

# Earnings Presentation

**stoneco**

**1Q24**

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# Our Strategic Priorities

## 1Q24 Highlights



### 1 Win in the MSMB<sup>1</sup> Market

#### GROWTH

**MSMB TPV**  
including PIX P2M<sup>2</sup> **R\$ 102bn**  
+24% y/y  
+18% y/y excl. PIX P2M

**Client Deposits<sup>3</sup>**  
**R\$ 6.0bn**  
+53% y/y  
6.4% of MSMB TPV

**MSMB Client Base<sup>4</sup>**  
**3.7mn**  
+33% y/y  
**205,000** Net Adds

### 2 Drive Engagement

#### MONETIZATION

**MSMB Take Rate<sup>5</sup>**  
**2.54%**  
+15<sup>bps</sup> y/y

**Credit Portfolio<sup>6</sup>**  
**R\$ 532mn**  
+72% q/q  
1.5% 90+ NPL<sup>7</sup>

### 3 Scale through platforms

#### EFFICIENCY

**Adj. Admin Expenses<sup>8</sup>**  
**R\$ 232mn**  
-12% y/y

**Adj. EBT<sup>8</sup>**  
**R\$ 568mn**  
+75% y/y

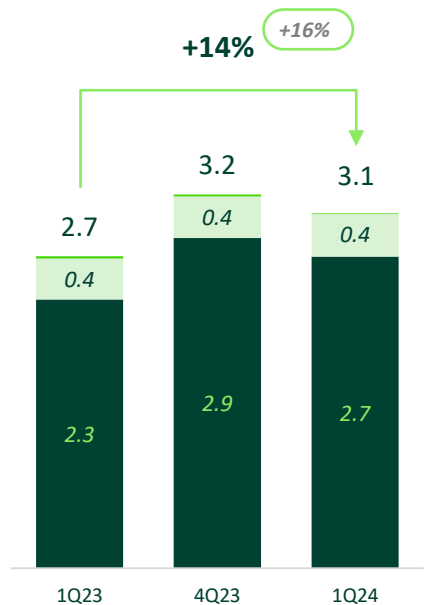
**Adj. Net Income<sup>8</sup>**  
**R\$ 450mn**  
+90% y/y

# Consolidated Results

Growth with efficiency

## Total Revenue

R\$bn

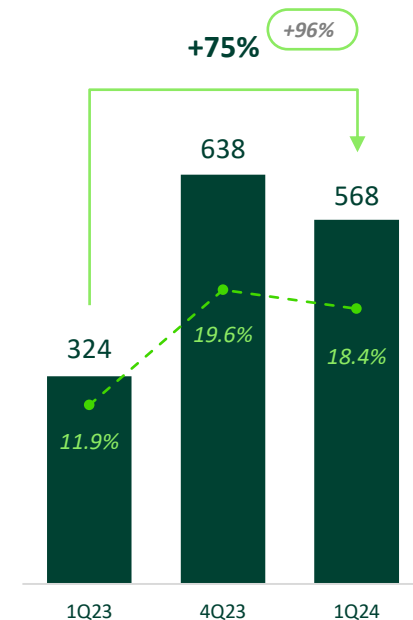


■ Financial Services ■ Software ■ Non-allocated

○ y/y in the previous membership fee policy<sup>1</sup>

## Adjusted EBT<sup>2</sup>

R\$mnn



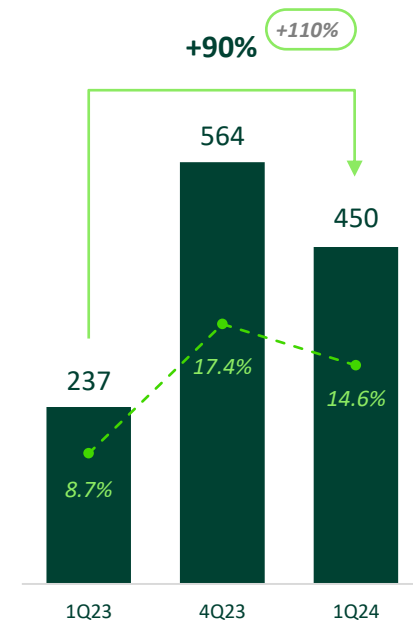
■ Adjusted EBT

---●--- Adjusted EBT Margin

○ y/y in the previous membership fee policy<sup>1</sup>

## Adjusted Net Income<sup>3</sup>

R\$mnn



■ Adjusted Net Income

---●--- Adjusted Net Income Margin

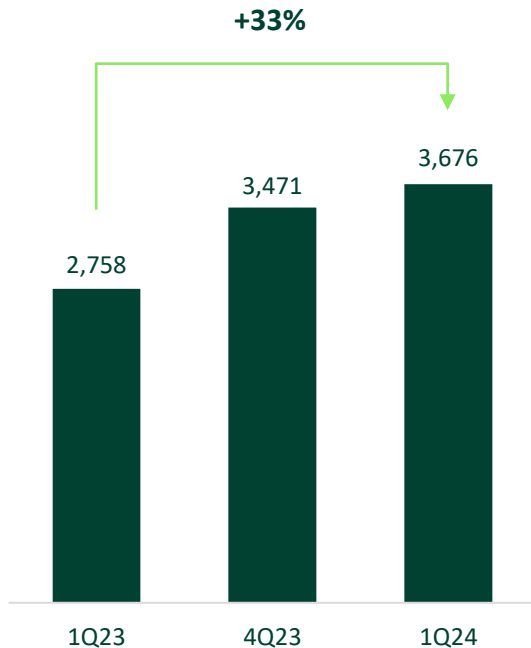
○ y/y in the previous membership fee policy<sup>1</sup>

## Payments

Consistent  
MSMB client  
base growth

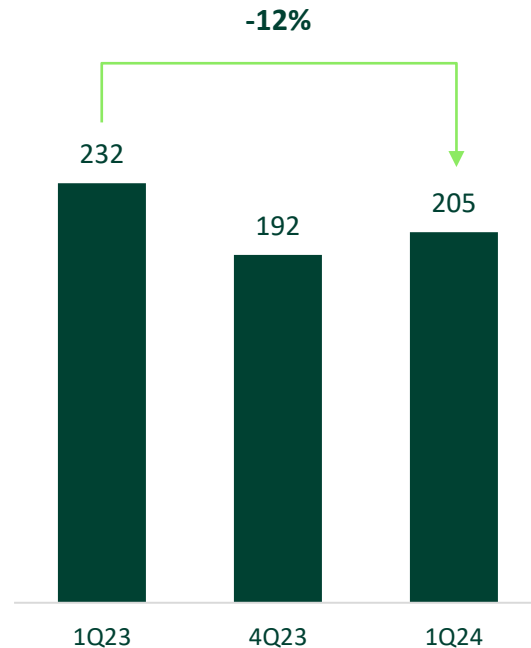
### MSMB<sup>1</sup> Payments Client Base

MSMB Active Payments Clients<sup>2</sup> ('000)



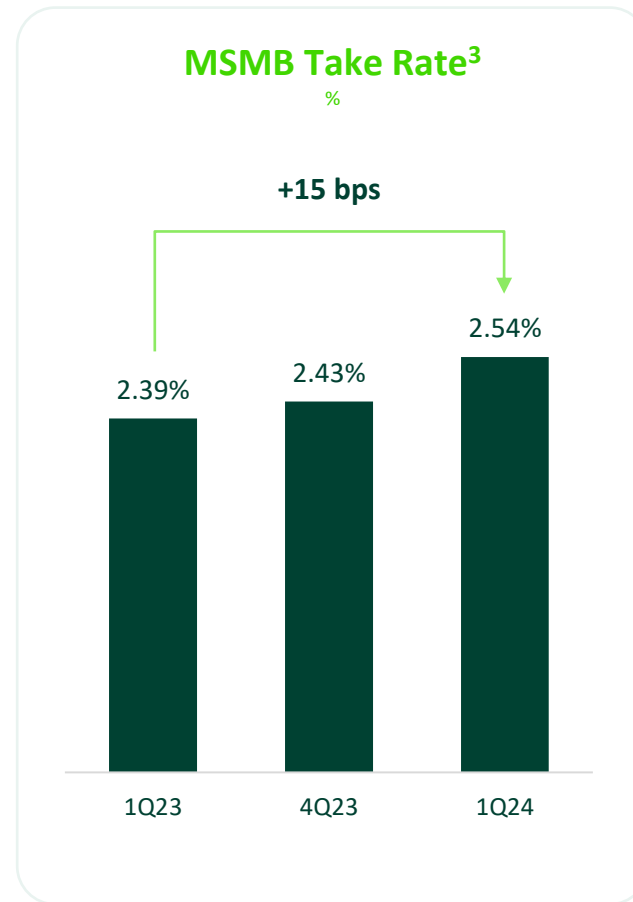
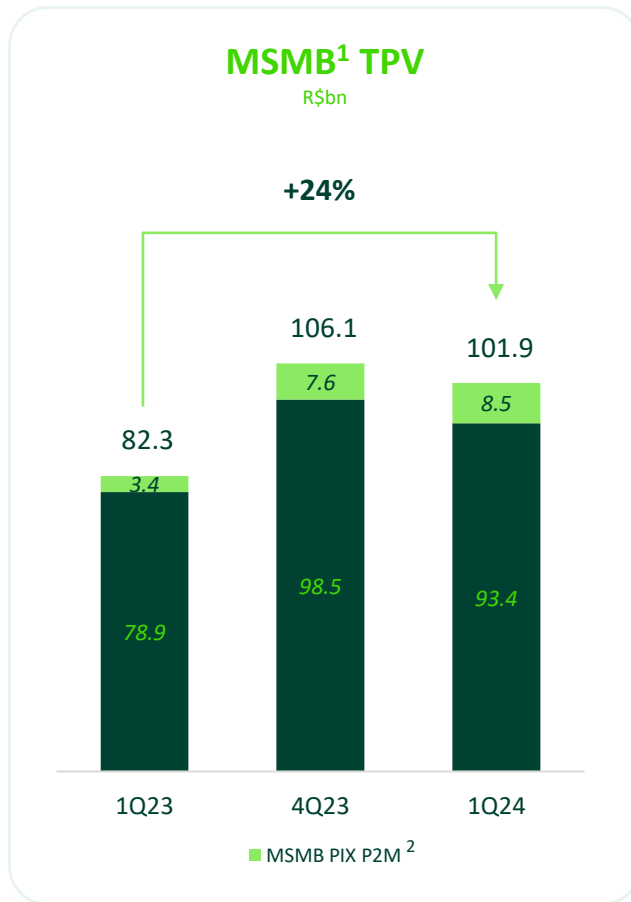
### MSMB<sup>1</sup> Payments Net Adds

Quarterly MSMB Payments Net Adds ('000)



## Payments

Strong TPV growth and higher monetization from MSMB clients



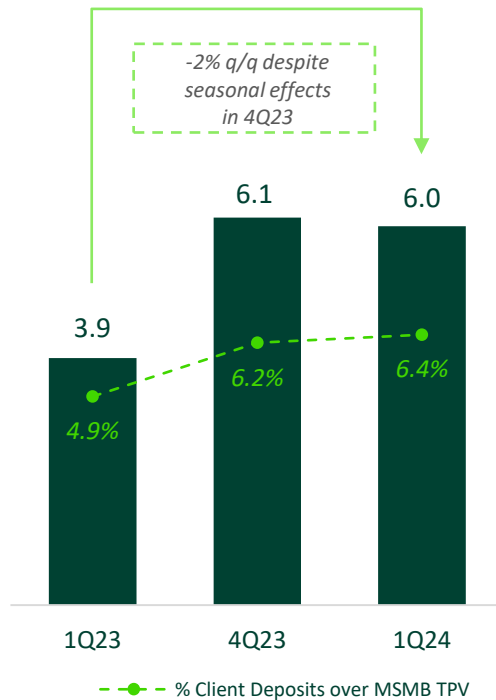
**Banking**  
More robust platform increasing engagement with our clients

### Client Deposits<sup>1</sup>

R\$bn

+53%

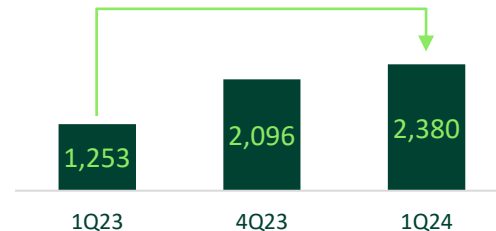
-2% q/q despite seasonal effects in 4Q23



### Banking Active Clients<sup>2</sup>

('000)

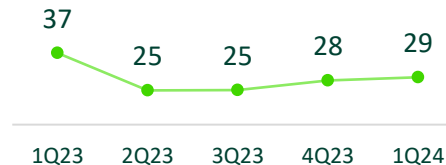
+1.9x



### Banking ARPAC<sup>3</sup>

R\$/month per client

Impacted by new mix with the launch of "Super Conta Ton" in 1Q23

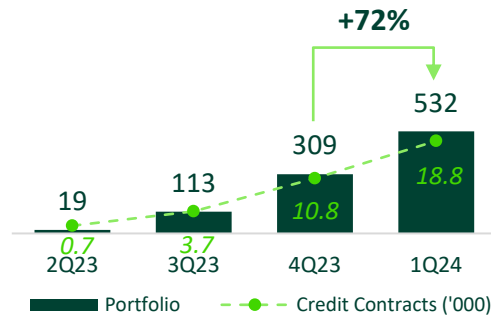


# Credit Working Capital<sup>1</sup>

Encouraging results with a healthy portfolio

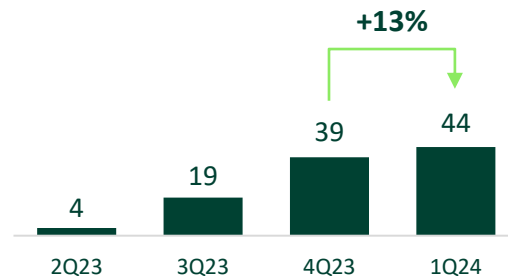
## Portfolio<sup>2</sup>

R\$mn



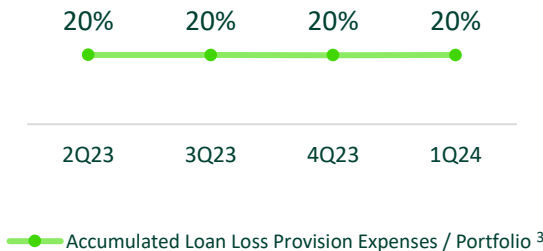
## Provision Expenses for Expected Losses

R\$mn



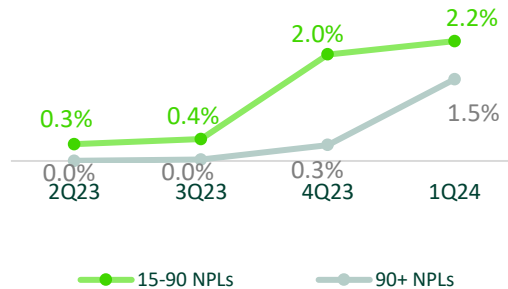
## Ratio

%



## NPLs<sup>4</sup>

%



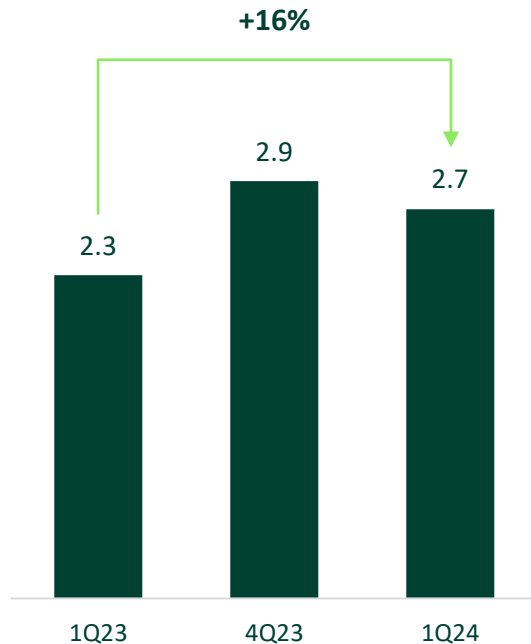


## Financial Services

Revenue growth with year over year margin expansion

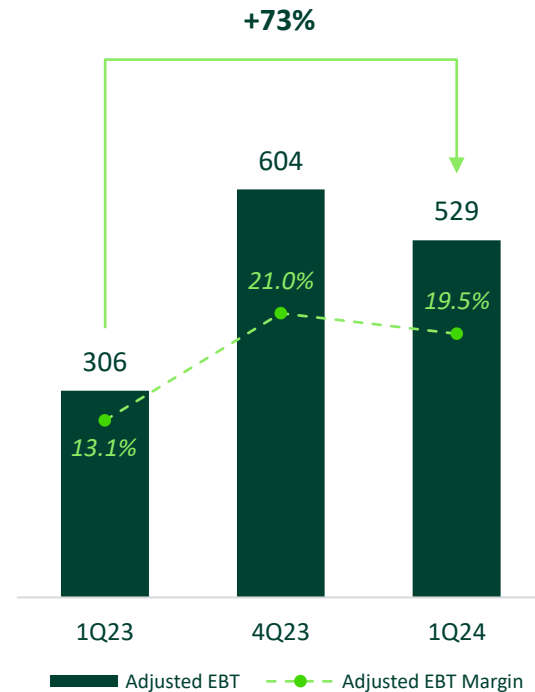
### Financial Services Revenue

R\$bn



### Financial Services Adjusted EBT<sup>1</sup>

R\$mn

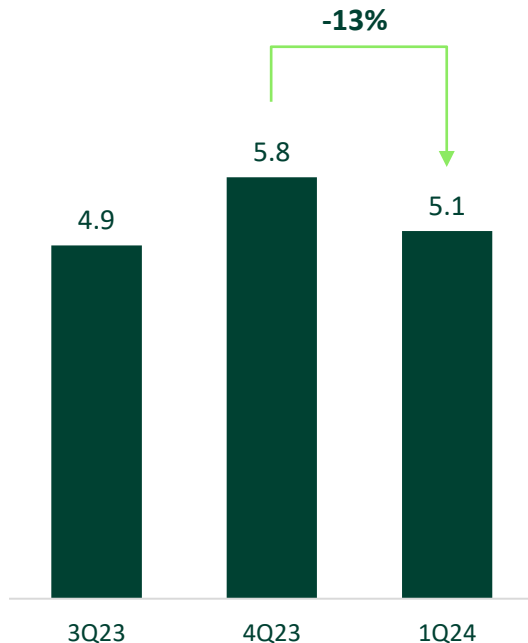


## Software

Unlock value through the creation of bundles

### MSMB TPV Overlap within priority verticals<sup>1</sup>

R\$bn



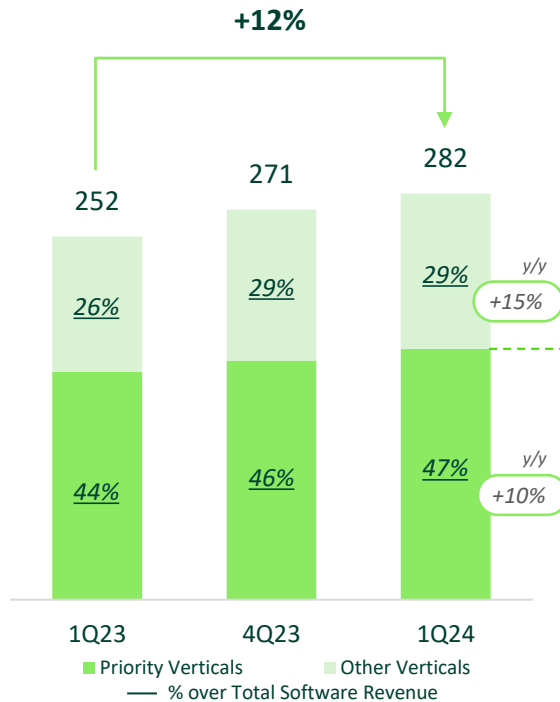
- ✓ Our **strategic focus** regarding software is to cross-sell financial services to clients from priority verticals
- ✓ **Efforts in 2024** will be focused on two verticals: Gas Station and Retail
- ✓ **MSMB TPV Overlap** (indicator of our strategy evolution) decreased q/q due to the normal seasonal decline of retail vertical volumes after the holiday shopping season in the 4Q

## Software

Verticals software revenue growth above inflation

### Verticals Software Revenue<sup>1</sup>

R\$mn



#### Other Verticals

Contribution coming from *recurring revenues*

#### Priority Verticals

*Gas Stations* and *Retail* are the key verticals with the most advanced initiatives around creating and distributing financial services and software bundles

## Software

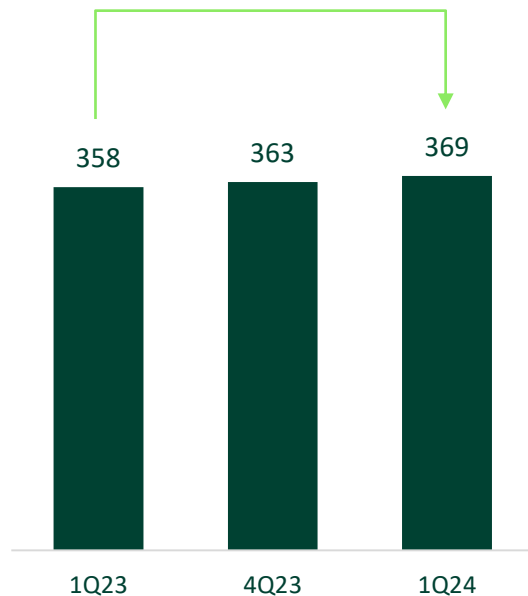
Efficiency initiatives showing results

### Total Software Revenue<sup>1</sup>

R\$m

+3%

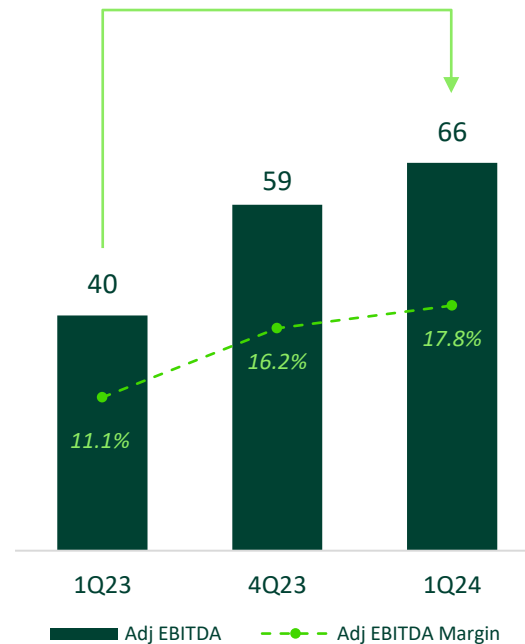
Impacted by the decline in lower margin Enterprise sales, which we are deemphasizing



### Software Adjusted EBITDA<sup>2</sup>

%

+65%



# Costs & Expenses

q/q highlights as a % of revenues

- 1 Increased 160 bps mostly due to higher transaction, logistics and D&A costs, and provisions for expected working capital losses
- 2 Decreased 100 bps mainly with seasonally higher personnel expenses in 4Q and lower third-party services in the quarter
- 3 Increased 320 bps mostly due to higher marketing expenses related to the sponsorship of a reality TV show and investments in our sales team
- 4 Remained relatively flat
- 5 Decreased 230 bps mainly with lower SBC expenses, which includes a non-recurring positive impact of R\$40mn from the net effect of the cancellation and new grants of incentive plans, besides lower contingencies

R\$m	Adjusted Costs & Expenses – Consolidated <sup>1</sup>						
	1Q23	2Q23	3Q23	4Q23	1Q24	Δ% y/y	Δ% q/q
Total Revenue	2,711.7	2,954.8	3,139.9	3,248.7	3,084.9	13.8%	-5.0%
<b>1 Cost of services</b>	<b>(721.3)</b>	<b>(685.3)</b>	<b>(773.5)</b>	<b>(802.7)</b>	<b>(809.9)</b>	<b>12.3%</b>	<b>0.9%</b>
% of revenue	(26.6%)	(23.2%)	(24.6%)	(24.7%)	(26.3%)	30 bps	(160) bps
<b>2 Administrative expenses</b>	<b>(262.5)</b>	<b>(269.1)</b>	<b>(243.5)</b>	<b>(277.3)</b>	<b>(232.0)</b>	<b>(11.6%)</b>	<b>(16.3%)</b>
% of revenue	(9.7%)	(9.1%)	(7.8%)	(8.5%)	(7.5%)	220 bps	100 bps
<b>3 Selling expenses</b>	<b>(389.9)</b>	<b>(411.9)</b>	<b>(442.4)</b>	<b>(454.0)</b>	<b>(529.7)</b>	<b>35.8%</b>	<b>16.7%</b>
% of revenue	(14.4%)	(13.9%)	(14.1%)	(14.0%)	(17.2%)	(280) bps	(320) bps
<b>4 Financial expenses, net</b>	<b>(908.9)</b>	<b>(1,059.7)</b>	<b>(1,044.5)</b>	<b>(941.1)</b>	<b>(889.2)</b>	<b>(2.2%)</b>	<b>(5.5%)</b>
% of revenue	(33.5%)	(35.9%)	(33.3%)	(29.0%)	(28.8%)	470 bps	20 bps
<b>5 Other income (expenses), net</b>	<b>(104.1)</b>	<b>(81.0)</b>	<b>(90.6)</b>	<b>(133.7)</b>	<b>(56.7)</b>	<b>(45.5%)</b>	<b>(57.6%)</b>
% of revenue	(3.8%)	(2.7%)	(2.9%)	(4.1%)	(1.8%)	200 bps	230 bps

# Cash Generation

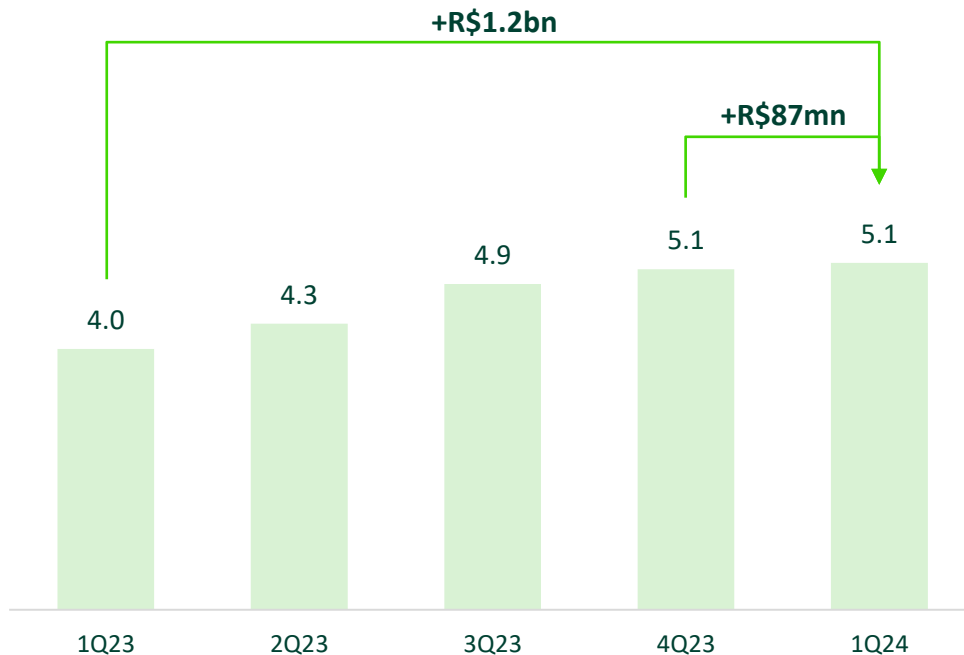
## q/q highlights

Adjusted net cash<sup>1</sup> position increased by R\$1.2bn or +29% y/y, with a positive evolution of +R\$87mn or +2% q/q. The quarterly evolution is mostly explained by:

- +R\$757mn of cash net income<sup>2</sup>
- R\$(307)mn of Capex
- R\$(193)mn from loans operations portfolio (net of provision expenses and interest)
- R\$(116)mn from labor and social securities liabilities
- R\$(22)mn from M&A
- R\$(14)mn from prepaid expenses

## Adjusted Net Cash Position

R\$bn



## Guidance

	2023	Δ% y/y	2024	Δ% y/y	1Q24	Δ% y/y	2027	CAGR 24-27
MSMB TPV (R\$bn)	350	+21%	> 412	> +18%	93	+18%	> 600	13%
Client Deposits (R\$bn)	6.1	+52%	> 7.0	> +14%	6.0	+53%	> 14.0	26%
<b>GROWTH ↑</b>								
Credit Portfolio (R\$bn)	0.3	n.a.	> 0.8	> +2.6x	0.5	n.m.	> 5.5	90%
MSMB Take Rate (%)	2.45%	+30bps	> 2.49%	> +4bps	2.54%	+15bps	> 2.70%	-
<b>MONETIZATION ↑</b>								
Adj Net Income (R\$bn)	1.6	+3.8x	> 1.9	> +22%	0.45	+90%	> 4.3	31%
Adj Adm Expenses (R\$bn)	1.052	+6%	< 1.125	< +7%	0.23	-12%	< 1.450	8.8%
<b>EFFICIENCY ↑</b>								

**1Q24 performance was on track  
to deliver our guidance**

## APPENDIX

Summary  
Statement of  
Consolidated  
Profit and  
Loss

R\$mn	Statement of Profit and Loss					Adjusted Statement of Profit and Loss <sup>1</sup>				
	1Q24	% Rev	1Q23	% Rev	Δ% y/y	1Q24	% Rev	1Q23	% Rev	Δ% y/y
Net revenue from transaction activities and other services	749.8	24.3%	733.1	27.0%	2.3%	749.8	24.3%	733.1	27.0%	2.3%
Net revenue from subscription services and equipment rental	456.7	14.8%	445.1	16.4%	2.6%	456.7	14.8%	445.1	16.4%	2.6%
Financial income	1,741.1	56.4%	1,375.0	50.7%	26.6%	1,741.1	56.4%	1,375.0	50.7%	26.6%
Other financial income	137.3	4.4%	158.4	5.8%	(13.4%)	137.3	4.4%	158.4	5.8%	(13.4%)
<b>Total revenue and income</b>	<b>3,084.9</b>	<b>100.0%</b>	<b>2,711.7</b>	<b>100.0%</b>	<b>13.8%</b>	<b>3,084.9</b>	<b>100.0%</b>	<b>2,711.7</b>	<b>100.0%</b>	<b>13.8%</b>
Cost of services	(809.9)	(26.3%)	(721.3)	(26.6%)	12.3%	(809.9)	(26.3%)	(721.3)	(26.6%)	12.3%
<i>Cost of services ex. Provision for expected working capital losses</i>	(765.5)	(24.8%)	(721.3)	(26.6%)	6.1%	(765.5)	(24.8%)	(721.3)	(26.6%)	6.1%
<i>Provision for expected working capital losses</i>	(44.4)	(1.4%)	n.a.	n.a.	n.a.	(44.4)	(1.4%)	n.a.	n.a.	n.a.
Administrative expenses	(257.0)	(8.3%)	(298.0)	(11.0%)	(13.8%)	(232.0)	(7.5%)	(262.5)	(9.7%)	(11.6%)
Selling expenses	(529.7)	(17.2%)	(389.9)	(14.4%)	35.8%	(529.7)	(17.2%)	(389.9)	(14.4%)	35.8%
Financial expenses, net	(896.5)	(29.1%)	(923.6)	(34.1%)	(2.9%)	(889.2)	(28.8%)	(908.9)	(33.5%)	(2.2%)
Mark-to-market on equity securities designated at FVPL	0.0	0.0%	30.6	1.1%	(100.0%)	0.0	0.0%	0.0	0.0%	n.a.
Other operating income (expense), net	(108.1)	(3.5%)	(101.5)	(3.7%)	6.5%	(56.7)	(1.8%)	(104.1)	(3.8%)	(45.5%)
Gain (loss) on investment in associates	0.3	0.0%	(1.0)	0.0%	n.m.	0.3	(0.0%)	(1.0)	0.0%	n.m.
<b>Profit before income taxes (EBT)</b>	<b>484.0</b>	<b>15.7%</b>	<b>306.8</b>	<b>11.3%</b>	<b>57.8%</b>	<b>567.6</b>	<b>18.4%</b>	<b>324.0</b>	<b>11.9%</b>	<b>75.2%</b>
Income tax and social contribution	(110.4)	(3.6%)	(81.1)	(3.0%)	36.1%	(117.2)	(3.8%)	(87.4)	(3.2%)	34.1%
<b>Net income for the period</b>	<b>373.6</b>	<b>12.1%</b>	<b>225.7</b>	<b>8.3%</b>	<b>65.5%</b>	<b>450.4</b>	<b>14.6%</b>	<b>236.6</b>	<b>8.7%</b>	<b>90.4%</b>



## APPENDIX

Adjusted Net  
Income  
Reconciliation  
and EPS  
(Non-IFRS)

Net Income Bridge (R\$m)	1Q23	4Q23	1Q24	Δ% y/y	Δ% q/q
<b>Net income (loss) for the period</b>	<b>225.7</b>	<b>656.2</b>	<b>373.6</b>	<b>65.5%</b>	<b>(43.1%)</b>
Amortization of fair value adjustment <sup>1</sup>	33.7	(15.8)	12.3	(63.5%)	n.m.
Mark-to-market related to the investment in Banco Inter <sup>2</sup>	(30.6)	0.0	0.0	(100.0%)	n.a.
Other expenses <sup>3</sup>	14.1	(84.2)	71.3	405.6%	n.m.
Tax effect on adjustments	(6.3)	7.6	(6.8)	7.4%	n.m.
<b>Adjusted net income</b>	<b>236.6</b>	<b>563.8</b>	<b>450.4</b>	<b>90.4%</b>	<b>(20.1%)</b>
IFRS basic EPS (R\$) <sup>4</sup>	0.72	2.10	1.21	66.5%	(42.4%)
Adjusted diluted EPS (R\$) <sup>5</sup>	0.75	1.76	1.42	(18.9%)	89.1%
Basic Number of Shares (mn of shares)	312.7	310.7	309.1	(1.2%)	(0.5%)
Weighted Average Number of Shares (diluted) (mn of shares)	316.1	318.4	316.1	(0.0%)	(0.7%)

**Note 1.** Related to acquisitions. Consists of expenses resulting from the changes of the fair value adjustments as a result of the application of the acquisition method. **Note 2.** In 1Q23, we have sold our stake in Banco Inter. **Note 3.** Consists of the fair value adjustment related to associates call option, earn-out and earn-out interests related to acquisitions, reversal of litigation of Linx, and divestment of assets. **Note 4.** Calculated as Net income attributable to owners of the parent (Net income reduced by Net Income attributable to Non-Controlling interest) divided by basic number of shares. For more details on calculation, please refer to Note 14 of our Consolidated Financial Statements from March 31, 2024. **Note 5.** Calculated as Adjusted Net income attributable to owners of the parent (Adjusted Net Income reduced by Adjusted Net Income attributable to Non-Controlling interest) divided by diluted number of shares.

# APPENDIX

## Historical Accounting P&L

Statement of Profit or Loss (R\$mn)	1Q23	2Q23	3Q23	4Q23	1Q24	Δ% y/y	Δ% q/q
Net revenue from transaction activities and other services	733.1	840.1	868.5	868.1	749.8	2.3%	(13.6%)
Net revenue from subscription services and equipment rental	445.1	457.3	463.4	459.1	456.7	2.6%	(0.5%)
Financial income	1,375.0	1,462.6	1,620.9	1,770.8	1,741.1	26.6%	(1.7%)
Other financial income	158.4	194.8	187.0	150.7	137.3	(13.4%)	(8.9%)
<b>Total revenue and income</b>	<b>2,711.7</b>	<b>2,954.8</b>	<b>3,139.9</b>	<b>3,248.7</b>	<b>3,084.9</b>	<b>13.8%</b>	<b>(5.0%)</b>
Cost of services	(721.3)	(685.3)	(773.5)	(802.7)	(809.9)	12.3%	0.9%
<i>Cost of services ex. Provision for expected working capital losses<sup>1</sup></i>	(721.3)	(681.6)	(754.5)	(763.5)	(765.5)	n.a.	0.3%
<i>Provision for expected working capital losses</i>	n.a.	(3.7)	(19.0)	(39.2)	(44.4)	n.a.	13.5%
Administrative expenses	(298.0)	(303.9)	(278.3)	(308.6)	(257.0)	(13.8%)	(16.7%)
Selling expenses	(389.9)	(411.9)	(442.4)	(454.0)	(529.7)	35.8%	16.7%
Financial expenses, net	(923.6)	(1,073.8)	(1,058.9)	(943.1)	(896.5)	(2.9%)	(4.9%)
Mark-to-market on equity securities designated at FVPL	30.6	0.0	0.0	0.0	0.0	(100.0%)	n.a.
Other operating income (expense), net	(101.5)	(56.7)	(82.6)	(0.3)	(108.1)	6.5%	n.m.
Gain (loss) on investment in associates	(1.0)	(0.8)	(0.6)	(1.7)	0.3	n.m.	n.m.
<b>Profit before income taxes</b>	<b>306.8</b>	<b>422.3</b>	<b>503.5</b>	<b>738.2</b>	<b>484.0</b>	<b>57.8%</b>	<b>(34.4%)</b>
Income tax and social contribution	(81.1)	(115.1)	(92.2)	(82.0)	(110.4)	36.1%	34.6%
<b>Net income for the period</b>	<b>225.7</b>	<b>307.2</b>	<b>411.3</b>	<b>656.2</b>	<b>373.6</b>	<b>65.5%</b>	<b>(43.1%)</b>
<b>Adjusted Net Income<sup>2</sup></b>	<b>236.6</b>	<b>322.0</b>	<b>435.1</b>	<b>563.8</b>	<b>450.4</b>	<b>90.4%</b>	<b>(20.1%)</b>



**Thank you**

1Q24

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