Andre Cazotto | PICPAY: Good evening, everyone, and welcome to the PicPay Earnings Conference Call for the First Quarter of 2026. I'm Andre Cazotto, PicPay's Strategy, M&A and Investor Relations Officer.

Today, I'm joined by Eduardo Chedid, our CEO; Rodrigo Couto, our CFO; Danilo Caffaro, Vice President of Consumer Banking; and our Investor Relations and Strategy teams.

We will begin with a short presentation highlighting our quarterly results, followed by a live Q&A with our management team.

Please note that this presentation may contain forward-looking statements and non-GAAP measures. Please refer to the disclaimer on screen and in our earnings materials available on our Investor Relations website for additional information. This call is being recorded and a replay will be available on our website shortly after the call.

Before I hand the call over to our CEO, Eduardo Chedid, I would like to briefly highlight the strength of our execution. As you can see on the next slide, we delivered results above the guidance we presented across all key metrics for the first quarter of 2026. Our total credit portfolio reached R$28 billion, 5.8% above our guidance of R$26.5 billion, driven by a better-than-expected performance on our private payroll loans, which continued to gain traction during the quarter.

Our cost of risk came in at 3.7%, fully in line with guidance, reflecting stability in our asset quality metrics, underpinned by a more resilient and diversified credit portfolio.

On the revenue side, our managerial revenues, which exclude derivative revenues and hedge accounting effects, reached R$3.2 billion. Net interest income came in at R$1.7 billion, surpassing 20% net interest margin for the quarter. Gross profit reached R$1.1 billion, with both metrics delivering slightly above guidance.

Looking at our profitability metrics, IFRS earnings before taxes came in at R$222 million, 3.1% above guidance, and IFRS net income reached R$152 million, 8.4% above the guidance of R$140 million. On an adjusted basis, which excludes stock-based compensation expenses, adjusted EBT reached R$248 million, 5.7% above the guidance of R$235 million, and our adjusted net income came in at R$169 million, 9.3% above the guidance of R$155 million. These results reinforce our strong execution and our ability to consistently grow with profitability.

With that, I will now turn the call over to Eduardo Chedid.

Eduardo Chedid | PICPAY: Thank you, Andre. Good evening, everyone, and thank you for joining us for our second earnings call. I'm pleased to report that we delivered another strong quarter, beating our guidance across every single metric we track.

Let me walk you through the highlights. We delivered solid results across our operational metrics. Total accounts reached 68.6 million, up 11% year-over-year and 2% quarter-over-quarter, continuing to expand at a steady pace. Quarterly active clients grew to 44.3 million. Consolidated TPV came in at R$156 billion, 31% above the prior year. Sequentially, the 1% decline is consistent with typical Q1 seasonality following a strong fourth quarter. Wallet & Banking TPV reached R$134 billion, a 24% year-over-year expansion. The 5% sequential decline reflects the same seasonal dynamic and is fully expected.

Total cash-in was R$125.4 billion in the quarter, growing 22% versus a year ago. On a sequential basis, the 10% decline mirrors the typical Q1 pattern relative to Q4's elevated activity. Consumer deposits grew to R$30.8 billion, up 46% year-over-year and 7% higher than last quarter, reinforcing the trust and principality trends we have been building. Active insurance policies reached 10.2 million, 78% ahead of Q1 last year and 13% above Q4, as our insurance vertical continues to scale at a rapid clip.

Turning to financials. Net revenues reached R$3.5 billion, a 70% increase year-over-year and 17% higher than last quarter. Excluding derivatives and hedge accounting, managerial revenues were R$3.2 billion, up 60% versus the prior year and 9% sequentially. Average revenue per active client grew to R$80.7 in the quarter, 55% above where we were a year ago and 14% ahead of Q4. Excluding hedge accounting and derivatives, ARPAC was R$73.3, up 46% year-over-year and 6% quarter-over-quarter. Deeper monetization and a richer product mix are driving this expansion.

Gross profit came in at R$1.1 billion, representing a 44% year-over-year gain and an 8% step-up from the prior quarter. On efficiency, cost to serve was R$20.3 per active client, up 9% from a year ago but down 1% versus Q4, showing that scale benefits are kicking in. For context, revenue per client expanded 55% year-over-year, while cost to serve grew just 9%. That's the leverage embedded in this model. Adjusted earnings before taxes reached R$248 million, more than tripling year-over-year with a 224% increase and advancing 3% sequentially despite the seasonally lower activity typical of first quarters. This demonstrates the consistency of our earnings trajectory.

Adjusted net income was R$169 million, nearly doubling with 92% year-over-year growth. The 10% sequential decline is entirely attributable to normal Q1 seasonality following a strong fourth quarter. Our revenue diversification continues to evolve. We now have a significantly more diversified and resilient revenue mix, with only 31% driven by unsecured credit. To put that in perspective, in Q1 2024, secured credit accounted for only 4% of net revenues. Today, secured credit represents 23%. Fees and commissions contribute 25%, and float plus hedge accounting accounts for 21%.The key takeaway: 69% of our revenues are now driven by no or low-credit risk streams, up from 63% just 12 months ago. We are growing net revenues 70% year-over-year while building a fundamentally more resilient business.

Looking at the three revenue engines individually. Secured credit revenues reached R$820 million, up 272% compared to a year ago and 41% higher than Q4, fueled by the rapid ramp-up of our payroll loan portfolio. Unsecured credit revenues came in at R$1.1 billion, a 44% year-over-year expansion and 10% above last quarter, growing at a measured pace as we deliberately shift the mix toward collateralized products.

Non-credit revenues hit R$1.6 billion, 47% ahead of Q1 last year and 11% higher sequentially. This line includes fees, commissions, float, hedge accounting, insurance, acquiring, and revenues originated by our audiences and ecosystem business unit — essentially all revenue streams that carry no credit risk. Quarter after quarter, this capital-light engine continues to compound.

On returns, adjusted net income grew 92% year-over-year to R$169 million. The 10% sequential decline reflects normal Q1 seasonality. Quarterly annualized adjusted ROE was 15.5%, compared to 24.4% last quarter. The sequential compression is fully explained by the expanded equity base from our IPO capital raise. As we deploy these proceeds into our high-returning credit portfolio, we expect ROE to trend back above 20% within the next couple of quarters.

Now moving to credit. PicPay Card TPV was R$17.4 billion, 41% higher year-over-year with a modest 1% sequential decline, reflecting typical first quarter seasonality rather than any change in engagement trends. Consumer loans origination reached R$4.5 billion, more than doubling year-over-year at 119% growth and up 2% from Q4 — holding essentially flat against a seasonally strong fourth quarter, which demonstrates the strength of our origination engine. Total credit portfolio reached R$28 billion, 116% above the prior year and 17% above last quarter. The consumer book represents 93% of the total, with SMBs and others comprising the remaining 7%.

Beyond the numbers, we advanced several strategic initiatives in the quarter. On PicPay Card, we launched Skip Purchases — a feature that allows cardholders to pause a monthly payment without penalties, improving their cash flow management and deepening engagement with the product. On small and medium businesses, new business account openings grew from 60,000 per month in Q4 to 80,000 in Q1, a 33% sequential increase. We also rolled out supply-chain finance, enabling businesses to anticipate receivables and improve their cash cycles. In its first quarter, the product generated R$693 million in origination.

We also announced a strategic partnership with TIM, one of Brazil's largest telecom operators, structured as a two-way distribution agreement. PicPay will offer TIM's telecom plans within our app, while TIM will offer PicPay accounts and credit products to its large customer base. The partnership is expected to reduce our customer acquisition costs by activating new users through TIM's existing infrastructure, while driving higher engagement for both platforms.

On the Cover acquisition, we reached an important milestone: CADE, the Brazilian antitrust agency, approved the transaction on May 28 without restrictions. We are now awaiting final clearance from SUSEP, the insurance regulator, as well as from the Central Bank, to close the deal.

Finally, on brand. In the quarter, we launched a new brand positioning: PicPay, Your Next Bank. It marks PicPay's evolution from a payment platform to a full-service digital bank, building trust and daily relevance while preserving the simplicity and innovation that set us apart. The campaign has already generated 1.2 billion impressions and over 75 million views, achieving 81% brand favorability — nearly double the 44% average in the financial services category. This is a strategic investment in long-term principality, and the initial data confirms it's working.

I will now hand it over to Danilo Caffaro, our Consumer Banking Vice President.

Danilo Caffaro | PICPAY: Thank you, Eduardo. On the next slide, we can see that we continue to execute our strategy, gaining market share across major credit products by deepening our share of wallet with clients. As of Q1 2026, we reached 4.93% market share in private payroll loans, up from 0.2%; 2.76% in personal loans, up from 2%; and 1.53% in credit card TPV and 1.08% in credit card portfolio, up from 1.18% and 0.77%, respectively.

On the next slide, we have the breakdown of our portfolio growth for the consumer business. We reached R$26.1 billion in Q1 2026, representing a R$3.6 billion increase from Q4 2025, already after a one-off public payroll portfolio sale. We continue to grow our portfolio with 91% of total growth coming from lower-risk products and more mature cohorts — clients who have already built a credit track record with us.

The following slides take a deeper look at our private payroll loans operation. We continue to believe in the massive opportunity of private payroll loans and have seen strong evolution since the product launch in April 2025. From the very beginning, we operated this product very tightly, following a prudent underwriting strategy. Early on, as operational issues affected first payment defaults in the initial cohorts, we decided to slow down origination. As the product matured and we gained more confidence in its performance, we increased origination quarter-over-quarter. This demonstrates our ability to respond quickly to changing market conditions.

As you can see on this slide, first payment defaults — FPDs — have improved significantly from the first cohorts and are now stable at around 9% across recent cohorts. January FPDs are currently tracking broadly flat quarter-over-quarter, although we still do not have the quarter fully closed, given the product's 30-day grace period plus an additional 30 days for payroll processing.

Delinquency rates, represented here by the over-30-days metric, have also improved month after month. It is important to mention that origination, FPDs and over-30 figures for Q3 2025 cohorts reflect a more conservative underwriting strategy.

On the following slide, we continue to see very healthy unit economics in private payroll loans: lifetime NIMALs around 30%, lifetime ROEs consistently above 100%, and FPDs stable at high single-digit levels. While FPDs remain stable and within a controllable range, our strategy is not centered on minimizing this metric at any cost, but rather on optimizing risk-adjusted returns. We are comfortable and already expanding into new segments with higher cost of risk, provided they are properly priced and structured to deliver returns and loss absorption levels in line with or above what we have achieved today.
In practice, the riskier the segment, the higher the spread, the shorter the duration, and the tighter the leverage-to-income criteria.

Importantly, our current pricing model does not yet incorporate the potential upside from collateral enhancements such as FGTS balances and severance package proceeds, which should become effective throughout the year and help reduce cost of risk, particularly in higher-risk segments.

I will now hand it over to Rodrigo Couto, our CFO. Thank you.

Rodrigo Couto | PICPAY: I'll now walk you through our financial performance. On page 22, we see the familiar pattern of revenue growth running several times higher than expense growth, leading to a 3 percentage point improvement in our efficiency ratio relative to Q4. This means our operating leverage continued to deliver impact even in a quarter where revenues are seasonally weaker.

AI is already having a tangible impact: our headcount has been flat since October 2025, and the projected 10% increase during 2026 will not materialize. We expect AI to be a major driver of our operational leverage, which should be even more powerful going forward.

On the right-hand side of the page, we see that our ROE for Q1 was 15.5%, as our average equity increased by more than 40% following the incorporation of the IPO proceeds. ROE will move back toward the 20s over the next couple of quarters as we gradually deploy those proceeds.

On the next slide, we present the expansion of our financial margins. Net interest income, margin from credit products, and margin from credit products after losses all grew between 17% and 19% relative to Q4, while our net interest margin rose back above 20% to 20.7%. The main driver of margin expansion was credit portfolio growth of 17%, which we will detail on the following slide.

Looking at the credit portfolio, we reached approximately R$28 billion in total credit, growing 17% quarter-over-quarter and sustaining a triple-digit growth rate year-over-year. The main driver of our credit growth continues to be the private payroll loan product, which has been performing within our expectations, as Danilo explained.

When we look at the composition of credit portfolio growth, collateralized products corresponded to 69% of the expansion — similar to the 70% figure observed last quarter. As a result, the proportion of the portfolio that is collateralized continued to increase rapidly, reaching 54%.

On page 25, we present a classification of our portfolio by stages and the coverage of each stage. The composition by stages did not change significantly, and coverages for Stage 2 and Stage 3 rose, resulting in a 1.9 percentage point increase in combined Stage 2 plus 3 coverage, to 63.9%.

Moving to the next slide, Stage 2 formation rose slightly to 5.8%, which is typical of Q1 due to seasonality. Compared to Q1 2025, Stage 2 formation was 1.3 percentage points lower. Stage 3 formation normalized to 3.9% after the spike observed in Q4, which was caused by a methodology change.

To wrap up the credit metrics section: the ongoing loss absorption ratio rose slightly, and the cost of risk remained stable at 3.7%, while total portfolio coverage increased to 13.9%. For Q2, we expect the cost of risk to be between 3.7% and 3.9%.

Moving to funding on Slide 28. Our funding base grew 8% quarter-on-quarter, while the cost of funding remained largely flat at around 94% of CDI. We continue to execute our diversified funding strategy, notably with the structuring of our second FIDC FGTS, through which we raised R$1.25 billion last month. We will continue to mobilize different funding sources and strengthen our deposit distribution capabilities to finance the rapid growth of our credit portfolio.

Finally, on the next slide we present our common equity capital. With the incorporation of the IPO proceeds of approximately R$2 billion, our Common Equity Tier 1 ratio reached 16.7%, with approximately R$500 million — corresponding to 2 percentage points of the ratio — held at our holding company in the Netherlands.

With that, I will turn the call back to Eduardo Chedid for his closing remarks.

Eduardo Chedid | PICPAY: We are now issuing guidance for Q2 2026, excluding any Cover contribution.

We expect the total credit portfolio to reach approximately R$31 billion, representing 11% growth quarter-over-quarter. Quarterly cost of risk should remain within the 3.7% to 3.9% range, consistent with the levels we delivered this quarter.

Managerial revenues are expected at approximately R$3.6 billion, a 13% sequential increase. Net interest income should reach approximately R$1.9 billion, up 12% from Q1. On profitability, we expect gross profit of approximately R$1.15 billion, 5% above this quarter. IFRS earnings before taxes are expected at approximately R$265 million, 19% higher sequentially.

On an adjusted basis, we expect earnings before taxes of approximately R$285 million, a 15% step-up from Q1. IFRS net income is expected at approximately R$235 million, a 55% sequential increase. Adjusted net income should reach approximately R$245 million, 45% above this first quarter.

Across the board, sequential acceleration in every profitability metric, reinforcing the trajectory we have outlined today. Before we open to Q&A, I would like to reinforce an important point regarding our credit strategy. At PicPay, we do not manage the business with the objective of simply minimizing NPLs at any cost. Our approach has always been centered on risk-adjusted profitability, supported by a disciplined underwriting framework and a structurally low cost-to-serve model.

Our operating model allows us to selectively participate in higher-risk segments as long as those products remain within our risk-return matrix — particularly in terms of loss absorption between 40% and 60%, and a minimum 30% ROE threshold.

In practice, our playbook is consistent: the riskier the product, the higher the spread, the shorter the duration, and the lower the leverage relative to income. What gives us confidence is that the current stability we are seeing across asset quality metrics is fully consistent with the portfolio mix strategy we intentionally built over the past several quarters — a more diversified credit portfolio combining secured products, mature unsecured cohorts, and transactional-led underwriting.

This is where the strength of our ecosystem becomes a key differentiator: because our digital wallet is deeply transactional, we are able to leverage proprietary behavioral data and real-time engagement signals that provide a much more accurate picture of customer risk than traditional market benchmarks alone.

On top of that, we layer in data obtained through open banking, which is non-proprietary but highly complementary. The combination of proprietary transactional intelligence with open banking insights gives us a uniquely powerful underwriting edge.

Our performance in private payroll loans — as reflected in our FPD metrics — demonstrates our product velocity, our agility in learning and adapting, the strength of our underwriting model, our digital distribution capabilities, and our operational excellence.

Finally, although some market credit indicators suggest some deterioration, a closer look at PicPay's portfolio — which is more resilient by design — reassures us about our risk-adjusted return policy and our ability to meet our 2026 projections unchanged.

We are now ready to move into the Q&A session. Operator, please go ahead.

Operator: The first question is from Gustavo Schroden with Citi.

Gustavo Schroden | Citi: Hi, guys. Congrats on the numbers — slightly above guidance for Q1, so decent trends. I have two questions. The first one: we saw good trends in Stage 2 plus 3 formation, but we saw an increase in 90-day NPLs. Could you clarify this mismatch between numerator and denominator? Typically when we see strong credit growth, the denominator grows faster than the numerator, offsetting pressure. So some color on the increase in 90-day NPLs would be welcome.

My second question is on the Q2 guidance. You are guiding for approximately R$3 billion of additional loan book growth quarter-on-quarter, which is slightly below Q1 growth. Given that Q1 typically has a seasonal effect and therefore lower loan growth, I would have expected sequential acceleration. Could you explain whether this reflects a conservative strategy or something else behind this number? Thank you.

Rodrigo Couto | PICPAY: Thank you, Gustavo. On NPLs: the ratios are fundamentally different metrics. NPLs simply capture past-due balances — they only reflect one form of deterioration and are highly sensitive to the write-off policy of each institution. This makes levels very hard to compare across banks. We have consistently said that our NPL ratios would continue to rise as the portfolio matures, eventually settling somewhere in the low teens. That remains our expectation going forward.

The way we manage credit performance and coverage is through the proportion of stages, which was fairly stable, and the coverage of each stage, with which we are comfortable. So while NPLs will continue to rise, they do not fully capture the underlying risk dynamics — they are limited in risk sensitivity and highly subject to each institution's write-off and renegotiation policies. That is why we manage by cost of risk, loss absorption, stage formation, and coverage ratios.

Eduardo Chedid | PICPAY: Hey, Gustavo. On your second question: we remain very positive on credit origination overall. The Q2 guidance reflects a conservative stance in our guidance approach, not a conservative posture in how we run the business. On the macro credit environment: yes, Central Bank data shows a gradual deterioration in delinquency. But at the same time, household debt service ratios remain stable and the labor market is providing a strong floor.

Brazil is at a record-low 5.8% unemployment rate, with real aggregate wages growing 6.5% year-over-year. In total, families in Brazil have R$22.9 billion of additional real income in circulation, which acts as a buffer. Job creation also remains concentrated in the lower income brackets — a segment typically more sensitive to income shocks. As long as unemployment holds at current levels, we do not see systemic risk of mass delinquency in lower-ticket credit.

In summary, our baseline is that any credit quality deterioration is likely to be gradual, not systemic — consistent with a controlled tightening cycle without disruption.

And looking at PicPay specifically: we are well-positioned for a more challenging backdrop. We have deliberately built a more diversified revenue mix — 69% of our revenues now come from no or low credit risk streams, with only 31% exposed to unsecured credit. Our credit portfolio is 54% secured and only 46% unsecured, and 91% of new Q1 volumes came from lower-risk loans and mature credit card cohorts. This is by design. Over the past several quarters we have been intentionally rotating the portfolio toward secured products and seasoned vintages with proven performance. Our playbook allows us to adapt quickly: the riskier the product, the higher the spread, the shorter the duration, and the lower the leverage relative to income. This framework is embedded in how we originate every day.

So to summarize: we have built a diversified revenue model, a deliberately resilient portfolio mix, and we have been disciplined in origination. We believe we are well-positioned to navigate this credit cycle.

Andre Cazotto | PICPAY: Just one additional comment. For the consumer loan book, we are expecting origination to be roughly flat with Q4 — close to R$3.5 billion. That is our expectation for consumer banking. We also have some SMB credit portfolio rolling off, which is likely impacting the total credit figure reflected in our guidance.

Gustavo Schroden | Citi: All right, very clear. Just a quick follow-up on NPLs: what is your write-off policy — 360 days, 540 days?

Rodrigo Couto | PICPAY: It's 360 days.

Eduardo Chedid | PICPAY: Yes. Both cards and loans.

Gustavo Schroden | Citi: All right. Thank you.

Operator: The next question is from Mario Pierry with Bank of America.

Mario Pierry | BofA: Hey, guys. Good evening. Thanks for taking my questions. I want to focus on private payroll loans. When you said NPLs should be in the low teens, did I understand that correctly?

Rodrigo Couto | PICPAY: For the whole portfolio.

Eduardo Chedid | PICPAY: Yes, for the whole portfolio.

Mario Pierry | BofA: For the whole portfolio?

Eduardo Chedid | PICPAY: But go ahead, Mario. We'll wait until you finish and then answer.

Mario Pierry | BofA: Okay. On Slide 17 you showed that your market share in private payroll loans has gone from essentially zero to almost 5% in one year. What is making you so successful in this product? What are you doing differently from other players? You also mentioned collateral enhancements related to FGTS, which appear to be delayed. What is causing the delay, and when do you expect those collaterals to become effective?

And on interest rates — what direction are you seeing in the rates you are charging on this product? Clearly it is not uniform: a loan to someone at a small company with short tenure would carry a higher rate than one to someone with a longer, more established job. Can you give us any directional color on pricing?

My second question is on Kovr. You mentioned you have received all approvals and are now awaiting SUSEP. Can you remind us of the expectation for net income from Kovr on a full-year basis? Thank you.

Eduardo Chedid | PICPAY: Hi, Mario. On private payroll loans, our performance has been solid and it is the result of several factors. We were the second company to be accredited in this product and entered very early. As we identified operational deficiencies in the system, we adapted quickly and developed proprietary workarounds.

Our underwriting model has evolved significantly since launch, and our digital distribution capabilities have also played an important role — around 70% of origination is done in-app. From the beginning, we maintained focus and conviction in the product's potential, which gave us a meaningful and faster learning curve. It is a mix of many factors, all driven by focus and the belief that this product would unlock a meaningful opportunity for us.

On FPDs: in our case they are around 9% and have been steady across quite a few vintages. We are confident in the product and that confidence grows over time. On the FGTS collateral enhancements and severance package access: you are right, they have been delayed several times and we are being conservative. Our current expectation is that they will have some impact for us in Q4 of this year, provided there are no additional delays. All in all, we remain positive and the product is behaving as expected.

Mario Pierry | BofA: And Chedid, when you mentioned low teens NPLs — is that specifically for private payroll or for the entire loan book?

Eduardo Chedid | PICPAY: The entire loan book — over time, as we stabilize the portfolio.

Mario Pierry | BofA: So just to be clear: you had an NPL ratio of 8.9% this quarter, 7.2% last quarter, and you expect this to normalize around low teens?

Eduardo Chedid | PICPAY: That is correct, Mario.

Mario Pierry | BofA: Okay. And on Kovr?

Eduardo Chedid | PICPAY: On expected net income — that was your question, right?

Mario Pierry | BofA: Correct.

Eduardo Chedid | PICPAY: Yes. Mario, we can speak to what we expected at the time of our IPO, but since we have not yet received full clearance and approval, I cannot be precise on how they are performing this year. What I can share is that with the products we distribute through them, performance has been strong. So we should expect that from their total portfolio, but I am speaking mainly from my own perspective. Hopefully within a few weeks, once SUSEP and the Central Bank both approve, we will be able to give you much more visibility on our full-year expectation.

Mario Pierry | BofA: Okay. Thank you very much.

Operator: The next question is from Dan Dolev with Mizuho.

Dan Dolev | Mizuho: Hey guys, can you hear me?

Eduardo Chedid | PICPAY: Yes.

Dan Dolev | Mizuho: Great results — really strong first quarter. Congrats from Mizuho. I have one question. I caught some of your comments about AI and how accretive those initiatives are to margin. Could you elaborate a bit on what you are doing in AI specifically, and what opportunities you see going forward? Congrats again.

Danilo Caffaro | PICPAY: Hi, it's Danilo. We have been using AI and LLM models since early 2023. Our first use case was customer service, and we have continued to adopt AI heavily across our entire value chain — from customer service to credit, engineering, marketing, and beyond. We currently run our own internal generative AI platform on a multi-LLM stack, with most employees using it on a weekly basis. It is still early days, but we are already seeing significant performance improvements in AI-first teams. As mentioned in our release, this is one of the factors enabling us to grow the business while keeping headcount flat since October 2025. We believe AI will be a major driver of our operating leverage in the quarters ahead.

Dan Dolev | Mizuho: Great. Thank you and congrats again.

Operator: The next question is from Ricardo Buchpiguel with BTG Pactual.

Ricardo Buchpiguel | BTG Pactual: Hi, everyone. Thank you for the opportunity. Most of my questions were already answered. I have just one: could you provide an update on the Desenrola program, with some color on how origination has been evolving and how important you think this program could be in mitigating potential delinquency risk, depending on how the macro unfolds? Thank you.

Eduardo Chedid | PICPAY: Thanks. We view it positively and entered the program early. Originations are responding well — we have already converted about 10% of the potential we believe is achievable, with collateral for 50% of the renegotiated value provided by federal government funds. In terms of overall impact, it is definitely an upside but not one I would call material for full-year results. That said, we remain positive on it and have been originating well.

Ricardo Buchpiguel | BTG Pactual: That is clear. A follow-up: you mentioned that debt service commitment has been broadly stable, but there is an overall concern that disposable income could be impacted by a decelerating economy. How do you factor this risk into your underwriting? And do you expect an increase in delinquency — not necessarily for PicPay, but for the market as a whole — toward the second half of the year or into next year?

Eduardo Chedid | PICPAY: Generally speaking, we do expect some increase in delinquency for the market overall. As I said before, we do not see anything sudden — it is likely to be a very gradual process.

Looking at our own portfolio, I would point back to our diversified revenue mix and the increasingly secured nature of our credit portfolio. We are growing mainly through lower-risk loans — primarily collateralized — as well as mature credit card cohorts. We expect reasonable stability in both credit risk and Stage 3 formation, around 4%.

Ricardo Buchpiguel | BTG Pactual: Perfect. Thank you.

Operator: The next question is from Craig Maurer with FT Partners.

Craig Maurer | FT Partners: Hi, thanks for taking the questions. Good to hear from you, Eduardo and Andre. I wanted to ask again about private payroll loans. I want to understand the positioning this product is taking with the consumer. Do you think it is muting credit card growth in any way? And do you think private payroll loans are a better path to principality than the credit card? I'm trying to understand how this product changes the relationship with the consumer in terms of ongoing usage.

Eduardo Chedid | PICPAY: On the first part: we see a lot of people who were outside the credit market adopting this product, so it is somewhat additive. Looking at PicPay specifically, it is taking share from personal loans rather than credit cards. One of the key aspects of our case is the ability to distribute this product digitally. Compared to what we hear from the market, we are distributing more in-app than most other players, which underscores that app engagement is a powerful distribution tool. Among private payroll loan clients, the trend is toward increased PicPay usage and broader product adoption. So it is not only about the direct benefit of the product itself, but an overall driver of engagement and cross-product adoption.

Andre Cazotto | PICPAY: And Craig, just to complement: currently around 70% to 75% of all private payroll loan origination is done through our app. This is already helping drive cross-selling of additional products such as insurance — and will be extremely valuable in creating deeper and faster engagement with our customer base.

Craig Maurer | FT Partners: Okay. Thank you.

Operator: The next question is from Daniel Perlin with RBC.

Daniel Perlin | RBC: Hey guys, good evening. Two quick ones. On AI and headcount: since the projected growth is not materializing due to efficiency gains, are you planning to redeploy those cost savings into marketing or higher-risk private payroll opportunities? And secondly, on the guidance: net interest income is guided to grow 12% while gross profit is guided to grow only 5%. I am assuming that reflects a step-up in credit loss allowances. Is that the right interpretation?

Eduardo Chedid | PICPAY: Hi, Dan. On AI: yes, we are leaning in. Beyond keeping headcount flat, if you look at just the avoided hiring on the customer service platform over the last two years, we avoided bringing on an additional 3,000 customer service reps. So it is not only about running flat — it is also about avoiding meaningful new hires. Part of those efficiency gains will be deployed into growth, and part will be converted into better margins. But yes, we definitely plan to invest some of that additional productivity.

Daniel Perlin | RBC: That's great. And on net interest income guidance versus gross profit guidance — is it simply a step-up in credit loss allowances going into next quarter, or is there something else?

Rodrigo Couto | PICPAY: That is correct. We do expect credit loss allowances to be somewhat higher — net interest income growth is consistent with the portfolio dynamics within our risk-return parameters, but we do expect allowances to step up.

Daniel Perlin | RBC: Great. Thank you so much.

Operator: The next question is from Neha Agarwala with HSBC.

Neha Agarwala | HSBC: Hi, thank you for taking my question. You mentioned NPLs will be in the low-teen range, but given that your book is almost 70% secured, why should we continue to see a sustained pickup in NPLs? Why not a pickup for a quarter or two due to private payroll, followed by an easing as the economy improves and rates decline? If you could split out how much of the increase in NPL ratio and cost of risk is driven by private payroll growth, that would help us understand the core dynamic in the rest of the portfolio. Thank you.

Rodrigo Couto | PICPAY: The increase in the NPL ratio is essentially a catch-up of balances already sitting in Stage 3. In Q1, Stage 3 as a proportion of the portfolio was 12.7%, while NPLs were at 8.9%. The 8.9% will reach the low teens by year-end, and the 12.7% will reach the mid-teens. If you want to anticipate what will happen to NPLs, the best leading indicator is the share of Stage 3, which captures other forms of risk that are not reflected in 90-day NPLs.

Both NPL levels and Stage 3 share are highly influenced by our 360-day write-off policy. There are players in the market using 270 days, and others using 120 days — resulting in very different NPL levels. Ultimately, as we find more opportunities in private payroll, credit losses in that product will also increase, but revenues will increase by at least double — meaning we will make more money and generate higher returns. Looking at credit loss metrics without considering the revenue side does not tell the full story. We manage by looking at both in conjunction.

Danilo Caffaro | PICPAY: And to complement, we remain firmly within our guidelines on loss absorption ratios — between 40% and 60% — and minimum ROEs of 30%.

Neha Agarwala | HSBC: Understood. I appreciate that NIMAL is a more relevant parameter. What is a bit confusing is that, given that the majority of your book is secured, when I look at other players with a similar composition, their NPLs are not at similar levels. I want to understand why your NPLs are at these levels. And I understand Stage 3 is higher, so the natural progression implies low-teen NPLs by year-end — but why are we at these levels to begin with? Are you seeing worse asset quality in private payroll than the system, or are there other pockets of pressure in your client base?

Rodrigo Couto | PICPAY: Again, comparing NPL levels across institutions is very difficult in Brazil given the wide variance in write-off policies. What is driving the increase in our NPL ratio is partly the maturation of private payroll loans — but they are not the main contributors. The unsecured portfolio overall is responsible for the majority of NPLs and Stage 3 share. And going back to the earlier comment: because gross profit grows by less than net interest income, by Q2 our NPLs should be close to where they need to be, converging with our Stage 3 proportion, and then changing only slightly through the rest of the year.

Eduardo Chedid | PICPAY: And Neha, just to add: when we look at a product-by-product and cohort-by-cohort analysis, we are not seeing significant deterioration in any specific pocket. It is a compounded effect of several factors — the portfolio mix, and also the fact that private payroll is a secured product, but not a zero-risk product. It is a low-risk product. As we keep growing the portfolio, there will be some delinquency there as well — but in every sense, it is a much safer product than unsecured credit.

Neha Agarwala | HSBC: Understood. And in terms of loan mix, should we be looking at around 75% secured by year-end, given the growth you are having in private payroll?

Eduardo Chedid | PICPAY: No, that should not be the case. We are still growing quite well in credit cards, which are unsecured. The secured share will definitely increase from 54%, but it will not reach around 70%.

Neha Agarwala | HSBC: Okay, perfect. Thank you so much.

Operator: The Q&A session is now over. We would like to hand the floor back to Mr. Eduardo Chedid for the company's final remarks.

Eduardo Chedid | PICPAY: Thanks very much for being here with us again. We delivered a strong first quarter, and our Q2 guidance reflects our continued positive outlook. The main message is that we hold high conviction in delivering our full-year results. With that, I would like to thank you all and look forward to seeing you on the next earnings call.

Operator: PicPay's conference call is now closed. Thank you for your participation and we wish you a good evening.