

André Cazotto | PICPAY: Good afternoon, everyone, and welcome to the PicPay Earnings Conference Call for the fourth quarter and full year 2025.

I am André 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 Pedro Lippi, our Strategy Director.

We will begin with a short presentation highlighting our quarterly and annual 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 we begin, I would like to take a moment to thank all the analysts and investors who supported and followed PicPay throughout our IPO journey. It was a long and intense process, and we truly appreciate the engagement, the questions, and the trust many of you placed in our history.

Today's call marks an important milestone for us as we begin our journey as a public company, and we look forward to continuing this dialogue with the investor community in the years ahead.

Thank you for being with us. Finally, 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 top end of the guidance we presented in our IPO prospectus across all key metrics, both for the fourth quarter and for the full year of 2025.

Looking at our adjusted profitability metrics, which mainly exclude stock-based compensation expenses and the recognition of deferred tax assets, we delivered adjusted pre-tax earnings of R\$241 million, 12.1% above the top end of the guidance for the quarter, and R\$592 million, 11.5% above the top end of the guidance for the full year. At the same time, adjusted net income reached R\$188 million, 31.5% above the top end of the guidance for the quarter, and R\$502 million, 14.1% above the top end of the guidance for the full year.

These results clearly reinforce our strong execution and our ability to deliver results above expectations. With that, I will now turn the call over to Eduardo Chedid.

Eduardo Chedid | PICPAY: Thanks Cazotto and good evening everyone!

Let me start with our operational highlights.

On accounts, we ended the quarter with 67 million total accounts, up 11% year over year. Quarterly active clients reached 42.7 million, also up from 39 million in the prior year.

On volume, consolidated Total Payment Volume reached R\$157.5 billion in the quarter, up 28%, and R\$550 billion for the full year — a 31% increase.

Wallet and banking Total Payment Volume followed the same trajectory, reaching R\$141.6 billion in Q4, up 27%, and R\$497 billion for the year, up 30%.

Total cash-in, meaning the total amount of money our customers brought into our platform, accelerated to R\$139.4 billion in the quarter, up 27%, and R\$483.4 billion for the year — up 29%. In Q4 our customers cashed-in almost R\$ 47 billion per month, reflecting deepening engagement and growing principalities across our client base.

Another two metrics this quarter: deposits grew 44%, reaching R\$28.7 billion— a strong signal of increasing client trust and balance retention. And active insurance policies nearly doubled, growing 76% to R\$9 million, demonstrating the traction of our cross-selling engine.

Across the board, strong and accelerating operational performance.

Turning to credit products — the key engines of our monetization strategy.

PicPay Card TPV reached R\$17.6 billion in Q4, up 42% year over year. For the full year, card TPV hit R\$58.7 billion — a 50% increase — as we continue to expand card penetration and drive higher engagement per cardholder.

Personal Loan origination more than doubled in Q4 when compared to the previous year, reaching 4.4 billion — up 116% — and totaled R\$11.4 billion for the full year, a 67% increase. We are scaling origination while maintaining portfolio quality, and we see significant runway ahead as we deepen credit penetration across our 42-million active client base.

On the credit portfolio side, total outstanding balances reached R\$24.1 billion, up 128% from R\$10.6 billion a year ago. This growth was driven by disciplined expansion across both secured and unsecured products, supported by continued improvements in our underwriting capabilities.

Now let's look at the financial outcomes of this operational momentum.

Net revenues reached R\$3 billion in Q4 — up 69% year over year — and R\$10.3 billion for the full year, an 85% increase. This is the clearest evidence of the operating leverage embedded in our platform.

ARPAC — average revenue per active client — rose to R\$71 in Q4, up 52%, and R\$62.9 for the full year, up 66%. Importantly, this is happening while our cost to serve per active client grew only 11%, both on a quarterly and annual basis, reaching R\$20.4 and R\$19.1, respectively. The widening gap between ARPAC and cost to serve is the defining feature of our unit economics and a structural advantage we expect to sustain.

Gross profit came in at R\$3.6 billion for the year, up 28%. Adjusted EBT reached R\$241 million in Q4 — nearly four times the prior year — and R\$592 million for the full year, up 71%.

Adjusted net income grew 136% in Q4 and nearly doubled for the full year, up to 99% — underscoring the profit inflection underway at PicPay.

This slide puts it all together — the trajectory of scale, profitability, and diversification.

Total quarterly revenues have tripled over the past two years, from R\$937 million in Q4 2023 to over R\$3 billion in Q4 2025. But what's equally important is how we are growing.

Look at the revenue mix. In Q4 2023, 97% of our revenues came from fees, commissions, and float. Two years later, the composition has fundamentally shifted. Float, fees, and commissions now represent 48% of revenues, while secured credit has grown to 19% and unsecured credit to 33%. This is a far more balanced and resilient revenue base — and it reflects the maturation of PicPay as a full-service financial platform.

On the bottom line, net income grew from R\$25 million in Q4 2023 to R\$188 million in Q4 2025.

Our quarterly annualized return on equity expanded from 8.5% to 24.4% over the same period — a nearly three-fold increase and a clear indicator that we are generating attractive returns on the capital we deploy.

To summarize: PicPay is scaling rapidly, diversifying its revenue streams, and converting that growth into meaningful profitability.

Now let me shift to product velocity — the innovation engine behind these results. We had an exceptionally productive quarter across every vertical. Starting with our move into the affluent consumer segment.

In December, we soft-launched Epic — PicPay's premium product package, purpose-built for high-income clients. This is a strategic long-term bet to address the needs of the affluent segment in our customer base: around 2 million customers that earn more than R\$15,000 a month. The value proposition is compelling. Domestically, Epic offers 1.3% cashback on all transactions. For international spend, customers get 4.0% cashback. Besides that, for the first time ever, Brazilians will be able to split international purchases into 3 interest-free installments. We also offer 10 gigabytes of free roaming data — a differentiated bundle that directly addresses pain points for frequent travelers. Beyond that, Epic customers get access to higher-yield investment products and a suite of embedded premium services — creating a holistic affluent experience that deepens engagement and drives principality.

Complementing Epic, we also launched our Global Account — extending PicPay's platform beyond Brazilian reais for the first time. The Global Account offers a multi-currency balance in US Dollars and Euros, paired with a global debit card that can be used anywhere in the world. The economics for clients are best-in-class: a 4% annual yield on balances and zero FX spread on conversions.

Together, Epic and the Global Account represent PicPay's full-stack affluent strategy — and we believe they open a significant new revenue pool. We are just beginning, and we know this is a multi-year project, but with time and continuous innovation, we believe we can make a difference.

Moving to Small and Medium Business — where we made significant progress on two fronts. For the long tail — micro-entrepreneurs and individual sellers — we deepened the integration between our consumer banking and our business platform. The improvements include a simplified onboarding flow that helped us reach 60 thousand new business accounts per month in Q4. We also launched Payment Links, enabling any seller to generate a payment link and collect instantly — no website or POS terminal required. And we introduced One-Click Integration, which allows an individual to transition from a personal account to a business account in a single tap — removing the friction that typically prevents informal sellers from formalizing.

For larger SMBs, we soft-launched three important capabilities. Tap on Phone, which turns any NFC-enabled smartphone into a payment terminal — eliminating hardware costs entirely. Working Capital loans, giving merchants access to credit based on their PicPay transaction history. And Supply Chain Finance, which allows businesses to anticipate receivables and improve their cash cycle.

Now, Audiences and Ecosystem — where we made several high-impact launches that expand PicPay's surface area and drive engagement.

First, we completely redesigned PicPay Shop, our integrated marketplace. It now features a full end-to-end experience with over 300 retailers and seamless integrated checkout — the customer discovers, shops, and pays without ever leaving PicPay. This is a powerful engagement and monetization layer built on top of our existing user base.

Second, we launched food delivery in partnership with Rappi, one of the leading delivery platforms in Latin America. PicPay users can now order food directly within our app — adding a high-frequency use case that drives daily opens and reinforces the habit loop.

Third, we introduced a Travel Hub in partnership with CVC, Brazil's largest tour operator. Users can browse and book flights, hotels, and travel packages — again, entirely within PicPay, with integrated payment and installment options.

And fourth, we expanded our iGaming hub beyond our existing offerings to include scratch cards, raffles, and lottery products. This is a high-engagement, high-margin vertical that complements our entertainment ecosystem.

The common thread across all of these is clear: every new vertical increases time spent in the app, deepens engagement, and creates new monetization surfaces — all without acquiring a single new user.

Finally, our Open Platform strategy — a core differentiator for PicPay.

Our thesis is simple: customers shouldn't have to choose between PicPay and their other financial institutions. Instead, we bring everything together in one place — and in doing so, we become the hub of their financial life.

We pioneered this approach with our Account Aggregator, which allows clients to view and manage balances from multiple banks directly inside PicPay. This quarter, we expanded the strategy into two new verticals.

First, the Cards Aggregator — customers can now register and track credit cards from any issuer within PicPay, giving them a complete view of their card spend, statements, and limits, regardless of the issuing bank. Second, the Investment Aggregator — which consolidates investment portfolios from multiple brokers and banks into a single investment hub inside our app.

The strategic logic is powerful. Every aggregator deepens engagement, generates proprietary data on customer behavior, and creates natural cross-sell opportunities. When we see a customer's full financial picture, we can serve them better — and that translates directly into better underwriting, higher ARPAC and principality.

Now I'll hand it over to Danilo Caffaro, our Vice President of Consumer Banking.

Danilo Caffaro | PICPAY : Let me open this session with the opportunity ahead in credit, which we believe is the single largest lever for value creation at PicPay.

On the left side of this slide, you can see the share-of-wallet funnel.

Brazil has a vast addressable market of individuals with credit lines. Of those, a meaningful portion are already PicPay's customers. But today, our credit share of wallet stands at just around 6%. That means 94% of our own customers' credit wallet are held elsewhere. The upside is enormous. Both from deep penetration with existing clients, and from onboarding new credit customers.

On the right side, you see how our market share has evolved across key products, and the momentum is unmistakable. Private payroll loans, our nearest credit vertical, went from zero market share in Q424 to 3.7% in just one year.

This is a product with strong structural advantages, low risk, payroll deduction, and a growing addressable base.

Personal loans nearly doubled their market share, from 0.9% to 1.78%.

Credit card portfolio share grew from 0.67% to 0.98%, almost 1%. And the card's total purchase volume moved from 1% to 1.3%.

We are gaining share across every credit product, and we are still in the very early stages. With 42 million active clients, best-in-class data, and a platform that enables contextual embedded credit offers, at the point of need, we see a long runway of profitable growth ahead.

Moving to the next slide, we can see how our market share gain is reflected in the evolution of our consumer credit portfolio. We delivered another quarter of solid growth, reaching R\$ 22.5 billion, up R\$4.3 billion, or 24% quarter over quarter. This reinforces PicPay's ability to originate and scale digital credit.

It's important to highlight where this growth is coming from.

Basically, secure products and clients with longer relationships. In other words, low-risk loans and mature credit card clients representing 85% of the total growth.

I also want to address the mixed shift that is happening in the portfolio composition. FGTS origination declined due to regulatory constraints on FGTS prepayment rules.

At the same time, we made a strategic decision to invest in private payroll as a replacement growth engine.

This mixed shift is positive, from a NIMAL perspective.

As you can see at the bottom, private payroll has a higher NIMAL. So, risk-adjusted return on the portfolio is improving.

However, there is an effect on provision levels. FGTS carries almost no credit losses, so as private payroll replaces FGTS in the mix, you should expect higher provision formation, even though the overall economics are better.

The bottom line, the portfolio is growing, it is healthier and the shift towards private payroll it's a better business. But it comes with a different precision profile than FGTS.

In the next slide, we will cover personal loans and origination quality. And the key message here is that it remains stable, and in some areas, slightly better.

On the left, total personal loans and origination reached R\$4.4 billion in Q4. More than doubling from a year ago, and 88% coming from a secure landing.

That's important.

The two lines below are the ones I want to focus on. The green line is the monthly spread, and the black one is the early delinquency rates.

They're both training down together. This is exactly how our risk-based pricing model works.

As we improve credit quality, delinquency comes down, and pricing follows accordingly. That's actually a feature of our model, not a concern.

On the right, we isolate unsecured origination. Even here, the same pattern holds. That increase dropped to 73% of the base while the spread is at 92%. Meaning the spread-to-loss ratio is actually training better.

So, across the board, Total and unsecured origination quality is holding steady and getting slightly better each quarter. The credit engine is performing as expected.

On the next slide, we have the same analysis, but for the credit card portfolio.

On the left, we show the total unsecured card portfolio. It's more than doubled since 2Q24. Our progressive limit cards now represent 25% of the portfolio, coming from 7%.

These are entry-level cards for customers who are still building their credit history with us. Part of our cost of acquisition strategy, and they carry higher delinquency by nature, but also higher spreads.

Now, when you look at the spread and first roll rate lines, both up 22%.

The increase in the first roll rate is driven by a larger share of progressive limits in the mix.

On the right, we isolate only the standard card portfolio, the core product, where the mix has not changed. The portfolio grew almost 2 times. The spread is at 105% up to 100 basis points at the beginning of the period.

Slightly up, but the first roll rate is stable for the last quarters.

The key takeaway is: the total portfolio shows rising roll rates because of the growing progressive limit segment, which is by design. But the standard book, on its own, is solid, and still performing very well.

Now, moving to the next slide, let's dive into the private payroll portfolio.

This product is central to our growth strategy. We are comparing Q2 2025 cohorts, the early days of the product, with Q4 2025.

The progress is clear across every metric. Origination is up 40% quarter over quarter. We are originating over R\$600 million per month.

Interest rates remain stable at 4.3% per month, showing consistency in our pricing.

The average term is now two times higher than the initial cohorts.

First payment to falls went from low double digits down to high single digits. Unemployment rate at 90 days, which tracks whether borrowers remain employed after 90 days of their contract, improved by 30%.

One final point worth highlighting is the collateral behind these loans.

FGTS balances and severance pay are not priced in our models today. There is a potential upside we have not yet captured, and we're still waiting for the rules on the market.

We are confident in the fundamentals of the private payroll loan. The operational issues are behind us. The vintage curves are tracking well. And we remain committed to scaling this product as one of our main growth engines.

And now, I will hand it over to Rodrigo Cotto, our CFO, to walk through the quarter's financial results.

Rodrigo Couto | PICPAY : Now, I will walk you through our financial performance.

As you can see on the graph on the left, our revenues grew 69% year over year, while operating expenses grew only 15% over the same period.

As a result, our efficiency ratio fell below 50% for the first time in the fourth quarter, which is an improvement of 10 percentage points relative to 4Q24.

Our ROE for the fourth 4Q25 was 24.4%.

Our ability to grow revenues over four times as fast as expenses demonstrates the power of our operating leverage, resulting from the efficiency and scalability of our digital platform.

Overall, our results reflect a consistent theme of accelerated revenue growth, far outstripping expense growth, resulting in rapidly improving efficiency and increasing ROEs.

On the next slide, we present the expansion of our financial margins.

Our net interest income, margin from credit products, and margin from credit products after losses all grew around 70% year over year and expanded between 9% and 18% in the fourth quarter, demonstrating the health of our core financial services business as we expand our balance sheet.

On the next slide, looking at the credit portfolio, we reached approximately R\$24 billion in total credit, growing 128% year-over-year, and 29% in the last quarter alone.

The acceleration of our growth was made possible in large part by the new private payroll loan product, which has opened up a new frontier in the Brazilian credit market, and in which we are well-positioned, as Danilo explained.

As a result, we were able to accelerate the growth of our portfolio, focusing on this new secured product, to the point that nearly 70% of our portfolio growth in the fourth quarter was concentrated in secured products.

Despite a decrease in the origination of FGTS advances due to government-imposed limitations.

In other words, we have been able to rapidly expand our portfolio while improving overall credit quality.

On the next slide, we present the evolution of the Stage 2 and Stage 3 formation of our portfolio. We believe those metrics are more representative than traditional NPLs, because they are comprehensively defined in the accounting rules and incorporate multiple risk-based criteria, while NPLs focus solely on days past due as a measure of quality.

On the left-hand side, we see that the Stage 2 formation of our portfolio has been falling steadily, which has been the result of declining Stage 2 formation in both our secured and unsecured portfolios, as well as the shift it makes towards the secured portfolio.

Falling in Stage 2 formation means that a smaller part of our portfolio has been deteriorating in terms of 30-day delinquency, and or in terms of increases in the probability of default. Lower stage 2 formation obviously points in the direction of lower stage 3 formation in the future.

On the right-hand side, we see that stage 3 formation has been increasing from a low base towards a level of around 4%, which you have come to expect going forward.

The increase you see in the fourth quarter to 7.1%, it's due to a one-time effect of a changing methodology. As part of our annual review of our SECL measurement methodology, we incorporated significantly more data, which allowed us to upgrade our models and our methodology in general.

In that context, we made improvements to our Stage 3 classification criteria to make it more robust and less reliant on days past due as the main criteria.

That improvement resulted in a one-time reclassification of approximately R\$590 million of credits from Stage 2 to Stage 3, with an impact on expected credit loss provisions of R\$88 million.

After this improvement in our criteria for Stage 3 classification and corresponding reallocation of credits to Stage 3, we have already seen Stage 3 formation reverting to normal levels during the 1Q26, and we expect a Stage 3 formation for the first 1Q26 to be between 3.7% and 4%, with no expected significant increases going forward.

On the next slide, we present a classification of our portfolio by stages and the coverage of each stage.

As you can see, the change in Stage 3 classification criteria resulted in a changing mix between Stages 2 and 3, with the proportion of Stage 1 remaining stable.

The reclassification of credits from Stage 2 to Stage 3 resulted in reductions in the coverage of both stages, which is to be expected, as the credits that migrated from Stage 2 to 3 had higher coverage than the average of Stage 2, and lower coverage than the average of Stage 3.

Overall, stage 2 plus 3 coverage reached 62%, which is a strong level when compared to that of our main peers.

To finalize the section of the presentation, we show our portfolio-level loss absorption ratio, which has been running within our risk-return management parameters, slightly above 50%.

While we run our credit business considering the 50% threshold, the overall portfolio loss absorption is a little higher because of our small limit strategy, we accept higher loss absorption, up to 100%, as a cost of acquiring good credit customers.

On the right-hand side, we see that the quarterly cost of credit has been trending slightly down.

Based on our projections of credit provision expenses and portfolio growth, we expect the cost of credit to remain nearly flat in the 1Q26, and to be around 3.5% to 4% for the remainder of 2026.

Moving on to deposits on the next slide, you see that our deposit base grew 44% year-over-year, while the cost of deposit funding remained largely flat at around 94% of CDI.

To finance the rapid growth of our credit portfolio, we have been deploying a strategy of diversifying the sources of funding, which we did in the fourth quarter through the issuance of R\$500 million in subordinated debt, following the issuance of R\$200 million in senior unsecured debt in the third quarter of 2025.

We have been actively seeking additional sources of funding, either through securitization or bond issuances, and we will continue to do so in the coming months.

Finally, we present on the next slide the evolution of our capital ratios, which are projected to be around 14% Common Equity Tier 1 and 16% total capital at the end of the 1Q26.

Our target capital ratios going forward will be between 11 and 11.5% CET1, and between 14 and 14.5% total capital ratio.

Our capital ratios are projected to trend down towards those levels, as our balance sheet continues to grow quickly, until at some point during 2027, we expect to reach the point where our capital generation will be sufficient to support our growth.

I will now hand you back over to Andre Cazotto to finalize the presentation.

André Cazotto | PicPay: As we approach the end of the call, we would like to provide some additional color on our outlook for the year ahead.

On the next slide, starting with 1Q26 guidance, we're increasing transparency and providing investors with greater visibility into our near-term performance. It's important to highlight that all figures refer to the PicPay standalone business. We are sharing a more detailed quarterly outlook across our key financial metrics, reinforcing the consistency of our execution and the strength of our operating model.

Even considering the typical weaker seasonality compared to the fourth quarter, we expect to deliver solid results with continued credit portfolio and revenue growth, strong margins, and disciplined risk management.

We would also highlight our profitability outlook, with GAAP net income expected to be around R\$140 million, and adjusted net income of around R\$155 million, primarily adjusted for stock-based compensation.

On the next slide, looking ahead to 2026, our priorities are clearly focused on driving sustainable and profitable growth.

We expect to deliver strong revenue growth while expanding margins as we continue to capture the benefits from past investments in growth and business diversification.

A key lever will be increasing the penetration of credit products within our base, supported by continued cross-sell and a stronger primary relationship with our customers. At the same time, we continue to scale our SMB operations with a full banking approach, while advancing our Beyond Banking strategy to drive deeper customer engagement and additional cross-sell opportunities across our ecosystem.

Finally, we remain fully focused on Brazil. Where we see a significant opportunity to further consolidate PicPay as one of the leading digital banks in the country.

With that, we conclude our conference call and would like to hand it over to the operator to begin our Q&A session. Thank you.

Operator: Thank you. We are going to start the question-and-answer section for investors and analysts. If you wish to ask a question, please click on Raise Hand. If your question has already been answered, you can leave the queue by clicking on put hand down.

Gustavo Schroden from Citi. You can open your microphone.

Gustavo Schroden | CITI: Hello, Chedid, Cazotto, Danilo, Rodrigo. Congrats, first of all, on the IPO, and now congrats on the strong results. Super strong growth.

So I have two questions, if I may. The first one is regarding asset quality and credit growth.

So, analyzing all your information and explanations about what happened in the quarter related to Stage 2 and Stage 3, this improvement in the risk models, and apparently the increase in Stage 3 was a one-off, so we should expect Stage 3 normalizing in the first quarter.

So, you are guiding us that cost of risk in the first quarter of 2026 should be virtually in line, at 3.7%, virtually in line with the third quarter.

So my question here is that we should assume that the company is guiding us that it is sustainable. There is a strong pace of growth, with cost of risk under control for 2026, at least.

So we should forecast cost of risk between 3.5% and 3.7% for the year in this strong pace of growth. I'm asking this because this is one of the main questions we have received. So I'm trying to understand how comfortable you are with this strong pace of growth versus asset quality evolution.

And my second question is regarding card transactions and operations made through third-party cards. If you could share with us how it is evolving, because I remember that in the recent data you showed we could see lower contribution from this type of transaction, meaning lower contributions from third-party cards.

We couldn't find the information for the 4Q25, so it would be great to hear from you. What is the current level of these transactions versus transactions made with PicPay Cards? And what should we expect going forward?

Thank you, and congrats again.

PICPAY: Thanks for your question, Gustavo. This is Rodrigo.

It's exactly as you mentioned. We expect to continue to grow our credit portfolio with quality improving at the margin because of the concentration of growth in secured products.

Within secured products, there is a shift in the risk-return profile, because we have less FGTS, which is no risk and lower return, and more private payroll loans, which are both higher risk and higher return, with better economics overall.

So we expect to continue to grow at a fast pace, perhaps not every quarter as fast as the fourth 4Q25, and for the cost of risk and all of our portfolio metrics to remain within the ranges mentioned in the presentation.

Having said that, we will adjust as conditions change, and we will continue to keep a close watch on credit quality.

So, in terms of your second question, Gustavo, this is Cazotto.

Revenues coming from third-party credit cards represent roughly the low teens of total net revenues. PicPay Cards are becoming, by far, much more relevant in wallet transactions.

For PIX transactions, for instance, more than 50% of the transactions backed by credit cards on our platform are funded by PicPay Cards. So naturally, we are switching from third-party credit cards to our own credit capabilities. Naturally, we expect revenues from third-party credit cards to gradually lose momentum over time.

About two years ago, around 14% of total transactions were funded by a PicPay Card. As you can see now, more than 50% are already at that stage. PicPay Card is becoming, quite rapidly, the number one source of funding for PIX Finance transactions.

Gustavo Schroden | CITI: All right, guys. Super clear. Congrats again. Thank you.

Operator: Our next question comes from Dam Dolev with Mizuho. You can open your microphone.

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

PICPAY: Yes.

Dam Dolev | Mizuho: Great results, great, great quarter out of the gate, very, very strong. I just had one quick question about AI.

Can you maybe talk about your AI efforts and how it helps PicPay grow the top line and also make the company more efficient? Thank you very much, and congrats again.

PICPAY: Hi, Dam. Thanks, Eduardo here.

I think that, first, to understand our AI strategy, I need to take you back to 2023. ChatGPT was launched in November 2022, and by March 2023 we already had a client-facing model running ChatGPT. So, we've been working on that for quite a while now.

Maybe the first large product that came out of that relationship was basically migrating all the first-level customer service into ChatGPT about two years ago. Just to give you a sense of how good that was, we ended up avoiding hiring almost 3,000 customer service reps in the past two years.

So I'd say that this is just one example of things that we've been doing. Maybe Danilo can give you a bit more color on things that we've also been doing on the revenue side, besides the efficiency of adopting AI.

Sure. In terms of the revenue side, last year we made more than 50 billion recommendations for our customers that was all AI-driven and helped us with our cross-selling index and increased the penetration of credit products as well.

Just to give an example, more than 10 million users already use our PicPay Assistant where you can do PIX transactions through WhatsApp, and every day we add more and more features.

And the goal here is actually to have 100% of PicPay's products and services that can be done without the app and actually live where the customer is.

We're also still finalizing the tests on our own foundation model for credit as well, and that's something that we're pretty excited about, because there's a lot to gain.

Operator: Thank you. Our next question comes from Mario Pierry with Bank of America.

Mario Pierry | Bank of America: Hey, guys, good evening. Thanks for taking my question. Congratulations on the IPO, congratulations on the results.

I also have two questions. The first one is about your guidance for the first quarter.

If you can go through the seasonality in the numbers, because when we look at the guidance, we're talking about revenues growing 5% quarter over quarter, gross profit growing 8%, and adjusted net income declining 17% quarter over quarter.

So clearly there's some seasonality here, but can you walk us through that seasonality, especially considering that you have the proceeds of the IPO, which should help your revenue generation.

The first-quarter guidance that you gave is better than what we have in our models, but we want to make sure that we understand the seasonality.

And my second question is about the profitability of the private payroll product.

Like you said, you're gaining a lot of market share, and this is a key driver of loans and revenue for you. The product appears to be very profitable.

However, we're seeing more and more players entering this market. Can you talk a little bit about potential competition pressuring your spreads? Also, we heard some noise in Brazil saying that the government could implement interest rate caps on this product.

So I would like to hear your views on that. Thank you very much.

PICPAY: Mario, Chedid here. Good talking to you.

Well, first of all, on seasonality, you're quite right. The first quarter for us is generally the weakest quarter traditionally.

This quarter, as our guidance shows, still shows some decline compared to the fourth quarter, but at the same time it is almost the strongest first quarter we've ever had.

So yes, it is usually the weakest in the year. At the same time, as you said yourself, it is above the numbers you were expecting, and it's been a strong first quarter for us.

Just to complement here, historically in Q4, credit card TPV is much stronger, naturally because of end-of-year seasonality, this applies both to offline transactions and to our own ecosystem inside our digital wallet.

It's also important to highlight that Q1 is coming very strong, even better than our expectations. We continue to originate more than R\$3 billion in loans in the quarter, so our expectation is to accelerate performance throughout the next quarters.

So, for private payroll, two questions, right? First, around competition.

Yes, we're seeing more players coming into the market as it matures. That's expected. But there's still room to grow, even with competition.

As we mentioned, the operational issues are behind us, and we're getting more confident in improving our offering. As we showed, we doubled the average term of our offering, and that's even more important than competing purely on pricing or interest rates.

Just to give you some numbers, 80% of our originations in this product are actually going through our own channels, and only 20% through market platforms.

So we're confident there will be more competition, but we don't think that will affect our growth trajectory.

Regarding the noise about interest rate caps, we understand this is a completely different product compared to FGTS or public payroll. There are different risks involved, and we believe it's better to allow the market to price risk freely to serve the market more efficiently, rather than imposing caps that could reduce penetration, but our prices are in the low single digits, as we showed. So this is not something we are concerned about.

There is also a potential positive trend ahead as well. As Danilo showed, we are still underwriting as if the two additional guarantees were not in place. If those guarantees are implemented by the government, that would have a positive effect, allowing us to underwrite a larger base of clients compared to our underwriting model now.

So that's also a positive trend that, should add to the current, let's say, addressable market.

Mario Pierry | Bank of America: That's clear. Let me ask one third question here, just really quick. When we look at your Adjusted Net income Guidance versus your reported net income guidance, the difference is only R\$10 million.

I think we were working with a bigger number than that. Can you... and just to confirm, you're just assuming he has stock-based compensations that you are removing from the reported number?

PICPAY: That's correct, and the net effect of that net income is about R\$15 million for the first quarter, which is just the amount of the expense, not of the income taxes.

Mario Pierry | Bank of America: Okay. Thank you, guys.

Operator: Our next question comes from Craig Maurer with FT Partners.

Craig Maurer | FT Partners: Yeah, hi. Thanks for taking the questions, and congrats on completing the IPO. I wanted to ask about the launch of Epic. First, how does this product line up against, say, the affluent product from Nubank?

And secondly, when we think about affluent customers, in general, what's your overlap with that general demographic in Brazil, and therefore, what's the opportunity to cross-sell and rapidly grow the business? Thanks.

PICPAY: Hi, Craig. Good talking to you. Well, first of all, I think that we actually launched Epic to address the needs of around 2 million of our clients that actually make more than R\$15,000, which is a common threshold used by all banks to categorize the affluent segment.

So, within our own user base, we have 2 million clients that could be categorized as affluent. In terms of what we're offering, if you look at the affluent segment, you could say that it varies from R\$15,000 to a much larger monthly income.

Our target, and that's where we are targeting our value proposition, is actually someone that makes between R\$15,000 and R\$30,000 to R\$35,000 a month, which is the larger portion of that segment, and which we feel is also the group that is less well served by most banks. In the pyramid of the affluent segment, they are at the base.

So, we target that base, and we're offering things that actually address the needs of that base of the pyramid of the affluent segment.

If I can give you one example of an innovation that targets the specific interests of that base of the pyramid, it is what we launched, which is the ability to make international transactions in three installments, with no interest. This is not really relevant if you are at the higher end of the pyramid, but if you are at the beginning of that affluent segment, it's quite relevant, and nobody has offered that before for Brazilians.

So, we believe that this is a multi-year strategy, important for us, but obviously it takes time to bring those customers in and drive more principality.

So, we believe that we have a suite of products now, and that we're more equipped to go after those clients. In terms of overlap, at the end of the day, this is not only true for the affluent segment. On average, Brazilians have around five bank accounts.

Which means that, yes, we overlap with everyone that has a large customer base. Now, having 2 million clients in the affluent market definitely puts us among those with a larger base of these customers, which means that we also overlap with most of the other players that have large affluent customer bases.

Craig Maurer | FT Partners: If I can follow up, could you comment quickly on the degree of principality within those 2 million customers versus, say, the remainder of your customer base? Thanks.

PICPAY: So, as we, to this day, we didn't have, of course, the right, bundle of products and service, and the offering, was pretty much not there. Of those 2 million customers, our principality is actually low.

But what I can mention is that for the ones that are already migrated and actually an epic user with the new product offering and value proposition we have already above 50% of principality. That is higher than our average base.

Craig, just to make a compliment, but talking about the overall customer basis, we are increasing our principality numbers. As you can see, in Q4, our principality achieved 35% compared to 32% in the previous quarter.

So, again, I think that we are in the right path in terms of more and more, let's say, becoming the primary relationship of our customer base, as we are, let's say, penetrating more financial services, especially credit products, within our customer base.

Craig Maurer | FT Partners: Okay, thanks, that's very helpful, thank you.

Operator: Our next question comes from Ricardo Buchpiguel with BTG.

Ricardo Buchpiguel | BTG Pactual: Good evening, everyone, and thank you for the opportunity of asking questions. I have two here on my side.

Over the beginning of the year, have you seen any changes in customer behavior following the income tax exemption for the low-income population, either in terms of higher spending, increased capacity to take more credit, or even lower delinquency?

And for my second question, can you please share more details on what drove the acceleration in the classification of renegotiated NPLs from Stage 2 to Stage 3, and also the update in the parameters of the expected loss models? And if you could also comment on what was the net impact from both these changes on total provisions for the quarter, that would be helpful. Thank you.

PICPAY: Okay, so I'll start with the second question.

Our portfolio is still relatively young, which means that as time passes, the amount of information we incorporate becomes quite substantial relative to what we had before. As we gathered more information, we were able to identify a portion of our portfolio that was classified as Stage 2 but had characteristics more appropriate for Stage 3, so we made the reclassification.

The level of provisioning for those credits was already high, around 60%. It went up to 75%, and that had an impact of R\$88 million on our provision expense. This is basically the result of us learning more about the performance of our portfolio and making the necessary adjustments to our ECL models to make sure we have the correct measurement at every point in time.

Ricardo, going back to your first question, I think it's too soon to give any color on the tax exemption being a positive force in terms of more business or higher collections. At the same time, we are positive about it. It should represent a favorable trend. A large portion of clients will have a significant increase in disposable income, which in theory is a positive impact, but it is still too soon to reach any conclusions.

Ricardo Buchpiguél I BTG Pactual: Very clear. And if I may follow up on the second point, it's clear that you had a negative impact of around R\$90 million in provisions because of this reclassification. But when we look at the cost of risk, it is flat quarter over quarter. So, in theory, there should have been a positive impact, and it would be interesting to understand what that positive impact was.

PICPAY: Okay, so this change in our Stage 3 classification criteria came within the context of an overall review of our models, and there were some compensating effects, but when you look at our cost of credit for the fourth quarter, it went up, by 10 basis points, in a quarter where our portfolio grew 29%.

Right, so it's... it was actually a quarter where we, let's say, made higher provisions. You can see that in our large absorption ratio going up. So, it's not like, the whole impact bluff subset. No, we did make higher provisions in the fourth quarter.

Ricardo Buchpiguél I BTG Pactual: Okay, thank you.

PICPAY: And I think you can see that the best way to see that is in the increase in the coverage of stages 2 and 3 together.

Ricardo Buchpiguél I BTG Pactual: Perfect, thank you.

Operator: Our next question comes from Darrin Peller with Wolfe Research.

Darrin Peller I Wolfe Research Hey guys, nice results, and congrats again. I just want to start with ARPAC growth, and to some degree, user growth also, but help us just remind us and walk through the magnitude of the drivers of the ARPAC growth over 50%. I know private, you know, there's a number of different factors, private payroll, etc, that are really contributing, in credit, etc. But maybe just help us more specifically, the building blocks of the top drivers that you're seeing succeed.

And then more importantly, I mean, I know in our prior model, we had assumed around a 30%, a little over 30% ARPAC growth for the year.

So maybe just a frame of reference of what's occurring in this quarter and the trajectory throughout the year ahead of us as to why that shouldn't remain above the low-30s range.

PICPAY: Starting with ARPAC, the biggest driver is higher penetration of credit products on top of our digital wallet. The wallet continues to play a very relevant role in customer engagement and revenue growth, but over time, it is becoming more of a customer acquisition tool. This helps us to learn more about customer behavior and allows us to penetrate more financial services over time.

The largest contribution continues to come from secured credit products. As you could see in the quarter, we accelerated origination in secured credit products, and private payroll loans are becoming the main growth driver.

We can also highlight insurance here. As presented earlier, we reached more than 9 million active policies, and we believe insurance can be another important driver of ARPAC.

Overall, Darrin, we are seeing strong momentum in financial services in the platform, increasing customer principalty. In December, customers brought close to R\$50 billion in cash-in, which was a company record.

With higher cash-in and stronger customer relationships, we feel comfortable increasing credit penetration. The largest driver remains secured credit, and we expect this trend to continue.

Going to the second part of your question, there is a mathematical effect also, which is we expect to actually have a higher number of, active, clients. Then that's what is kind of diluting, growth of ARPAC to around 30-something percent, which is what you mentioned. At the same time, if I looked at, same client, growth, then, there is a very, very good trend, on that. So it's, it's also a mathematical, impact.

Darrin Peller | Wolfe Research: Very, very helpful, guys. Just very quickly, I mean, it looks like private payrolls loans, are obviously executing well enough to fill that gap from FGTS. Just... maybe just remind us again the strategy and confidence in continuing to gain market share here.

PICPAY: I think that, two things happening at the same time, right? So, new regulatory, rules, made it harder to, originate, on the FGTS prepayment. At the same time, we're more and more confident, on the, private payroll, loans and, I think that, first of all, it was always one of our large bets, because it basically unlocks a huge opportunity for us.

This was probably the largest captive market still in the hands of the incumbent banks, because prior to that product, in order for us to conquer a payroll, we'd have to bid on it, and then the employer would actually get that those huge amounts of money, so there was a... a no game for us to play in that arena, and that's basically why incumbent banks had more than 95% of market share of that market. So, with the new product, we can access the employee directly without going through the employer.

And, we were right, out of the gate when the product was launched, because we thought, it was in our benefit to actually learn it, quicker. So we were the second, company to be actually certified to operate.

So we went in early, we saw everything, let's say, let's say, earlier than most of the other players.

So we learned about it, and then as we actually became more and more confident, and as the operational issues actually came to a level where we had comfort to actually start originating, more and more, we did so. If you look at, the, 3 months of, of the quarter.

We actually did, on average, more than R\$500 million of origination per month, and the first quarter also indicating an even better trend.

So, we were, first out of the gate. We learned very well. I think that one of our key strengths is our, contextual digital distribution. If you compare what we're doing to most of the, peers in the market we have more origination coming from our own channel than, more than, almost everyone else. So 80% of our origination is actually driven by, in-app contracts. So I think it's a mix of things.

But we remain really bullish on it, and we feel that we can be definitely one of the protagonists of that new market.

Darrin Peller | Wolfe Research: That's great to hear, guys. Alright, congrats, thanks.

Operator: Our next question comes from Dan Perlin with RBC Capital Markets.

Dan Perlin | RBC Capital Markets: Thanks, and good evening, and also, let me add my congratulations on getting the IPO done, and good quarterly results. Just a couple of quick ones. You know, in the shareholder letter, you talked about expected credit to be about 60% of total revenues.

Obviously, you've spent a lot of time here on the call talking about secured growing faster, but it also sounds like that's going to get to about 25% of revenue. So, the first question is just, is that your stated goal for your 2026, or is that more your ambitious goal over the next couple of years? And then I have a quick follow-up.

PICPAY: Hi, Dan, good to hear you. Yes, it's our, let's say, mid-term expectations. We do believe that credit revenues should go up to 60%, and we believe that the biggest driver will come from secured credit products that should go from 19% up to 25%, let's say 2 to 3 years from now.

Dan Perlin | RBC Capital Markets: Okay. Got it. Okay, that's great. The second question I have is, you know, the net interest income was up, over 70%, so that was, that was fantastic to see. And the margins still kind of were holding in around 20%. I guess the question ultimately is, as you think about the mixed shift of the business going forward, are there any puts and tastes that we need to be thinking about? Like, is the 20% margin sustainable? Should that drift higher, or is that kind of what you have to manage to in order to kind of continue to have that type of net interest income growth? Thank you.

PICPAY: I'd say it's broadly sustainable.

Of course, as we migrate towards secured products, we might get a little bit of compression just because those products have lower spreads, but we don't see on the horizon any major downward pressure on our margins, so I think that's the level we'll expect. It might even go up a little bit as interest rates go down.

We also have, like, let's say, in terms of comparing to other peers in the market, we do have a higher interest earnings portfolio. Last quarter, it was close to 38% compared to maybe, I don't know, mid-20s from the market. So, we have a higher presence of PIX finance transactions in our business model, which drives, let's say, higher net interest margins compared to the average of the market.

So that's another compliment that I can share in terms of the level of profitability that we have in our business model compared to other players.

Dan Perlin | RBC Capital Markets: That's great. Thank you so much.

Operator: Our next question comes from Niha Agarwala with HSBC.

Neha Agarwala | HSBC: Hi, congratulations on the results. Just following up on one of the previous questions: you've shown phenomenal growth in the private payroll product, and as you detailed, that's been quite strong for you. But now, all the large incumbent banks seem to be much more open to growing in that product. Do you see the dynamics changing for you with all the other players being more active in terms of demand for loans or loan pricing? Any expectations in that regard?

PICPAY: So, actually, I would say that this represents an opportunity for us — the upside is much larger than any competitive pressure. We're still quite positive about it, even though there are going to be more players in that product. For us, the upside in terms of accessing payroll deductions and being able to offer a good credit line to private-sector employees is much, much higher.

Neha Agarwala | HSBC: Okay, thank you so much. And are there any concerns regarding asset quality? We know you're originating much more on the secured lending side. Is that more opportunistic, or are you being very cautious in terms of taking credit risk with unsecured products for your customer base?

PICPAY: I think that if you look at our policies, we actually target at least 40% of our portfolio to be secured. That's our overall policy. At the same time, we see a great opportunity in private payroll loans, so we are, let's say, deliberately directing our efforts toward that.

And that is, let's say, cannibalizing what we could originate in unsecured personal loans, but we feel that the opportunity there is very strong. So that's mainly it.

Neha Agarwala | HSBC: Perfect, that's very clear. Thank you so much.

Operator: The question and answer section is over. We would like to hand the floor back to Mr. Eduardo Chedid for the company's final remarks.

PICPAY: So, thank you all for letting us host this today. It's an important milestone for us. It's our first earnings call. Hopefully, you leave with the impression of a quite strong first earnings call.

And we expect to keep that promise running for future calls. Thank you so much, and we'll be around in the next few days if you guys would like to talk to us. Thank you.

Operator: PicPay's conference is now closed. We thank you for your participation, and wish you a nice day.