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Main Highlights

Accelerating Growth and Expanding Margins

- ✓ **Highest historical figures in a quarter:** TPV, total revenue and income, adjusted net income, and adjusted free cash flow
- ✓ TPV was **R\$69.7bn** in 3Q20, up **113.8%** y/y, and **83.1%** q/q (**47.6% y/y growth** excluding *Coronavoucher*¹, with **y/y growth accelerating every month** from Apr-20 to Sep-20)
- ✓ Net addition of **63,500** clients (ex-TON), back to pre-COVID levels despite fewer salespeople
- ✓ Active client base (ex-TON) of **582,900** in 3Q20, up **40.9%** y/y
- ✓ Take-rate excluding *Coronavoucher* was **1.76%** in 3Q20, **+2bps** q/q, due to a **higher take-rate in the hubs** driven by the upsell of new solutions
- ✓ Reported take-rate of **1.30%**, including *Coronavoucher* impact of -46bps
- ✓ Total revenue and income growth of **39.2%** y/y in 3Q20 (**45.5%** excluding other financial income), **accelerating growth compared to 1Q20**
- ✓ **Record adjusted net income** of **R\$287.9mm** in 3Q20, with **42.6%** y/y growth and adjusted net margin of **30.8%**, returning to pre-COVID levels
- ✓ Adjusted net income in 3Q20 LTM of **R\$875.4mm**, **higher than 2019 FY**, despite COVID-19 impact
- ✓ Adjusted free cash flow of **R\$288.6mm** in 3Q20, **7x** y/y

Financial Platform for SMBs

- ✓ **~60%** of hubs personnel already **back to the front line**, with daily routes and presence in the hubs
- ✓ Hubs' TPV growth y/y in 3Q20 was **greater than 1Q20 and significantly higher than in 2Q20** with **record TPV q/q** addition (R\$9bn) and growth (48%)
- ✓ **357,100** digital banking accounts, with **88,600** accounts settling merchants' sales directly
- ✓ **Roll-out of ABC platform** to all Banking clients
- ✓ Credit portfolio of **R\$1.1bn**, with **73,000** credit clients in 3Q20
- ✓ Credit solution **ROA** of approximately **2.5%** and **expected delinquency² roughly stable** at single digits q/q in 3Q20

Fintech-as-a-Service Platform and Software

- ✓ Online TPV growth y/y of **574.9%** in 3Q20 (**76.3%** ex-*Coronavoucher*)
- ✓ **R\$21.6 bn** in *Coronavoucher* volumes processed in the quarter
- ✓ Growing together with our **digital SMB clients: revenue retention above 100%** in historic cohorts of clients
- ✓ **342,000 software clients** in 3Q20, up **21%** q/q driven by organic growth
- ✓ New investment in **Questor** closed in Oct-20, ERP for accounting offices and ERP offering for SMBs, with **~6,000 clients**
- ✓ **Continued strong traction from software** solutions in 3Q20: mLabs total social media posts grew **29%** q/q
- ✓ Full commerce platform strategy to be **enhanced with the Linx acquisition³**

Important Developments and Outlook

- ✓ **Continued hiring activity** in 4Q20, following commerce reopening in Brazil; **Expect to reach total personnel pre-COVID levels by year-end**
- ✓ Roll-out of ABC platform to **all Acquiring clients by year-end**
- ✓ Credit FIDC structure in place will allow **Stone to limit its credit risk exposure**, funding the credit operation **primarily with 3rd-party capital**
- ✓ **TON:** client base growing **84.6%** q/q to reach **65,000** clients in 3Q20⁴
- ✓ **More than 100,000 applications** for the Recruta program 2020⁵

(1) Government relief payments that can be transferred by the beneficiary to digital wallets, some of which are integrated partners of Stone. With the transfer of balance, Stone earns a take-rate in line with debit transactions.

(2) Monthly Return on Assets, calculated as credit revenue, net of expected losses, divided by disbursed amounts; Expected Delinquency is calculated as the percentage of the disbursed amount that we do not expect to receive any payments throughout the lifetime of each contract.

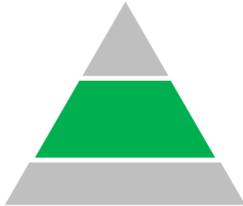
(3) Transaction with Linx still subject to approval in Linx Shareholders Meeting (scheduled for 17-Nov-20) and by Brazilian anti-trust authority (CADE).

(4) Clients that have transacted with TON at least once in the preceding 12 months.

(5) Recruta is our largest recruitment program, usually held semiannually and focused on recruiting the best talents in Brazil to work in different areas of the Company.

We Are Positioning the Business in Three Main Pillars

We will have three complementary and synergistic assets in the future

	 Complete Financial Platform for SMBs	 Fintech-as-a-Service Platform	 Full Commerce Platform
Vision	<ul style="list-style-type: none"> ✓ Financial products and services for SMBs in a single platform ✓ Offers the best customer service in Brazil 	<ul style="list-style-type: none"> ✓ Customer-focused culture + open infrastructure ✓ Offering Stone's platform functionalities for digital customers and integrated partners (payments, banking and credit - as a service) 	<ul style="list-style-type: none"> ✓ Sales and retail management with full integration of online and offline channels ✓ Strategic front, still in its early stage, which will be enhanced by Linx
Clients	 Small and Medium Businesses (SMBs)	 E-commerce, digital platforms, software partners, sub-acquirers, wallets	 Retailers of all sizes and multiple verticals
Operational Model	<ul style="list-style-type: none"> ✓ Direct distribution, with proprietary customer service and operations (hub strategy) ✓ Evolution to unified front-end: dashboard and app fully integrated with all products ✓ 100% proprietary technology platform 	<ul style="list-style-type: none"> ✓ Specialized channel and services suited for the online world ✓ Integration APIs to offer all financial services to digital customers in a simple way 	<ul style="list-style-type: none"> ✓ Customer-focused distribution and service model ✓ Modular services will enable customers to choose which features to consume ✓ Adapt solutions for SMBs

(1) Transaction with Linx still subject to approval in Linx Shareholders Meeting (scheduled for 17-Nov-20) and by Brazilian anti-trust authority (CADE).

Strong Quarter with a V-Shaped Recovery

Back on track with growth acceleration and margin expansion

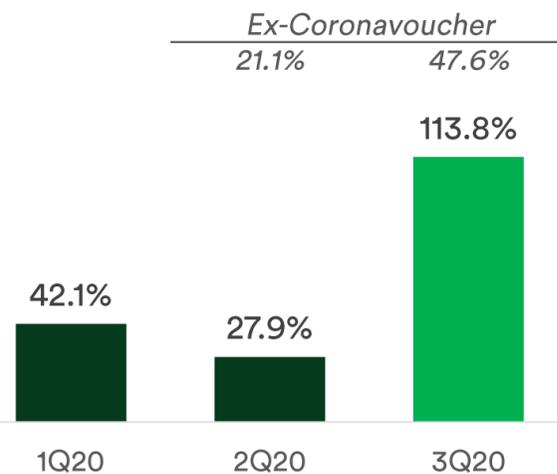
Top-line growth has continued to accelerate...

- ✓ TPV growth y/y **accelerated to 113.8%** in 3Q20 and **47.6%** ex-Coronavoucher, **greater levels than 1Q20**
- ✓ TPV growth y/y ex-Coronavoucher **accelerated every month** from Apr-20 to Sep-20, when it reached **52.2%**
- ✓ Revenue growth y/y (excluding other financial income) **accelerated to 45.5%** in 3Q20, **higher than 1Q20** (38.3%)
- ✓ **Record quarterly total revenue and income** in 3Q20 (R\$934.3mm)

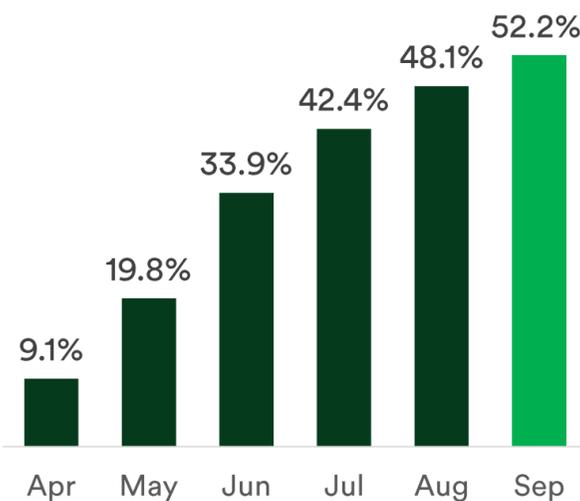
...combined with strong profitability

- ✓ **Sharp adjusted net margin recovery q/q to 30.8%**
- ✓ **Adjusted net income LTM in 3Q20 (R\$875.4mm) already higher than 2019 FY**, despite COVID-19 impacts
- ✓ **Record quarterly adjusted net income** in 3Q20 (R\$287.9mm), with **42.6%** y/y growth

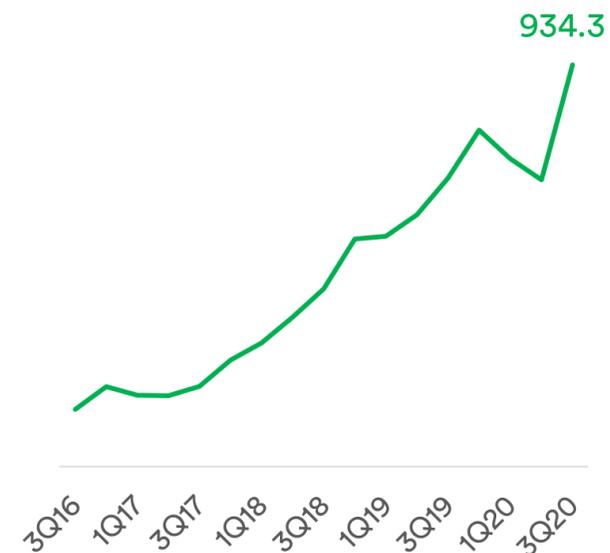
TPV Growth y/y



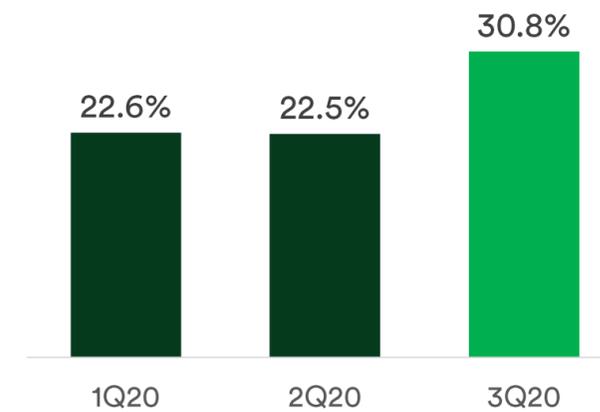
TPV Growth y/y, 2020
(Ex-Coronavoucher)



Total Revenue and Income
(R\$mm)



Adjusted Net Margin



SMB Operations Are Back on Track

Hubs remain very strong and are strategic for the long term of our business

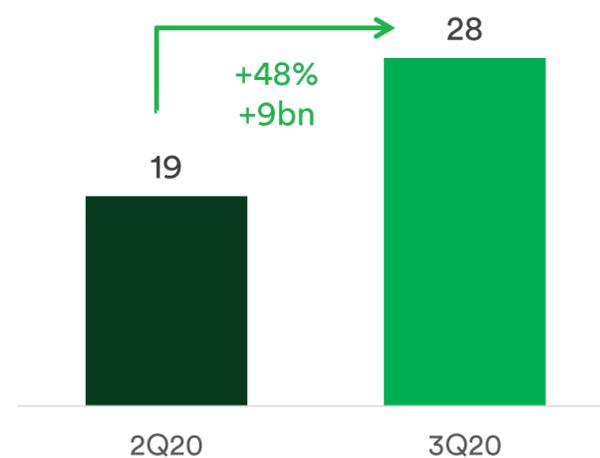
Hubs accelerating growth on the back of commerce reopening...

- ✓ ~60% of hubs personnel already **back to the front line**, with daily routes and presence in the hubs
- ✓ **Increasing salesforce headcount** in 2H20, following commerce reopening
- ✓ Total net additions (ex-TON) of **63,500** clients, mainly driven by SMBs in the hubs; **26% higher than 1Q20**, despite lower salespeople headcount
- ✓ **Record TPV q/q** addition (R\$9bn) and growth (48%)
- ✓ In the hubs, TPV growth y/y in 3Q20 **increased compared to 1Q20** and **accelerated every month** from Apr-20 to Sep-20, when it reached **52.2%**

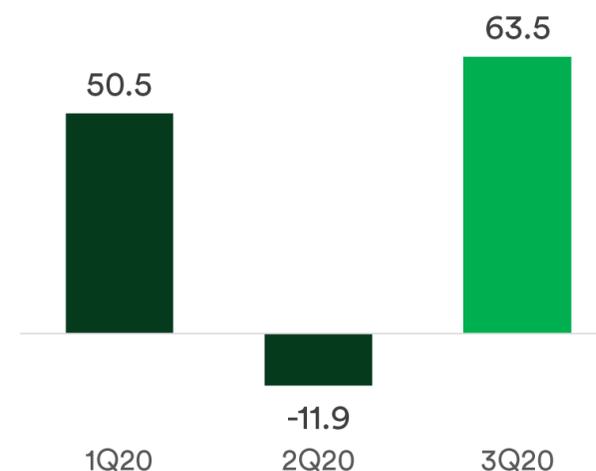
...with increasing upsell of new solutions

- ✓ Hubs had a positive contribution to total take-rate of **+4bps** q/q in 3Q20, driven by the **successful upsell of new solutions**
- ✓ **More than doubled the penetration** of SMB Acquiring clients (hubs) with either active Banking accounts, Credit or both solutions, growing from **12%** in Jan-20 to **27%** in Sep-20

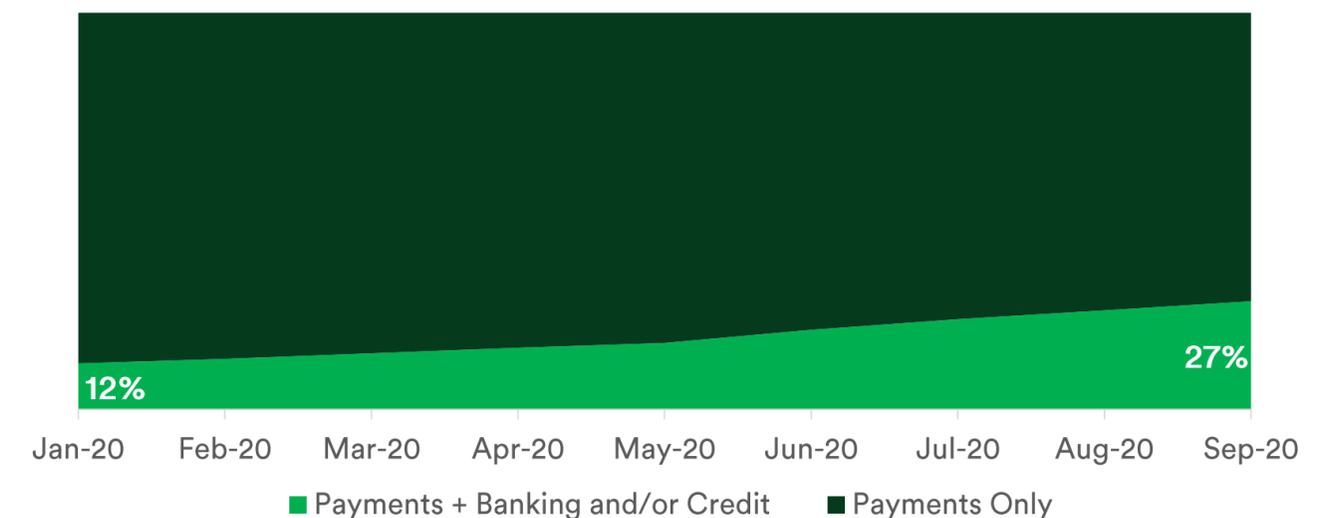
Hubs TPV (R\$bn)



Total Net Addition of Clients ex-TON ('000)



Penetration of SMB Clients with Multiple Financial Solutions¹
(Number of Active Clients)



(1) Penetration of acquiring clients in the hubs with active banking, credit or both solutions.

Launch of ABC Platform to All Clients

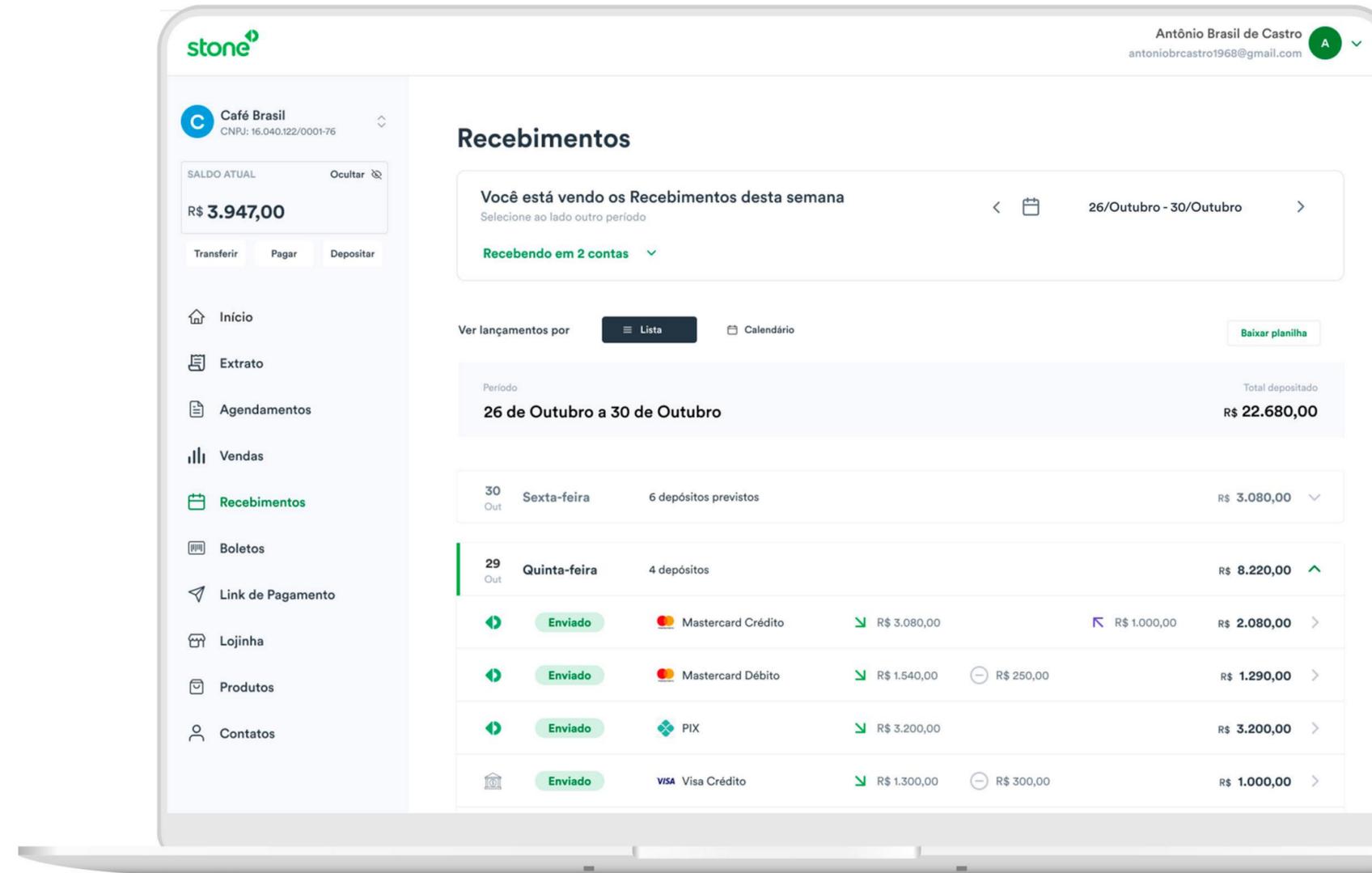
Integrated financial platform onboarding of all clients expected for 4Q20

- ✓ All acquiring, banking and credit clients will be onboarded in the integrated financial platform by 4Q20
- ✓ PIX: with a dynamic QR code on their POS, Stone merchants will be able to accept instant payments by 16-Nov-20, official launch scheduled by the Central Bank
- ✓ Acquiring-only clients can open an ABC platform account directly through the POS device within a few minutes



Key Features

Statements	Wire Transfers	Bill Payments	Cash Withdrawals	Boleto Issuance
Credit Solution	Pre-Paid Card	Payment Link	Stone Virtual Shop	PIX (16-Nov-20)

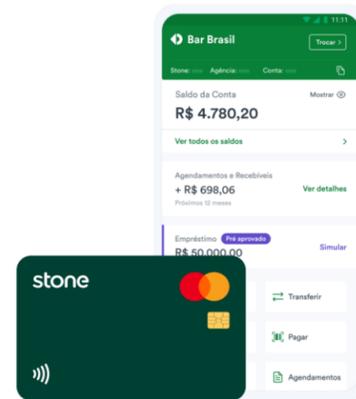


Digital Banking Services Are Increasing Traction

Strong growth as ABC platform access is expanded and card usage increases

Banking services are gaining scale fast...

- ✓ **357,100** accounts as of 3Q20, with **88,600** accounts settling merchants' sales directly
- ✓ ABC platform rolled out to **all Banking clients**, with extension to **all Acquiring clients in 4Q20**
- ✓ Total pre-paid card TPV **up 144% q/q** and **5.2x** 1Q20 volumes



...while increasing monetization

Total Banking Revenue

+4.7x
Q/Q

TPV Pre-Paid Cards

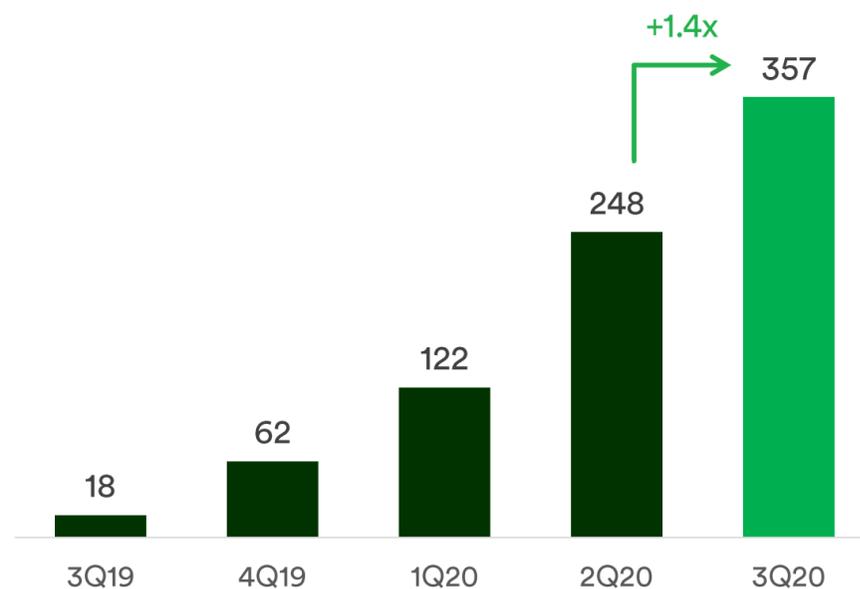
+2.4x
Q/Q

Stone Account Bank Domicile

25%
of Banking Clients

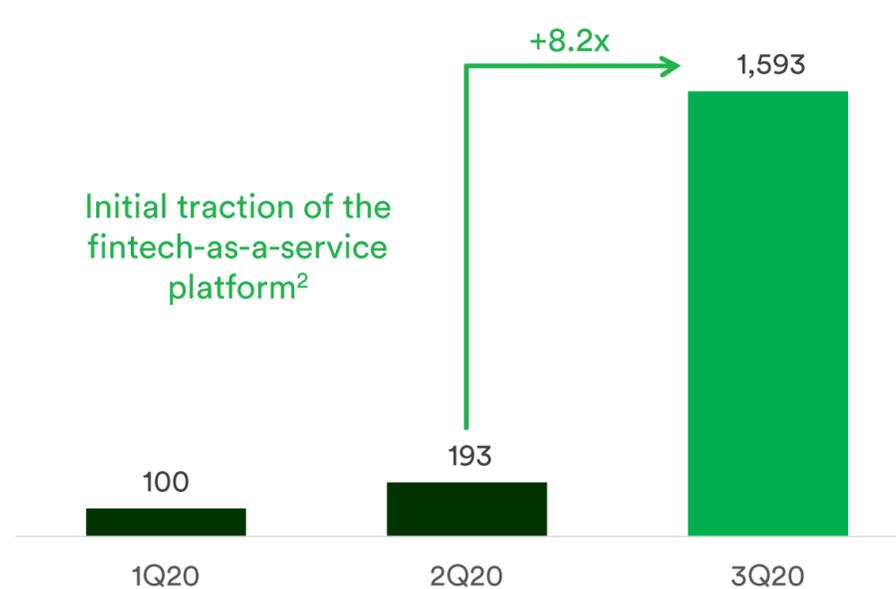
Number of Accounts

(in thousands)



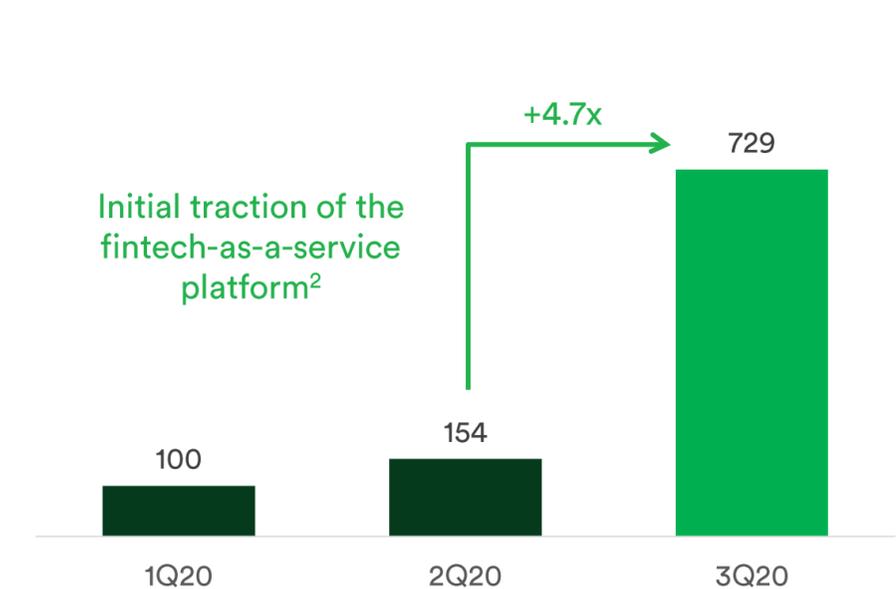
Number of Transactions¹

(Indexed to 100)



Total Net Revenue

(Indexed to 100)



(1) Includes wire transfers, *boletos* paid and cash withdrawals.

(2) Integrated partners services (e.g. cash management API) will be incorporated to the fintech-as-a-service platform.

Our Credit Solution Continues to Evolve Quickly

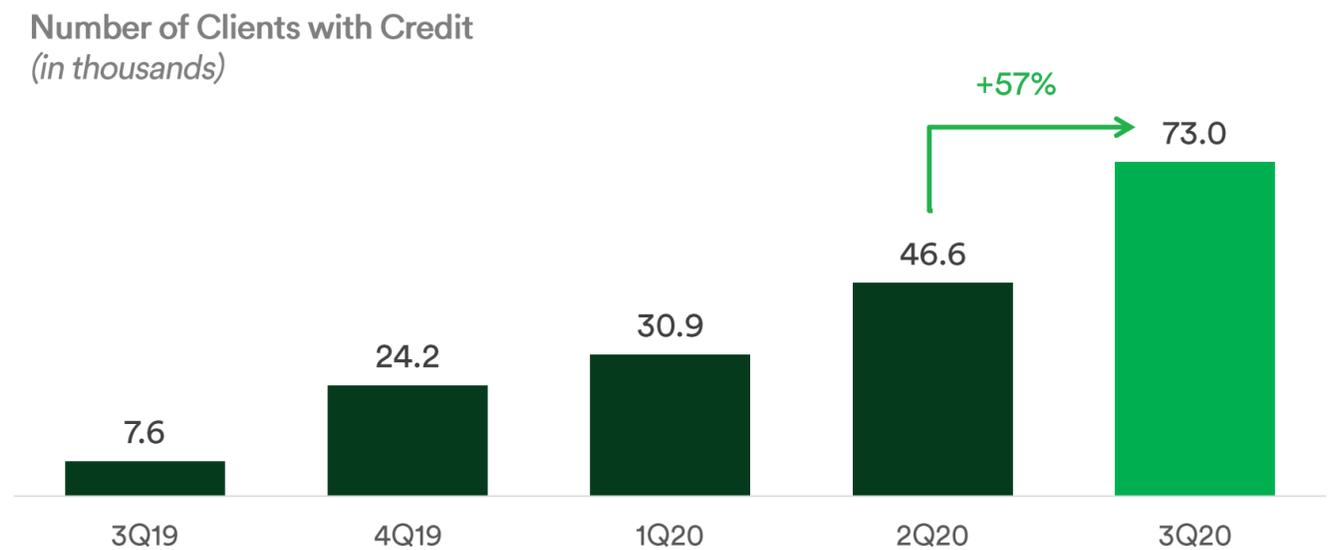
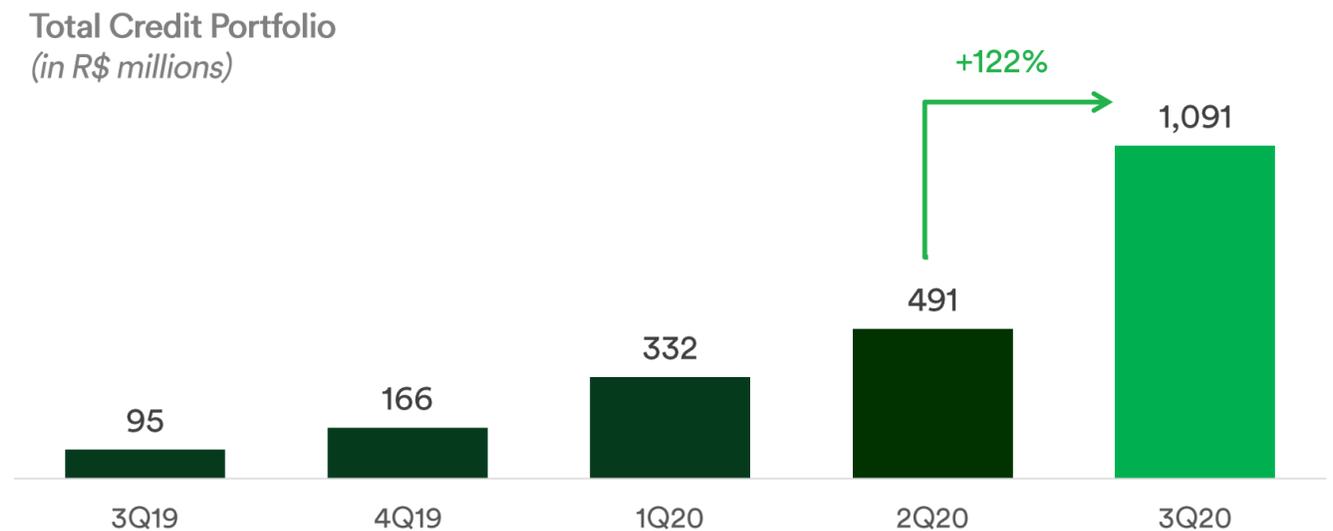
Credit portfolio recently surpassed the R\$1bn mark, while keeping a good risk vs. return balance

All key credit metrics at healthy levels...

- ✓ Small average ticket of **R\$19,000** and short average duration of **7 months** in 3Q20
- ✓ Roll-over credit¹ was **46%** of total portfolio in 3Q20, leading to **higher stability and lower risk**
- ✓ Credit portfolio of **R\$1.1 billion** as of 3Q20, **2.2x** compared to 2Q20
- ✓ **73,000** clients with active credit as of 3Q20, **57%** growth q/q
- ✓ **ROA of approximately 2.5%** and **expected delinquency² roughly stable at single digits** q/q in 3Q20

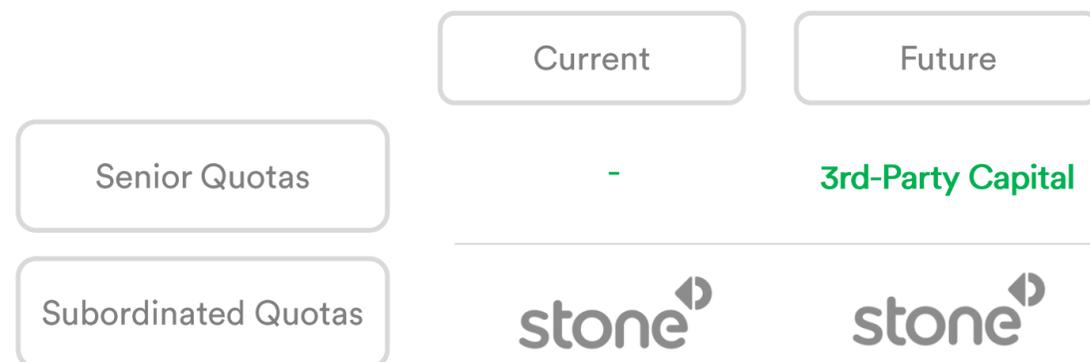


...driving us to grow portfolio and clients with discipline



Operation expected to be funded primarily with 3rd-party capital

- ✓ FIDC structure in place will allow Stone to **limit its credit risk exposure** in the coming months, while keeping **good economics**
- ✓ In advanced stage to have **BNDES funding of up to R\$500mm** for our credit solutions



(1) Clients that successfully paid all their credit balance and hired new additional credit, building credit history.

(2) Monthly Return on Assets, calculated as credit revenue, net of expected losses, divided by disbursed amounts; Expected Delinquency is calculated as the percentage of the disbursed amount that we do not expect to receive any payments throughout the lifetime of each contract"



TON – Expanding Our Ecosystem to Micromerchants

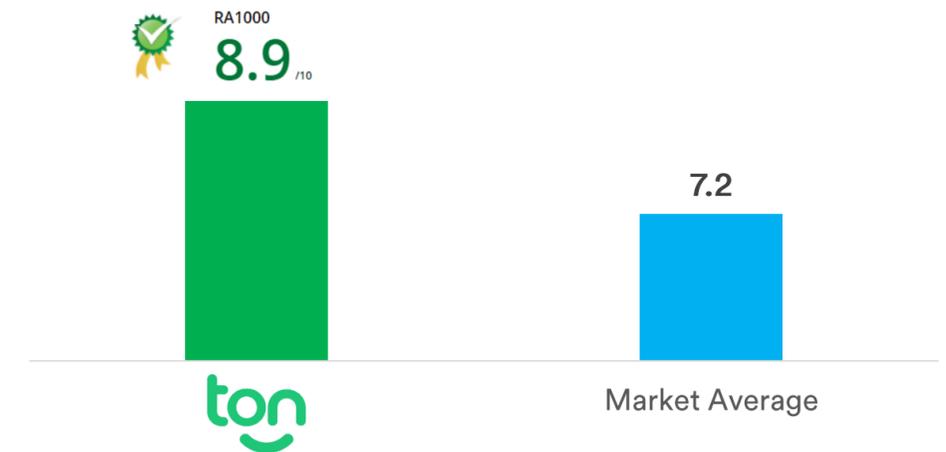
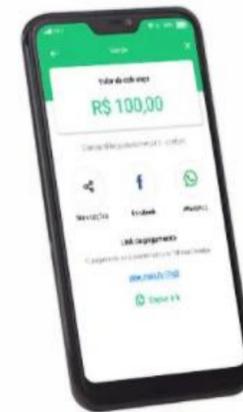
Positive initial traction of the new venture, with accelerating topline and CAC reduction

TON is ramping up and we are improving the CAC...

- ✓ Launched in Mar-20, TON nearly doubled its client base in 3Q20 and is experiencing a significant ramp-up in TPV and Transactional Revenue
- ✓ With higher brand awareness and more effective marketing campaigns, the average CAC for Sep-20 decreased significantly compared to previous months

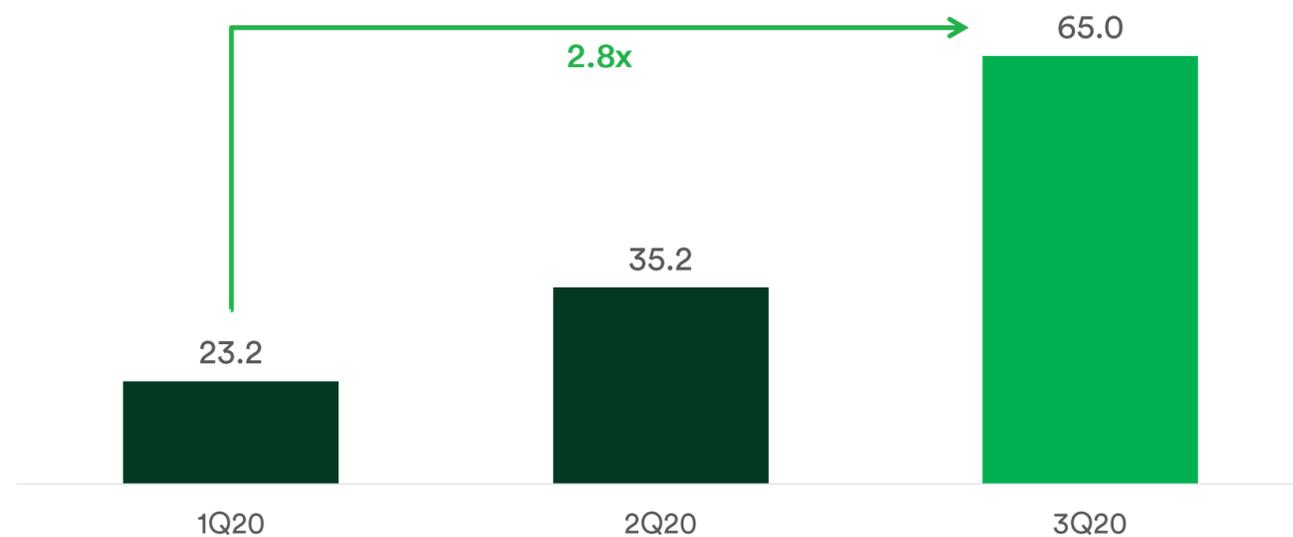


...while maintaining high client satisfaction levels²



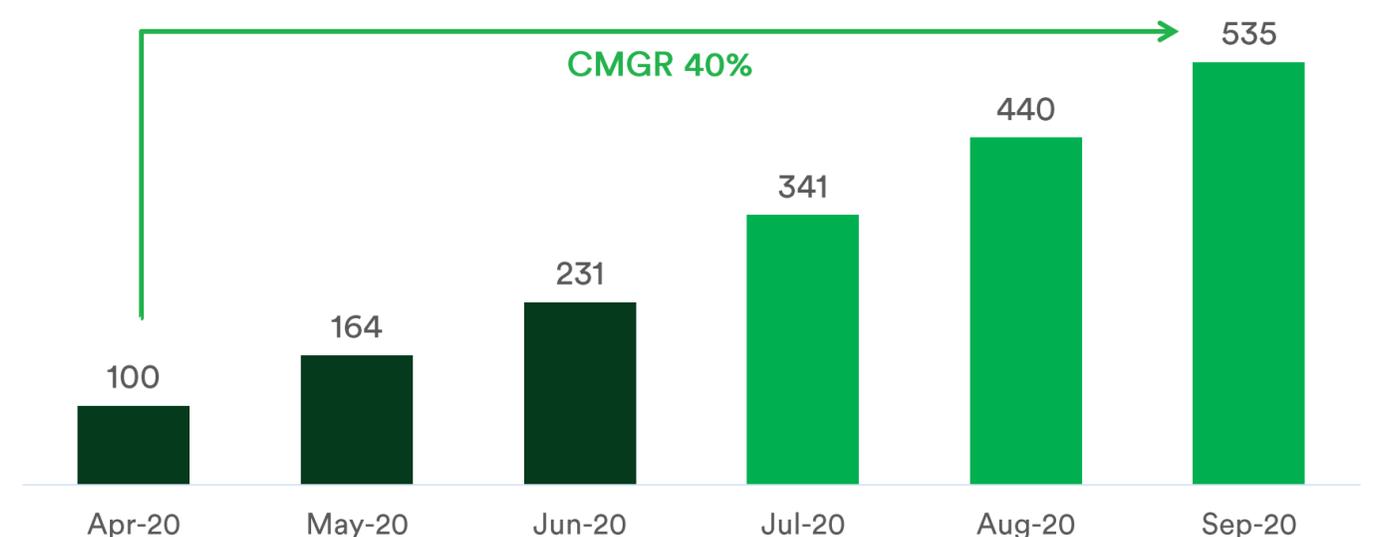
Number of Active Clients¹

(in thousands)



Total Payment Volume

(Indexed to 100)



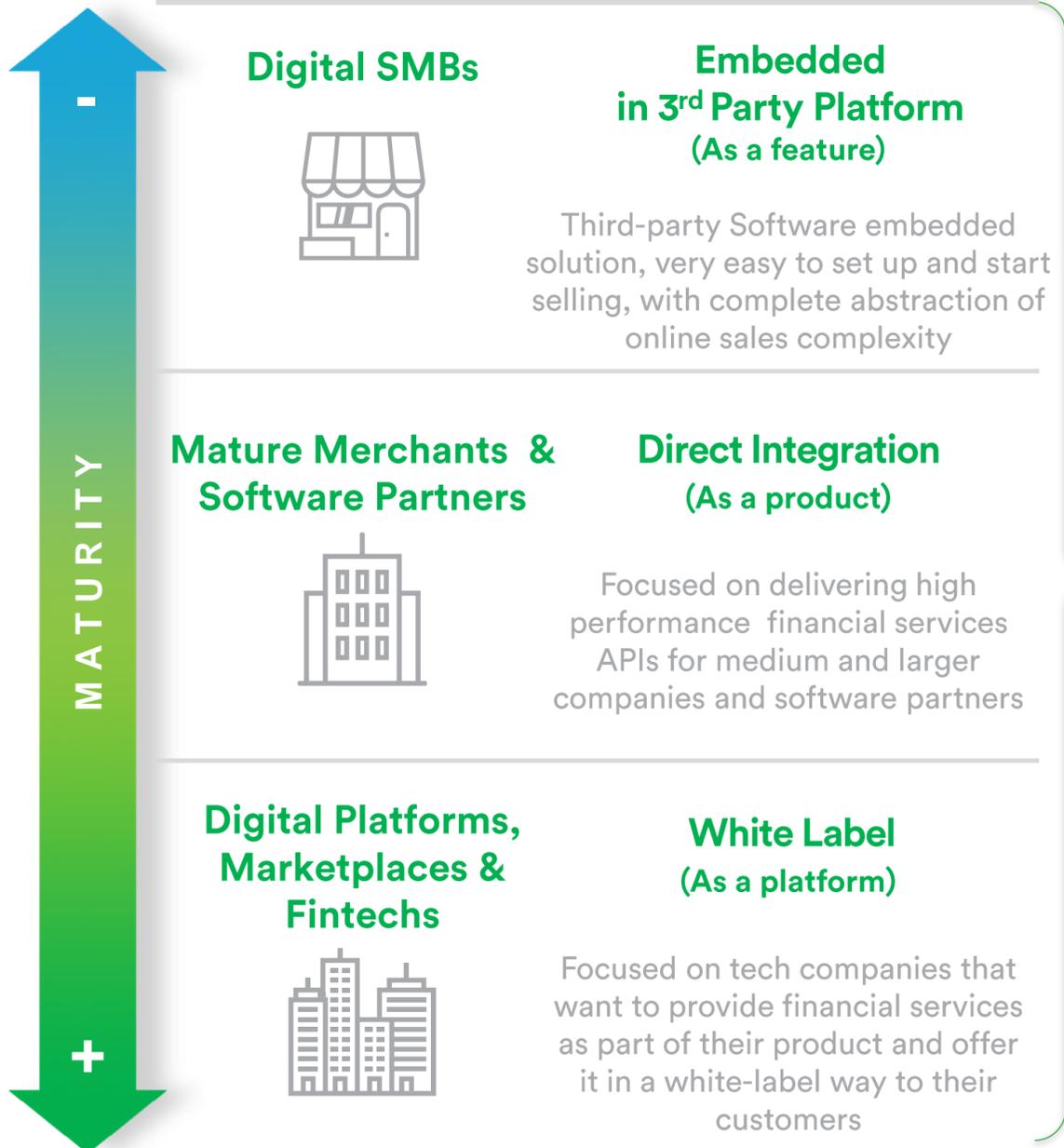
(1) Clients that have transacted with TON at least once in the preceding 12 months.

(2) Level of client satisfaction according to www.reclameaqui.com.br from Apr-20 to Sep-20 and site access on 20-Oct-20. Market average considers the simple average of the two market leaders in the micromerchant segment.

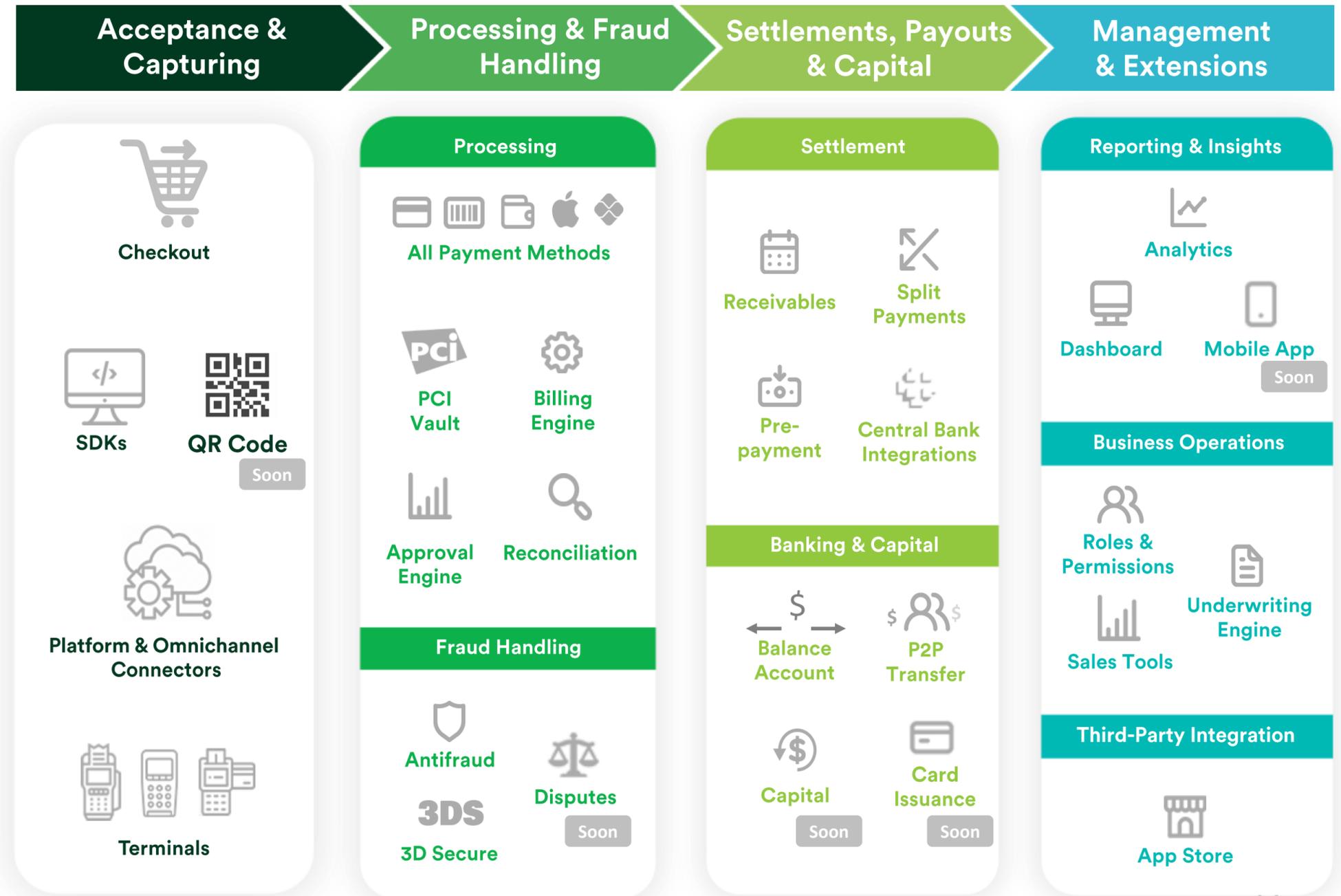
Our Digital Fintech-as-a-Service Vision

Business model and capabilities of our platform

CLIENT SEGMENTS AND STRATEGY



PLATFORM CAPABILITIES



Our Digital Fintech-as-a-Service Business

Digital and integrated partners growth was fueled by *Coronavoucher* in 3Q20

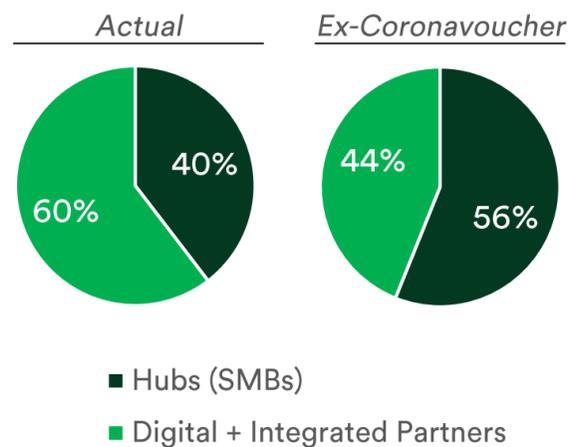
Online Payments Fueled by *Coronavoucher*

- ✓ Online TPV¹ grew **574.9%** y/y in 3Q20 (**76.3%** ex-*Coronavoucher* volumes)
- ✓ *Coronavoucher* top-ups through integrated partners totaled **R\$20bn+** in 3Q20
 - ✓ Government relief payments can be transferred by the beneficiary to digital wallets, some of which are **integrated partners of Stone**
 - ✓ With the transfer of balance, **Stone earns a take-rate** in line with debit transactions

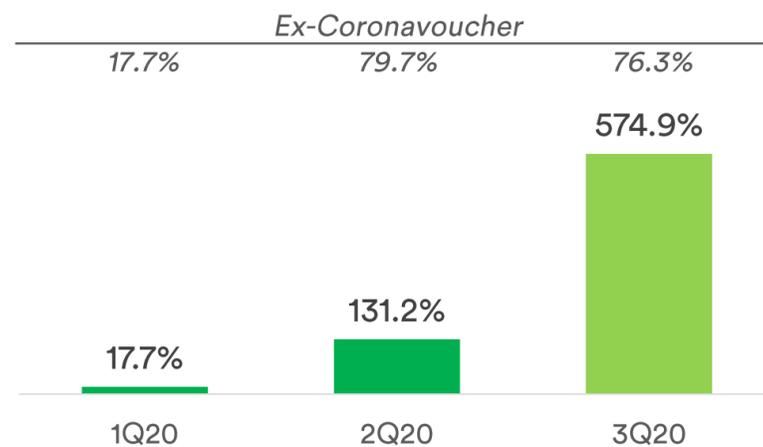
Growing Together With Our Digital SMB clients

- ✓ Merchants with low digital maturity, mainly small ecommerce, social sellers, and brick and mortar SMBs
- ✓ Value proposition based on offering simple tools that allow merchants to focus on their operations, **removing the complexity of online selling and managing payments**
- ✓ Digital SMB historic cohorts of clients present **revenue retention above 100%**, when comparing 3Q20 revenue to the 1st full quarter of operation of each cohort

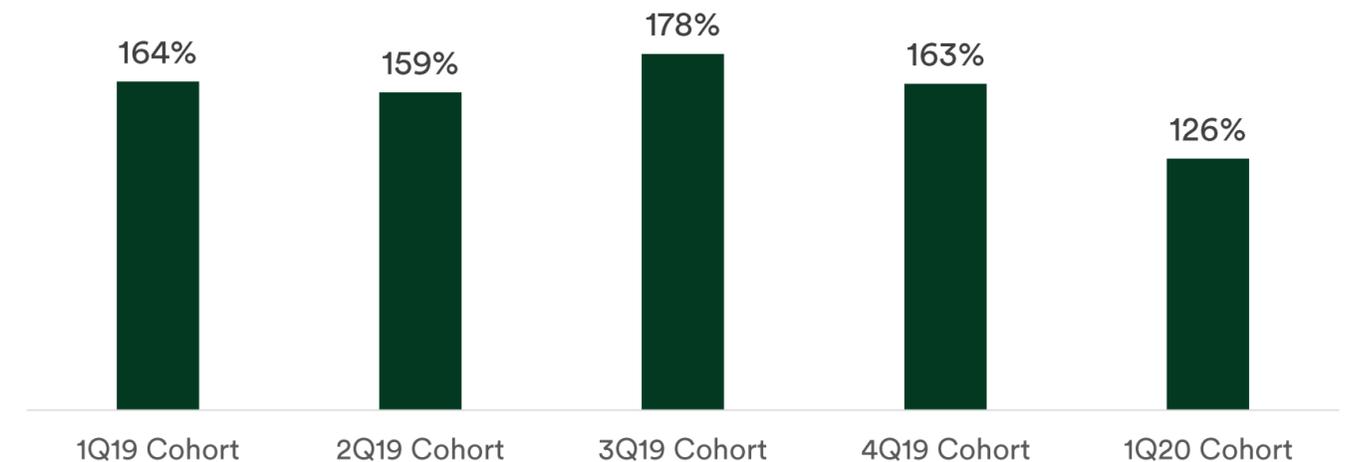
Overall TPV 3Q20



Online TPV¹ Growth y/y



Digital SMBs - Cohort Revenue Retention²
(3Q20 Revenue vs 1st Full Quarter of Operation of Each Cohort)



(1) Card-not-present transactions.

(2) Revenue retention calculated as 3Q20 revenue divided by the revenue generated in the second quarter after inception.



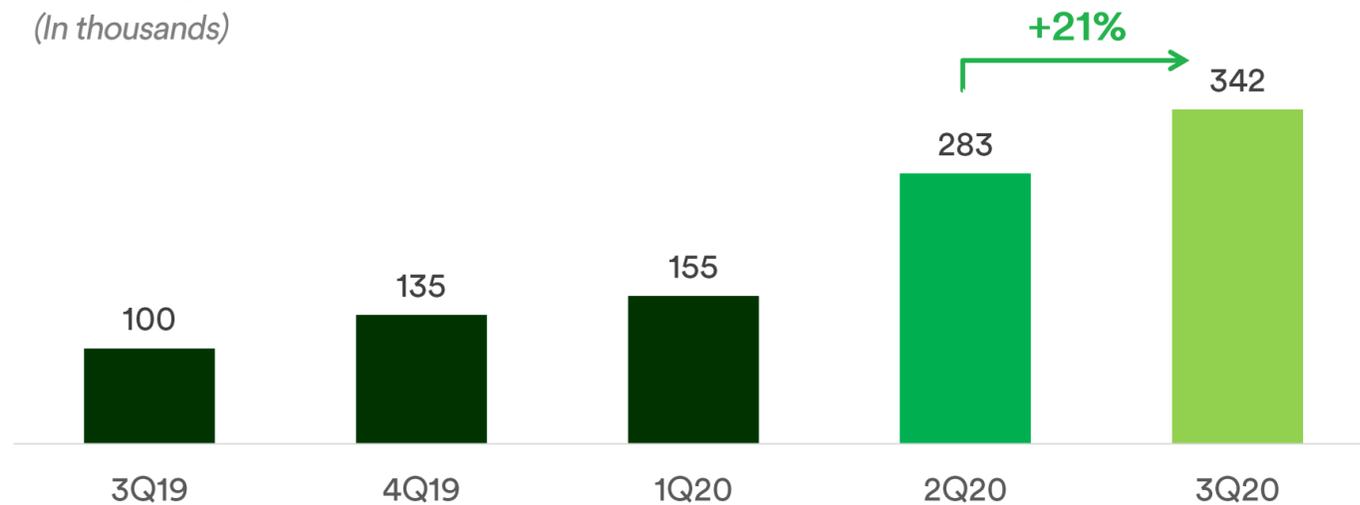
Our Evolution in Software

Focus on providing merchants with great solutions

Software Metrics Remain Strong And Are Growing

- ✓ Software client base **increased 21% q/q in 3Q20**, driven **exclusively by organic growth** within our portfolio companies

Software Client Base¹
(In thousands)



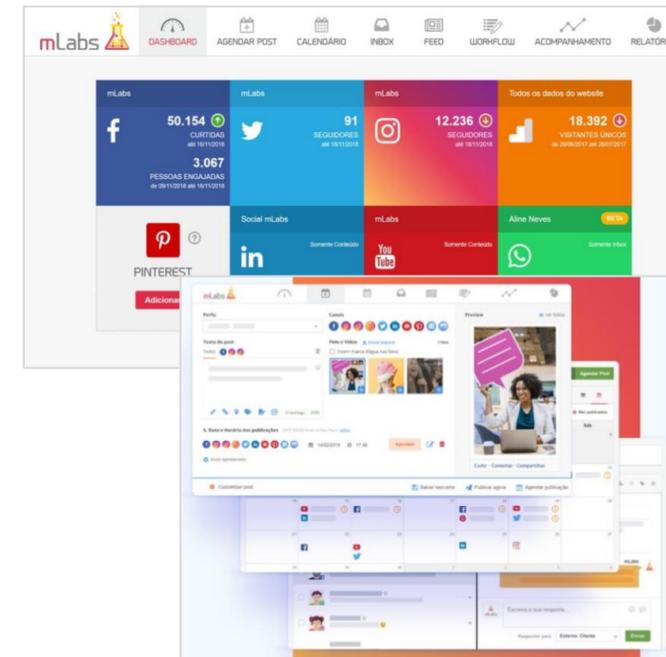
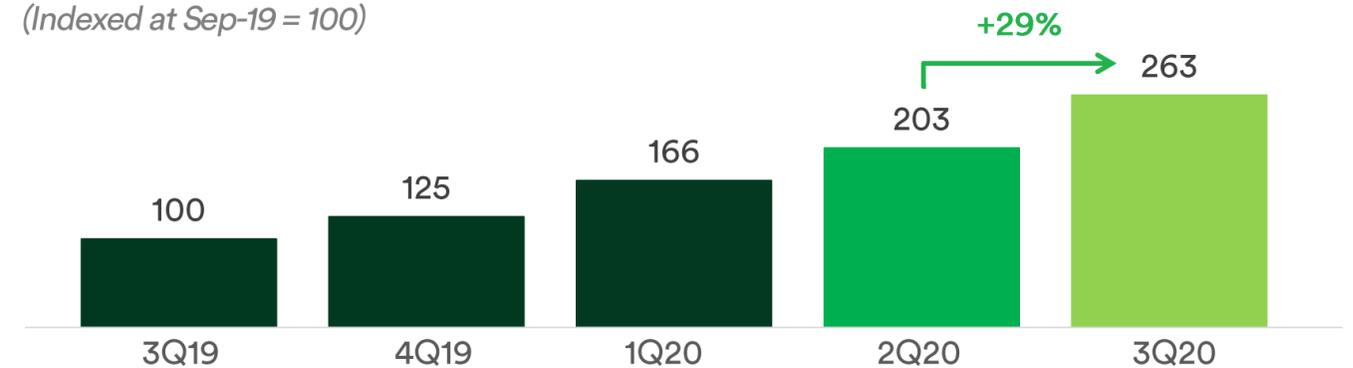
New investment



- ✓ **ERP solution** for **accounting offices** and **SMBs**
- ✓ **~6,000** accounting offices and SMBs, serving more than **450,000 businesses across Brazil** and processing **~1.5mm paychecks** monthly in the payroll module
- ✓ Investment closed in Oct-20

Highlight: mLabs Helping Clients Become More Digital

Social Media Platform:
number of posts
(Indexed at Sep-19 = 100)



- ✓ **23,000 digital marketing agencies** and professionals subscribe to mLabs
- ✓ More than **50bn post impressions** per month through the platform
- ✓ **40,000 entrepreneurs** and professionals enrolled in first mLabs social media course
- ✓ New features include **mobile app** and paid **ads management**

(1) Does not include clients from Questor, as the transaction was closed in October 2020

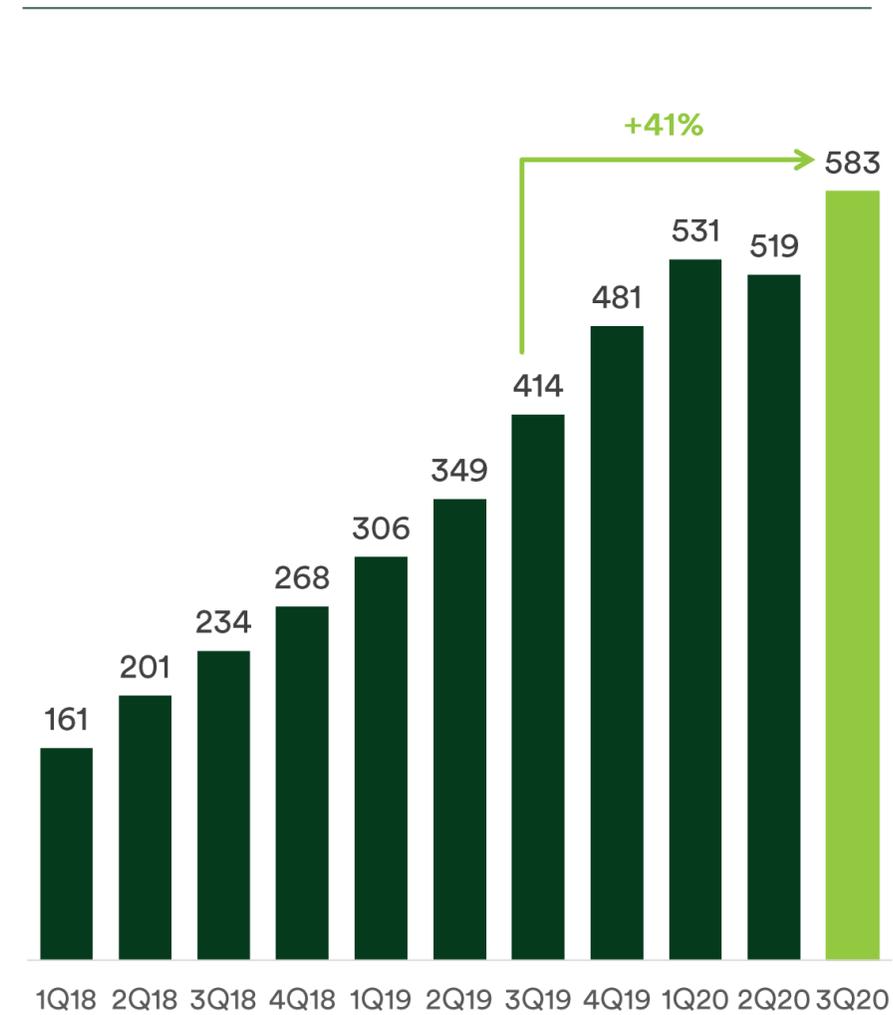


Accelerating Top-Line Growth

Financial and operating metrics

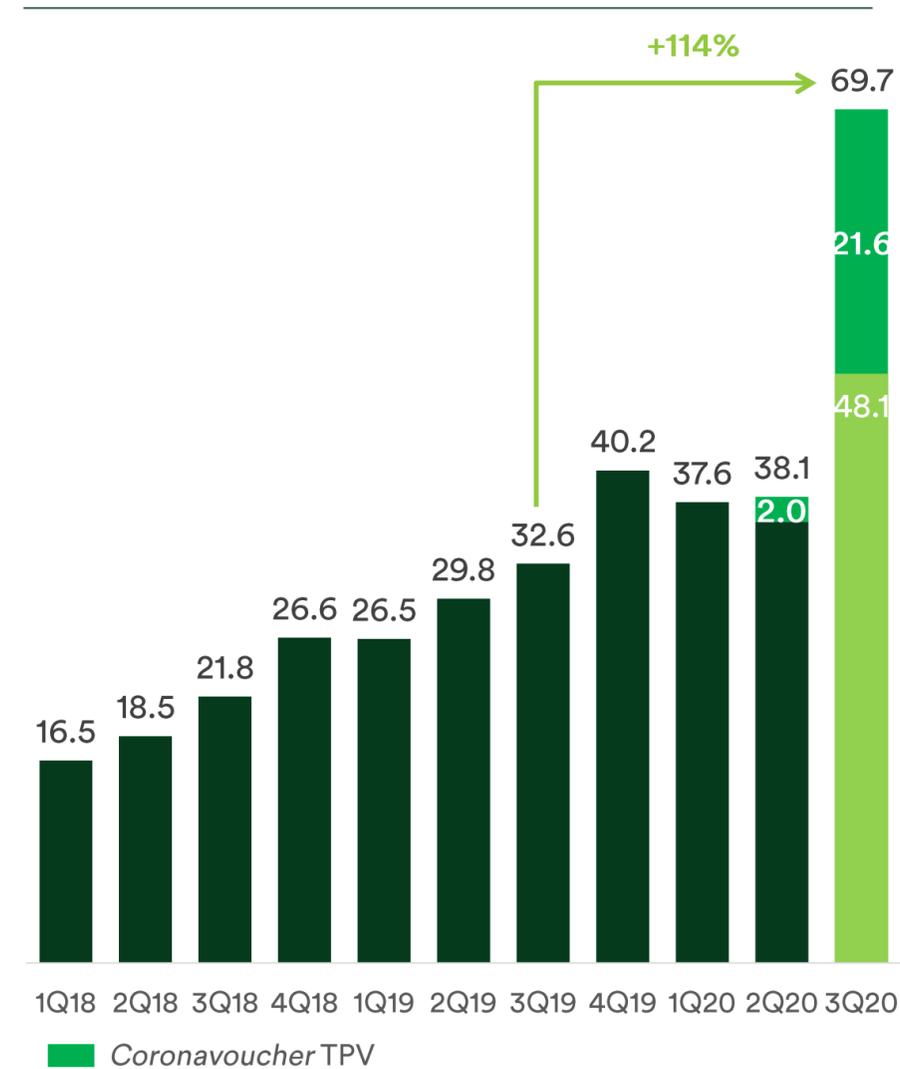
Active Clients – Payments¹

(Thousands, ex-TON / Stone Mais)



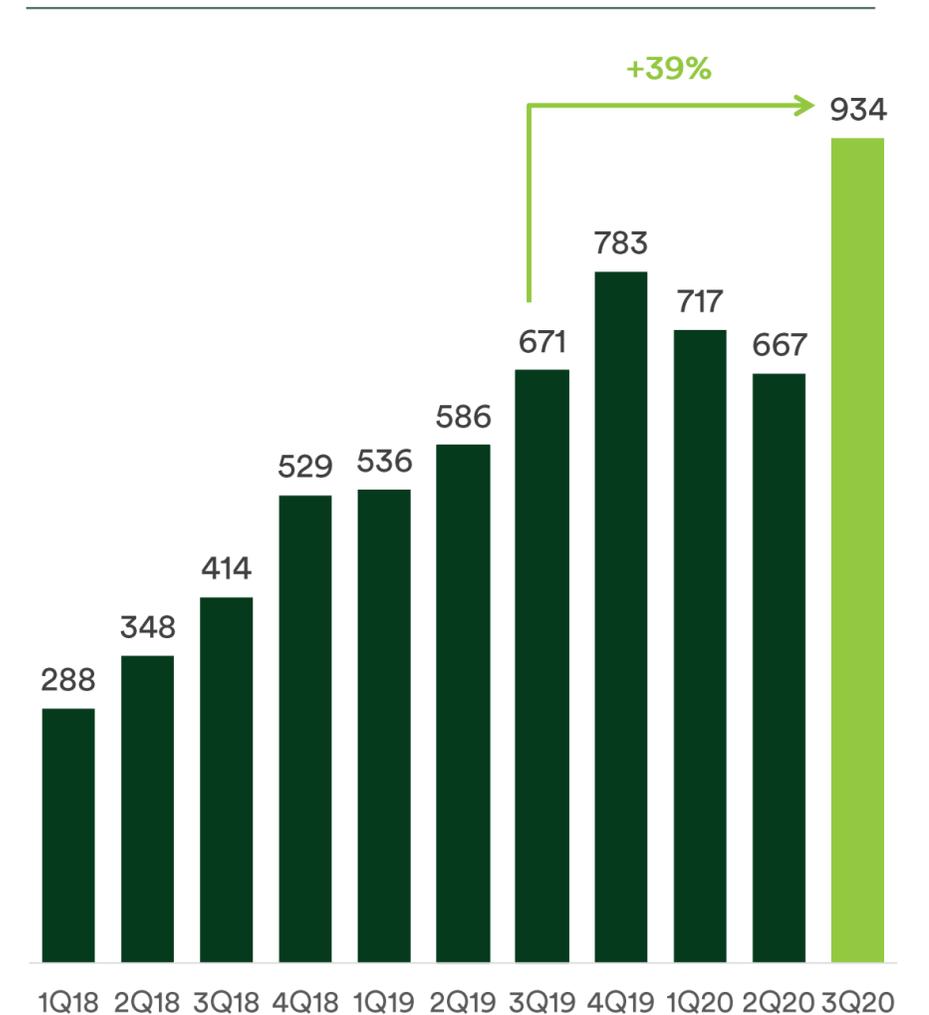
Total Payment Volume

(R\$ in billions)



Total Revenue and Income

(R\$ in millions)



(1) Excludes micro-merchants. “Active Clients” are merchants that have completed at least one electronic payment transaction with Stone within the preceding 90 days. TON, our micro-merchant business, reported 65,000 active clients in 3Q20 (clients that have transacted with TON at least once in the preceding 12 months).



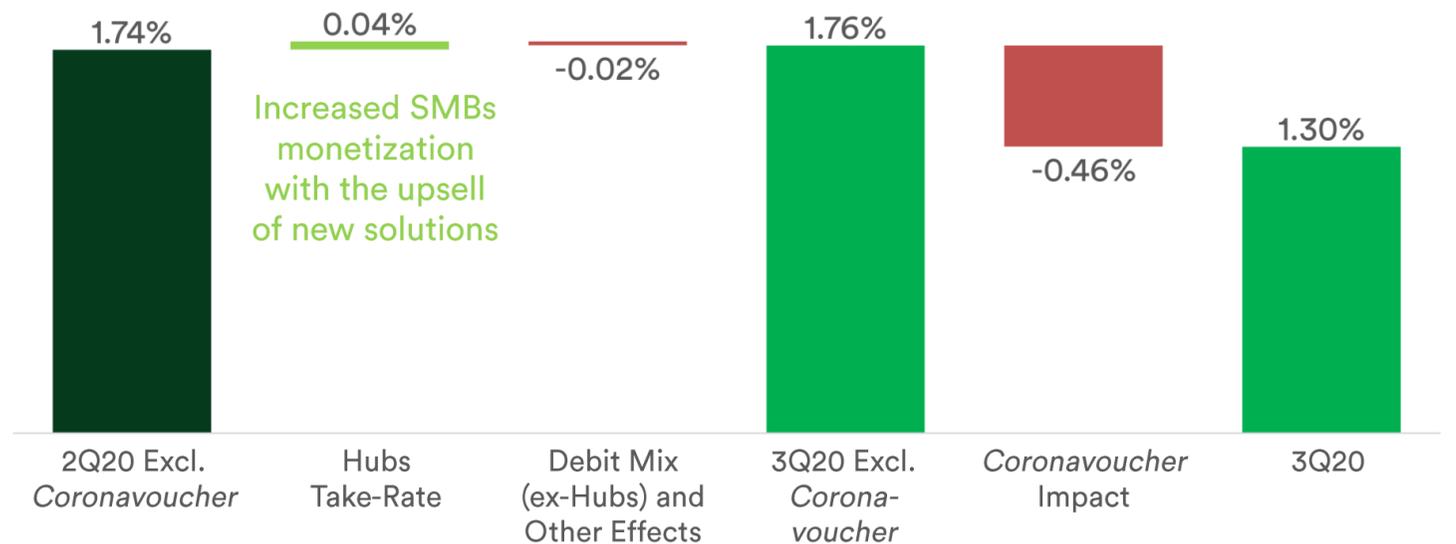
Take-Rate Evolution

Increasing monetization in SMBs, despite stronger *Coronavoucher* impact

✓ Take-rate of **1.30%** in 3Q20, mostly related to **-46 bps** from *Coronavoucher* impact

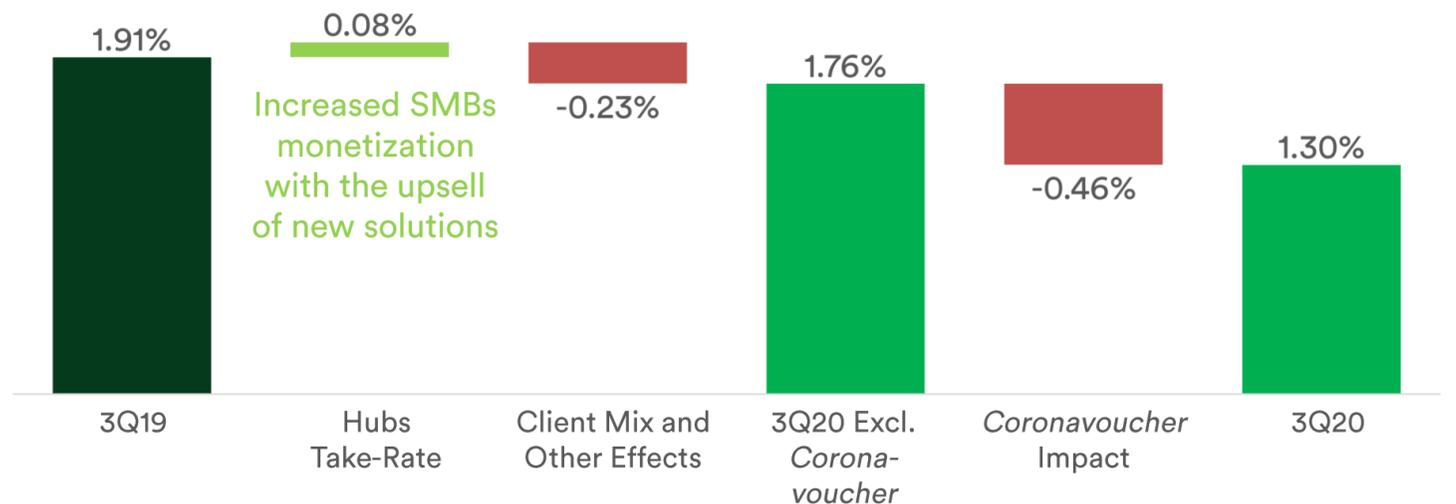
Take-Rate Bridge q/q

- ✓ Take-rate excluding *Coronavoucher* impact increased **2bps** q/q, from 1.74% in 2Q20 to **1.76%** in 3Q20
 - ✓ **+4bps** q/q, due to **increase in hubs take-rate** as we successfully upsold new solutions to SMBs
 - ✓ **-2bps** q/q, related to **stronger debit mix (ex-hubs)** and other effects



Take-Rate Bridge y/y

- ✓ Take-rate excluding *Coronavoucher* impact decreased **15bps** y/y, from 1.91% in 3Q19 to **1.76%** in 3Q20
 - ✓ **+8bps** q/q, due to **increase in hubs take-rate** as we successfully upsold new solutions to SMBs
 - ✓ **-23bps** q/q, related to **stronger volumes from integrated partners and digital clients**, and other effects



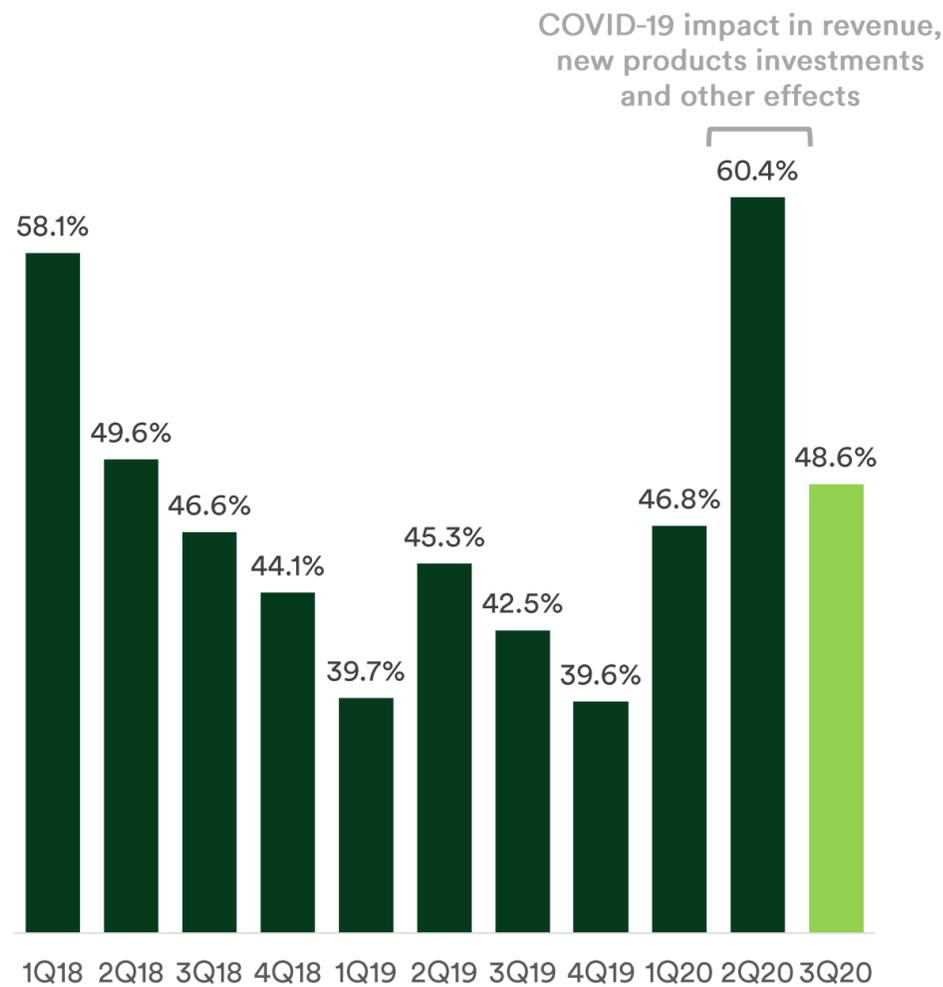
Summary Statement of Profit and Loss

R\$ in millions	3Q19	% Rev.	3Q20	% Rev.	Δ %	Δ p.p.	9M19	% Rev.	9M20	% Rev.	Δ %	Δ p.p.
Transaction activities and other services	193.9	28.9%	354.1	37.9%	82.6%	9.0 p.p.	539.9	30.1%	808.9	34.9%	49.8%	4.8 p.p.
Subscription services and equipment rental	94.2	14.0%	92.5	9.9%	(1.7%)	(4.1 p.p.)	239.9	13.4%	266.1	11.5%	10.9%	(1.9 p.p.)
Financial income	335.1	49.9%	460.1	49.2%	37.3%	(0.7 p.p.)	883.7	49.3%	1,146.0	49.4%	29.7%	0.1 p.p.
Other financial income	48.0	7.1%	27.6	3.0%	(42.5%)	(4.2 p.p.)	129.5	7.2%	97.5	4.2%	(24.7%)	(3.0 p.p.)
Total revenue and income	671.1	100.0%	934.3	100.0%	39.2%	0.0 p.p.	1,793.1	100.0%	2,318.4	100.0%	29.3%	0.0 p.p.
Cost of services	(112.5)	(16.8%)	(208.1)	(22.3%)	84.9%	(5.5 p.p.)	(298.7)	(16.7%)	(556.7)	(24.0%)	86.4%	(7.4 p.p.)
Administrative expenses	(71.2)	(10.6%)	(106.2)	(11.4%)	49.1%	(0.8 p.p.)	(213.3)	(11.9%)	(270.0)	(11.6%)	26.6%	0.3 p.p.
Selling expenses	(101.7)	(15.1%)	(139.5)	(14.9%)	37.3%	0.2 p.p.	(251.6)	(14.0%)	(366.0)	(15.8%)	45.5%	(1.8 p.p.)
Financial expenses, net	(101.2)	(15.1%)	(64.7)	(6.9%)	(36.1%)	8.2 p.p.	(246.6)	(13.8%)	(275.7)	(11.9%)	11.8%	1.9 p.p.
Other operating income (expense), net	(11.4)	(1.7%)	(43.3)	(4.6%)	278.3%	(2.9 p.p.)	(55.2)	(3.1%)	(86.8)	(3.7%)	57.2%	(0.7 p.p.)
(Loss) income from investment in associates	0.9	0.1%	(1.1)	(0.1%)	n.m	(0.2 p.p.)	0.3	0.0%	(3.9)	(0.2%)	n.m	(0.2 p.p.)
Profit (loss) before income taxes	274.0	40.8%	371.5	39.8%	35.6%	(1.1 p.p.)	728.0	40.6%	759.2	32.7%	4.3%	(7.9 p.p.)
Income tax and social contribution	(82.7)	(12.3%)	(122.4)	(13.1%)	48.0%	(0.8 p.p.)	(187.8)	(10.5%)	(227.9)	(9.8%)	21.4%	0.6 p.p.
Net income (loss) for the period	191.3	28.5%	249.1	26.7%	30.2%	(1.8 p.p.)	540.2	30.1%	531.3	22.9%	(1.6%)	(7.2 p.p.)
Adjusted Net Income¹	201.9	30.1%	287.9	30.8%	42.6%	0.7 p.p.	582.1	32.5%	600.4	25.9%	3.1%	(6.6 p.p.)

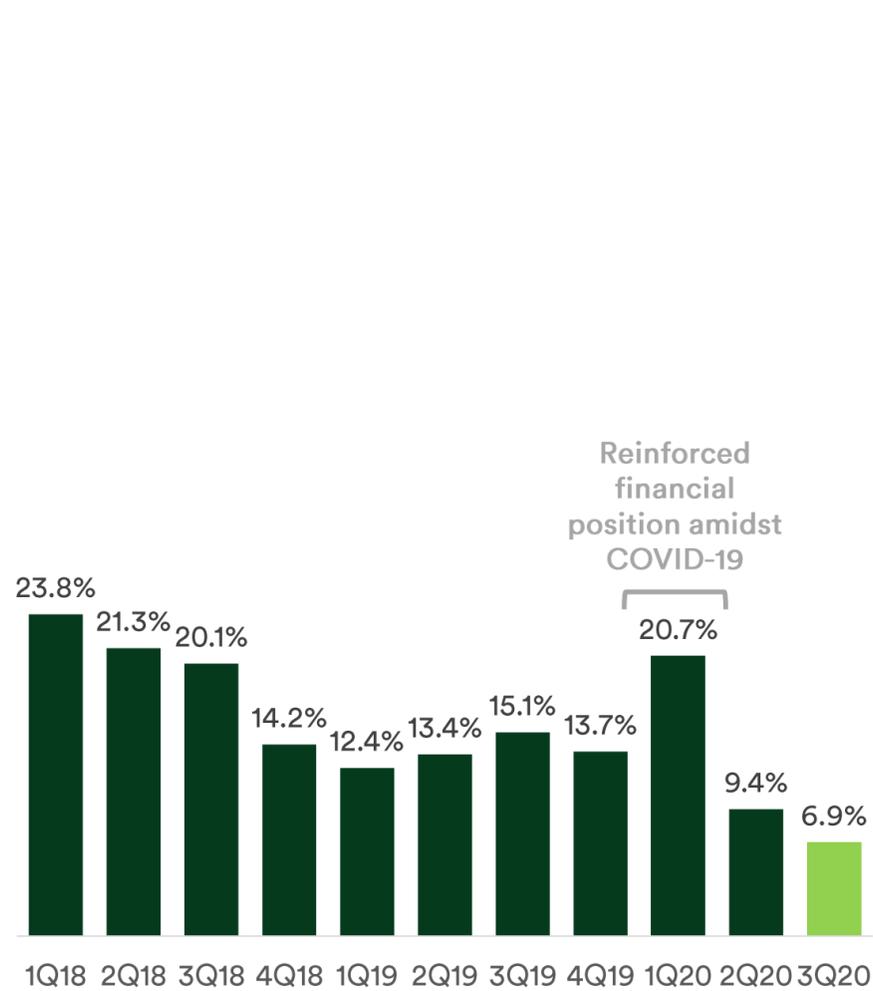
(1) Adjusted Net Income is a non-IFRS financial measure. Please see the appendix for the reconciliation of this non-IFRS financial measure to the most directly comparable IFRS financial measure.

Operating Leverage and Profitability

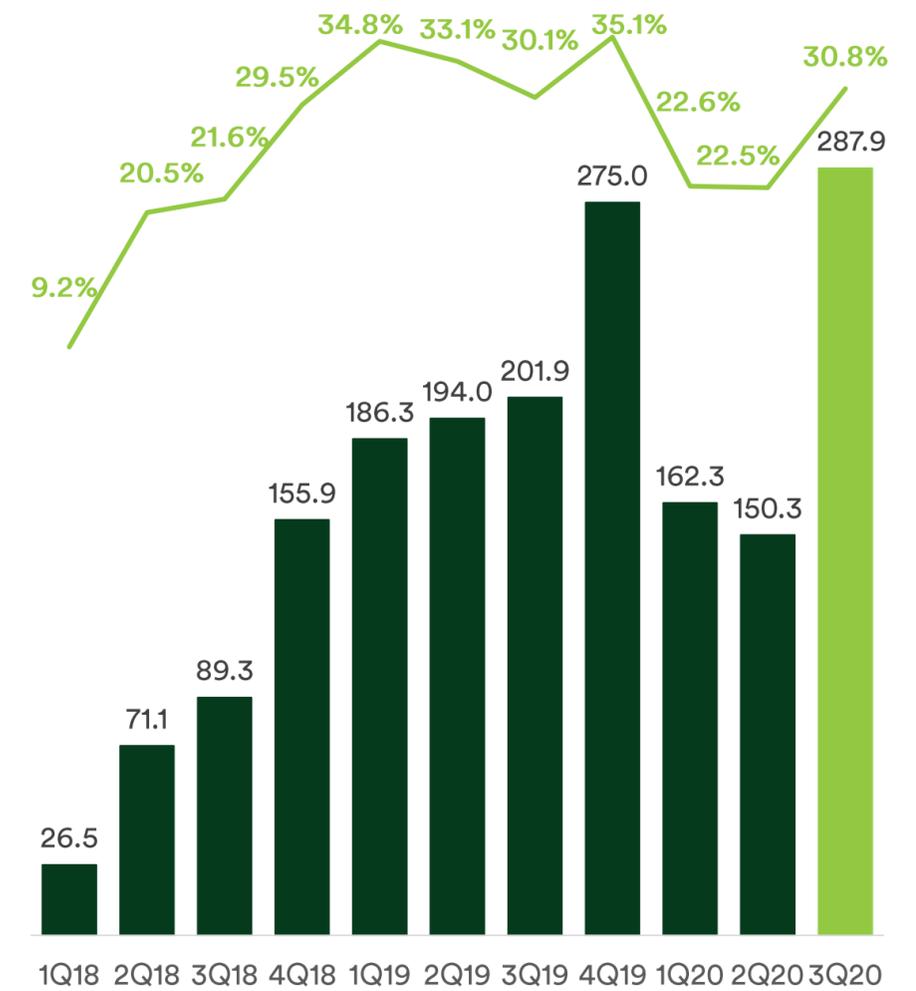
Total Costs and Expenses¹ (as % of Total Revenue and Income)



Financial Expenses (as % of Total Revenue and Income)



Adjusted Net Income and Margin² (R\$ in millions)



(1) Total Costs and Expenses as % of Total Revenue and Income. Includes Cost of Services, Administrative Expenses and Selling Expenses.

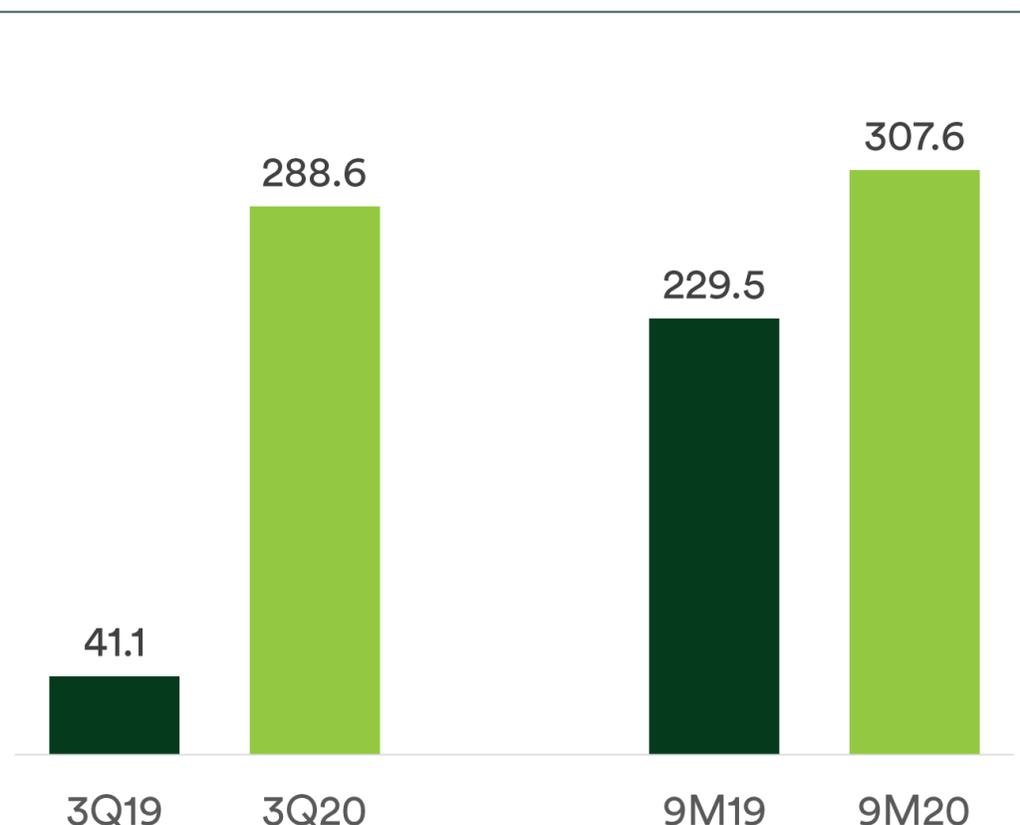
(2) Adjusted Net Income and Adjusted Net Margin are non-IFRS financial measures. Please see the appendix for a reconciliation of this non-IFRS financial measure to the most directly comparable IFRS financial measures.



Adjusted Free Cash Flow and Reconciliation (non-IFRS)

(R\$ in millions)

Adjusted Free Cash Flow¹



Reconciliation of Adjusted free cash flow	3Q19	3Q20	9M19	9M20
Net cash used in operating activities	190.2	(1,669.9)	(1,988.3)	(186.2)
(-) Adjustments in Operating Activities:				
<i>Accounts receivable from card issuers²</i>	(34.9)	2,976.8	3,267.9	1,713.4
<i>Accounts payable to clients²</i>	405.3	(1,317.3)	163.9	(1,016.2)
<i>Interest income received, net of costs³</i>	(304.3)	(204.3)	(852.2)	(865.3)
<i>Loans held for sale⁴</i>	0.0	685.1	0.0	1,067.4
Purchases of property and equipment	(197.2)	(153.7)	(314.2)	(334.7)
Purchases and development of intangible assets	(18.0)	(28.2)	(47.7)	(70.7)
Adjusted free cash flow¹	41.1	288.6	229.5	307.6

(1) Adjusted free cash flow is a non-IFRS financial measure.

(2) Each "Accounts Payable to Clients" recognized as a liability on our balance sheet is directly linked to an "Accounts Receivable from Card Issuers" recognized as an asset on our balance sheet. The Company receives from issuing banks first, and only then pays its clients, thus having no working capital requirement. When a client opts to be paid early (prepayment), the Company has a working capital requirement. However, the Company has the option to sell the receivables from card issuers related to those payables in order to meet such working capital requirements. The combined effect to the cash flows is a positive operational cash flow equivalent to net fees earned by providing such prepayment service. Whenever management opts to fund its prepayment operation with sources other than the sale of its own receivables, Net Cash Provided by/ (Used in) Operating Activities may be affected, as discussed in "Note on the impact of different funding sources in operating and financing cash flows" in our Earnings Release. However, management does not view such decision as translating into higher or lower ability of our business to generate cash operationally.

(3) Financial income from our prepayment activity, less the financial expenses related to the sale of receivables to financial institutions. The first item directly influences the level of accounts payable to clients on our balance sheet; the second item directly influences the amount of receivables from card issuers on our balance sheet.

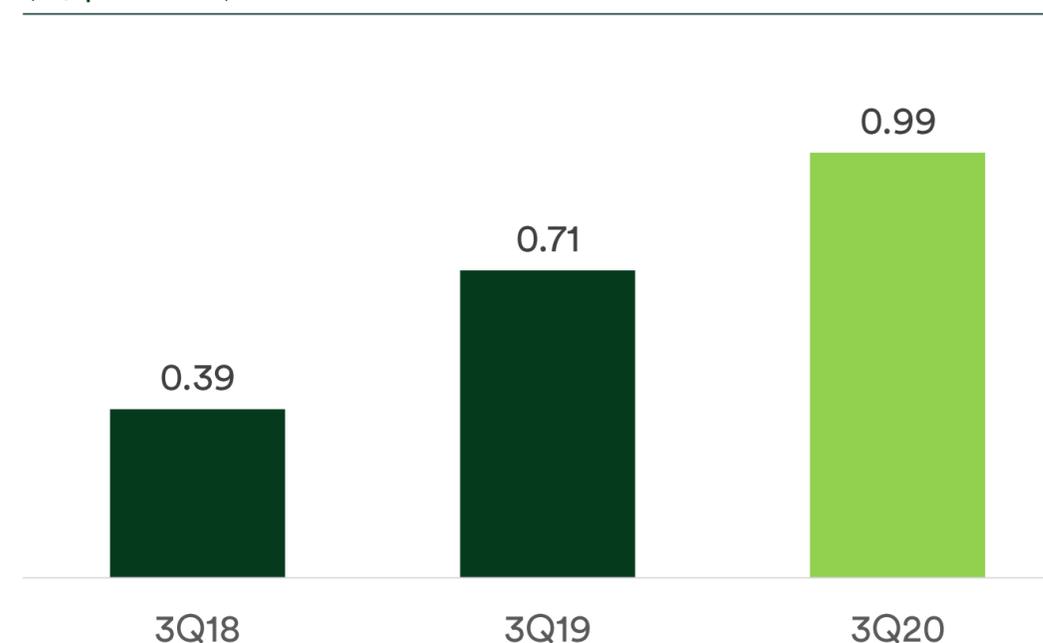
(4) Besides prepayment, the Company has started to offer credit solutions to clients. The Company intends to fund its credit operation primarily through third parties (i.e. FIDC and debt), as well as with some Company cash. Given the operational nature of our credit business, like in the case of prepayment mentioned above, management does not view related funding decision as translating into higher or lower ability of our business to generate cash operationally.

Appendix – Adjusted Net Income Reconciliation and EPS (Non-IFRS)

R\$ in millions	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Net income for the period	24.7	63.0	90.4	127.1	177.0	171.9	191.3	264.0	158.6	123.6	249.1
Share-based compensation expenses ¹	0.0	0.0	24.8	36.0	10.1	28.4	11.2	14.6	2.1	37.8	30.8
Amortization of fair value adjustment ²	2.7	2.8	2.8	4.3	3.8	4.3	4.6	4.6	3.4	3.4	6.9
Gain on previously held interest in associate ³	0.0	0.0	(21.4)	0.0	0.0	0.0	0.0	0.0	0.0	(3.0)	0.0
One-time impairment charges ⁴	0.0	8.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other expenses ⁵	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.7)	0.0	1.7	13.5
Tax effect on adjustments	(0.9)	(3.1)	(7.3)	(11.5)	(4.6)	(10.5)	(5.3)	(6.4)	(1.8)	(13.3)	(12.5)
Adjusted net income	26.5	71.1	89.3	155.9	186.3	194.0	201.9	275.0	162.3	150.3	287.9

Diluted Adjusted EPS⁶

(R\$ per share)



(1) Consists of expenses related to the vesting of one-time pre-IPO grant of share-based compensation.

(2) On intangibles related to acquisitions. 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 EdB acquisition.

(3) Consists of the gain on re-measurement of our previously held equity interest in Equals (3Q18) and Linked (2Q20) to fair value upon the date control was acquired.

(4) Consists of (i) 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 in 2Q18 and (ii) 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 2Q18.

(5) Consists of the fair value adjustment related to associates call option, M&A expenses and earn-out interests related to acquisitions.

(6) Calculated as Adjusted Net Income attributable to owners of the parent (Adjusted Net Income reduced by Net Income attributable to Non-Controlling interest) divided by diluted number of shares. Adjustments consider share-based compensation expenses and amortization of fair value adjustments, in line with previous disclosures.

stone^{co.}

