

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-4

Registration Statement

Under

the Securities Act of 1933

StoneCo Ltd.

(Exact Name of Registrant as Specified in its Charter)

The Cayman Islands
(State or Other Jurisdiction of
Incorporation or Organization)

7374
(Primary Standard Industrial
Classification Code Number)

Not Applicable
(I.R.S. Employer
Identification Number)

4th Floor, Harbour Place
103 South Church Street, P.O. Box 10240
Grand Cayman, KY1-1002, Cayman Islands
+55 (11) 3004-9680

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Cogency Global Inc.
122 East 42nd Street, 18th Floor
New York, NY 10168
(212) 947-7200

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Byron B. Rooney
Daniel Brass

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017

Approximate date of commencement of proposed sale of the securities to the public: **As promptly as practicable after the date this Registration Statement becomes effective and upon the satisfaction or waiver of all other conditions to completion of the transactions described herein.**

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(2)	Amount Of Registration Fee(3)
Class A common shares, U.S.\$0.000079365 par value	2,269,998	N/A	U.S.\$124,853,074.01	U.S.\$16,205.93

Notes:

- Represents the estimated maximum number of shares of Class A common shares, U.S.\$0.000079365 par value, of the registrant ("StoneCo Class A Common Shares") issuable upon completion of the transaction described in the prospectus contained herein (the "Transaction") and is based upon the product of (a) 179,058,617 (the "estimated number") of issued and outstanding shares of common stock of Linx, S.A. ("Linx") and (b) 0.0126774, which is the exchange ratio under the Association Agreement (as defined herein).
- Pursuant to Rules 457(c), 457(f)(1) and 457(f)(3) promulgated under the Securities Act and solely for the purpose of calculating the registration fee, the proposed aggregate maximum offering price is (i) the product of (x) U.S.\$6.47 (the average of the high and low prices of Linx common stock as reported on the *B3 S.A. – Bolsa, Brasil, Balcão* on August 31, 2020, calculated at the exchange rate of Brazilian *reais* per U.S. dollar of \$5.4713 (as reported by the Brazilian Central Bank on August 31, 2020)) times (y) the estimated number of shares of Linx common stock to be acquired by the registrant, minus (ii) U.S.\$1,032,860,554.63 (the estimated amount of cash to be paid by the registrant to Linx stockholders in the merger).
- Computed in accordance with Rule 457(f) under the Securities Act to be U.S.\$16,205.93, which is equal to 0.0001298 multiplied by the proposed maximum aggregate offering price of U.S.\$124,853,074.01.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Information contained in this prospectus is subject to completion and may be changed. A registration statement relating to these securities has been filed with the U.S. Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY—SUBJECT TO COMPLETION—DATED SEPTEMBER 2, 2020



TRANSACTION PROPOSED

, 2020

Dear Linx Shareholder:

There will be a special meeting (together with any adjournments or postponements thereof, the “Linx Special Meeting”) of shareholders of Linx, S.A., a corporation (*sociedade anônima*) incorporated under the laws of the Federative Republic of Brazil (“Linx”), on _____, 2020, at _____ (São Paulo time) at Linx headquarters.

As previously announced, on August 11, 2020, Linx and STNE Participações S.A. (“STNE”), a subsidiary of StoneCo Ltd., a Cayman Islands exempted company with limited liability (“StoneCo”), that holds the software investments of the group, entered into an Association and Other Covenants Agreement (the “Original Association Agreement”), outlining certain transactions (collectively, the “Transaction”), including a corporate reorganization as described herein. As announced on September 1, 2020, the parties amended and restated the Original Association Agreement to revise certain terms therein (such amended and restated agreement “the Association Agreement”). Nércio José Monteiro Fernandes, Alberto Menache and Alon Dayan (the “Linx Founding Shareholders”), StoneCo, DLP Capital LLC, a Delaware limited liability company and DLPPAR Participações S.A., a corporation (*sociedade por ações*) incorporated under the laws of the Federative Republic of Brazil (together with DLP Capital LLC, “DLP”) acted as intervening parties thereto.

Pursuant to the terms and subject to the conditions set forth in the Association Agreement, common shares of Linx (“Linx Common Shares”) and American Depositary Shares of Linx (“Linx ADSs,” representing shares of Linx and, together with the Linx Common Shares, the “Linx Shares”) issued and outstanding immediately prior to the consummation of the Transaction will be automatically contributed to STNE in exchange for one newly issued redeemable Class A preferred share of STNE (each a “STNE Class A Preferred Share”) and one newly issued redeemable Class B preferred share of STNE (each a “STNE Class B Preferred Share,” and, together with STNE Class A Preferred Shares, the “New STNE Shares”). Immediately thereafter, each STNE Class A Preferred Share will be redeemed for a cash payment of R\$31.56 and each STNE Class B Preferred Share will be redeemed for 0.0126774 Class A common stock of StoneCo (“StoneCo Class A Common Shares”) (the “Base Exchange Ratio”).

The Base Exchange Ratio takes into account the following assumptions: (i) that no declaration, payment of dividends or interest on equity by STNE or Linx will take place until Closing; (ii) that on September 1, 2020, except for the disclosure of the quarterly results and for the material facts related to the Transaction, there were no material facts pending disclosure to the market by Linx and/or StoneCo; (iii) that on September 1, 2020, there were 14,125,991 shares issued by Linx in treasury; (iv) that the effect of the exercise or acceleration of the total of all of the options and restricted stock plans would result in 3,775,648 additional shares to the share capital of Linx; and (v) that on September 1, 2020, Linx’s corporate capital was represented by 189,408,960 common book-entry shares, nominative and with no par value, including treasury-held shares.

If the Transaction is completed, Linx will become a wholly owned subsidiary of STNE and Linx will no longer be an independent, publicly traded corporation incorporated under the laws of the Federative Republic of Brazil. Based on the exchange ratios, adjustments and limitations set forth in the Association Agreement, it is anticipated that, immediately following completion of the Transaction, former holders of Linx Common Shares will own approximately 0.7% of StoneCo on a fully diluted basis.

The Linx Common Shares are listed on the São Paulo Stock Exchange (*B3 S.A. – Bolsa, Brasil, Balcão*, the “B3”), under the symbol “LINX3” and the Linx ADSs are listed on the New York Stock Exchange (“NYSE”), under the symbol “LINX.” If the Transaction is completed, Linx will be deregistered under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”) and from the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, referred to as the “CVM”) and the Linx Common Shares will be delisted from the B3. In addition, the Linx ADSs will be delisted from the NYSE.

The StoneCo Class A Common Shares are listed on the Nasdaq Global Select Market (“Nasdaq”) under the symbol “STNE.”

In order to approve the Transaction Proposal (as defined herein), holders of at least the majority of Linx Shares must vote in favor of the Transaction. In addition to the approval by the shareholders of Linx, the Transaction must be approved by the Administrative Council for Economic Defense of Brazil (“CADE”), as further described herein. There can be no assurance that the requisite regulatory approval will be achieved or that all other conditions precedent to the completion of the Transaction will be met.

On August 11, 2020, StoneCo, STNE and DLP entered into that certain Voting Commitment and Assumption of Obligations (the “Voting Agreement”) with Linx and the Linx Founding Shareholders, whereby the parties to the Voting Agreement undertook, as limited by the Brazilian Law No. 6.404/76, as amended (the “Brazilian Corporation Law”), obligations to implement the Transaction, including by binding their shares to vote in favor of the corporate resolutions necessary for the approval, closing and implementation of the Transaction. Linx and STNE acted as intervening parties in the Voting Agreement. The Voting Agreement also indicates that if, at the Linx Special Meeting regarding the Transaction, a sufficient approval quorum is reached for the approval of matters related to the Transaction, considering the favorable vote of other Linx shareholders, Linx Founding Shareholders are free to vote in favor or abstain from voting, according to their convenience, to the extent that, in this case, the calculation of the Linx Founding Shareholders’ votes does not affect the effective approval of the Transaction. In any event, the voting obligations of Linx Founding Shareholders established in the Voting Agreement will be subject to legal impediments and may not violate CVM and Novo Mercado Rules. The Linx Founding Shareholders party to the Voting Agreement held, as of the date thereof, 13.92% of the issued share capital of Linx. In order to approve the Transaction Proposal (as defined herein), holders of at least the majority of Linx Shares must vote in favor of the Transaction.

Holders of Linx Common Shares who vote to approve the Transaction Proposal will not have appraisal or withdrawal rights under the Brazilian Corporation Law. Holders of Linx Shares who vote against the approval of the Transaction Proposal, or who do not vote on the approval of the Transaction Proposal, will have withdrawal rights under the Brazilian Corporation Law. If you hold Linx ADSs, you are not entitled to withdrawal rights. If you hold Linx ADSs and wish to exercise the withdrawal rights with respect to the Linx Common Shares represented thereby, you must surrender your Linx ADSs a sufficient amount of time prior to the Linx Special Meeting to enable you to receive delivery of the Linx Common Shares represented thereby in accordance with the terms of the deposit agreement governing the Linx ADSs prior to the date of the Linx Special Meeting.

The Original Association Agreement was approved by the board of directors of Linx on August 10, 2020 and the Association Agreement was approved by the independent members of the Linx board of directors on September 1, 2020. The Association Agreement was approved by the board of directors of StoneCo on August 9, 2020.

The accompanying disclosure documents (including the Association Agreement, which is filed as an exhibit to the registration statement of which this prospectus is a part) contain detailed information about the Transaction and the Linx Special Meeting. **This document is a prospectus for the StoneCo Class A Common Shares that will be issued as part of the consideration upon completion of the Transaction. You should read this prospectus carefully. In particular, please read the section entitled “Risk Factors” beginning on page 27 for a discussion of risks that you should consider in evaluating the Transaction described in this prospectus.**

WE ARE NOT ASKING YOU FOR A PROXY, AND YOU ARE REQUESTED TO NOT SEND US A PROXY. Pursuant to provisions of the Deposit Agreement, dated as of June 25, 2019 (the “Linx Deposit Agreement”), among Linx, The Bank of New York Mellon, as the depository (the “Linx Depository”), and the owners and holders from time to time of ADSs issued thereunder, if you hold Linx ADSs, you will receive instructions from the Linx Depository about how to instruct the Linx Depository to vote the Linx Common Shares represented by your Linx ADSs. If the Linx Depository does not receive instructions from an owner of Linx ADSs on or before the date established by the Linx Depository for that purpose, the Linx Depository shall deem that owner to have instructed the Linx Depository to give a discretionary proxy to a person designated by Linx to vote the underlying Linx Common Shares.

None of the Securities and Exchange Commission (the “SEC”), the Brazilian Securities Commission (*Comissão de Valores Mobiliários*) (the “CVM”), nor any securities commission of any jurisdiction has approved or disapproved any of the transactions described in this prospectus or the securities to be issued under this document or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense. This prospectus does not constitute an offer to buy or sell, or a solicitation of an offer to buy or sell, any securities, or a solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. For the avoidance of doubt, this prospectus does not constitute an offer to buy or sell securities or a solicitation of an offer to buy or sell any securities in the Federative Republic of Brazil or a solicitation of a proxy under the laws the Federative Republic of Brazil, and it is not intended to be, and is not, a prospectus or an offer document within the meaning of Brazilian law and the rules of the CVM. You should inform yourself about and observe any such restrictions, and none of Linx, StoneCo or their respective subsidiaries accepts any liability in relation to any such restrictions.

This prospectus is dated _____, 2020 and is expected to be mailed to holders of Linx Common Shares and Linx ADSs beginning on or about that date.

ABOUT THIS PROSPECTUS

This document, which forms part of a registration statement on Form F-4 filed with the U.S. Securities and Exchange Commission (the “SEC”) by StoneCo Ltd., a Cayman Islands exempted company with limited liability (“StoneCo”) (File No. 333-), constitutes a prospectus of StoneCo under Section 5 of the U.S. Securities Act of 1933, as amended (the “Securities Act”), with respect to the shares of Class A common stock of StoneCo to be issued to holders of common shares of Linx S.A., a corporation (*sociedade anônima*) incorporated under the laws of the Federative Republic of Brazil (“Linx”) and American Depositary Shares of Linx pursuant to the transactions contemplated by the Association and Other Covenants Agreement (the “Original Association Agreement”), dated as of August 11, 2020 and entered into by and among Linx and STNE Participações S.A., outlining certain transactions, including a corporate reorganization as described herein, as amended and restated on September 1, 2020 by the parties thereto (the “Association Agreement”). Nécio José Monteiro Fernandes, Alberto Menache and Alon Dayan, StoneCo, DLP Capital LLC, a Delaware limited liability company and DLPPAR Participações S.A., a corporation (*sociedade por ações*) incorporated under the laws of the Federative Republic of Brazil acted as intervening parties thereto.

You should rely only on the information contained in or incorporated by reference into this prospectus. No person has been authorized to provide you with information that is different from what is contained in, or incorporated by reference into, this prospectus, and, if given or made by any person, such information must not be relied upon as having been authorized. You should not assume that the information contained in this prospectus is accurate as of any date other than its date as specified on the cover unless otherwise specifically provided herein. Further, you should not assume that the information contained in or incorporated by reference into this prospectus is accurate as of any date other than the date of the incorporated document. Any reference to a website address does not constitute incorporation by reference of the information contained at or available through such website, and you should not consider it to be a part of this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference herein and therein contain estimates and forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, from time to time we or our representatives have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in various filings that we make with the SEC or press releases or oral statements made by or with the approval of one of our authorized executive officers. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements.

This prospectus includes estimates and forward-looking statements principally under the captions “Summary” and “Risk Factors.”

These estimates and forward-looking statements are based mainly on our current expectations and estimates of future events and trends that affect or may affect our business, financial condition, results of operations, cash flow, liquidity, prospects and the trading price of our Class A common shares. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to many significant risks, uncertainties and assumptions and are made in light of information currently available to us.

These statements appear throughout this prospectus, the accompanying prospectus and the documents incorporated herein or therein by reference and include statements regarding our intent, belief or current expectations in connection with:

- our expectations regarding revenues generated by transaction activities, subscription and equipment rental fees and other services;
- our expectations regarding our operating and net profit margins;
- our expectations regarding significant drivers of our future growth;
- our plans to continue to invest in research and development to develop technology for both existing and new products and services;
- our ability to differentiate ourselves from our competition by delivering a superior customer experience and through our network of hyper-local sales and services;
- our ability to attract and retain a qualified management team and other team members while controlling our labor costs;
- our ability to invest more and collect results in the short-term;
- our plans to expand our global footprint and explore opportunities in adjacent sectors;
- competition adversely affecting our profitability;
- the occurrence of a natural disaster, widespread health epidemic or pandemics, including the coronavirus (COVID-19) pandemic;
- fluctuations in interest, inflation and exchange rates in Brazil and any other countries we may serve in the future;
- the inherent risks related to the digital payments market, such as the interruption, failure or breach of our computer or information technology systems;
- our ability to anticipate market needs and develop and introduce new and enhanced products and service functionalities to adapt to changes in our industry;

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- our ability to innovate and respond to technological advances and changing market needs and customer demands;
- our ability to maintain, protect and enhance our brand and intellectual property;
- changes in consumer demands and preferences and technological advances, and our ability to innovate in order to respond to such changes;
- our failure to successfully maintain a relevant omnichannel experience for our clients, thereby adversely impacting our results of operations;
- our ability to implement technology initiatives successfully and to capture the anticipated benefits of such initiatives;
- our plans to pursue and successfully integrate strategic acquisitions, including the Transaction;
- the occurrence of any change, effect, event, occurrence, development, matter, state of facts, series of events or circumstances that could give rise to the termination of the Association Agreement, including a termination of the Association Agreement under circumstances that could require Linx to pay a break fee to StoneCo or StoneCo to pay a break fee to Linx;
- failure to obtain applicable regulatory or shareholder approvals in a timely manner or otherwise, or being required to accept conditions that could reduce the anticipated benefits of the Transaction as a condition to obtaining regulatory approval;
- failure to satisfy other closing conditions to the Transaction;
- the length of time necessary to complete the Transaction;
- risks associated with tax liabilities, or changes in U.S., Brazilian or other international tax treaties or laws or interpretations to which they are subject;
- events and risk perception in relation to corruption allegations involving Brazilian companies and politicians, as well as the impacts of the resulting investigation on the Brazilian economy and political outlook as a whole;
- risks that the new businesses will not be integrated successfully or that the cost, time and effort required to integrate the newly combined businesses may be greater than anticipated;
- failure to effectively manage the newly combined business, or that the combined company will not realize estimated cost savings, value of certain tax assets, synergies and growth or that such benefits may take longer to realize than expected;
- the inability to close the Transaction, the inability to achieve the anticipated benefits and synergies of the combined companies' operations following the completion of the Transaction or the effects of the Transaction on the combined companies' financial condition, operating results and cash flow;
- the inability of Linx and StoneCo to meet expectations regarding the timing, completion and accounting and tax treatments with respect to the Transaction;
- risks relating to unanticipated costs of integration;
- unanticipated changes relating to competitive factors in the industries in which the companies operate;
- diversion of the attention of Linx and StoneCo management from ongoing business concerns;
- pending consummation of the Transaction, limitations imposed on the ability of Linx to operate its businesses by the Association Agreement;

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- operating costs, customer loss or business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, distributors or suppliers) being greater than expected in anticipation of, or, if consummated, following, the Transaction;
- the outcome of any legal proceedings that have been or may be instituted against Linx, StoneCo and/or others relating to the Transaction;
- the potential impact of announcement or consummation of the Transaction on relationships with third parties, including customers, employees and competitors;
- ability to attract new customers and retain existing customers in the manner anticipated;
- the impact of acquisitions the companies have made or may make;
- reliance on and integration of information technology systems;
- changes in legislation or governmental regulations affecting the companies; international, national or local economic, social or political conditions that could adversely affect the companies or their clients;
- the market price for StoneCo Shares potentially being affected, following the Transaction, by factors that historically have not affected the market price for Linx Shares as shares of standalone companies;
- the uncertainty of the value of the Consideration that Linx shareholders will receive in the Transaction due to a fixed exchange ratio and fluctuations in the price of StoneCo Class A Common Shares;
- risks associated with assumptions the parties make in connection with the parties' critical accounting estimates and legal proceedings; and
- other risk factors discussed under "Risk Factors" included in documents we file from time to time with the SEC that are incorporated by reference herein, including in the StoneCo 2019 20-F and Linx 2019 20-F (each as defined herein), which are each incorporated by reference herein.

The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties that affect the parties' businesses, including those described in this prospectus, and information contained in or incorporated by reference into this prospectus. See the section of this prospectus entitled "Where You Can Find More Information."

Nothing in this prospectus is intended, or is to be construed, as a profit projection or to be interpreted to mean that earnings per StoneCo Share or Linx Share for the current or any future financial years or those of the combined company, will necessarily match or exceed the historical published earnings per StoneCo Share or Linx Share, as applicable.

The words "believe," "understand," "may," "will," "aim," "estimate," "continue," "anticipate," "seek," "intend," "expect," "should," "could," "forecast" and similar words are intended to identify forward-looking statements. You should not place undue reliance on such statements, which speak only as of the date they were made. We do not undertake any obligation to update publicly or to revise any forward-looking statements after we distribute this prospectus because of new information, future events or other factors. Our independent public auditors have neither examined nor compiled the forward-looking statements and, accordingly, do not provide any assurance with respect to such statements. In light of the risks and uncertainties described above, the future events and circumstances discussed in this prospectus might not occur and are not guarantees of future performance. Because of these uncertainties, you should not make any investment decision based upon these estimates and forward-looking statements.

CERTAIN DEFINED TERMS AND CONVENTIONS USED IN THIS PROSPECTUS

In this prospectus, “StoneCo,” the “Company,” “we,” “us” and “our” refer to StoneCo Ltd., as defined below, unless the context otherwise requires. References to the “Companies” refer to StoneCo and Linx and their respective consolidated subsidiaries collectively. All references herein to the “*real*,” “*reais*” or “R\$” are to the Brazilian *real*, the official currency of the Federative Republic of Brazil. All references to “U.S. dollars,” “dollars” or “U.S.\$” are to United States dollars, the official currency of the United States.

In addition, as used in this prospectus, the following defined terms have the following respective meanings:

“ADSs” means American Depositary Shares.

“Association Agreement” means the Amendment to the Association and Other Covenants outlining the Transaction, dated as of September 1, 2020.

“B3” means the *B3 S.A. – Brasil, Bolsa, Balcão*, or São Paulo Stock Exchange.

“Base Exchange Ratio” means each STNE Class A Preferred Share will be redeemed for a cash payment of R\$31.56 and each STNE Class B Preferred Share will be redeemed for 0.0126774 StoneCo Class A Common Share.

“BNDES” means Banco Nacional de Desenvolvimento Economico e Social.

“Brazil” means the Federative Republic of Brazil and the phrase “Brazilian government” refers to the federal government of Brazil.

“Brazilian Central Bank” means the Central Bank of Brazil (*Banco Central do Brasil*).

“Brazilian Corporation Law” means the Brazilian Law No. 6.404/76, as amended.

“Brazilian Holder” means a holder who resides in Brazil for Brazilian tax purposes.

“CADE” means the Administrative Council for Economic Defense of Brazil.

“Closing” means the date of the closing of the Transaction.

“Code” means the Internal Revenue Code of 1986, as amended.

“Companies Law” means the Companies Law (2020 Revision) of the Cayman Islands, as may be amended from time to time.

“Competing Transaction” means any proposal with a third party related to any agreement, arrangement or operation that is a competitor to, or that has the effect of competing with, the Transaction or that may harm or make the Closing of the Transaction unfeasible, or that has the same or a similar purpose to the Transaction, including any corporate reorganization involving Linx, public offer for the purchase of shares for Linx shareholders or any operation that depends on the waiver or elimination of the poison pill provided for in Article 43 of Linx’s bylaws.

“Consideration” means the consideration received in exchange for redemption of each holder of STNE Class A Preferred Shares, together with the consideration received from redemptions of STNE Class B Preferred Shares.

“CVM” means the *Comissão de Valores Mobiliários*, or the Brazilian Securities Commission.

“DLP” means DLP Capital LLC, a Delaware limited liability company and DLPPAR Participações S.A., a corporation (*sociedade por ações*) incorporated under the laws of the Federative Republic of Brazil.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Executive Engagement Agreement” means the Amendment to the Executive Engagement Proposal, dated as of September 1, 2020, by and among STNE and Alberto Menache.

“Fine” means a compensatory break fee equal to R\$453,750,000.

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“IASB” means the International Accounting Standards Board.

“IFRS” means International Financial Reporting Standards as issued by the IASB.

“Instruction Cutoff Date” means

“Linx” means Linx S.A., a corporation (*sociedade anônima*) incorporated under the laws of the Federative Republic of Brazil.

“Linx 2019 20-F” means Linx’s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed with the SEC on May 15, 2020, as amended on June 12, 2020 and any amendments thereto, if any.

“Linx ADSs” means the American Depository Shares of Linx.

“Linx ADS Owners” means registered holders of Linx ADSs.

“Linx Common Shares” means the common shares of Linx.

“Linx Deposit Agreement” means the Deposit Agreement, dated as of June 25, 2019, among Linx, the Linx Depository and the owners and holders from time to time of ADSs issued thereunder.

“Linx Depository” means The Bank of New York Mellon, as the depository pursuant to the Linx Deposit Agreement.

“Linx Founding Shareholders” means Nércio José Monteiro Fernandes, Alberto Menache and Alon Dayan.

“Linx Shares” means the Linx Common Shares together with the Linx ADSs.

“Linx Special Meeting” means the special meeting (together with any adjournments or postponements thereof) of shareholders of Linx on _____, 2020, at _____ (São Paulo time) at Linx headquarters.

“Material Fact” means notice to the market issued pursuant to CVM Instruction No. 358 and filed with the CVM disclosing any material acts or facts concerning publicly traded companies registered with the CVM.

“Merger of Shares Protocol” means the *Protocolo e Justificação de Incorporação de Ações*, a document pursuant to Articles 224 and 225 of the Brazilian Corporation Law, which the management of Linx and STNE will each submit for approval by their shareholders at their respective special meetings of shareholders, which provides the shareholders with information on the terms, conditions and reasoning for the approval of the corporate reorganization contemplated by the Transaction.

“MTO” means mandatory tender offer provided for in Article 43 of the bylaws of Linx.

“Novo Mercado Rules” means the listing rules of the Novo Mercado segment of the B3.

“Nasdaq” means the Nasdaq Global Select Market.

“New STNE Shares” means the STNE Class A Preferred Shares and the STNE Class B Preferred Shares.

“Non-Brazilian Holder” means a holder deemed to not be domiciled in Brazil for Brazilian tax purposes.

“Non-Compete Agreements” mean the amendments to the non-compete agreements, each dated September 1, 2020, by and among STNE, StoneCo and each of Alon Dayan, Nércio José Monteiro Fernandes and Alberto Menache.

“NYSE” means the New York Stock Exchange.

“Obligations Subject to Early Termination” means all of Linx’s agreements currently in force of an amount greater than R\$50,000,000.00 that are subject to early termination resulting from the Transaction.

“Original Association Agreement” means the Association and Other Covenants Agreement outlining the Transaction, dated as of August 11, 2020.

“Original Non-Compete Agreements” mean the non-compete agreements, each dated August 11, 2020, by and among STNE, StoneCo and each of Alon Dayan, Nércio José Monteiro Fernandes and Alberto Menache.

“Original Executive Engagement Agreement” means the Executive Engagement Proposal, dated as of August 11, 2020, by and among STNE and Alberto Menache.

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“StoneCo Articles of Association” means the Amended and Restated Articles of Association of StoneCo, adopted on October 11, 2018.

“STNE” means STNE Participações S.A., a subsidiary of StoneCo that holds certain StoneCo software investments.

“STNE Class A Preferred Shares” means the Class A preferred shares of STNE.

“STNE Class B Preferred Shares” means the Class B preferred shares of STNE.

“StoneCo” means StoneCo Ltd., a Cayman Islands exempted company with limited liability.

“StoneCo 2019 20-F” means StoneCo’s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed with the SEC on April 29, 2020 and any amendments thereto, if any.

“StoneCo Class A Common Shares” means the Class A common shares of StoneCo.

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“StoneCo Class B Common Shares” means the Class B common shares of StoneCo.

“StoneCo Shares” means the StoneCo Class A Common Shares together with StoneCo Class B Common Shares.

“Transaction Proposal” means (i) the waiver of any obligations of STNE to carry out the public tender offer for the acquisition of the Linx Shares, pursuant to Article 43 of the bylaws of Linx, as a result of the Transaction; (ii) the waiver of STNE’s adherence to the Novo Mercado segment of the B3, in case the Merger of Shares is consummated; (iii) the ratification of the appointment of the specialized company to be hired to conduct the valuation of Linx for purposes of the Merger of Shares; (iv) the approval of the Valuation Report prepared by such appraiser; (v) the approval of the Merger of Shares Protocol; and (vi) the approval of the Merger of Shares.

“Treasury Department” means the U.S. Department of the Treasury.

“Transaction” means the certain transactions outlined by the Association Agreement.

“United States” or “U.S.” means the United States of America.

“U.S. GAAP” means U.S. generally accepted accounting principles.

“U.S. Holder” means anyone who, if for U.S. federal income tax purposes, is a beneficial owner of Linx Shares or StoneCo Class A Common Shares and is a citizen or individual resident of the United States; a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

“Valuation Report” means the valuation report to determine the economic value of the shares issued by Linx to be merged into STNE, which is to be prepared by an appraiser engaged by STNE management.

“Voting Agreement” means the Voting Commitment and Assumption of Obligations whereby the parties to the agreement undertook obligations to implement the Transaction, dated as of August 11, 2020.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Statements

StoneCo

StoneCo's interim consolidated financial information as of June 30, 2020 and for the six months ended June 30, 2020 and 2019 has been derived from the unaudited interim consolidated financial statements of StoneCo appearing in StoneCo's current report on Form 6-K furnished to the SEC on August 11, 2020, which is incorporated by reference in this prospectus.

StoneCo's annual consolidated financial information for each of the years in the two year period ended December 31, 2019 and as of December 31, 2018 have been derived from the audited consolidated financial statements of StoneCo appearing in StoneCo's Annual Report on Form 20-F for the fiscal year ended December 31, 2019, which is incorporated by reference in this prospectus.

The consolidated financial statements of StoneCo are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed interim consolidated financial statements of StoneCo are prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the IASB. In each case, such financial statements have been incorporated into this prospectus by reference.

StoneCo maintains its books and records in *reais*, which is its functional currency (the currency of the primary economic environment in which StoneCo operates), as well as its presentation currency.

Linx

The consolidated financial information of Linx presented in this prospectus has been derived from the following:

Linx's interim consolidated financial information as of June 30, 2020 and for the six months ended June 30, 2020 and 2019 has been derived from the unaudited interim consolidated financial statements of Linx appearing in Linx's current report on Form 6-K furnished to the SEC on August 11, 2020, which is incorporated by reference in this prospectus.

Linx's annual consolidated financial information for each of the years in the two year period ended December 31, 2019 and as of December 31, 2018 have been derived from the audited consolidated financial statements of StoneCo appearing in Linx's Annual Report on Form 20-F for the fiscal year ended December 31, 2019, which is incorporated by reference in this prospectus.

The consolidated financial statements of Linx are prepared in accordance with IFRS, as issued by the IASB. The unaudited condensed interim consolidated financial statements of Linx are prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the IASB. In each case, such financial statements have been incorporated into this prospectus by reference.

Linx maintains its books and records in *reais*, which is its functional currency (the currency of the primary economic environment in which Linx operates), as well as its presentation currency.

Currency Conversions

On September 1, 2020, the exchange rate for *reais* into U.S. dollars was R\$5.3732 to U.S.\$1.00, based on the selling rate as reported by the Brazilian Central Bank. The selling rate was R\$5.4760 to U.S.\$1.00 as of June 30, 2020, R\$4.0307 to U.S.\$1.00 as of December 31, 2019, R\$3.8748 to U.S.\$1.00 as of December 31, 2018, R\$3.3080 to U.S.\$1.00 as of December 29, 2017, and R\$3.2591 to U.S.\$ 1.00 as of December 30, 2016, in each case, as reported by the Brazilian Central Bank. The *real*/U.S. dollar exchange rate fluctuates widely, and the selling rate as of September 1, 2020 may not be indicative of future exchange rates. See "Exchange Rates" for information regarding exchange rates for the Brazilian currency since January 1, 2015.

Rounding

We have made rounding adjustments to reach some of the figures included in this prospectus. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

Market Data

We obtained market and competitive position data, including market forecasts, used throughout this prospectus from market research, publicly available information and industry publications, as well as internal surveys. We have included data from reports prepared by the Brazilian Central Bank, B3 and Nasdaq. We believe that all market data in this prospectus is reliable, accurate and complete.

INCORPORATION OF DOCUMENTS BY REFERENCE

The SEC allows us to “incorporate by reference” the information we file with it into this prospectus. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. This prospectus incorporates important business and financial information about us and Linx that is not included in or delivered with the prospectus. The information incorporated by reference is considered to be a part of this prospectus, except for any information superseded by information that is included directly in this document or incorporated by reference subsequent to the date of this document. You should read the information incorporated by reference because it is an important part of this prospectus. We incorporate by reference the following documents:

- StoneCo’s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed with the SEC on April 29, 2020 and any amendments thereto, if any (the “StoneCo 2019 20-F”);
- StoneCo’s current report on Form 6-K furnished to the SEC on May 26, 2020 including the unaudited condensed consolidated interim financial statements at March 31, 2020 and for the three month period ended March 31, 2020;
- StoneCo’s current report on Form 6-K furnished to the SEC on May 27, 2020 relating to the appointment of Mrs. Luciana Ibiapina Lira Aguiar to the board of directors;
- StoneCo’s current report on Form 6-K furnished to the SEC on August 11, 2020 including the unaudited condensed consolidated interim financial statements at June 30, 2020 and for the three and six month period ended June 30, 2020;
- StoneCo’s current report on Form 6-K furnished to the SEC on August 11, 2020 relating to the Transaction (as defined herein) (solely with respect to Exhibit 99.1 of such Form 6-K);
- StoneCo’s current report on Form 6-K furnished to the SEC on August 12, 2020 relating to the Transaction documents;
- StoneCo’s current report on Form 6-K furnished to the SEC on August 17, 2020 relating to the closing of its follow-on offering of StoneCo Class A Common Shares (as defined herein);
- StoneCo’s current report on Form 6-K furnished to the SEC on September 1, 2020 relating to the revised terms of the Transaction;
- any documents filed by StoneCo with the SEC under Sections 31(a), 13(c) or 15(d) of the Exchange Act after the date of this prospectus and before the date of the Linx Special Meeting (as defined herein) shall be deemed incorporated by reference to this prospectus and made a part of this prospectus from the respective dates of filing;
- the description of StoneCo’s common shares contained in its Registration Statement on Form F-3 filed with the SEC on August 11, 2020, including any subsequent amendments or reports filed for the purpose of updating such description;
- Linx’s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed with the SEC on May 15, 2020, as amended on June 12, 2020 and any amendments thereto, if any (the “Linx 2019 20-F”);
- Linx’s current report on Form 6-K furnished to the SEC on June 9, 2020 including the unaudited consolidated interim financial statements at March 31, 2020 and for the three month period ended March 31, 2020;
- Linx’s current report on Form 6-K furnished to the SEC on August 11, 2020 relating to negotiations concerning the Transaction;
- Linx’s current report on Form 6-K furnished to the SEC on August 12, 2020 relating to the Transaction;
- Linx’s current report on Form 6-K furnished to the SEC on August 12, 2020 including the unaudited interim financial statements at June 30, 2020 and for the three and six month period ended June 30, 2020;

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- Linx's current report on Form 6-K furnished to the SEC on August 13, 2020 relating to the Transaction documents;
- Linx's current report on Form 6-K furnished to the SEC on August 14, 2020 relating to the business combination proposal received from TOTVS S.A.;
- Linx's current report on Form 6-K furnished to the SEC on August 17, 2020 relating to its disclosure of the business combination proposal received from TOTVS S.A.;
- Linx's current report on Form 6-K furnished to the SEC on September 1, 2020 relating to the revised terms of the Transaction and Linx's negotiations with TOTVS S.A.; and
- any documents filed by Linx with the SEC under Sections 31(a), 13(c) or 15(d) of the Exchange Act after the date of this prospectus and before the date of the Linx Special Meeting shall be deemed incorporated by reference into this prospectus and made a part of this prospectus from the respective dates of filing.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

All of the documents that are incorporated by reference are available at the website maintained by the SEC at <http://www.sec.gov>. The information contained on, or accessible through, such website is not incorporated by reference into this prospectus. In addition, we will provide at no cost to each person, including any beneficial owner, to whom this prospectus has been delivered, upon the written or oral request of any such person to us, a copy of any or all of the StoneCo documents referred to above that have been or may be incorporated into this prospectus by reference, including exhibits to such documents. Requests for such copies should be directed to: StoneCo Ltd., 4th Floor, Harbour Place 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands, phone: + 55 3038-8123, email: investors@stone.co.

StoneCo has not authorized anyone to give any information or make any representation about the Transaction, Linx or StoneCo that is different from, or in addition to, that contained in this prospectus or in any of the materials that have been incorporated by reference into this prospectus. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this prospectus is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this prospectus does not extend to you. The information contained in this prospectus is accurate only as of the date of this prospectus unless the information specifically indicates that another date applies.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement that StoneCo has filed with the SEC on Form F-4 under the Securities Act. StoneCo may also file amendments to the registration statement. This prospectus, which is part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. If a document has been filed as an exhibit to the registration statement, we refer you to the copy of the document that has been filed. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

StoneCo and Linx each file annual reports on Form 20-F and make submissions on Form 6-K with the SEC under the rules and regulations that apply to foreign private issuers. As foreign private issuers, each of StoneCo and Linx and their respective shareholders are exempt from some of the reporting requirements of the Exchange Act. Linx is also subject to the informational requirements of the CVM and the B3 and file reports and other information relating to their respective businesses, financial condition and other matters with the CVM and the B3. Some filings of Linx with the CVM and the B3 are also available at the website maintained by the CVM at <http://www.cvm.gov.br>.

Information that we file with or furnish to the SEC after the date of this prospectus, and that is incorporated by reference herein, will automatically update and supersede the information in this prospectus. You should review the SEC filings and reports that we incorporate by reference to determine if any of the statements in this prospectus, or in any documents previously incorporated by reference, have been modified or superseded.

Documents incorporated by reference in this prospectus are available without charge. Each person to whom this prospectus is delivered may obtain documents incorporated by reference herein by requesting them either in writing or orally, by telephone or by e-mail, from us at our headquarters at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands. Our investor relations office can be reached at +55 (11) 3004-9680. **In order for you to receive timely delivery of the documents in advance of the Linx Special Meeting, StoneCo should receive your request no later than [redacted], 2020, which is five business days prior to the Linx Special Meeting.**

StoneCo and Linx also file materials with the SEC electronically. The SEC maintains an Internet site that contains materials that StoneCo and Linx file electronically with the SEC. The address of the SEC's website is <http://www.sec.gov>.

The information included on the websites of the SEC, StoneCo, Linx or any other entity or that might be accessed through such websites is not included in this prospectus or the registration statement and is not incorporated into this prospectus or the registration statement by reference unless otherwise specifically noted herein. We are providing the information about how you can obtain certain documents that are incorporated by reference into this prospectus at these websites only for your convenience.

EXCHANGE RATES

The Brazilian foreign exchange system allows the purchase and sale of foreign currency and the international transfer of *reais* by any person or legal entity, regardless of the amount, subject to certain regulatory procedures.

The *real* depreciated against the U.S. dollar from mid-2011 to early 2016. In particular, during 2015, due to the poor economic conditions in Brazil, including as a result of political instability, the *real* depreciated at a rate that was much higher than in previous years. On September 24, 2015, the *real* fell to its lowest level since the introduction of the currency, at R\$4.1945 per U.S.\$1.00. Overall in 2015, the *real* depreciated 32.0%, reaching R\$3.9048 per U.S.\$1.00 on December 31, 2015. In 2016, the *real* fluctuated significantly, primarily as a result of Brazil’s political instability, appreciating 19.8% to R\$3.2591 per U.S.\$1.00 on December 31, 2016. In 2017, the *real* depreciated 1.5% against the U.S. dollar, ending the year at an exchange rate of R\$3.3080 per U.S.\$1.00. The *real*/U.S. dollar exchange rate reported by the Brazilian Central Bank was R\$3.8748 per U.S.\$1.00 on December 31, 2018, which reflected a 14.6% depreciation in the *real* against the U.S. dollar during 2018, primarily as a result of lower interest rates in Brazil, which reduced the volume of foreign currency deposited in Brazil in the “carry trade,” as well as uncertainty regarding the results of the Brazilian presidential elections held in October 2018. The *real*/U.S. dollar exchange rate reported by the Brazilian Central Bank was R\$4.0307 per U.S.\$1.00 on December 31, 2019, which reflected a 3.9% depreciation in the *real* against the U.S. dollar since December 31, 2018. On April 15, 2020, the *real*/U.S. dollar exchange rate reported by the Brazilian Central Bank was R\$5.2579, reflecting a depreciation of 23.3% from December 31, 2019, being strongly affected by the COVID-19 pandemic.

The Brazilian Central Bank has intervened in the foreign exchange market in the past to attempt to control instability in foreign exchange rates. We cannot predict whether the Brazilian Central Bank or the Brazilian government will continue to allow the *real* to float freely or will intervene in the exchange rate market by re-implementing a currency band system or otherwise. There can be no assurance that the *real* will not depreciate or appreciate further against the U.S. dollar and the *real* may depreciate or appreciate substantially against the U.S. dollar in the future. Furthermore, Brazilian law provides that, whenever there is a serious imbalance in Brazil’s balance of payments or there are serious reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. We cannot assure you that such measures will not be taken by the Brazilian government in the future. See “Risk Factors—Risks Relating to Brazil and the Other Countries in Which We Operate.”

The following tables set forth the exchange rate, expressed in *reais* per U.S. dollar (R\$/U.S.\$) for the periods indicated, as reported by the Brazilian Central Bank.

Year	Period-end	Average(1)	Low	High
2015	3.9048	3.3876	2.5754	4.1949
2016	3.2591	3.4500	3.1193	4.1558
2017	3.3080	3.1930	3.0510	3.3807
2018	3.8748	3.6558	3.1391	4.1879
2019	4.0307	3.9461	3.6519	4.2602

Six Month Period Ended June 30,	Period-end	Average(2)	Low	High
2020	5.4760	4.9218	4.0213	5.9372

Month	Period-end	Average(3)	Low	High
November 2019	4.2240	4.1553	3.9786	4.2602
December 2019	4.0307	4.1096	4.0307	4.2261
January 2020	4.2695	4.1495	4.0213	4.2695
February 2020	4.4987	4.3410	4.2381	4.4987
March 2020	5.1987	4.8839	4.4883	5.1987
April 2020	5.4270	5.3256	5.0779	5.6510
May 2020	5.4263	5.6434	5.2992	5.9372
June 2020	5.4760	5.1966	4.8894	5.4760
July 2020	5.2033	5.2802	5.1111	5.4288
August 2020	5.4713	5.4612	5.2760	5.6510

Source: Brazilian Central Bank.

- (1) Represents the average of the exchange rates on the closing of each business day during the year.
- (2) Represents the average of the exchange rates on the closing of each business day during the six month period.
- (3) Represents the average of the exchange rates on the closing of each business day during the month.

QUESTIONS AND ANSWERS ABOUT THE TRANSACTION AND THE LINX SPECIAL MEETING

The following questions and answers are intended to briefly address some commonly asked questions regarding the Association Agreement, the transactions contemplated thereby and the Linx Special Meeting. These questions and answers only highlight some of the information contained in this prospectus and may not contain all of the information that is important to you. Please further refer to the section of this prospectus entitled “Summary” and the more detailed information contained elsewhere in this prospectus, the Exhibits to this prospectus and the documents referred to in this prospectus, which you should read carefully and in their entirety. You may obtain the information incorporated by reference into this prospectus without charge by following the instructions under the section of this prospectus entitled “Where You Can Find More Information.”

Questions and Answers About the Transaction

What is the proposed transaction on which I am being asked to vote, why are StoneCo and Linx proposing it and what will happen to Linx as a result of the Transaction?

On August 11, 2020, Linx and STNE Participações S.A. (“STNE”), a subsidiary of StoneCo Ltd., a Cayman Islands exempted company with limited liability (“StoneCo”), that holds the software investments of the group, entered into an Association and Other Covenants Agreement (the “Original Association Agreement”), outlining certain transactions (collectively, the “Transaction”), including a corporate reorganization as described herein. As announced on September 1, 2020, the parties amended and restated the Original Association Agreement to revise certain terms therein (such amended and restated agreement “the Association Agreement”). Nécio José Monteiro Fernandes, Alberto Menache and Alon Dayan (the “Linx Founding Shareholders”), StoneCo, DLP Capital LLC, a Delaware limited liability company and DLPPAR Participações S.A., a corporation (*sociedade por ações*) incorporated under the laws of the Federative Republic of Brazil (together with DLP Capital LLC, “DLP”) acted as intervening parties thereto. Upon the consummation of the Transactions set forth in the Association Agreement, Linx will become a wholly owned subsidiary of STNE.

Pursuant to the terms and subject to the conditions set forth in the Association Agreement, if the Merger of Shares Protocol is approved by the shareholders of Linx and STNE, and subject to other conditions precedent as described herein, the Merger of Shares will be implemented through a merger of shares (*incorporação de ações*) under the Brazilian Corporation Law (the “Merger of Shares”). Upon the occurrence of the Merger of Shares, each Linx Share issued and outstanding immediately prior to the consummation of the Transaction will be automatically contributed to STNE in exchange for one newly issued redeemable Class A preferred share of STNE (each a “STNE Class A Preferred Share”) and one newly issued redeemable STNE Class B preferred share (each a “STNE Class B Preferred Share,” and, together with STNE Class A Preferred Shares, the “New STNE Shares”). Immediately thereafter, each STNE Class A Preferred Share will be redeemed for a cash payment of R\$31.56 and each STNE Class B Preferred Share will be redeemed for 0.0126774 StoneCo Class A Common Share (the “Base Exchange Ratio”). The consideration received in exchange for redemption of STNE Class A Preferred Shares together with the consideration received from redemption of STNE Class B Preferred Shares are referred to herein as the “Consideration.”

The Base Exchange Ratio takes into account the following assumptions: (i) that no declaration, payment of dividends or interest on equity by STNE or Linx will take place until Closing; (ii) that on September 1, 2020, except for the disclosure of the quarterly results and for the material facts related to the Transaction, there were no material facts pending disclosure to the market by Linx and/or StoneCo; (iii) that on September 1, 2020, there were 14,125,991 shares issued by Linx in treasury; (iv) that the effect of the exercise or acceleration of the total of all of the options and restricted stock plans would result in 3,775,648 additional shares to the share capital of Linx; and (v) that on September 1, 2020, Linx’s corporate capital was represented by 189,408,960 common book-entry shares, nominative and with no par value, including treasury-held shares.

If the Transaction is completed, Linx will become a wholly owned subsidiary of STNE and Linx will no longer be an independent, publicly traded corporation incorporated under the laws of the Federative Republic of Brazil. Based on the exchange ratios, adjustments and limitations set forth in the Association Agreement, it is anticipated that, immediately following completion of the Transaction, former holders of Linx Common Shares will own approximately 0.7% of StoneCo on a fully diluted basis.

All of the foregoing steps will occur substantially simultaneously and will be conditioned on the effectiveness of each of the other steps. Accordingly, the Consideration will be made available on the date of the closing of the Transaction (the “Closing”).

StoneCo intends to take the necessary measures to consummate the Transaction as set forth in the Association Agreement, in the shortest time possible, subject to receipt of requisite regulatory or other approvals and consents and completion of required procedures customary for such Transaction. No assurance can be given as to when or whether any of these approvals and consents will be obtained.

What shareholder approvals are needed for the Transaction?

Pursuant to the Merger of Shares Protocol, Linx shareholders must approve: (i) the waiver of any obligations of STNE to carry out the public tender offer for the acquisition of the Linx Shares, pursuant to Article 43 of the bylaws of Linx, as a result of the Transaction; (ii) the waiver of STNE’s adhesion to the Novo Mercado segment of the B3 in case of approval of the proposed Transaction; (iii) the ratification of the appointment of the specialized company hired to conduct the valuation of Linx; (iv) the approval of the valuation report to determine the economic value of the shares issued by Linx to be merged into STNE which is to be prepared by an appraiser engaged by STNE management (the “Valuation Report”); (v) the approval of the Merger of Shares Protocol; and (vi) the approval of the Merger of Shares.

STNE shareholders must approve, and have undertook to approve in the Voting Agreement (as defined herein): (i) the ratification of the appointment of the specialized company hired to conduct the valuation of Linx; (ii) the approval of the Valuation Report prepared by the engaged appraiser; (iii) the approval of the Merger of Shares Protocol; (iv) the approval of the Merger of Shares; and (v) the redemption of the New STNE Shares, upon payment of the corresponding Consideration.

What is this document and why am I receiving it?

This document is a prospectus of StoneCo relating to the StoneCo Class A Common Shares that will be issued as part of the Consideration upon completion of the Transaction. In connection with the Transaction, StoneCo is required by the Securities Act to deliver this document to all holders of Linx Common Shares and Linx ADSs that are U.S. residents. You should carefully review this document, because, as a holder of Linx Common Shares and/or Linx ADSs, you will be entitled to vote directly (in case of holders of Linx Common Shares) and/or indirectly (through giving voting instructions in case of holders of Linx ADSs) at the Linx Special Meeting (as defined herein) that has been called in order for the shareholders of Linx to approve the following corporate proposals: (i) the waiver of any obligations of STNE to carry out the public tender offer for the acquisition of the Linx Shares, pursuant to Article 43 of the bylaws of Linx, as a result of the Transaction; (ii) the waiver of STNE’s adhesion to the Novo Mercado segment of the B3, in case the Merger of Shares is consummated; (iii) the ratification of the appointment of the specialized company to be hired to conduct the valuation of Linx for purposes of the Merger of Shares; (iv) the approval of the Valuation Report prepared by such appraiser; (v) the approval of the Merger of Shares Protocol; and (vi) the approval of the Merger of Shares (collectively, the “Transaction Proposal”).

Who is StoneCo?

We are a leading provider of financial technology solutions that empower merchants and integrated partners to conduct electronic commerce seamlessly across in-store, online, and mobile channels in Brazil. We have developed a strong client-centric culture that seeks to delight our clients rather than simply providing them with a solution or service. To achieve this, we created a proprietary, go-to-market approach called the Stone Business Model, which enables us to control the client experience and ensure that interactions are provided by our people or our technology. The Stone Business Model combines our advanced, end-to-end, cloud-based technology platform; differentiated hyper-local and integrated distribution approach; white-glove, on-demand customer service; and client-centric culture, each of which is described below.

1. **Advanced, End-to-End, Cloud-Based Technology Platform**—We designed our cloud-based technology platform to (i) help our clients connect, get paid and grow their businesses, while meeting the complex and rapidly changing demands of omnichannel commerce; and (ii) overcome long-standing inefficiencies within the Brazilian payments market. Our platform enables us to develop, host and deploy our solutions very quickly. We also sell our solutions to integrated partners such as Payment Service Providers, or PSPs, which are firms that contract with a merchant to provide them with payment acceptance solutions, and marketplaces to empower merchants to conduct commerce more effectively in Brazil.

2. **Differentiated Hyper-Local and Integrated Distribution**—We developed our distribution model to proactively reach and serve our clients in a more effective manner. In particular, we developed Stone Hubs, which are local operations close to our clients that include an integrated team of sales, service, and operations support staff to reach small-and medium-sized businesses or SMBs, locally and efficiently, and to build stronger relationships with them. We also have a specialized in-house sales team that serves online merchants and digital service providers with dedicated expertise. We also work with integrated partners, such as ISVs, to embed our solutions into their offerings and enable their merchants to accept payments seamlessly and easily.
3. **White-Glove, On-Demand Customer Service**—We created our on-demand customer service team to support our clients quickly, conveniently, and with high-quality service designed to strengthen our customer relationships and improve their lifetime value with us. Our customer service approach combines (i) a *Human Connection*, through which we seek to address our clients’ service needs in a single phone call using a qualified team of technically trained agents; (ii) *Proximity*, through our Green Angels team of local support personnel who can serve our clients in person within minutes or hours, instead of days or weeks; and (iii) *Technology*, through a range of self-service tools and proprietary artificial intelligence, or AI, that help our clients manage their operations more conveniently and enable our agents to proactively address merchant needs, sometimes before they are even aware of an issue.
4. **Client-Centric Culture**—We have proactively fostered and developed a highly-innovative, entrepreneurial, and mission-driven culture that we believe helps attract new talent, enables us to achieve our objectives, and provides a key competitive advantage. Our culture unites our team across numerous functions and focuses our collective efforts on passionately developing technology and implementing the Stone Business Model to disrupt legacy practices, older technologies, and incumbent vendors in order to provide solutions and a level of service that go beyond simply meeting the needs of our clients, and instead seeks to deliver an enhanced overall client experience.

StoneCo is incorporated as an exempted company with limited liability in the Cayman Islands. Our principal executive office is located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands. Our investor relations office can be reached at investors@stone.com.br and our website address is www.stone.co. The information contained on, or accessible through, such website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

See also the sections of this prospectus entitled “Selected Financial Data of StoneCo,” “Information about the Companies—StoneCo” and “Management and Compensation of StoneCo.”

What is the status of the Transaction?

The Original Association Agreement was approved by the board of directors of Linx on August 10, 2020 and the Association Agreement was approved by the independent members of the Linx board of directors on September 1, 2020, in each case, pursuant to the laws of Brazil and the provisions of Linx’s bylaws. The Association Agreement was approved by the board of directors of StoneCo, pursuant to the laws of the Cayman Islands and the provisions of Stone’s bylaws, on August 9, 2020. On August 11, 2020, Linx and STNE entered into the Original Association Agreement, outlining the Transaction, including a corporate reorganization as described herein and amended and restated the Original Association Agreement on September 1, 2020 to revise certain terms therein. The Linx Founding Shareholders, StoneCo and DLP acted as intervening parties thereto.

STNE shareholders must approve, and have undertook to approve in the Voting Agreement: (i) the ratification of the appointment of the specialized company hired to conduct the valuation of Linx; (ii) the approval of the Valuation Report prepared by the engaged appraiser; (iii) the approval of the Merger of Shares Protocol; (iv) the approval of the Merger of Shares; and (v) the redemption of the New STNE Shares, upon payment of the corresponding Consideration.

The Linx shareholders must approve: (i) the waiver of any obligations of STNE to carry out the public tender offer for the acquisition of the Linx Shares, pursuant to Article 43 of the bylaws of Linx, as a result of the Transaction; (ii) the waiver of STNE’s adherence to the Novo Mercado segment of the B3 in case of approval of the proposed Transaction; (iii) the ratification of the appointment of the specialized company hired to conduct the valuation of Linx; (iv) the approval of the Valuation Report prepared by the engaged appraiser; (v) the approval of the Merger of Shares Protocol; and (vi) the approval of the Merger of Shares. The board of directors of StoneCo has not made any recommendation for or against such approval by Linx’s shareholders. Shareholders of Linx are being asked to vote on the Transaction at the Linx Special Meeting, and if such approval is received, Linx and StoneCo will continue to seek completion of all formalities related to the Transaction, including obtaining the necessary antitrust and other regulatory approval if they were not obtained prior to the Linx Special Meeting. As decided at the meeting of the board of directors of Linx held on August 10, 2020, the Linx Special Meeting will be called after the effectiveness of the Form F-4. The Transaction will be consummated if and when the later of (i) the approval of the Transaction by the shareholders of Linx at the Linx Special Meeting, or (ii) the regulatory approval and satisfaction (or waiver, as the case may be) of other pending conditions precedent occur. Neither StoneCo nor Linx can predict the actual date on which the Transaction will be completed, or whether it will be completed. For a discussion of the conditions to the completion of the Transaction, see the section entitled “The Transaction Documents—The Association Agreement”.

Are the Linx Shares and the StoneCo Class A Common Shares traded on any stock exchange?

The Linx Shares are listed on the B3 under the symbol “LINX3”. The Linx ADSs are listed on the NYSE under the symbol “LINX”. The StoneCo Class A Common Shares are listed on the Nasdaq under the symbol “STNE”.

Will the StoneCo Class A Common Shares to be issued to me (as applicable) at the completion of the Transaction be traded on an exchange?

If the Transaction is consummated, upon consummation of the Transaction, holders of Linx Common Shares shall, to the extent possible, receive the applicable number of StoneCo Class A Common Shares, in accordance with the Consideration.

The StoneCo Class A Common Shares are listed on the Nasdaq under the symbol “STNE”. StoneCo Class A Common Shares received by holders of Linx Shares in connection with the Transaction will be freely transferable, except for StoneCo Class A Common Shares issued to any holder of Linx Shares deemed to be an “affiliate” of StoneCo for purposes of U.S. federal securities law. For more information, see the section entitled “The Transaction—Restrictions on Resales of StoneCo Shares Received in the Transaction.”

If I hold Linx ADSs, will I have to pay ADS cancellation fees?

If you hold Linx ADSs, a Linx ADS cancellation fee of up to U.S.\$0.05 per Linx ADS, as well as taxes or governmental charges payable in connection with your withdrawal of the Linx Common Shares from the Linx ADS program, among other fees, will be deducted from the cash component of the Consideration.

Will I have to pay any brokerage commission?

You will not have to pay brokerage commissions if your Linx Common Shares or Linx ADSs are registered in your name. If your Linx Common Shares or Linx ADSs are held through a bank or broker or a custodian linked to a stock exchange, you should consult with them as to whether or not they charge any transaction fee or service charges in connection with the Merger of Shares or the other elements of the Transaction.

Are any Linx shareholders already committed to vote in favor of the proposal to approve the Transaction?

Yes. On August 11, 2020, StoneCo, STNE and DLP entered into that certain Voting Commitment and Assumption of Obligations (the “Voting Agreement”) with Linx and the Linx Founding Shareholders, whereby the parties to the Voting Agreement undertook, as limited by the Brazilian Law No. 6.404/76, as amended (the “Brazilian Corporation Law”), obligations to implement the Transaction, including by binding their shares to vote in favor of the corporate resolutions necessary for the approval, closing and implementation of the Transaction. Linx and STNE acted as intervening parties in the Voting Agreement. The Voting Agreement also indicates that if, at the Linx Special Meeting regarding the Transaction, a sufficient approval quorum is reached for the approval of matters related to the Transaction, considering the favorable vote of other Linx shareholders, Linx Founding Shareholders are free to vote in favor or abstain from voting, according to their convenience, to the extent that, in this case, the calculation of the Linx Founding Shareholders’ votes does not affect the effective approval of the Transaction. In any event, the voting obligations of Linx Founding Shareholders established in the Voting Agreement will be subject to legal impediments and may not violate CVM and Novo Mercado Rules. The Linx Founding Shareholders party to the Voting Agreement held, as of the date thereof, 13.92% of the issued share capital of Linx. In order to approve the Transaction Proposal (as defined herein), holders of at least the majority of Linx Shares must vote in favor of the Transaction. For more information, see “The Transaction Documents—Voting Agreement”.

Are there risks associated with the Transaction?

Yes. There are a number of risks related to the Transaction that are discussed in this prospectus and in the other documents incorporated by reference into this prospectus. In evaluating the Transaction, before making any decision on whether and how to vote, you are urged to read carefully and in its entirety this prospectus, in particular the section entitled “Risk Factors”.

Do I have withdrawal rights in connection with the Merger of Shares?

If you were the holder of record of Linx Common Shares at the close of trading on the date of the first publication of the call notice for the Linx Special Meeting, or on the date of communication of the material relevant object of the resolution, whichever occurs first, you may exercise withdrawal rights pursuant to Brazilian law and request that Linx purchase the Linx Common Shares that you held on that date. **You cannot exercise these withdrawal rights if you vote in favor of the Merger of Shares.** If you have withdrawal rights, your withdrawal rights will lapse 30 days after publication of the minutes of the Linx Special Meeting at which the Merger of Shares is approved.

If you have withdrawal rights and exercise these rights, you will receive from Linx an amount in cash equal to the net asset value of your Linx Common Shares, determined based on the book value of Linx assets and liabilities as of . Based on this net asset value, the withdrawal value per Linx Common Share is R\$.

If you hold Linx ADSs, you are not entitled to withdrawal rights with respect to the Merger of Shares. If you hold Linx ADSs and wish to exercise the withdrawal rights with respect to the Linx Common Shares represented thereby, you must surrender your Linx ADSs a sufficient amount of time prior to the Linx Special Meeting to enable you to receive delivery of the Linx Common Shares represented thereby in accordance with the terms of the deposit agreement governing the Linx ADSs prior to the date of the Linx Special Meeting.

Can I sell my Linx Common Shares and Linx ADSs during the period for the exercise of withdrawal rights?

Subject to the observance of applicable legal requirements, during the period for the exercise of withdrawal rights, the Linx Common Shares will continue to be listed on B3 and be eligible for trading over the B3 under its existing ticker symbol, and the Linx ADSs will continue to be listed on the NYSE, and be eligible for trading over the NYSE under its existing ticker symbol. If you hold Linx Shares and exercise your withdrawal rights, you will not be allowed to trade your shares any longer as they will be cancelled or acquired by Linx upon payment of the corresponding withdrawal consideration.

What will happen to Linx following the Closing Date?

Following the completion of the Transaction, Linx will be a wholly owned subsidiary of STNE. After the Transaction, Linx will be deregistered under the Exchange Act, Linx will no longer file Annual Reports with the SEC on Form 20-F or make submissions to the SEC on Form 6-K and Linx will be deregistered from the CVM. In addition, the Linx ADSs will be delisted from the NYSE and the Linx Common Shares will be delisted from the B3.

The deregistration and delisting of Linx and the Linx Common Shares and Linx ADSs, respectively, will not affect holders of Linx Common Shares and Linx ADSs. At the time of deregistration and delisting following the completion of the Transaction, former holders of Linx Common Shares and Linx ADSs will have received StoneCo Class A Common Shares and/or cash (as applicable), and STNE will be the sole holder of Linx Shares. StoneCo is and will continue to be registered under the Exchange Act; it will continue to file Annual Reports with the SEC on Form 20-F and make submissions to the SEC on Form 6-K. In addition, StoneCo Class A Common Shares will continue to be listed on the Nasdaq. Therefore, holders of Linx Shares will hold shares in a company that is registered following the Transaction and will not be affected by the deregistration of Linx, in which they will no longer hold shares.

Where and when will the STNE special meeting be held?

The STNE special meeting of shareholders will be held on the same date as the Linx Special Meeting and is scheduled to be held at STNE's headquarters at Rua Gomes de Carvalho, No. 1609, 5th floor, Vila Olímpia, São Paulo, São Paulo, CEP 04547-006, Brazil.

Where and when will the Linx Special Meeting be held?

- TIME AND DATE:** The Linx Special Meeting to consider the Transaction is scheduled to be held on _____, 2020 at _____ (São Paulo time). Linx has the right to delay the date of the Linx Special Meeting.
- PLACE:** The Linx Special Meeting to consider the Transaction is scheduled to be held at Linx headquarters at Avenida Doutora Ruth Cardoso, 7221, 7th floor, São Paulo, São Paulo, CEP 05425-902, Brazil.
- ITEMS OF BUSINESS:** The Linx Special Meeting will consider and vote on:
- the waiver of any obligations of STNE to carry out the public tender offer for the acquisition of the Linx Shares, pursuant to Article 43 of the bylaws of Linx, as a result of the Transaction;
 - the waiver of STNE's adhesion to the Novo Mercado segment of the B3 in case of approval of the proposed Transaction;
 - the ratification of the appointment of the specialized company hired to conduct the valuation of Linx;
 - the approval of the Valuation Report prepared by the engaged appraiser;
 - the approval of the Merger of Shares Protocol; and
 - the approval of the Merger of Shares.

For additional information about the Linx Special Meeting, see the section of this prospectus entitled "The Linx Special Meeting."

Am I entitled to attend the Linx Special Meeting?

If you hold Linx Common Shares you may attend the Linx Special Meeting, provided that you present the appropriate documentation required by Linx for participation.

If you hold Linx ADSs and wish to attend the Linx Special Meeting, you must surrender your Linx ADSs and receive delivery of the Linx Common Shares represented thereby in accordance with the terms of the deposit agreement governing the Linx ADSs in sufficient time to allow your ownership of the Linx Common Shares to be reflected in the shareholder list that Linx will use to determine holders of Linx Common Shares that are permitted to attend the Linx Special Meeting.

May I vote at the Linx Special Meeting?

If you hold Linx Common Shares, you may vote at the Linx Special Meeting, provided that you present the appropriate documentation required by Linx for participation. If you hold Linx ADSs, you will receive instructions from the Linx Depositary about how to instruct the Linx Depositary to vote the Linx Common Shares represented by your Linx ADSs. If The Bank of New York Mellon, as the Linx Depositary, does not receive instructions from an owner on or before the date established by the Linx Depositary for that purpose, the Linx Depositary shall deem that owner to have instructed the Linx Depositary to give a discretionary proxy to a person designated by Linx to vote the underlying Linx Common Shares.

What happens if I do not vote?

If you are a holder of Linx Shares and you do not vote, and if you do not act to exercise your withdrawal rights as a shareholder of Linx within 30 days of the publication by Linx of the minutes of the extraordinary general shareholders meeting at which the Merger of Shares is approved, you will automatically receive the Consideration applicable to the number of Linx Shares or Linx ADSs, as applicable, that you own, provided that you hold such Linx Shares or Linx ADSs through the record date selected by STNE in accordance with the Association Agreement.

Upon the written request of a Linx ADS Owner on the record date specified by the Linx Depositary that is received on or before the Instruction Cutoff Date, the Linx Depositary will endeavor, insofar as practicable and permitted under the applicable laws and provisions of Linx's *estatutos*, to vote or cause to be voted the number of Linx Common Shares represented by the Linx ADSs held by the Linx ADS Owner in accordance with the instructions set forth in that request. The Linx Depositary may not itself vote or attempt to exercise the right to vote that attaches to the Linx Common Shares underlying the Linx ADSs other than in accordance with instructions given by Linx ADS Owners and received by the Linx Depositary or as provided in the following sentence. If (1) Linx instructed the Linx Depositary to disseminate a notice of the Linx Special Meeting as described above and gives the Linx Depositary notice of the Linx Special Meeting, details concerning the matters to be voted upon and copies of materials to be made available to holders of Linx Common Shares in connection with the Linx Special Meeting not less than 30 days prior to the date of the Linx Special Meeting, (2) no instructions are received by the Linx Depositary from a Linx ADS Owner with respect to a matter and any number of Linx ADSs owned by that Linx ADS Owner on or before the Instruction Cutoff Date, and (3) the Linx Depositary has received from Linx, by the business day following the Instruction Cutoff Date, a written confirmation that, as of the Instruction Cutoff Date, (x) Linx wishes a proxy to be given under this sentence, (y) Linx reasonably does not know of any substantial opposition to the matter, and (z) the matter is not materially adverse to the interests of holders of Linx Common Shares, then, the Linx Depositary shall deem that Linx ADS Owner to have instructed the Linx Depositary to give a discretionary proxy to a person designated by Linx with respect to that matter and the number of Linx Common Shares represented by number of Linx ADSs and the Linx Depositary shall give a discretionary proxy to a person designated by Linx to vote that number of Linx Common Shares as to that matter. Under Brazilian law, the Linx Depositary may vote the Linx Common Shares represented by Linx ADSs in accordance with the instructions of the Linx ADS Owners even if those instructions differ among those Linx ADS Owners.

What will happen if the proposals to be considered at the Linx Special Meeting are not approved?

Linx and StoneCo will not be able to complete the Transaction if the majority of Linx shareholders do not approve the Transaction Proposal.

What percentage ownership will former Linx shareholders hold in StoneCo following completion of the Transaction?

If the Transaction is completed, Linx will become a wholly owned subsidiary of STNE and Linx will no longer be an independent, publicly traded corporation incorporated under the laws of the Federative Republic of Brazil. Based on the exchange ratios, adjustments and limitations set forth in the Association Agreement, it is anticipated that, immediately following completion of the Transaction, former holders of Linx Common Shares will own approximately 0.7% of StoneCo on a fully diluted basis.

When do you expect the Transaction to be completed?

The Transaction is expected to close in the fourth quarter of 2020, subject to the approval of the Linx shareholders, regulatory approval and consents and other customary closing conditions.

What happens if I transfer or sell my Linx Shares or my Linx ADSs before the Linx Special Meeting or before completion of the Transaction?

You must hold Linx Common Shares and you must have timely provided the appropriate documentation required by Linx in order to be entitled to vote at the Linx Special Meeting. If you hold Linx ADSs on the specific record date to be established by the Linx Depositary, the Linx Depositary will endeavor to vote the Linx Common Shares underlying your Linx ADS in accordance with your instructions, provided that your instructions are received prior to the Instruction Cutoff Date (as defined herein). If you transfer or sell your Linx Common Shares or Linx ADSs after the Linx Special Meeting but prior to the completion of the Transaction, you will have transferred the right to receive the Consideration in the Transaction to such transferee and you will lose your right to receive the Consideration. For more information on the Linx Special Meeting, see the section of this prospectus entitled "The Linx Special Meeting."

Will StoneCo Class A Common Shares acquired in the Transaction receive a dividend?

Any future StoneCo dividends will remain subject to approval by the StoneCo board of directors and available distributable reserves of StoneCo.

After the closing of the Transaction, as a holder of StoneCo Class A Common Shares, former holders of Linx Common Shares that hold such StoneCo Class A Common Shares on the record date associated with a dividend distribution are expected to receive the same dividend per StoneCo Class A Common Shares as all other holders of StoneCo Class A Common Shares that hold StoneCo Class A Common Shares as of the record date associated with such dividend distribution. For further information on dividends, see the section of this prospectus entitled “The Transaction—Dividend Information.”

What happens if the Transaction is not completed?

If the majority of Linx shareholders do not approve the Transaction Proposal or if the Transaction is not completed for any other reason, StoneCo and Linx will remain independent public companies and StoneCo Class A Common Shares, Linx Common Shares and Linx ADSs will continue to be listed and traded on the Nasdaq, B3 and the NYSE, respectively. Linx will continue to be registered under the Exchange Act and file periodic reports with the SEC.

A compensatory break fee equal to R\$453,750,000 (the “Fine”) will be payable (or in the case of prong (ii) below, partially payable) in the following circumstances:

(i) Linx will pay the Fine to STNE if (a) Linx fails to comply with its exclusivity obligations under the Association Agreement; (b) a Competing Transaction (as defined herein) is approved, executed or accepted by Linx or its shareholders, in any form; or (c) Linx or the Linx Founding Shareholders breach any of their respective obligations under the Association Agreement in such a manner that causes a termination of the Association Agreement;

(ii) As long as certain conditions are fulfilled, Linx will be obligated to pay StoneCo an amount equal to R\$112,500,000 if the Linx Special Meeting is not held or if any item is not approved and such non-approval prevents the consummation of the Transaction; provided that in such case, if a Competing Transaction is announced or contracted into by Linx prior to the date of the Linx Special Meeting (or prior to the date of the event which causes the Linx Special Meeting to not be held), and such Competing Transaction is approved or entered into by Linx during the 12 month period after the Linx Special Meeting (or prior to the date of the event which causes the Linx Special Meeting to not be held), Linx shall pay to StoneCo an additional amount equal to the remainder of the Fine (R\$341,250,000); and

(iii) STNE must pay the Fine to Linx if (a) StoneCo, STNE or DLP breach any of their respective obligations under the Association Agreement in such a manner that causes a termination of the Association Agreement; (b) Linx terminates the Association Agreement because the CADE imposes restrictions as a condition for CADE approval, and StoneCo, STNE and Linx, after using best efforts, fail to meet such restrictions; or (c) the CADE does not approve the Transaction.

For more information on break fees, see the section of this prospectus entitled “The Transaction Documents—The Association Agreement—Break Fees.”

What regulatory approval is needed to complete the Transaction?

Closing of the Transaction is subject to regulatory approval by the CADE, as required under the terms of the Association Agreement, having been obtained or received.

For further details on regulatory approval, see the section of this prospectus entitled “Regulatory Matters.”

What other conditions must be satisfied to complete the Transaction?

In addition to obtaining certain required regulatory approval, Closing of the Transaction is subject to certain additional conditions, including, among others, the following customary conditions.

Conditions applicable to the parties to the Association Agreement

The performance of the obligations of parties to the Association Agreement is subject to the absence of any injunction or order prohibiting or enjoining the consummation of the transactions.

Conditions applicable to Linx and the Linx Shareholders

The performance of the obligations of Linx and the Linx Shareholders is subject to satisfaction of, or waiver by Linx of, the following conditions:

- representations and warranties made by STNE, StoneCo and DLP shall be true and correct in all respects until Closing (except where the representations and warranties refer to a previous date, in which case they must be true and correct in all respects as of such date);
- compliance with all applicable obligations under the Association Agreement;
- StoneCo's registration statement on Form F-4 to effect the registration under the Securities Act of the StoneCo Class A Common Shares to be issued to Linx shareholders shall have become effective, no stop order suspending the effectiveness of the Form F-4 shall have been issued, and no proceedings for that purpose shall have been initiated or be threatened, by the SEC; and
- obtain the necessary approvals of the STNE shareholders to take such actions as are contemplated by the Association Agreement.

Conditions applicable to STNE, StoneCo and DLP

The performance of the obligations of STNE, StoneCo and DLP is subject to satisfaction of, or waiver by STNE of, the following conditions:

- representations and warranties made by Linx and the Linx Shareholders shall be true and correct in all respects until Closing (except where the representations and warranties refer to a previous date, in which case they must be true and correct in all respects as of such date);
- compliance with all applicable obligations under the Association Agreement;
- Linx obtaining certain third party consents or maintaining cash reserves in lieu thereof;
- obtain the necessary approvals of the Linx shareholders to take such actions as are contemplated by the Association Agreement; and
- the absence of a material adverse change.

For further details on closing conditions, see the section of this prospectus entitled "The Transaction Documents—The Association Agreement."

What are the U.S. federal income tax consequences of the Transaction to holders of Linx Shares?

The exchange of Linx Shares for the Consideration in the Transaction will be a taxable transaction for U.S. federal income tax purposes. Gain or loss realized by a U.S. Holder (as defined herein) on the exchange generally will be capital gain or loss and generally will be long-term capital gain or loss if the U.S. Holder's Linx Shares have been held for more than one year.

You should read the section entitled "Material Tax Considerations—Material U.S. Federal Income Tax Considerations" for more information on the U.S. federal income tax consequences of the Transaction and you should consult your own tax advisors regarding the tax consequences of the Transaction in your particular circumstances.

What are the Brazilian income tax consequences of the Transaction to holders of Linx Common Shares?

According to Brazilian tax rules, gains on the disposition of assets located in Brazil by a holder who resides in Brazil (a “Brazilian Holder”) or by a holder deemed to not be domiciled in Brazil for Brazilian tax purposes (a “Non-Brazilian Holder”) are subject to Brazilian taxation.

Notwithstanding the analysis of the tax treatment applicable to the contribution (*incorporação de ações*) of Linx Common Shares into STNE, as a result of the subsequent redemption of New STNE Shares, gains recognized by holders of Linx Common Shares are expected to be subject to Brazilian income tax at different rates, depending on the nature, domicile and regime of the corresponding holder. The rate for a Non-Brazilian Holder may generally vary from 15% to 22.5%, or may be a flat rate of 25% in case of a Non-Brazilian Holder resident of or domiciled in a “No Taxation or Low Taxation Jurisdiction.” The rate for a Brazilian Holder may vary widely, for example, from 15% to 22.5% for individuals, or 34% for Brazilian companies.

Although there is no clear rule regarding how a disposition of ADSs will be treated under Brazilian tax law, holders of Linx ADSs are expected to be subject to the same tax treatment applicable to holders of Linx Common Shares.

What will be the accounting treatment of the Transaction?

Under IFRS as issued by the IASB, the acquisition of Linx S.A. by StoneCo Ltd. will be accounted for under the acquisition method of accounting for business combinations. Under the acquisition method of accounting, the total consideration paid is allocated to an acquired company’s tangible and intangible assets, liabilities and any noncontrolling interest based on their estimated fair values as of the acquisition date.

Could the Transaction be unwound?

The Transaction itself will not be unwound once all conditions precedent have been satisfied and Closing has occurred.

Who can help answer my questions?

The information provided above in the question-and-answer format is for your convenience only and is merely a summary of some of the information contained in this prospectus. You should read carefully the entire prospectus, including the information in the exhibits to the registration statement of which this prospectus is a part. See the section of prospectus entitled “Where You Can Find More Information.”

If you have any questions about the proposed Transaction, StoneCo’s investor relations office can be reached at: StoneCo Ltd., 4th Floor, Harbour Place 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands, phone: + 55 3038-8123, email: investors@stone.co.

Where can I find more information about StoneCo and Linx?

You can find out more information about StoneCo and Linx from the various sources described in the section entitled “Where You Can Find More Information”.

SUMMARY

The following is a summary that highlights information contained in this prospectus. This summary may not contain all the information that is important to you. For a more complete description of the Transaction and the Association Agreement, we encourage you to read carefully this entire prospectus, including the exhibits to the registration statement of which this prospectus is a part. In addition, we encourage you to read the information incorporated by reference into this prospectus, which includes important business and financial information about StoneCo and Linx that has been filed with the SEC. You may obtain the information incorporated by reference into this prospectus without charge by following the instructions in the section of this prospectus entitled “Where You Can Find More Information.”

The Parties

StoneCo

We are a leading provider of financial technology solutions that empower merchants and integrated partners to conduct electronic commerce seamlessly across in-store, online, and mobile channels in Brazil. We have developed a strong client-centric culture that seeks to delight our clients rather than simply providing them with a solution or service. To achieve this, we created a proprietary, go-to-market approach called the Stone Business Model, which enables us to control the client experience and ensure that interactions are provided by our people or our technology. The Stone Business Model combines our advanced, end-to-end, cloud-based technology platform; differentiated hyper-local and integrated distribution approach; white-glove, on-demand customer service; and client-centric culture, each of which is described below.

1. **Advanced, End-to-End, Cloud-Based Technology Platform**—We designed our cloud-based technology platform to (i) help our clients connect, get paid and grow their businesses, while meeting the complex and rapidly changing demands of omnichannel commerce; and (ii) overcome long-standing inefficiencies within the Brazilian payments market. Our platform enables us to develop, host and deploy our solutions very quickly. We also sell our solutions to integrated partners such as Payment Service Providers, or PSPs, which are firms that contract with a merchant to provide them with payment acceptance solutions, and marketplaces to empower merchants to conduct commerce more effectively in Brazil.
2. **Differentiated Hyper-Local and Integrated Distribution**—We developed our distribution model to proactively reach and serve our clients in a more effective manner. In particular, we developed Stone Hubs, which are local operations close to our clients that include an integrated team of sales, service, and operations support staff to reach small-and medium-sized businesses or SMBs, locally and efficiently, and to build stronger relationships with them. We also have a specialized in-house sales team that serves online merchants and digital service providers with dedicated expertise. We also work with integrated partners, such as ISVs, to embed our solutions into their offerings and enable their merchants to accept payments seamlessly and easily.
3. **White-Glove, On-Demand Customer Service**—We created our on-demand customer service team to support our clients quickly, conveniently, and with high-quality service designed to strengthen our customer relationships and improve their lifetime value with us. Our customer service approach combines (i) a *Human Connection*, through which we seek to address our clients’ service needs in a single phone call using a qualified team of technically trained agents; (ii) *Proximity*, through our Green Angels team of local support personnel who can serve our clients in person within minutes or hours, instead of days or weeks; and (iii) *Technology*, through a range of self-service tools and proprietary artificial intelligence, or AI, that help our clients manage their operations more conveniently and enable our agents to proactively address merchant needs, sometimes before they are even aware of an issue.
4. **Client-Centric Culture**—We have proactively fostered and developed a highly-innovative, entrepreneurial, and mission-driven culture that we believe helps attract new talent, enables us to achieve our objectives, and provides a key competitive advantage. Our culture unites our team across numerous functions and focuses our collective efforts on passionately developing technology and implementing the Stone Business Model to disrupt legacy practices, older technologies, and incumbent vendors in order to provide solutions and a level of service that go beyond simply meeting the needs of our clients, and instead seeks to deliver an enhanced overall client experience.

StoneCo is incorporated as an exempted company with limited liability in the Cayman Islands. Our principal executive office is located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands. Our investor relations office can be reached at investors@stone.com.br and our website address is www.stone.co. The information contained on, or accessible through, such website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

Linx

Linx is a leading cloud-based technology company that develops and provides affordable, easy-to-use, reliable and integrated software solutions to over 70,000 retail clients across more than 100,000 storefronts with approximately R\$300 billion of gross transaction volume (GTV), through a software-as-a-service (SaaS) business model. The company is a leading player in the retail management software market and has a strong presence in e-commerce software solutions in Brazil. It serves its clients through an end-to-end platform comprised of three product lines, including:

- *Linx Core* – which provides integrated business management software, such as ERP and POS management solutions, across various industry verticals including auto parts stores, clothing stores, department stores, electronic goods stores, fast food chains, gas stations, home improvement stores, household appliances stores, pharmacies, service retail, and vehicle dealerships.
- *Linx Digital* – which provides an e-commerce platform designed to improve the omnichannel shopping experience, enabling retailers to engage, interact and transact with their clients and manage their inventories across physical stores, mobile applications, and online channels in an integrated manner.
- *Linx Pay Hub* – which provides payment processing solutions integrated with its Core and Digital product lines and provides Electronic Funds Transfer (EFT) services.

Linx is a Brazilian corporation (*sociedade anônima*) incorporated under the Federative Republic of Brazil. Linx's corporate headquarters are located at Avenida Doutora Ruth Cardoso, 7221, 7th floor, São Paulo, São Paulo, CEP 05425-902, Brazil, and its telephone number at this address is +55-11-2103-1531. Linx's website is www.linx.com.br. The information contained on, or accessible through, such website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

Risk Factors

The transactions contemplated by the Association Agreement involve risks, some of which are related to such transactions themselves and others of which are related to StoneCo's and Linx's respective businesses and to investing in and ownership of StoneCo's Class A Common Shares following the consummation of such transactions, assuming they are completed. In considering the Transaction, you should carefully consider the information about these risks set forth under the section of this prospectus entitled "Risk Factors" beginning on page 27 of this prospectus together with the other information included in or incorporated by reference into this prospectus.

The Transaction and the Association Agreement

On August 11, 2020, Linx and STNE entered into the Original Association Agreement, outlining the Transaction, including a corporate reorganization as described herein and amended and restated the Original Association Agreement on September 1, 2020 to revise certain terms therein. The Linx Founding Shareholders, StoneCo and DLP acted as intervening parties thereto.

Pursuant to the terms and subject to the conditions set forth in the Association Agreement, if the Merger of Shares Protocol is approved by the shareholders of Linx and STNE, and subject to other conditions precedent as described herein, the Merger of Shares will be implemented through the Merger of Shares. Immediately thereafter, each STNE Class A Preferred Share will be redeemed for a cash payment of R\$31.56 and each STNE Class B Preferred Share will be redeemed for 0.0126774 StoneCo Class A Common Share.

The Base Exchange Ratio takes into account the following assumptions: (i) that no declaration, payment of dividends or interest on equity by STNE or Linx will take place until Closing; (ii) that on September 1, 2020, except for the disclosure of the quarterly results and for the material facts related to the Transaction, there were no material facts pending disclosure to the market by Linx and/or StoneCo; (iii) that on September 1, 2020, there were 14,125,991 shares issued by Linx in treasury; (iv) that the effect of the exercise or acceleration of the total of all of the options and restricted stock plans would result in 3,775,648 additional shares to the share capital of Linx; and (v) that on September 1, 2020, Linx's corporate capital was represented by 189,408,960 common book-entry shares, nominative and with no par value, including treasury-held shares.

If the Transaction is completed, Linx will become a wholly owned subsidiary of STNE and Linx will no longer be an independent, publicly traded corporation incorporated under the laws of the Federative Republic of Brazil. Based on the exchange ratios, adjustments and limitations set forth in the Association Agreement, it is anticipated that, immediately following completion of the Transaction, former holders of Linx Common Shares will own approximately 0.7% of StoneCo on a fully diluted basis.

The terms and conditions of the Transaction are contained in the Association Agreement, which is described in this prospectus and a free translation of which is incorporated into this prospectus by reference in its entirety. You are encouraged to read the Association Agreement carefully, as it is the legal document that governs the Transaction. All descriptions in this summary and in this prospectus of the terms and conditions of the Transaction are qualified in their entirety by reference to the Association Agreement.

The Linx Special Meeting

Date, Time and Place of the Linx Special Meeting

The Linx Special Meeting (as defined herein) to consider the Merger of Shares is scheduled to be held on _____, 2020 at _____ (São Paulo time) at Linx headquarters at Avenida Doutora Ruth Cardoso, 7221, 7th floor, São Paulo, São Paulo, CEP 05425-902, Brazil.

Purpose of the Linx Special Meeting

Pursuant to the Merger of Shares Protocol, Linx shareholders must approve: (i) the waiver of any obligations of STNE to carry out the public tender offer for the acquisition of the Linx Shares, pursuant to Article 43 of the bylaws of Linx, as a result of the Transaction; (ii) the waiver of STNE's adhesion to the Novo Mercado segment of the B3 in case of approval of the proposed Transaction; (iii) the ratification of the appointment of the specialized company hired to conduct the valuation of Linx; (iv) the approval of the valuation report to determine the economic value of the shares issued by Linx to be merged into STNE which is to be prepared by an appraiser engaged by STNE management (the "Valuation Report"); (v) the approval of the Merger of Shares Protocol; and (vi) the approval of the Merger of Shares.

Quorum for Installation

The Linx Special Meeting will be installed on first call if the requirement of attendance by 25% of the issued and outstanding Linx Common Shares are present, in person or by proxy.

If the attendance requirement is not met for the Linx Special Meeting on first call, the Linx Special Meeting will be reconvened at a date and time, at least eight calendar days after the date and time scheduled for the Linx Special Meeting on first call. The Linx Special Meeting will be installed on second call with any percentage of holders present at the meeting following second call, in person or by proxy.

Required Vote

At the Linx Special Meeting (i) the waiver of any obligations of STNE to carry out the public tender offer for the acquisition of the Linx Shares, pursuant to Article 43 of the bylaws of Linx, requires the affirmative vote of holders representing a majority of Linx Common Shares at the relevant meeting; (ii) the waiver of the adherence of STNE to the Novo Mercado listing level of B3 requires the affirmative vote of holders representing a majority of the “free float” of Linx Common Shares (i.e., the total number of issued and outstanding Linx Common Shares excluding Linx Common Shares held by controlling shareholders, its related persons, directors and officers and treasury stock, as defined in the Novo Mercado Rules) attending the meeting, under applicable Novo Mercado Rules; and (iii) the ratification of the appointment of the specialized company hired to conduct the valuation of Linx, the approval of the Valuation Report prepared by the engaged appraiser, the approval of the Merger of Shares Protocol; and the approval of the Merger of Shares requires the affirmative vote of holders representing a majority of Linx Common Shares. Approval of each of the items on the agenda for the Linx Special Meeting requires the affirmative vote of holders representing a majority of Linx Common Shares at the relevant meeting, except for the waiver of the adherence of STNE to the Novo Mercado listing level of B3, as mentioned above. Abstentions will be counted for purposes of establishing quorum at the Linx Special Meeting but will not be counted as votes for or against any matter voted on at the Linx Special Meeting.

For additional information, see the section of this prospectus entitled “The Linx Special Meeting.”

Voting by Directors and Executive Officers and Affiliates

As of August 18, 2020, the directors and executive officers of Linx and its affiliates have the right to vote 27,363,284 Linx Common Shares, representing approximately 15.61% of the Linx Common Shares then outstanding and entitled to vote (including outstanding options exercisable within 60 days). The Linx Founding Shareholders party to the Voting Agreement (as defined herein) are all members of the Linx board of directors and held, as of August 18, 2020, 15.22% of the outstanding Linx Common Shares (including outstanding options exercisable within 60 days). In order to approve the Transaction Proposal (as defined herein), holders of at least the majority of Linx Common Shares must vote in favor of the Transaction. For more information, see “The Transaction Documents—Voting Agreement”. For more information on the shareholdings of the directors and executive officers of Linx please see “Share Ownership of Certain Beneficial Owners and Management—Major Shareholders and Directors and Officers of Linx”.

Consideration

Pursuant to the terms and subject to the conditions set forth in the Association Agreement, each Linx Share issued and outstanding immediately prior to the consummation of the Transaction will be automatically contributed to STNE in exchange for one newly issued redeemable STNE Class A Preferred Share and one newly issued redeemable STNE Class B Preferred Share. Immediately thereafter, each STNE Class A Preferred Share will be redeemed for a cash payment of R\$31.56 and each STNE Class B Preferred Share will be redeemed for 0.0126774 StoneCo Class A Common Share (the “Base Exchange Ratio”). The Base Exchange Ratio is calculated on a fully diluted basis, assuming a number of fully-diluted shares of Linx of 179,058,617, and represents a total consideration of R\$35.10 for each Linx Share, considering the share price of the StoneCo Shares as of August 31, 2020.

The Base Exchange Ratio takes into account the following assumptions: (i) that no declaration, payment of dividends or interest on equity by STNE or Linx will take place until Closing; (ii) that on September 1, 2020, except for the disclosure of the quarterly results and for the material facts related to the Transaction, there were no material facts pending disclosure to the market by Linx and/or StoneCo; (iii) that on September 1, 2020, there were 14,125,991 shares issued by Linx in treasury; (iv) that the effect of the exercise or acceleration of the total of all of the options and restricted stock plans would result in 3,775,648 additional shares to the share capital of Linx; and (v) that on September 1, 2020, Linx’s corporate capital was represented by 189,408,960 common book-entry shares, nominative and with no par value, including treasury-held shares.

For more information on the Consideration, see the section of this prospectus entitled “The Transaction Documents—The Association Agreement—Consideration.”

Reasons for the Transaction

The board of directors of StoneCo considered a number of factors in making its determination that the Association Agreement and the Transaction are in the best interests of StoneCo. After due consideration and discussion of such factors, the board of directors of StoneCo approved the execution of the Association Agreement and the authorization for its executive officers to implement the Transaction.

The board of directors of Linx, and separately the independent members of the board of directors of Linx (the “Linx Independent Board Members”) considered a number of factors in making its determination that the Association Agreement and the Transaction are in the best interests of Linx. After due consideration, the Linx board of directors, and separately the Linx Independent Board Members, have (i) approved, adopted and declared advisable the Association Agreement and the Transaction, (ii) declared that it is in the best interests of Linx that Linx enter into the Association Agreement and consummate the Transaction.

For more information on the reasons underlying the decision by the board of directors of Linx and StoneCo, respectively, to approve the Transaction, see the sections of this prospectus entitled “The Transaction—Linx’s Reasons for the Transaction” and “The Transaction— StoneCo’s Reasons for the Transaction.”

Regulatory Approval Required for the Transaction

Closing of the Transaction is subject to regulatory approval by the CADE, as required under the terms of the Association Agreement, having been obtained or received. Linx and StoneCo are in the process of completing the filing with the CADE to obtain the required approval. The Transaction cannot be consummated until the closing condition relating to the CADE approval has been satisfied.

For a description of the required antitrust filings and clearances, see the section of this prospectus entitled “Regulatory Matters.”

Withdrawal Rights for Linx Shareholders

Under Article 137 of the Brazilian Corporation Law, the holders of Linx Common Shares that dissent from the vote in favor of the Merger of Shares have the right to withdraw the Linx Common Shares of which they were record holders at the close of trading on the date of the first publication of the call notice for the Linx Special Meeting, or on the date of communication of the material relevant object of the resolution, whichever occurs first, and request that Linx reimburse the value of those Linx Common Shares. **You cannot exercise these withdrawal rights if you vote in favor of the Merger of Shares.** The failure to vote on the Merger of Shares at the Linx Special Meeting by a shareholder who would otherwise be entitled to exercise withdrawal rights will not constitute a waiver of that shareholder’s withdrawal rights.

If you hold Linx ADSs, you are not entitled to withdrawal rights with respect to the Merger of Shares. If you hold Linx ADSs and wish to exercise the withdrawal rights with respect to the Linx Common Shares represented thereby, you must surrender your Linx ADSs a sufficient amount of time prior to the Linx Special Meeting held to approve the Merger of Shares to enable you to receive delivery of the Linx Common Shares represented thereby in accordance with the terms of the deposit agreement governing the Linx ADSs prior to the date of the Linx Special Meeting. For more information on withdrawal rights, see the section of this prospectus entitled “The Transaction—Withdrawal Rights for Linx Shareholders.”

No Solicitation of Competing Transaction Proposals

As more fully described in this prospectus and as set forth in the Association Agreement, and subject to certain exceptions, Linx has agreed to ensure exclusivity to negotiate the Transaction with STNE and has agreed not to: request, seek or initiate any proposals from any third parties in connection with any similar or Competing Transaction (as defined herein). However, the Linx Independent Board Members may consider and recommend an unsolicited binding offer not subject to due diligence or financing conditions without violating the exclusivity obligations. For more information on the provisions in the Association Agreement relating to non-solicitation of Competing Transactions (as defined herein), see the section of this prospectus entitled “The Transaction Documents—The Association Agreement—Exclusivity.”

Conditions Precedent That Must Be Satisfied or Waived for the Transaction to Occur

As more fully described in this prospectus and as set forth in the Association Agreement, in addition to obtaining regulatory approval by the CADE, closing of the Transaction is subject to certain additional conditions, including, among others, the following customary conditions.

Conditions applicable to the parties to the Association Agreement

The performance of the obligations of parties to the Association Agreement is subject to the absence of any injunction or order prohibiting or enjoining the consummation of the Transaction and CADE approval.

Conditions applicable to Linx and the Linx Founding Shareholders

The performance of the obligations of Linx and the Linx Founding Shareholders is subject to satisfaction of, or waiver by Linx of, the following conditions:

- representations and warranties made by STNE, StoneCo and DLP shall be true and correct in all respects until Closing (except where the representations and warranties refer to a previous date, in which case they must be true and correct in all respects as of such date);
- compliance with all applicable obligations under the Association Agreement;
- StoneCo's registration statement on Form F-4 to effect the registration under the Securities Act of the StoneCo Class A Common Shares to be issued to Linx shareholders shall have become effective, no stop order suspending the effectiveness of the Form F-4 shall have been issued, and no proceedings for that purpose shall have been initiated or be threatened, by the SEC; and
- obtain the necessary approvals of the STNE shareholders to take such actions as are contemplated by the Association Agreement.

Conditions applicable to STNE, StoneCo and DLP

The performance of the obligations of STNE, StoneCo and DLP is subject to satisfaction of, or waiver by STNE of, the following conditions:

- representations and warranties made by Linx and the Linx Founding Shareholders shall be true and correct in all respects until Closing (except where the representations and warranties refer to a previous date, in which case they must be true and correct in all respects as of such date);
- compliance with all applicable obligations under the Association Agreement;
- Linx obtaining certain third party consents or maintaining cash reserves in lieu thereof;
- obtain the necessary approvals of the Linx shareholders to take such actions as are contemplated by the Association Agreement; and
- the absence of a material adverse change.

For more information on the conditions precedent that must be satisfied or waived for the Transaction to occur, see the section of this prospectus entitled "The Transaction Documents—The Association Agreement—Conditions to the Transaction."

Termination of the Association Agreement

In addition to the termination events mentioned in the “Break Fees” section below, the Association Agreement provides for certain termination rights of Linx and StoneCo:

(i) by either party at any time prior to Closing upon the later of the following to occur: (a) the date that is 12 months from the date of execution of the Association Agreement, (b) the date that is three months from the date of the CADE approval or (c) the date that is three months from the effectiveness of the registration of Form F-4; but in no circumstances can it exceed 18 months as from the date of execution of the Association Agreement, except if such delay is due to the fault or intent of one of the parties, in which case the other party may choose to extend the term of the Association Agreement until Closing occurs;

(ii) at any time prior to Closing by written agreement between Linx and STNE;

(iii) by STNE if any part of the Transaction Proposal is not approved at the Linx Special Meeting;

(iv) by Linx if (a) the CADE imposes restrictions as a condition for CADE approval, and StoneCo, STNE and Linx, after using best efforts, fail to meet such restrictions; or (b) the CADE does not approve the Transaction;

(v) by a non-breaching party to the Association Agreement at any time before the Closing, if another party fails to fulfill any obligation of the Association Agreement and such non-compliance is not remedied within 30 days from receipt of notice of such non-compliance by the non-breaching party, subject to certain exceptions; or

(vi) by STNE, StoneCo and DLP if, prior to the date on which the Linx shareholders approve the Transaction at the Linx Special Meeting, STNE, StoneCo or a subsidiary of StoneCo publishes a public tender offer for the acquisition or exchange of Linx Shares at a launched price per share equal to or greater than R\$35.10.

For more information on termination of the Association Agreement, see the section of this prospectus entitled “The Transaction Documents—The Association Agreement—Termination of the Association Agreement.”

Break Fees

A compensatory break fee equal to R\$453,750,000 (the “Fine”) will be payable (or in the case of prong (ii) below, partially payable) for the following events:

(i) Linx will pay the Fine to STNE if (a) Linx fails to comply with its exclusivity obligations under the Association Agreement; (b) a Competing Transaction is approved, executed or accepted by Linx or its shareholders, in any form; or (c) Linx or the Linx Founding Shareholders breach any of their respective obligations under the Association Agreement in such a manner that causes a termination of the Association Agreement;

(ii) As long as certain conditions are fulfilled, Linx will be obligated to pay StoneCo an amount equal to R\$112,500,000 if the Linx Special Meeting is not held or if any item is not approved and such non-approval prevents the consummation of the Transaction; provided that in such case, if a Competing Transaction is announced or contracted into by Linx prior to the date of the Linx Special Meeting (or prior to the date of the event which causes the Linx Special Meeting to not be held), and such Competing Transaction is approved or entered into by Linx during the 12 month period after the Linx Special Meeting (or prior to the date of the event which causes the Linx Special Meeting to not be held), Linx shall pay to StoneCo an additional amount equal to the remainder of the Fine (R\$341,250,000); and

(iii) STNE must pay the Fine to Linx if (a) StoneCo, STNE or DLP breach any of their respective obligations under the Association Agreement in such a manner that causes a termination of the Association Agreement; (b) Linx terminates the Association Agreement because the CADE imposes restrictions as a condition for CADE approval, and StoneCo, STNE and Linx, after using best efforts, fail to meet such restrictions; or (c) the CADE does not approve the Transaction.

For more information on break fees, see the section of this prospectus entitled “The Transaction Documents—The Association Agreement—Break Fees.”

Material U.S. Tax Considerations

The exchange of Linx Shares for the Consideration in the Transaction will be a taxable transaction for U.S. federal income tax purposes. Gain or loss realized by a U.S. Holder (as defined herein) on the exchange generally will be capital gain or loss and generally will be long-term capital gain or loss if the U.S. Holder's Linx Shares have been held for more than one year.

For more information on U.S. federal income tax considerations, see the section of this prospectus entitled "Material Tax Considerations—Material U.S. Federal Income Tax Considerations."

Brazilian Taxation

According to Brazilian tax rules, gains on the disposition of assets located in Brazil by a Brazilian Holder or by a Non-Brazilian Holder are subject to Brazilian taxation.

Notwithstanding the analysis of the tax treatment applicable to the contribution (*incorporação de ações*) of Linx Common Shares into STNE, as a result of the subsequent redemption of New STNE Shares, gains recognized by holders of Linx Common Shares are expected to be subject to Brazilian income tax at different rates, depending on the nature, domicile and regime of the corresponding holder. The rate for a Non-Brazilian Holder may generally vary from 15% to 22.5%, or may be a flat rate of 25% in case of a Non-Brazilian Holder resident of or domiciled in a "No Taxation or Low Taxation Jurisdiction." The rate for a Brazilian Holder may vary widely, for example, from 15% to 22.5% for individuals, or 34% for Brazilian companies.

Although there is no clear rule regarding how a disposition of ADSs will be treated under Brazilian tax law, holders of Linx ADSs are expected to be subject to the same tax treatment applicable to holders of Linx Common Shares.

For more information on Brazilian taxation considerations, see the section of this prospectus entitled "Material Tax Considerations—Material Brazilian Tax Considerations."

Accounting Treatment of the Transaction

The Transaction will be accounted for by StoneCo in accordance with the requirements of IFRS 3 – Business Combinations. For a more detailed discussion of the accounting treatment of the Transaction, see the section of this prospectus entitled "The Transaction—Accounting Treatment of the Transaction."

Delisting and Deregistration of Linx Shares

After the Transaction is completed, Linx will be deregistered under the Exchange Act, Linx will no longer file Annual Reports on Form 20-F or make submissions on Form 6-K with the SEC and Linx will be deregistered from the CVM. In addition, the Linx ADSs will be delisted from the NYSE and the Linx Common Shares will be delisted from the B3.

Comparison of the Rights of Holders of StoneCo Shares and Linx Shares

As a result of the Transaction, the holders of Linx Shares will become holders of StoneCo Class A Common Shares, and their rights will be governed by the laws of the Cayman Islands and the Amended and Restated Articles of Association of StoneCo (the "StoneCo Articles of Association"). Following the closing of the Transaction, former Linx shareholders will have different rights as StoneCo shareholders than they did as Linx shareholders. For a summary of the material differences between the rights of Linx shareholders and StoneCo shareholders, see the section of this prospectus entitled "Comparison of The Rights of Holders of StoneCo Shares and Linx Shares."

SELECTED FINANCIAL DATA OF STONECO

The summary statement of profit or loss and statement of financial position data as of and for the years ended December 31, 2019, 2018 and 2017 have been derived from our audited consolidated financial statements prepared in accordance with IFRS as issued by the IASB appearing in StoneCo's 2019 Form 20-F, which is incorporated by reference in this prospectus.

The summary statement of profit or loss data and statement of financial position data as of and for the six months ended June 30, 2020 and 2019 have been derived from our unaudited condensed consolidated financial statements prepared in accordance with IAS 34—*Interim Financial Reporting*, which include, in the opinion management, all adjustments considered necessary to present fairly the results of operations and financial position of the Company for the periods and dates presented. The results of operations for an interim period are not necessarily indicative of the results for the year ending December 31, 2020 or for any other period.

	For the Six Months Ended June 30,			For the Year Ended December 31,			
	2020	2020	2019	2019	2019	2018	2017
	(US\$)(1)	(R\$)	(R\$)	(US\$)(1)	(R\$)	(R\$)	(R\$)
	(in millions, except amounts per share)						
Net revenue from transaction activities and other services	83.0	454.8	346.0	140.7	770.3	514.6	224.2
Net revenue from subscription services and equipment rental	31.7	173.6	145.8	60.5	331.6	213.7	105.0
Financial income	125.3	685.9	548.6	235.2	1,287.8	801.3	412.2
Other financial income	12.8	69.9	81.5	34.0	186.4	49.6	25.3
Total revenue and income	252.8	1,384.1	1,122.0	470.4	2,576.0	1,579.2	766.6
Cost of services	(63.7)	(348.7)	(186.2)	(78.0)	(427.0)	(323.0)	(224.1)
Administrative expenses	(29.9)	(163.9)	(142.1)	(52.2)	(285.8)	(252.9)	(174.6)
Selling expenses	(41.4)	(226.5)	(150.0)	(65.9)	(360.6)	(190.2)	(92.0)
Financial expenses, net	(38.5)	(211.0)	(145.4)	(64.5)	(353.5)	(301.1)	(237.1)
Other operating expenses, net	(8.0)	(43.6)	(43.8)	(10.5)	(57.7)	(69.3)	(134.2)
Loss on investment in associates	(0.5)	(2.8)	(0.5)	(0.1)	(0.8)	(0.4)	(0.3)
Profit before income taxes	70.8	387.8	454.0	199.2	1,090.7	442.3	(95.7)
Income tax and social contribution	(19.3)	(105.5)	(105.1)	(52.3)	(286.5)	(137.1)	(9.3)
Net income for the period	51.5	282.2	348.9	146.9	804.2	305.2	(105.0)
Net income (loss) attributable to non-controlling interests	(0.6)	(3.2)	(0.2)	0.2	1.0	4.0	3.8
Net income (loss) attributable to owners of the parent	52.1	285.4	349.1	146.7	803.2	301.2	(108.7)
Basic earnings (loss) per share(2)	US\$ 0.19	R\$ 1.03	R\$ 1.26	US\$ 0.53	R\$ 2.90	R\$ 1.30	(R\$ 0.49)
Diluted earnings (loss) per share(2)	US\$ 0.18	R\$ 1.01	R\$ 1.24	US\$ 0.52	R\$ 2.85	R\$ 1.29	(R\$ 0.49)
Other data:							
Adjusted net income (in millions)(3)	57.1	312.6	380.3	156.5	857.1	342.8	45.1
TPV (in billions)	13.8	75.7	56.2	23.6	129.1	83.4	48.5
Active clients (in thousands)(4)	n/a	519.4	349.5	n/a	495.1	269.1	131.2
Take rate(5)	n/a	1.74%	1.85%	n/a	1.85%	1.83%	1.53%

(1) For convenience purposes only, amounts in *reais* for the six months ended June 30, 2020 and the year ended December 31, 2019 have been translated to U.S. dollars using an exchange rate of R\$5.4760 to U.S.\$1.00, the commercial selling rate for U.S. dollars as of June 30, 2020 as reported by the Brazilian Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

- (2) Calculated by dividing net income or loss for the year attributed to the owners of the parent, adjusted for losses allocated to contractual rights and participating instruments, by the weighted average number of ordinary shares outstanding during the year.
- (3) In the table below, we have provided a reconciliation of adjusted net income (loss) to our net income (loss) for the year, the most directly comparable financial measure calculated and presented in accordance with IFRS.
- (4) Does not include micromerchants from the Stone Mais (previous) / TON product (partnership with Grupo Globo targeting the micromerchant space).
- (5) Total revenue and income excluding other financial income, divided by TPV.

	For the Six Months Ended June 30,			For the Year Ended December 31,			2017
	2020 (US\$)(1)	2020 (R\$)	2019	2019 (US\$)(1)	2019 (R\$)	2018	
Net income (loss) for the year	51.5	282.2	348.9	146.9	804.2	305.2	(105.0)
Share-based compensation expenses(2)	7.3	39.9	38.5	11.7	64.3	60.8	138.9
Amortization of fair value adjustment on intangibles related to acquisitions(3)	1.3	6.9	8.1	3.1	17.2	12.6	14.8
Fair value adjustments of assets whose control was acquired(4)	(0.5)	(3.0)	-	-	-	(21.4)	-
One-time impairment charges(5)	-	-	-	-	-	8.4	-
Other income/expenses (6)	0.3	1.7	-	(0.3)	(1.7)	-	-
Pre-tax subtotal	59.8	327.7	395.5	161.4	884.0	365.6	48.7
Tax effect on adjustments(7)	(2.8)	(15.1)	(15.2)	(4.9)	(26.8)	(22.8)	(3.6)
Adjusted net income (loss)	57.1	312.6	380.3	156.5	857.1	342.8	45.1

- (1) For convenience purposes only, amounts in *reais* for the six months ended June 30, 2020 and the year ended December 31, 2019 have been translated to U.S. dollars using an exchange rate of R\$5.4760 to U.S.\$1.00, the commercial selling rate for U.S. dollars as of June 30, 2020 as reported by the Brazilian Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.
- (2) Consists of expenses related to the grant of share-based compensation, as well as fair value (mark-to-market) adjustments for share-based compensation expense classified as a liability in our consolidated financial statements.
- (3) Consists of expenses resulting from the amortization of the fair value adjustment on intangible assets and property and equipment as a result of the application of the acquisition method, a significant portion of which relate to the Elavon do Brasil (“EdB”) and Equals acquisitions.
- (4) Consists of the gain on re-measurement of our previously held equity interest in Linked (2020) and Equals (2018) to fair value upon the date control was acquired.
- (5) Consists of (1) impairment charges associated with certain processing system intangible assets acquired in the EdB acquisition that we no longer use, in an amount of R\$6.4 million for the year ended December 31, 2018 and (2) impairment associated with improvements made to certain leased office space upon the termination of the lease, in an amount of R\$2.0 million for the year ended December 31, 2018.
- (6) Consists of the fair value adjustment related to associates call option.
- (7) Represents the tax effect of pre-tax items excluded from adjusted net income (loss). The tax effect of pre-tax items excluded from adjusted net income (loss) is computed using the statutory rate related to the jurisdiction that was impacted by the adjustment after taking into account the impact of permanent differences and valuation allowances.

	As of June 30,		As of December 31,			
	2020 (US\$ millions) (1)	2020 (R\$ millions)	2019 (US\$ millions)(1)	2019 (R\$ millions)	2018 (R\$ millions)	2017
Statement of financial position data:						
Assets						
Current assets						
Cash and cash equivalents and short-term investments	651.1	3,565.5	713.2	3,905.4	3,068.5	843.7
Accounts receivable from card issuers	2,359.6	12,921.0	2,568.8	14,066.8	9,244.6	5,078.4
Other current assets	221.5	1,212.8	79.0	432.7	124.7	77.4
Total current assets	3,232.2	17,699.3	3,361.0	18,404.9	12,437.8	5,999.5
Total non-current assets	285.0	1,560.9	219.3	1,200.9	855.4	636.2
Total assets	3,517.2	19,260.2	3,580.3	19,605.7	13,293.2	6,635.7
Liabilities and Equity						
Current liabilities						
Accounts payable to merchants	1,267.4	6,940.2	1,187.0	6,500.1	4,996.1	3,637.5
Other current liabilities	793.7	4,346.2	981.1	5,372.5	1,058.7	186.1
Total current liabilities	2,061.1	11,286.4	2,168.1	11,872.5	6,054.8	3,823.6

	As of June 30,		As of December 31,			
	2020	2020	2019	2019	2018	2017
	(US\$ millions) (1)	(R\$ millions)	(US\$ millions)(1)	(R\$ millions)		
Non-current liabilities						
Obligations to FIDC quota holders	-	-	295.8	1,620.0	2,057.9	2,056.3
Other non-current liabilities	272.8	1,494.0	25.6	140.2	87.6	273.3
Total non-current liabilities	272.8	1,494.0	321.4	1,760.2	2,145.5	2,329.6
Total liabilities	2,333.9	12,780.4	2,489.5	13,632.7	8,200.2	6,153.2
Total equity	1,183.3	6,479.8	1,090.8	5,973.0	5,093.0	482.6
Total liabilities and equity	3,517.2	19,260.2	3,580.3	19,605.7	13,293.2	6,635.7

(1) For convenience purposes only, amounts in *reais* for the six months ended June 30, 2020 and the year ended December 31, 2019 have been translated to U.S. dollars using an exchange rate of R\$5.4760 to U.S.\$1.00, the commercial selling rate for U.S. dollars as of June 30, 2020 as reported by the Brazilian Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

SELECTED FINANCIAL DATA OF LINX

The summary statement of profit or loss and statement of financial position data as of and for the years ended December 31, 2019, 2018 and 2017 have been derived from the Linx audited consolidated financial statements prepared in accordance with IFRS as issued by the IASB appearing in Linx's 2019 Form 20-F, which is incorporated by reference in this prospectus.

The summary statement of profit or loss data and statement of financial position data as of and for the six months ended June 30, 2020 and 2019 have been derived from our unaudited condensed consolidated financial statements prepared in accordance with IAS 34—Interim Financial Reporting. The results of operations for an interim period are not necessarily indicative of the results for the year ending December 31, 2020 or for any other period.

	For the six months Ended June 30,			For the Year Ended December 31,			
	2020 (US\$) (1)	2020 (R\$)	2019	2019 (US\$) (1)	2019	2018 (R\$)	2017
	<i>(in millions, except per share/ADS data)</i>						
Income Statement Data:							
Net operating revenue	77.1	422.0	369.5	143.9	788.2	685.6	571.6
Cost of services rendered	(25.3)	(138.6)	(123.4)	(49.7)	(272.1)	(245.6)	(211.6)
General and administrative	(24.5)	(134.1)	(99.0)	(40.2)	(219.9)	(168.6)	(148.1)
Research and development	(13.8)	(75.8)	(71.4)	(17.0)	(93.1)	(73.5)	(64.3)
Selling	(10.0)	(54.7)	(38.5)	(26.4)	(144.7)	(111.0)	(72.4)
Other operating income	-	-	-	6.8	37.4	8.4	4.3
Other operating expenses	(1.3)	(7.2)	12.6	(2.7)	(14.6)	(5.1)	(5.1)
Total operating expenses	(75.0)	(410.4)	(319.7)	(129.1)	(707.0)	(595.4)	(497.2)
Operating income	2.1	11.6	49.7	14.8	81.1	90.1	74.4
Financial income	3.9	21.6	20.5	12.8	70.1	50.3	58.4
Financial expenses	(6.4)	(34.8)	(31.0)	(15.9)	(87.3)	(48.2)	(24.0)
Net financial income (expenses)	(2.4)	(13.2)	(10.5)	(3.1)	(17.2)	2.1	34.4
Income before income tax and social contribution	(0.3)	(1.6)	39.3	11.7	63.9	92.1	108.8
Income tax and social contribution - current	(1.1)	(6.1)	(4.6)	(2.1)	(11.4)	(10.0)	(9.2)
Income tax and social contribution - deferred	0.3	1.5	(5.0)	(2.5)	(13.7)	(11.1)	(14.7)
Net income	(1.1)	(6.3)	29.6	7.1	38.9	71.1	84.8
Net income (loss) per share							
Basic:							
Common Shares	(US\$ 0.0064)	(R\$ 0.0351)	R\$ 0.1849	US\$ 0.0417	R\$ 0.2281	R\$ 0.4358	R\$ 0.5155
ADS	(US\$ 0.0064)	-	-	US\$ 0.0417	-	-	-
Diluted:							
Common Shares	(US\$ 0.0063)	(R\$ 0.0343)	R\$ 0.1738	US\$ 0.0407	R\$ 0.2228	R\$ 0.4301	R\$ 0.5111
ADS	(US\$ 0.0063)	-	-	US\$ 0.0407	-	-	-

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	As of June 30,		As of December 31,			
	2020 (US\$)(1)	2020 (R\$)	2019 (US\$)(1)	2019 (R\$)	2018 (R\$)	2017
	<i>(in millions)</i>					
Balance Sheet Data:						
Current Assets:						
Cash and cash equivalents	7.9	43.1	13.9	75.9	49.9	42.9
Financial assets	104.4	571.7	164.8	902.3	413.4	487.8
Trade accounts receivable	58.9	322.3	50.5	276.6	167.1	128.2
Recoverable taxes	5.8	31.8	4.1	22.6	35.1	33.1
Other assets	7.6	41.7	4.1	22.5	33.1	28.1
Total current assets	184.6	1,010.6	237.4	1,299.9	698.5	720.1
Non-Current Assets:						
Financial assets	2.8	15.4	0.4	2.1	-	21.0
Trade accounts receivable	2.7	14.5	2.1	11.5	3.3	3.0
Other assets	4.2	22.9	4.8	26.3	17.5	1.5
Recoverable taxes	1.0	5.5	0.9	5.2	-	-
Deferred taxes	0.6	3.2	0.6	3.4	4.4	4.3
Property, plant and equipment, net	19.1	104.6	15.0	82.2	74.3	62.3
Intangible assets, net	218.6	1,197.0	184.3	1,009.3	849.6	751.9
Right of use	20.2	110.4	22.6	124.0	-	-
Total non-current assets	269.1	1,473.5	230.8	1,264.0	949.2	843.9
Total assets	453.6	2,484.1	468.2	2,563.9	1,647.7	1,564.0
Current Liabilities:						
Suppliers	5.4	29.7	4.4	24.0	13.6	8.5
Loans and financing	10.0	54.6	7.5	41.2	40.7	31.8
Lease payable	7.4	40.7	8.7	47.5	-	-
Labor liabilities	14.4	78.8	9.3	51.1	43.8	38.9
Taxes and contributions payable	3.6	19.9	4.2	23.1	13.5	13.2
Income tax and social contribution	0.9	4.7	0.7	3.8	1.2	0.5
Accounts payable from acquisition of subsidiaries	12.6	69.1	7.9	43.4	57.1	56.1
Deferred revenue	5.3	28.9	6.6	36.4	40.1	8.5
Dividends payable	0.0	0.1	1.8	9.7	2.8	4.2
Other liabilities	20.7	113.4	16.4	89.6	8.0	7.6
Total current liabilities	80.3	439.9	67.5	369.8	220.7	169.2
Non-Current Liabilities:						
Loans and financing	26.9	147.1	30.8	168.9	209.3	65.5
Lease payable	12.5	68.5	14.4	78.6	-	-
Labor liabilities	0.3	1.8	0.4	2.0	-	-
Accounts payable from acquisition of subsidiaries	6.8	37.4	7.2	39.6	55.4	74.7
Deferred taxes	15.2	83.1	15.4	84.2	72.6	80.3
Deferred revenue	0.7	4.0	1.2	6.4	19.2	-
Other liabilities	0.4	2.0	0.9	4.9	2.3	1.0
Provision for contingencies	3.7	20.2	3.6	19.6	11.0	2.8
Total non-current liabilities	66.5	364.4	73.8	404.3	369.8	224.3
Total liabilities	146.9	804.3	141.4	774.1	590.5	393.5
Net assets	306.8	1,679.9	326.8	1,789.8	1,057.2	1,170.5
Shareholders' Equity:						
Capital	117.9	645.4	117.9	645.4	488.5	486.0
Capital reserves	210.2	1,151.1	212.9	1,165.6	518.3	479.8

	As of June 30,		As of December 31,			
	2020	2020	2019	2019	2018	2017
	(US\$)(1)	(R\$)	(US\$)(1)		(R\$)	
	<i>(in millions)</i>					
Treasury shares	(57.1)	(312.5)	(41.3)	(226.0)	(148.4)	-
Profit reserves	36.9	201.8	36.6	200.6	179.5	186.1
Loss for the period	-1.1	-6.3	-	-	-	-
Additional dividends proposed	-	-	1.9	10.3	22.2	18.8
Other comprehensive income (loss)	0.0	0.2	(1.1)	(6.1)	(2.8)	(0.2)
Total shareholders' equity	306.8	1,679.9	326.8	1,789.8	1,057.2	1,170.5
Total liabilities and shareholders' equity	453.6	2,484.1	468.2	2,563.9	1,647.7	1,564.0

- (1) For convenience purposes only, amounts in *reais* for the six months ended June 30, 2020 and the year ended December 31, 2019 have been translated to U.S. dollars using an exchange rate of R\$5.4760 to U.S.\$1.00, the commercial selling rate for U.S. dollars as of June 30, 2020 as reported by the Brazilian Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

COMPARATIVE PER SHARE MARKET DATA

The following table presents the closing price per each StoneCo Class A Common Share on the Nasdaq and per each Linx ADS on the NYSE, respectively, on (a) August 10, 2020, the last trading day prior to the date of public announcement of StoneCo and Linx of the execution of the Original Association Agreement and (b) , 2020, the last practicable trading day prior to the mailing of this prospectus.

Date	StoneCo Class A Common Share Closing Price (Nasdaq) In U.S.\$	Linx Shares Closing Price (B3) In reais	Linx Shares Closing Price (B3) In U.S.\$(1)	Linx ADS Closing Price (NYSE) In U.S.\$	Implied Per Share Value of Consideration In U.S.\$
August 10, 2020 , 2020	47.18	26.16	4.85	4.64	6.23

- (1) Solely for the convenience of the reader, we have translated certain amounts included in this prospectus from *reais* into U.S. dollars using the exchange rate as reported by the Brazilian Central Bank. As of August 10, 2020, the exchange rate as reported by the Brazilian Central Bank for *reais* into U.S. dollars was R\$5.3933 per U.S.\$1.00. The U.S. dollar equivalent information presented in this prospectus is provided solely for the convenience of investors and should not be construed as implying that the amounts in *reais* represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate. See “Exchange Rates.”

COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA

The following tables include historical and unaudited pro forma per share data.

StoneCo Per Share Data

	As of and for the Six Months Ended June 30,	As of and for the Fiscal Year Ended December 31,			
	2020	2019	2018	2017	2016
			(in reais)		
Book value per share	22.99	21.53	18.38	2.09	2.58
Basic earnings per share	1.03	2.90	1.30	(0.49)	(0.61)
Diluted earnings per share	1.01	2.85	1.29	(0.49)	(0.61)
Cash dividends per share	-	-	-	-	-

Linx Per Share Data

	As of and for the Six Months Ended June 30,	As of and for the Fiscal Year Ended December 31,			
	2020	2019	2018	2017	2016
			(in reais)		
Book value per share	8.87	9.45	6.36	7.05	6.96
Basic earnings per share	(0.0351)	0.2281	0.4358	0.5155	0.4590
Diluted earnings per share	(0.0343)	0.2228	0.4301	0.5111	0.4573
Dividends declared per share	-	0.0603	0.2519	0.2437	0.2173

Pro Forma Per Share Data

	As of and for the Six Months Ended June 30,	As of and for the Fiscal Year Ended December 31,
	2020	2019
	(in U.S. dollars) ⁽³⁾	
Book value per share ⁽¹⁾	4.48	4.21
Basic earnings per share ⁽²⁾	0.18	0.55
Diluted earnings per share ⁽²⁾	0.18	0.54
Dividends declared per share	-	0.0110

(1) Pro forma book value per share assumes that the Transaction was completed on June 30, 2020. Pro forma book value per share is calculated by dividing total pro forma equity attributable to the owners after the Transaction of Linx by the number of pro forma shares outstanding as of June 30, 2020.

(2) Pro forma basic and diluted earnings per share and assume that the Transaction was consummated on January 1, 2019.

(3) For convenience purposes only, amounts in *reais* for the six months ended June 30, 2020 and the year ended December 31, 2019 have been translated to U.S. dollars using an exchange rate of R\$5.4760 to U.S.\$1.00, the commercial selling rate for U.S. dollars as of June 30, 2020 as reported by the Brazilian Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

RISK FACTORS

By voting in favor of the Transaction, Linx shareholders will be choosing to invest in StoneCo Class A Common Shares. Investing in StoneCo Class A Common Shares involves risks, some of which are related to the Transaction. In considering whether to vote for the Transaction, you should carefully consider the risks described below, as well as the other information included in or incorporated by reference into this prospectus, including the matters addressed in the section of this prospectus entitled “Forward-Looking Statements,” the risk factors described in Item 3D of StoneCo’s 2019 Form 20-F, as such risks may be updated or supplemented in StoneCo’s subsequently filed current reports on Form 6-K, and the risk factors described in Item 3D of Linx’s 2019 Form 20-F, as such risks may be updated or supplemented in Linx’s subsequently filed current reports on Form 6-K. The business of the combined company, as well as the respective businesses of StoneCo and Linx, as well as their respective financial condition or results of operations, could be materially adversely affected by any of these risks. In general, investing in the securities of issuers whose operations are located in emerging market countries such as Brazil involves a higher degree of risk than investing in the securities of U.S. companies and companies located in other countries with more developed capital markets.

If any of the risks discussed in or incorporated by reference in this prospectus actually occur, alone or together with additional risks and uncertainties that we are not currently aware of or do not currently deem material, our business, financial condition, results of operations and prospects may be seriously harmed. If this were to occur, the value of our StoneCo Class A Common Shares may decline and you may lose all or part of your investment. For information on where you can find the documents that StoneCo and Linx have filed with the SEC, respectively, and which are incorporated into this prospectus by reference, please see the sections of this prospectus entitled “Incorporation of Certain Documents by Reference” and “Where You Can Find More Information.”

Risks Relating to the Transaction

If we are unable to complete the Transaction, in a timely manner or at all, our business and our stock price may be adversely affected.

Our and Linx’s obligations to consummate the Transaction are subject to the satisfaction or waiver of the following customary conditions, including, among others: (i) obtaining the approval of the Linx shareholders, (ii) obtaining the approval of the CADE, (iii) the absence of any injunction or order prohibiting or enjoining the consummation of the Transaction, and (iv) our registration statement on Form F-4 to effect the registration under the Securities Act of the StoneCo Class A Common Shares to be issued to Linx shareholders shall have become effective, no stop order suspending the effectiveness of the Form F-4 shall have been issued, and no proceedings for that purpose shall have been initiated or be threatened, by the SEC. For more information, see the section of this prospectus entitled “The Transaction Documents—The Association Agreement—Conditions to the Transaction.” As many of these conditions are outside of our control, we cannot assure you if the conditions to the completion of the Transaction will be satisfied in a timely manner or whether they will be satisfied at all which may affect when and whether the Transaction will occur. In addition, there can be no assurance that prior to the Closing of the Transaction another party does not bring a competing bid for Linx and such bid is accepted by the shareholders of Linx. Moreover, if Linx breaches the Association Agreement, we will not have specific enforcement or other remedies allowing us to force Closing, and our only remedy would be to receive the Fine. If the Transaction is not completed, our share price could fall to the extent that our current price reflects an assumption that we will complete the Transaction. Furthermore, if the Transaction is not completed and the Association Agreement is terminated, we may suffer other consequences that could adversely affect our business, results of operations and share price, including the following:

- we have incurred and will continue to incur costs relating to the Transaction (including significant legal and financial advisory fees) and many of these costs are payable by us whether or not the Transaction is completed;
- matters relating to the Transaction (including integration planning) may require substantial commitments of time and resources by our management team, which could otherwise have been devoted to our historical core businesses or other opportunities that may have been beneficial to us;

- we may be subject to legal proceedings related to the Transaction or the failure to complete the Transaction;
- the failure to consummate the Transaction may result in negative publicity and a negative impression of us in the investment community; and
- any disruptions to our business resulting from the announcement and pendency of the Transaction, including any adverse changes in our relationships with our customers, suppliers and employees, may continue or intensify in the event the Transaction is not consummated.

Uncertainty about the Transaction may adversely affect our relationships with customers and employees, which could negatively affect our business, whether or not the Transaction is completed.

The announcement of the Transaction on August 11, 2020, whether or not completed, may cause uncertainties in our relationships with our clients which could impair our ability to or expand our historical growth. Furthermore, uncertainties about the Transaction may cause our current and prospective employees to experience uncertainty about their future with us. These uncertainties may impair our ability to retain, recruit or motivate key employees which could affect our business.

The regulatory approval required in connection with the Transaction may not be obtained or may contain materially burdensome conditions.

Completion of the Transaction is conditioned upon obtaining regulatory approval by the CADE, and we cannot provide assurance that this approval will be obtained. If any conditions or changes to the proposed structure of the Transaction are required to obtain this regulatory approval, they may have the effect of jeopardizing or delaying completion of the Transaction or reducing the anticipated benefits of the Transaction. If we agree to any material conditions in order to obtain approval by the CADE, the business and results of operations of the combined company may be adversely affected. For more information, see the section of this prospectus entitled “The Transaction Documents—The Association Agreement.”

The Association Agreement subjects STNE and Linx to restrictions on their respective business activities prior to completion of the Transaction.

The Association Agreement subjects STNE and Linx to restrictions on their respective business activities and obligates each of Linx and STNE to conduct its operations in the ordinary course of business and/or in the best interest of its business in view of the market circumstances. Linx and STNE agree to refrain from committing acts that may materially affect their businesses or operations. Linx is additionally subject to an enumerated list of further restrictions, as set forth in greater detail in “The Transaction Documents—The Association Agreement.” These restrictions could prevent STNE and Linx from pursuing attractive business opportunities that arise prior to the completion of the Transaction and are outside the ordinary course of business, or otherwise have an adverse effect on StoneCo and Linx results of operations, cash flows and financial position.

Third parties may terminate or alter existing contracts or relationships with Linx or StoneCo as a result of the announcement, pendency or completion of the Transaction.

Each of StoneCo and Linx has contracts with customers, employees, suppliers, vendors, landlords, lenders, and other business partners, and these contracts may require StoneCo or Linx, as applicable, to obtain consent from these other parties in connection with the Transaction. If these consents cannot be obtained, the counterparties to these contracts may seek to terminate or otherwise materially adversely alter the terms of such contracts with either or both parties following the Transaction, which in turn may result in StoneCo or Linx suffering a loss of potential future revenue, incurring contractual liabilities or losing rights that are material to their respective businesses. Further, parties with which StoneCo or Linx have business and operational relationships may experience uncertainty as to the future of such relationships and may delay or defer certain business decisions, seek alternative relationships with third parties or seek to alter their present business relationships with StoneCo or Linx, as applicable. Parties with whom StoneCo or Linx otherwise may have sought to establish business relationships may seek alternative relationships with third parties.

In addition, current and prospective employees may experience uncertainty about their roles following the Transactions and such uncertainty may have an effect on the corporate culture of StoneCo or Linx, respectively. There can be no assurance StoneCo or Linx will be able to attract and retain key talent, including senior leaders, to the same extent that each of StoneCo or Linx have previously been able to attract and retain employees. Any loss or distraction of StoneCo's or Linx's customers, employees, suppliers, vendors, landlords, lenders and other business partners, could have a material adverse effect on the business, financial condition, operating results and cash flows of StoneCo and Linx and could limit StoneCo's and Linx's ability to achieve the anticipated benefits of the Transaction. The adverse effect of such disruptions could also be exacerbated by a delay in the completion of the Transaction or the termination of the Association Agreement.

Your ownership percentage in StoneCo will be less than the ownership percentage you currently hold in Linx.

Your ownership percentage in StoneCo following the Transaction will be less than your existing ownership percentage in Linx as a result of dilution attributable to the relative equity values of the companies involved in the Transaction. Based on the exchange ratios, adjustments and limitations set forth in the Association Agreement, it is anticipated that, immediately following completion of the Transaction, former holders of Linx Common Shares will own approximately 0.7% of StoneCo on a fully diluted basis.

The Association Agreement contains provisions that restrict Linx's ability to pursue alternatives to the Transaction.

As more fully described in this prospectus and as set forth in the Association Agreement, and subject to certain exceptions, Linx has agreed to ensure exclusivity to negotiate the Transaction with STNE and has agreed not to: request, seek or initiate any proposals from third parties in connection with any similar or competing Transaction. For more information on the provisions in the Association Agreement relating to non-solicitation of Competing Transactions, see the section of this prospectus entitled "The Transaction Documents—The Association Agreement—Exclusivity." These provisions could discourage a third party that may have an interest in acquiring all or a significant part of either company from considering or proposing such an acquisition, even if such third party were prepared to enter into a transaction that would be more favorable to the companies and their respective shareholders than the Transaction.

Some of the conditions to the Transaction and termination rights may be waived by StoneCo or Linx without resoliciting Linx shareholder approval of the proposals approved by them.

Some of the conditions and termination rights set forth in the Association Agreement may be waived by StoneCo or Linx, subject to certain limitations. If any conditions or termination rights are waived, StoneCo will evaluate whether amendment of this prospectus would be warranted and Linx will evaluate whether new resolutions by its shareholders are warranted. Subject to applicable law, if Linx determines that new resolutions of Linx's shareholders are not warranted, the parties will have the discretion to complete the Transaction without seeking further Linx shareholder approval.

StoneCo and Linx may have difficulty attracting, motivating and retaining executives and other key employees due to uncertainty associated with the Transaction.

StoneCo's success after completion of the Transaction will depend in part upon the ability of StoneCo to retain key employees of StoneCo and Linx. Competition for qualified personnel can be intense. Current and prospective employees of StoneCo or Linx may experience uncertainty about the effect of the Transaction, which may impair StoneCo's and Linx's ability to attract, retain and motivate key personnel prior to and following the Transaction. Employee retention may be particularly challenging during the pendency of the Transaction, as employees of StoneCo and Linx may experience uncertainty about their future roles with the combined company.

In addition, if key employees of StoneCo or Linx depart, the integration of the companies may be more difficult and the combined company's business following the Transaction may be harmed. Furthermore, the combined company may have to incur significant costs in identifying, hiring, training and retaining replacements for departing employees and may lose significant expertise and talent relating to the businesses of StoneCo or Linx, and the combined company's ability to realize the anticipated benefits of the Transaction may thus be adversely affected. Furthermore, there could be disruptions to or distractions for the workforce and management associated with activities of labor unions or works councils or integrating employees into the combined company. Accordingly, no assurance can be given that StoneCo will be able to attract or retain key employees of StoneCo and Linx to the same extent that those companies have been able to attract or retain their own employees in the past.

The Transaction is subject to certain legal proceedings and may be subject to future legal proceedings, which could delay the Transaction and prevent the Transaction from being completed.

On August 17, 2020, a collective action lawsuit (*ação civil pública*) was filed by the Brazilian Institute of Corporate Activism and Governance - IBRASG against Linx and STNE, alleging that the Original Non-Compete Agreements (as defined herein) and the Original Executive Engagement Agreement (as defined herein) executed by the Linx Founding Shareholders were a form of control premium. The plaintiff has asked the court to, among other things, suspend the Linx Special Meeting and award other Linx shareholders tag-along rights to those of the Linx Founding Shareholders. StoneCo believes that the claims asserted in this suit are without merit and intends to vigorously defend the Transaction against them. StoneCo cannot predict the outcome of or estimate the possible loss or range of loss from this matter. For a more detailed description of the litigation in connection with the Transaction, see the section entitled “The Transaction—Litigation Related to the Transaction”.

StoneCo and Linx may in the future be party to legal proceedings and claims related to the Transaction in addition to the claims described above. The current claims and any future legal challenges to the Transaction could result in an injunction, preventing or delaying the completion of the Transaction. The outcome of the current claims or any future lawsuits related to the Transaction are uncertain and such legal proceedings could prevent or delay the closing and/or result in substantial costs to StoneCo and/or Linx. Any such actions may create uncertainty relating to the Transaction and may result in substantial costs and divert management time and resources. Further, the defense or settlement of the current claims or any future lawsuits or claims, if unresolved at Closing, may adversely affect the combined company’s business, financial condition, results of operations and cash flows.

Linx’s executive officers and directors have interests in the Transaction that may be different from the interests of Linx’s shareholders generally.

When considering the recommendation of Linx’s board of directors that Linx’s shareholders adopt the Association Agreement, Linx shareholders should be aware that directors and executive officers of Linx have certain interests in the Transaction that may be different from or in addition to the interests of Linx shareholders generally. The material interests of Linx directors and executive officers that shareholders should be aware of are as follows:

- On August 11, 2020, STNE and StoneCo entered into non-compete agreements (the “Original Non-Compete Agreements”) with each of Alon Dayan, Nércio José Monteiro Fernandes and Alberto Menache (each a “Linx Founding Shareholder”). The parties amended and restated each of the Original Non-Compete Agreements on September 1, 2020 to revise certain terms therein. The Non-Compete Agreements provide that STNE will pay each Linx Founding Shareholder a number of StoneCo Class A Common Shares in exchange for such Linx Founding Shareholder’s fulfillment of certain non-compete and non-solicitation obligations.
- On August 11, 2020, STNE and Alberto Menache entered into the Executive Engagement Proposal (the “Original Executive Engagement Agreement”), pursuant to which Alberto Menache agreed to accept the position of Chairman of the Software Division of one or more companies of Stone Group. The parties amended and restated the Original Executive Engagement Agreement on September 1, 2020 to revise certain terms therein, including Alberto Menache’s engagement as Senior Advisor to Stone Group following the Transaction (the “Executive Engagement Agreement”). Alberto Menache will receive during the term of his engagement and in return for his services to STNE, certain remuneration and benefits set forth in the Executive Engagement Agreement.

Linx’s board of directors was aware of the potentially differing interests of Linx directors and executive officers and considered them, among other matters, in reaching its decision to approve the Association Agreement and approve the submission of the Transaction Proposal to the Linx shareholders. The independent members of the board of directors of Linx (the “Linx Independent Board Members”) also considered these facts in reaching their decision to approve the Association Agreement at a meeting of the Linx board of directors on September 1, 2020. The Linx Independent Board Members do not have any interests in the Transaction.

These interests are described in more detail and quantified under the section of this prospectus entitled “The Transaction Documents—Non-Compete Agreements” and “—Executive Engagement Proposal.” The Non-Compete Agreement and the Executive Engagement Agreement are filed as exhibits to the registration statement of which this prospectus is a part as Exhibits 10.2, 10.3, 10.4 and 10.5, respectively.

The Transaction may result in significant charges or other liabilities that could adversely affect the financial results of the combined company.

The financial results of the combined company, following our acquisition of Linx, may be adversely affected by cash expenses and non-cash accounting charges incurred in connection with our integration of the business and operations of Linx. Furthermore, as a result of the Transaction we will record a significant amount of goodwill and other intangible assets on our consolidated financial statements, which could be subject to impairment based upon future adverse changes in our business or prospects including our inability to recognize the benefits anticipated by the Transaction.

In addition, upon the acquisition of Linx we will assume all of Linx’s liabilities, including unknown and contingent liabilities that Linx assumed in connection with their acquisitions, that we failed or were unable to identify. Furthermore, Linx has additional future obligations regarding certain of these acquisitions including outstanding earn-out obligations and put options requiring Linx to purchase additional shares in the target company, which we will assume upon consummation of the Transaction. If we are not able to completely assess the scope of these liabilities or if these liabilities are neither probable nor estimable at this time, our future financial results could be adversely affected by unanticipated reserves or charges, unexpected litigation or regulatory exposure, unfavorable accounting charges, unexpected increases in taxes due, a loss of anticipated tax benefits or other adverse effects on our business, operating results or financial condition. The price of the StoneCo Class A Common Shares if the Transaction is consummated could decline to the extent the combined company’s financial results are materially affected by any of these events.

StoneCo and Linx will incur significant transaction-related costs in connection with the Transaction.

StoneCo and Linx have incurred and expect to incur a number of non-recurring direct and indirect costs associated with the Transaction. These costs and expenses include fees paid to financial, legal, accounting and other advisors, severance and other potential employment-related costs, including payments that may be made to certain StoneCo and Linx executives, filing fees, printing expenses and other related charges. Some of these costs are payable by StoneCo and Linx regardless of whether the Transaction is completed. There are also processes, policies, procedures, operations, technologies and systems that must be integrated in connection with the Transaction and the integration of the two companies' businesses. While both StoneCo and Linx have assumed that a certain level of expenses would be incurred in connection with the Transaction and continue to assess the magnitude of these costs, there are many factors beyond their control that could affect the total amount or the timing of such expenses.

There may also be additional unanticipated significant costs in connection with the Transaction that StoneCo and Linx may not recover. These costs and expenses could reduce the realization of efficiencies and strategic benefits StoneCo and Linx expect StoneCo to achieve from the Transaction. Although StoneCo and Linx expect that these benefits will offset the transaction expenses and implementation costs over time, this net benefit may not be achieved in the near term or at all.

The value of the Consideration may be affected by fluctuations in the real/U.S. dollar exchange rate.

Volatility in the real/U.S. dollar exchange and depreciation of the Brazilian *real* against the U.S. dollar may decrease the value of the Consideration, either directly affecting the cash portion of the Consideration or indirectly affecting the price of StoneCo Class A Common Shares. As the exchange rate of the *real* and the U.S. dollar fluctuates, the implied value of the Consideration will fluctuate too. As a result, the implied value of the Consideration that you will receive upon the completion of the Transaction could be greater than, less than or the same as the implied value of the Consideration in U.S. dollars on the date of this prospectus or at the time of the Linx Special Meeting. See also "Risk Factors—Risks Relating to Brazil and the Other Countries in Which We Operate."

Risks Relating to the Combined Company Following Completion of the Transaction

We may not realize the benefits anticipated from the Transaction, which could adversely affect our stock price.

The anticipated benefits from the Transaction are, necessarily, based on projections and assumptions about the combined businesses of our company and Linx, which may not materialize as expected or which may prove to be inaccurate. Our ability to achieve the anticipated benefits will depend on our ability to successfully and efficiently integrate the business and operations of Linx with our business and achieve the expected synergies. We may encounter significant challenges with successfully integrating and recognizing the anticipated benefits of the potential Transaction, including the following:

- potential disruption of, or reduced growth in, our historical core businesses, due to diversion of management attention and uncertainty with our current client relationships;
- challenges arising from the expansion of our product offerings into adjacencies with which we have limited experience, including enterprise management software;
- challenges arising from the expansion into those Linx regions where we do not currently operate or have significant operations;
- coordinating and integrating research and development teams across technologies and products to enhance product development while reducing costs;

- consolidating and integrating corporate, information technology, finance and administrative infrastructures, and integrating and harmonizing business systems;
- coordinating sales and marketing efforts to effectively position our capabilities and the direction of product development;
- difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from combining Linx's business with our business;
- limitations prior to the completion of the Transaction on the ability of management of our company and of Linx to conduct planning regarding the integration of the two companies;
- the increased scale and complexity of our operations resulting from the Transaction;
- retaining key employees, suppliers and other partners of our company and Linx;
- retaining and efficiently managing Linx's customer base;
- obligations that we will have to counterparties of Linx that arise as a result of the change in control of Linx;
- difficulties in anticipating and responding to actions that may be taken by competitors in response to the Transaction; and
- the assumption of and exposure to unknown or contingent liabilities of Linx.

In addition, our anticipated benefits of the Transaction with Linx contemplate certain synergies. Consequently, even if we are able to successfully integrate the operations of Linx with ours, we may not realize the full benefits of the Transaction if we are unable to identify and implement the anticipated synergies or if the actions taken to implement such synergies have unintended consequences on our other business operations.

If the Transaction is consummated, the inclusion of Linx's business as a consolidated subsidiary of ours will result in certain incremental risks to us, which risks are expected to be material and could have a material adverse effect on our future results of operations and financial condition. The addition of Linx's business may also exacerbate existing risks to our business.

If the Transaction is consummated, Linx will operate its business as a consolidated subsidiary of ours. We have not historically engaged in a business similar to Linx and Linx's business and structure will pose incremental risks to us, many of which may be material. These risks include, but are not limited to:

- business operational risks, including macroeconomic changes, and the impact of such changes on the market for enterprise management software;
- Linx's substantial dependence on revenue generated from services related to its integrated enterprise management software, including monthly subscription fees;
- risks related to the competitive nature of the software industry, which is characterized by changing technology, changing client and end-consumer needs, evolving industry standards and frequent introductions of new products and services;
- risks related to Linx's historical growth strategy, which has included acquisitions, and in particular, Linx's inability to integrate an acquired business or technology as successfully as expected or to accurately identify and assess the magnitude of the liabilities assumed by Linx;
- risks related to system failures, the non-authorized or incorrect use of third-party data used by and/or made available to Linx's systems; and
- risks associated with Linx's failure to adequately protect personal data.

If the Transaction is consummated, each of these risks could have material adverse effect on our results of operations and financial condition.

In addition, the consummation of the Transaction may heighten the potential adverse effects on our business, operating results, cash flows or financial condition described in the risk factors contained in the StoneCo 2019 20-F and incorporated by reference herein, including, but not limited to:

- risks related to the novel coronavirus (COVID-19) pandemic and its impact on our business, as well as to other natural and man-made disasters and catastrophes;
- risks related to unauthorized disclosure, destruction or modification of data, through cybersecurity breaches, computer viruses or otherwise;
- risks related to our ability to manage growth effectively; and
- risks related to changes in general, economic, market and political conditions, particularly in Brazil.

Certain of Linx's outstanding indebtedness requires lender consents in order to complete the Transaction. If such consents are not obtained, this indebtedness could be accelerated, and we may not be able to refinance such indebtedness on favorable terms or at all following the Transaction.

The terms of certain of Linx's indebtedness include covenants and/or events of default that will be breached or triggered (as applicable) upon a change of control of Linx, unless we obtain prior creditor consent. In particular, certain credit agreements entered into by and between Linx's affiliate Linx Sistemas e Consultoria Ltda. ("Linx Sistemas") as debtor, Banco Nacional de Desenvolvimento Economico e Social ("BNDES") as creditor, and Linx as guarantor provide that prior consent from BNDES must be obtained for certain corporate reorganizations, including but not limited to a merger of shares, involving either Linx or Linx Sistemas. As of the date of the Form F-4, Linx has informed BNDES about the Transaction and is seeking to obtain the required consents. The total aggregate amount outstanding under such credit agreements as of June 30, 2020 was R\$201,640,000.

If Linx does not obtain the requisite consents from holders of such indebtedness to the transfer of control of Linx to StoneCo as a result of the completion of the Transaction, a significant portion of Linx's indebtedness could be accelerated by the holders of such debt upon completion of the Transaction. The resulting acceleration of Linx's indebtedness could adversely affect StoneCo's and Linx's financial condition.

As a condition to Closing of the Transaction, Linx must obtain such consent from BNDES and certain other material consents. For more information on the conditions precedent that must be satisfied or waived for the Transaction to occur, see the section of this prospectus entitled "The Transaction Documents—The Association Agreement—Conditions to the Transaction."

Risks Related to Our Business and Industries in Which We Operate

You should read and consider the risk factors specific to our business that will also affect the combined company after the Transaction. These risks are described in Item 3D of the StoneCo 2019 Form 20-F, as such risks may be updated or supplemented in StoneCo's subsequently filed current reports on Form 6-K, which are incorporated by reference into this prospectus. See the sections of this prospectus entitled "Incorporation of Certain Documents by Reference" and "Where You Can Find More Information".

Actual or threatened epidemics, pandemics, outbreaks, or other public health crises, such as the COVID-19 pandemic, may have an adverse impact on our clients' financial condition, particularly SMB merchants, consequently impacting our business.

Our business is focused on SMB merchants in Brazil that conduct commerce primarily through brick-and-mortar storefronts. Our business and the businesses of our clients could be materially and adversely affected by the risks (or the public perception of the risks) related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of novel coronavirus (COVID-19). The global spread of the COVID-19 pandemic, which originated in late 2019 and was later declared a pandemic by the World Health Organization in March 2020, has negatively impacted the global economy, disrupted supply chains and created significant volatility in global financial markets. Reflecting this, the COVID-19 pandemic has caused the levels of equity and other financial markets to decline sharply and to become volatile in February, March and April 2020, and the market volatility resulting from the COVID-19 pandemic has already caused a number of planned public stock offerings and merger and acquisition transactions in Brazil to be postponed or cancelled.

The risk (or public perception of the risk) of a pandemic, such as the COVID-19 pandemic, or media coverage of infectious diseases caused customers to avoid our clients storefronts, and with respect to our clients' businesses generally, caused temporary disruptions in our clients' businesses and they cause long-term disruption or closures. For instance, the COVID-19 pandemic has led to some of our clients' employees being unable to work, including because of illness or travel or government restrictions in connection with pandemics or disease outbreaks. Additionally, the COVID-19 pandemic has resulted in the temporary or permanent closure of many of our clients' stores or facilities, and in some cases, our clients' businesses. These factors have adversely impacted our clients' sales and severely disrupted their operations, leading to a decline in TPV and in the revenue we generate from our clients. Furthermore, if our clients' businesses continue to be adversely affected, default rates for clients using our credit solutions will likely rise.

The ultimate extent of the impact of any epidemic, pandemic or other health crisis, such as the COVID-19 pandemic, on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. These and other potential impacts of an epidemic, pandemic or other health crisis, such as the COVID-19 pandemic, could have a material adverse effect on our business, financial condition and results of operations, and it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Risks Relating to Brazil and the Other Countries in Which We Operate

You should read and consider the risk factors specific to our business's operations in Brazil that will also affect the combined company after the Transaction. These risks are described in Item 3D of the StoneCo 2019 Form 20-F, as such risks may be updated or supplemented in StoneCo's subsequently filed current reports on Form 6-K, which are incorporated by reference into this prospectus. See the sections of this prospectus entitled "Incorporation of Certain Documents by Reference" and "Where You Can Find More Information".

Risks Relating to the StoneCo Class A Common Shares

You should read and consider the risk factors specific to the StoneCo Class A Common Shares that will also affect shareholders of the combined company after the Transaction. These risks are described in Item 3D of the StoneCo 2019 Form 20-F, as such risks may be updated or supplemented in StoneCo's subsequently filed current reports on Form 6-K, which are incorporated by reference into this prospectus. See the sections of this prospectus entitled "Incorporation of Certain Documents by Reference" and "Where You Can Find More Information".

StoneCo Class A Common Shares to be received by Linx shareholders as a result of the Transaction will have rights different from the Linx Shares they hold prior to the Transaction.

Upon completion of the Transaction, the rights of former Linx shareholders who become shareholders of StoneCo will be governed by the StoneCo Articles of Association and by the laws of the Cayman Islands. The rights associated with Linx Shares are different from the rights associated with StoneCo Class A Common Shares. Material differences between the rights of shareholders of Linx and the rights of shareholders of StoneCo include differences with respect to, among other things, dividends, redemptions, preemptive rights, shareholder voting rights, approval of mergers and business combinations, cumulative voting, nomination and appointment of directors, vacancies on the board of directors, committees of the board of directors, the fiscal counsel, the convening of annual meetings of shareholders and special shareholder meetings, notice provisions for meetings, the quorum for shareholder meetings, shareholder action by written consent, mandatory tender offer, shareholder information rights, rights of dissenting shareholders, the ability to amend governing documents and the indemnification of directors and officers. See the section of this prospectus entitled "Comparison of the Rights of Holders of StoneCo and Linx Shares."

The trading of StoneCo Class A Common Shares after completion of the Transaction may cause the market price of StoneCo Class A Common Shares to fall.

The StoneCo Class A Common Shares are publicly traded on the Nasdaq, enabling former Linx shareholders to sell the StoneCo Class A Common Shares they receive in the Transaction. Such sales of StoneCo Class A Common Shares may take place promptly following the Transaction and could have the effect of decreasing the market price for StoneCo Class A Common Shares owned by former Linx shareholders below the market price of the Linx Shares owned by such Linx shareholders prior to completion of the Transaction.

The market price of StoneCo Class A Common Shares after the Transaction may be affected by factors different from those that may currently affect the market price of Linx Shares.

Upon completion of the Transaction, subject to restrictions shareholders may have, and the adjustments set forth in the Association Agreement, holders of Linx Shares will become holders of StoneCo Class A Common Shares. StoneCo's combined businesses following the Transaction will differ from those of StoneCo and Linx, respectively, prior to completion of the Transaction in important respects and, accordingly, after the Transaction, the market price of StoneCo Class A Common Shares may be affected by factors different from those currently affecting the market price of StoneCo Class A Common Shares and Linx Shares, separately.

Risks Relating to Tax Matters

The receipt of the Consideration pursuant to the Transaction will be a taxable transaction for U.S. federal income tax purposes.

The exchange of Linx Shares for the Consideration in the Transaction will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. Holder (as defined herein) will recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between (i) the fair market value of any StoneCo Class A Common Shares received on the date of the exchange and/or the cash received with respect to the Linx Shares exchanged and (ii) the U.S. Holder's adjusted tax basis in the Linx Shares. A U.S. Holder will have a tax basis in any StoneCo Class A Common Shares received equal to their fair market value on the date of the exchange, and the U.S. Holder's holding period for such StoneCo Class A Common Shares will begin on the day after the date of the exchange. The tax consequences of the Transaction and of holding StoneCo Class A Common Shares are discussed in more detail below under "Material Tax Considerations—U.S. Federal Income Tax Consequences".

There could be adverse tax consequences to Linx shareholders who hold StoneCo Class A Common Shares following the Transaction if we are a passive foreign investment company.

U.S. shareholders of passive foreign investment companies are subject to potentially adverse U.S. federal income tax consequences. In general, a non-U.S. corporation is a passive foreign investment company, or PFIC, for any taxable year in which (i) 75% or more of its gross income consists of passive income; or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Based on the expected composition of our income and assets, including goodwill, we do not believe that we currently are a PFIC. However, our PFIC status is a factual determination that is made on an annual basis. Because our PFIC status for any taxable year will depend on the manner in which we operate our business, the composition of our income and assets and the value of our assets from time to time (including, following the Transaction, the income and assets of Linx), there can be no assurance that we will not be a PFIC for any taxable year. If we are a PFIC, U.S. shareholders would be subject to certain adverse U.S. federal income tax consequences as discussed under "Material Tax Considerations—U.S. Federal Income Tax Considerations." In particular, although we consider ourselves to be actively engaged in an active business, it is not entirely clear how certain of our income will be treated for purposes of the PFIC rules. Certain of our income may be treated as passive income, unless such income is eligible for an exception for income derived in the active conduct of a financing business under Section 954(h) of the Internal Revenue Code of 1986, as amended (the "Active Financing Exception"), and related assets may be considered passive assets unless the Active Financing Exception applies. We believe that the Active Financing Exception, as interpreted by recently proposed Treasury regulations (the "Proposed Regulations"), should apply to treat such income and related assets as active, but such treatment is not certain and, in particular, it is not certain how the Active Financing Exception will apply to our assets and income following the Transaction. Moreover, while the Proposed Regulations permit taxpayers to rely on them, it is possible that the U.S. Department of the Treasury ("Treasury Department") will not follow the approach of the Proposed Regulations when issuing final regulations, in which case the Active Financing Exception might not apply to our income and it is possible that we could be treated as a PFIC.

Risks Related to Linx's Business

You should read and consider the risk factors specific to Linx's business that will also affect the combined company after the Transaction. These risks are described in Item 3D of the Linx 2019 Form 20-F, as such risks may be updated or supplemented in Linx's subsequently filed current reports on Form 6-K, which are incorporated by reference into this prospectus. See the sections of this prospectus entitled "Incorporation of Certain Documents by Reference" and "Where You Can Find More Information".

THE LINX SPECIAL MEETING

StoneCo is providing this prospectus to holders of Linx Shares in advance of the Linx Special Meeting that Linx has called for the purpose of approving the Transaction. This prospectus contains information that you need to know about the Transaction and the proposals to be voted on at the Linx Special Meeting, in order to be able to vote, or instruct your vote, as applicable, to be cast at the Linx Special Meeting.

Date, Time and Place of the Linx Special Meeting

The Linx Special Meeting to consider the Merger of Shares is scheduled to be held on _____, 2020 at _____ (São Paulo time) at Linx headquarters at Avenida Doutora Ruth Cardoso, 7221, 7th floor, São Paulo, São Paulo, CEP 05425-902, Brazil.

Purpose of the Linx Special Meeting

The Linx Special Meeting will consider and vote on:

- the waiver of any obligations of STNE to carry out the public tender offer for the acquisition of the Linx Shares, pursuant to Article 43 of the bylaws of Linx, as a result of the Transaction;
- the waiver of STNE's adherence to the Novo Mercado segment of the B3 in case of approval of the proposed Transaction;
- the ratification of the appointment of the specialized company hired to conduct the valuation of Linx;
- the approval of the Valuation Report prepared by the engaged appraiser;
- the approval of the Merger of Shares Protocol; and
- the approval of the Merger of Shares.

The mandatory tender offer ("MTO") provided for in Article 43 of the bylaws of Linx, the waiver of which is part of the Transaction Proposal, provides that any shareholder or person that acquires or becomes the holder of an equity stake in Linx representing 25% or more of the Linx Shares is required to launch a tender offer to acquire all of the remaining Linx Shares in accordance with the provisions of the applicable regulations of the CVM, Novo Mercado Rules and Linx's bylaws. The MTO is required to be made within 60 days from the date of the event on which title to the qualifying equity stake is acquired.

The approval of the Transaction Proposal (which includes the waiver of the MTO provision and the exemption for STNE to adhere to the Novo Mercado listing level of B3) is a condition for the Transaction provided for in the Merger of Shares Protocol.

On August 11, 2020, StoneCo, STNE and DLP entered into that certain Voting Commitment and Assumption of Obligations (the "Voting Agreement") with Linx and the Linx Founding Shareholders, whereby the parties to the Voting Agreement undertook, as limited by the Brazilian Law No. 6.404/76, as amended (the "Brazilian Corporation Law"), obligations to implement the Transaction, including by binding their shares to vote in favor of the corporate resolutions necessary for the approval, closing and implementation of the Transaction. Linx and STNE acted as intervening parties in the Voting Agreement. The Voting Agreement also indicates that if, at the Linx Special Meeting regarding the Transaction, a sufficient approval quorum is reached for the approval of matters related to the Transaction, considering the favorable vote of other Linx shareholders, Linx Founding Shareholders are free to vote in favor or abstain from voting, according to their convenience, to the extent that, in this case, the calculation of the Linx Founding Shareholders' votes does not affect the effective approval of the Transaction. In any event, the voting obligations of Linx Founding Shareholders established in the Voting Agreement will be subject to legal impediments and may not violate CVM and Novo Mercado Rules. The Linx Founding Shareholders party to the Voting Agreement held, as of the date thereof, 13.92% of the issued share capital of Linx. In order to approve the Transaction Proposal (as defined herein), holders of at least the majority of Linx Shares must vote in favor of the Transaction. For more information, see "The Transaction Documents—Voting Agreement".

Quorum for Installation

The Linx Special Meeting will be installed on first call if the requirement of attendance by 25% of the issued and outstanding Linx Common Shares are present, in person or by proxy.

If the attendance requirement is not met for the Linx Special Meeting on first call, the Linx Special Meeting will be reconvened at a date and time, at least eight calendar days after the date and time scheduled for the Linx Special Meeting on first call. The Linx Special Meeting will be installed on second call with any percentage of holders present at the meeting following second call, in person or by proxy.

Required Vote

At the Linx Special Meeting (i) the waiver of any obligations of STNE to carry out the public tender offer for the acquisition of the Linx Shares, pursuant to Article 43 of the bylaws of Linx, requires the affirmative vote of holders representing a majority of Linx Common Shares at the relevant meeting; (ii) the waiver of the adherence of STNE to the Novo Mercado listing level of B3 requires the affirmative vote of holders representing a majority of the “free float” of Linx Common Shares (i.e., the total number of issued and outstanding Linx Common Shares excluding Linx Common Shares held by controlling shareholders, its related persons, directors and officers and treasury stock, as defined in the Novo Mercado Rules) attending the meeting, under applicable Novo Mercado Rules; and (iii) the ratification of the appointment of the specialized company hired to conduct the valuation of Linx, the approval of the Valuation Report prepared by the engaged appraiser, the approval of the Merger of Shares Protocol; and the approval of the Merger of Shares requires the affirmative vote of holders representing a majority of Linx Common Shares. The approval by the holders of Linx Shares of the Transaction Proposal is a condition to the completion of the Merger of Shares. If the Transaction Proposal is not approved, the Merger of Shares will not be completed.

Shareholders Entitled to Attend the Linx Special Meeting and to Vote

Holders of Linx Common Shares on the date of the Linx Special Meeting are entitled to attend the Linx Special Meeting and vote on the items set forth on the agenda, as long as they have timely provided the appropriate documentation required by Linx at the time of the call notice to the Linx Special Meeting. There is no record date for purposes of determining direct holders of Linx Common Shares entitled to attend the Linx Special Meeting or to vote. Holders of Linx Shares wishing to authorize a proxy to vote their Linx Shares may do so by mailing the proxy instruments to Linx’s head office, which instruments must be received by Linx at least two business days in advance of the Linx extraordinary general shareholders meeting. Linx does not accept electronic proxies.

To be valid, the proxy must be appointed less than one year before the Linx Special Meeting. For legal entities that hold Linx Shares, any proxy duly constituted in accordance with applicable law and such legal entities’ corporate documents may represent the shareholder at the Linx Special Meeting. However, an investment fund must be represented by its investment fund officer. For individuals who hold Linx Common Shares, the proxy must be either a shareholder, an executive officer or board member of Linx, a lawyer or a financial institution.

Pursuant to provisions of the Deposit Agreement, dated as of June 25, 2019 (the “Linx Deposit Agreement”), among Linx, The Bank of New York Mellon, as the depository (the “Linx Depository”), and the owners and holders from time to time of ADSs issued thereunder, holders of Linx ADSs are not entitled to attend or vote at the Linx Special Meeting, although holders of Linx ADSs are entitled to instruct the Linx Depository how to vote the amount of underlying Linx Common Shares in the manner described below. If you hold Linx ADSs and wish to attend and vote at the Linx Special Meeting, you must first surrender your Linx ADSs and withdraw the Linx Common Shares represented thereby in accordance with the terms of the deposit agreement governing the Linx ADSs, and then you may attend and vote at the Linx Special Meeting.

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You will need to take these steps in sufficient time to allow your ownership of the Linx Common Shares to be reflected in the shareholder list that Linx will use to determine holders of Linx Common Shares that are permitted to attend the Linx Special Meeting.

Solicitation of Proxies

Linx intends to use distance vote ballots (*boletim de voto a distância*) to solicit proxies from its shareholders so that they may exercise their voting rights at the Linx Special Meeting. In addition, holders of Linx Common Shares can still be represented by proxy in accordance with the Brazilian Corporation Law.

Manner of Voting

Holders of Linx Common Shares

Under Brazilian law, in order to vote at the Linx Special Meeting, a holder of Linx Common Shares must either vote at the Linx Special Meeting or submit its vote through a distance-voting ballot.

Voting In Person

A holder of Linx Common Shares electing to vote in person must attend the Linx Special Meeting in person and vote its shares or appoint another shareholder, an executive officer of Linx, a financial institution or an attorney as the holder's attorney in fact and that appointed person must attend the Linx Special Meeting in person and vote the holder's Linx Common Shares.

Holders of Linx Common Shares wishing to attend the Linx Special Meeting that hold shares through the Fungible Custody of Registered Shares of the Stock Exchange (*Custódia Fungível de Ações Nominativas das Bolsas de Valores*) must provide a statement containing their corresponding equity interest in Linx dated within 48 hours of the Linx Special Meeting.

Under Brazilian law, the holder of Linx Common Shares may be required to show documents proving the holder's identity to gain admittance to the Linx Special Meeting, provided the holder is entitled to attend the Linx Special Meeting. If the holder appoints an attorney-in-fact to vote on the holder's behalf at the Linx Special Meeting that person will be required to show original or certified copies of the documents that grant him or her powers of representation. The person acting on the holder's behalf must be appointed to that purpose for less than one year prior to the date of the Linx Special Meeting. The power of attorney must be deposited in properly notarized and consularized form at the headquarters of Linx no later than 48 hours before the occurrence of the Linx Special Meeting and may be revoked in accordance with Brazilian law. Holders of Linx Common Shares should confirm with Brazilian counsel that any power of attorney or revocation thereof delivered by them in connection with the Linx Special Meeting satisfies the requirements of Brazilian law, as Linx will not accept such forms or revocations if they do not comply with Brazilian law. Holders of Linx Common Shares that have given a power of attorney may revoke it by issuing an instrument of revocation and depositing it, in properly notarized and consularized form at the headquarters of Linx no later than 48 hours before the occurrence of the Linx Special Meeting.

Distance Voting

Holders of Linx Common Shares may exercise their voting rights at the Linx Special Meeting by using distance vote ballots (*boletim de voto a distância*), in which they convey voting instructions for the completion of the ballot of remote vote through the respective custodian agents, in case they provide said services.

The service of collection and transmission of instructions and completion of vote may be provided also by Banco Itaú, bookkeeping agent of the stocks issued by Linx, by means of an electronic platform. For such purpose, the Stockholder shall register on the website Itaú Securities Services Assembleia Digital (<https://www.itaubr.com.br/securitieservices/assembleiadigital/>).

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Furthermore, holders of Linx Common Shares shall be allowed to exercise the voting rights by means of the distance vote ballots directly sending the identification documents to the Company (ri@linx.com.br) for the attention of the Investors Relations Board.

The distance vote ballots, accompanied by the respective documentation, shall be considered solely in case they are received by Linx, in order, within up to seven days before the date of the Linx Special Meeting. According to the provisions set forth in Article 21-U of the Instruction CVM number 481, Linx shall inform the holders of Linx Common Shares whether the documents received are sufficient so that the vote is considered valid, or the procedures and terms for possible rectification or resend, as necessary.

Holders of Linx ADSs

As soon as practicable after receipt of notice of the Linx Special Meeting, if requested in writing by Linx, the Linx Depository will disseminate to all registered holders of Linx ADSs (“Linx ADS Owners”) a notice, the form of which notice will be in the sole discretion of the Linx Depository, containing:

- the information included in the notice of meeting received by the Linx Depository from Linx;
- a statement that the Linx ADS Owners as of the close of business on a specified record date will be entitled, subject to any applicable provision of Brazilian law and Linx’s *estatutos*, to instruct the Linx Depository as to the exercise of the voting rights pertaining to the number of Linx Common Shares represented by their respective Linx ADSs;
- a statement as to the manner in which such instructions may be given, including an express indication that instructions may be deemed given in accordance with penultimate sentence of the next paragraph, if no instruction is received, to the Linx Depository to give a discretionary proxy to a person designated by Linx; and
- the last date on which the Linx Depository will accept instructions, or the Instruction Cutoff Date.

Upon the written request of a Linx ADS Owner on the record date specified by the Linx Depository that is received on or before the Instruction Cutoff Date, the Linx Depository will endeavor, insofar as practicable and permitted under the applicable laws and provisions of Linx’s *estatutos*, to vote or cause to be voted the number of Linx Common Shares represented by the Linx ADSs held by the Linx ADS Owner in accordance with the instructions set forth in that request. The Linx Depository may not itself vote or attempt to exercise the right to vote that attaches to the Linx Common Shares underlying the Linx ADSs other than in accordance with instructions given by Linx ADS Owners and received by the Linx Depository or as provided in the following sentence. If (1) Linx instructed the Linx Depository to disseminate a notice of the Linx Special Meeting as described above and gives the Linx Depository notice of the Linx Special Meeting, details concerning the matters to be voted upon and copies of materials to be made available to holders of Linx Common Shares in connection with the Linx Special Meeting not less than 30 days prior to the date of the Linx Special Meeting, (2) no instructions are received by the Linx Depository from a Linx ADS Owner with respect to a matter and any number of Linx ADSs owned by that Linx ADS Owner on or before the Instruction Cutoff Date, and (3) the Linx Depository has received from Linx, by the business day following the Instruction Cutoff Date, a written confirmation that, as of the Instruction Cutoff Date, (x) Linx wishes a proxy to be given under this sentence, (y) Linx reasonably does not know of any substantial opposition to the matter, and (z) the matter is not materially adverse to the interests of holders of Linx Common Shares, then, the Linx Depository shall deem that Linx ADS Owner to have instructed the Linx Depository to give a discretionary proxy to a person designated by Linx with respect to that matter and the number of Linx Common Shares represented by number of Linx ADSs and the Linx Depository shall give a discretionary proxy to a person designated by Linx to vote that number of Linx Common Shares as to that matter. Under Brazilian law, the Linx Depository may vote the Linx Common Shares represented by Linx ADSs in accordance with the instructions of the Linx ADS Owners even if those instructions differ among those Linx ADS Owners.

Ownership of a Linx ADS does not entitle the holder to attend the Linx Special Meeting. A Linx ADS Owner wishing to do so must surrender its Linx ADSs and obtain delivery of the underlying Linx Common Shares, registered in the name of that Linx ADS Owner, before the meeting. To do so, the holder you must (1) surrender to The Bank of New York Mellon, as Linx Depository, at 240 Greenwich Street, New York, NY 10286, the Linx ADSs representing Linx Common Shares that the holder wishes to withdraw, (2) pay a fee to the Linx Depository in the amount of up to U.S.\$0.05 per Linx ADS for the cancellation of those Linx ADSs, and (3) pay any taxes or governmental charges payable in connection with the holder’s withdrawal of the Linx Common Shares from the Linx ADS program, among other fees. If a holder surrenders Linx ADSs and receives Linx Common Shares, the Linx Common Shares so received will be registered at the clearing and settlement chamber of the B3, and the holder will need to obtain your its foreign investor registration under Resolution No. 4,373 of the National Monetary Council, or Resolution 4,373. The holder will need to take these steps in sufficient time to allow its ownership of the Linx Common Shares to be reflected in the shareholder list that Linx will use to determine holders of Linx Common Shares that are permitted to attend the Linx Special Meeting.

Withdrawal Rights

Under Article 137 of the Brazilian Corporation Law, the holders of Linx Common Shares that dissent from the vote in favor of the Merger of Shares have the right to withdraw the Linx Common Shares of which they were record holders at the close of trading on the date of the first publication of the call notice for the Linx Special Meeting, or on the date of communication of the material relevant object of the resolution, whichever occurs first, and request that Linx reimburse the value of those Linx Common Shares. **You cannot exercise these withdrawal rights if you vote in favor of the Merger of Shares.** The failure to vote on the Merger of Shares at the Linx Special Meeting by a shareholder who would otherwise be entitled to exercise withdrawal rights will not constitute a waiver of that shareholder's withdrawal rights.

If you hold Linx ADSs, you are not entitled to withdrawal rights with respect to the Merger of Shares. If you hold Linx ADSs and wish to exercise the withdrawal rights with respect to the Linx Common Shares represented thereby, you must surrender your Linx ADSs a sufficient amount of time prior to the Linx Special Meeting held to approve the Merger of Shares to enable you to receive delivery of the Linx Common Shares represented thereby in accordance with the terms of the deposit agreement governing the Linx ADSs prior to the date of the Linx Special Meeting.

Under the Brazilian Corporation Law, a shareholder who exercises a withdrawal right generally is entitled to receive the net asset value of its Linx Common Shares, determined based on the book value of Linx's assets and liabilities as of . Based on this net asset value, the withdrawal value per Linx Common Share is R\$.

If you have withdrawal rights, your withdrawal rights will lapse 30 days after publication of the minutes of the Linx Special Meeting at which the Merger of Shares is approved. Once the 30-day period for the exercise of your withdrawal rights has expired, you will no longer have any right to compel Linx to redeem your Linx Common Shares. The minutes of the Linx Special Meeting, as well as a notice to the market issued pursuant to CVM Instruction No. 358 and filed with the CVM disclosing any material acts or facts concerning publicly traded companies registered with the CVM (a "Material Fact") related to the approval of the Merger of Shares, will be published in the newspapers in which Linx customarily publishes its notices on the business day following the Linx Special Meeting. Such publication will constitute your sole notification regarding the commencement of the period to exercise your withdrawal rights. If you notify Linx that you wish to exercise your withdrawal rights, such request will be irrevocable.

To exercise its withdrawal rights, a shareholder holding shares in custody with Itaú Corretora de Valores S/A, the transfer agent for the shares of Linx, must appear, personally or through an attorney-in-fact, at any office of Itaú Corretora de Valores S/A, during the 30-day period for the exercise of its withdrawal rights, complete a form related to the exercise of the withdrawal rights, which is available in those offices, and surrender certified copies of the documents listed below:

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- Individuals: Individual Taxpayers' Register, Identity Card and current evidence of address (issued within the previous two months).
- Legal Entity: National Corporate Taxpayers' Register, bylaws/articles of association and corresponding amendments, as well as documents related to the partners/legal representatives (act of appointment, Individual Taxpayers' Register, Identity Card and current evidence of address).

Shareholders represented by attorneys-in-fact must surrender the documents described above and the respective public power of attorney, which shall grant special powers to the attorney-in-fact authorizing him to exercise, on behalf of the grantor, the withdraw rights and request the reimbursement for the shares.

Shareholders holding shares through the Fungible Custody of Registered Shares of the Stock Exchange must exercise their withdrawal rights through their custody agents.

THE TRANSACTION

The following is a description of the material aspects of the Transaction. This section does not purport to be complete and may not contain all of the information that is important to you. You should carefully read this entire prospectus and the documents incorporated by reference into this prospectus, including the full text of the Association Agreement, the Voting Agreement, the Non-Compete Agreements and the Executive Engagement Agreement, each of which is incorporated by reference or filed as an exhibit to the registration statement of which this prospectus is a part, for a more complete understanding of the Transaction. All descriptions in this summary and in this prospectus of the terms and conditions of the Transaction are qualified in their entirety by reference to the complete text of the Association Agreement, the Voting Agreement, the Non-Compete Agreements and the Executive Agreement. In addition, important business and financial information about each of StoneCo and Linx is included in or incorporated by reference into this prospectus and the exhibits to the registration statement of which this prospectus is a part. For a listing of the documents incorporated by reference into this prospectus, see the section of this prospectus entitled "Incorporation of Certain Documents by Reference."

Overview

On August 11, 2020, Linx and STNE entered into the Association Agreement, outlining the Transaction, including a corporate reorganization as described herein. On September 1, 2020, the parties amended and restated the Original Association Agreement to revise certain terms therein, including increasing the cash portion of the Consideration and lowering the amount payable for a Fine (as defined herein). The Linx Founding Shareholders, StoneCo and DLP acted as intervening parties thereto. Upon the consummation of a series of transactions set forth in the Association Agreement, Linx will become a wholly owned subsidiary of STNE.

Pursuant to the terms and subject to the conditions set forth in the Association Agreement, each Linx Share issued and outstanding immediately prior to the consummation of the Transaction will be automatically contributed to STNE in exchange for one newly issued redeemable STNE Class A Preferred Share and one newly issued redeemable STNE Class B Preferred Share. Immediately thereafter, each STNE Class A Preferred Share will be redeemed for a cash payment of R\$31.56 and each STNE Class B Preferred Share will be redeemed for 0.0126774 StoneCo Class A Common Share (the "Base Exchange Ratio").

The Base Exchange Ratio takes into account the following assumptions: (i) that no declaration, payment of dividends or interest on equity by STNE or Linx will take place until Closing; (ii) that on September 1, 2020, except for the disclosure of the quarterly results and for the material facts related to the Transaction, there were no material facts pending disclosure to the market by Linx and/or StoneCo; (iii) that on September 1, 2020, there were 14,125,991 shares issued by Linx in treasury; (iv) that the effect of the exercise or acceleration of the total of all of the options and restricted stock plans would result in 3,775,648 additional shares to the share capital of Linx; and (v) that on September 1, 2020, Linx's corporate capital was represented by 189,408,960 common book-entry shares, nominative and with no par value, including treasury-held shares.

As a result of the Transaction, the number of outstanding shares of STNE will be increased by the number of New STNE Shares. The New STNE Shares will have the rights and benefits attributed to them under the terms of the STNE bylaws. The New STNE Shares will not have the right to vote, will have priority in the capital reimbursement in case of liquidation, without a premium, and will be automatically redeemed at the Closing, without a special meeting being held for such purpose. After the Closing date, any fractional StoneCo Class A Common Shares issued by StoneCo will be grouped into whole numbers and sold on the open market managed by the Nasdaq. The net proceeds from the sale of the fractional shares will be distributed on a pro rata basis to the former Linx shareholders who held fractional StoneCo Class A Common Shares. No additional consideration in cash or in kind will be paid by StoneCo and/or STNE to Linx shareholders in connection with the Transaction. The consideration payable to holders of Linx Shares will be paid on the Closing date.

If the Transaction is completed, Linx will become a wholly owned subsidiary of STNE and Linx will no longer be an independent, publicly traded corporation incorporated under the laws of the Federative Republic of Brazil. Based on the exchange ratios, adjustments and limitations set forth in the Association Agreement, it is anticipated that, immediately following completion of the Transaction, former holders of Linx Common Shares will own approximately 0.7% of StoneCo on a fully diluted basis.

Background to the Transaction

The StoneCo board of directors, together with StoneCo's management and with the assistance of StoneCo's legal, financial and other strategic advisors, has periodically reviewed and considered various strategic opportunities available to StoneCo and ways to enhance shareholder value and StoneCo's performance and prospects. These reviews have included consideration of mergers, acquisitions and other business combinations.

As part of those strategic discussions, around November, 2018, StoneCo decided to approach the Linx Founding Shareholders regarding a potential business combination transaction with Linx that StoneCo believed would generate substantial synergies in the payments market, enhance completeness of service to customers, and generally increase the combined companies' competitiveness in the global markets. In around early December, 2018, representatives of StoneCo initiated contact with representatives of the Linx Founding Shareholders to present a verbal, indicative, non-binding offer to merge Linx into StoneCo, or a subsidiary thereof, in exchange for a combination of cash and shares of StoneCo. The Linx Founding Shareholders and StoneCo agreed to execute a non-disclosure agreement, on December 4, 2018 ("NDA"), in order to pursue the potential transaction discussions. These discussions only considered possible high level financial terms of a transaction and the parties involved agreed that any discussion of non-financial terms would require the participation of counsel for the parties to determine the most effective structure for such a potential transaction. However, these discussions did not proceed beyond these preliminary stages and discussions were terminated.

At the end of May, 2020, StoneCo resumed internal discussion and review regarding a potential transaction with Linx. Representatives of StoneCo made preliminary contact with representatives of Linx at the end of June, 2020 to explore the possibility of opening discussions about a possible business combination transaction. On July 14, 2020, the parties agreed to an extension of the term of the NDA. During the course of July, 2020, StoneCo engaged in a series of further internal discussions, including review and discussion with its financial and legal advisors, in order to consider and explore the parameters of a possible proposal to Linx, the results of which were presented to and discussed with the board of directors of StoneCo around August 1, 2020.

On August 3, 2020, representatives of StoneCo submitted a written proposal with respect to a potential merger transaction whereby Linx shareholders would be entitled to receive aggregate consideration in the amount of R\$33.00 per Linx Share at Closing, comprising 65% in shares of StoneCo and 35% in cash, assuming 176.8 million shares of Linx on a fully diluted basis, net of treasury shares.

Between August 3, 2020 and August 5, 2020, representatives of StoneCo and Linx participated in discussions regarding the financial terms of the proposal from StoneCo.

Following initial feedback from Linx that the overall consideration did not provide sufficient value to Linx shareholders, on August 6, 2020, StoneCo provided Linx with a revised proposal at an increased aggregate price per Linx Share of R\$34.00 comprising 50% in shares of StoneCo and 50% in cash, assuming 176.8 million shares of Linx on a fully diluted basis, net of treasury shares.

Following those discussions, on August 7, 2020, and in response to Linx's request to increase the cash component of the offer, representatives of StoneCo made a further oral offer to representatives of Linx, to change the proportions of the consideration to 90% in cash and 10% in shares of StoneCo.

On August 7, 2020, legal representatives of StoneCo delivered initial drafts of transaction documents to legal representatives of Linx and the Linx Founding Shareholders, proposing that the transaction be implemented by Linx merging with and into a subsidiary of StoneCo.

During the period from August 7 through August 11, 2020, representatives of StoneCo and representatives of Linx and the Linx Founding Shareholders held a number of further discussions and engaged in negotiations regarding the potential transaction structure and other terms and conditions of the Transaction and definitive agreements. These discussions and negotiations focused on the other key financial and non-financial terms of the transaction such as the scope and terms of the exclusivity provisions, the amount and triggers of any break fees to be paid by Linx or StoneCo, the closing conditions with respect to the Transaction, including obligations of StoneCo to obtain the applicable antitrust approval, obligations of the Linx Founding Shareholders to support and vote in favor of the Transaction, and the terms and conditions relating to employment, retention and non-compete arrangements with members of the Linx management team.

On August 9, 2020, the StoneCo board of directors was provided with an update on the material terms and conditions of the Transaction and, by means of written resolution, the StoneCo board of directors unanimously approved the entry into the Association Agreement and the Transaction and delegated authority to StoneCo management to conclude the definitive terms of the Transaction and the related documentation.

Following further discussions between the parties and their respective representatives, on August 10, 2020, representatives of StoneCo and Linx reached agreement on an aggregate price per Linx share of R\$34.25, assuming 176.8 million shares of Linx on a fully diluted basis, net of treasury shares (which was subsequently adjusted to R\$33.76 to reflect the actual number of shares of Linx on a fully diluted basis of 179.0 million shares, net of treasury shares), representing a premium of 28.3% over Linx's 30-day VWAP.

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On August 11, 2020, prior to the execution of the Transaction documents, news of the potential Transaction first leaked to the markets and, in accordance with applicable laws and regulations, Linx responded with a notice to the market filed with CVM on the same date, confirming that final discussions were taking place between representatives of StoneCo regarding a potential transaction.

Later on August 11, 2020, StoneCo, STNE, DLP, Linx and the Linx Founding Shareholders entered into the Original Association Agreement and the Voting Agreement, which sets forth the terms of the Transaction and the agreement by which DLP and the Linx Founding Shareholders are to exercise their voting rights so as to effect the combination of the operations and the shareholdings of Linx and STNE, by means of the Merger of Shares of Linx into STNE, under Brazilian law. Each of the Linx Founding Shareholders additionally entered into Original Non-Compete Agreements with StoneCo and STNE and Alberto Menache agreed on the final terms of the Original Executive Engagement Agreement with STNE.

Following the announcement of the Transaction, on August 14, 2020, TOTVS S.A. (“TOTVS”) publicly announced a high level and indicative unsolicited proposal to Linx to acquire 100% of the outstanding shares of Linx through a stock and cash merger (the “TOTVS Proposal”). The TOTVS Proposal provides that Linx shareholders will receive, for each Linx Share they hold, (i) one share of TOTVS common stock and (ii) R\$6.20 in cash.

Following disclosure of the TOTVS Proposal, and in response to suggestions received from certain Linx shareholders, commencing on August 28, 2020 the Linx Independent Board Members, Linx Founding Shareholders and StoneCo and its representatives engaged in a series of discussions and negotiations (i) with respect to the terms of the Original Association Agreement, solely with Linx Independent Board Members and their representatives, and (ii) with respect to the terms of the Original Executive Engagement Agreement and the Original Non-Compete Agreements, solely with the Linx Founding Shareholders and their respective representatives. As a result of these discussions and negotiations, StoneCo, STNE, DLP, Linx and the Linx Founding Shareholders entered into an amended and restated Association Agreement, which provided for an increase in the cash component of the Consideration such that each STNE Class A Preferred Share will be redeemed for a cash payment of R\$31.56, while each STNE Class B Preferred Share will still be redeemed for 0.0126774 StoneCo Class A Common Shares, increasing the total Consideration to R\$35.10 per share, based on StoneCo's closing share price as of August 31, 2020, a premium of 47% to Linx's unaffected 60-day VWAP. The amendment to the Association Agreement also resulted in a reduction to (i) the Fine to R\$453,750,000, and (ii) the amount that Linx will be obliged to pay StoneCo in the event that the Linx Special Meeting is not held or any item is not approved at the Linx Special Meeting and such non-approval prevents the consummation of the Transaction, to R\$112,500,000. In addition, the applicable parties entered into an amendment to the terms of the Original Executive Engagement Agreement, reducing the term of the agreement and removing any share based remuneration from the agreement, and amendments to the terms of the Original Non-Competition Agreements extending the term of the non-compete obligations and reducing the aggregate consideration payable under the terms of those agreements and extending the applicable vesting terms.

StoneCo's Reasons for the Transaction

By means of a written resolution passed on August 9, 2020, the StoneCo board of directors unanimously approved the Association Agreement and the Transaction. In doing so, the StoneCo board of directors considered the business, assets, liabilities, results of operations, financial performance, strategic direction and prospects of Linx and StoneCo. In evaluating the Transaction, the StoneCo board of directors consulted with and received the advice of StoneCo's management, who carefully evaluated the Transaction in several dimensions, such as strategic complementarity, value creation potential and synergy opportunities, among others.

We believe the business combination of STNE and Linx will help accelerate StoneCo's strategic roadmap and achieve its mission of empowering Brazilian merchants of all sizes to manage their businesses more effectively through technology and superior service. The acquisition is expected to generate value to Linx's and StoneCo's clients and create shareholder value by:

- Providing Linx's 70,000 clients with access to StoneCo's best-in-class solutions, including our payments technology, financial services and customer support capabilities through a more convenient and powerful integrated solution.
- Providing merchants with the tools to seamlessly adapt to a complex omnichannel world, by integrating their physical offline operations to a growing number of digital commerce channels (such as their own website, numerous online marketplaces and social media apps) through the combination of Linx's digital solutions and StoneCo's fintech-as-a-service platform.
- Extending StoneCo's offerings to penetrate the small-and medium-sized business, or SMB, software market by leveraging the strengths of StoneCo's business model (such as SMB focus, integrated technology, high quality service and direct distribution) to adapt Linx's vertical solutions to meet the needs of smaller merchants and distribute software more effectively into the SMB market.

StoneCo began this journey by establishing itself as (1) an integrated provider of payments and financial services for SMBs, through our Acquiring, Banking & Credit, or ABC, platform and (2) a full stack digital payments solution for online merchants, marketplaces, wallets and sub acquirers, through our Pagar.me and Mundipagg platforms. More recently, StoneCo has advanced in its strategy to become an integrated provider of software and payments for SMBs by investing in a modern ecosystem of software solutions in different market segments, and helping our clients to digitalize their offline operations by offering complementary solutions such as food delivery, digital media, and online marketplace integration.

We have deployed this strategy by (1) offering software solutions through our own distribution channels, (2) investing and acquiring software companies with great people, scalable technology, and their own distribution channels, and (3) promoting StoneCo's model and culture of client-centricity to help our software partners and investments put clients at the center of all their product design, processes and operations. StoneCo has invested in or acquired 11 software companies, in different verticals and horizontals such as food, food delivery, beauty salons, general retail, customer relationship management and digital media. As a result of this strategy, StoneCo has grown its subscribed software clients to approximately 305,000 as of July 2020, an increase of approximately 100% compared to the first quarter of 2020.

We will complement and strengthen our software offerings by combining STNE's and Linx's assets and technology capabilities to create a full omnichannel commerce platform that is well positioned to serve and empower the digital commerce evolution in Brazil. We will be able to offer our combined client base a full stack solution to conduct commerce through multiple channels (such as brick and mortar, e-commerce, mobile commerce, online marketplaces, and social commerce), offering attractive alternatives for them to increase their sales volume with little additional effort.

We analyzed potential synergies which will result from the acquisition and believe there are several opportunities for value creation both on the revenues as well as on the cost side. On the revenue side, StoneCo has the opportunity to penetrate Linx's client base with financial products, including its payments services through StoneCo's proprietary end-to-end platform and banking services leveraging on StoneCo's proprietary API driven banking platform. Additionally, StoneCo could utilize Linx's know-how and existing software offerings to develop new solutions to SMB clients, including omnichannel and online-to-offline products to digitize these merchants. In terms of cost synergies, we will leverage existing research and development to create combined solutions for merchants of all sizes, streamline general and administrative expenses and improve our negotiation power with suppliers and third-party providers. Our internal assessment of the synergies expected from the Transaction is ongoing, and no assurances can be given that such estimates will not change or that such synergies can be achieved.

We also believe that the amended terms of the Association Agreement, alongside the amendments to the terms of the Original Executive Engagement Agreement and the Original Non-Compete Agreements, have resulted in an even more compelling value proposition for Linx shareholders, while continuing to provide the most attractive transaction for Linx clients and employees, through the combination of StoneCo's model and culture of client-centricity with Linx's differentiated software solutions to help Linx put clients at the center of all their product design, processes and operations, leveraging on an amazing and talented team of hard-working people.

We also weighed these advantages and opportunities against a number of uncertainties and risks. Risks related to the Transaction are discussed in the section of this prospectus entitled "Risk Factors," beginning on page 27 of this prospectus, together with the other information included in or incorporated by reference into this prospectus.

The foregoing discussion of the information and factors that the StoneCo board of directors considered is not intended to be exhaustive, but is meant to include the material factors supporting the Transaction that the StoneCo board of directors considered. In view of the complexity and wide variety of factors that the StoneCo board of directors considered, the StoneCo board of directors did not find it practical to, and did not attempt to, quantify, rank or otherwise assign relative or specific weights or values to any of the factors considered. In addition, individual members of the StoneCo board of directors may have given different weights to different factors.

The foregoing description of StoneCo's consideration of the factors supporting the proposed Transaction is forward-looking in nature. Actual results of the combined companies following the Transaction could differ greatly from any such estimates. This information should be read in light of the factors discussed in the section of this prospectus entitled "Forward-Looking Statements" on page iii of this prospectus.

Linx's Reasons for the Transaction

The synergies between Linx's software services and StoneCo's payment solutions present an opportunity to create value for Linx, StoneCo and their respective clients by expanding the scope of our services and solutions. Our clients will be able to have a fluid, omnichannel experience, both online and offline, putting greater competitive pressure on (1) the business management software sector, which is dominated by TOTVS S.A., on the one hand, and (2) the payment services sector led by large, vertically integrated financial groups, on the other hand. We stand out as an independent player that has stimulated the competitive dynamics of the payment solutions sector. As a result, the Transaction is expected to generate important synergies for the digital commerce evolution in Brazil.

Financing Obtained by StoneCo for the Transaction

On August 12, 2020, we entered into an underwriting agreement with J.P. Morgan Securities LLC, Morgan Stanley, Citigroup Global Markets Inc. and XP Investments US, LLC, as representatives of the several underwriters named in Schedule I thereto, relating to an offering (the "Offering") of an aggregate of 31,481,250 StoneCo Class A Common Shares at the public offering price of U.S.\$47.50 per share. The Offering closed on August 17, 2020. The gross proceeds from the Offering were approximately U.S.\$1,495 million, before deducting underwriting discounts and commissions and other offering expenses, and such proceeds, together with cash on hand, would cover the amounts payable in cash in connection with the Transaction.

Tax Withholding

STNE will be entitled to deduct and withhold from the Consideration or any payment made to any holder of Linx Common Shares or Linx ADS pursuant to the Transaction any tax due by such holder that STNE is required to deduct and withhold according to applicable law, considering the rules applicable to each such holder based on such holder's nature, domicile and regime. To that end, STNE may, when necessary, increase or include a portion of cash in the Base Exchange Ratio of a specific holder of Linx Shares or Linx ADS in order to enable such withholding.

For more information on Brazilian taxation considerations, see the section of this prospectus entitled "Material Tax Considerations—Material Brazilian Tax Considerations." Linx shareholders should consult their respective tax advisors regarding the tax consequences of the Transaction to such shareholders in their respective particular circumstances.

Interests of Certain Persons in the Transaction

Linx shareholders should be aware that Linx directors and executive officers have interests in the Transaction that may be different from, or in addition to, the interests of Linx shareholders. The material interests of Linx directors and executive officers that shareholders should be aware of are as follows:

- On August 11, 2020, STNE and StoneCo entered into the Original Non-Compete Agreements with each Linx Founding Shareholder. The parties amended and restated the Original Non-Compete Agreements on September 1, 2020 to revise certain terms therein. The Non-Compete Agreements provide that STNE will pay each Linx Founding Shareholder a number of StoneCo Class A Common Shares in exchange for such Linx Founding Shareholder's fulfillment of certain non-compete and non-solicitation obligations.
- On August 11, 2020, STNE and Alberto Menache entered into the Original Executive Engagement Proposal (the "Original Executive Engagement Agreement"), pursuant to which Alberto Menache agreed to accept the position of Chairman of the Software Division of one or more companies of Stone Group. The parties amended and restated the Original Executive Engagement Agreement on September 1, 2020 to revise certain terms therein, including Alberto Menache's engagement as Senior Advisor to Stone Group following the Transaction. Alberto Menache will receive during the term of his engagement and in return for his services to STNE, certain remuneration and benefits set forth in the Executive Engagement Agreement.

When negotiating the Non-Complete Agreements with the Linx Founding Shareholders, StoneCo considered, among other factors, the competitively sensitive knowledge possessed by the Linx Founding Shareholders' in regards to the Linx business and the importance to the future operations of the combined companies to protect this information. When negotiating the Executive Engagement Agreement, StoneCo considered, among other factors, the importance of Mr. Menache to the integration and future operations of the Linx business after the consummation of the Transaction. StoneCo believes that the value of the incentives agreed to with Mr. Menache in the Executive Engagement Agreement are within a range that the StoneCo team believes to be reasonable in the scope of the Transaction.

Linx's board of directors was aware of the potentially differing interests of Linx directors and executive officers and considered them, among other matters, in reaching its decision to approve the Association Agreement and approve the submission of the Transaction Proposal to the Linx shareholders. The Linx Independent Board Members also considered these facts in reaching their decision to approve the Association Agreement at a meeting of the board of directors of Linx on September 1, 2020. The Linx Independent Board Members do not have any interests in the Transaction.

These interests are described in more detail and quantified under the section of this prospectus entitled "The Transaction Documents—Non-Compete Agreements" and "—Executive Engagement Proposal." The Non-Compete Agreements and the Executive Engagement Agreement are filed as exhibits to the registration statement of which this prospectus is a part as Exhibits 10.2, 10.3, 10.4 and 10.5, respectively.

Accounting Treatment of the Transaction

Under IFRS as issued by the IASB, the acquisition of Linx S.A. by StoneCo Ltd. will be accounted for under the acquisition method of accounting for business combinations. Under the acquisition method of accounting, the total consideration paid is allocated to an acquired company's tangible and intangible assets, liabilities and any noncontrolling interest based on their estimated fair values as of the acquisition date.

Delisting and Deregistration of Linx Common Shares and Linx ADSs

After the Transaction is completed, the Linx Common Shares will be delisted from the B3, the Linx ADSs will be delisted from the NYSE and will be deregistered under the Exchange Act, after which Linx will no longer be required under SEC rules and regulations to file periodic reports with the SEC with respect to Linx ADSs.

Withdrawal Rights for Linx Shareholders

Under Article 137 of the Brazilian Corporation Law, the holders of Linx Common Shares that dissent from the vote in favor of the Merger of Shares have the right to withdraw the Linx Common Shares of which they were record holders at the close of trading on the date of the first publication of the call notice for the Linx Special Meeting, or on the date of communication of the material relevant object of the resolution, whichever occurs first, and request that Linx reimburse the value of those Linx Common Shares. **You cannot exercise these withdrawal rights if you vote in favor of the Merger of Shares.** The failure to vote on the Merger of Shares at the Linx Special Meeting by a shareholder who would otherwise be entitled to exercise withdrawal rights will not constitute a waiver of that shareholder's withdrawal rights.

If you hold Linx ADSs, you are not entitled to withdrawal rights with respect to the Merger of Shares. If you hold Linx ADSs and wish to exercise the withdrawal rights with respect to the Linx Common Shares represented thereby, you must surrender your Linx ADSs a sufficient amount of time prior to the Linx Special Meeting held to approve the Merger of Shares to enable you to receive delivery of the Linx Common Shares represented thereby in accordance with the terms of the deposit agreement governing the Linx ADSs prior to the date of the Linx Special Meeting.

Under the Brazilian Corporation Law, a shareholder who exercises a withdrawal right generally is entitled to receive the net asset value of its Linx Common Shares, determined based on the book value of Linx's assets and liabilities as of Based on this net asset value, the withdrawal value per Linx Common Share is R\$

If you have withdrawal rights, your withdrawal rights will lapse 30 days after publication of the minutes of the Linx Special Meeting at which the Merger of Shares is approved. Once the 30-day period for the exercise of your withdrawal rights has expired, you will no longer have any right to compel Linx to redeem your Linx Common Shares. The minutes of the Linx Special Meeting, as well as a Material Fact related to the approval of the Merger of Shares, will be published in the newspapers in which Linx customarily publishes its notices on the business day following the Linx Special Meeting. Such publication will constitute your sole notification regarding the commencement of the period to exercise your withdrawal rights. If you notify Linx that you wish to exercise your withdrawal rights, such request will be irrevocable.

To exercise its withdrawal rights, a shareholder holding shares in custody with Itaú Corretora de Valores S/A, the transfer agent for the shares of Linx, must appear, personally or through an attorney-in-fact, at any office of Itaú Corretora de Valores S/A, during the 30-day period for the exercise of its withdrawal rights, complete a form related to the exercise of the withdrawal rights, which is available in those offices, and surrender certified copies of the documents listed below:

- Individuals: Individual Taxpayers' Register, Identity Card and current evidence of address (issued within the previous two months).
- Legal Entity: National Corporate Taxpayers' Register, bylaws/articles of association and corresponding amendments, as well as documents related to the partners/legal representatives (act of appointment, Individual Taxpayers' Register, Identity Card and current evidence of address).

Shareholders represented by attorneys-in-fact must surrender the documents described above and the respective public power of attorney, which shall grant special powers to the attorney-in-fact authorizing him to exercise, on behalf of the grantor, the withdraw rights and request the reimbursement for the shares.

Shareholders holding shares through the Fungible Custody of Registered Shares of the Stock Exchange must exercise their withdrawal rights through their custody agents.

Restrictions on Resales of StoneCo Shares Received in the Transaction

StoneCo Class A Common Shares received by holders of Linx Shares in connection with the Transaction will be registered under the Securities Act and will be freely transferable under the Securities Act, except for StoneCo Class A Common Shares issued to any holder of Linx Shares who may be deemed to be an “affiliate” of StoneCo for purposes of Rule 144 under the Securities Act. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under common control with StoneCo and may include StoneCo’s executive officers, directors and significant shareholders. This prospectus does not cover any resales of StoneCo Class A Common Shares received by any person upon completion of the Transaction, and no person is authorized to make use of this prospectus in connection with any such resale.

Dividend Information

The following table shows the amount of dividends declared and interest on capital distributed by each of Linx and StoneCo for years ended December 31, 2019, 2018 and 2017.

The Brazilian Corporation Law and Linx’s bylaws in effect as of its annual report on Form 20-F require that Linx distribute annually to its shareholders a mandatory dividend, which is the mandatory distribution of a minimum percentage of its net income for the prior fiscal year, unless the Linx board of directors recommends against such distribution due to considerations relating to its then financial condition. Also, according to the Brazilian Corporation Law, a corporation’s net income may be allocated to profit reserves and to the payment of dividends.

Under the Companies Law and StoneCo’s Articles of Association, a Cayman Islands company may pay a dividend out of either its profit or share premium account, but a dividend may not be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. According to the StoneCo Articles of Association, dividends can be declared and paid out of funds lawfully available to the company, which include the share premium account.

	<u>Linx</u>	<u>StoneCo</u>
	<u>(In reais)</u>	<u>(In reais)</u>
2019	20,000	-
2018	40,000	-
2017	40,000	-

Past Contracts, Transactions, Negotiations and Agreements

There have been no past, present or proposed material contracts, arrangements, understandings, relationships, negotiations or transactions during the periods for which financial statements are presented in this prospectus between StoneCo or its affiliates and Linx or its affiliates, other than those described in the sections entitled “The Transaction Documents” and “The Transaction.”

Interests of Experts and Counsel

Not applicable.

Litigation Related to the Transaction

On August 17, 2020, a collective action lawsuit (*ação civil pública*) was filed by the Brazilian Institute of Corporate Activism and Governance - IBRASG against Linx and STNE, alleging that the Original Non-Compete Agreements and the Original Executive Engagement Proposal executed by the Linx Founding Shareholders were a form of control premium. The plaintiff has asked the court to, among other things, suspend the Linx Special Meeting and award other Linx shareholders tag-along rights to those of the Linx Founding Shareholders. StoneCo believes that the claims asserted in this suit are without merit and intends to vigorously defend the Transaction against them. StoneCo cannot predict the outcome of or estimate the possible loss or range of loss from this matter. Additional lawsuits arising out of or relating to the Association Agreement and the Transaction may be filed in the future. If additional similar complaints are filed, absent new or different allegations that StoneCo believes to be material, StoneCo will not necessarily announce such additional filings.

Expenses

The following is an itemized statement of the expenses incurred or estimated to be incurred by StoneCo in connection with the Transaction:

Type of Fee	Amounts in U.S.\$ thousand
Legal fees	
Accounting fees and fees for presentations and valuation reports	
Printing costs	
ADS Depositary fees and expenses	
Total	

THE TRANSACTION DOCUMENTS

This section describes the material terms of the Transaction Documents, which are the Association Agreement, the Voting Agreement, the Non-Compete Agreements and Executive Engagement Agreement. The rights and obligations of the parties to the Transaction Documents are governed by the express terms and conditions of the Transaction Documents and not by this summary or any other information contained in this prospectus. The description in this section and elsewhere in this prospectus is qualified in its entirety by reference to the complete text of the Association Agreement, the Voting Agreement, the Non-Compete Agreements and the Executive Agreement, each of which is incorporated by reference or filed as an exhibit to this prospectus and the registration statement of which this prospectus is a part. This summary does not purport to be complete and may not contain all of the information about the Transaction Documents that is important to you. StoneCo and Linx encourage you to read each of the Transaction Documents carefully and in their entirety.

The Association Agreement

Consideration

Pursuant to the terms and subject to the conditions set forth in the Association Agreement, each Linx Share issued and outstanding immediately prior to the consummation of the Transaction will be automatically contributed to STNE in exchange for one newly issued redeemable STNE Class A Preferred Share and one newly issued redeemable STNE Class B Preferred Share. Immediately thereafter, each STNE Class A Preferred Share will be redeemed for a cash payment of R\$31.56 and each STNE Class B Preferred Share will be redeemed for 0.0126774 StoneCo Class A Common Share (the “Base Exchange Ratio”). The Base Exchange Ratio is calculated on a fully diluted basis, assuming a number of fully-diluted shares of Linx of 179,058,617, and represents a total consideration of R\$35.10 for each Linx Share, considering the share price of the StoneCo Shares as of August 31, 2020.

The Base Exchange Ratio takes into account the following assumptions: (i) that no declaration, payment of dividends or interest on equity by STNE or Linx will take place until Closing; (ii) that on September 1, 2020, except for the disclosure of the quarterly results and for the material facts related to the Transaction, there were no material facts pending disclosure to the market by Linx and/or StoneCo; (iii) that on September 1, 2020, there were 14,125,991 shares issued by Linx in treasury; (iv) that the effect of the exercise or acceleration of the total of all of the options and restricted stock plans would result in 3,775,648 additional shares to the share capital of Linx; and (v) that on September 1, 2020, Linx’s corporate capital was represented by 189,408,960 common book-entry shares, nominative and with no par value, including treasury-held shares.

Conditions to the Transaction

The Association Agreement provides that the parties’ mutual obligations to consummate the Transaction are subject to the following conditions:

(i) No competent court or tribunal (including arbitral tribunal) shall have issued any order, writ, injunctive relief or decision, and no other governmental body shall have issued any order or law that would cause the actions necessary for Closing to violate applicable law or otherwise prevent the consummation of the Transaction; and

(ii) The Transaction shall have been definitively approved by CADE.

The Association Agreement provides that Linx’s and the Linx Founding Shareholders’ obligations to consummate the Transaction are subject to the following conditions (unless waived by Linx):

(i) The representations and warranties made by STNE, StoneCo and DLP in the Association Agreement must be true and correct in all respects on the date of the Association Agreement and until Closing (except where the representations and warranties themselves contain a reference to a previous date, in which case they shall be true and correct in all respects as of such date);

(ii) STNE, StoneCo and DLP must have complied with all of their obligations and fulfilled all of their commitments and agreements, in each case, required to be complied with or fulfilled prior to Closing, as set forth in the Association Agreement and the Voting Agreement; provided that if a party breaches any such obligation, such party shall have 30 days from the receipt of notice of such breach to cure its breach;

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(iii) StoneCo's registration statement on Form F-4 to effect the registration of the StoneCo Class A Common Shares will have become effective and remain effective (and not subject to any stop order suspending the effectiveness of the F-4 or any proceedings for that purpose); and

(iv) At the general shareholders meeting, the STNE shareholders must approve, under the terms of the Brazilian Corporation Law: (a) all the necessary documentation for the Merger of Shares and the attribution of the New STNE Shares, including, but not limited to, the Merger of Shares Protocol to be prepared by the managements of Linx and STNE; and (b) the redemption by STNE of the New STNE Shares issued to holders of Linx Shares at the Closing of the Transaction.

The Association Agreement provides that the obligations of STNE, StoneCo and DLP to consummate the Transaction are subject to the following conditions (unless waived by STNE):

(i) The representations and warranties made and provided by Linx and the Linx Founding Shareholders in the Association Agreement must be true and correct in all respects on the date of the Association Agreement and until Closing (except where the representations and warranties themselves include a reference to a previous date, in which case they will be true and correct in all respects as of such date);

(ii) Linx and the Linx Founding Shareholders must have complied with all of their obligations and fulfilled all of their commitments and agreements, in each case, required to be complied with or fulfilled prior to Closing, as set forth in the Association Agreement and the Voting Agreement; *provided* that if a party breaches any such obligation, such party shall have 30 days from the receipt of notice of such breach to cure its breach;

(iii) Linx shall (a) have obtained third-party consents to the Transaction for all of its agreements currently in force of an amount greater than R\$50,000,000.00 that are subject to early termination resulting from the Transaction ("Obligations Subject to Early Termination"); (b) have liquidated all its Obligations Subject to Early Termination; or (c) have cash equal to one hundred percent (100%) of the amount necessary to liquidate all the Obligations Subject to Early Termination (including any penalties incidental thereto);

(iv) The Linx Special Meeting must approve, under the terms of the Brazilian Corporation Law and the Novo Mercado Regulation each of the items in the Transaction Proposal; and

(v) From the date of the Association Agreement and until the Closing, Linx must not have undergone any Material Adverse Change (as such term is defined in the Association Agreement).

Representations and Warranties

The Association Agreement contains representations and warranties of STNE, StoneCo, DLP, Linx and the Linx Founding Shareholders. None of the representations or warranties for any party to the Association Agreement survive Closing. The representations and warranties in the Association Agreement are complicated and not easily summarized. You are urged to read carefully, and in their entirety, the sections of the Association Agreement entitled "Representations and Warranties by STNE, StoneCo and DLP," "Representations and Warranties by Linx" and "Representations and Warranties by Linx Shareholders" in Chapter IV and Chapter V of the Association Agreement, which is incorporated into this prospectus by reference in its entirety.

The Association Agreement contains representations and warranties of STNE, StoneCo and DLP as to, among other things:

- corporate existence;
- capacity and authority;
- binding obligation;
- non-contravention;
- capitalization;
- governmental authorizations;

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- financial statements of StoneCo and STNE;
- accuracy of StoneCo's 20-F;
- bribery and anti-corruption;
- general meetings approvals;
- financial capacity; and
- no other representation or warranty.

The Association Agreement contains representations and warranties of Linx as to, among other things:

- corporate existence;
- capacity and authority;
- binding obligation;
- non-contravention;
- capitalization;
- governmental authorizations;
- financial statements;
- certain filings (including Linx's Reference Form as filed with the CVM);
- operational activities;
- contingencies, litigation and liabilities;
- agreements with related parties;
- bribery and anti-corruption; and
- no other representation or warranty.

The Association Agreement contains representations and warranties of the Linx Founding Shareholders as to, among other things:

- capacity and authority;
- binding obligation; and
- no other representation or warranty.

Conduct of Linx's and STNE's Businesses Pending Closing

Subject to certain exceptions, prior to the Closing date, each of Linx and STNE agrees to conduct its operations in the ordinary course of business and/or in the best interest of its business in view of the market circumstances. Linx and STNE agree to refrain from committing acts that may materially affect their businesses or operations.

Until the consummation of the Transaction or termination of the Association Agreement, Linx must not perform, or approve the performance by any of its subsidiaries of, the acts below, unless authorized by STNE:

- (i) propose any changes to its bylaws (except if required by applicable law) at a shareholders meeting;
- (ii) redeem, repurchase, issue or sell any Linx Shares, or any securities convertible into or exchangeable for shares, options, warrants, purchase rights or any other form of acquisition right relating to the Linx Shares, subject to certain exceptions;
- (iii) propose the reduction of its capital or the redemption of its shares at the at a shareholders meeting of Linx;
- (iv) approve the acquisition (including by amalgamation, merger, acquisition of shares or assets, or in any other way) of any interest in assets or any business or person that involves an individual amount greater than R\$50,000,000.00 (other than acquisitions for which Linx does not incur debt);
- (v) approve the entry into alliances, joint venture agreements or any type of similar relationship;
- (vi) approve the execution of new compensation and benefit plans (or amend existing plans), as well as pay bonuses, commissions, incentives or any type of compensation for shares outside the ordinary course of business other than if required by applicable law;
- (vii) directly or indirectly enter into any agreement or other arrangement with a director or an executive officer of Linx or the related parties of such director or executive officer outside of the ordinary course of business;
- (viii) promote any change in Linx's accounting policies and practices, other than as required by law;
- (ix) lease or encumber (including the granting of any option on) any of its assets, except in connection with the fulfillment of currently existing contracts or in the ordinary course of business;
- (x) except in relation to actions to be taken under existing contracts, assume any obligation or responsibility or enter into any new material contracts, including: (a) contracts for the sale of assets of Linx of amount greater than R\$5,000,000.00; or (b) property lease contracts for the head office of Linx, other than such property lease contracts that are already in effect as of the date of the Association Agreement;
- (xi) mortgage or pledge any tangible or intangible asset or offer them as collateral, other than if so required due to guarantees made by Linx relating to labor or tax proceedings in which Linx and/or its subsidiaries, as the case may be, are defendants in a dispute not exceeding claims against Linx in excess of R\$50,000,000.00;
- (xii) take out any loan, issue debt securities, enter into any type of financing agreement or change the terms of existing financing agreements or debt instruments, except: (a) those entered into in the regular course of Linx's business and that in any case do not increase the debt of Linx by more than R\$200,000,000.00; or (b) operations that aim to refinance the indebtedness of Linx, without the issuance of convertible or exchangeable securities for its shares;
- (xiii) guarantee, endorse or otherwise become liable (whether directly, contingently or otherwise) for the obligations of any person, except in relation to its subsidiaries;
- (xiv) enter into, amend, modify or in any way alter the terms of the existing contracts entered into by Linx and/or its respective subsidiaries in order to speed up payments due under those contracts;
- (xv) donate or freely assign any asset, right, or any form of asset, to their respective shareholders, directors, officers and/or any third party, except for the current agreed practices and donation to Ten Yad;
- (xvi) enter into any collective bargaining agreement or promote any relevant changes to the terms and conditions of the current employment contracts to which they are a party, other than in the ordinary course of business;

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- (xvii) engage in different commercial activities, except for such different commercial activities that are incidental to the planned business activities of Linx or those relating to the Transaction contemplated by the Association Agreement;
- (xviii) accelerate the vesting periods of the options, or maintenance of the plan, granted under the Linx Plans (as such term is defined in the Association Agreement), except for vesting acceleration as currently set forth in such agreements;
- (xix) approve (a) the hiring of new employees in coordination, managerial or higher hierarchical position or managers of any positions, outside the ordinary course of business; (b) the dismissal of employees outside the ordinary course of business; and (c) the implementation of any voluntary termination or dismissal program for employees;
- (xx) propose the cancellation of its registration as a publicly held company at a shareholders meeting of Linx;
- (xxi) enter into any contract or otherwise assume any obligation to any related party; and
- (xxii) agree or undertake to perform any of the acts described above.

Exclusivity

Linx and the Linx Founding Shareholders agree to, directly or indirectly, from the date of the Association Agreement until the earlier of (a) the consummation of the Transaction; or (b) termination of the Association Agreement:

- (i) ensure exclusivity for STNE until the Closing in relation to the Transaction or any similar and/or equivalent transaction to the Transaction;
- (ii) not request, seek or initiate any proposal with a third party related to any agreement, arrangement or operation that is a competitor to, or that has the effect of competing with, the Transaction or that may harm or make the Closing of the Transaction unfeasible, or that has the same or a similar purpose to the Transaction, including any corporate reorganization involving Linx, public offer for the purchase of shares for Linx shareholders or any operation that depends on the waiver or elimination of the poison pill provided for in Article 43 of Linx's bylaws ("Competing Transaction"); and
- (iii) immediately inform the other parties to the Association Agreement in writing about any approach in writing that is received from any third party to carry out or discuss a Competing Transaction.

Notwithstanding the foregoing, the Linx Independent Board Members, without the participation of certain Linx shareholders, jointly with its advisors and in Linx's best interest, may receive and analyze, and recommend the approval of a Competing Transaction that: (x) was brought at the exclusive initiative of a third party, and (y) is a binding proposal not subject to financing or due diligence, as required to fulfill its fiduciary and legal duties.

Linx Special Meeting

After the effectiveness of the Form F-4, the Linx Special Meeting will be called. The call notice for the Linx Special Meeting must be published thirty (30) days in advance of the Linx Special Meeting and its term may not be postponed without the prior written consent of StoneCo, except for legal or governmental authority's determination. In the event that the CADE approval has not been obtained at the time that the Form F-4 becomes effective or if any other conditions precedent to the Closing have not yet been fulfilled prior to the calling date of the Linx Special Meeting, the Linx Special Meeting will nonetheless be called and the matters on the agenda shall be submitted for resolution by the Linx shareholders under the condition that they are subject to the fulfillment of such other unfulfilled conditions precedent set forth in the Association Agreement.

If the attendance requirement is not met for the Linx Special Meeting on first call, the Linx Special Meeting will be reconvened at a date and time, at least eight calendar days after the date and time scheduled for the Linx Special Meeting on first call. The Linx Special Meeting will be installed on second call with any percentage of holders present at the meeting following second call, in person or by proxy.

Other Covenants

The Association Agreement contains a number of other covenants on the part of the parties, including covenants relating to:

- preparation of the Merger of Shares Protocol;
- preparation of the necessary documentation to file the Form F-4 and any other materials required to be filed with a governmental authority related to the Transaction;
- cooperation in identifying any approvals or filings with any government authority that are necessary for the consummation of the Transaction, and satisfying any such obligations;
- cooperation in connection with any debt financing sought by StoneCo in connection with the Transaction;
- the entry into non-competition agreements by certain Linx shareholders and employees;
- the engagement of Alberto Menache in the position of Senior Advisor of Stone Group;
- holding confidential any non-public information received in connection with the Transaction;
- holding certain shareholders meetings; and
- keeping the other parties informed regarding the conditions to the Transaction.

Termination of the Association Agreement

In addition to the termination events mentioned in the “Break Fees” section below, the Association Agreement provides for certain termination rights of Linx and StoneCo:

(i) by either party at any time prior to Closing upon the later of the following to occur: (a) the date that is 12 months from the date of execution of the Association Agreement, (b) the date that is three months from the date of the CADE approval or (c) the date that is three months from the effectiveness of the registration of Form F-4; but in no circumstances can it exceed 18 months as from the date of execution of the Association Agreement, except if such delay is due to the fault or intent of one of the parties, in which case the other party may choose to extend the term of the Association Agreement until Closing occurs;

(ii) at any time prior to Closing by written agreement between Linx and STNE;

(iii) by STNE if any part of the Transaction Proposal is not approved at the Linx Special Meeting;

(iv) by Linx if (a) the CADE imposes restrictions as a condition for CADE approval, and StoneCo, STNE and Linx, after using best efforts, fail to meet such restrictions; or (b) the CADE does not approve the Transaction;

(v) by a non-breaching party to the Association Agreement at any time before the Closing, if another party fails to fulfill any obligation of the Association Agreement and such non-compliance is not remedied within 30 days from receipt of notice of such non-compliance by the non-breaching party, subject to certain exceptions; or

(vi) by STNE, StoneCo and DLP if, prior to the date on which the Linx shareholders approve the Transaction at the Linx Special Meeting, STNE, StoneCo or a subsidiary of StoneCo publishes a public tender offer for the acquisition or exchange of Linx Shares at a launched price per share equal to or greater than R\$35.10.

Break Fees

A compensatory break fee equal to R\$453,750,000 (the “Fine”) will be payable (or in the case of prong (ii) below, partially payable) in the following events:

(i) Linx will pay the Fine to STNE if (a) Linx fails to comply with its exclusivity obligations under the Association Agreement; (b) a Competing Transaction is approved, executed or accepted by Linx or its shareholders, in any form; or (c) Linx or the Linx Founding Shareholders breach any of their respective obligations under the Association Agreement in such a manner that causes a termination of the Association Agreement;

(ii) As long as certain conditions are fulfilled, Linx will be obligated to pay StoneCo an amount equal to R\$112,500,000 if the Linx Special Meeting is not held or if any item is not approved and such non-approval prevents the consummation of the Transaction; provided that in such case, if a Competing Transaction is announced or contracted into by Linx prior to the date of the Linx Special Meeting (or prior to the date of the event which causes the Linx Special Meeting to not be held), and such Competing Transaction is approved or entered into by Linx during the 12 month period after the Linx Special Meeting (or prior to the date of the event which causes the Linx Special Meeting to not be held), Linx shall pay to StoneCo an additional amount equal to the remainder of the Fine (R\$341,250,000); and

(iii) STNE must pay the Fine to Linx if (a) StoneCo, STNE or DLP breach any of their respective obligations under the Association Agreement in such a manner that causes a termination of the Association Agreement; (b) Linx terminates the Association Agreement because the CADE imposes restrictions as a condition for CADE approval, and StoneCo, STNE and Linx, after using best efforts, fail to meet such restrictions; or (c) the CADE does not approve the Transaction.

Effect of Termination

If the Association Agreement is terminated as set forth therein, it will be void and of no further effect on any of the parties thereto other than such obligations that survive the termination of the Association Agreement as expressly set forth therein, including certain obligations of disclosure, confidentiality, payment of fines, exclusivity and arbitration.

Closing

The parties to the Association Agreement agree to keep each other informed about the fulfillment of the conditions set forth in the Association Agreement. Once all of such conditions have been fulfilled (or waived by the relevant party, if applicable), either party may notify the other party as to the fulfillment of all conditions precedent and their desire to proceed with the Closing of the Transaction. At such time, the parties shall take necessary measures to close the Transaction in the shortest time possible, including holding such meetings as is necessary to approve the Transaction.

Governing Law and Dispute Resolution

The Association Agreement is governed by and construed in accordance with the laws of Brazil.

Any and all disputes that may arise between the parties as a result of or related to the commitment under the Association Agreement will be resolved definitively by arbitration, administered by the Market Arbitration Chamber instituted by B3 (“Market Arbitration Chamber”), in accordance with the Arbitration Rules of that institution that are in force at the time of the start of arbitration. In the event that the Arbitration Rules of the Market Arbitration Chamber is omitted in any respect, the parties agree to apply, in addition, the dispositions provided for in Law No. 9,307/1996.

The place of arbitration shall be the city of São Paulo, State of São Paulo, Brazil, local where the arbitral decision shall be declared and the language of the arbitration shall be Portuguese.

The arbitration decision award will be final and binding for the parties and their successors, and the parties agree to waive any right of appeal.

Voting Agreement

On August 11, 2020, StoneCo, STNE and DLP entered into the Voting Agreement with Linx and the Linx Founding Shareholders, whereby the parties to the Voting Agreement undertook, as limited by the Brazilian Corporate Law, obligations to implement the Transaction, including by binding their shares to vote in favor of the corporate resolutions necessary for the approval, closing and implementation of the Transaction. Linx and STNE acted as intervening parties in the Voting Agreement. The Voting Agreement also indicates that if, at the Linx Special Meeting regarding the Transaction, a sufficient approval quorum is reached for the approval of matters related to the Transaction, considering the favorable vote of other Linx shareholders, Linx Founding Shareholders are free to vote in favor or abstain from voting, according to their convenience, to the extent that, in this case, the calculation of the Linx Founding Shareholders' votes does not affect the effective approval of the Transaction. In any event, the voting obligations of Linx Founding Shareholders established in the Voting Agreement will be subject to legal impediments and may not violate CVM and Novo Mercado Rules.

Exclusivity

DLP and the Linx Founding Shareholders agreed to comply with the Association Agreement in all its terms and conditions, including the exclusivity provision. In case of non-compliance of the exclusivity provision in the Association Agreement by any Linx Founding Shareholder, the breaching Linx Founding Shareholder will pay a compensatory fine of R\$30,000,000.00, to STNE, without prejudice to any other measures that STNE may take to stop the infringement, including specific performance. Notwithstanding the foregoing, the obligations contained in the Voting Agreement relating to voting at the Linx Special Meeting will comply with any applicable legal restrictions, including the rules of CVM and Novo Mercado.

The parties irrevocably and irreversibly agreed to cooperate with the performance of all necessary acts by the other parties and by Linx and STNE for the implementation of the Transaction.

Representations and Warranties

DLP and STNE represented and warranted that:

- (i) STNE is a corporation duly organized and validly existing according to the laws of the Federative Republic of Brazil;
- (ii) DLP (a) are holders and lawful owners of shares bound by the Voting Agreement, which are free and clear of any encumbrances, except as set forth in the Voting Agreement; and (b) have full capacity to enter into the Voting Agreement, carry out all the transactions provided for therein and comply with all obligations assumed therein, having taken all necessary measures to authorize its execution and the performance of the obligations set forth therein, except as expressly provided for in the Voting Agreement; and
- (iii) there is no impediment for the execution of the Voting Agreement and of the Association Agreement or for the consummation of the Transaction.

The Linx Founding Shareholders represented and warranted that:

- (i) Linx is a publicly-held company, duly organized and validly existing according to the laws of the Federative Republic of Brazil;
- (ii) Linx Founding Shareholders (a) are holders and lawful owners of Linx bound shares, which are fully paid up and free and clear of any encumbrances, except as set forth in the Voting Agreement (with the exception of shares owned by one of the Linx Founding Shareholders that are encumbered but will be released prior to the Closing of the Transaction); and (b) have full capacity to enter into the Voting Agreement, carry out all the transactions provided for therein and comply with all obligations assumed therein, having taken all necessary measures to authorize its execution and the performance of the obligations set forth therein, except as expressly provided for in the Voting Agreement;
- (iii) there is no impediment to the execution of the Voting Agreement and of the Merger of Shares Protocol or for the consummation of the Transaction and the fulfillment of the obligations provided for in the Voting Agreement and in the Merger of Shares Protocol; and
- (iv) there are not, at the date of the Association Agreement, any obligations and/or understandings between the Linx Founding Shareholders and/or Linx, directly or indirectly, and any person, that can be characterized as an intention and/or proposal of a transaction, in any way, similar to the Transaction.

Lock-Up and Encumbrance of the Bound Shares

During the term of the Voting Agreement, the Linx Founding Shareholders irrevocably and irreversibly undertake not to agree upon or carry out the sale, disposal or transfer, directly or indirectly, by any means or form whatsoever, of their shares, or any rights related thereto, as well as not to create any liens or encumbrances of any nature, whether judicial or extrajudicial, on the bound shares, including, but not limited to, pledge, bond, usufruct, fiduciary sale, trust, promise of purchase and sale or granting of options, creation of rights of first refusal, rent, as well as entering into other voting agreements or shareholders' agreements.

Effective Date and Term

The Voting Agreement remains in effect until the earlier of (i) the consummation of the Transaction; or (ii) the termination of the Association Agreement.

Conflicts Resolution

The Voting Agreement is governed by and construed in accordance with the laws of Brazil.

Any and all disputes that may arise between the parties as a result of or related to the commitment under the Voting Agreement will be resolved definitively by arbitration, administered by the Market Arbitration Chamber, in accordance with the Arbitration Rules of that institution that are in force at the time of the start of arbitration. In the event that the Arbitration Rules of the Market Arbitration Chamber is omitted in any respect, the parties agree to apply, in addition, the dispositions provided for in Law No. 9,307/1996.

The place of arbitration shall be the city of São Paulo, State of São Paulo, Brazil, local where the arbitral decision shall be declared and the language of the arbitration shall be Portuguese.

The arbitration decision award will be final and binding for the parties and their successors, and the parties agree to waive any right of appeal.

Non-Compete Agreements

On August 11, 2020, STNE and StoneCo entered into the Original Non-Compete Agreements with each Linx Founding Shareholder. The parties amended and restated each of the Original Non-Compete Agreements on September 1, 2020 to revise certain terms therein, including extending the duration of the non-compete obligations of each Linx Founding Shareholder and decreasing the number of StoneCo Class A Common Shares to be received by each Linx Founding Shareholder for fulfillment of such obligations.

Non-Solicitation

Pursuant to the non-solicitation provision in the Non-Compete Agreements, the Linx Founding Shareholders agree to, directly or indirectly, during the five years following the Closing:

(i) not solicit, entice, incite, divert, withdraw or attempt to solicit, incite, divert or withdraw any customer, supplier, distributor or business of STNE or companies of its economic group, or in any way interfere in the relationship maintained between STNE and its current or future customers, suppliers or distributors;

(ii) not solicit or encourage any person to quit his job or stop providing services to STNE or any other affiliate, regardless of whether such person is an employee, service provider or executive officer of STNE;

(iii) not solicit any of STNE's employees or executive officers; and

(iv) not start dealings, negotiations, or any other type of understandings and not enter into final commitments or agreements with an objective equivalent or similar business to STNE, its subsidiaries or its affiliates.

Non-Compete

Pursuant to the non-competition provision in the Non-Compete Agreements, the Linx Founding Shareholders agree to, directly or indirectly, during the five years following the Closing:

(i) not own, operate, advise or be a partner, shareholder, employee, director, officer, service provider or consultant of (a) any business developed by the competing companies set forth in the Non-Compete Agreements, or its controlled or affiliated companies or companies in which STNE holds an interest; or (b) which, directly or indirectly, carries out activities related to STNE or its subsidiaries or their businesses, including, but not limited to, activities related to consultancy and risk management related to the means of payment and management software segments in Brazil for the retail sector and investments in individuals or legal entities operating in the segments of means of payment in general, financial services for retail, and management software in Brazil for the retail sector; and

(ii) not establish or maintain any business relationship with any employees, suppliers, customers, distributors, business partners or consultants of STNE, its controlled and affiliated companies, and companies in which STNE holds interest, which may adversely affect them or the relationships and business between STNE, its controlled and affiliated companies, and companies in which STNE holds interest and said employees, suppliers, customers, distributors, business partners or consultants.

Indemnity

The Non-Compete Agreements provide that STNE will pay each Linx Founding Shareholder a number of StoneCo Class A Common Shares in exchange for such Linx Founding Shareholder's fulfillment of their Non-Compete and Non-Solicitation obligations. Alon Dayan will receive 53,759 StoneCo Class A Common Shares, Nécio José Monteiro Fernandes will receive 268,797 StoneCo Class A Common Shares and Alberto Menache will receive 340,746 StoneCo Class A Common Shares. One fifth of such shares shall be transferred on the first anniversary of the Closing, one fifth on the second anniversary of the Closing, one fifth on the third anniversary of the Closing, one fifth on the fourth anniversary of the Closing and the remaining shares on the fifth anniversary of the Closing (the "Indemnification"). The transfer of each installment of the Indemnification will be conditioned on the fulfillment by each such Linx Founding Shareholder of the obligations in the Non-Compete Agreement.

STNE will reduce the number of StoneCo Class A Common Shares to be transferred to the Linx Founding Shareholder in connection with certain tax deductions required by applicable law, provided that the Linx Founding Shareholder will receive the net value of the Indemnification, after the applicable deductions.

Acknowledgment of Payment

Each Linx Founding Shareholder agrees that the transfer of StoneCo Class A Common Shares under the Non-Compete Agreement constitutes fair and sufficient compensation for the fulfillment of the terms of the Non-Compete Agreement.

Executive Engagement Proposal

On August 11, 2020, STNE and Alberto Menache entered into the Original Executive Engagement Proposal, pursuant to which Alberto Menache agreed to accept the position of Chairman of the Software Division of one or more companies of Stone Group. The parties amended and restated the Original Executive Engagement Agreement on September 1, 2020 to revise certain terms therein, including changing the role in which Alberto Menache will serve to Senior Advisor of Stone Group, reducing the term of the agreement to one year and removing the StoneCo Class A Common Shares that Alberto Menache was to receive as part of his remuneration for serving such role. The responsibilities of this role include rendering strategic and specialized consulting services in the software segment for the retail sector for one or more companies of Stone Group, including during the transition period following the Transaction and being responsible for discussing the strategies and planning of the integration of STNE and Linx, together with the STNE board of officers.

Pursuant to the Executive Engagement Agreement, in return for his services to STNE, Alberto Menache will receive remuneration in cash equivalent to R\$5,000,000 per year for one year. In addition, the Executive Engagement Agreement provides that Alberto Menache will be required, during the term of his contract and for two years after its termination, to keep confidential any and all Stone Group information to which he has access.

MATERIAL TAX CONSIDERATIONS

Material U.S. Federal Income Tax Considerations

The following summary describes the material U.S. federal income tax consequences of the Transaction and of the receipt, ownership and disposition of StoneCo Class A Common Shares, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person. The summary applies only to U.S. Holders (as defined herein) that hold Linx Shares and StoneCo Class A Common Shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including the potential application of the provisions of the Internal Revenue Code of 1986, as amended (the "Code") known as the Medicare contribution tax, alternative minimum tax consequences, state, local or non-United States tax laws, and tax consequences applicable to U.S. Holders subject to special rules, such as:

- a financial institution;
- an insurance company;
- a real estate investment trust or regulated investment company;
- a dealer or trader in securities that uses a mark-to-market method of tax accounting;
- a person that holds ADSs or shares as part of a "straddle," conversion transaction or integrated transaction;
- a person whose "functional currency" is not the U.S. dollar;
- a tax exempt entity, including an "individual retirement account" or "Roth IRA";
- a partnership or other entity classified as a partnership for U.S. federal income tax purposes;
- a person that owns or is deemed to own, by vote or value, 10% or more of the shares of Linx or StoneCo;
- a person that acquired ADSs or shares pursuant to the exercise of an employee stock option or otherwise as compensation; or
- a person that holds ADSs or shares in connection with a trade or business outside the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding shares or ADSs and partners in such partnerships should consult their tax advisors as to the particular U.S. federal income tax consequences of the Transaction.

This summary is based on the Code, administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury Regulations, all as of the date hereof, changes to any of which may affect the tax consequences described herein, possibly with retroactive effect. U.S. Holders are urged to consult their own tax advisors as to the U.S. federal income tax consequences of the Transaction and of holding the StoneCo Class A Common Shares.

As used herein, you are a "U.S. Holder" if, for U.S. federal income tax purposes, you are a beneficial owner of Linx Shares or StoneCo Class A Common Shares and are:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

This disclosure assumes that a holder of Linx ADSs will be treated for U.S. federal income tax purposes as the beneficial owner of the underlying Linx Shares represented by those ADSs.

Consequences of the Transaction

For U.S. federal income tax purposes, a U.S. Holder of Linx Shares will be treated as transferring its Linx Shares to STNE in exchange for the Consideration in a taxable transaction. Accordingly, such U.S. Holder will generally recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the exchange and its tax basis in the Linx Shares exchanged, in each case, determined in U.S. dollars. The amount realized on the exchange will be the fair market value of any StoneCo Class A Common Shares received on the date of exchange, as determined in U.S. dollars, and/or the cash received with respect to the Linx Shares exchanged.

Gain or loss and holding period must be calculated separately for each block of Linx Shares exchanged. Based on Linx's public filings, StoneCo believes that Linx has not been a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. Assuming that Linx is not and has not been a PFIC, gain or loss realized in the exchange generally will be capital gain or loss and generally will be long-term capital gain or loss if the Linx Shares exchanged have been held for more than one year. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes.

A U.S. Holder will have a tax basis in any StoneCo Class A Common Shares received in the exchange equal to the fair market value of the StoneCo Class A Common Shares on the date of exchange, and its holding period with respect to such StoneCo Class A Common Shares will begin on the day after the date of the exchange.

Brazilian taxes that may be imposed upon the receipt of the Consideration pursuant to the Transaction will generally be treated as income taxes eligible for a credit against a U.S. Holder's U.S. federal income tax liability. A U.S. Holder will be entitled to use these foreign tax credits to offset only the portion of its U.S. tax liability that is attributable to foreign-source income. This limitation on foreign taxes eligible for credit is calculated separately with regard to specific classes of income. Because a U.S. Holder's gain from the receipt of the Consideration will generally be treated as U.S.-source income, this limitation may preclude such holder from claiming a credit for all or a portion of the taxes imposed on this gain. U.S. Holders exchanging Linx Shares for the Consideration should consult their tax advisors as to whether these Brazilian taxes may be creditable against their U.S. federal income tax liability. Instead of claiming a credit, a U.S. Holder may, upon election, deduct otherwise creditable Brazilian income taxes in computing its taxable income, subject to generally applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year. The rules governing foreign tax credits are complex and U.S. Holders should consult their tax advisors to determine whether they are subject to any special rules that limit their ability to make effective use of foreign tax credits.

Any cash component of the amount realized will be the U.S. dollar value of the *reais* calculated by reference to the spot rate on the date of the exchange (or, if the Linx Shares are traded on an established securities market at such time, in the case of cash basis and electing accrual basis U.S. Holders, the settlement date). If a U.S. Holder is an accrual basis taxpayer and does not elect to determine the amount realized using the spot exchange rate on the settlement date, such holder will recognize foreign currency gain or loss equal to the difference between the U.S. dollar value of the amount received based on the spot exchange rates in effect on the date of the exchange and the settlement date. U.S. Holders will have a tax basis in the *reais* received equal to the U.S. dollar value of the *reais* received at the spot rate on the settlement date. Any currency gain or loss realized on the settlement date or the subsequent sale, conversion, or other disposition (including, in the case of Linx ADSs, a conversion by the depository) of the *reais* received for a different U.S. dollar amount generally will be U.S.-source ordinary income or loss, and will not be eligible for the reduced tax rate applicable to long-term capital gains. If an accrual basis U.S. Holder does make the election described in the first sentence of this paragraph, it must be applied consistently from year to year and cannot be revoked without the consent of the U.S. Internal Revenue Service (the "IRS"). U.S. Holders should consult their own tax advisors regarding the treatment of any foreign currency gain or loss realized with respect to *reais* received in exchange for Linx Shares.

Information reporting and backup withholding (at a rate of 24%) may apply to payments in connection with the Transaction unless a U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding will be allowed as a credit against a U.S. Holder's federal income tax liability and may entitle a holder to a refund, provided that the required information is timely furnished to the IRS.

Consequences of the Ownership and Disposition of StoneCo Class A Common Shares

Taxation of Distributions

Distributions made with respect to the StoneCo Class A Common Shares will generally be taxed as ordinary dividend income to U.S. Holders to the extent that they are paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, we expect that distributions generally will be reported as dividends. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders may be eligible for taxation as “qualified dividend income” and therefore may be taxable at rates applicable to long-term capital gains so long as the StoneCo Class A Common Shares are listed and traded on Nasdaq (or are readily tradable on another established securities market in the United States). U.S. Holders should consult their tax advisors regarding the availability of the reduced tax rate on dividends in their particular circumstances.

The amount of a dividend will generally be treated as foreign-source dividend income to U.S. Holders and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Dividends will be included in a U.S. Holder’s income on the date of receipt of the dividend.

Sale or Other Disposition of StoneCo Class A Common Shares

Subject to the discussion below under “—Passive Foreign Investment Company Rules,” for U.S. federal income tax purposes, gain or loss realized on the sale or other disposition of StoneCo Class A Common Shares will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the StoneCo Class A Common Shares for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder’s tax basis in the StoneCo Class A Common Shares disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to various limitations.

Passive Foreign Investment Company Rules

A non-U.S. corporation will be a PFIC for any taxable year in which either (1) 75% or more of its gross income consists of “passive income,” or (2) 50% or more of the average quarterly value of its assets consist of assets that produce, or are held for the production of, “passive income.” For this purpose, subject to certain exceptions, passive income includes interest, dividends, rents and certain gains from transactions. Cash is a passive asset for these purposes. A non-U.S. corporation will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, more than 25% (by value) of the stock.

Based on the composition of our income and assets, the value of our assets, and the Proposed Regulations, we do not believe we were a PFIC for our 2019 taxable year, and we do not expect to be a PFIC for our current taxable year. However, because our PFIC status for any taxable year can be determined only after the end of such taxable year and will depend on the composition of our income and assets and the market value of our assets from time to time (including, following the Transaction, the income and assets of Linx), and because there is no guarantee that the Proposed Regulations will be adopted in their current form, there can be no assurance that we will not be a PFIC for our current taxable year or any future year and, in particular, it is not certain how the Active Financing Exception will apply to our assets and income following the Transaction. Moreover, there can be no assurance that the IRS will agree with our conclusion. In particular, although we consider ourselves to be actively engaged in an active business, it is not entirely clear how certain of our income will be treated for purposes of the PFIC rules. Certain of our income may be treated as passive income, unless such income is eligible for the Active Financing Exception, and related assets may be considered passive assets unless the Active Financing Exception applies. We believe that the Active Financing Exception, as interpreted by the Proposed Regulations, should apply to treat such income and related assets as active, but such treatment is not certain. Moreover, the Treasury Department has specifically requested comments regarding the continued applicability of the Active Financing Exception in the PFIC context once the corollary exception under the PFIC rules for licensed banks is finalized. While the Proposed Regulations permit taxpayers to rely on them, it is possible that the Treasury Department will not follow the approach of the Proposed Regulations when issuing final regulations, in which case the Active Financing Exception might not apply to our income and it is possible that we could be treated as a PFIC. If we were a PFIC for any year during which a U.S. Holder holds StoneCo Class A Common Shares, we generally would continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which it holds the StoneCo Class A Common Shares, even if we ceased to meet the threshold requirements for PFIC status.

If we were a PFIC for any taxable year and any of our subsidiaries, consolidated affiliated entity or other companies in which we own or are treated as owning equity interests were also a PFIC (any such entities, a “Lower-tier PFIC”), U.S. Holders would be deemed to own a proportionate amount (by value) of the shares of each Lower-tier PFIC and would be subject to U.S. federal income tax according to the rules described in the subsequent paragraph on (i) certain distributions by a Lower-tier PFIC and (ii) dispositions of shares of Lower-tier PFICs, in each case as if such U.S. Holders held such shares directly, even though they have not received the proceeds of those distributions or dispositions.

If we were a PFIC for any taxable year during which a U.S. Holder held StoneCo Class A Common Shares, such holder may be subject to adverse tax consequences. Generally, gain recognized upon the disposition (including, under certain circumstances, a pledge) of StoneCo Class A Common Shares would be allocated ratably over the U.S. Holder’s holding period for such shares. The amounts allocated to the taxable year of disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year and an interest charge would be imposed on the tax on such amount. Further, to the extent that any distribution a U.S. Holder receives on its StoneCo Class A Common Shares exceeds 125% of the average of the annual distributions on the StoneCo Class A Common Shares received during the preceding three years or such U.S. Holder’s holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above.

Alternatively, if we were a PFIC and if the StoneCo Class A Common Shares were “regularly traded” on a “qualified exchange,” a U.S. Holder could make a mark-to-market election that would result in tax treatment different from the general tax treatment for PFICs described above. The StoneCo Class A Common Shares would be treated as “regularly traded” in any calendar year in which more than a de minimis quantity of the StoneCo Class A Common Shares were traded on a qualified exchange on at least 15 days during each calendar quarter. The Nasdaq is a qualified exchange for this purpose.

If a U.S. Holder makes a mark-to-market election, it generally will recognize as ordinary income any excess of the fair market value of its StoneCo Class A Common Shares at the end of each taxable year over its adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the StoneCo Class A Common Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, its tax basis in the StoneCo Class A Common Shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of StoneCo Class A Common Shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). Because the mark-to-market election only applies to marketable stock, however, it would not apply to a U.S. Holder’s indirect interest in any Lower-tier PFIC.

In addition, if we were a PFIC or, with respect to a particular U.S. Holder, were treated as a PFIC for the taxable year in which we paid a dividend or for the prior taxable year, the preferential dividend rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

A U.S. Holder of StoneCo Class A Common Shares in any year in which we are treated as a PFIC generally must file an annual report containing such information as the U.S. Treasury may require on IRS Form 8621 (or any successor form) with respect to us, generally with its federal income tax return for that year.

U.S. Holders should consult their tax advisors concerning our potential PFIC status and the potential application of the PFIC rules.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.- related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) a U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, a U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment will be allowed as a credit against a U.S. Holder's federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals (and certain entities) may be required to report information on their U.S. federal income tax returns relating to an interest in the StoneCo Class A Common Shares, subject to certain exceptions (including an exception for StoneCo Class A Common Shares held in accounts maintained by certain U.S. financial institutions). U.S. Holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the StoneCo Class A Common Shares.

Material Brazilian Tax Considerations

The Transaction

Capital Gains

According to Brazilian tax rules, gains on the disposition of assets located in Brazil by a holder who resides in Brazil (a "Brazilian Holder") or by a holder deemed to not be domiciled in Brazil for Brazilian tax purposes (a "Non-Brazilian Holder") are subject to Brazilian taxation.

Notwithstanding the analysis of the tax treatment applicable to the contribution (*incorporação de ações*) of Linx Common Shares into STNE, as a result of the subsequent redemption of New STNE Shares, gains recognized by holders of Linx Common Shares are expected to be subject to Brazilian income tax at different rates, depending on the nature, domicile and regime of the corresponding holder. The rate for a Non-Brazilian Holder may generally vary from 15% to 22.5%, or may be a flat rate of 25% in case of a Non-Brazilian Holder resident of or domiciled in a "No Taxation or Low Taxation Jurisdiction." The rate for a Brazilian Holder may vary widely, for example, from 15% to 22.5% for individuals, or 34% for Brazilian companies.

Although there is no clear rule regarding how a disposition of ADSs will be treated under Brazilian tax law, holders of Linx ADSs are expected to be subject to the same tax treatment applicable to holders of Linx Common Shares.

Due to the complexity of the Transaction and the detailed analysis and procedures relating to the tax treatment that may apply to Brazilian Holders and Non-Brazilian Holders, we advise such investors to consult their own lawyers and tax advisors for specific advice regarding their particular situation with respect to the Transaction.

Discussion of "No Taxation or Low Taxation Jurisdictions"

Brazilian tax rules set forth different concepts of "No Taxation or Low Taxation Jurisdictions" and "privileged tax regimes," which may impact the tax treatment applicable to Non-Brazilian Holders. Nevertheless, on June 7, 2010, the Brazilian Tax Authorities enacted Normative Ruling No. 1,037, as amended, listing (i) the countries and jurisdictions considered to be "No Taxation or Low Taxation Jurisdictions" and (ii) the privileged tax regimes.

Accordingly, we recommend that prospective investors consult their own tax advisors for a more thorough analysis of whether they could face any possible tax consequences from a potential characterization of a "No Taxation or Low Taxation Jurisdiction" or a "privileged tax regime."

Investment in StoneCo Class A Common Shares

This section describes the main tax implications in Brazil for holders of StoneCo Class A Common Shares.

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Taking into consideration the peculiarities concerning the tax treatment that may apply to Brazilian Holders and Non-Brazilian Holders, we advise such investors to consult their own lawyers and tax advisors for specific advice regarding their particular situation.

Non-Brazilian Holder

Dividends and Other Income

Dividends or other similar income arising from StoneCo Class A Common Shares and paid by StoneCo should not be subject to income tax in Brazil when paid in favor of a Non-Brazilian Holder.

Gains

According to Law No. 10,833/03, dated December 29, 2003, gains assessed on the sale or other disposition of assets located in Brazil are generally subject to income tax in Brazil, regardless of whether the sale or disposition is made by a Non-Brazilian Holder, to a resident or person domiciled in Brazil or to a non-resident.

Regardless of potential discussions regarding the indirect sale of Brazilian assets, StoneCo Class A Common Shares should, in principle, not be treated as an asset located in Brazil and therefore, their disposal should not generate income tax in Brazil.

Brazilian Holder

Dividends and Other Income

Dividends or other similar income arising from StoneCo Class A Common Shares and earned by Brazilian Holders are subject to income tax in accordance with applicable rules for investments held outside Brazil, including (i) Individuals Income Tax (“IRPF”) at progressive rates up to 27.5%, and (ii) Corporate Income Taxes (“IRPJ/CSLL”) at a combined rate of 34% in the case of StoneCo Class A Common Shares held by legal entities domiciled in Brazil.

Gains

Gains assessed on Brazilian Holder arising from any disposal of StoneCo Class A Common Shares are subject to taxation in Brazilian depending on the legal nature of such Brazilian Holder, including (i) income tax at rates varying from 15% up to 22.5% in case of individuals resident in Brazil, and IRPJ/CSLL at a combined 34% in case of StoneCo Class A Common Shares held by legal entities domiciled in Brazil.

IOF/FX

Conversions of Brazilian currency into foreign currency and foreign currency into Brazilian currency are subject to a tax on foreign exchange (“IOF/FX”). As a rule, a Brazilian Holder may be subject to IOF/FX currently at a rate of 0.38%, including in the case of currency conversions in connection with the inflow of dividends or proceeds related to the sale of StoneCo Class A Common Shares. The Brazilian Government is permitted to increase the rate of the IOF/Exchange at any time, up to 25% of the amount of the foreign exchange transaction. However, any increase in rates may only apply to transactions carried out after this increase in rate and not retroactively.

Other Brazilian Taxes

Brazilian inheritance, gift or succession taxes might apply on the ownership, transfer or disposition of StoneCo Class A Common Shares by a Brazilian Holder, depending on the rules imposed by certain Brazilian states. There are no Brazilian stamp, issue, registration or similar taxes or duties payable by holders of StoneCo Class A Common Shares.

Offsetting of Taxes Potentially Withheld Abroad

We advise any Brazilian Holder to consult their own lawyers and tax advisors regarding the viability of offsetting Brazil taxes potentially withheld abroad because of the ownership and transactions involving StoneCo Class A Common Shares.

INFORMATION ABOUT THE COMPANIES

StoneCo

We are a leading provider of financial technology solutions that empower merchants and integrated partners to conduct electronic commerce seamlessly across in-store, online, and mobile channels in Brazil. We have developed a strong client-centric culture that seeks to delight our clients rather than simply providing them with a solution or service. To achieve this, we created a proprietary, go-to-market approach called the Stone Business Model, which enables us to control the client experience and ensure that interactions are provided by our people or our technology. The Stone Business Model combines our advanced, end-to-end, cloud-based technology platform; differentiated hyper-local and integrated distribution approach; white-glove, on-demand customer service; and client-centric culture, each of which is described below.

1. **Advanced, End-to-End, Cloud-Based Technology Platform**—We designed our cloud-based technology platform to (i) help our clients connect, get paid and grow their businesses, while meeting the complex and rapidly changing demands of omnichannel commerce; and (ii) overcome long-standing inefficiencies within the Brazilian payments market. Our platform enables us to develop, host and deploy our solutions very quickly. We also sell our solutions to integrated partners such as Payment Service Providers, or PSPs, which are firms that contract with a merchant to provide them with payment acceptance solutions, and marketplaces to empower merchants to conduct commerce more effectively in Brazil.
2. **Differentiated Hyper-Local and Integrated Distribution**—We developed our distribution model to proactively reach and serve our clients in a more effective manner. In particular, we developed Stone Hubs, which are local operations close to our clients that include an integrated team of sales, service, and operations support staff to reach small-and medium-sized businesses or SMBs, locally and efficiently, and to build stronger relationships with them. We also have a specialized in-house sales team that serves online merchants and digital service providers with dedicated expertise. We also work with integrated partners, such as ISVs, to embed our solutions into their offerings and enable their merchants to accept payments seamlessly and easily.
3. **White-Glove, On-Demand Customer Service**—We created our on-demand customer service team to support our clients quickly, conveniently, and with high-quality service designed to strengthen our customer relationships and improve their lifetime value with us. Our customer service approach combines (i) a *Human Connection*, through which we seek to address our clients' service needs in a single phone call using a qualified team of technically trained agents; (ii) *Proximity*, through our Green Angels team of local support personnel who can serve our clients in person within minutes or hours, instead of days or weeks; and (iii) *Technology*, through a range of self-service tools and proprietary artificial intelligence, or AI, that help our clients manage their operations more conveniently and enable our agents to proactively address merchant needs, sometimes before they are even aware of an issue.
4. **Client-Centric Culture**—We have proactively fostered and developed a highly-innovative, entrepreneurial, and mission-driven culture that we believe helps attract new talent, enables us to achieve our objectives, and provides a key competitive advantage. Our culture unites our team across numerous functions and focuses our collective efforts on passionately developing technology and implementing the Stone Business Model to disrupt legacy practices, older technologies, and incumbent vendors in order to provide solutions and a level of service that go beyond simply meeting the needs of our clients, and instead seeks to deliver an enhanced overall client experience.

StoneCo is incorporated as an exempted company with limited liability in the Cayman Islands. Our principal executive office is located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands. Our investor relations office can be reached at investors@stone.com.br and our website address is www.stone.co. The information contained on, or accessible through, such website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

Linx

Linx is a leading cloud-based technology company that develops and provides affordable, easy-to-use, reliable and integrated software solutions to over 70,000 retail clients across more than 100,000 storefronts with approximately R\$300 billion of gross transaction volume (GTV), through a software-as-a-service (SaaS) business model. The company is a leading player in the retail management software market and has a strong presence in e-commerce software solutions in Brazil. It serves its clients through an end-to-end platform comprised of three product lines, including:

- *Linx Core* – which provides integrated business management software, such as ERP and POS management solutions, across various industry verticals including auto parts stores, clothing stores, department stores, electronic goods stores, fast food chains, gas stations, home improvement stores, household appliances stores, pharmacies, service retail, and vehicle dealerships.
- *Linx Digital* – which provides an e-commerce platform designed to improve the omnichannel shopping experience, enabling retailers to engage, interact and transact with their clients and manage their inventories across physical stores, mobile applications, and online channels in an integrated manner.
- *Linx Pay Hub* – which provides payment processing solutions integrated with its Core and Digital product lines and provides Electronic Funds Transfer (EFT) services.

Linx is a Brazilian corporation (*sociedade anônima*) incorporated under the Federative Republic of Brazil. Linx's corporate headquarters are located at Avenida Doutora Ruth Cardoso, 7221, 7th floor, São Paulo, São Paulo, CEP 05425-902, Brazil, and its telephone number at this address is +55-11-2103-1531. Linx's website is www.linx.com.br. The information contained on, or accessible through, such website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

MANAGEMENT AND COMPENSATION OF STONECO

StoneCo is managed by a board of directors. For a discussion of StoneCo’s management and compensation (as well as certain other corporate governance matters), see “Item 6. Directors, Senior Management and Employees of the StoneCo 2019 20-F,” which is incorporated by reference into this prospectus. For more information about how to obtain copies of documents incorporated by reference, see the sections of this prospectus entitled “Incorporation of Certain Documents by Reference” and “Where You Can Find More Information.”

Recent Developments

On May 27, 2020, StoneCo announced that its board of directors resolved, on its meeting of May 21, 2020, to appoint Mrs. Luciana Ibiapina Lira Aguiar to the board of directors, effective immediately, and at the same meeting, elected her to the Audit Committee, as replacement for Mr. Ali Mazanderani, who stepped out of the Audit Committee, but remained, nonetheless, as a member of the Board of Directors. Mrs. Aguiar is independent under the applicable rules and regulations of the SEC and the listing standards of the Nasdaq Stock Market. Mrs. Aguiar, 46, has over 25 years of professional experience in tax law. Mrs. Aguiar has been the managing partner of law firm Bocater, Camargo, Costa e Silva Advogados for over 3 years and prior to that, Mrs. Aguiar was a tax lawyer for law firm Mariz de Oliveira e Siqueira Campos Advogados for 2 and half years. Mrs. Aguiar was previously a tax partner at PwC, from 1994 to 2012, where she was responsible for tax audit and tax consulting, with relevant knowledge of auditing standards, tax and accounting legislation, regulation of publicly-held companies. Mrs. Aguiar is Professor of Tax Law courses at GVlaw - FGV Direito - São Paulo, and holds bachelor degrees in Law, Economic Sciences and Accounting Sciences from Pontifícia Universidade Católica de São Paulo and a Master degree in Tax Law from Fundação Getúlio Vargas.

With Mrs. Aguiar’s appointment, StoneCo’s current board members are Mr. André Street de Aguiar, Mr. Eduardo Cunha Monnerat Solon de Pontes, Mr. Thomas A. Patterson, Mr. Ali Mazanderani, Mr. Roberto Moses Thompson Motta, Mr. Sílvio José Morais and Mrs. Luciana Ibiapina Lira Aguiar.

The Audit Committee currently consists of three members, namely Mr. Roberto Moses Thompson Motta, Mr. Sílvio José Morais and Mrs. Luciana Ibiapina Lira Aguiar, who satisfy the criteria of audit committee financial expert as set forth under the applicable rules of the SEC.

Immediately following the Transaction, the composition of the board of directors and the executive officers of StoneCo will remain the same as those currently serving such roles.

SHARE OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Major Shareholders and Directors and Officers of StoneCo

The following table and accompanying footnotes present information relating to the beneficial ownership of our Class A Common Shares and Class B Common Shares by (1) each person, or group of affiliated persons, known by us to own beneficially 5% or more of our outstanding shares; (2) each of our executive officers and directors individually; and (3) all of StoneCo's executive officers and directors as a group, in each case as of August 18, 2020, unless otherwise noted below. We are not aware of any other shareholder that beneficially owns more than 5% of our common shares nor of any arrangements the operation of which may at a subsequent date result in a change of control of StoneCo. Other than those persons listed below, none of our directors or officers beneficially own any of our shares.

The number of common shares beneficially owned by each entity, person, executive officer or director is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days through the exercise of any option, warrant or other right.

Except as otherwise indicated, and subject to applicable community property laws, we believe that each shareholder identified in the table below possesses sole voting and investment power over all the Class A Common Shares or Class B Common Shares shown as beneficially owned by the shareholder in the table. Percentages in the table below are based on 225,841,808 outstanding Class A common shares and 82,882,231 outstanding Class B common shares as of August 18, 2020.

	Shares Beneficially Owned				% of Total Voting Power(1)
	Class A		Class B		
	Shares	%	Shares	%	
5% Shareholders					
HR Holdings LLC(2)	-	-	55,335,781	66.8%	52.5%
Madrone Partners L.P.(3)	8,959,532	4.0%	20,379,744	24.6%	20.2%
T. Rowe Price Funds(4)	32,838,829	14.5%	-	-	3.1%
Capital Research Global Investors(5)	18,111,355	8.0%	-	-	1.7%
Actis 4 PCC(6)	14,462,320	6.4%	-	-	1.4%
Berkshire Hathaway Inc.(7)	14,166,748	6.3%	-	-	1.3%
Executive Officers and Directors					
André Street (8)	-	-	61,963,301	74.8%	58.8%
Eduardo Cunha Monnerat Solon de Pontes (9)	-	-	61,963,301	74.8%	58.8%
Roberto Moses Thompson Motta	-	-	-	-	-
Thomas A. Patterson (10)	8,959,532	4.0%	20,379,744	24.6%	20.2%
Ali Mazanderani	-	-	-	-	-
Silvio José Morais	-	-	-	-	-
Thiago dos Santos Piau	-	-	-	-	-
Augusto Barbosa Estellita Lins	1,736,591	0.8%	-	-	0.2%
Marcelo Bastianello Baldin	-	-	-	-	-
Rafael Martins Pereira	-	-	-	-	-
Felipe Salvini Bourrus	-	-	-	-	-
Vinicius do Nascimento Carrasco	-	-	-	-	-
Lia Machado de Matos	*	*	-	-	*
All directors and senior management as a group (13 persons) (11)	10,706,028	4.7%	82,343,045	99.3%	79.1%

* Each of these directors and officers beneficially owns less than 1% of the total number of outstanding Class A common shares.

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- (1) Percentage of total voting power represents voting power with respect to all of our Class A common shares and Class B common shares, as a single class. Holders of our Class B common shares are entitled to 10 votes per share, whereas holders of our Class A common shares are entitled to one vote per share.
- (2) Consists of common shares held of record by HR Holdings, LLC as of August 18, 2020. André Street and Eduardo Pontes may be deemed to have voting and dispositive power over the shares held by HR Holdings, LLC. In addition, Mr. Street and Mr. Pontes are the beneficial owners of (i) 1,286,022 Class B common shares held of record by VCK Investment Fund Limited (SAC) A (“VCK A”), a segregated account of VCK Investment Fund Limited (SAC) (“VCK”), (ii) 1,823,680 Class B common shares held of record by VCK Investment Fund Limited (SAC) E (“VCK E”), a segregated account of VCK, (iii) 3,517,818 Class B common shares held of record by Cakubran Holdings Ltd., a company controlled by VCK. HR Holdings, LLC is controlled by ACP Investments Ltd.—Arpex Capital, which is in turn jointly controlled by VCK A and VCK E, which are segregated accounts of VCK.
- (3) Consists of common shares held of record by Madrone Partners, L.P. as of April 6, 2020. Madrone Capital Partners, LLC is the general partner of Madrone Partners, L.P. Thomas Patterson, Greg Penner and Jameson McJunkin are managing members of Madrone Capital Partners, LLC and may be deemed to have voting and dispositive power over the shares held by Madrone Partners, L.P. The address of each of these entities is 1149 Chestnut Street, Suite 200, Menlo Park, CA 94025.
- (4) The information in the above table concerning T. Rowe Price Associates, Inc. was obtained from a Schedule 13G/A filed with the Securities and Exchange Commission by T. Rowe Price Associates, Inc. on February 14, 2020 reporting beneficial ownership at December 31, 2019. Disclaimer: T. Rowe Price Associates, Inc. (“TRPA”) serves as investment adviser or subadviser, as applicable, with power to direct investments and/or sole power to vote the securities owned by the funds and accounts listed above. For purposes of reporting requirements of the Securities Exchange Act of 1934, TRPA may be deemed to be the beneficial owner of all the shares listed above; however, TRPA expressly disclaims that it is, in fact, the beneficial owner of such securities. TRPA is the wholly owned subsidiary of T. Rowe Price Group, Inc., which is a publicly traded financial services holding company. T. Rowe Price Investment Services, Inc. (“TRPIS”), a registered broker-dealer (and FINRA member), is a subsidiary of TRPA. TRPIS was formed primarily for the limited purpose of acting as the principal underwriter and distributor of shares of the funds in the T. Rowe Price fund family. TRPIS does not engage in underwriting or market-making activities involving individual securities. T. Rowe Price provides brokerage services through this subsidiary primarily to complement the other services provided to shareholders of the T. Rowe Price funds.
- (5) The information in the above table concerning Capital Research Global Investors was obtained from a Schedule 13G/A filed with the Securities and Exchange Commission by Capital Research Global Investors on March 10, 2020 reporting beneficial ownership at February 28, 2020. Of the shares of Class A common shares beneficially owned, Capital Research Global Investors reported that it has sole dispositive power with respect to 18,111,355 shares, and sole voting power with respect to 18,104,903 shares. Capital Research Global Investors is a division of Capital Research and Management Company. The business address for Capital Research Global Investors is 333 South Hope Street, Los Angeles, California 90071.
- (6) The information in the above table concerning Actis 4 PCC-Cell Granite was obtained from a Schedule 13G/A filed with the Securities and Exchange Commission by Actis 4 PCC-Cell Granite on February 12, 2020 reporting beneficial ownership at December 31, 2019. Consists of common shares held by Actis 4 PCC-Cell Granite. Actis 4 PCC-Cell Granite is a Mauritian protected cell company the shareholders of which are investment funds managed by Actis GP LLP or members of the Actis Group. The business address for Actis 4 PCC-Cell Granite is Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius. Actis Global 4 LP and Actis Global 4 A LP hold a majority of the interests of Actis 4 PCC-Cell Granite. Actis GP LLP is the general partner of Actis Global 4 LP and Actis Global 4 A LP. Actis New GP Co Ltd holds a majority of the interests of Actis GP LLP. Actis LLP is the sole shareholder of Actis New GP Co Ltd. H Ebco S.a.r.l. holds a majority of the interests of Actis LLP. Savina Holdings L.P. is the sole owner of H Ebco S.a.r.l. Savina Holdings GP LLP is the general partner of Savina Holdings L.P.
- (7) The information in the above table concerning Berkshire Hathaway, Inc. (“Berkshire Hathaway”) was obtained from a Schedule 13G filed with the Securities and Exchange Commission by Berkshire Hathaway on November 8, 2018 reporting beneficial ownership at October 29, 2018. Berkshire Hathaway’s controlling shareholder is its Chairman and Chief Executive Officer, Warren E. Buffett, who may be deemed to have voting and dispositive power over the shares held by Berkshire Hathaway. The address for each of Berkshire Hathaway and Warren E. Buffett is 3555 Farnam Street, Omaha, Nebraska 68131.

- (8) Shares beneficially owned as of August 18, 2020 consists of (i) 1,286,022 Class B common shares held of record by VCK Investment Fund Limited (SAC) A (“VCK A”), a segregated account of VCK Investment Fund Limited (SAC) (“VCK”), (ii) 1,823,680 Class B common shares held of record by VCK Investment Fund Limited (SAC) E (“VCK E”), a segregated account of VCK, (iii) 3,517,818 Class B common shares held of record by Cakubran Holdings Ltd., a company controlled by VCK and (iv) 55,335,781 Class B common shares held of record by HR Holdings, LLC, a company controlled by ACP Investments Ltd. — Arpex Capital, in turn jointly controlled by VCK A and VCK E, which are segregated accounts of VCK, over which Mr. Street may be deemed to share voting and investment power.
- (9) Shares beneficially owned as of August 18, 2020 consists of (i) 1,286,022 Class B common shares held of record by VCK Investment Fund Limited (SAC) A (“VCK A”), a segregated account of VCK Investment Fund Limited (SAC) (“VCK”), (ii) 1,823,680 Class B common shares held of record by VCK Investment Fund Limited (SAC) E (“VCK E”), a segregated account of VCK, (iii) 3,517,818 Class B common shares held of record by Cakubran Holdings Ltd., a company controlled by VCK and (iv) 55,335,781 Class B common shares held of record by HR Holdings, LLC, a company controlled by ACP Investments Ltd. — Arpex Capital, in turn jointly controlled by VCK A and VCK E, which are segregated accounts of VCK, over which Mr. Pontes may be deemed to share voting and investment power.
- (10) Shares beneficially owned consists of 8,959,532 Class A common shares and 20,379,744 Class B common shares held of record by Madrone Partners L.P., as of April 6, 2020, over which Mr. Patterson may be deemed to share voting and investment power.
- (11) The number of StoneCo Class A Common Shares held by each director or officer is current as of April 6, 2020, pursuant to the StoneCo 2019 20-F, unless otherwise noted.

Shareholders Agreement

We have entered into a shareholders agreement (or the Shareholders Agreement), with our founder shareholders. Among other things, the Shareholders Agreement provides our founder shareholders with the right to nominate a certain number of directors based on the aggregate voting power of the shares of our outstanding share capital held by them, so long as our founder shareholders own at least 5% of the voting power of our outstanding share capital.

The Shareholders Agreement provides that, subject to compliance with applicable law and Nasdaq rules, for so long as our founder shareholders and their affiliates beneficially own shares comprising at least 25% of the voting power of our outstanding share capital, they shall collectively be entitled to designate up to three nominees to our board of directors (or if the size of the board of directors is increased, a majority of the members of the board of directors); for so long as our founder shareholders and their affiliates beneficially own at least 10% of the voting power of our outstanding share capital, they shall collectively be entitled to designate up to two nominees to our board of directors (or if the size of the board of directors is increased, 25% of the members of the board of directors); and for so long as our founder shareholders and their affiliates beneficially own at least 5% of the voting power of our outstanding share capital, they shall collectively be entitled to designate one nominee to our board of directors (or if the size of the board of directors is increased, 10% of the members of the board of directors).

In addition, the Shareholders Agreement provides that for so long as our founder shareholders and their affiliates own at least 10% of the voting power of our outstanding share capital, our founder shareholders will have the right to cause each of the compensation committee, the audit committee and the finance committee of our board of directors to include in its membership the pro rata share of the total number of members of each committee that is equal to the proportion that the number of directors that our founder shareholders are entitled to designate bears to the total number of directors on our board of directors, except to the extent that such membership would violate applicable securities laws or Nasdaq rules.

The rights granted to our founder shareholders to designate directors are additive to and not intended to limit in any way the rights that our founder shareholders or any of their affiliates may have to nominate, elect or remove our directors under our memorandum and articles of association or laws of the Cayman Islands.

The Shareholders Agreement also provides that for so long as founder shareholders own at least 15% of the voting power of our common shares then outstanding, we agree not to take, or permit our subsidiaries to take, certain actions, such as incurring indebtedness in excess of our net equity, entering into a transaction that would result in a Change of Control (as defined therein), entering into a merger, consolidation, reorganization or other business combination, taking any steps to liquidate or declare bankruptcy or insolvency, issue any capital shares other than pursuant to StoneCo’s 2018 omnibus equity plan, acquire or dispose of assets in excess of 20% of our fair market value, or approve any annual compensation of officers and directors, without the approval of our founder shareholders. Additionally, for as long as our founder shareholders and their affiliates hold at least 5% of the total voting power of our outstanding share capital, our founder shareholders and their designated representatives will have certain information and access rights to our management. Finally, the Shareholders Agreement provides that from and after the date on which our founder shareholders no longer collectively beneficially own more than 50% of the voting power of our outstanding share capital, we will cause the board of directors to be divided into three classes of directors, whose members will serve for staggered terms as set forth in the StoneCo Articles of Association.

Major Shareholders and Directors and Officers of Linx

The table below presents information relating to the beneficial ownership of Linx’s common shares (including in the form of ADSs) by (1) each person, or group of affiliated persons, known by Linx to own beneficially 5% or more of Linx’s outstanding shares; (2) each of Linx’s executive officers and directors individually; and (3) all of Linx’s executive officers and directors as a group, in each case as of August 18, 2020, unless otherwise noted below.

The number of common shares beneficially owned by each entity, person, executive officer or director is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of August 18, 2020 through the exercise of any option, warrant or other right. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all common shares held by that person.

The percentage of outstanding common shares is computed on the basis of 175,282,969 common shares outstanding as of August 18, 2020. Common shares that a person has the right to acquire within 60 days of August 18, 2020 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all executive officers directors as a group.

Shareholder	Number of Common Shares	Total Common Shares (%) ⁽¹⁾
5% Shareholders		
Genesis Asset Managers	14,743,368	8.41
Morgan Stanley ⁽²⁾	13,260,874	7.0
Itaú-Unibanco	12,183,378	6.95
GIC Private Limited	8,421,569	4.80
Executive Officers and Directors		
Nércio José Monteiro Fernandes	10,776,395	6.15
Alberto Menache ⁽³⁾	9,045,522	5.16
Alon Dayan	6,848,988	3.91
João Cox	*	*
Roger de Barbosa Ingold	*	*
Flávio Mambreu Menezes	*	*
Gilsinei Valcir Hansen	*	*
Jean Carlo Klaumann	*	*
Antonio Ramatis Fernandes Rodrigues	—	—
Dênis Nieto Piovezan	—	—
Flávio Cesar Maia Luz	—	—
João Adamo Junior	—	—
Marcelo Amaral Morães	—	—
All executive officers and directors as a group (13 persons)		
All executive officers and directors as a group ⁽⁴⁾	27,363,284	15.61

*Represents less than 1% of common shares outstanding.

- (1) Shareholdings do not sum to 100% due to the effects of rounding.
- (2) The information in the above table concerning Morgan Stanley was obtained from a Schedule 13G filed with the Securities and Exchange Commission by Morgan Stanley and Morgan Stanley Uruguay Ltda. on August 28, 2020 reporting beneficial ownership at August 19, 2020.
- (3) Includes 303,109 common shares subject to options exercisable within 60 days of August 18, 2020.
- (4) Includes 401,777 common shares subject to options exercisable within 60 days of August 18, 2020.

Founding Block Shareholders' Agreement

As of May 15, 2020, the founding block shareholders' agreement (as defined below) is currently in effect. As used below, the "founding shareholders" refers to Nércio José Fernandes, Alberto Menache, Alon Dayan and Daniel Mayo. There are certain restrictions on voting rights of members of Linx's board of directors in the founding block shareholders' agreement, based on Article 118, Paragraph 9 of the Brazilian Corporation Law.

On July 30, 2014, Linx entered into a shareholders' agreement with its founding shareholders, or the founding block shareholders' agreement. The founding block shareholders' agreement was amended on September 17, 2018. The founding shareholders agreed to exercise their right to vote at their general meetings, and to have their representatives exercise their right to vote in their interest in accordance with this shareholders agreement. The founding block shareholders will vote in unison. Furthermore, the founding shareholders (other than Daniel Mayo) who would like to assign, transfer, give the capital of another company or promise to sell all or some of their shares, or any rights inherent to them to third parties should communicate his/her intention in writing to other founding shareholders, who (except for Daniel Mayo) will have a preemptive right to acquire such shares, on an equal basis with the other founding block shareholders. Such preemptive right will be exercised in proportion to each of the founding shareholders and prior to any notification pursuant to any other shareholder agreement.

COMPARISON OF THE RIGHTS OF HOLDERS OF STONECO AND LINX SHARES

Linx is a corporation (*sociedade anônima*) incorporated under the laws of the Federative Republic of Brazil. As a result of the Transaction, the holders of Linx Shares will become holders of StoneCo Class A Common Shares, and their rights will be governed by the laws of the Cayman Islands and the StoneCo Articles of Association. Following the Closing of the Transaction, former Linx shareholders will have different rights as StoneCo shareholders than they did as Linx shareholders. Each StoneCo Class A Common Share will be issued in connection with, and will carry with it the rights and obligations set forth in the StoneCo Articles of Association and the laws of the Cayman Islands.

This section summarizes material differences between the rights of Linx shareholders before consummation of the Transaction and the rights of StoneCo shareholders after consummation of the Transaction. These differences in shareholder rights result from the differences between the respective constitutional documents of StoneCo and Linx and the applicable governing law. For additional information regarding the differences between owning StoneCo Class A Common Shares and owning Linx Common Shares and ADSs, see the section of this prospectus entitled “The Transaction Documents—The Association Agreement.” The following summary does not include a description of rights or obligations under the U.S. federal securities laws, Brazilian securities laws, Novo Mercado Rules or Nasdaq listing requirements or standards.

The following summary is not a complete statement of the rights of the shareholders of StoneCo or the shareholders of Linx or a complete description of the specific provisions referred to below. The identification of specific differences is not intended to indicate that other equally significant or more significant differences do not exist. This summary is qualified in its entirety by reference to the Companies Law, the Brazilian Corporation Law, CVM rulings, the Novo Mercado Rules and StoneCo’s and Linx’s constitutional documents, which you are urged to read carefully.

The form of the StoneCo Articles of Association is incorporated herein by reference. Linx has filed with the SEC its constitutional documents and will send copies of these documents to you, without charge, upon your request. For additional information, please see the section of this prospectus entitled “Where You Can Find More Information” of this prospectus.

StoneCo (a Cayman Islands exempted company with limited liability)	Linx (a corporation (<i>sociedade anônima</i>) incorporated under the laws of the Federative Republic of Brazil)
<i>Authorized Share Capital</i>	
StoneCo’s authorized share capital is U.S.\$50,000 divided into 630,000,000 shares of a par value of U.S.\$0.000079365 each.	Linx’s share capital is R\$645,447,005.42 divided into 189,408,960 common shares, registered, book-entry, with no par value.
The Amended and Restated Articles of Association of StoneCo (the “StoneCo Articles of Association”) authorize two classes of common shares: the StoneCo Class A Common Shares, and the StoneCo Class B Common Shares. Any holder of StoneCo Class B Common Shares may convert his or her shares at any time into StoneCo Class A Common Shares on a share-for-share basis.	Pursuant to the bylaws of Linx in effect as of the date of this registration statement (the “Linx Bylaws”), Linx’s share capital must be comprised exclusively of common shares. Linx is authorized to increase the share capital up to a limit of 70,000,000 common shares registered, book-entry, with no par value, irrespective of any amendment to the Linx Bylaws, upon resolution of the Linx board of directors.
The authorized but unissued shares are presently undesignated and may be issued by the board of directors of StoneCo as common shares of any class or as shares with preferred, deferred or other special rights or restrictions.	On December 31, 2019, there were 179,539,188 Linx Common Shares issued and outstanding (excluding 9,869,772 Linx Common Shares held in treasury), and there were 13,358,978 ADSs outstanding, representing 7.4% of the outstanding Linx Common Shares.
As of December 31, 2019, 178,681,714 Class A common shares and 98,678,252 Class B common shares were issued, fully paid and including 6,870 Class A common shares in treasury.	
<i>Shareholders’ Voting Rights</i>	
Each StoneCo Class A Common Share shall entitle the holder to one vote on all matters subject to a vote at general meetings of StoneCo, and each StoneCo Class B Common	Each common share shall grant the right to one vote in the resolutions of the Linx shareholders meetings.

StoneCo

(a Cayman Islands exempted company with limited liability)

Share shall entitle the holder to 10 votes on all matters subject to a vote at general meetings of StoneCo.

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every Member (as defined by the Companies Law) (each a "Member") present in person or by proxy or, in the case of a Member being a corporation, by its duly authorized representative shall have one vote for every share which is fully paid or credited as fully paid registered in his or her name in the StoneCo register of Members, (each StoneCo Class B Common Share shall entitle the holder to 10 votes on all matters subject to a vote at StoneCo general meetings) provided that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every Member who is present in person (or, in the case of a Member being a corporation, by its duly authorized representative) or by proxy shall have one vote. Where more than one proxy is appointed by a Member which is a Clearing House or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a Member entitled to more than one vote need not use all his or her votes or cast all the votes he or her does use in the same way.

Structure of Board of Directors

The StoneCo Articles of Association provide that, unless otherwise determined by a special resolution of shareholders (requiring a two-thirds of those in attendance majority vote), the board of directors of StoneCo will be composed of five to eleven directors, with the number being determined by a majority of the directors then in office.

Each director shall be appointed and elected for such terms as the resolution appointing him or her may determine or until his or her death, resignation or removal, subject to any applicable provision set forth in the StoneCo Articles of Association.

A StoneCo director is not required to hold any shares in StoneCo by way of qualification nor is there any specified upper or lower age limit for directors either for accession to or retirement from the board.

If the Founding Shareholders (as defined in the StoneCo Articles of Association) of StoneCo (the "StoneCo Founding Shareholders") hold at least 50% of all voting powers of the Members, they may elect and appoint a Chairman and Vice-Chairman. If the StoneCo Founding Shareholders do not have such voting power, then the StoneCo board of directors shall appoint the Chairman and Vice-Chairman.

Shareholder's Derivative Actions

Class actions are not recognized in the Cayman Islands, but groups of shareholders with identical interests may bring representative proceedings, which are similar. However, a class action suit could nonetheless be brought in a U.S. court pursuant to an alleged violation of U.S. securities laws and regulations.

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Other than the exceptions provided for in the Linx Bylaws, the Brazilian Corporation Law or the Novo Mercado Rules, as the case may be, the affirmative vote of Linx shareholders representing at least the majority of our issued and outstanding common shares present in person or represented by a proxy at a shareholders' meeting is required to approve any matter. Abstentions are not taken into account. However, the affirmative vote of Linx shareholders representing at least 50% of the Linx issued and outstanding voting capital is required to approve certain enumerated matters.

A shareholder may be represented at a shareholders' meeting by a proxy appointed less than a year before the meeting. Such proxy must be a shareholder, a Linx director or officer, a lawyer or a financial institution. An investment fund must be represented by its manager or a proxy.

Pursuant to the Linx Bylaws, the Linx board of directors must consist of a minimum of five and a maximum of eleven members, including one chairman and one vice-chairman, who may or may not be Linx shareholders.

The members of the Linx board of directors are elected at a general shareholders' meeting and serve a term of up to two years. They may be reelected, and they are subject to removal at any time by the Linx shareholders. The members of the Linx board of directors must remain in office until their successor is elected and takes office.

According to the Rules of the Novo Mercado, at least two or 20%, whichever is greater, of the members of the Linx board of directors must be independent members.

Chairman

The Board of Directors shall have one Chairman and one Deputy Chairman, both elected by a majority of votes of the members attending the Linx shareholders meeting, provided that the positions of Chairman of the Linx board of directors and Chief Executive Officer of Linx may not be held by the same person.

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In principle, StoneCo would normally be the proper plaintiff and as a general rule, whilst a derivative action may be initiated by a minority shareholder on StoneCo's behalf in a Cayman Islands court, such shareholder will not be able to continue those proceedings without the permission of a Grand Court judge, who will only allow the action to continue if the shareholder can demonstrate that it has a good case against the defendant, and that it is proper for the shareholder to continue the action rather than the board of directors. Examples of circumstances in which derivative actions would be permitted to continue are where:

- (i) a company is acting or proposing to act illegally or beyond the scope of its authority;
- (ii) the act complained of, although not beyond the scope of its authority, could be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- (iii) those who control the company are perpetrating a "fraud on the minority."

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on a potential violation of their individual rights as members as established by a company's memorandum and articles of association.

Approval of Mergers and Business Combinations

The StoneCo Articles of Association provide that, subject to the Companies Law and the rules of any applicable stock exchange, StoneCo will, with the approval of a special resolution (requiring a two-thirds of those in attendance majority vote), have the power to merge or consolidate with one or more constituent companies, upon such terms as the StoneCo directors may determine, provided that any such merger or consolidation shall require the consent of the StoneCo Founding Shareholders.

As permitted under Cayman Islands law, the StoneCo Articles of Association do not provide for cumulative voting.

Cumulative Voting

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may do so on behalf of the company. If the shareholders' meeting votes against filing a derivative lawsuit, shareholders representing at least 5% of the company's capital stock are entitled to file such lawsuit, notwithstanding the voting result.

Further, the Brazilian Corporation Law provides that shareholders representing at least 5% of the company's capital stock may bring claims against the controlling shareholder to recover damages caused by the breach of its fiduciary duties.

The Brazilian Corporation Law permits a wide variety of bases for shareholder lawsuits. For example, shareholders are entitled to file lawsuits to:

- (i) void the act of incorporation of the company (limitation period of one year);
- (ii) void decisions taken by irregular meetings (limitation period of two years);
- (iii) claim civil liabilities against experts and capital subscribers (limitation period of one year);
- (iv) claim the payment of dividends (limitation period of 3 years, calculated as from the date on which such dividends were made available to the shareholder);
- (v) claim civil liabilities against the founders, shareholders, managers, liquidators, auditors or controlling companies, in the case of violation of the law or by-laws (limitation period of 3 years); and
- (vi) claims against the company for whatever reason (limitation period of 3 years).

As prescribed by CVM Instruction No. 627, dated June 22, 2020, the threshold to file either a derivative action against the company's directors or a claim against the controlling shareholder for the breach of its fiduciary duties, considering Linx's current capital, is of 4% of Linx's voting capital stock.

The affirmative vote of shareholders representing at least 50% of Linx's issued and outstanding voting capital is required to approve any merger into or consolidation with another company.

The Brazilian Corporate Law permits the adoption of cumulative voting upon a request by shareholders representing at least 10% of Linx's voting capital, according to which each share receives a number of votes corresponding to the number of members of the Linx board of directors. The shareholders holding, individually or jointly, at least 15% of the Linx Common Shares are entitled to vote separately to appoint one director. As prescribed by CVM Instruction No. 282, dated June 26, 1998, the threshold to trigger cumulative voting rights may vary from 5% to 10% of the total voting capital stock. Taking into consideration Linx's current capital, Linx shareholders representing 5% of Linx's voting capital stock may request the adoption of cumulative voting to elect the members of the Linx board of directors. If cumulative voting is

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Subject to the StoneCo Articles of Association, directors are elected by an ordinary resolution of the StoneCo shareholders. Notwithstanding the foregoing, for so long as the StoneCo Founding Shareholders hold any shares, the StoneCo Founding Shareholders, collectively, shall be entitled to nominate a certain number of designees to the StoneCo board of directors for a specific term, as set forth in the StoneCo Articles of Association. The StoneCo Founding Shareholders may in like manner remove such director(s) appointed by them and appoint replacement director(s).

The StoneCo Articles of Association provide that from and after the date on which the StoneCo Founding Shareholders (and/or their respective affiliates) no longer constitute a group that beneficially owns more than 50% of StoneCo's outstanding voting power on the classifying date, the StoneCo directors shall be divided into three classes designated Class I, Class II and Class III. Each StoneCo director shall serve for a term ending on the date of the third annual general meeting of the StoneCo shareholders following the annual general meeting of the StoneCo shareholders at which such director was elected as subject to the provisions of the StoneCo Articles of Association. The StoneCo founding directors shall be allocated to the longest duration classes unless otherwise determined by the StoneCo Founding Shareholders.

Removal of Directors and Vacancies

Each StoneCo director holds office for the term, if any, fixed by the shareholders' resolution that appointed him or her or, if no term is fixed for the appointment of the director, until the earlier of his or her death, resignation or removal. StoneCo directors appointed by the StoneCo board of directors hold office until the next annual general meeting. The StoneCo Articles of Association do not include a mandatory retirement age for directors. The current StoneCo directors hold office until the next annual general meeting.

Before the expiration of his or her term of office, a director may only be removed for cause by ordinary resolution in accordance with the provisions of the StoneCo Articles of Association, subject to specific provisions in respect of the StoneCo founding directors. Cause means, in relation to a director, the occurrence of any of the following events: (a) the person's conviction by final judgment issued by a competent court or declaration of guilt before a competent court with respect to any offense considered an intentional crime or punishable by detention, or a torpid act, intentional fraud, improbity, theft or anti-ethical business conduct in the jurisdiction involved; (b) fraud, theft, financial dishonesty, misappropriation or embezzlement of funds by the person, whether before or after the date of his or her election, that adversely affects StoneCo; (c) breach or

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not requested, the Linx board of directors shall be elected by the majority vote of the holders of Linx Common Shares, in person or represented by a proxy. The Linx directors are elected by Linx's shareholders at an annual shareholders meeting for a term of up to two years.

Election and removal of members of the Linx board of directors shall be approved exclusively by Linx shareholders meeting.

According to the Novo Mercado Regulations, at least two or 20%, whichever is greater, of the members of the Linx board of directors must be independent directors. As defined in the Novo Mercado Regulations, in addition to a case-by-case analysis of its relationship to the company, an independent director cannot:

- (1) be a direct or indirect controlling shareholder of Linx;
- (2) have its voting rights at meetings of the board be bound by the terms of a shareholders' agreement; and
- (3) be a spouse or a second-degree or closer relative of a controlling shareholder, manager of the company or manager of the controlling shareholder; and
- (4) have been an employee or director of Linx or of its controlling shareholder during the previous three years.

Linx directors may be reelected, and they are subject to removal at any time by the Linx shareholders. The members of the Linx board of directors must remain in office until their successor is elected and takes office.

In the case of vacancy, temporary incapacity or absence of any member of the Linx board of directors and its relevant alternate, certain provisions of the shareholders agreement and the following provisions shall be applicable:

- In the case of vacancy of any member of the Linx board of directors and its relevant alternate, the remaining members of the Linx board of directors shall appoint a substitute that shall serve until the first shareholders meeting and such member, if confirmed by such shareholders meeting, shall complete the term of office of the substituted member.
- In the case of temporary incapacity or absence of any member of the Linx board of directors and its relevant alternate, the impaired or absent member of the Linx board of directors shall appoint, among the other members of the Linx board of directors, a representative, and such substitution shall continue during the impairment period, which, if more than ninety days, shall be deemed a vacancy.

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wilful misconduct by the person in the performance of its obligations, including, among others, (i) uninterrupted or repeated omission or refusal to perform the obligations and duties established in the StoneCo Articles of Association or in the applicable laws, (ii) incapacity, by the person, to comply with the obligations and duties as a result of an alcohol or drug addiction; or (d) willful misconduct that causes material damages to or that adversely affects StoneCo's financial situation or commercial reputation.

Subject to certain exceptions, vacancies on the StoneCo board of directors (arising other than upon the removal of a director by an ordinary resolution) can be filled by the remaining Director(s) (notwithstanding that the remaining Director(s) may constitute fewer than the required number of directors). Any such appointment shall be as an interim director to fill such vacancy until the earlier of (i) the appointment of a new director or (ii) the next annual general meeting of Members (and such appointment shall terminate at the commencement of the annual general meeting).

StoneCo's executive officers are primarily responsible for the day-to-day management of StoneCo's business and for implementing the general policies and directives established by the StoneCo board of directors. The StoneCo board of directors is responsible for establishing the roles of each executive officer.

The StoneCo Articles of Association provide that the StoneCo board of directors may appoint such officers as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the StoneCo board of directors may think fit. Unless otherwise specified in the terms of his or her appointment, an officer may be removed by the StoneCo board of directors.

The organizational documents of StoneCo do not provide for a fiscal council.

Under the Companies Law, there is no requirement to have a fiscal council. The StoneCo Articles of Association provide that, subject to applicable law and the listing rules of any designated stock exchange, the directors may delegate any of their powers to any committee (including, without limitation, an audit committee and compensation committee), consisting of one or more directors.

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- In the case of vacancy of the Chairman of the Linx board of directors, the Deputy Chairman may substitute him/her regardless of any formality. In case of temporary incapacity or absence of the Chairman and the Deputy Chairman, the Chairman or the Deputy Chairman shall appoint a member Linx board of directors as a substitute.
- In the case of certain temporary incapacity or absence, the representative shall act, including or the effects of voting in meetings of the Linx board of directors, for its own account and on behalf of the represented member of the Linx board of directors.

Linx's executive officers are Linx's legal representatives and are principally responsible for Linx's day-to-day management and for implementing the policies and general guidelines established by the Linx board of directors. According to the Brazilian Corporate Law, all of Linx's officers must be residents of Brazil and may or may not be shareholders of Linx. In addition, a maximum of one-third of Linx's directors may also serve as Linx's executive officers.

Linx's executive officers are elected at a meeting of the Linx board of directors for two-year terms, reelection being permitted. The Linx board of directors may elect to remove Linx's executive officers at any time.

According to the Linx Bylaws, Linx must have a minimum of two and a maximum of ten executive officers, each of whom must be a resident of Brazil, as required by law, but need not own any Linx shares. In accordance with the Novo Mercado Regulations, prior to taking office, Linx's executive officers are required to sign an instrument of adherence to Novo Mercado Regulations.

Fiscal Council

Under the Brazilian Corporate Law, the fiscal council (*conselho fiscal*) is an optional, non-permanent corporate governance body that, if constituted, must be independent from a company's management and its external independent auditors. As such, it may not include members of the Linx board of directors or executive officers or their spouses or relatives. In addition, a company's fiscal council may not include employees of that company's subsidiaries or of any entity that participates in its management.

The primary responsibility of the fiscal council is to review management's activities and financial statements and to report its findings to shareholders. Members of a company's fiscal council are entitled to at least 10% of the average compensation paid to that company's executive officers, excluding benefits, representation fees and profit sharing.

Any fiscal council must be appointed at a Linx shareholders' meeting upon the request of Linx shareholders representing at least 10% of the outstanding Linx Common Shares, and its

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The board of directors of StoneCo may delegate any of its powers to committees consisting of such director(s) or other person(s) as the StoneCo board of directors thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the StoneCo board of directors.

The StoneCo board of directors has two standing committees: the audit committee and the compensation committee. In addition, StoneCo has established two additional committees to assist the StoneCo board of directors in a consultative capacity: the advisory committee and the finance committee. The advisory committee, which is comprised of board members, executives and other advisors, has been formed for the purpose of assisting management with its long-term strategy discussions, sourcing and evaluating business opportunities and devising plans and strategies to optimize the growth of StoneCo's business. The finance committee, comprised of board members, executives and other advisors, has been formed for the purpose assisting management with assessing and managing market risks, liquidity risks, capital allocation decisions and other strategies and goals relating to StoneCo's financial position.

Annual Meetings of Shareholders

As a Cayman Islands exempted company, StoneCo is not obligated by the Companies Law to call annual general meetings; however, the StoneCo Articles of Association provide that StoneCo must hold an annual general meeting each year (other than the year of adoption of the StoneCo Articles of Association). Such meeting must be held at least once every calendar year and take place at such place as may be determined by the StoneCo board of directors from time to time.

Holders of StoneCo Class A Common Shares and holders of StoneCo Class B Common Shares have the right to receive notice of, attend, speak and vote at general meetings of StoneCo.

term ends at the first annual Linx shareholders meeting following its creation. The request to establish a fiscal council can be submitted during any Linx shareholders' meeting, at which time the elections of members of the fiscal council would occur.

According to the Linx Bylaws, Linx's fiscal council may consist of three members and an equal number of alternates, all of whom must be residents of Brazil.

Committees

At Linx's general shareholders' meeting held on December 4, 2012, Linx approved the creation of a statutory audit committee and a personnel committee. In August 2016, Linx's board of directors created a strategy committee.

Linx's statutory audit committee consists of a minimum of three members elected by the Linx board of directors for a term of up to two years. Linx's statutory audit committee has certain advisory functions, as set out in its charter. Linx's statutory audit committee meets whenever necessary.

Linx's personnel committee consists of a maximum of four members elected by the Linx board of directors, with a term of up to two years each. Linx's personnel committee aims to develop policies and guidelines regarding the remuneration of Linx's directors and officers, pursuant to its charter. Linx's personnel committee meets whenever necessary.

The strategy committee supports the Linx board of directors in matters relating to corporate strategies and mergers and acquisitions.

The Brazilian Corporation Law requires corporations to hold an annual general meeting of shareholders within four months following the end of the fiscal year to deliberate on the following matters:

- (i) management accounts and year-end financial statements;
- (ii) allocation of the net profits for the fiscal year and distribution of dividends;
- (iii) election of managers and members of the fiscal council, if any, and associated remuneration; and
- (iv) approval of the annual monetary adjustment to the capital stock.

Pursuant to the Linx Bylaws, Linx holds annual shareholders meetings within the four months following the end of the fiscal year, in order to (i) review the accounts of the management, examine, discuss and vote the financial statements; (ii) resolve on the allocation of the net profit of the fiscal year and distribution of dividends; and (iii) elect the members of the Linx board of directors and the Fiscal Council, as necessary.

Special Meetings of Shareholders

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The StoneCo Articles of Association provide that the directors may, whenever they think fit, convene an extraordinary general meeting, and also provide that for as long as the founding shareholders collectively hold 50% of all of the voting powers of the shareholders, then shareholders who collectively hold a majority of all of the voting power of the shareholders are entitled to request the directors to convene an extraordinary general meeting of the company.

Notice of Shareholder Meetings

A StoneCo annual general meeting shall be called upon at least 21 days' (and not less than 20 business days') notice in writing, and any other general meeting shall be called upon at least 14 days' (and not less than 10 clear business days') notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the StoneCo Articles of Association shall be in writing, and may be served by StoneCo on any Member personally, by post to such Member's registered address or (in the case of a notice) by advertisement in the newspapers. StoneCo will give notice of each general meeting of shareholders by publication on the StoneCo website and in any other manner that StoneCo may be required to follow in order to comply with Cayman Islands Law, the applicable stock exchange rules and SEC requirements.

Subject to the Companies Law and the applicable stock exchange rules, a notice or document may also be served or delivered by StoneCo to any Member by electronic means.

Although a StoneCo general meeting may be called by shorter notice than as specified above, every StoneCo general meeting may be deemed to have been duly called if it is so agreed by all of StoneCo's Members entitled to attend and vote at such meeting.

Quorum at Shareholder Meetings

The quorum for a general meeting is one or more StoneCo shareholders holding not less than one-third in aggregate of the voting power of all StoneCo shares in issue and entitled to vote, present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights, the necessary quorum is persons holding or representing by proxy not less than two-thirds of the issued StoneCo shares of the applicable class.

The StoneCo Articles of Association provide that no business shall be transacted at any meeting unless a quorum is present at the time when the meeting proceeds to business and continues to be present until the conclusion of the meeting. One or more StoneCo shareholders holding not less than one-third in aggregate of the voting power of all StoneCo shares in issue and entitled to vote, present in

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A special shareholders' meeting may be held at any time, including concurrently with the annual shareholders' meeting.

Pursuant to the Brazilian Corporate Law, all of Linx's general shareholders' meetings must be called by means of at least three publications in the Official Gazette of the State of São Paulo (Diário Oficial do Estado de São Paulo), and in O Estado de São Paulo. The first notice must be published no later than 30 days before the date of the meeting, and the second, no later than eight days before the date of the meeting.

The CVM may also, upon the request of any Linx shareholder, suspend for up to 15 days the process of calling for a particular special shareholders' meeting in order to understand and analyze the proposals to be submitted at the meeting. In any event, notices of Linx shareholders' meetings must include the place, date, time and the agenda of the meeting and, in certain cases, a detailed description of the matters to be discussed.

As a general rule, the Brazilian Corporate Law provides that a quorum for purposes of convening a shareholders' meeting shall consist of shareholders representing at least 25% of a company's issued and outstanding voting capital stock on the first call, and if that quorum is not reached, quorum consists of shareholders representing any percentage of the voting capital stock on the second call.

Other than certain exceptions provided for in the Linx Bylaws, the Brazilian Corporation Law or the Novo Mercado Rules, as the case may be the affirmative vote of shareholders representing at least the majority of the issued and outstanding Linx Common Shares present in person or represented by a proxy at a Linx shareholders' meeting is required to approve any matter. Abstentions are not taken into account. However, the affirmative vote of Linx shareholders representing at least 50% of Linx's issued and outstanding voting capital is required to approve the following:

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person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative, shall represent a quorum.

The StoneCo Articles of Association provide that an ordinary or special resolution may be approved in writing by all shareholders entitled to vote at a general meeting of the company.

The StoneCo Articles of Association do not require a mandatory tender offer.

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- a change in Linx's corporate purpose;
- a reduction in the percentage of minimum mandatory dividends to be distributed to the Linx shareholders;
- any merger into or consolidation with another company;
- any spin-off of Linx's assets;
- Linx's participation in a centralized group of companies (as defined by the Brazilian Corporate Law);
- application for cancellation of any voluntary liquidation;
- Linx's dissolution; and
- merging all Linx Common Shares into another company.

In the case of Brazilian publicly held corporations with a significant free float, if the prior shareholders' meetings of Linx were attended by Linx common shareholders representing less than 50% of its total voting capital stock, the CVM may authorize a reduction of such quorum.

Shareholder Action by Written Consent

The Brazilian Corporation Law requires shareholders' meetings to be held live, virtually or both live and virtually. Remote voting is also permitted for shareholders of publicly held companies. Publicly held companies are required to offer remote voting in connection with annual shareholders' meetings, any shareholders' meeting taking place on the same date as the annual meeting or any other shareholders' meeting that will resolve on the election of board members or fiscal council members.

Mandatory Tender Offer

Other than the general tender offer modalities set forth in CVM regulation applicable to publicly-held companies such as Linx, the listing rules of the Novo Mercado provide that a change of control of Linx resulting from a transaction or a series of transactions is subject to the condition that a mandatory tender offer for all of the Linx shares is launched by the acquirer. The tender offer must bear the same terms and conditions of the transaction effecting the change of control and must comply with the terms and conditions under applicable law and the listing rules of the Novo Mercado.

In the event of an indirect change of control, the acquirer must disclose the value assigned to Linx for the purpose of defining the price of the tender offer, as well as the assumptions and calculations underlying such valuation.

Also, as indicated above, the MTO provided for in Article 43 of the bylaws of Linx, the waiver of which is part of the Transaction Proposal, provides that any shareholder or person that acquires or becomes the holder of an equity stake in Linx representing 25% or more of the Linx Shares is required to launch a tender offer to acquire all of the remaining Linx Shares in accordance with the provisions of the applicable regulations of the CVM, Novo Mercado Rules and Linx's bylaws. The MTO is required to be made within 60 days from

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the date of the event on which title to the qualifying equity stake is acquired.

Related Party Transactions

StoneCo's related person transaction policy states that any related person transaction must be approved or ratified by StoneCo's audit committee, the StoneCo board of directors or a designated committee thereof. In determining whether to approve or ratify a transaction with a related person, StoneCo's audit committee, the StoneCo board of directors or the designated committee will consider all relevant facts and circumstances, including without limitation (i) the commercial reasonableness of the terms of the transaction, (ii) the benefit and perceived benefit, or lack thereof, to StoneCo, (iii) opportunity costs of an alternate transaction, (iv) the materiality and character of the related person's direct or indirect interest and (v) the actual or apparent conflict of interest of the related person. StoneCo's audit committee, the StoneCo board of directors or the designated committee will not approve or ratify a related person transaction unless it has determined that, upon consideration of all relevant information, such transaction is in, or not inconsistent with, StoneCo's best interests and the best interests of StoneCo's shareholders.

In accordance with the Brazilian Corporate Law and the Linx Bylaws, decisions with respect to related party transactions are made by the Linx shareholders or Linx's statutory audit committee and the Linx board of directors, as the case may be. No director may participate in deliberations with respect to any transaction in which such director has a conflict of interest with Linx.

In accordance with Linx's related transaction policy, Linx's statutory audit committee reviews potential material related party transaction. In addition, Linx's statutory audit committee is responsible for: (i) evaluating the counterparty selection process and the conditions for contracting any relevant transaction with related parties; (ii) approving in advance the execution of any relevant transaction with related parties; and (iii) subsequent to approving the transaction, submitting the approved transactions to the Linx board of directors. Linx need not submit to the Linx statutory audit committee intra-group related party transactions, such as transactions between Linx and a subsidiary.

Members of the Linx statutory audit committee who are party to a potential related party transaction will not be able to review and approve such transaction as a result of a potential conflict of interest. Members of the Linx statutory audit committee will be required to recuse themselves and will not be able to participate in meetings where the applicable related party transaction is discussed.

Linx's Chief Financial Officer is required to prepare quarterly reports, which include information regarding related party transactions. The quarterly reports are submitted to the Linx statutory audit committee.

Appraisal and Dissenters' Rights

While Cayman Islands law allows a dissenting shareholder to express the shareholder's view that a court sanctioned reorganization of a Cayman Islands company would not provide fair value for the shareholder's shares, Cayman Islands statutory law does not specifically provide for shareholder appraisal rights in connection with a merger or consolidation of a company that takes place by way of a scheme of arrangement.

Any of the Linx shareholders who disagree with certain decisions made in a shareholders' meeting have the right to withdraw from Linx and receive reimbursement for the value of their shares.

Pursuant to the Brazilian Corporate Law, the right of withdrawal may be exercised under the following circumstances:

- any spin-off in the circumstances described below;
- a reduction of Linx's minimum mandatory dividends;
- a change in Linx's corporate purpose;
- the merger of shares involving Linx, in accordance with article 252 of the Brazilian Corporate Law;
- Linx's participation in a corporate group (as defined in the Brazilian Corporate Law);
- the acquisition by Linx of the control of another company for a price that exceeds the limits established in paragraph two of article 256 of the Brazilian Corporate Law;
- a change in Linx's corporate form; or

Cayman Islands statutory law provides a mechanism for a dissenting shareholder in a merger or consolidation that does not take place by way of a scheme of arrangement to apply to the Cayman Islands Grand Court for a determination of the fair value of the dissenter's shares if it is not possible for the company and the dissenter to agree on a fair price within the time limits prescribed.

When a takeover offer is made and accepted by holders of 90.0% in value of the shares affected within four months, the offeror may, within a two-month period thereafter, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection may be made to the Cayman Islands Grand Court but is unlikely to succeed unless there is evidence of fraud, bad faith or collusion. An application may be made by a dissenting shareholder to the Grand Court for an order that the transfer

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of the shares be made otherwise than on the terms of the offer.

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- Linx's merger into or consolidation with another company.

However, under the Brazilian Corporate Law, a spin-off will not trigger withdrawal rights, unless it:

- causes a change in Linx's corporate purpose, except if the assets and liabilities spun off were transferred to a company whose primary activities are consistent with Linx's corporate purpose;
- reduces Linx's minimum mandatory dividends; or
- results in Linx's participation in a centralized group of companies (as defined in the Brazilian Corporate Law).

In cases involving (1) Linx's merger into or consolidation with another company, or (2) Linx's participation in a corporate group (as defined in the Brazilian Corporate Law), the Linx shareholders will not be entitled to withdrawal rights if the Linx shares:

- are "liquid," meaning they are part of the B3 Index or other stock exchange index (as defined by the CVM), and
- are widely held, such that Linx's controlling shareholders or their affiliates hold less than 50% of the Linx shares.

The right to withdraw expires 30 days after publication of the minutes of the relevant Linx shareholders' meeting. In addition, Linx is entitled to reconsider any action that may give rise to withdrawal rights for ten days after the expiration of this period if Linx deems that the payment of the redemption amount to the dissenting shareholders would jeopardize Linx's financial stability.

Upon the exercise of withdrawal rights, Linx shareholders are entitled to receive the net worth of their Linx shares, based on Linx's most recent statement of financial position approved by the Linx shareholders. If the resolution giving rise to the withdrawal rights is made later than 60 days after the date of Linx's most recent approved statement of financial position, the shareholder may demand, together with the redemption, that his or her Linx Common Shares be valued according to a new statement of financial position dated no more than 60 days before the resolution date. In this case, Linx must immediately pay 80% of the net worth of the Linx shares, calculated on the basis of the most recent statement of financial position approved by the Linx shareholders, and the balance must be paid within 120 days after the date of the resolution of the Linx shareholders' meeting.

Shareholder Information Rights

Shareholders of a Cayman Islands exempted company (such as StoneCo) have no general rights under Cayman Islands law to inspect corporate records and accounts or to obtain copies of lists of shareholders.

The StoneCo Articles of Association provide that the directors may from time to time determine whether, to what extent, at what times and places and under what conditions or regulations the accounts and books and corporate records of StoneCo or any of them shall be

Under the Brazilian Corporation Law, shareholders have the right to:

- (i) request copies of the minutes of general meetings and resolutions of Linx;
- (ii) receive copies of support documents for resolutions in annual or extraordinary general shareholders' meetings (*i.e.*, management and auditors' reports and statements of financial position); and

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open to the inspection of shareholders not being directors, and no shareholder (not being a director) shall have any right of inspecting any account or book or document of StoneCo except as conferred by applicable law, the listing rules of any designated stock exchange or authorised by the directors.

Amendments of Constituent Documents

Subject to the Companies Law and the StoneCo Articles of Association, the StoneCo Articles of Association may only be altered or amended, and StoneCo's name may only be changed, with the sanction of a special resolution together with the consent of the StoneCo founder shareholders as set forth in the StoneCo Articles of Association. Except with respect to share capital, alterations to the StoneCo Articles of Association may only be made by special resolution of the StoneCo shareholders (requiring a two-thirds of those in attendance majority vote).

Indemnification of Directors and Officers & Limitation on Personal Liability of Directors and Officers

The Companies Law does not limit the extent to which a company's articles of association may provide for indemnification of directors and officers, except to the extent that it may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. The StoneCo Articles of Association provide that StoneCo shall indemnify and hold harmless StoneCo's directors and officers against all actions, proceedings, costs, charges, expenses, losses, damages, liabilities, judgments, fines, settlements and other amounts incurred or sustained by such directors or officers, other than by reason of such person's dishonesty, wilful default or fraud, in or about the conduct of StoneCo's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his or her duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil, criminal or other proceedings concerning StoneCo or its affairs in any court whether in the Cayman Islands or elsewhere. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to StoneCo's directors, officers or persons controlling StoneCo under the foregoing provisions, StoneCo has been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

The StoneCo Class A Common Shares and StoneCo Class B Common Shares of StoneCo are not entitled to preemptive rights upon transfer.

Preemptive Rights

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(iii) receive certificates of corporate books if a certain share ownership threshold is met.

Amendment of the Linx Bylaws requires approval by an extraordinary shareholders' meeting.

Subject to certain exceptions, Linx may, directly or through any of its subsidiaries, enter into indemnity agreements with the members of the Linx board of directors, of any advisory committees, of its Executive Board or of its direct and indirect subsidiaries, and all other employees with management powers in Linx and/or any of its direct or indirect subsidiaries (jointly or separately "Linx Beneficiaries"), in the event of any damage or loss actually suffered by the Linx Beneficiaries as a result of the regular exercise of their duties at Linx, without prejudice to the contracting of a specific insurance contract in favor of such beneficiaries.

The indemnity agreement may provide for the advance of expenses by Linx to its Beneficiaries, in order to safeguard the defense in judicial and administrative proceedings, arising from acts performed in the regular exercise of their duties in Linx or its direct or indirect subsidiaries, according to the conditions established in the indemnity agreement.

The indemnity value in the indemnity agreement shall not exceed the greater of (i) the limit provided in Linx's D&O insurance policy in effect at the time of the indemnity agreement or (ii) U.S.\$50,000,000.00. The indemnity agreement will have a five-year term from the termination of the Beneficiary's contractual relationship with Linx or its direct or indirect subsidiaries.

Linx has obtained insurance coverage with Zurich Minas Brasil Seguros S.A. to protect its directors and officers against civil liabilities incurred by them while exercising their corporate functions during the coverage period. Under the terms of this D&O insurance policy, the insurer will cover up to R\$70 million in damages as determined by judicial or arbitral decisions as well as private settlements approved by the insurer. The insurance policy currently in effect expires on August 30, 2020 and excludes coverage for damages resulting from willful misconduct, fraud or severe negligence on the part of the Linx directors and officers.

The Linx shareholders have a general preemptive right (subject to certain exceptions) to subscribe to shares in any capital increase in proportion to their shareholding at the time of such capital increase. While the Linx shareholders also have

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a general preemptive right to subscribe to any debenture convertible into Linx Common Shares and subscription warrants that Linx may issue, no preemptive rights apply to actual conversions of debentures, acquisitions of shares resulting from the exercise of subscription warrants and granting of call options and issuance of shares as a result of their exercise. A period of at least 30 days following the publication of the notice of the capital increase or issuance of convertible debentures or subscription warrants is allowed for the exercise of the preemptive right. Shareholders may waive their preemptive rights.

However, pursuant to the Brazilian Corporate Law and the Linx Bylaws, the Linx board of directors is authorized to exclude preemptive rights or reduce their exercise period with respect to the issuance of new shares, convertible debentures and subscription warrants, up to the limit of the authorized stock capital, if the distribution of those shares, debentures or warrants is effected through a stock exchange, through a public offering or through an exchange of shares in a public offering the purpose of which is to acquire control of another company.

Dividends

Under the Companies Law and StoneCo's Articles of Association, a Cayman Islands company may pay a dividend out of either its profit or share premium account, but a dividend may not be paid if payment would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Pursuant to the StoneCo Articles of Association, dividends can be declared and paid out of funds lawfully available to StoneCo, which include the share premium account.

Subject to rights and restrictions attached to any StoneCo shares, the StoneCo directors may from time to time declare dividends (including interim dividends) and other distributions on StoneCo shares in issue and authorize payment of the same out of the funds of StoneCo lawfully available therefor.

Subject to the rights and restrictions attached to any StoneCo shares, StoneCo by ordinary resolution of the StoneCo shareholders may declare dividends, but no dividend may exceed the amount recommended by the StoneCo board of directors.

The Brazilian Corporate Law requires that the bylaws of a Brazilian corporation specify a minimum percentage of income available for the annual distribution of dividends, known as the mandatory dividend, which must be paid to shareholders either as dividends or interest on equity.

Pursuant to the Brazilian Corporate Law and the Linx Bylaws, at least 25.0% of Linx's adjusted net income should be allotted for the distribution and payment of the mandatory dividend to the Linx shareholders. Linx's net income for this purpose is adjusted by reducing net income allocated to Linx's legal reserve and other reserves, and by increasing net income by any reversals of the reserves.

While Linx is required under the Brazilian Corporate Law to pay a mandatory distribution every year, Linx is also allowed to suspend the mandatory distribution of dividends if the Linx board of directors reports to Linx's annual shareholders' meeting that the distribution would be inadvisable given Linx's financial condition. In addition, Linx's management must submit a report setting out the reasons for the suspension to the CVM. Net income not distributed by virtue of a suspension is allocated to a separate reserve and, if not absorbed by subsequent losses, is required to be distributed as soon as the financial condition of Linx permits such payments.

The mandatory dividend is based on a percentage of adjusted net income in each fiscal year, to be not less than 25%, rather than a fixed amount per share. According to the Linx Bylaws, at least 25% of Linx's net income for the fiscal year, calculated in accordance with the Brazilian Corporate Law and Brazilian GAAP, should be distributed as a mandatory annual dividend.

Repurchases and Redemptions

The Companies Law and the StoneCo Articles of Association permit StoneCo to purchase its own shares, subject to certain restrictions. The StoneCo board of directors may only exercise this power on behalf of StoneCo, subject to the Companies Law, the StoneCo

According to the Brazilian Corporate Law, Linx may redeem its shares subject to the approval of the Linx shareholders at a special shareholders' meeting, where Linx shareholders representing at least 50% of the Linx shares that would be

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Articles of Association and any applicable requirements imposed by the SEC and the applicable stock exchange on which StoneCo securities are listed.

StoneCo may issue shares on terms that they are to be redeemed or are liable to be redeemed at the option of StoneCo or the Member on such terms and in such manner as the StoneCo directors may, before the issuance of the shares, determine.

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affected approve it. Redemption can be paid with Linx's profits, profit reserves or capital reserve.

REGULATORY MATTERS

Closing of the Transaction is subject to regulatory approval by the CADE and satisfaction of other conditions precedent, as required under the terms of the Association Agreement, having been obtained or received. Linx, STNE, DLP, Linx's Founding Shareholders and StoneCo have agreed to cooperate with one another to obtain the approval by the CADE and to prepare any other documents related to the Transaction. Linx and StoneCo are in the process of completing the filing of applications and notifications to obtain the required regulatory approval. The Transaction cannot be consummated until the closing conditions relating to applicable filings and clearances under antitrust laws in Brazil have been satisfied. StoneCo has not yet submitted the Transaction for review by the CADE.

Although StoneCo and Linx believe that they will be able to obtain the requisite approval (and deemed approval) in a timely manner, neither StoneCo nor Linx can predict when or if they will do so, or if the required approval will contain terms, conditions or restrictions that will adversely affect the Transaction, StoneCo, Linx or their respective subsidiaries after the Transaction are consummated.

For a discussion on the commitments made by StoneCo and Linx in the Association Agreement to obtain the necessary regulatory approval for the Transaction, see the section of this prospectus entitled "The Transaction Documents—The Association Agreement."

EXPERTS

The consolidated financial statements of StoneCo Ltd. included in StoneCo Ltd. Annual Report (Form 20-F) for the year ended December 31, 2019 have been audited by Ernst & Young Auditores Independentes S.S., independent registered public accounting firm, as set forth in their report included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Linx S.A. included in Linx S.A. Annual Report (Form 20-F) for the year ended December 31, 2019 have been audited by Ernst & Young Auditores Independentes S.S., independent registered public accounting firm, as set forth in their report included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

LEGAL MATTERS

We were advised as to certain matters of Brazilian law by Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados and Spinelli Advogados. We were advised as to certain matters of U.S. law by Davis Polk & Wardwell LLP, city of New York, State of New York. The validity of the StoneCo Class A Common Shares offered pursuant to this prospectus and other legal matters as to Cayman Islands law will be passed upon for StoneCo by Maples and Calder.

ENFORCEMENT OF CIVIL LIABILITIES

StoneCo is registered under the laws of the Cayman Islands as an exempted company with limited liability. StoneCo is registered in the Cayman Islands because of certain benefits associated with being a Cayman Islands company, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of foreign exchange control or currency restrictions and the availability of professional and support services. However, the Cayman Islands have a less prescriptive body of securities laws as compared to the United States and provide protections for investors to a significantly lesser extent. In addition, Cayman Islands companies may not have standing to sue before the federal courts of the United States. Maples and Calder, StoneCo's counsel as to Cayman Islands law, and Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados, StoneCo's counsel as to Brazilian law, have advised that there is uncertainty as to whether the courts of the Cayman Islands or Brazil would, respectively, (1) recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (2) entertain original actions brought in the Cayman Islands or Brazil against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

StoneCo's Cayman Islands counsel has informed us that the uncertainty with regards to Cayman Islands law relates to whether a judgment obtained from the United States courts under civil liability provisions of the securities laws will be determined by the courts of the Cayman Islands as penal or punitive in nature. If such a determination is made, the courts of the Cayman Islands will not recognize or enforce the judgment against a Cayman Islands' company. Because the courts of the Cayman Islands have yet to rule on whether such judgments are penal or punitive in nature, it is uncertain whether they would be enforceable in the Cayman Islands.

StoneCo's Cayman Islands counsel has further advised us that a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of the Cayman Islands under the common law doctrine of obligation.

Substantially all of StoneCo's assets are located outside the United States, in Brazil. In addition, all of the members of StoneCo's board of directors and all of its officers are residents of Brazil and all or a substantial portion of their assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States, any state in the United States or other jurisdiction outside Brazil.

As a result, two litigation scenarios may arise out of this transaction: (1) a claim being filed outside Brazil; and (2) a claim being filed in Brazil.

(1) A claim filed outside Brazil: In the case of a party filing a lawsuit related, for instance, to the offering within the United States or within any other country; or pursuing the enforcement of a foreign award based on civil liability provisions of the federal securities laws of the United States or the laws of any other country.

StoneCo believes that a judgment of a United States court for civil liabilities predicated upon the federal securities laws of the United States may be enforced in Brazil, subject to certain requirements described below. StoneCo believes that a judgment against it, the members of its board of directors or its executive officers obtained in the United States would be enforceable in Brazil upon recognition of that judgment by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiga*), or STJ. Decisions on interlocutory measures may likewise be enforced in Brazil in accordance with applicable laws. Recognition will occur, according to Article 963 of the Brazilian Code of Civil Procedure (Law No. 13,105/2015, as amended), if the foreign decision:

- fulfills all formalities required for its enforceability under the laws of the place or jurisdiction in which the decision was rendered;
- is issued by a court or competent authority of the country in which the judgment is made, after proper service of process on the parties is made in accordance with applicable law, or after sufficient evidence of the parties' absence has been given, as requested under the laws of the jurisdiction or origin. If the service is made in Brazil, it must comply with the requirements of Brazilian law;

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- is not rendered in an action upon which Brazilian courts have exclusive jurisdiction, pursuant to the provisions of art. 23 of the Brazilian Code of Civil Procedure (Law No. 13,105/2015, as amended);
- is final and, therefore, not subject to appeal (*res judicata*) in the jurisdiction of origin;
- there is no conflict between the foreign judgment and a previous final and binding (*res judicata*) judgment on the same matter and involving the same parties issued in Brazil;
- is duly apostilled by a competent authority of the jurisdiction of origin, according to the Hague Convention Abolishing the Requirement of Legalization for Foreign Public Documents dated as of October 5, 1961 authentication, or the Hague Convention. If such decision emanates from a country that is not signatory of the Hague Convention, it must be duly authenticated by a Brazilian Diplomatic Office or Consulate over the place the award is rendered;
- is accompanied by a sworn translation into Portuguese made by a certified translator in Brazil, unless an exemption is provided by an international treaty to which Brazil is a signatory; and
- is not contrary to Brazilian national sovereignty, good morals or public policy and does not violate the dignity of the human person (as set forth in Brazilian law).

The judicial recognition process before the Brazilian Court of Justice may be time consuming and may also give rise to difficulties in enforcing such foreign judgment in Brazil. Accordingly, StoneCo cannot assure you that judicial recognition of a foreign judgment would be successful, that the judicial recognition process would be conducted in a timely manner or that a Brazilian court would enforce a judgment of countries other than Brazil. Upon its recognition by the STJ, the enforcement of the judgment is delegated to a lower federal court.

As established by article 965 of the Brazilian Code of Civil Procedures, after being recognized by the Brazilian Court of Justice the international judgment must be enforced before the competent federal court, at the request of the interested party and in accordance with Brazilian norms. This can also be time and money consuming.

(2) A claim filed in Brazil: StoneCo believes that original actions may be brought in connection with this offering predicated on the federal securities laws of the United States in Brazilian courts and that, subject to applicable Brazilian laws and provided that Brazilian courts can assert jurisdiction over the particular lawsuit, Brazilian courts may enforce liabilities in such actions against us or the members of our board of directors or our executive officers and certain advisors. The application of a foreign body of law by Brazilian courts may be troublesome, as Brazilian courts consistently base their decisions on domestic law, or refrain from applying a foreign body of law for a number of reasons. Although remote, there is a risk that Brazilian courts, considering relevant case-by-case rationale, may dismiss a petition to apply a foreign body of law and may adopt Brazilian laws to adjudicate the case. In any case, we cannot assure that Brazilian courts will confirm their jurisdiction to rule on such matter, which will depend on the connection of the case to Brazil and, therefore, must be analyzed on a case-by-case basis.

In addition, a plaintiff (whether Brazilian or non-Brazilian) who resides outside Brazil or is outside Brazil during the course of the litigation in Brazil and who does not own real property in Brazil, must post a bond to guarantee the payment of the defendant's legal fees and court expenses in connection with court procedures for the collection of money, except in the case of (1) enforcement on an extrajudicial enforcement instrument (a title that shall be enforced in Brazilian courts without a review on the merits and enables the creditor with the possibility of immediate attachment of assets, or *titulo executivo extrajudicial*); (2) enforcement of an award; (3) counterclaims; and (4) an exemption is provided by an international agreement or treaty to which Brazil is a signatory, as set forth under Article 83, 1st paragraph of the Brazilian Code of Civil Procedure.

If proceedings are brought in the courts of Brazil seeking to enforce StoneCo's obligations with respect to our Class A Common Shares, claim and payment shall be made in *reais*. Any judgment rendered in Brazilian courts in respect of any payment obligations with respect to our Class A Common Shares would be expressed in *reais*.

StoneCo has also been advised that the ability of a judgment creditor to satisfy a judgment by attaching certain assets of the defendant in Brazil is governed and limited by provisions of Brazilian law.

StoneCo has appointed Cogency Global Inc. as its agent upon whom process may be served in any action brought against it under the securities laws of the United States.



PROSPECTUS

, 2020

PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 20. Indemnification of Directors and Officers

Cayman Islands law does not limit the extent to which a company's articles of association may provide indemnification of officers and directors, except to the extent that it may be held by the Cayman Islands courts to be contrary to public policy, such as providing indemnification against civil fraud or the consequences of committing a crime.

The registrant's Articles of Association provide that each director or officer of the registrant shall be indemnified out of the assets of the registrant against all actions, proceedings, costs, charges, expenses, losses, damages, or liabilities, judgments, fines, settlements and other amounts (including reasonable attorneys' fees and expenses and amounts paid in settlement and costs of investigation) (collectively "Losses") incurred or sustained by such directors or officers, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of such person's duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any Losses incurred by such director or officer in defending or investigating (whether successfully or otherwise) any civil, criminal, investigative and administrative proceedings concerning or in any way related to our Company or its affairs in any court whether in the Cayman Islands or elsewhere.

Under the indemnification agreements entered into with our directors and officers, the form of which has been filed as Exhibit 10.1 to our registration statement on Form F-1 filed on October 1, 2018, StoneCo has agreed to indemnify and hold harmless its directors and officers against certain liabilities and expenses incurred by them in connection with claims made by reason of their being such a director or officer.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 21. Exhibits and Financial Statement Schedules**(a) Exhibits**

Exhibit Number	Description of Document
2.1*†	English translation of the Association Agreement and Other Covenants, dated as of August 11, 2020, among Linx S.A., STNE Participações S.A., StoneCo Ltd., DLP Capital LLC, DLPPAR Participações S.A., Nércio José Monteiro Fernandes, Alberto Menache and Alon Dayan (incorporated herein by reference to Exhibit 99.1 to StoneCo's Form 6-K furnished to the SEC on August 12, 2020).
2.2†	English translation of the Amendment to the Association Agreement and Other Covenants, dated as of September 1, 2020, among Linx S.A., STNE Participações S.A., StoneCo Ltd., DLP Capital LLC, DLPPAR Participações S.A., Nércio José Monteiro Fernandes, Alberto Menache and Alon Dayan.
3.1*	Amended and Restated Articles of Association of StoneCo Ltd. (incorporated herein by reference to Exhibit 3.1 to StoneCo's Registration Statement on Form F-1 (File No. 333-227634) filed with the SEC on October 16, 2018).
5.1	Opinion of Maples and Calder, Cayman Islands legal counsel of StoneCo.
9.1*	Shareholders Agreement among StoneCo Ltd., Cakubran Holdings Ltd., HR Holdings LLC and VCK Investment Fund Limited (incorporated herein by reference to Exhibit 10.10 to the Company's Registration Statement on Form F-1 (File No. 333-230642) filed with the SEC on April 1, 2019).
10.1*	English Translation of the Vote Commitment and Assumption of Obligations, dated as of August 11, 2020, by and between Nércio José Monteiro Fernandes, Alberto Menache, Alon Dayan, StoneCo Ltd., DLP Capital LLC, DLPPAR Participações S.A., Linx S.A. and STNE Participações S.A. (incorporated herein by reference to Exhibit 99.2 to StoneCo's Form 6-K furnished to the SEC on August 12, 2020).
10.2	English Translation of the Amendment to the Indemnity for Non-Competition Agreement and Other Covenants, dated as of September 1, 2020, by and among Nércio José Monteiro Fernandes, StoneCo Ltd. and STNE Participações S.A.
10.3	English Translation of the Amendment to the Indemnity for Non-Competition Agreement and Other Covenants, dated as of September 1, 2020, by and among Alberto Menache, StoneCo Ltd. and STNE Participações S.A.

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10.4	English Translation of the Amendment to the Indemnity for Non-Competition Agreement and Other Covenants, dated as of September 1, 2020, by and among Alon Dayan, StoneCo Ltd. and STNE Participações S.A.
10.5	English Translation of the Amendment to the Executive Engagement Proposal, dated as of September 1, 2020, by and among STNE Participações S.A. and Albert Menache.
21.1*	List of Subsidiaries of StoneCo Ltd (incorporated herein by reference to Exhibit 21.1 to the Company's Registration Statement on Form F-1 (File No. 333-230642) filed with the SEC on April 1, 2019).
23.1	Consent of Ernst & Young Auditores Independentes S.S. with respect to the consolidated financial statements of StoneCo Ltd.
23.2	Consent of Ernst & Young Auditores Independentes S.S. with respect to the consolidated financial statements of Linx S.A.
24.1	Powers of Attorney (included in signature pages of this registration statement)

* Incorporated by reference.

† Exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K, and will be supplementally provided to the SEC upon request.

(b) Financial Statement Schedules

StoneCo's schedules have been omitted because they are not required, are not applicable or the information is otherwise set forth in the consolidated financial statements and related notes appearing in StoneCo's 2019 Form 20-F, which is incorporated by reference to this prospectus.

Linx's schedules have been omitted because they are not required, are not applicable or the information is otherwise set forth in the consolidated financial statements and related notes appearing in Linx's 2019 Form 20-F, which is incorporated by reference to this prospectus.

Item 22. Undertakings

The undersigned registrant hereby undertakes:

- (a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - (1) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
 - (2) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;
 - (3) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;
- (b) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;
- (c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;
- (d) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A. of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Securities Act of 1933 need not be furnished, provided that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Securities Act of 1933 or Item 8.A. of Form 20-F if such financial statements and information are contained in periodic reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement;

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- (e) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (f) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;
- (g) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:
 - (1) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of the registration (i) any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
 - (2) any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
 - (3) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
 - (4) any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.
- (h) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (i) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other Items of the applicable form.
- (j) That every prospectus (i) that is filed pursuant to the immediately preceding paragraph, or (ii) that purports to meet the requirements of section 10(a)(3) of the Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (k) (i) to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means, and (ii) to arrange or provide for a facility in the United States for the purpose of responding to such requests. The undertaking in subparagraph (i) above includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

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- (l) To supply by means of a post-effective amendment all information concerning a transaction and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

- (m) That insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES OF STONECO LTD.

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-4 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of São Paulo, State of São Paulo, Brazil, on September 2, 2020.

STONECO LTD.

By: /s/ Thiago dos Santos Piau
Name: Thiago dos Santos Piau
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENT, that each person whose signature appears below hereby constitutes and appoints Thiago dos Santos Piau and Marcelo Baldin and each of them, individually as his/her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him/her and in his/her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement on Form F-4, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their or his/her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities indicated in respect of StoneCo Ltd. and on the dates indicated.

Signature	Title	Date
<u>/s/ Thiago dos Santos Piau</u> Thiago dos Santos Piau	Chief Executive Officer and Director (principal executive officer)	September 2, 2020
<u>/s/ Marcelo Bastianello Baldin</u> Marcelo Bastianello Baldin	Vice President, Finance (principal financial officer and principal accounting officer)	September 2, 2020
<u>/s/ André Street de Aguiar</u> André Street de Aguiar	Director	September 2, 2020
<u>/s/ Eduardo Cunha Monnerat Solon de Pontes</u> Eduardo Cunha Monnerat Solon de Pontes	Director	September 2, 2020
<u>/s/ Roberto Moses Thompson Motta</u> Roberto Moses Thompson Motta	Director	September 2, 2020
<u>/s/ Thomas A. Patterson</u> Thomas A. Patterson	Director	September 2, 2020
<u>/s/ Ali Mazanderani</u> Ali Mazanderani	Director	September 2, 2020
<u>/s/ Silvio José Morais</u> Silvio José Morais	Director	September 2, 2020
<u>/s/ Luciana Ibiapina Lira Aguiar</u> Luciana Ibiapina Lira Aguiar	Director	September 2, 2020

/s/ Colleen A. De Vries

Colleen A. De Vries
Senior Vice President
on behalf of Cogency Global Inc.

Authorized U.S. Representative Assistant
Secretary on behalf of Cogency Global Inc.

September 2, 2020

AMENDMENT TO THE ASSOCIATION AGREEMENT AND OTHER COVENANTS

between

LINX S.A.

and

STNE PARTICIPAÇÕES S.A.

and

STONECO LTD.

DLP CAPITAL LLC

DLPPAR PARTICIPAÇÕES S.A.

NÉRCIO JOSÉ MONTEIRO FERNANDES

ALBERTO MENACHE

ALON DAYAN

September 1, 2020

AMENDMENT TO THE ASSOCIATION AGREEMENT AND OTHER COVENANTS

By this private instrument, the parties:

I. **LINX S.A.**, publicly-held company, with head office in the City of São Paulo, State of São Paulo, at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902, enrolled with CNPJ/ME under No. 06.948.969/0001-75 and registered with the Board of Trade of São Paulo ("JUCESP") under NIRE 35.300.316.584 herein represented in accordance with its Bylaws ("Linx"); and

II. **STNE PARTICIPAÇÕES S.A.**, company enrolled with CNPJ/ME under No. 35.767.420/0001-82, with head office in the City of São Paulo, State of São Paulo, at Rua Gomes de Carvalho, No. 1609, 5th floor, Vila Olímpia, CEP 04547-006, herein represented in accordance with its Bylaws ("STNE");

Linx and STNE are hereinafter jointly referred to as "Companies" and, individually and without distinction, as "Company",

and:

III. **STONECO LTD.**, a company duly incorporated and validly existing under the laws of Cayman Islands, enrolled with CNPJ/ME under No. 31.752.270/0001-82, with head office at Harbour Place, 4th floor, No. 103 Church St., PO Box 10240 KY1-1002, Georgetown, Cayman Islands, herein represented in accordance with its corporate documents ("StoneCo");

IV. **DLP CAPITAL LLC**, a company duly incorporated and validly existing under the laws of Delaware, in the United States of America, enrolled with CNPJ/ME under No. 14.993.482/0001-47, herein represented in accordance with its corporate documents and **DLPPAR PARTICIPAÇÕES S.A.**, a company duly incorporated and validly existing under the laws of Brazil, enrolled with CNPJ/ME under No. 23.858.641/0001-87, with head office at Rua Fidêncio Ramos, 308, suite 91, CEP 04551-010, jointly referred to as "DLP";

V. **NÉRCIO JOSÉ MONTEIRO FERNANDES**, Brazilian, married, system analyst, bearer with the Identity Card RG No. 7.760.014 SSP/SP, enrolled with the CPF/ME under No. 022.256.918-27, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902 ("Nércio");

VI. **ALBERTO MENACHE**, Brazilian, married, business manager, bearer with the Identity Card RG No. 24.257.036-7 SSP/SP, enrolled with the CPF/ME under No. 172.636.238-89, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902 ("Alberto");

VI. **ALON DAYAN**, Brazilian, married, engineer, bearer with the Identity Card RG No. 8.894.140-1 SSP/SP, enrolled with the CPF/ME under No. 014.642.468-90, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902 ("Alon" and, jointly with Nércio and Alberto, "Linx Shareholders");

All of them hereinafter jointly referred to as "Parties" and each, individually and indistinctly, as "Party".

WHEREAS:

- A.** The Parties entered, on August 11, 2020, certain Association Agreement and Other Covenants ("Agreement"); and
- B.** The Parties wish to amend and restate the Agreement pursuant to the term hereby agreed,

NOW, THEREFORE, the Parties have decided to enter into this Amendment to the Association Agreement and Other Covenants ("Amendment"), which shall be governed by the following terms and conditions:

CHAPTER 1 – AMENDMENT TO THE AGREEMENT

1.1. The Parties hereby agree to amend and restate the Agreement, which shall be effective pursuant to the terms set forth in **Exhibit I**.

1.2. All references in **Exhibit I** to "this date", "date hereof", "signing date" and similar terms shall be construed as the date of execution of the Agreement, i.e., August 11, 2020.

1.3. This Amendment is accessory to the Agreement and shall be read and construed as if it were part of it, for all purposes. Any disputes, controversies or litigation shall be submitted to the dispute resolution mechanism provided for in Chapter 10 of the Agreement

1.4. The Parties and the two witnesses execute this Amendment by electronic means, provided that the Parties hereby declare and expressly agree, for the purposes of Article 10, paragraph 2nd of the Provisional Measure (*Medida Provisória*) No. 2.200-2, of August 24, 2001, that their signatures through electronic means are binding, effective and confer authenticity, integrity and legal validity to this instrument, being this Agreement an extrajudicial executive title for all legal purposes.

São Paulo, September 1st, 2020

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LINX S.A.

/s/ Albert Menache
by: Alberto Menache

/s/ Antonio Ramatis Fernandes Rodrigues
by: Antonio Ramatis Fernandes Rodrigues

STNE PARTICIPAÇÕES S.A.

/s/ Thiago dos Santos Piau
by: Thiago dos Santos Piau

/s/ Rafael Martins Pereira
by: Rafael Martins Pereira

STONECO LTD.

/s/ Thiago dos Santos Piau
by: Thiago dos Santos Piau

/s/ Rafael Martins Pereira
by: Rafael Martins Pereira

DLP CAPITAL LLC

/s/ Thiago dos Santos Piau
by: Thiago dos Santos Piau

/s/ Rafael Martins Pereira
by: Rafael Martins Pereira

DLPPAR PARTICIPAÇÕES S.A.

/s/ Thiago dos Santos Piau
by: Thiago dos Santos Piau

/s/ Rafael Martins Pereira
by: Rafael Martins Pereira

/s/ Nércio José Monteiro Fernandes

NÉRCIO JOSÉ MONTEIRO FERNANDES

/s/ Alberto Menache

ALBERTO MENACHE

/s/ Alon Dayan

ALON DAYAN

Witnesses:

/s/ Danilo Kamiji
Name: Danilo Kamiji

/s/ Valeria Paludeti Freire
Name: Valeria Paludeti Freire

EXHIBIT I

ASSOCIATION AGREEMENT AND OTHER COVENANTS

(as executed on 8.11.2020 and amended on 9.01.2020)

By this private instrument, the parties:

I. LINX S.A., a publicly-held company, with head office in the City of São Paulo, State of São Paulo, at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902, enrolled with CNPJ/ME under No. 06.948.969/0001-75 and registered with the Board of Trade of São Paulo ("JUCESP") under NIRE 35.300.316.584 herein represented in accordance with its Bylaws ("Linx"); and

II. STNE PARTICIPAÇÕES S.A., a company enrolled with CNPJ/ME under No. 35.767.420/0001-82, with head office in the City of São Paulo, State of São Paulo, at Rua Gomes de Carvalho, No. 1609, 5th floor, Vila Olímpia, CEP 04547-006, herein represented in accordance with its Bylaws ("STNE");

Linx and STNE are hereinafter jointly referred to as "Companies" and, individually and without distinction, as "Company",

and:

III. STONECO LTD., a company duly incorporated and validly existing under the laws of Cayman Islands, enrolled with CNPJ/ME under No. 31.752.270/0001-82, with head office at Harbour Place, 4th floor, No. 103 Church St., PO Box 10240 KY1-1002, Georgetown, Cayman Islands, herein represented in accordance with its corporate documents ("StoneCo");

IV. DLP CAPITAL LLC, a company duly incorporated and validly existing under the laws of Delaware, in the United States of America, enrolled with CNPJ/ME under No. 14.993.482/0001-47, herein represented in accordance with its corporate documents and **DLPPAR PARTICIPAÇÕES S.A.**, a company duly incorporated and validly existing under the laws of Brazil, enrolled with CNPJ/ME under No. 23.858.641/0001-87, with head office at Rua Fidêncio Ramos, 308, suite 91, CEP 04551-010, jointly referred to as "DLP"; and

V. NÉRCIO JOSÉ MONTEIRO FERNANDES, Brazilian, married, system analyst, bearer of the Identity Card RG No. 7.760.014 SSP/SP, enrolled with the CPF/ME under No. 022.256.918-27, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902 ("Nércio");

VI. ALBERTO MENACHE, Brazilian, married, business manager, bearer of the Identity Card RG No. 24.257.036-7 SSP/SP, enrolled with the CPF/ME under No. 172.636.238-89, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902 ("Alberto");

VII. ALON DAYAN, Brazilian, married, engineer, bearer of the Identity Card RG No. 8.894.140-1 SSP/SP, enrolled with the CPF/ME under No. 014.642.468-90, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902 ("Alon" and, jointly with Nércio and Alberto, "Linx Shareholders");

All of them hereinafter jointly referred to as "Parties" and each, individually and indistinctly, as "Party".

WHEREAS:

A. STNE and Linx are interested in combining their businesses in the payment methods and business management software segments in Brazil, which will result in significant benefits to the Companies, their customers, employees and shareholders; and

B. The Parties understand that the best way to carry out the combination of the Companies is through a corporate reorganization that will result in the merger of shares of Linx's shares into STNE, pursuant to the terms of article 252 of Law No. 6,404, dated December 15, 1976, as amended ("Brazilian Corporation Law"), subject to the fulfillment of certain Conditions Precedent, as set forth below ("Transaction");

NOW, THEREFORE, the Parties have decided to enter into this Association Agreement and Other Covenants ("Agreement"), which shall be governed by the following terms and conditions:

CHAPTER I - PURPOSE

1.1. Purpose. This Agreement sets forth the rules for the combination of business in STNE and Linx through a merger of all shares issued by Linx into STNE ("Merger of Shares"), pursuant to article 252 of the Brazilian Corporation Law, subject to the fulfillment (or waiver, as the case may be) of the Conditions Precedent set forth in Chapter II hereof. As a result of the Merger of Shares, Linx shall become a wholly owned subsidiary of STNE.

1.2. New STNE Shares to Linx Shareholders. As a result of the Merger of Shares, class A and class B mandatorily redeemable preferred shares issued by STNE shall be attributed to Linx's shareholders, with one (1) class A redeemable preferred share and one (1) class B redeemable preferred share issued by STNE being attributed for each one (1) merged common share issued by Linx, resulting in the issuance, by STNE, of new book-entry, class A and class B redeemable preferred shares, registered and with no par value ("New Shares STNE").

1.3. Redemption of New Shares STNE. Observing the premises set forth in Clause 1.5 below, the exchange ratio was determined so that, on the date of approval of the Merger of Shares, STNE shall also approve the redemption of all the New Shares STNE, which shall be paid to all Linx shareholders who will become STNE shareholders at Closing ("Redemption of Shares"), provided that STNE shall have, at the moment of the Redemption of Shares, enough amount of profits and reserves to carry out the Redemption of Shares, as set forth in the Agreement. In accordance with the provisions of Clause 1.4 below, such Redemption of Shares shall be performed as follows ("Base Exchange Ratio"):

- (i) each one (1) STNE class A preferred share shall be redeemed upon payment, at sight, to its holder of R\$ 31,56 (thirty one reais and fifty six cents) per share, updated pro rata die according to the variation of the CDI (Certificate of Interbank Deposit) from the 6th (sixth) month from the date of signature of this Agreement and until the date of the effective payment, observing that no update will be due to delay of Linx or of the Shareholders Linx, as long as notified by STNE; and
-

(ii) each one (1) STNE class B preferred share shall be redeemed upon delivery, to its holder, of 0,0126774 StoneCo - STNE class A shares, traded on NASDAQ ("Class A Shares StoneCo").

1.3.1. The Merger of Shares Protocol may establish alternatives for combining a portion in cash or in Class A StoneCo Shares, subject to the maximum disbursement limits of R\$ 5,651,089,953.00 (five billion, six hundred and fifty one million, eighty nine thousand, nine hundred and fifty three reais) and delivery of up to 2,269,998 (two million, two hundred and sixty nine thousand, nine hundred and ninety eight) Class A StoneCo Shares, both amounts mentioned in this Clause 1.3.1 should be adjusted according to Clause 1.6.

1.4. The Exchange Ratio was determined assuming that Linx's share capital is divided, on the date hereof, into 179,058,617 (one hundred and seventy nine million, fifty eight thousand, six hundred and seventeen) common shares, all nominative and with no par value, on a fully diluted basis (including eventual compensation plans based on shares and shares in treasury), and any change in the number of shares into which Linx's share capital is divided will impact, equally and in the same proportion, the Exchange Ratio with the New Shares STNE as a result of the Merger of Shares, increasing or reducing the total amount of cash and StoneCo Class A Shares to be delivered in counterpart for the Redemption of the New STNE Shares.

1.5. Exchange Ratio Assumptions. The Exchange Ratio took into account the following assumptions:

- (i) that no declaration, payment of dividends or interest on equity by STNE or Linx will take place until Closing;
- (ii) that, on this date, except for the disclosure of the quarterly results and for the material fact related to the Transaction, there is no material fact pending disclosure to the market by Linx and/or StoneCo;
- (iii) on this date, there are 14.125.991 (fourteen million, one hundred and twenty-five thousand, nine hundred and ninety-one) shares issued by Linx in treasury;
- (iv) the effect of the exercise or acceleration of the total of all the options and restricted stock plans that result in 3.775.648 (three million, seven hundred and seventy five thousand, six hundred and forty eight) additional shares to the share capital of Linx; and
- (v) on the date hereof, Linx's corporate capital is represented by 189,408,960 (one hundred and eighty-nine million, four hundred and eight thousand, nine hundred and sixty) common book-entry shares, nominative and with no par value, including treasury held shares.

1.6. Adjustment to the Exchange Ratio. The Exchange Ratio will be adjusted by the amount of (i) any dividends, interest on equity and other earnings declared and/or paid as from this date and up to the Closing date of the Transaction (included); and (ii) costs eventually incurred by the Company for the hiring of the financial advisors for the evaluation or, in any way, in the context of eventual Competing Transactions (as defined in Clause 7.1(ii)). The Parties agree that any repurchase or issuance of new shares by STNE or StoneCo, whether in the context of mergers and acquisition transactions, capital increase, public offering, private offering, RSU issuance (restricted shares units), share incentive plans intended to its executives or the exercise of stock options will not imply any adjustment in the Exchange Ratio.

1.7. Tax Withholding. The amounts to be paid in exchange for the Redemption of New Shares STNE will be deducted, when applicable, from any taxes withheld at source that are due. To that end, STNE may, when necessary, increase or include a portion of cash in the Exchange Ratio of a specific shareholder in order to enable the holding of said retention.

1.8. In addition to this Agreement, the Parties executed, on the date hereof, the Voting Commitment and Assumption of Obligations, whereby the Linx Shareholders, StoneCo and DLP undertook the obligations to implement the Transaction, including the duty to vote in favor of the corporate resolutions necessary for the approval, closing and implementation of the Transaction, according to the terms described in the referred instrument.

CHAPTER II –CONDITIONS PRECEDENT

2.1. Conditions Precedent of the Parties. The obligation of the Parties to consummate the Closing of the Transaction is subject to the fulfillment of each of the following Conditions Precedent ("Conditions Precedent of the Parties"):

(i) No Conflict. No competent court or tribunal (including arbitral tribunal) shall have issued any order, writ, injunctive relief or decision, and no other governmental body shall have issued any order or law, then in force and that produces the effect of causing the Closing acts to be illegal or otherwise prevent the consummation thereof;

(ii) CADE Approval Approval. The Transaction shall be definitively approved by the Brazilian Administrative Council for Economic Defense - CADE ("CADE Approval").

2.2. Linx's Conditions Precedent. The obligation of Linx and of Linx Shareholders in this Agreement to consummate the Closing of the Transaction is subject to the fulfillment or waiver (at Linx's sole discretion) of each of the following Conditions Precedent ("Linx's Conditions Precedent"):

(i) STNE's Representations and Warranties. The representations and warranties made and provided by STNE, StoneCo and DLP in Chapter IV of this Agreement shall be true and correct in all respects on the date hereof and until Closing (except where the representations and warranties themselves contain a reference to a previous date, in which case they shall be true and correct in all respects as of such date);

(ii) Commitments. STNE, StoneCo and DLP shall have complied with all the obligations and fulfilled all the commitments and agreements that were required to be complied with or fulfilled by them prior to Closing under the terms of this Agreement and of the document referred to in Clause 1.8, observing the term for curing any non-compliance provided for in Clause 9.1 (v);

(iii) Form F-4. StoneCo's registration statement on Form F-4 to effect the registration under the Securities Act of 1933 ("1933 Securities Act") of Class A Shares StoneCo to be issued to Linx shareholders in relation to the Redemption, pursuant to Clauses 1.2 and 1.3 ("Form F-4") shall have become effective and remain effective (and not subject to any stop order or proceedings for that purpose), to allow the effective delivery of Class A Shares StoneCo, in order to implement the Merger of Shares and the Redemption to the shareholders of Linx which will receive shares issued by StoneCo, as indicated above; and

(iv) Corporate Approvals. The STNE General Shareholders' Meeting must approve, under the terms of the Brazilian Corporation Law: (a) all the necessary documentation for the Merger of Shares and the attribution of the New Shares STNE, including, but not limited to, the Merger Protocol to be prepared by the managements of Linx and STNE; and (b) the Redemption of Shares.

2.3. STNE's Conditions Precedent. The obligations of STNE, StoneCo and DLP in this Agreement to consummate the Closing of the Transaction is subject to the fulfillment or waiver (at STNE's sole discretion) of each of the following Conditions Precedent ("STNE's Conditions Precedent" and, jointly with Linx's Conditions Precedent and the Conditions Precedent of the Parties, the "Conditions Precedent"):

(i) Linx's Representations and Warranties. The representations and warranties made and provided by Linx and the Linx Shareholders in Chapter V of this Agreement shall be true and correct in all respects on this date and until Closing (except where the representations and warranties themselves include a reference to a previous date, in which case they will be true and correct in all respects as of such date);

(ii) Commitments. Linx and the Linx Shareholders shall have complied with all the obligations and fulfilled all the commitments and agreements that were required to be complied with or fulfilled by them prior to Closing under the terms of this Agreement, especially the obligation undertaken in Clause 3.2 below, observing the term for curing any non-compliance provided for in Clause 8.1(v);

(iii) Third Party Consent. Linx shall (i) have obtained the respective third-party consents of its agreements currently in force and there will not be obligations, involving R\$ 50,000,000.00 (fifty million reais) or more, individually or in the aggregate that may have declared their early termination (or other incident penalties) due to the Merger of Shares ("Obligations Subject to Early Termination"); or (ii) have liquidated all its Obligations Subject to Early Termination; or (iii) have a cash representing 100% (one hundred per cent) of the necessary amount to liquidate all the Obligations Subject to Early Termination (including any incident penalties);

(iv) Corporate Approvals. Linx's General Shareholders' Meeting ("Linx's GSM") shall approve, under the terms of the Brazilian Corporation Law and the Novo Mercado Regulation: (a) the waiver of any obligation by STNE to carry out the public offering for the acquisition of Linx's shares, pursuant to Article 43 of Linx's Bylaws, as a result of the acquisition of shares issued by Linx; (b) the waiver of STNE's adherence to the Novo Mercado segment of B3 S.A. - Brasil, Bolsa, Balcão ("B3"); and (c) all the necessary documentation for the Merger of Shares, including, but not limited to, the Merger of Shares Protocol to be prepared by the managements of Linx and STNE; and

(v) Absence of Material Adverse Change. From the date of this Agreement and until Closing, Linx must not have undergone any Material Adverse Change. For the purposes of this Agreement, "Material Adverse Change" means any event, circumstance, effect, occurrence or factual situation or any combination thereof, which, individually or as a whole, adversely effects or may be reasonably expected to adversely affect the business, operations, assets, properties, commercial or financial condition, or the results of Linx, in an amount equal to or greater than 20% (twenty percent) of the gross revenue earned by Linx in the fiscal year immediately preceding that in which Material Adverse Change occurs; except to the extent that such change or adverse effect has been previously known by the Parties and/or results from (A) adverse economic or exchange effects on the industry in which Linx operates in Brazil; (B) regulatory or other changes that affect the industry in which Linx operates in general; (C) any changes in applicable law or accounting standards generally accepted in Brazil, including any tax reform; (D) any effect that, if it can be reversed before Closing, is reversed before Closing; or (E) effects arising from the new coronavirus pandemic.

CHAPTER III - ACTS OF THE PARTIES, GENERAL SHAREHOLDERS' MEETINGS AND CLOSING

3.1. Protocol of Merger of Shares. Upon the execution of this Agreement, the managements of STNE and Linx shall start the procedures for the preparation of the Protocol and Justification of Merger of Shares ("Protocol"), together with all the necessary supporting documentation and appraisal reports (including the of *pro forma* financial statements) for the submission of the Merger of Shares to Linx's and STNE's General Shareholders' Meetings, which must be previously submitted to the analysis, approval or opinion, as the case may be, of the Board of Directors, Audit Committee and any other administrative bodies of the relevant Companies which are to provide an opinion on the Protocol or the Merger of Shares. The Parties undertake, from now on, to cooperate fully with each other throughout the process, providing all information and documents reasonably necessary for the preparation of the Protocol, in such a manner as to conclude the document as soon as possible.

3.2. SEC forms. The Parties shall cooperate with one another in connection with the preparation of the necessary documentation to obtain the Form F-4 and any other materials required to be filed with a governmental authority related to the Transaction, and in determining whether any action by or in respect of, or filing with, any governmental authority is required in connection with the consummation of the Merger of Shares or the Transaction contemplated by this Agreement. In addition, to the extent that such actions, filings or registrations are carried out, the Parties shall collaborate to provide all necessary information.

3.2.1. Linx shall obtain and furnish to StoneCo the information concerning itself and its subsidiaries required to be included in the Form F-4. StoneCo and Linx shall use their respective reasonable best efforts to respond as promptly possible to any comments (in case of Linx, comments related to Linx) received from Securities and Exchange Commissions ("SEC") with respect to the Form F-4.

3.2.2. After the date of this Agreement, StoneCo shall use its reasonable best efforts to prepare and file the Form F-4 with the SEC within 45 (forty-five) days from the present date, as well as use its reasonable best efforts after such filing to ensure that Form F-4 becomes effective under the Securities Act; provided that the obligations and related efforts of StoneCo set forth in this section are contingent upon the full cooperation and compliance by Linx with its obligations under this Agreement to support the preparation of Form F-4 and supporting documentation, including promptly providing all information requested by StoneCo required for the filing of Form F-4.

3.2.3. Linx shall immediately notify StoneCo if, at any time prior to the Closing, Linx discovers any information relating to Linx or any of its subsidiaries, directors or officers that should be set forth in an amendment or supplement to the Form F-4 so that such document would not include any misstatement of a material fact related to Linx or omit to state any material fact related to Linx necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.2.4. From the date hereof until Closing, subject to applicable law and Clause 6.2, and without limiting the obligations of the Companies in Clause 6.6, Linx shall promptly (a) give to StoneCo, its counsel, financial advisors, auditors and other authorized representatives reasonable access, during normal business hours, to the offices, properties, books and records of Linx and its subsidiaries and (b) provide to StoneCo or to its advisors the information and financial and operating data related to Lift that are reasonably necessary for preparation and filing of the Form F-4 and other required registrations with governmental authorities for the Transaction.

3.2.5. In no event shall Linx or any of its subsidiaries be required to provide, or cause its subsidiaries to provide, cooperation under this Clause 3.2 that (A) interferes in an unjustified and material manner with the progress of Linx's business or any of its subsidiaries, or (B) violates any representations or warranties granted in this Agreement.

3.3. Linx's GSM for Merger of Shares. After the effectiveness of the Form F-4, General Shareholders' Meetings of Linx and STNE referred to in Clauses 2.3 (v) and 2.2 (v), respectively, shall be called. The call notice for Linx's GSM referred to above must be published thirty (30) days in advance and its term may not be postponed without the prior written consent of StoneCo, except for legal determination. In the event that the CADE Approval has not been obtained - or any other Condition Precedent has not yet been fulfilled - until the calling date of such General Shareholders' Meetings, the General Shareholders' Meetings shall nonetheless be called and the matters on the agenda shall be submitted for resolution by their respective shareholders subject to the fulfillment of the other Conditions Precedent set out herein and yet pending approval.

3.4. Absence of Quorum for Installation of the GSMs. If the necessary quorum for Linx's GSM installation provided for in this Agreement is not obtained, Linx shall publish within two (2) business days, the call notice of Linx's GSM to be held on second call, and such meeting must take place within no more than ten (10) days after the first publication of said call notice.

3.5. Closing of the Transaction. Parties shall keep each other always informed about the fulfillment of such Conditions Precedent. Once all of the Conditions Precedent have been fulfilled (or waived by the respective Party, if possible), either Party may notify the other Party on the fulfillment of the Conditions Precedent and the Parties, by mutual agreement, shall take the necessary measures to close the Transaction, in the shortest time possible, by holding the meetings of each Party that are necessary for the definitive approval and the closing of the Transaction ("Closing"). All acts of Closing are a condition of validity and are deemed as an integral part of the association agreed upon between the Companies under this Agreement.

CHAPTER IV – REPRESENTATIONS AND WARRANTIES BY STNE, STONECO AND DLP

4.1. Representations and Warranties by STNE, StoneCo and DLP. Each of STNE, StoneCo and DLP represents and warrants that the following information is true, complete, precise, accurate and correct, on the date hereof and will continue to be so until Closing (except where the representations and warranties themselves contain a reference to a previous date, in which case they shall be true and correct in all respects as of such date):

(i) Incorporation. STNE is a company duly incorporated and validly existing according to the Laws of the Federative Republic of Brazil. StoneCo is a company duly incorporated and validly existing according to the Laws of the Cayman Islands. DLP Capital LLC is a company duly incorporated and validly existing according to the Laws of Delaware, in the United States of America. DLPPAR Participações S.A. is a company duly incorporated and validly existing according to the Laws of the Federative Republic of Brazil. StoneCo holds and will hold on Closing, direct or indirectly, the control of STNE and DLP.

(ii) Capacity and Authority. The execution of this Agreement was - and the consummation of the operations provided for herein will have been on their respective applicable dates - duly and regularly authorized and approved in accordance with the applicable legislation and their respective Bylaws.

(iii) Binding Obligation. This Agreement is a valid and binding obligation for STNE, StoneCo and DLP and is enforceable against STNE, StoneCo and DLP in accordance with its terms.

(iv) No conflicts. The consummation of the operations provided for in this Agreement and in the other documents referred to in this Agreement by STNE, StoneCo and DLP does not materially (a) constitute default in the terms of any contract to which STNE, StoneCo and DLP are a parties; (b) violates any law or order of any competent authority having jurisdiction over STNE, StoneCo and DLP; and (c) violates any provision of STNE's bylaws. There is no pending or imminent action, process, investigation or procedure vis-à-vis STNE, StoneCo and DLP that, if judged unfavorably, would impair the ability of STNE, StoneCo and DLP to fulfill its obligations under this Agreement, as well as the consummation of the Transaction and the signing of the Protocol.

(v) Capital Stock. (a) On the date hereof, (1) STNE's share capital is of R\$ 1,803,427,332.12 (one billion, eight hundred and three thousand, four hundred and twenty-seven, three hundred and thirty-two reais and twelve cents), represented exclusively by 1,803,427,332 (one billion, eight hundred and three thousand, four hundred and twenty-seven, three hundred and thirty-two) common shares, nominative and with no par value, having been all shares of STNE currently existing validly issued, subscribed and partially paid in; (2) StoneCo's share capital, on December 31, 2019, it is represented only by 178,681,714 Class A shares and 98,678,252 Class B shares, having been all shares issued by StoneCo currently existing and validly issued, subscribed and paid in, including 6,870 shares Class A in treasury; and (3) STNE and StoneCo shall have, on the Closing date, an enough amount of shares to carry out the operations contemplated in this Agreement, under the terms agreed herein, and (b) there are not, on the date hereof, and there will not be on the Closing date, put or call options, rights of first refusal, rights of conversion, repurchase or redemption rights or agreements of any nature, to the benefit of any individual or legal entity, as well as any investment fund, entity or organization, national or foreign ("Person"), transfer shares issued by STNE, StoneCo and DLP that have been granted or issued by STNE, StoneCo and DLP, except by stock options or RSUs (restricted shares units) granted to executives and beneficiaries of STNE, StoneCo and DLP.

(vi) Governmental Authorization. The execution of this Agreement and the consummation of the operations contemplated herein by STNE, StoneCo and DLP do not depend on any action, approval, consent or declaration by any governmental authority, except for the prior approvals of CADE and registration of the Form-F4 by SEC.

(vii) STNE's Financial Statements, StoneCo. The audited financial statements of STNE and StoneCo as of December 31, 2019, as well as any financial statements for the period subsequent to December 31, 2019, which may be released by them (jointly, "StoneCo's Financial Statements") are or shall be complete and true in all their material aspects, were or shall be prepared in accordance with the applicable law and with the generally accepted accounting practices by the applicable jurisdiction ("Accounting Practices Applicable to StoneCo"), on a consistent basis throughout all the relevant periods, adequately reflecting, in accordance with the Accounting Practices Applicable to StoneCo, financial position, results of operations and cash flows of STNE and StoneCo. Each one of STNE and StoneCo did not have, in the periods covered by StoneCo's Financial Statements, any liabilities or obligations of any nature involving material amounts, other than the liabilities or obligations that were disclosed, reflected or referred to in StoneCo's Financial Statements in accordance with its Accounting Practices Applicable to StoneCo or its form 20-F. Since December 31, 2019, each one of STNE and StoneCo has been conducting its activities in the normal course of business and in a manner consistent with previously adopted practices, without prejudice to changes resulting from pandemic of the new coronavirus.

(viii) SEC Form. StoneCo's Form 20-F, as filed with the SEC on this date and updated by the other documents available on the SEC website, is, in its material respects, complete and does not contain, on this date, and, as may be updated by the Date of the Closing, it will not contain, materially, any information or untrue statement about relevant event or omission of information or relevant event that makes the information and statements contained in StoneCo's Form 20-F, in the circumstances in which they were made, not be true, complete and consistent and / or misleading the StoneCo investor.

(ix) Bribery and Anti-Corruption. STNE, StoneCo, DLP or their respective subsidiaries have not carried out, offered, promised, nor given, directly or indirectly, nor allowed, within the terms of their duties, responsibilities and activities, that any director, employee, representative, consultant or other Person (individual or legal entity) acting on their behalf to effect, offer, promise or give any gift, entertainment, payment, loan or other illegal contribution to any authority or any officials, agents or employees of authorities, in order to benefit STNE, StoneCo, DLP, its subsidiaries, and / or any of its Related Parties or any Persons in any way, with the intention of: (a) having influence over the applicable authority, server, agent or employee to perform or perform any act or take any decision regarding your position and / or function; or (b) induce any authority or employee, servant or agent thereof to perform or cease to perform any act in violation of the conduct recommended or required by applicable law with respect to the authority, server, agent or employee thereof; or (c) induce an authority, server, agent or employee thereof to use its influence to obtain any advantage or favorable treatment for the purpose of assisting StoneCo, its subsidiaries, any of its Related Parties or any persons in any way; or (d) perform any act in violation of the Foreign Corrupt Practices Act of 1977 (FCPA), the Brazilian Anticorruption Law No. 12,846 / 2013 and / or any other similar applicable law.

(x) General Meetings Approvals. StoneCo and DLP undertake to attend STNE meetings or assemblies as necessary, and to vote in order to approve the Transaction, including the Redemption of Shares and the Merger of Shares, as well as all related documentation, including but not limited to the Merger of Shares Protocol to be prepared by the managements of Linx and STNE.

(xi) Financial Capacity. STNE, StoneCo and DLP have, on this date, and will have, on the Closing date, access to sufficient resources to honor their obligations assumed under this Agreement. The commitments assumed by STNE, StoneCo and DLP under this Agreement are not conditional on obtaining any financing in any way, including, without limitation, in the scope of capital market operations, debt operations, loans or capitalizations.

(xii) No other Representation or Warranty. Except for the representations and warranties contained in this Agreement, STNE, StoneCo and DLP do not provide Linx with any other representations or warranties, express or implied.

(xiii) Absence of Survival of Representations and Warranties. The representations above are effective as of the present date and will expire on the Closing date of the Transaction, being certain that STNE, StoneCo and DLP will have no responsibility for the inaccuracy or incompleteness in relation to such representations and warranties after the Closing date.

CHAPTER V – REPRESENTATIONS AND WARRANTIES BY LINX AND LINX SHAREHOLDERS

5.1. Representations and Warranties by Linx. Linx represents and warrants that the following information is true, complete, precise, accurate and correct, on the date hereof and will continue to be so until Closing (except where the representations and warranties themselves contain a reference to a previous date, in which case they shall be true and correct in all respects as of such date):

(i) Incorporation. Linx is a publicly held company, duly incorporated and validly existing under the Laws of the Federative Republic of Brazil.

(ii) Capacity and Authority. The execution of this Agreement by Linx was - and the consummation of the operations provided for herein will have been on the respective applicable dates - duly and regularly authorized and approved in accordance with the applicable legislation and Linx's Bylaws.

(iii) Binding Obligation. This Agreement is a valid and binding obligation for Linx and is enforceable against Linx in accordance with its terms.

(iv) No conflicts. At the Closing date of the Transaction, the consummation of the operations provided for in this Agreement and in the other documents referred to in this Agreement by Linx will not (a) except by the agreements referred in Clause 2.3(iii), conflict or result in violation or constitute a default of any material contract, or create a right, or give rise to the allegation of termination or amendment, or will require modification, will give rise to early maturity of financial obligations, whose total value exceeds R\$ 80,000,000.00 (eighty million reais), or cancellation or loss of benefit with an amount greater than R\$ 15,000,000.00 (fifteen million reais), or the constitution of any Lien (or obligation to create any Lien) on Linx's assets, assets or rights; nor (b) conflict with or result in default of any obligation arising out of a court order, authorization from a governmental agency, license or permission to which Linx is subject or is a party; nor (c) violate any provisions of Linx's Bylaws. At the present date, there is no pending action, lawsuit or investigation against Linx that could legally impair the completion of any of the operations provided for in this Agreement and in the other documents referred to in this Agreement.

(v) Capital Stock. (a) On the date hereof, the share capital of Linx is represented exclusively by one hundred and eighty-nine million, four hundred and eight thousand, nine hundred and sixty (189,408,960) common shares, nominative and with no par value, including shares treasury shares, all of which are validly issued, subscribed and paid in; (b) except for the obligations arising from Linx's Deferred Stock Plans and Linx's Stock Option Plans currently in effect disclosed in Linx's Reference Form, as per **Annex 5.1(v)** to this Agreement (jointly, "Linx Plans") there are not, on the date hereof, and there will not be on the Closing date, put or call options, rights of first refusal, rights of conversion, repurchase or redemption rights or agreements of any nature to the benefit of any Person, to acquire, sell, subscribe, convert, exchange for, repurchase, redeem or otherwise transfer shares issued by Linx that have been granted or issued by Linx; and (c) there are no contractual obligations of Linx to approve repurchase, redemption or any other form of acquisition of any shares issued by Linx, except by the Program of Repurchase of Shares of Linx approved by the Board of Directors of Linx on March 9, 2020.

(vi) Governmental Authorization. The execution of this Agreement and the consummation of the operations contemplated herein by Linx do not depend on any action, approval, consent or declaration by any governmental authority, except for prior approval by CADE.

(vii) Linx's Financial Statements. Linx's audited financial statements as of December 31, 2019, disclosed on CVM's website, as well as any Quarterly Information - ITR or financial statement referring to the period subsequent to December 31, 2019, (jointly, "Linx's Financial Statements") are or shall be complete and true in all their material aspects, were or shall be prepared in accordance with the applicable law and with the Brazilian GAAP, on a consistent basis throughout all the relevant periods, adequately reflecting, in accordance with the Brazilian GAAP, Linx's financial position, results of operations and cash flows. Linx did not have, in the periods covered by Linx's Financial Statements, any liabilities or obligations of any nature, involving material amounts, in addition to the liabilities or obligations that were disclosed, reflected or referred to in Linx's Financial Statements in accordance with Brazilian GAAP or in its Reference Form. Since December 31, 2019, Linx has been conducting its activities in the normal course of business and in a manner consistent with previously adopted practices, without prejudice to changes resulting from the pandemic of the new coronavirus.

(viii) Reference Form. Linx's Reference Form, as filed with the CVM on the date hereof and updated by the other documents available on the CVM website, is, in its material aspects, complete and does not contain, on this date, and, as it may be further updated until the Closing date, will not contain on the delivery date of the Reference Form, any untrue information or statement about a relevant event or omission of information or relevant event that may cause the information and statements contained in Linx's Reference Form, in the circumstances in which they were made, not to be true, complete and consistent and/or misleading to Linx's investors.

(ix) Operational Activities. There is no event or circumstance that could cause a Material Adverse Change in the operations of Linx and/or its subsidiaries (including due to the execution of this Agreement). Except as provided in Linx's Reference Form, Linx and its subsidiaries have all the licenses, permits, permissions and authorizations for the opening and operation that are materially necessary to conduct their businesses. There are no material questionings of any kind regarding the license, permit, permission or authorization for the operation of its establishments.

(x) Contingencies, Litigation and Liabilities. There are no obligations, liabilities, contingencies, direct damages, losses, pecuniary or convertible to pecuniary liability (including monetary adjustment, reasonable attorneys' fees and court costs), claims, actions, lawsuits, investigations, final and non-appealable judgments (including judicial, administrative or arbitration judgments), fines, interest, penalties, costs, expenses and imposition of liens (including the attachment of assets, assets, rights or credits, and/or partial or total, temporary or permanent limitation, to the free use or disposition of any amounts deposited in bank accounts), of any nature, including but not limited to civil, labor, social security, tax, judicial, arbitration or administrative (before or by any person, public entity or arbitrator), involving Linx and its subsidiaries that may result in a loss, individually or in the aggregate, higher than R\$ 50,000,000.00 (fifty million Brazilian reais) and which have not been disclosed in Linx's Reference Form and/or in the Financial Statements of Linx of December 31, 2019 and June 30, 2020.

(xi) Agreements with Related Parties. All transactions carried out by Linx and its subsidiaries with Related Parties (Related Parties, for the purposes hereof, having the meaning assigned to such term in the current applicable accounting rules) complied with the applicable law, were carried out under market conditions and were duly accounted for. Any and all taxes levied on operations carried out by Linx and/or its subsidiaries with Related Parties were duly accounted for and paid. There are no transactions carried out by Linx and/or its subsidiaries with Related Parties that have not been disclosed in Linx's Reference Form.

(xii) Bribery and Anti-Corruption. Linx or its subsidiaries have not made, offered, promised or given, either directly or indirectly, nor permitted, within the scope of their duties, responsibilities and activities, any director, employee, representative, consultant or other individual Person or legal entity acting on their behalf to make, offer, promise or give any gift, entertainment, payment, loan or other illegal contribution to any authority or any servants, agents or officials of authorities, with the purpose of benefiting Linx, its subsidiaries, and/or any of its Related Parties or any People in any way, with the intention of: (a) having influence over the applicable authority, server, agent or employee thereof to perform or refrain from performing any act in violation of the conduct recommended or required by the applicable Law in relation to the government authority, civil servant, agent or employee thereof; or (b) inducing any authority or employee, servant or agent thereof to perform or cease to perform any act in violation of the conduct recommended or required by applicable law with respect to the authority, servant, agent or employee thereof; or (c) inducing an authority, server, agent or employee thereof to use its influence to secure any advantage or favorable treatment for the purpose of assisting Linx, its subsidiaries, any of its Related Parties or any persons in any manner; or (d) performing any act in violation of the Brazilian Anti-Corruption Law No. 12,846/2013.

(xiii) No other Representation or Warranty. Except for the representations and warranties contained in this Agreement, Linx does not provide STNE and/or StoneCo and DLP with any other express or implied representations or warranties. The representations above are effective as of the present date and will expire on the Closing date of the Transaction, being certain that Linx will have no responsibility for the inaccuracy or incompleteness in relation to such representations and warranties after the Closing date.

5.2. Representations and Warranties by Linx Shareholders. Linx Shareholders represent and warrant to STNE, StoneCo and DLP that the following information is true, complete, precise, accurate and correct, on the date hereof and will continue to be so until Closing (except where the representations and warranties themselves contain a reference to a previous date, in which case they shall be true and correct in all respects as of such date):

(i) Capacity and Authority. The execution and enforcement of this Agreement by Linx Shareholders and the consummation of the operations provided for herein were duly and regularly authorized and approved.

(ii) Binding Obligation. This Agreement is a valid and binding obligation for Linx Shareholders and is enforceable against Linx Shareholders in accordance with its terms.

(iii) No other Representation or Warranty. Except for the statements and warranties contained in this Agreement, the Linx Shareholders do not provide STNE and/or DLP and/or StoneCo with any other representations or warranties, express or implied. The representations above are effective as of the present date and will expire on the Closing date of the Transaction, being certain that Linx will have no responsibility for the inaccuracy or incompleteness in relation to such representations and warranties after the Closing date (including).

CHAPTER VI - OTHER PROVISIONS

6.1. Publicity; Material Fact. The execution of this Agreement shall be disclosed to the market and to the shareholders of Linx and StoneCo in a coordinated manner in accordance with the legislation applicable to each of them. None of the Parties or their consultants shall issue, authorize or determine the publication of a press release, or any other form of public announcement related to this Agreement and the other documents and operations referred to in this Agreement, without the prior written consent of Linx, STNE and StoneCo, except as required by applicable law or regulation, including laws, regulations and guidance from SEC in connection with the Form F-4, CADE Approval and other registrations with governmental authorities, as necessary, in which case each of the Companies will use its reasonable best efforts to consider and incorporate the comments of the other Company into the content of said communication or announcement before its release. Linx and StoneCo undertake to disclose and publish all material facts or mandatory announcements at the same time, in accordance with the applicable law. Linx and StoneCo undertake to agree on the content of said material facts or announcements prior to their disclosure.

6.2. Confidentiality. As of this date, the Companies undertake to keep, on a confidential basis, all documents and confidential information related to the Companies ("Confidential Information"), except to the extent that it can be proved that the information in question (i) are in the public domain, regardless of the fault of any of the Companies; or (ii) were subsequently and legally acquired by any of the Companies from other sources, without violation of any law, regulation, order of governmental authority or obligation of confidentiality; *provided* that, notwithstanding anything to the contrary in this Agreement, the Companies shall be permitted to use Confidential Information in connection with the preparation and filing of the Form F-4, the CADE Approval and any other filings required or advisable in connection therewith. Confidential Information may only be disclosed in the event that any of the Companies is required to disclose the Confidential Information in question by virtue of law, regulation, governmental order or as a result of a final court decision. In any event in which Confidential Information is disclosed, the Party that discloses the Confidential Information must first inform the other Party and agree on the content of the disclosure in question. As of this date, the Companies undertake to keep, confidentially, any and all information about the terms and conditions of this Agreement.

6.3. CADE Approval. STNE is obliged to submit, including in the pre-notification regime, if applicable, the Transaction contemplated in this Agreement to CADE's Approval, within a maximum period of twenty (20) business days counted as of the date hereof, and Linx must provide all information requested by the legal representatives of STNE within a maximum of five (5) days as from the request, or in shorter period, if necessary, in order to enable compliance with the deadline with CADE. Linx's failure to provide the requested information within five (5) days, as established above, postpone, at least for the same number of delayed days, in up to twenty (20) business days to submit the Transaction to CADE. STNE should lead the analysis process, having autonomy regarding the definition of the best strategy before CADE, and should always consult Linx with reasonable advance, keeping it informed of all interactions with CADE. The Companies undertake, from now on, to cooperate fully with each other throughout the entire process, providing all information and documents reasonably necessary for the preparation of notification and fulfillment of any requests for additional information/clarification by CADE, in order to obtain the said approval as soon as possible.

6.3.1. The Companies undertake to (i) inform each other, as the case may be, with reasonable notice, of any and all meetings with CADE representatives regarding this Transaction; (ii) not to attend such meetings alone without giving each other (or its legal representatives) the opportunity to be present and participate in such meeting; (iii) inform the other Company, with reasonable notice, about any and all oral communication/contact with CADE representatives about this Transaction; (iv) if CADE initiates any type of oral communication about this Transaction, promptly inform the other Company about the content of such communication/contact; (v) give the other Company, with reasonable notice, the opportunity to review and comment on any and all written communications to be submitted to CADE (including any analyzes, presentations, memoranda, petitions, arguments, opinions, proposals submitted by or on behalf of any of the Companies in relation to this Transaction, among other things), and should take the other Company's views and comments in good faith; and (vi) promptly make available to the other Company a copy of any and all written communications from or to CADE in relation to this Transaction. The Companies may, as they deem necessary and recommended, determine that any competitively sensitive information will be made available only to the external lawyers of each Company, and will not be disclosed by their external lawyers to any employee, director or director of the Company who received the information without the advance and written consent of the Company that made such information available.

6.3.2. All costs and expenses involved in the process for obtaining approval by CADE shall be borne exclusively by STNE and/or any of its subsidiaries, except for the costs related to the representation of each Company with CADE.

6.3.3. Should any penalty be applied by CADE as a result of a potential action, omission or failure to comply with the applicable regulation by any of the Companies, the Company that has incurred such action or that caused it should be solely responsible for the payment of such penalty.

6.3.4. If CADE imposes any restrictions as a condition for granting CADE's Approval, StoneCo, STNE, DLP and Linx shall make the best efforts to meet such restrictions imposed by CADE, in order to implement the Merger of Shares and the Redemption of Shares in terms substantially equal to those established in this Agreement. If it is not possible to comply with the restrictions as indicated above, the provisions of Clause 9.1 (iv) below will apply.

6.3.5. In the cases provided for in Clause 9.1 (iv), (i) this Agreement will be terminated, as indicated in Chapter 9 below; and (ii) STNE will be obliged to pay, for Linx, the compensatory fine established in Clause 8.1.

6.4. Regular Course of Business. Except as otherwise specified in this Agreement, in the Protocol, if required by CADE or if necessary to close the Transaction, from the date hereof and until the Closing date, each of the Companies agrees to conduct its operations in observance of the regular course of their respective businesses and/or carried out in their best interest in view of the market circumstances, and refrain from committing acts that may materially affect their businesses or operations.

6.5. Without prejudice to the provisions of Clause 6.4 above, Linx is obliged, until the date of consummation of the Transaction or termination of this Agreement, not to perform nor approve that its subsidiaries perform the acts below, except if authorized by STNE:

(i) propose to the general shareholders' meeting of Linx and/or its subsidiaries, any changes to its Bylaws (except if and only to the extent required by applicable law);

(ii) redeem, repurchase, issue or sell any shares issued by it, securities convertible into or substitutable for shares, options, warrants, purchase rights or any other form of acquisition right relating to the shares issued by it, except as a result of the Linx Plans, as the case may be;

(iii) propose to the general shareholders' meeting of Linx the reduction of its capital or the redemption of its shares;

(iv) approve the acquisition (including by merger, incorporation, acquisition of shares or assets, or in any other way) any interest in assets or any business or person that involves a higher amount, individually, than R\$ 50,000,000.00 (fifty million reais), as long as it does not take a debt for this purpose;

(v) approve the entry into alliances or joint venture agreements, or any type of similar relationship;

- (vi) approve the execution of new compensation and benefit plans (or amend existing plans), as well as pay bonuses, commissions, incentives or any type of compensation for shares outside the regular course of business and which are not provided for, present date, in the existing compensation and benefit plans, except if so determined by applicable law;
- (vii) directly or indirectly get involved in any operation, or enter into any agreement with a director, director or its Related Parties, which are not due to the regular course of their business;
- (viii) promote any change in its accounting policies and practices, except if required by law;
- (ix) lease or encumber (including the granting of any option on) any of its assets, except if due to the fulfillment of currently existing contracts and in the regular course of its business;
- (x) except in relation to actions to be taken under existing contracts, assume any obligation or responsibility, enter into new relevant contracts, including: (a) contracts for the sale purchase agreement or sale of its assets, with an amount higher than R\$ 5,000,000.00 (five million); or (b) property lease contracts for the head office of Linx, with the exception of existing lease contracts;
- (xi) mortgage or pledge any tangible or intangible asset, or offer them as collateral, except if so required due to guarantees relating to labor or tax proceedings in which Linx and/or its subsidiaries, as the case may be, are defendants and that involve total amounts not exceeding R\$ 50,000,000.00 (fifty million reais);
- (xii) take out any loan, issuing debt securities, entering into any type of financing agreement or change the terms of existing financing agreements or debt instruments, except: (a) those entered into in the regular course of Linx's business and that in any case do not increase the debt of Linx in more than R\$ 200,000,000.00 (two hundred million reais); or (b) operations that aim to refinance its indebtedness, without the issuance of convertible or exchangeable securities for its shares;
- (xiii) guarantee, endorse or otherwise become liable (whether directly, contingently or otherwise) for the obligations of any person, except in relation to its subsidiaries;
- (xiv) enter into, amend, modify or in any way alter the terms of the existing contracts entered into by Linx and/or its respective subsidiaries in order to speed up payments due under those contracts;
- (xv) donate or freely assign any asset, right, or any form of asset, to their respective shareholders, directors, officers and/or any third party, except by the practices already hired and donation to Ten Yad;
- (xvi) enter into any collective bargaining agreement or promote any relevant changes to the terms and conditions of the current employment contracts to which they are a party, except if in the regular course of their business;
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(xvii) engage in different commercial activities, except in relation to those incidental necessary for the development of its activities, other than those relating to the Transaction contemplated by this Agreement;

(xviii) anticipate the vesting periods of the options, or permanence of the plan, granted under the Linx Plans, except for vesting acceleration set forth in the agreements currently in force;

(xix) approve (a) the hiring of new employees of coordination, managerial or higher hierarchical level or administrators of any level, outside the normal course of business; (b) the dismissal of employees outside the normal course of business; and (c) the implementation of any voluntary termination or dismissal program for employees;

(xx) propose to the general shareholders' meeting of Linx the approval of the cancellation of its registration as a publicly held company;

(xxi) enter into any contract or otherwise assume any obligation to any Related Party; and

(xxii) agree or undertake to perform any of the acts described above.

6.6. Cooperation. The Parties, in an irrevocable and irreversible manner, undertake to cooperate with the practice of all necessary acts by the other Parties and by the Companies for the preparation of any documents related to the Transaction, including, without limitation, the financial statements (including financial information pro forma), the reports, appraisals and other information and documents (including the registration of the offer of new shares issued by StoneCo to be issued within the scope of the Transaction or to allow StoneCo to obtain funds to fulfill its obligations under the transaction in the pertinent forms before the United States Securities and Exchange Commission - Securities and Exchange Commission) required by applicable law and obtaining the third parties consents, seeking approval of the Transaction in the shortest possible time. Linx will use its best reasonable efforts to cooperate when reasonably requested by StoneCo in relation to the arrangements, marketing and consummation of any debt or equity financing sought by StoneCo in connection with the transactions provided for in this Agreement.

6.6.1. StoneCo, DLP and Linx Shareholders undertake to comply with this Agreement in all its terms and conditions.

6.7 Non-Compete and Non-Solicit. Non-compete and non-solicit agreements were entered into, with their respective effectiveness conditioned to the Closing of the Transaction, in such a manner that Linx Shareholders will not be allowed to compete with STNE and Linx for a period of 5 (five) years as from Closing.

6.8 Service Agreement. STNE made an offer to the current Chief Executive Officer of Linx so that, even after the Closing of the Transaction, the Chief Executive Officer remains bound to the combined business of STNE and Linx, in the position of Senior Advisor of STNE and its Affiliates.

CHAPTER VII - DUTY OF EXCLUSIVITY

7.1. **Exclusivity.** Linx and the Linx Shareholders undertake, directly and/or indirectly, from this date until what occurs first between (a) the consummation of the Transaction; or (b) termination of this Agreement, pursuant to Chapter XI below, to:

- (i) ensure exclusivity for STNE to the Closing of the Transaction or any similar and/or equivalent transaction to the Transaction;
- (ii) do not request, seek and / or initiate any proposal related to any agreement, arrangement or operation with third parties that is a competitor to or that has the effect of competing with the Transaction or that may harm or make the Closing of the Transaction unfeasible, or that has the same purpose or similar to the Transaction, including any corporate reorganization involving Linx (merger, merger of shares, capital reduction, spin-off or merger), public offer for the purchase of shares for Linx shareholders or any operation that depends on the waiver or elimination of the poison pill provided for in Article 43 of Linx's bylaws ("Competing Transaction"); and
- (iii) inform to the other Parties of this Agreement, immediately and in writing, about any approach in writing that is received from third parties in order to carry out or discuss a Competing Transaction.

7.2. **Exception.** Without prejudice to the fulfillment of the exclusivity obligations established above, if, at the exclusive initiative of a third party, a proposal is presented, binding and not subject to financing or due diligence, for an Competing Transaction to Linx, the independent members of the Board of Directors of Linx, with the participation of Linx Shareholders, authorized to receive and evaluate the proposal in question, together with the involvement of its hired advisors, in Linx's best interest, being certain that such conduct, including the possible recommendation for approval of the Competing Transaction by the Board of Directors of Linx (which cannot count on the favorable vote of the Linx Shareholders) that is required to fulfill its fiduciary and legal duties, will not constitute a violation of the exclusivity obligation assumed in this Agreement.

CHAPTER VIII - FINE

8.1 The Parties agree that the compensatory fine in the amount of R\$ 453,750,000.00 (four hundred and fifty three million, seven hundred and fifty thousand reais) ("Fine") will be due, totally or partially, as provided below:

- (i) Linx shall pay the Fine to STNE in case of non-compliance by Linx with the exclusivity obligations provided in Chapter VII, which shall be paid within 5 (five) business days as from the receipt of the written notice sent by STNE in this regard, and the consequent termination of the Agreement;
 - (ii) The approval to contract or the contracting by Linx or its shareholders of a Competing Transaction, or the execution or acceptance of a Competing Transaction by Linx or its shareholders, in any form, will imply the obligation to pay the Fine by Linx in favor of STNE, within up to 5 (five) business days from such date, and consequent termination of this Agreement;
-

(iii) in case of breach by any of the Companies, DLP or StoneCo of its respective obligations undertaken under this Agreement that results in its termination, the offending Company shall pay the Fine to the innocent Company within 5 (five) business days after receiving the written notice sent by the innocent Company in this regard;

(iv) As long as the condition precedent provided for in Clause 2.2 (iii) is fulfilled, in the event of non-realization of an extraordinary shareholders' meeting of Linx ("Linx ESM") or failure to approve any matter by Linx ESM whose non-approval prevents or burdens the consummation of the Transaction, including, but not limited to, limited to the non-approval of the proposal for a possible waiver of the eventual obligation of STNE to carry out the public offer for the acquisition of Linx shares, pursuant to Article 43 of Linx's bylaws, as a result of the acquisition of shares issued by Linx, or to non-approval of the proposal to waive STNE's adherence to the B3's Novo Mercado segment, Linx must pay a fine in the amount of R\$ 112,500,000.00 (one hundred and twelve million, five hundred thousand reais) to STNE within 5 (five) business days after the date on which the Linx ESM takes place or after the date of the Linx ESM on the second or third call, if applicable. In this case, if a Competing Transaction is announced or contracted up to the date of the Linx ESM, and such Competing Transaction is approved or entered into during the period of 12 (twelve) months after the Linx ESM or after the date on which the failure to perform the Linx ESM is characterized, which resulted in the obligation to pay the Fine, Linx shall pay the remaining amount of the Fine in the amount of R\$ 341,250,000.00 (three hundred and forty one million, two hundred and fifty thousand reais) to STNE within 5 (five) business days after the announcement or consummation of the Competing Transaction, whichever occurs first; and

(v) In the event provided for in Clause 6.3.5 above, STNE shall pay the Fine to Linx, within 5 (five) business days of the verification of such event.

8.1.1 The scenarios for application of the Fine described above are alternative and not cumulative and cannot be added up, except for the two cases for application of fines set forth in item (iv) of Clause 8.1, which will be combined. The payment of the Fine implies termination of this Agreement.

8.1.2. It is understood that StoneCo and DLP are jointly and severally liable with STNE for the payment to Linx of the Fine described in this Chapter VIII, if due.

8.1.3. The Companies, StoneCo and DLP hereby agree that the Fine will be the only remedy for the Companies in the event of non-compliance with the obligations assumed in this Agreement, being certain that this Agreement does not include specific execution, nor any supplementary indemnity of the Companies.

CHAPTER IX - TERMINATION

9.1. Termination. Without prejudice to the application of the Fine agreed in Chapter VIII above, this Agreement may be terminated:

(i) if the Closing of the Transaction does not occur until twelve (12) months as of the date hereof or three (3) months after the CADE Approval or the registration of Form F-4, what occurs last, but in no circumstances can it exceed eighteen (18) months as from this date, except if such delay is due to the fault or intent of one of the Parties, in which case the other Party may choose to extend the term of this Agreement until Closing occurs; or

(ii) at any time before the Closing of the Transaction, by written agreement between the Companies; or

(iii) by STNE, in its free and exclusive discretion, if (a) the Transaction is not approved by Linx's GSM; (b) the waiver from the potential obligation of STNE to carry out the public offering for the acquisition of Linx shares is not approved, as provided for in article 43 of Linx's Bylaws, as a result of the acquisition of shares issued by Linx; or (c) is not approved the waiver from STNE's adhesion to B3's Novo Mercado segment; or

(iv) by Linx, if (a) CADE's Court imposes restrictions as a condition for CADE Approval, and StoneCo, STNE and Linx, after making the best efforts, fail to meet the restrictions; or (b) CADE's Court do not approve the Transaction, pursuant to Clause 6.3.4 above; or

(v) by the innocent Party, at any time before the Closing date, if another Party fail to fulfill with any obligation provided for in this Agreement and such no-compliance is not remedied within 30 (thirty) days as from receipt of notice to that effect sent by the innocent Party, except that if any obligation is not promptly fulfilled due to a court order or provision law that prevents your satisfaction, this fact will not be considered for the purposes of this Agreement as a breach of obligation; or

(vi) by STNE, StoneCo or DLP if, at any time up to the date on which the Merger of Shares is approved by Linx's GSM, STNE, StoneCo or any company controlled by StoneCo publishes a public tender offer for the acquisition or exchange of shares that is intended to holders of Linx shares ("OPA") and launched at a price per share equal to or greater than thirty five reais and ten cents (R\$ 35.10).

9.2. Effect of Termination. In the event of termination of this Agreement under the terms of Clause 9.1, this Agreement shall become with no effect. Notwithstanding the foregoing, the obligation of disclosure and confidentiality provided for in Clauses 6.1 and 6.2, as well as the obligations of provided for in Chapter 7, Chapter 8, Chapter 10 and Chapter 11, shall survive for the period in which such obligations last in accordance with said Clauses.

CHAPTER X - LAW AND ARBITRATION

10.1. This Agreement shall be ruled and interpreted according to Brazilian law.

10.2. Arbitration. Any and all disputes that may arise between the Parties as a result of this Commitment or related to it will be resolved definitively by arbitration, administered by the Market Arbitration Chamber instituted by B3 ("Market Arbitration Chamber"), in accordance with the Arbitration Rules of that institution that are in force at the time of the start of arbitration. In the event that the Arbitration Rules of the Market Arbitration Chamber is omitted in any respect, the Parties agree to apply, in addition, the dispositions provided for in Law No. 9,307/1996.

10.3. Arbitral tribunal. The Arbitral Tribunal will consist of three (3) arbitrators ("Arbitral Tribunal"), who will be appointed according to the Arbitration Rules of the Market Arbitration Chamber. None of the arbitrator to be appointed shall have to be part of the group of arbitrators of the Market Arbitration Chamber, as allowed by Law No. 9,307/96.

10.4. The place of arbitration shall be the city of São Paulo, State of São Paulo, Brazil, local where the arbitral decision shall be declared. The language of the arbitration will be Portuguese.

10.5. The arbitrators must decide based on the applicable Brazilian legislation, provided that the arbitration by equity is prohibited.

10.6. Arbitral proceedings and any documents and information disclosed within the scope of the arbitration will be confidential.

10.7. Appeals to the Courts. The arbitration decision award will be final and binding for the Parties and their successors, and the Parties waive any right of appeal. Each Party has the right to appeal to the judicial courts to (i) impose the installation of arbitration; (ii) obtain preliminary measures for the protection or conservation of rights, prior to the constitution of arbitration, if necessary, including to execute any measure that entails specific execution under the terms of § 3 of article 118 of the Brazilian Corporation Law, and any action should not be considered as a waiver of arbitration as the only means of conflict resolution chosen by the Parties; (iii) to execute any decision of the arbitration court, including the arbitration decision; (iv) the legal measures provided for in Law No. 9,307/1996, including the eventual action to seek the annulment of the arbitration award when permitted by law; or (v) execution of this Commitment as an extrajudicial enforcement order. In the case of preliminary injunctions or specific execution submitted to the Judiciary in the cases provided for herein, the Arbitral Tribunal, when constituted, may assess them, having the freedom to maintain or modify the decision issued by the judicial court. For all judicial measures provided for herein, the Parties choose the District Court of the city of São Paulo, State of São Paulo, with the exception of any other, however privileged it may be, except for the measures set forth in item (iii) above, which may be proposed in any competent jurisdiction.

10.8. Costs. Payment of the arbitration fees will be made in accordance with the Arbitration Rules of the Market Arbitration Chamber, and liability for the costs, including administration fees, arbitrators', experts' and technical assistants' fees, as well as legal contractual fees, will be defined by the Arbitral Tribunal, in the arbitral award.

10.9. Commitment Clause. The Parties hereby declare that they are bound by this arbitration clause and undertake to participate in any arbitration that may be proposed, which relates to this instrument, as well as to comply with the arbitration award. The Parties declare their consent for any eventual disputes also related to the Voting Commitment and Assumption of Obligations referred to in Clause 1.8 shall be decided in the same arbitration procedure based on this arbitration clause.

CHAPTER XI - GENERAL PROVISIONS

11.1. Expenses and Taxes. Each Party shall bear its own taxes incurred as a result of the Transaction. Each Party shall bear its own expenses incurred in the preparation, negotiation and execution of the definitive documents, including all fees and expenses of agents, consultants, representatives, lawyers and accountants, whether or not the operations are consummated.

11.2. Entire Agreement. This Agreement, together with its Annexes, constitutes the only and complete understanding between the Parties regarding the matters dealt with herein. The Parties agree that this Agreement faithfully records all negotiations previously held by them, as well as their intentions with respect to the matters dealt with herein. As this Agreement is signed by all the Companies, this Agreement will bind the respective shareholders who have signed or adhered to this Agreement, who will become considered Parties to this Agreement.

11.3. Notices. Unless as otherwise expressly provided herein, all notices or communications that must be sent by either Party to the others must be made by hand delivered letter, registered letter with acknowledgment of receipt, or through the notary or court. Either Party may change the address for notifications, provided it notifies the other Parties in this regard.

(a) if for Linx:

Av. Doutora Ruth Cardoso, 7221, Cj. 701, Bl. A, sala 1, Edifício Birmann 21
CEP 05425-902, São Paulo - SP
Att.: Sr. Alberto Menache
E-mail: alberto.menache@linx.com.br

(b) if for Linx Shareholders:

Alberto Menache
Av. Doutora Ruth Cardoso, 7221, Cj. 701, Bl. A, sala 1, Edifício Birmann 21
CEP 05425-902, São Paulo – SP
E-mail: alberto.menache@linx.com.br

Nércio José Monteiro Fernandes
Avenida Doutora Ruth Cardoso, nº 7221, Cj. 701, Bl. A, Dep. 20, sala 01,
Edifício Birmann 21, CEP 05425-902, São Paulo, SP
E-mail: nercio@linx.com.br

Alon Dayan
Avenida Doutora Ruth Cardoso, nº 7221, Cj. 701, Bl. A, Dep. 20, sala 01,
Edifício Birmann 21, CEP 05425-902, São Paulo, SP
E-mail: Alon@linx.com.br

(c) if for STNE, StoneCo or DLP:

Rua Fidêncio Ramos, 308, Torre A, 10º andar, conjunto 102, Vila Olímpia
CEP 04551-010, São Paulo – SP
At.: Thiago Piau
E-mail: tpiau@stone.com.br

11.4. Term Counting. The terms provided for in this Agreement will be counted in accordance with the law.

11.5. Assignment. This Agreement is binding on and benefits the Parties, their successors and permitted assigns, it being certain that any assignment of obligations and rights of this Agreement by any Party requires the prior written consent of the other Parties.

11.6. Waiver. The eventual abstention of any of the Parties from exercising the rights and privileges provided for in this Agreement will not mean their waiver or novation, which may be invoked or exercised at any time, in compliance with the legislation in force. Any waiver can only be challenged when granted in writing.

11.7. Irrevocability and Irreversibility. This Agreement is entered into on an irrevocable and irreversible basis. The Parties undertake to fully comply with and enforce all that is agreed between them in this Agreement, and therefore acknowledge and claim to be null and ineffective, between themselves or any third party, any attitude and / or measure taken in disagreement with the agreement herein and/or that represents a violation of the obligations assumed by the Parties to this Agreement.

11.8. Headings and Definitions. The titles, headings and definitions used in this Agreement have been inserted to facilitate its understanding and cannot be used to limit, modify or distort the interpretation of any of the clauses of this Agreement.

11.9. Severability. If, at any time, any provision of this Agreement is found to be illegal, void or unenforceable by any competent court, that provision will have no force or effect, and the illegality or enforceability of that provision will have no effect and will not impair the enforceability of any other provision of this Agreement.

11.9.1. The Parties hereby agree that, should the defined structure and other agreed STNEs for the definition of the Transaction be questioned or have their execution in the form provided herein despite the determination of a competent governmental authority, the Parties will discuss in good faith an alternative structure that achieves the same objectives and is substantially equivalent to the current structure, including with a view to preserving, without any negative economic impact, the other agreements and commitments undertaken by the Parties, including Linx Shareholders, within the scope of the Transaction.

11.10. The Parties and the two witnesses execute this Commitment through electronic means, provided that the Parties hereby declare and expressly agrees, for the purposes of the Article 10, Paragraph 2nd, of the Provisional Measure (*Medida Provisória*) No. 2.200-2, of August 24, 2001, that their signatures through electronic means are binding, effective, efficient and provides authenticity, integrity and legal validity to this instrument, being this Agreement an extrajudicial executive title for all legal purposes.



Our ref: LMY/762246-000001/63698683v5

StoneCo Ltd.

Harneys Fiduciary (Cayman) limited
4th Floor, Harbour Place
103 South Church Street
PO Box 10240
Grand Cayman KY1-1002
Cayman Islands

September 2 2020

StoneCo Ltd.

We have acted as Cayman Islands legal counsel to StoneCo Ltd. (the "**Company**") in connection with a registration statement on Form F-4, including the related prospectus (the "**Prospectus**") and all amendments or supplements thereto (the "**Registration Statement**", which term does not include any other document or agreement whether or not specifically referred to therein or attached as an exhibit or schedule thereto), originally filed with the U.S. Securities and Exchange Commission (the "**Commission**") on the date hereof under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") in respect of a potential business combination between STNE Participações S.A. ("STNE"), a subsidiary of the Company, and Linx, S.A. ("Linx"), pursuant to which Linx would become a wholly owned subsidiary of STNE, including the registration of up to 2,269,998 Class A common shares in the capital of the Company, par value US\$0.000079365 each, (the "**Shares**") by the Company for the purposes of the Transaction (as defined in the Prospectus).

1 Documents Reviewed

We have reviewed originals, copies, drafts or conformed copies of the following documents:

- 1.1 The certificate of incorporation and the amended and restated memorandum and articles of association of the Company adopted by special resolution passed on 11 October 2018 (the "**Memorandum and Articles**").
 - 1.2 The written resolutions of the board of directors of the Company 9 August 2020 (the "**Resolutions**").
 - 1.3 A certificate of good standing with respect to the Company issued by the Registrar of Companies (the "**Certificate of Good Standing**").
 - 1.4 A certificate from a director of the Company a copy of which is attached to this opinion letter (the "**Director's Certificate**").
-

1.5 The Association and Other Covenants Agreement, dated as of August 11, 2020, by and among Linx and STNE, with Nércio José Monteiro Fernandes, Alberto Menache and Alon Dayan, StoneCo, DLP Capital LLC and DLPPAR Participações S.A. acting as intervening parties as amended and restated as of September 1, 2020 by the parties thereto.

1.6 The Registration Statement.

2 Assumptions

The following opinions are given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this opinion letter. These opinions only relate to the laws of the Cayman Islands which are in force on the date of this opinion letter. In giving the following opinions, we have relied (without further verification) upon the completeness and accuracy, as at the date of this opinion letter, of the Director's Certificate and the Certificate of Good Standing. We have also relied upon the following assumptions, which we have not independently verified:

2.1 Copies of documents, conformed copies or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals, and translations of documents provided to us are complete and accurate.

2.2 All signatures, initials and seals are genuine.

2.3 There is no contractual or other prohibition or restriction (other than as arising under Cayman Islands law) binding on the Company prohibiting or restricting it from entering into and performing its obligations under the Registration Statement.

2.4 There is nothing under any law (other than the laws of the Cayman Islands) which would or might affect the opinions set out below. Specifically, we have made no independent investigation of the laws of the State of New York or the laws of Brazil.

2.5 No invitation has been or will be made by or on behalf of the Company to the public in the Cayman Islands to subscribe for any of the Shares.

2.6 There is nothing contained in the minute book or corporate records of the Company (which we have not inspected, other than the Resolutions) which would or might affect the opinions set out below.

Save as aforesaid we have not been instructed to undertake and have not undertaken any further enquiry or due diligence in relation to the transaction the subject of this opinion letter.

3 Opinions

Based upon, and subject to, the foregoing assumptions and the qualifications set out below, and having regard to such legal considerations as we deem relevant, we are of the opinion that:

3.1 The Company has been duly incorporated as an exempted company with limited liability and is validly existing and in good standing with the Registrar of Companies under the laws of the Cayman Islands.

3.2 The Shares to be issued by the Company as contemplated by the Registration Statement have been duly authorised and when such Shares are issued by the Company in accordance with the Memorandum and Articles and upon payment in full being made therefor as contemplated in the Registration Statement and such Shares being entered as fully-paid on the Register of Members of the Company, such Shares will be legally issued, fully-paid and non-assessable. As a matter of Cayman Islands law, a share is only issued when it has been entered in the register of members (shareholders).

4 Qualifications

The opinions expressed above are subject to the following qualifications:

- 4.1 To maintain the Company in good standing with the Registrar of Companies under the laws of the Cayman Islands, annual filing fees must be paid and returns made to the Registrar of Companies within the time frame prescribed by law.
- 4.2 Under Cayman Islands law, the register of members (shareholders) is *prima facie* evidence of title to shares and this register would not record a third party interest in such shares. However, there are certain limited circumstances where an application may be made to a Cayman Islands court for a determination on whether the register of members reflects the correct legal position. Further, the Cayman Islands court has the power to order that the register of members maintained by a company should be rectified where it considers that the register of members does not reflect the correct legal position. As far as we are aware, such applications are rarely made in the Cayman Islands and there are no circumstances or matters of fact known to us on the date of this opinion letter which would properly form the basis for an application for an order for rectification of the register of members of the Company, but if such an application were made in respect of the Shares, then the validity of such shares may be subject to re-examination by a Cayman Islands court.
- 4.3 In this opinion letter, the phrase "non-assessable" means, with respect to the issuance of shares, that a shareholder shall not, in respect of the relevant shares and in the absence of a contractual arrangement, or an obligation pursuant to the memorandum and articles of association, to the contrary, have any obligation to make further contributions to the Company's assets (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).
- 4.4 We express no opinion as to the meaning, validity or effect of any references to foreign (i.e. non-Cayman Islands) statutes, rules, regulations, codes, judicial authority or any other promulgations and any references to them in the Registration Statement.

We express no view as to the commercial terms of the Registration Statement or whether such terms represent the intentions of the parties and make no comment with regard to warranties or representations that may be made by the Company.

We hereby consent to the filing of this opinion letter as an exhibit to the Registration Statement and to the reference to our firm under the headings "Legal Matters" and "Enforcement of Civil Liabilities" in the prospectus included in the Registration Statement. In providing our consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the Rules and Regulations of the SEC thereunder.

The opinions in this opinion letter are strictly limited to the matters contained in the opinions section above and do not extend to any other matters. We have not been asked to review and we therefore have not reviewed any of the ancillary documents relating to the Shares and express no opinion or observation upon the terms of any such document.

Yours faithfully

/s/ Maples and Calder

Maples and Calder

StoneCo Ltd.

Harneys Fiduciary (Cayman) limited
4th Floor, Harbour Place
103 South Church Street
PO Box 10240
Grand Cayman KY1-1002
Cayman Islands

September 2 2020

To: Maples and Calder
PO Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

StoneCo Ltd. (the "Company")

I, the undersigned, being a director of the Company, am aware that you are being asked to provide an opinion letter (the "**Opinion**") in relation to certain aspects of Cayman Islands law. Unless otherwise defined herein, capitalised terms used in this certificate have the respective meanings given to them in the Opinion. I hereby certify that:

- 1 The Memorandum and Articles remain in full force and effect and are unamended.
- 2 The Company has not entered into any mortgages or charges over its property or assets other than those entered in the register of mortgages and charges of the Company.
- 3 The Resolutions were duly passed in the manner prescribed in the Company's memorandum and articles of association in effect at the time (including, without limitation, with respect to the disclosure of interests (if any) by directors of the Company) and have not been amended, varied or revoked in any respect.
- 4 The shareholders of the Company (the "**Shareholders**") have not restricted the powers of the directors of the Company in any way.
- 6 The directors of the Company at the date of the Resolutions were as follows: André Street de Aguiar, Ali Mazanderani, Thomas A. Patterson, Roberto Moses Thompson Motta, Silvio José Morais, Eduardo Cunha Monnerat Solon de Pontes and Luciana Ibiapina Lira Aguiar.
- 8 The authorised share capital of the Company is US\$50,000 divided into 630,000,000 shares of a par value of US\$0.000079365 each which may be issued as Class A Common Shares, Class B Common Shares or common shares of any class or as shares with preferred, deferred or other special rights or restrictions as the Board may determine from time to time.
- 9 Prior to, at the time of, and immediately following the approval of the transactions the subject of the Registration Statement the Company was, or will be, able to pay its debts as they fell, or fall, due and has entered, or will enter, into the transactions the subject of the Registration Statement for proper value and not with an intention to defraud or wilfully defeat an obligation owed to any creditor or with a view to giving a creditor a preference.

- 10 Each director of the Company considers the transactions contemplated by the Registration Statement to be of commercial benefit to the Company and has acted in good faith in the best interests of the Company, and for a proper purpose of the Company, in relation to the transactions which are the subject of the Opinion.
- 11 Save as disclosed in the Registration Statement, to the best of my knowledge and belief, having made due inquiry, the Company is not the subject of legal, arbitral, administrative or other proceedings in any jurisdiction. Nor have the directors or Shareholders taken any steps to have the Company struck off or placed in liquidation, nor have any steps been taken to wind up the Company. Nor has any receiver been appointed over any of the Company's property or assets.
- 12 The Company has received or will receive money or money's worth in consideration for the issue of the Shares, and none of the Shares were or will be issued for less than par value.

I confirm that you may continue to rely on this certificate as being true and correct on the day that you issue the Opinion unless I shall have previously notified you in writing personally to the contrary.

Signature: /s/ André Street de Aguiar
Name: André Street de Aguiar
Title: Director

AMENDMENT TO THE INDEMNITY FOR NON-COMPETITION AGREEMENT AND OTHER COVENANTS

By this private instrument:

I – STNE PARTICIPAÇÕES S.A., a joint stock company enrolled with the CNPJ/ME under No. 35.767.420/0001-82, with head-office in the city of São Paulo, State of São Paulo, at Rua Gomes de Carvalho, nº 1609, 5º andar, Vila Olímpia, Zip Code (CEP) 04547-006, herein represented in accordance with its Bylaws ("Company"); and

II – NÉRCIO JOSÉ MONTEIRO FERNANDES, Brazilian, married, systems analyst, bearer of the Identity Card RG No. 7.760.014 SSP/SP, enrolled with the CPF/ME under No. 022.256.918-27, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902, an executive officer of **LINX S.A.**, Publicly-Held Company, with head-office in the city of São Paulo, State of São Paulo, at Avenida Doutora Ruth Cardoso, No. 7221, cj. 701, Bl. A, room 1, Edifício Birmann 21, Zip Code (CEP) 05425-902, enrolled with CNPJ/ME under No. 06.948.969/0001-75 and with its acts of incorporation duly filed with the Board of Trade of the State of São Paulo - JUCESP under NIRE 35.300.316.584, herein represented in accordance with its Bylaws ("Linx") ("Nércio" and, jointly with the Company, "Parties"),

III - STONECO LTD., company duly incorporated and validly existing under the laws of the Cayman Islands, enrolled with the CNPJ/ME under No. 31.752.270/0001-82, with head-office at Harbour Place, 4th floor, No. 103 Church St., PO Box 10240 KY1-1002, Georgetown, Cayman Islands, herein represented in accordance with its acts of incorporation ("StoneCo");

WHEREAS:

A. On August 11th, 2020, the Parties executed a certain Indemnity for Non-Competition Agreement and Other Covenants ("Agreement"), with its effectiveness conditioned to the occurrence of the Closing of the Transaction;

B. StoneCo understand that the agreement of Linx Shareholders, which are the founders and key people of Linx's management, with notable experience in the activity sector of Linx, to enter into non-competition agreements, is an essential condition to the preservation of their interests after the conclusion of the Transaction, in order to prevent them from competing with StoneCo, Linx and companies of their economic group;

C. According to the understandings maintained between the Parties, the Agreement was renegotiated with the purpose of, among other amendments: (i) amend the term of the Agreement, and, as a result of this, (ii) renegotiate the amounts previously agreed; and

D. The Parties aim to amend and restate the Agreement, pursuant to terms herein agreed.

NOW, THEREFORE, the Parties have decided to enter into this Amendment to the Indemnity for Non-Competition Agreement and Other Covenants ("Amendment"), which shall be governed by the following terms and conditions:

CHAPTER I – AMENDMENT TO THE AGREEMENT

1.1. The Parties hereby agree to amend and restate the Agreement, which shall be in force in the terms of **Exhibit I**.

1.2. All references in **Exhibit I** to "this date", "on this date", "signing date" and similar terms shall be considered as the signing date of the Agreement, i.e., August 11th, 2020.

1.3. This Amendment is accessory to the Agreement and must be read and construed as if it was contained therein, for all purposes. Any disputes, controversies or litigation shall be submitted to the dispute resolution mechanism provided for in Section 6.8 of the Agreement.

1.4. The Parties and the two witnesses execute this Amendment by electronic means, provided that the Parties hereby declare and expressly agree, for the purposes of Article 10, paragraph 2nd of the Provisional Measure (*Medida Provisória*) No. 2.200-2, of August 24, 2001, that their signatures through electronic means are binding, effective and confer authenticity, integrity and legal validity to this instrument, being this Agreement an extrajudicial executive title for all legal purposes.

In witness whereof, the Parties execute this Amendment in 2 (two) counterparts of equal content and form, before the 2 (two) witnesses below.

São Paulo, September 1st, 2020.

STNE PARTICIPAÇÕES S.A.

/s/ Thiago dos Santos Piau
By: Thiago dos Santos Piau

/s/ Rafael Martins Pereira
By: Rafael Martins Pereira

/s/ Nércio José Monteiro Fernandes
NÉRCIO JOSÉ MONTEIRO FERNANDES

STONECo LTD.

/s/ Thiago dos Santos Piau
By: Thiago dos Santos Piau

/s/ Rafael Martins Pereira
By: Rafael Martins Pereira

Witnesses:

1. /s/ Danilo Kamiji
Name: Danilo Kamiji

2. /s/ Valeria Paludeti Freire
Name: Valeria Paludeti Freire

EXHIBIT I

INDEMNITY FOR NON-COMPETITION AGREEMENT AND OTHER COVENANTS

(as executed on August 11th, 2020 and amended on September 1st, 2020)

By this private instrument:

I – STNE PARTICIPAÇÕES S.A., a joint stock company enrolled with the CNPJ/ME under No. 35.767.420/0001-82, with head-office in the city of São Paulo, State of São Paulo, at Rua Gomes de Carvalho, No. 1609, 5th floor, Vila Olímpia, Zip Code (CEP) 04547-006, herein represented in accordance with its Bylaws ("STNE" or "Company"); and

II – NÉRCIO JOSÉ MONTEIRO FERNANDES, Brazilian, married, systems analyst, bearer of the Identity Card RG No. 7.760.014 SSP/SP, enrolled with the CPF/ME under No. 022.256.918-27, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902, an executive officer of **LINX S.A.**, Publicly-Held Company, with head-office in the city of São Paulo, State of São Paulo, at Avenida Doutora Ruth Cardoso, No. 7221, cj. 701, Bl. A, room 1, Edifício Birmann 21, Zip Code (CEP) 05425-902, enrolled with CNPJ/ME under No. 06.948.969/0001-75 and with its acts of incorporation duly filed with the Board of Trade of the State of São Paulo - JUCESP under NIRE 35.300.316.584, herein represented in accordance with its Bylaws ("Linx") ("Nércio" and, jointly with the Company, "Parties"),

III - STONECO LTD., company duly incorporated and validly existing under the laws of the Cayman Islands, enrolled with the CNPJ/ME under No. 31.752.270/0001-82, with head-office at Harbour Place, 4th floor, No. 103 Church St., PO Box 10240 KY1-1002, Georgetown, Cayman Islands, herein represented in accordance with its acts of incorporation ("StoneCo");

WHEREAS:

- (i) Linx is part of an economic group that operates in the payment methods and corporate management software markets in Brazil;
- (ii) Nércio has a relevant role in Linx; and
- (iii) The Parties wish to regulate the terms and conditions of the non-competition and non-solicitation obligations of Nércio in relation to STNE, StoneCo and Linx, that for the purposes of this Agreement are, jointly or individually or with their respective subsidiaries and/or affiliated referred as "Stone Group", as well as the companies of their economic group, and to establish, in return, the indemnity to be paid by the Company on his behalf for this purpose.

NOW, THEREFORE, THE PARTIES decided to enter into this Indemnity for Non-Competition Agreement and Other Covenants (“Agreement”), in accordance with the following terms and conditions:

1. NON SOLICITATION

1.1. Nécio undertakes to, directly or indirectly (either in his own name or in the name of any other person, enterprise, company, association or any other entity or form of business), during the period of 5 (five) years from the closing date (“Closing”) of the transaction provided in the Association Agreement, executed by and between Nécio, StoneCo, DLP Capital LLC, DLPPAR Participações S.A., and, as intervening parties, Linx and the Company, on August 11th, 2020 and amended on this date (“Association Agreement”), through which they have established the terms and conditions to the business combination between Linx and the Company (“Transaction”):

(i) not to solicit, entice, incite, divert, withdraw or attempt to solicit, incite, divert or withdraw any customer, supplier, distributor or business of Stone Group or its economic group companies, nor in any way interfere in the relationship maintained between Stone Group and its current or future customers and/or suppliers and/or distributors;

(ii) not to solicit or encourage any person to quit his job or stop providing services to Stone Group or any other company in its economic group, whether such person is an employee or a service provider or another executive officer;

(iii) not to solicit any of Stone Group's employees or executive officers; and/or

(iv) not to start undertakings, negotiations, or any other type of understanding, as well as not to enter into final commitments and/or agreements with an objective equivalent or similar to the business of Stone Group.

1.2. Nécio declares and agrees that the restrictions and clauses set forth in this Agreement are reasonable and necessary for the protection of the business and of the interests of Stone Group. Nécio also declares that violation of any of these clauses will cause to Stone Group serious and irreparable losses and damages.

1.3. The Parties hereby agree that the non-solicitation obligation of Nécio will not apply for Mrs. Lúcia Conceição da Cunha and Mr. Simon Menache.

2. NON-COMPETITION

2.1. Nércio undertakes to, directly or indirectly (either in his own name or in the name of any other person, enterprise, company, association or any other entity or form of business), during the period of 5 (five) years from the Closing:

(i) refrain from, directly or through any natural person or legal entity, such as, including, without limitation, any company that has an ownership interest (is controlled by, controls or is under common control with), any employee, servant, director or administrator, as well as their spouses and other related persons, by affinity or consanguinity, up to the second degree, as well as any company under the control of any of these persons, it being certain that "control" has the meaning attributed to it by art. 116 of the Brazilian Corporation Act (hereinafter referred to as "Related Parties") to: **(i.1)** own, manage, operate, advise, associate, provide services, cooperate, give information or provide documents, provide consultancy, have equity interest, control, participate in the ownership, administration, operation or control, or be bound as a partner, shareholder, employee, director, officer, service provider, consultant or otherwise acting in any business or organization, whether for profit or not, in any business developed by competing companies indicated in Clause 2.4., or with its controlled, affiliated, allied and/or companies in which Stone Group holds an interest; **(i.2)** own, manage, operate, advise, associate, provide services, cooperate, give information or provide documents, provide consultancy, have equity interest, control, participate in the ownership, administration, operation or control, or be bound as a partner, shareholder, employee, board member, director, service provider, consultant or otherwise acting in any business or organization, whether for profit or not, which, directly or indirectly, carries out activities related to Stone Group and/or their businesses, including, but not limited to, activities related to consultancy and risk management related to the means of payment in general and management software segments in Brazil for the retail sector; and investments in individuals or legal entities, operating in the segments of means of payment in general, financial services for retail, and management software in Brazil for the retail sector; and/or

(ii) not establish or maintain any business relationship with any employees and/or suppliers and/or customers and/or distributors and/or business partners and/or consultants of Stone Group, its controlled and affiliated companies, and companies in which Stone Group holds interest, which may adversely affect them and/or the relationships and business between Stone Group, its controlled and affiliated companies, and companies in which Stone Group holds interest and said employees, suppliers, customers, distributors, business partners or consultants.

2.2. It is agreed between the Parties, to avoid any conflict of interpretation of the previous clause, and by way of example, that Nécio's non-compete obligation also applies to companies that have as preponderant activity **(i)** Management and Operation of Credit Cards, Intermediation of Payment Methods Business in general and financial services for the sector of retail, including sub-buyers, multi-buyers and gateways to the physical online world; and **(ii)** corporate management software (ERP) for the retail sector, operating in any classification (ERP, CRM, SCM, etc).

2.3. The restrictions and other conditions established in this Agreement are valid and applicable only in the national territory, especially in the places where Stone Group, or companies in which Stone Group holds interest, carry out or may come to carry out its business.

2.4. For the purposes of this Agreement, a competitor of Stone Group, or of its controlled and affiliated companies those companies that have as preponderant activity **(i)** Management and Operation of Credit Cards, Intermediation of Payment Methods Business in general and financial services for the sector of retail, including sub-buyers, multi-buyers and gateways to the physical online world; and **(ii)** corporate management software (ERP) for the retail sector, operating in any classification (ERP, CRM, SCM, etc).

2.5. It is hereby agreed that the following situations are expressly permitted and will not be considered as a violation by Nécio of the non-compete obligation: (i) holding of passive minority interest, equal to up to 10% of the total share capital, in any publicly-held companies in Brazil; (ii) investments in any discretionary investment funds that are not exclusive; (iii) election as a member of the Board of Directors of other Brazilian companies, provided that they are not considered competitors of the Stone Group under the terms of this agreement; and (iv) controlling Brazilian companies that are not considered competitors of the Stone Group under the terms of this agreement.

2.6. The participation and/or involvement of Nécio with the following companies does not constitute a breach of the obligations undertaken herein: (i) MERCADO PÚBLICO SISTEMA S.A. (CNPJ/ME nº 20.655.878/0001-72) - Company that develops management software for public and private bids; and (ii) TAQE CAPACITAÇÃO, TECNOLOGIA E RECRUTAMENTO S.A. (CNPJ/ME nº 24.416.599/0001-07) - Company that develops software for recruitment, selection and hiring.

3. INDEMNITY

3.1. In consideration for Nécio's compliance with the obligations provided for in this Agreement, Stone Group will pay, on behalf of Nécio, through the transfer of 268,797 (two hundred and sixty-eight thousand, seven hundred and ninety-seven) Class A shares issued by StoneCo, being provided that 1/5 of those shares shall be transferred on the date of the 1st (first) anniversary of the Closing, 1/5 on the date of the 2nd (second) anniversary of the Closing, 1/5 on the date of the 3rd (third) anniversary of the Closing, 1/5 on the date of the 4th (fourth) anniversary of the Closing and 1/5 on the date of the 5th (fifth) anniversary of the Closing ("Indemnification"), being herein established that the transfer of each installment of the Indemnification shall be conditioned to the effective fulfillment by Nécio of the obligations assumed on this Agreement.

3.2. Stone Group undertakes to take all applicable measures to make Stone Group to pay the Indemnification to Nécio, through the transfer of the Class A shares of StoneCo, as long as Nécio is in compliance with its non-competition obligations provided herein.

3.3. The Parties hereby agree that the number of class A shares to be issued by StoneCo and to be transferred to Nécio shall be automatically adjusted in order to reflect any transactions of share split, reverse share split, bonus shares involving the shares issued by StoneCo.

3.4. The rights related to the payment of the Indemnification to Nécio, in the context of this Agreement, shall not be affected by statement of inability, permanent or temporary disability and/or death of Nécio, being provided that Nécio and/or its inheritors or successors, as the case may be, shall be entitled to the payment of the total amount of the Indemnification not yet paid and which would be due until the end of this Agreement, provided that this Agreement also obliges and imposes constraints to the relatives and family members of Nécio.

3.5. Stone Group shall reduce the number of Class A shares to be transferred to Nécio in order to proceed to the tax deductions required by Law, provided that Nécio will receive the net value of the Indemnification, after the applicable deductions.

4. ACKNOWLEDGMENT OF PAYMENT

4.1. Nécio herein acknowledges and agrees that the transfer of StoneCo shares, under the terms of this Agreement, by Stone Group, constitute fair, adequate and sufficient compensation for the continuous fulfillment of the terms and timeframes of this Agreement, particularly the non-solicitation and non-competition obligations.

5. DEFAULT

5.1. Failure by Nécio to comply with the obligations provided for in this Agreement will give rise to payment of a compensatory fine to Stone Group, equivalent to 100% of the total amount of the Indemnification, that has already been paid to Nécio, net from taxes, without prejudice to the losses and damages incurred and any actions Stone Group may take to cease the competing activity by Nécio, except if the infringement is resolved by Nécio within 30 (thirty) days after written notice by Stone Group.

6. MISCELLANEOUS

6.1. This Agreement is executed on the date hereof and it will be automatically effective through the occurrence of the closing of the Transaction.

6.2. The Parties declare that they have carefully reviewed the terms of this Agreement and that they have fully understood its content. The Parties further declare that they have freely and voluntarily agreed to all terms and conditions set forth in this Agreement.

6.3. Neither Party may assign this Agreement or any of its rights or obligations hereunder to any third party without the prior and express consent of the other Party.

6.4. This Agreement is binding on, benefits and will be enforceable by the Parties and their respective successors and authorized assigns. This Agreement is entered into on an irrevocable and irreversible basis. The Parties undertake to fully comply with and enforce all that is agreed between them in this Agreement, and, therefore, acknowledge and claim that any attitude and/or action taken in disagreement with the provisions hereof and/or that represents a violation of the obligations assumed by the Parties in this Agreement, shall be null and void, as regards them or any third party.

6.5. If any provision of this Agreement is declared unenforceable or invalid for any reason, the validity of the other provisions, terms and clauses of this Agreement will not be affected.

6.6. The eventual abstention of any of the Parties from exercising the rights and privileges provided for in this Agreement will not mean their waiver or novation, which may be invoked or exercised at any time, in compliance with the legislation in force. Any waiver can only be challenged when granted in writing.

6.7. The Parties recognize that the duties and obligations provided for in this Agreement are subject to specific performance, under the terms of the applicable legislation, and this agreement, executed by two witnesses, constitutes an extrajudicial execution instrument for all purposes and effects of the applicable legislation.

6.8. This Agreement will be governed and interpreted in accordance with the laws of the Federative Republic of Brazil. Any controversies or disputes arising from or in relation to this Agreement will be heard and settled by the court of the district of the City of São Paulo, State of São Paulo, at the exclusion of any other, however privileged it may be.

6.9. The Parties and the two witnesses execute this Agreement through electronic means, provided that the Parties hereby declare and expressly agrees, for the purposes of the article 10, paragraph 2, of the Provisional Measure (*Medida Provisória*) No. 2.200-2, of August 24, 2001, that their signatures through electronic means are binding, effective, efficient and provides authenticity, integrity and legal validity to this instrument, being this Agreement an extrajudicial executive title for all legal purposes.

AMENDMENT TO THE INDEMNITY FOR NON-COMPETITION AGREEMENT AND OTHER COVENANTS

By this private instrument:

I – STNE PARTICIPAÇÕES S.A., a joint stock company enrolled with the CNPJ/ME under No. 35.767.420/0001-82, with head-office in the city of São Paulo, State of São Paulo, at Rua Gomes de Carvalho, nº 1609, 5º andar, Vila Olímpia, Zip Code (CEP) 04547-006, herein represented in accordance with its Bylaws ("Company"); and

II – ALBERTO MENACHE, Brazilian, married, business manager, bearer of the Identity Card RG No. 24.257.036-7 SSP/SP, enrolled with the CPF/ME under No. 172.636.238-89, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902, an executive officer of **LINX S.A.**, Publicly-Held Company, with head-office in the city of São Paulo, State of São Paulo, at Avenida Doutora Ruth Cardoso, No. 7221, cj. 701, Bl. A, room 1, Edifício Birmann 21, Zip Code (CEP) 05425-902, enrolled with CNPJ/ME under No. 06.948.969/0001-75 and with its acts of incorporation duly filed with the Board of Trade of the State of São Paulo - JUCESP under NIRE 35.300.316.584, herein represented in accordance with its Bylaws ("Linx") ("Alberto" and, jointly with the Company, "Parties"),

III - STONECO LTD., company duly incorporated and validly existing under the laws of the Cayman Islands, enrolled with the CNPJ/ME under No. 31.752.270/0001-82, with head-office at Harbour Place, 4th floor, No. 103 Church St., PO Box 10240 KY1-1002, Georgetown, Cayman Islands, herein represented in accordance with its acts of incorporation ("StoneCo");

WHEREAS:

A. On August 11th, 2020, the Parties executed a certain Indemnity for Non-Competition Agreement and Other Covenants ("Agreement"), with its effectiveness conditioned to the occurrence of the Closing of the Transaction;

B. StoneCo understands that the agreement of Linx Shareholders, which are the founders and key people of Linx's management, with notable experience in the activity sector of Linx, to enter into non-competition agreements, is an essential condition to the preservation of their interests after the conclusion of the Transaction, in order to prevent them from competing with StoneCo, Linx and companies of their economic group;

C. According to the understandings maintained between the Parties, the Agreement was renegotiated with the purpose of, among other amendments: (i) amend the term of the Agreement, and, as a result of this, (ii) renegotiate the amounts previously agreed; and

D. The Parties aim to amend and restate the Agreement, pursuant to terms herein agreed.

NOW, THEREFORE, the Parties have decided to enter into this Amendment to the Indemnity for Non-Competition Agreement and Other Covenants ("Amendment"), which shall be governed by the following terms and conditions:

CHAPTER I – AMENDMENT TO THE AGREEMENT

1.1. The Parties hereby agree to amend and restate the Agreement, which shall be in force in the terms of **Exhibit I**.

1.2. All references in **Exhibit I** to "this date", "on this date", "signing date" and similar terms shall be considered as the signing date of the Agreement, i.e., August 11th, 2020.

1.3. This Amendment is accessory to the Agreement and must be read and construed as if it was contained therein, for all purposes. Any disputes, controversies or litigation shall be submitted to the dispute resolution mechanism provided for in Section 6.8 of the Agreement.

1.4. The Parties and the two witnesses execute this Amendment by electronic means, provided that the Parties hereby declare and expressly agree, for the purposes of Article 10, paragraph 2nd of the Provisional Measure (*Medida Provisória*) No. 2.200-2, of August 24, 2001, that their signatures through electronic means are binding, effective and confer authenticity, integrity and legal validity to this instrument, being this Agreement an extrajudicial executive title for all legal purposes.

In witness whereof, the Parties execute this Amendment in 2 (two) counterparts of equal content and form, before the 2 (two) witnesses below.

São Paulo, September 1st, 2020.

STNE PARTICIPAÇÕES S.A.

/s/ Thiago dos Santos Piau
By: Thiago dos Santos Piau

/s/ Rafael Martins Pereira
By: Rafael Martins Pereira

/s/ Alberto Menache
ALBERTO MENACHE

STONECo LTD.

/s/ Thiago dos Santos Piau
By: Thiago dos Santos Piau

/s/ Rafael Martins Pereira
By: Rafael Martins Pereira

Witnesses:

1. /s/ Danilo Kamiji
Name: Danilo Kamiji

2. /s/ Valeria Paludeti Freire
Name: Valeria Paludeti Freire

EXHIBIT I

INDEMNITY FOR NON-COMPETITION AGREEMENT AND OTHER COVENANTS

(as executed on August 11th, 2020 and amended on September 1st, 2020)

By this private instrument:

I – STNE PARTICIPAÇÕES S.A., a joint stock company enrolled with the CNPJ/ME under No. 35.767.420/0001-82, with head-office in the city of São Paulo, State of São Paulo, at Rua Gomes de Carvalho, nº 1609, 5º andar, Vila Olímpia, Zip Code (CEP) 04547-006, herein represented in accordance with its Bylaws ("STNE" or "Company"); and

II – ALBERTO MENACHE, Brazilian, married, business manager, bearer of the Identity Card RG No. 24.257.036-7 SSP/SP, enrolled with the CPF/ME under No. 172.636.238-89, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902, an executive officer of **LINX S.A.**, Publicly-Held Company, with head-office in the city of São Paulo, State of São Paulo, at Avenida Doutora Ruth Cardoso, No. 7221, cj. 701, Bl. A, room 1, Edifício Birmann 21, Zip Code (CEP) 05425-902, enrolled with CNPJ/ME under No. 06.948.969/0001-75 and with its acts of incorporation duly filed with the Board of Trade of the State of São Paulo - JUCESP under NIRE 35.300.316.584, herein represented in accordance with its Bylaws ("Linx") ("Alberto" and, jointly with the Company, "Parties"),

III - STONECO LTD., company duly incorporated and validly existing under the laws of the Cayman Islands, enrolled with the CNPJ/ME under No. 31.752.270/0001-82, with head-office at Harbour Place, 4th floor, No. 103 Church St., PO Box 10240 KY1-1002, Georgetown, Cayman Islands, herein represented in accordance with its acts of incorporation ("StoneCo");

WHEREAS:

- (i) Linx is part of an economic group that operates in the payment methods and corporate management software markets in Brazil;
- (ii) Alberto has a relevant role in Linx; and
- (iii) The Parties wish to regulate the terms and conditions of the non-competition and non-solicitation obligations of Alberto in relation to STNE, StoneCo and Linx, that for the purposes of this Agreement are, jointly or individually or with their respective subsidiaries and/or affiliated referred as "Stone Group", as well as the companies of their economic group, and to establish, in return, the indemnity to be paid by the Company on his behalf for this purpose.

NOW, THEREFORE, THE PARTIES decided to enter into this Indemnity for Non-Competition Agreement and Other Covenants ("Agreement"), in accordance with the following terms and conditions:

1. NON SOLICITATION

1.1. Alberto undertakes to, directly or indirectly (either in his own name or in the name of any other person, enterprise, company, association or any other entity or form of business), during the period of 5 (five) years from the closing date ("Closing") of the transaction provided in the Association Agreement, executed by and between Alberto, StoneCo, DLP Capital LLC, DLPPAR Participações S.A., and, as intervening parties, Linx and the Company, on August 11th, 2020 and amended on this date ("Association Agreement"), through which they have established the terms and conditions to the business combination between Linx and the Company ("Transaction"):

(i) not to solicit, entice, incite, divert, withdraw or attempt to solicit, incite, divert or withdraw any customer, supplier, distributor or business of Stone Group or its economic group companies, nor in any way interfere in the relationship maintained between Stone Group and its current or future customers and/or suppliers and/or distributors;

(ii) not to solicit or encourage any person to quit his job or stop providing services to Stone Group or any other company in its economic group, whether such person is an employee or a service provider or another executive officer;

(iii) not to solicit any of Stone Group's employees or executive officers; and/or

(iv) not to start undertakings, negotiations, or any other type of understanding, as well as not to enter into final commitments and/or agreements with an objective equivalent or similar to the business of Stone Group.

1.2. Alberto declares and agrees that the restrictions and clauses set forth in this Agreement are reasonable and necessary for the protection of the business and of the interests of Stone Group. Alberto also declares that violation of any of these clauses will cause Stone Group serious and irreparable losses and damages.

1.3. The Parties hereby agree that the non-solicitation obligation of Alberto will not apply for Mrs. Lúcia Conceição da Cunha and Mr. Simon Menache.

2. NON-COMPETITION

2.1. Alberto undertakes to, directly or indirectly (either in his own name or in the name of any other person, enterprise, company, association or any other entity or form of business), during the period of 5 (five) years from the Closing:

(i) refrain from, directly or through any natural person or legal entity, such as, including, without limitation, any company that has an ownership interest (is controlled by, controls or is under common control with), any employee, servant, director or administrator, as well as their spouses and other related persons, by affinity or consanguinity, up to the second degree, as well as any company under the control of any of these persons, it being certain that "control" has the meaning attributed to it by art. 116 of the Brazilian Corporation Act (hereinafter referred to as "Related Parties") to: **(i.1)** own, manage, operate, advise, associate, provide services, cooperate, give information or provide documents, provide consultancy, have equity interest, control, participate in the ownership, administration, operation or control, or be bound as a partner, shareholder, employee, director, officer, service provider, consultant or otherwise acting in any business or organization, whether for profit or not, in any business developed by competing companies indicated in Clause 2.4., or with its controlled, affiliated, allied and/or companies in which Stone Group holds an interest; **(i.2)** own, manage, operate, advise, associate, provide services, cooperate, give information or provide documents, provide consultancy, have equity interest, control, participate in the ownership, administration, operation or control, or be bound as a partner, shareholder, employee, board member, director, service provider, consultant or otherwise acting in any business or organization, whether for profit or not, which, directly or indirectly, carries out activities related to Stone Group and/or their businesses, including, but not limited to, activities related to consultancy and risk management related to the means of payment in general and management software segments in Brazil for the retail sector; and investments in individuals or legal entities, operating in the segments of means of payment in general, financial services for retail, and management software in Brazil for the retail sector; and/or

(ii) not establish or maintain any business relationship with any employees and/or suppliers and/or customers and/or distributors and/or business partners and/or consultants of Stone Group, its controlled and affiliated companies, and companies in which Stone Group holds interest, which may adversely affect them and/or the relationships and business between Stone Group, its controlled and affiliated companies, and companies in which Stone Group holds interest and said employees, suppliers, customers, distributors, business partners or consultants.

2.2. It is agreed between the Parties, to avoid any conflict of interpretation of the previous clause, and by way of example, that Alberto's non-compete obligation also applies to companies that have as preponderant activity **(i)** Management and Operation of Credit Cards, Intermediation of Payment Methods Business in general and financial services for the sector of retail, including sub-buyers, multi-buyers and gateways to the physical online world; and **(ii)** corporate management software (ERP) for the retail sector, operating in any classification (ERP, CRM, SCM, etc).

2.3. The restrictions and other conditions established in this Agreement are valid and applicable only in the national territory, especially in the places where Stone Group, or companies in which Stone Group holds interest, carry out or may come to carry out its business.

2.4. For the purposes of this Agreement, a competitor of Stone Group, or of its controlled and affiliated companies those companies that have as preponderant activity **(i)** Management and Operation of Credit Cards, Intermediation of Payment Methods Business in general and financial services for the sector of retail, including sub-buyers, multi-buyers and gateways to the physical online world; and **(ii)** corporate management software (ERP) for the retail sector, operating in any classification (ERP, CRM, SCM, etc).

2.5. It is hereby agreed that the following situations are expressly permitted and will not be considered as a violation by Alberto of the non-compete obligation: (i) holding of passive minority interest, equal to up to 10% of the total share capital, in any publicly-held companies in Brazil; (ii) investments in any discretionary investment funds that are not exclusive; (iii) election as a member of the Board of Directors of other Brazilian companies, provided that they are not considered competitors of the Stone Group under the terms of this agreement; and (iv) controlling Brazilian companies that are not considered competitors of the Stone Group under the terms of this agreement.

3. INDEMNITY

3.1. In consideration for Alberto's compliance with the obligations provided for in this Agreement, Stone Group will pay, on behalf of Alberto, through the transfer of 340,476 (three hundred and forty thousand, four hundred and seventy-six) Class A shares issued by StoneCo, being provided that 1/5 of those shares shall be transferred on the date of the 1st (first) anniversary of the Closing, 1/5 on the date of the 2nd (second) anniversary of the Closing, 1/5 on the date of the 3rd (third) anniversary of the Closing, 1/5 on the date of the 4th (fourth) anniversary of the Closing and 1/5 on the date of the 5th (fifth) anniversary of the Closing ("Indemnification"), being herein established that the transfer of each installment of the Indemnification shall be conditioned to the effective fulfillment by Alberto of the obligations assumed on this Agreement.

3.2. Stone Group undertakes to take all applicable measures to make Stone Group to pay the Indemnification to Alberto, through the transfer of the Class A shares of StoneCo, as long as Alberto is in compliance with its non-competition obligations provided herein.

3.3. The Parties hereby agree that the number of class A shares to be issued by StoneCo and to be transferred to Alberto shall be automatically adjusted in order to reflect any transactions of share split, reverse share split, bonus shares involving the shares issued by StoneCo.

3.4. The rights related to the payment of the Indemnification to Alberto, in the context of this Agreement, shall not be affected by statement of inability, permanent or temporary disability and/or death of Alberto, being provided that Alberto and/or its inheritors or successors, as the case may be, shall be entitled to the payment of the total amount of the Indemnification not yet paid and which would be due until the end of this Agreement, provided that this Agreement also obliges and imposes constraints to the relatives and family members of Alberto.

3.5. Stone Group shall reduce the number of Class A shares to be transferred to Alberto in order to proceed to the tax deductions required by Law, provided that Alberto will receive the net value of the Indemnification, after the applicable deductions.

4. ACKNOWLEDGMENT OF PAYMENT

4.1. Alberto herein acknowledges and agrees that the transfer of StoneCo shares, under the terms of this Agreement, by Stone Group, constitute fair, adequate and sufficient compensation for the continuous fulfillment of the terms and timeframes of this Agreement, particularly the non-solicitation and non-competition obligations.

5. DEFAULT

5.1. Failure by Alberto to comply with the obligations provided for in this Agreement will give rise to payment of a compensatory fine to Stone Group, equivalent to 100% of the total amount of the Indemnification, that has already been paid to Alberto, net from taxes, without prejudice to the losses and damages incurred and any actions Stone Group may take to cease the competing activity by Alberto, except if the infringement is resolved by Alberto within 30 (thirty) days after written notice by Stone Group.

6. MISCELLANEOUS

6.1. This Agreement is executed on the date hereof and it will be automatically effective through the occurrence of the closing of the Transaction.

6.2. The Parties declare that they have carefully reviewed the terms of this Agreement and that they have fully understood its content. The Parties further declare that they have freely and voluntarily agreed to all terms and conditions set forth in this Agreement.

- 6.3.** Neither Party may assign this Agreement or any of its rights or obligations hereunder to any third party without the prior and express consent of the other Party.
- 6.4.** This Agreement is binding on, benefits and will be enforceable by the Parties and their respective successors and authorized assigns. This Agreement is entered into on an irrevocable and irreversible basis. The Parties undertake to fully comply with and enforce all that is agreed between them in this Agreement, and, therefore, acknowledge and claim that any attitude and/or action taken in disagreement with the provisions hereof and/or that represents a violation of the obligations assumed by the Parties in this Agreement, shall be null and void, as regards them or any third party.
- 6.5.** If any provision of this Agreement is declared unenforceable or invalid for any reason, the validity of the other provisions, terms and clauses of this Agreement will not be affected.
- 6.6.** The eventual abstention of any of the Parties from exercising the rights and privileges provided for in this Agreement will not mean their waiver or novation, which may be invoked or exercised at any time, in compliance with the legislation in force. Any waiver can only be challenged when granted in writing.
- 6.7.** The Parties recognize that the duties and obligations provided for in this Agreement are subject to specific performance, under the terms of the applicable legislation, and this agreement, executed by two witnesses, constitutes an extrajudicial execution instrument for all purposes and effects of the applicable legislation.
- 6.8.** This Agreement will be governed and interpreted in accordance with the laws of the Federative Republic of Brazil. Any controversies or disputes arising from or in relation to this Agreement will be heard and settled by the court of the district of the City of São Paulo, State of São Paulo, at the exclusion of any other, however privileged it may be.
- 6.9.** The Parties and the two witnesses execute this Agreement through electronic means, provided that the Parties hereby declare and expressly agrees, for the purposes of the Article 10, Paragraph 2nd, of the Provisional Measure (*Medida Provisória*) No. 2.200-2, of August 24, 2001, that their signatures through electronic means are binding, effective, efficient and provides authenticity, integrity and legal validity to this instrument, being this Agreement an extrajudicial executive title for all legal purposes.

AMENDMENT TO THE INDEMNITY FOR NON-COMPETITION AGREEMENT AND OTHER COVENANTS

By this private instrument:

I – STNE PARTICIPAÇÕES S.A., a joint stock company enrolled with the CNPJ/ME under No. 35.767.420/0001-82, with head-office in the city of São Paulo, State of São Paulo, at Rua Gomes de Carvalho, nº 1609, 5º andar, Vila Olímpia, Zip Code (CEP) 04547-006, herein represented in accordance with its Bylaws ("Company"); and

II – ALON DAYAN, Brazilian, married, engineer, bearer of the Identity Card RG No. 8.894.140-1 SSP/SP, enrolled with the CPF/ME under No. 014.642.468-90, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902, an executive officer of **LINX S.A.**, Publicly-Held Company, with head-office in the city of São Paulo, State of São Paulo, at Avenida Doutora Ruth Cardoso, No. 7221, cj. 701, Bl. A, room 1, Edifício Birmann 21, Zip Code (CEP) 05425-902, enrolled with CNPJ/ME under No. 06.948.969/0001-75 and with its acts of incorporation duly filed with the Board of Trade of the State of São Paulo - JUCESP under NIRE 35.300.316.584, herein represented in accordance with its Bylaws ("Linx") ("Alon" and, jointly with the Company, "Parties"),

III - STONECO LTD., company duly incorporated and validly existing under the laws of the Cayman Islands, enrolled with the CNPJ/ME under No. 31.752.270/0001-82, with head-office at Harbour Place, 4th floor, No. 103 Church St., PO Box 10240 KY1-1002, Georgetown, Cayman Islands, herein represented in accordance with its acts of incorporation ("StoneCo");

WHEREAS:

A. On August 11th, 2020, the Parties executed a certain Indemnity for Non-Competition Agreement and Other Covenants ("Agreement"), with its effectiveness conditioned to the occurrence of the Closing of the Transaction;

B. StoneCo understand that the agreement of Linx Shareholders, which are the founders and key people of Linx's management, with notable experience in the activity sector of Linx, to enter into non-competition agreements, is an essential condition to the preservation of their interests after the conclusion of the Transaction, in order to prevent them from competing with StoneCo, Linx and companies of their economic group;

C. According to the understandings maintained between the Parties, the Agreement was renegotiated with the purpose of, among other amendments: (i) amend the term of the Agreement, and, as a result of this, (ii) renegotiate the amounts previously agreed; and

D. The Parties aim to amend and restate the Agreement, pursuant to terms herein agreed.

NOW, THEREFORE, the Parties have decided to enter into this Amendment to the Indemnity for Non-Competition Agreement and Other Covenants ("Amendment"), which shall be governed by the following terms and conditions:

CHAPTER I – AMENDMENT TO THE AGREEMENT

1.1. The Parties hereby agree to amend and restate the Agreement, which shall be in force in the terms of **Exhibit I**.

1.2. All references in **Exhibit I** to "this date", "on this date", "signing date" and similar terms shall be considered as the signing date of the Agreement, i.e., August 11th, 2020.

1.3. This Amendment is accessory to the Agreement and must be read and construed as if it was contained therein, for all purposes. Any disputes, controversies or litigation shall be submitted to the dispute resolution mechanism provided for in Section 6.8 of the Agreement.

1.4. The Parties and the two witnesses execute this Amendment by electronic means, provided that the Parties hereby declare and expressly agree, for the purposes of Article 10, paragraph 2nd of the Provisional Measure (*Medida Provisória*) No. 2.200-2, of August 24, 2001, that their signatures through electronic means are binding, effective and confer authenticity, integrity and legal validity to this instrument, being this Agreement an extrajudicial executive title for all legal purposes.

In witness whereof, the Parties execute this Amendment in 2 (two) counterparts of equal content and form, before the 2 (two) witnesses below.

São Paulo, September 1st, 2020.

STNE PARTICIPAÇÕES S.A.

/s/ Thiago dos Santos Piau
By: Thiago dos Santos Piau

/s/ Rafael Martins Pereira
By: Rafael Martins Pereira

/s/ Alon Dayan
ALON DAYAN

STONECo LTD.

/s/ Thiago dos Santos Piau
By: Thiago dos Santos Piau

/s/ Rafael Martins Pereira
By: Rafael Martins Pereira

Witnesses:

1. /s/ Danilo Kamiji
Name: Danilo Kamiji

2. /s/ Valeria Paludeti Freire
Name: Valeria Paludeti Freire

EXHIBIT I

INDEMNITY FOR NON-COMPETITION AGREEMENT AND OTHER COVENANTS

(as executed on August 11th, 2020 and amended on September 1st, 2020)

By this private instrument:

I – STNE PARTICIPAÇÕES S.A., a joint stock company enrolled with the CNPJ/ME under No. 35.767.420/0001-82, with head-office in the city of São Paulo, State of São Paulo, at Rua Gomes de Carvalho, No. 1609, 5th floor, Vila Olímpia, Zip Code (CEP) 04547-006, herein represented in accordance with its Bylaws ("STNE" or "Company"); and

II – ALON DAYAN, Brazilian, married, engineer, bearer of the Identity Card RG No. 8.894.140-1 SSP/SP, enrolled with the CPF/ME under No. 014.642.468-90, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address at Avenida Doutora Ruth Cardoso, No. 7221, Suite 701, Block A, Room 1, Edifício Birmann 21, CEP 05425-902, an executive officer of **LINX S.A.**, Publicly-Held Company, with head-office in the city of São Paulo, State of São Paulo, at Avenida Doutora Ruth Cardoso, No. 7221, cj. 701, Bl. A, room 1, Edifício Birmann 21, Zip Code (CEP) 05425-902, enrolled with CNPJ/ME under No. 06.948.969/0001-75 and with its acts of incorporation duly filed with the Board of Trade of the State of São Paulo - JUCESP under NIRE 35.300.316.584, herein represented in accordance with its Bylaws ("Linx") ("Alon" and, jointly with the Company, "Parties"),

III - STONECO LTD., company duly incorporated and validly existing under the laws of the Cayman Islands, enrolled with the CNPJ/ME under No. 31.752.270/0001-82, with head-office at Harbour Place, 4th floor, No. 103 Church St., PO Box 10240 KY1-1002, Georgetown, Cayman Islands, herein represented in accordance with its acts of incorporation ("StoneCo");

WHEREAS:

- (i) Linx is part of an economic group that operates in the payment methods and corporate management software markets in Brazil;
- (ii) Alon has a relevant role in Linx; and
- (iii) The Parties wish to regulate the terms and conditions of the non-competition and non-solicitation obligations of Alon in relation to STNE, StoneCo and Linx, that for the purposes of this Agreement are, jointly or individually or with their respective subsidiaries and/or affiliated referred as "Stone Group", as well as the companies of the economic group, and to establish, in return, the indemnity to be paid by Stone Group on his behalf for this purpose.

NOW, THEREFORE, THE PARTIES decided to enter into this Indemnity for Non-Competition Agreement and Other Covenants ("Agreement"), in accordance with the following terms and conditions:

1. NON SOLICITATION

1.1. Alon undertakes to, directly or indirectly (either in his own name or in the name of any other person, enterprise, company, association or any other entity or form of business), during the period of 5 (five) years from the closing date ("Closing") of the transaction provided in the Association Agreement, executed by and between Alon, StoneCo, DLP Capital LLC, DLPPAR Participações S.A., and, as intervening parties, Linx and the Company, on August 11th, 2020 and amended on this date ("Association Agreement"), through which they have established the terms and conditions to the business combination between Linx and Stone Group ("Transaction"):

(i) not to solicit, entice, incite, divert, withdraw or attempt to solicit, incite, divert or withdraw any customer, supplier, distributor or business of Stone Group or its economic group companies, nor in any way interfere in the relationship maintained between Stone Group and its current or future customers and/or suppliers and/or distributors;

(ii) not to solicit or encourage any person to quit his job or stop providing services to Stone Group or any other company in its economic group, whether such person is an employee or a service provider or another executive officer;

(iii) not to solicit any of Stone Group's employees or executive officers; and/or

(iv) not to start undertakings, negotiations, or any other type of understanding, as well as not to enter into final commitments and/or agreements with an objective equivalent or similar to the business of Stone Group.

1.2. Alon declares and agrees that the restrictions and clauses set forth in this Agreement are reasonable and necessary for the protection of the business and of the interests of Stone Group. Alon also declares that violation of any of these clauses will cause to Stone Group serious and irreparable losses and damages.

1.3. The Parties hereby agree that the non-solicitation obligation of Alon will not apply for Mrs. Lúcia Conceição da Cunha and Mr. Simon Menache.

2. NON-COMPETITION

2.1. Alon undertakes to, directly or indirectly (either in his own name or in the name of any other person, enterprise, company, association or any other entity or form of business), during the period of 5 (five) years from the Closing:

(i) refrain from, directly or through any natural person or legal entity, such as, including, without limitation, any company that has an ownership interest (is controlled by, controls or is under common control with), any employee, servant, director or administrator, as well as their spouses and other related persons, by affinity or consanguinity, up to the second degree, as well as any company under the control of any of these persons, it being certain that "control" has the meaning attributed to it by art. 116 of the Brazilian Corporation Act (hereinafter referred to as "Related Parties") to: **(i.1)** own, manage, operate, advise, associate, provide services, cooperate, give information or provide documents, provide consultancy, have equity interest, control, participate in the ownership, administration, operation or control, or be bound as a partner, shareholder, employee, director, officer, service provider, consultant or otherwise acting in any business or organization, whether for profit or not, in any business developed by competing companies indicated in Clause 2.4., or with its controlled, affiliated, allied and/or companies in which Stone Group holds an interest; **(i.2)** own, manage, operate, advise, associate, provide services, cooperate, give information or provide documents, provide consultancy, have equity interest, control, participate in the ownership, administration, operation or control, or be bound as a partner, shareholder, employee, board member, director, service provider, consultant or otherwise acting in any business or organization, whether for profit or not, which, directly or indirectly, carries out activities related to Stone Group and/or their businesses, including, but not limited to, activities related to consultancy and risk management related to the means of payment in general and management software segments in Brazil for the retail sector; and investments in individuals or legal entities, operating in the segments of means of payment in general, financial services for retail, and management software in Brazil for the retail sector; and/or

(ii) not establish or maintain any business relationship with any employees and/or suppliers and/or customers and/or distributors and/or business partners and/or consultants of Stone Group, its controlled and affiliated companies, and companies in which Stone Group holds interest, which may adversely affect them and/or the relationships and business between Stone Group, its controlled and affiliated companies, and companies in which Stone Group holds interest and said employees, suppliers, customers, distributors, business partners or consultants.

2.2. It is agreed between the Parties, to avoid any conflict of interpretation of the previous clause, and by way of example, that Alon's non-compete obligation also applies to companies that have as preponderant activity **(i)** Management and Operation of Credit Cards, Intermediation of Payment Methods Business in general and financial services for the sector retail, including sub-buyers, multi-buyers and gateways to the physical online world; and **(ii)** corporate management software (ERP) for the retail sector, operating in any classification (ERP, CRM, SCM, etc).

2.3. The restrictions and other conditions established in this Agreement are valid and applicable only in the national territory, especially in the places where Stone Group, or companies in which Stone Group holds interest, carry out or may come to carry out its business.

2.4. For the purposes of this Agreement, a competitor of Stone Group, or of its controlled and affiliated companies those companies that have as preponderant activity **(i)** Management and Operation of Credit Cards, Intermediation of Means of Payments Business in general and financial services for the sector of retail, including sub-buyers, multi-buyers and gateways to the physical online world; and **(ii)** corporate management software (ERP) for the retail sector, operating in any classification (ERP, CRM, SCM, etc).

2.5. It is hereby agreed that the following situations are expressly permitted and will not be considered as a violation by Alon of the non-compete obligation: (i) holding of passive minority interest, equal to up to 10% of the total share capital, in any publicly-held companies in Brazil; (ii) investments in any discretionary investment funds that are not exclusive; (iii) election as a member of the Board of Directors of other Brazilian companies, provided that they are not considered competitors of the Stone Group under the terms of this agreement; and (iv) controlling Brazilian companies that are not considered competitors of the Stone Group under the terms of this agreement.

3. INDEMNITY

3.1. In consideration for the Alon's compliance with the obligations provided for in this Agreement, Stone Group will pay, on behalf of Alon, through the transfer of 53,759 (fifty three thousand seven hundred and fifty nine) Class A shares issued by StoneCo, being provided that 1/5 of those shares shall be transferred on the date of the 1st (first) anniversary of the Closing, 1/5 on the date of the 2nd (second) anniversary of the Closing, 1/5 on the date of the 3rd (third) anniversary of the Closing, 1/5 on the date of the 4th (forth) anniversary of the Closing and 1/5 on the date of the 5th (fifth) anniversary of the Closing ("Indemnification"), being herein established that the transfer of each installment of the Indemnification shall be conditioned to the effective fulfillment by Alon of the obligations assumed on this Agreement.

3.2. Stone Group undertakes to take all applicable measures to make Stone Group to pay the Indemnification to Alon, through the transfer of the Class A shares of StoneCo, as long as Alon is in compliance with its non-competition obligations provided herein.

3.3. The Parties hereby agrees that the number of class A shares to be issued by StoneCo and to be transferred to Alon shall be automatically adjusted in order to reflect any transactions of share split, reverse share split, bonus shares involving the shares issued by StoneCo.

3.4. The rights related to the payment of the Indemnification to Alon, in the context of this Agreement, shall not be affected by statement of inability, permanent or temporary disability and/or death of Alon, being provided that Alon and/or its inheritors or successors, as the case may be, shall be entitled to the payment of the total amount of the Indemnification not yet paid and which would be due until the end of this Agreement, provided that this Agreement also obliges and imposes constraints to the relatives and family members of Alon.

3.5. Stone Group shall reduce the number of Class A shares to be transferred to Alon in order to proceed to the tax deductions required by Law, provided that Alon will receive the net value of the Indemnification, after the applicable deductions.

4. ACKNOWLEDGMENT OF PAYMENT

4.1. Alon herein acknowledges and agrees that the transfer of StoneCo shares, under the terms of this Agreement, by Stone Group, constitute fair, adequate and sufficient compensation for the continuous fulfillment of the terms and timeframes of this Agreement, particularly the non-solicitation and non-competition obligations.

5. DEFAULT

5.1. Failure by Alon to comply with the obligations provided for in this Agreement will give rise to payment of a compensatory fine to Stone Group, equivalent to 100% of the total amount of the Indemnification, that has already been paid to Alon, net from taxes, without prejudice to the losses and damages incurred and any actions Stone Group may take to cease the competing activity by Alon, except if the infringement is resolved by Alon within 30 (thirty) days after written notice by Stone Group.

6. MISCELLANEOUS

6.1. This Agreement is executed on the date hereof and it will be automatically effective through the occurrence of the closing of the Transaction.

6.2. The Parties declare that they have carefully reviewed the terms of this Agreement and that they have fully understood its content. The Parties further declare that they have freely and voluntarily agreed to all terms and conditions set forth in this Agreement.

- 6.3.** Neither Party may assign this Agreement or any of its rights or obligations hereunder to any third party without the prior and express consent of the other Party.
- 6.4.** This Agreement is binding on, benefits and will be enforceable by the Parties and their respective successors and authorized assigns. This Agreement is entered into on an irrevocable and irreversible basis. The Parties undertake to fully comply with and enforce all that is agreed between them in this Agreement, and, therefore, acknowledge and claim that any attitude and/or action taken in disagreement with the provisions hereof and/or that represents a violation of the obligations assumed by the Parties in this Agreement, shall be null and void, as regards them or any third party.
- 6.5.** If any provision of this Agreement is declared unenforceable or invalid for any reason, the validity of the other provisions, terms and clauses of this Agreement will not be affected.
- 6.6.** The eventual abstention of any of the Parties from exercising the rights and privileges provided for in this Agreement will not mean their waiver or novation, which may be invoked or exercised at any time, in compliance with the legislation in force. Any waiver can only be challenged when granted in writing.
- 6.7.** The Parties recognize that the duties and obligations provided for in this Agreement are subject to specific performance, under the terms of the applicable legislation, and this agreement, executed by two witnesses, constitutes an extrajudicial execution instrument for all purposes and effects of the applicable legislation.
- 6.8.** This Agreement will be governed and interpreted in accordance with the laws of the Federative Republic of Brazil. Any controversies or disputes arising from or in relation to this Agreement will be heard and settled by the court of the district of the City of São Paulo, State of São Paulo, at the exclusion of any other, however privileged it may be.
- 6.9.** The Parties and the two witnesses execute this Agreement through electronic means, provided that the Parties hereby declare and expressly agrees, for the purposes of the Article 10, Paragraph 2, of the Provisional Measure (*Medida Provisória*) No. 2.200-2, of August 24, 2001, that their signatures through electronic means are binding, effective, efficient and provides authenticity, integrity and legal validity to this instrument, being this Agreement an extrajudicial executive title for all legal purposes.

São Paulo, September 1st, 2020

To

Mr. Alberto Menache**Ref.: Amendment to the Engagement Proposal of Mr. Alberto Menache to Stone Group**

Dear Sir,

We make reference to (i) the Association Agreement and Other Covenants entered into by and between Linx Shareholders, StoneCo Ltd, DLP Capital LLC, DLPPAR Participações S.A., and, further, as intervening parties, Linx S.A. ("Linx") and STNE Participações S.A. ("STNE"), on August 11, 2020, by means of which the signatories agreed on the main terms and conditions for Linx's business combination with STNE ("Transaction"), and (ii) the offer sent by STNE to you ("Senior Advisor", and jointly with STNE, the "Parties") on August 11, 2020, accepted on the same date, regarding the engagement for the position of Senior Advisor of STNE or of any of its controlled companies, including Linx, upon closing of the Transaction ("Controlled Companies" and, jointly with STNE, generically referred to as the "Stone Group").

1.1. Preliminary Considerations. Whereas (i) the material strategic role carried out by Alberto in Linx, (ii) the relevance of maintaining the bond between Alberto and the combined business of STNE and Linx after the closing of the Transaction; and (iii) the changes to the purpose and structure of the Engagement Proposal, notably for Alberto to be engaged as Senior Advisor of Stone Group and no longer as Executive, no longer holding the statutory position and without any employment bond, the Parties decided that the terms and conditions regarding your engagement by STNE shall be governed exclusively by this instrument ("New Proposal").

1.2. Amendment. The Parties, hereby, agree that the Original Proposal is amended and substituted for all legal purposes, in its totality, by the terms of this New Proposal, which shall be effective immediately as of the closing of the Transaction, pursuant to the terms below.

1.3. Object. The Senior Advisor shall render strategic and specialized consulting services in the software segment for the retail sector for one or more companies of the Stone Group, including during the transition period Post-Transaction, being responsible for discussing the strategies and planning of the integration, together with the STNE board of officers, with no employment bond or statutory position in Stone Group ("Activities").

1.4. Term. The agreement with the Senior Advisor shall be effective for the term of twelve months counted as of the closing of the Transaction. The consulting services shall be rendered four (4) days per week. The days on which the services shall be rendered shall be established by common agreement between the Senior Advisor and the Company. The Senior Advisor shall perform his duties, as mutually agreed with the Company. The agreement with the Senior Advisor may be extended upon mutual agreement by the Parties.

1.5. Diligence. In performing his duties, the Senior Advisor shall employ the care and diligence that every active and honest man usually employs in the administration of his own business, exercising the powers that the law and this instrument grant to him to achieve the purposes and interest of Stone Group.

1.6. Intellectual Property. Any object or product of an intellectual property nature that is developed, created, conceived and/or materialized in any way, even partially, by the Senior Advisor during the performance of the Activities, shall be of exclusive property of the Stone Group, which may use, enjoy and dispose of such intellectual property assets freely. The payment for the permanent assignment and transfer of any intellectual property is contemplated and included in the Senior Advisor's compensation provided for in this instrument, pursuant to item 1.7 below.

1.7. Compensation and Benefits. Due to his performance to one or more of the Stone Group entities as of the closing of the Transaction, the Senior Advisor will receive, during the term of his engagement and in compensation for the exercise of the Activities:

1.7.1. Compensation. As compensation for the services rendered, the Senior Advisor shall be entitled to a fixed and gross monthly income of R\$ 416,667.00 (four hundred and sixteen thousand six hundred and sixty-seven reais).

1.7.2. Benefits. The Senior Advisor shall be entitled to benefits (fringe benefits) at least equivalent to those currently offered to Linx's senior management.

1.7.3. Other Benefits. The Senior Advisor will continue using his current Linx corporate e-mail addresses. In addition, the Company will guarantee to the Senior Advisor the maintenance of his telephone line, and the Company will transfer him the ownership of said telephone line after the termination of his/her engagement.

1.7.4. Office. The Senior Advisor shall maintain his current office for private use at Linx Headquarters for as long as he carries out his Activities.

1.7.5. Indemnity Agreement. The Senior Advisor will be entitled to insurance and/or indemnity agreements with the Stone Group on terms, conditions, coverage and amounts at least equivalent to those currently offered to Linx's senior management.

1.8. Termination. In case of unjustified termination of the agreement with the Senior Advisor at the initiative of Stone Group, understood as an uncored breach by the Senior Advisor, the Senior Advisor shall be entitled to receive the total amount of Compensation, described in item 1.7.1, not yet paid, that would be due until the end of his agreement.

1.9. Duty of Confidentiality. By virtue of the exercise of the Activities, the Senior Advisor will have access to Confidential Information of the Stone Group and/or of third parties with whom the Stone Group has a relationship. Accordingly, the Senior Advisor shall be required, during the term of this agreement and for two (2) years after its termination, to keep confidential any and all Stone Group information to which he has access. For purposes of this instrument, "Confidential Information" means any non-public, written or oral, printed or electronic information of any nature, including technical, financial or commercial, existing or under development, which is connected with Stone Group business, research or development, technical information and reports, business secrets or know-how, including, without limitation, memoranda, summaries, strategic planning, trade secrets, research, product plans or other information concerning Stone Group's products, services, business and markets, consumer and customer lists, as well as software, improvements, inventions, processes, formulas, technologies, designs, engineering, hardware configuration information, recruitment, maintenance and operation, marketing, finance and other business information.

1.10. Non-Compete. The Senior Advisor will be subject to a non-competition obligation, according to the Indemnity for Non-Competition Agreement and Other Covenants signed separately between STNE and the Senior Advisor.

1.11. Entire Agreement. The Parties declare that they have carefully reviewed the terms of this document and fully understand its contents. The Parties further declare that they have freely and voluntarily agreed to all the terms and conditions contained in this document.

1.12. Assignment. Neither Party may assign this document or any of its rights or obligations hereunder to any third party without the prior express consent of the other Party, except if to affiliates of controlled companies.

1.13. Irrevocability and Irreversibility. This document shall be binding and beneficial to, and enforceable by, the Parties and their respective successors and permitted assignees. This document is irrevocable and irreversible. The Parties undertake to comply and enforce in full all that is agreed between them in this document, and therefore acknowledge and affirm that any attitude and/or measure taken in disagreement with that agreed between them or any third party that represents a violation of the obligations assumed by the Parties in this document is null and void.

1.14. Independence. If any provision of this document is declared unenforceable or invalid for any reason, the validity of the other provisions, terms and provisions of this document shall not be affected.

1.15. Waiver. Any eventual abstention of any of the Parties from the exercise of rights and privileges foreseen in this document shall not mean a waiver or novation of them, which may be invoked or exercised at any time, in compliance with the legislation in force. Any waiver may only be claimed when granted in writing.

1.16. Specific Performance. The Parties recognize that the duties and obligations contained in this document are subject to specific execution in accordance with applicable law and this instrument, signed by two witnesses, constitutes an extrajudicial enforcement order for all purposes and effects of applicable law.

1.17. Governing Laws and Jurisdiction. This document shall be governed by and interpreted in accordance with the laws of the Federative Republic of Brazil. Any controversies or disputes arising out of or in connection with this document shall be submitted to and resolved by the court of the City of São Paulo, State of São Paulo, to the exclusion of any other jurisdiction, however privileged it may be.

Best regards,

STNE PARTICIPAÇÕES S.A.

/s/ Thiago dos Santos Piau
By: Thiago dos Santos Piau

/s/ Rafael Martins Pereira
By: Rafael Martins Pereira

Agreed by:

ALBERTO MENACHE

/s/ Alberto Menache

Witnesses:

/s/ Danilo Kamiji

Name: Danilo Kamiji

/s/ Valeria Paludeti Freire

Name: Valeria Paludeti Freire

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" in the Registration Statement Form F-4 and related Prospectus of StoneCo Ltd. for the registration of shares of its class A common stock and to the incorporation by reference therein of our reports dated March 2, 2020, with respect to the consolidated financial statements of StoneCo Ltd., and the effectiveness of internal control over financial reporting of StoneCo Ltd., included in its Annual Report Form 20-F for the year ended December 31, 2019, filed with the Securities and Exchange Commission.

/s/ ERNST & YOUNG

ERNST & YOUNG Auditores Independentes S.S.

São Paulo, Brazil

September 1, 2020

Consent of Independent Registered Public Accounting Firm

We consent to the reference of our firm under the caption “Experts” and to the use of our reports dated May 15, 2020, with respect to the consolidated financial statements of Linx S.A. incorporated by reference in the Registration Statement (Form F-4) and related Prospectus of StoneCo Ltd. for the registration of shares of its class A common stock.

/s/ ERNST & YOUNG

ERNST & YOUNG Auditores Independentes S.S.

São Paulo, Brazil

September 1, 2020