this line. Just wondering if you are talking about sustainable levels of chargebacks as percentage of TPV now, or if we can see even further improvement going forward. Thank you.

Carlos Mauad: Thank you very much for your question. Just to give you a 10,000 ft high number here on the working capital, we are talking about some average tickets between R\$20,000 and R\$30,000. The range of our interest rate here, it is between 4 and 7, depending on the risk level of this customer.

And there is not a specific size of customer that we are targeting. What we are trying here, it is to optimize and to have a deep credit offer to most of our customers here, trying to optimize the net credit margin of this specific product.

So, again, we are testing a lot of different cluster here with different offers, trying to optimize conversion, optimize net credit margin, as I mentioned here. Every month here, we pretty much put a few tests to make sure that we can create this environment where we can penetrate most of our customers here that are eligible to a credit offer.

On the second question, talking a little bit about risk management under the chargeback perspective, I can tell you that we have a business as usual level on chargebacks here. There is no concern in front of us. We have been evolving our risk engine here to make sure that we can filter the bad transactions.

And as Artur mentioned here on the first part of the presentation, we have a different level in terms of quality on our onboarding process that also helps out filter the bad customers and the bad transactions out of our ecosystem.

So, looking forward, I could say that this relative level of chargeback that you see on the 3Q, we will see this number across on the next few quarters.

Tiago Binsfeld, Goldman Sachs: Good evening, everyone. Thank you for taking our questions. Two questions from our side as well. First one on efficiency, if you can discuss your main initiatives to manage operating expenses into 2026. If there are any big projects in marketing and personnel that could allow further gains in margins.

And second question, more on the macro side of the business, if you have any views on the impact from the income tax exemption for individuals that earn up to R\$5,000 reais in Brazil, your assessment of potential impacts to volumes and to credit. I think you have been alluding to a more challenging macro, but I would like to hear if that could perhaps be a positive catalyst in the short term. Thank you.

Carlos Mauad: I am going to jump up here to try to at least answer part of your questions. On the OPEX side here, we are being very diligent. As long as we have a macro that's a little tougher than everybody expected, we have been quite, as I mentioned here, diligent on to manage OPEX.

Of course, the discipline to prioritize better everything that we are doing here to keep the platform evolving, that goes through marketing expenses also and through some evolution, especially on our customer service OPEX here, where we probably have the most successful AI implementation in the Company at this point, which is delivering a better service as a whole with a lower OPEX deploy.

So again, we are being very diligent on everything that we are doing here, and probably OPEX is going to keep offering us some room to reinvest on our customers.

So that's the first part of the question here.

Ricardo Dutra: Regarding the second part, about the taxes for people that have a salary that is lower than R\$5,000 per month, as we have been saying in the media, that's going to help the low income people, or people that receive this R\$5,000 or less to have more availability of cash to expand. So, of course, that could be beneficial for us. We do not know how big it's going to be, but definitely it could be slightly positive because there's going to be more liquidity for the low income people of the country.

Yuri Fernandes, JPMorgan: Thank you all. Good evening. Wishing the best luck for the current administration and the new management. I have a question regarding expenses here, notably personnel expenses. This was a line that was down this quarter, and it seems to be related to share-based compensation. And I know usually there is volatility regarding share prices and all that, but the drop was pretty important here. It seems to be a R\$30 million, R\$40 million per quarter line, and I think it was like R\$3 million, R\$4 million this quarter. So, if you can provide a little bit of explanation, what drove lower share-based compensation, what is driving this better personnel expenses line here for you? That's my first one.

And a second one, just on the NPL, pretty stable, like 10 bps increase. I think it's totally fair. But your portfolio is growing a lot on unsecured mix. So, just trying to understand what to expect for the NPL on this growth outlook you have. Should we continue to see NPL going marginally up every quarter, or not really? Any color on what to expect on asset quality, given your mix? I think it would be appreciated. Thank you very much.

Artur Schunck: Thank you, Yuri, for the questions. I will answer the first one related to the personnel expenses. Part of the gains that we see in 3Q is related to a linear structure that we are working. As Mauad mentioned, we are so diligent to control expenses here, and personnel expenses are so important to us, and part of the diligent process that we have. The layoffs that we applied in January may also contribute to this performance right now.

In terms of long-term incentive plan, it is related to the volatility of the share price, USD, those things impacted the number. Going forward, I am expecting it to increase a little bit, not too much. So, the level will be, roughly speaking, the same of 3Q.

Carlos Mauad: And jumping to the second part of your question, we are going to keep NPLs lower than the average of the market here. But of course, due to the high concentration in terms of mix that we have unsecured loans today, we are going to see NPL going up quarter over quarter, and it's likely respecting the new mix that we are deploying here on our credit strategy.

Arnon Shirazi, Citi: Thanks for the opportunity of making questions. I want to dive quickly in deposits. I see it grew 15% year over year, which is something in line with last 12 months Selic rate. So, I want to understand better the underlying trends, if there's inflows. What have you been seeing? Thank you.

Ricardo Dutra: Sorry, Arnon, can you repeat the metric? We did not get it here, the 15%. What is the metric?

Arnon Shirazi: Deposits. We see a 15% increase in deposits year over year, which is in line with the Selic rate. The average for the past 12 months may be around 14%. So, I want to understand better the inflows and outflows during this period, and the expectation, since it seems to be growing mostly on tariff. Thank you.

Ricardo Dutra: Yes, we grew this from R\$34 billion to R\$39.4 billion compared year over year. I do not think there is a relationship with Selic. Of course, we try to make the ecosystem stronger and stronger. So, if you look at some of the slides, you see the cash in PIX that grew 14%, reaching more than R\$95 billion.

So, what we try to do here is to make the ecosystem more engaged for the client, so that we have this more complete relationship with them, not only the acquiring, but also in terms of deposits, in terms of use of cards, and so on. But it's a very decent growth when you think that it's 34% to 39%, 15% growth in terms of the deposit. And with our cost of funding going down. That is important to highlight, that we are growing 15% in terms of deposit with the cost of funding as a percentage of CDI going down.

Pedro Leduc, Itaú BBA: Good evening, everybody. I have a question, please, on the gross profit evolution. We talked about volumes here briefly, about slightly recovering at the margin. And we know year for year, when I look at your gross profit margins, they are hurt by the higher Selic rates. But at least, 4Q onwards, they should be more stable with the 3Q. So if I could maybe get a sense on how the TPV volume mix is recovering, what's driving it, also for us to have a sense here. And also, if you could share your views on how gross profit margins are going to evolve over the next couple of quarters. Thank you.

Carlos Mauad: Leduc, thank you for your question here. Our recovery here in terms of TPV and how this is affecting the cost of funds of the Company, comes with the same mix that we see today. As you saw throughout the year, our TPV is more sensitive to the cost of funds or to the Selic rate due to the kind of customer that we have here and the dynamics of the business, as long as we pay most of our TPV upfront, and that makes the Company more capital intensive.

And of course, when we see the other side of the macro cycle, we also trend to capture a better spread when we see the basic interest rates going down. So again, the new TPV that we are bringing to push growth in the Company is coming pretty much with the same mix. So we do not expect to have a different ratio between TPV and the spreads that we see on our customers.

Ricardo Dutra: And just to complement here, Pedro, of course, we follow TPV, but most importantly, we follow revenues. So if we look at revenues year over year, we are growing 14%. So it's a very decent growth year over year, because you know that there are low quality TPVs out there that we are not interested in.

So the idea, of course, is to grow in a sustainable way. But I would say that one of the metrics that show the we are doing successful work here is the growth of revenues, 14%, and also the growth of EPS that is related to the expenses control they have been doing throughout this year.

I would like to take advantage here to say thank you to Alexandre Magnani and Artur for the excellent and extraordinary job as Executive Officers in this Company. They are going to join us as board directors to keep supporting the Company, and wish luck and to count on all the support for Carlos Mauad and Gustavo Sechin in their new roles.

Thank you very much.

Operator: This does conclude PagSeguro Digital's conference call. We thank you for your participation, and wish you a very good evening.

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