



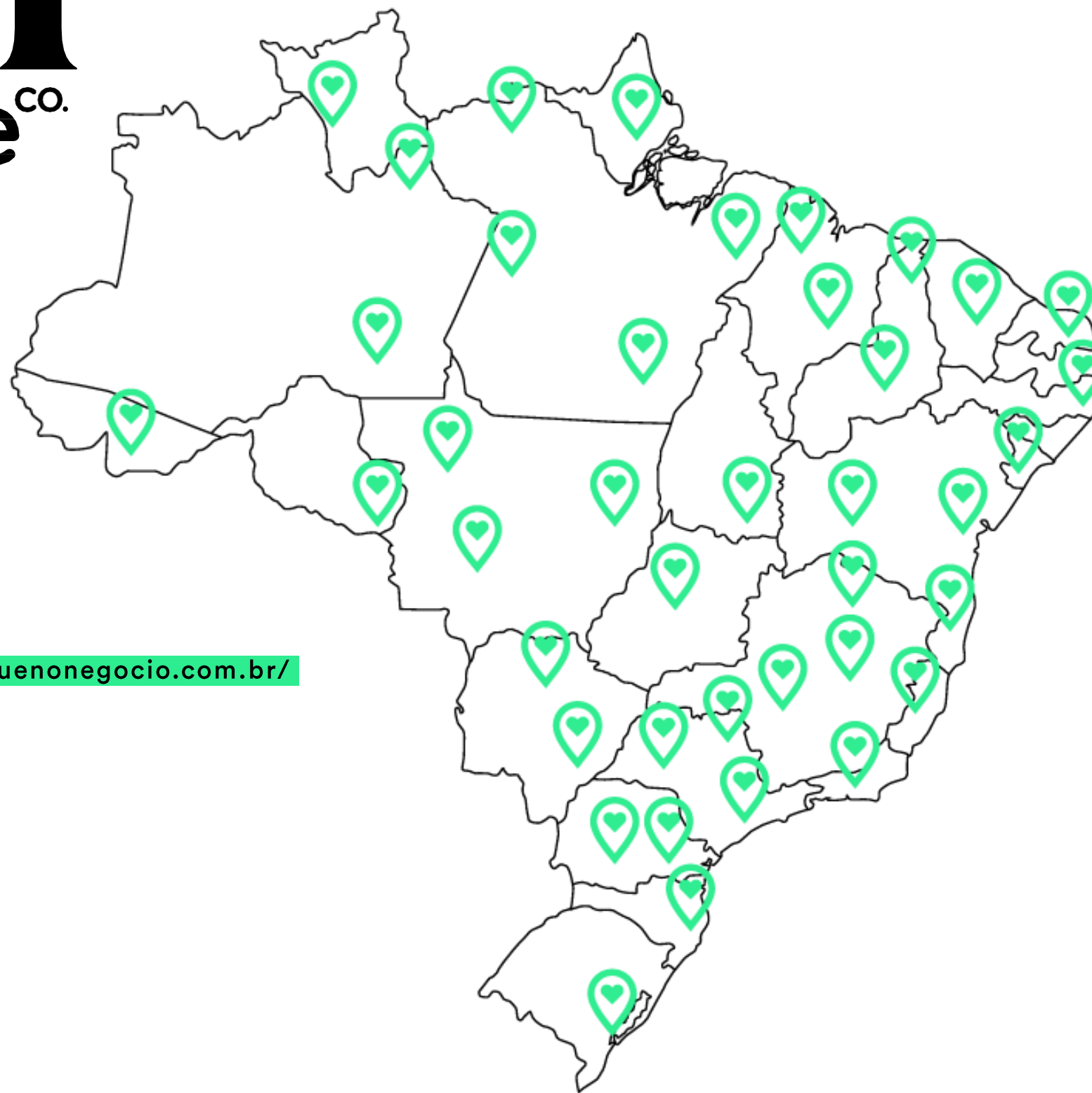
#BuyLocal. Support SMBs.

A campaign from Stone Co.

to help Brazilian SMBs through

difficult times.

For more information: <https://cuidodepequenonegocio.com.br/>



stone<sup>co.</sup>

MAY / 2020

1Q20 EARNINGS  
PRESENTATION



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# Main Highlights

## Strong Growth and Financial Position

- ✓ TPV growth of **42%** y/y in 1Q20, with 2020 growth pre-COVID-19<sup>1</sup> of **52%** y/y
- ✓ Active Client Base of **531,300**<sup>2</sup> ex-micromerchants, **73.9%** growth y/y
- ✓ Net Additions of **50,500**<sup>2</sup> ex-micromerchants (Stone Mais / TON) q/q
- ✓ Take-rate of **1.81%**, **+1bp** q/q
- ✓ Adjusted Net Cash of **R\$5.1 bn** in 1Q20 and cash plus short-term investments of **R\$3.9 bn**, **+43%** y/y
- ✓ Current liquidity ratio improved to **1.70x** in 1Q20, from 1.55x in 4Q19
- ✓ Adjusted Net Income of **R\$162.3 mm** in 1Q20
- ✓ Adjusted Net Margin of **22.6%** in 1Q20, despite COVID-19 impact of **R\$61.0 mm** pre-tax, consisted of higher financial expenses<sup>3</sup>, incentives given to clients and lower revenue in our credit solution, mainly due to higher expected delinquencies

## Integrated Financial Platform (ABC) and Software Update

- ✓ **158,000** clients with the **Stone banking accounts** as of Apr-20
- ✓ Credit outstanding of **R\$386 mm**, with **34,500** clients as of Apr-20 and **healthy ROA**<sup>4</sup> of **2.7%** per month after COVID-19 provision impact
- ✓ **Software** solutions reached **237,000 subscribed clients** in May-20, including approximately **53,000** clients brought by new investments listed below
- ✓ **New investments** to enhance our ecosystem of solutions and help SMBs manage and grow their businesses, include **mLabs**, **Delivery Much**, **Vitta** and **MVarandas**
- ✓ **~51%**<sup>5</sup> of ecommerce volumes in Brazil went through Stone's platforms from mid Mar-20 to end of Apr-20

(1) Pre-COVID-19 QTD growth considers TPV until 15-Mar-20.

(2) Clients that have transacted with Stone at least once in the preceding 90 days. TON, our micromerchant business, reported 23,200 active clients in 1Q20 (clients that have transacted with TON / Stone Mais at least once in the preceding 12 months).

(3) Pre-tax impact in financial expenses of R\$35.8 mm, including longer-duration funding, higher liquidity pool and mark-to-market losses from corporate bonds in short term investments.

(4) Return on Assets (ROA) calculated as credit revenue net of expected losses / average credit portfolio

## Support to Clients and Community

- ✓ ~90% of **our people** are working from home; all have access to **24/7 health support**
- ✓ **R\$30 mm** in **financial relief** through subscription exemptions and prepayment discounts to **clients in hardest-hit sectors**
- ✓ **R\$100 mm** in **microlending** to **SMBs**, at terms similar to pre-COVID-19
- ✓ Marketing and social commerce tools to **help clients sell online**
- ✓ **R\$5 mm** to finance the **construction of a hospital** in Rio de Janeiro, where Stone was founded, which is among hardest-hit locations in Brazil
- ✓ Buy Local **campaign to support SMBs** in Brazil reached **29 million** views on Youtube

## Recent Developments and Outlook

- ✓ TPV growth in **2Q20 QTD**<sup>6</sup> of **+15%** y/y, with **+23%** y/y in **May MTD**<sup>6</sup>
- ✓ Improvement in all **main customer service KPIs** in Apr-20 vs 1Q20<sup>7</sup>
- ✓ **59%** of total TPV comes from **hubs** and **41%** from **digital and integrated partners**
- ✓ Strong growth in **online payments** with TPV growth of **42%** in Apr-20 vs Jan-20
- ✓ **Online** client base also growing fast, driven by SMBs, at **29%** in Apr-20 vs Jan-20
- ✓ **Diversified geographic footprint** in the **hubs**, with only **~37%** of TPV in the State capitals, with the rest widespread throughout thousands of cities
- ✓ **2Q20 outlook**: Adjusted Pre-Tax Margin<sup>8</sup> between **20%** and **24%**, factoring in one-off expenses related to COVID-19, including severance costs in connection to the reduction of 1,300 people in May-20

(5) Please refer to slide 10 for more details

(6) Up to 23-May-20.

(7) Including NPS, first call resolution and number of calls rated as "excellent".

(8) Adjusted Pre-Tax Margin equals Pre-Tax Income plus share-based compensation expenses and amortization of fair value adjustments, divided by Total Revenue and Income, in line with previous disclosures

# 1Q20 Results Key Topics

## Strong Start to 1Q20

- ✓ Continued investing heavily in the operations
- ✓ Strong top-line growth
- ✓ Evolving fast to become *the partner* of choice of Brazilian SMBs

## COVID-19 Impact & Actions Taken

- ✓ Focus on protecting team, clients and community
- ✓ Increased operational efficiency through redesign of processes and structure
- ✓ Focus on wise capital allocation and rapid reinforcement of balance sheet

## Reinforce Strategic Priorities & Vision

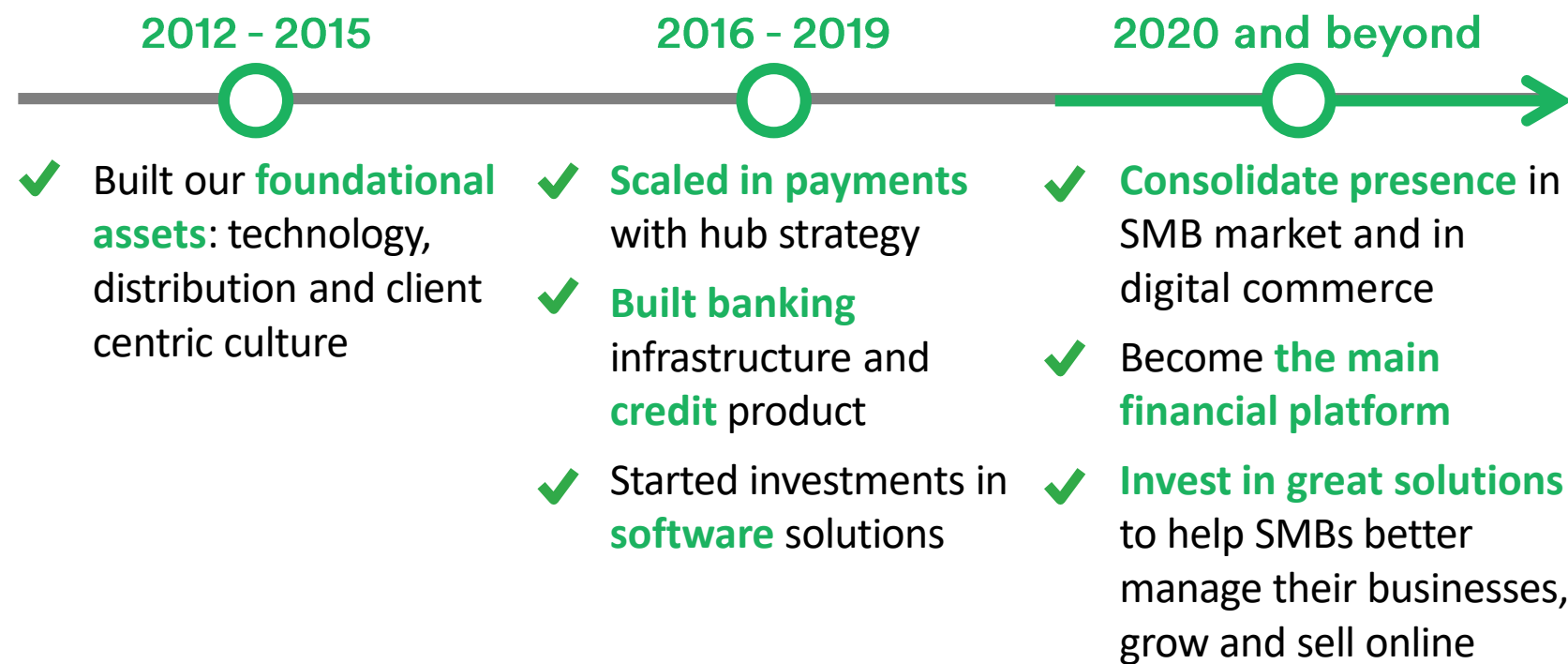
- ✓ Expand and consolidate our presence in the SMB payments market, and in digital commerce as the main Brazilian player
- ✓ Become the main financial platform for our clients
- ✓ Invest in great solutions to help SMBs better manage their businesses, grow and sell online



# Strong Start to 1Q20

COVID-19 crisis started amidst a new investment cycle for Stone

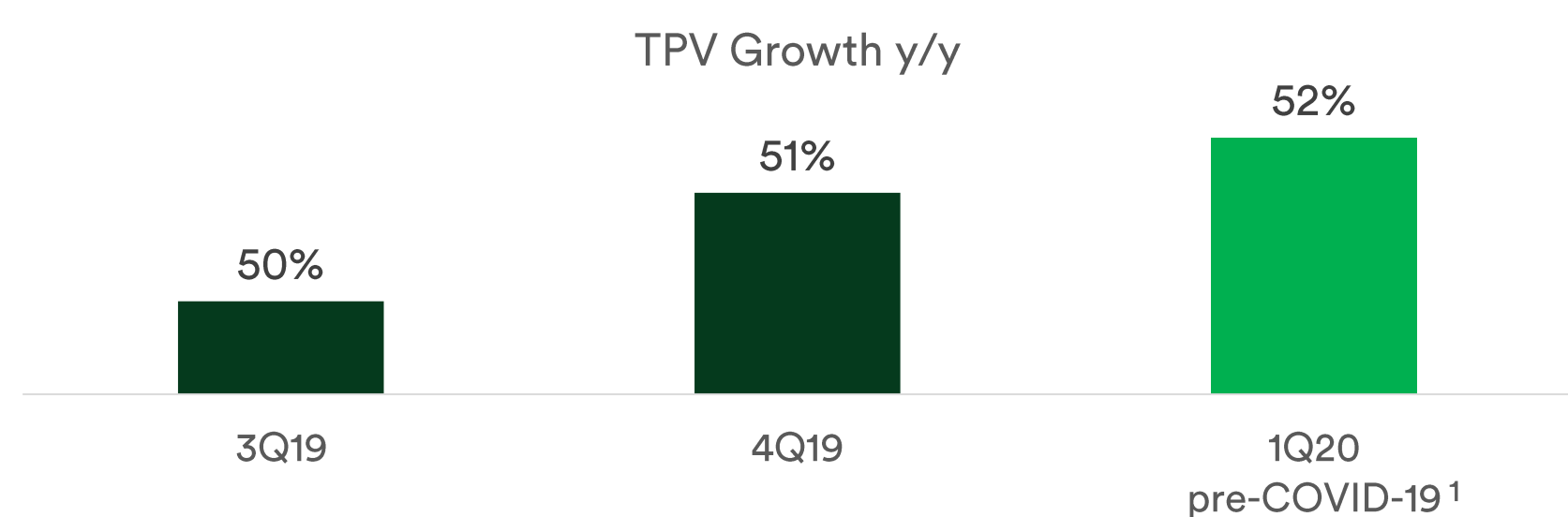
## 1 In 2020, we started a new cycle of our business...



## 2 ...investing heavily in our operations until mid-Mar...

- ✓ Continued investments in **expanding hub operations**, including launch of **first distribution center** and further investments in logistics
- ✓ **Evolution** of the **ABC platform** and its features, including integrated payment link and revolving credit feature
- ✓ Record investment in **technology team**
- ✓ **Building** of **TON** business, including its **marketing campaigns** on launch

## 3 ...producing healthy growth...



## 4 ...when COVID-19 changed the market dynamics

COVID-19 effects to top-line and bottom-line

- Demand shock in retail** affected by lockdown of commerce
- Additional financial expenses incurred to **prioritize liquidity** and **balance sheet strength**
- Focus on **balancing investments** and **revenue**



Notes:  
(1) Up to 15-Mar-20.

# How We Are Helping Our Clients and Community

Providing healthcare, financial relief and tools to help clients sell online – aligned with our strategy

## Protecting the health of our team and clients

- ✓ ~90% of the team **working from home**
- ✓ Distributed **protective equipment**

24/7 telemedicine support to our team **and clients**



## Buy Local campaign and donations

- ✓ Nationwide TV campaign<sup>1</sup> launched March 20 by **Stone** and **TON**, aimed at **driving demand for micro and SMBs**
- ✓ Buy Local reached **29 million** views on Youtube
- ✓ Stone financed **R\$5 million** to the construction of a **temporary hospital** in Rio de Janeiro
- ✓ Stone donated **8,000 COVID-19 test kits** to a hospital in São Paulo

## Financial relief to clients

- ✓ **R\$30 million in financial relief up to May-20** to clients in the hardest-hit sectors, including:
  - ✓ **Lower prepayment rates**
  - ✓ **Subscription fee exemptions**
- ✓ **R\$100mm in microlending**



## Tools and content to sell online

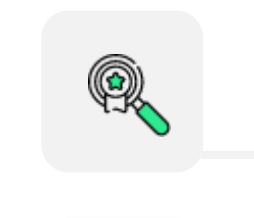
*Selling with doors closed*



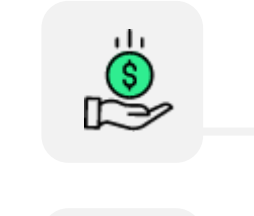
Social Media Management



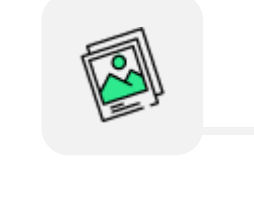
Food Delivery



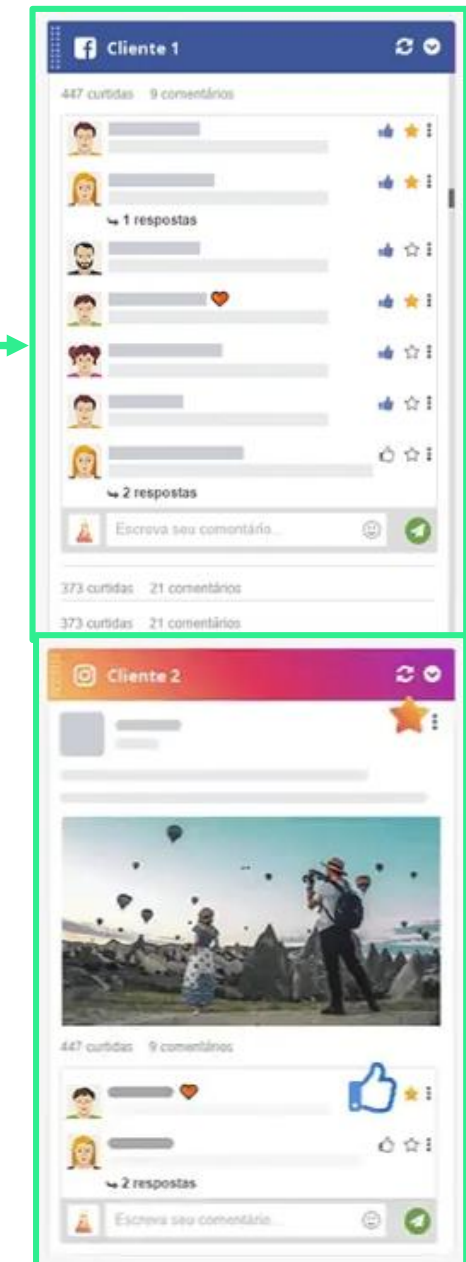
Stone Merchant Directory



Payment link



Stone Virtual Shop



Notes:

(1) For more information about the campaign, please visit: [www.cuidedopequenonegocio.com.br](http://www.cuidedopequenonegocio.com.br)

# Maintaining a Strong Financial Position

Well positioned to navigate through the crisis

## Measures to Strengthen Our Financial Position

- ✓ **Strengthened** our short-term **liquidity position** and **balance sheet** given the uncertain scenario
- ✓ Focus on **allocating capital wisely**: managing costs, expenses and capital expenditures
- ✓ **Intensified cost rationalization** measures in 1Q20<sup>1</sup>
- ✓ **Resized our operation**, reducing our workforce by 20%
- ✓ **Increased operational efficiency** through a redesign of processes

## Solid Balance Sheet

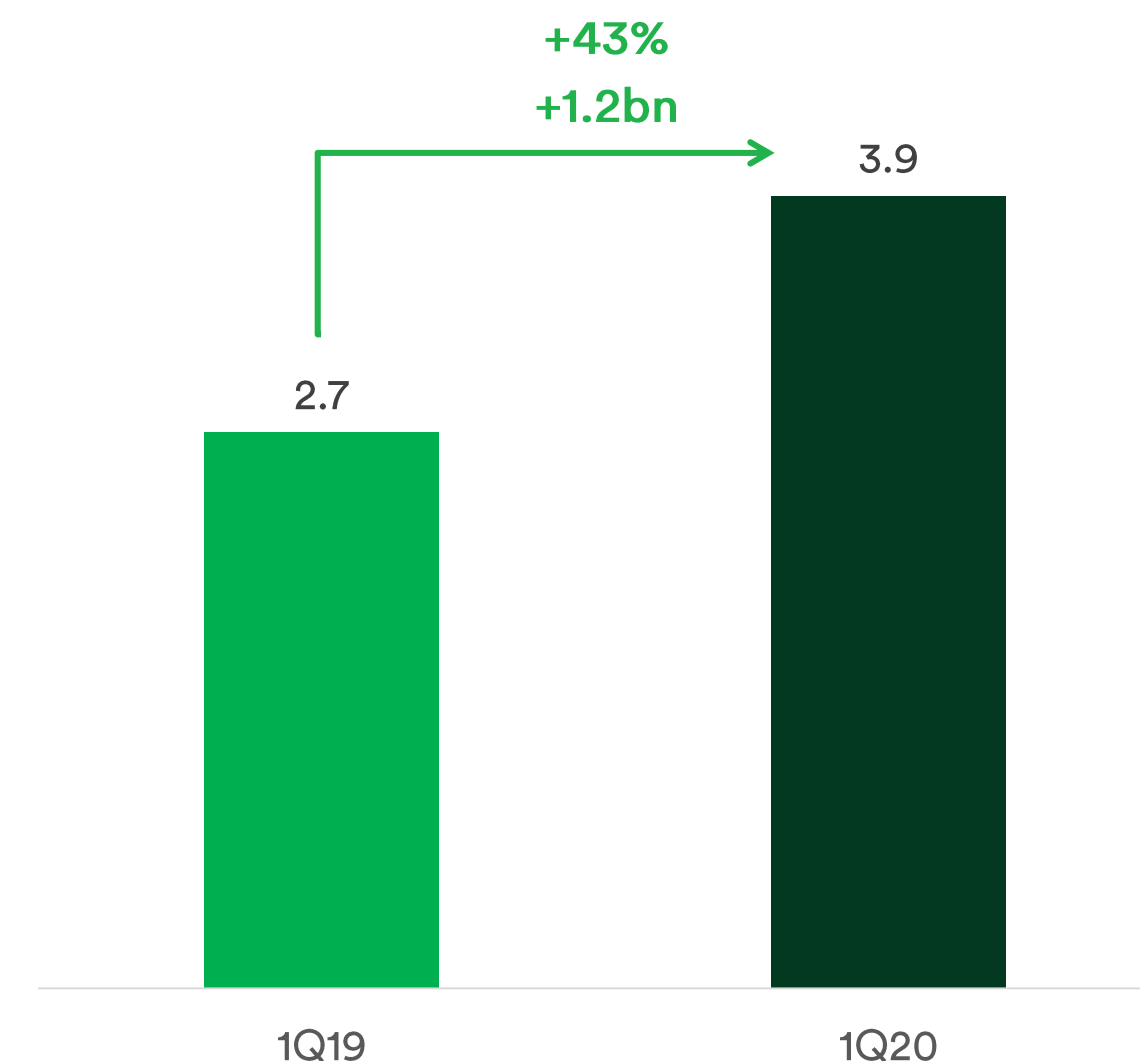
**Constant access to liquidity lines** to fund almost **R\$11bn** in prepayment through Mar-20 and Apr-20

- ✓ Adjusted net cash position of **R\$5.1bn**, with **R\$3.9bn** of cash and short-term investments (all cash and debt are BRL denominated)
- ✓ **Current liquidity ratio improved** to **1.70x** in 1Q20, from 1.55x in 4Q19

Adjusted Net Cash (R\$mm)	1Q20
Cash and cash equivalents	1,518.6
Short-term investments	2,407.0
Accounts receivable from card issuers <sup>2</sup>	12,592.6
Loans held for sale <sup>2</sup>	308.5
Derivative financial instrument <sup>3</sup>	5.3
<b>Adjusted Cash</b>	<b>16,831.9</b>
Accounts payable to clients	(5,580.2)
Loans and financing <sup>4</sup>	(2,918.3)
Obligations to FIDC senior quota holders	(3,239.3)
Derivative financial instrument <sup>3</sup>	(41.0)
<b>Adjusted Debt</b>	<b>(11,778.8)</b>
<b>Adjusted Net Cash (Debt)</b>	<b>5,053.1</b>

## Cash & Equivalents and Short-Term Investments

(R\$bn)



Notes:

- (1) Cost rationalization measures include renegotiation of third-party contracts, temporary leave for employees, reduction of office space, reduction in marketing expenses, negotiation of tax deferrals, non-strategic projects put on hold, streamlining of processes and reduction in workforce, among others.
- (2) Accounts receivable from card issuers and Loans Held for Sale are account for by their fair value, the value by which we estimate those assets would be sold for cash in the market
- (3) Refers to economic hedge of cash and cash equivalents and short-term investments denominated in U.S. dollars.
- (4) Loans and financing were reduced by the effects of leases liabilities recognized under IFRS 16.



# COVID-19 Impact Update

## TPV deceleration followed by partial recovery in April and first half of May

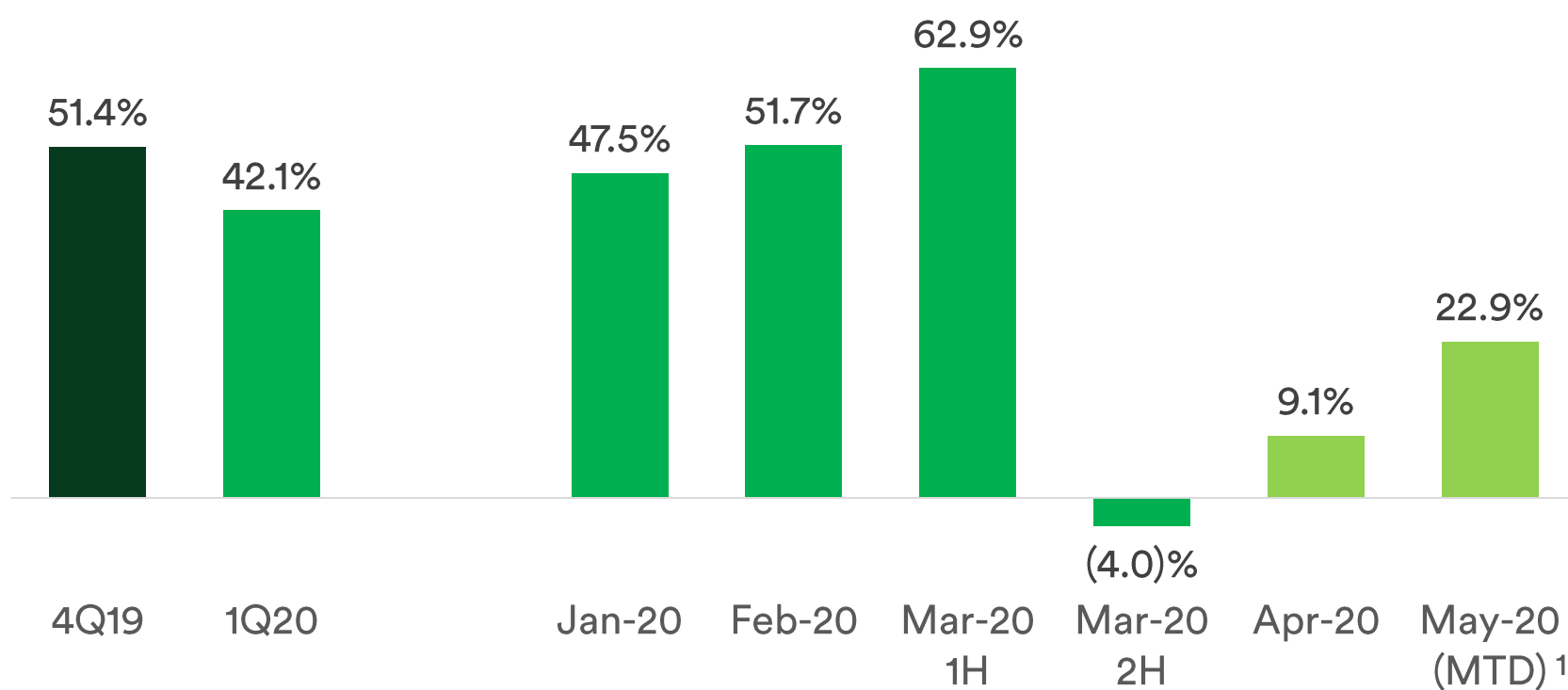
### Despite COVID-19 impact, we continued to grow our TPV y/y

- ✓ March presented a significant impact of the COVID-19 lockdown measures, especially in the second half of the month
- ✓ Until the 1H Mar-20, TPV was growing **52%** quarter-to-date, **higher levels** than 4Q19
- ✓ In May-20 month-to-date<sup>1</sup>, we saw a **22.9%** growth y/y, **acceleration** in comparison to the 9.1% growth in Apr-20

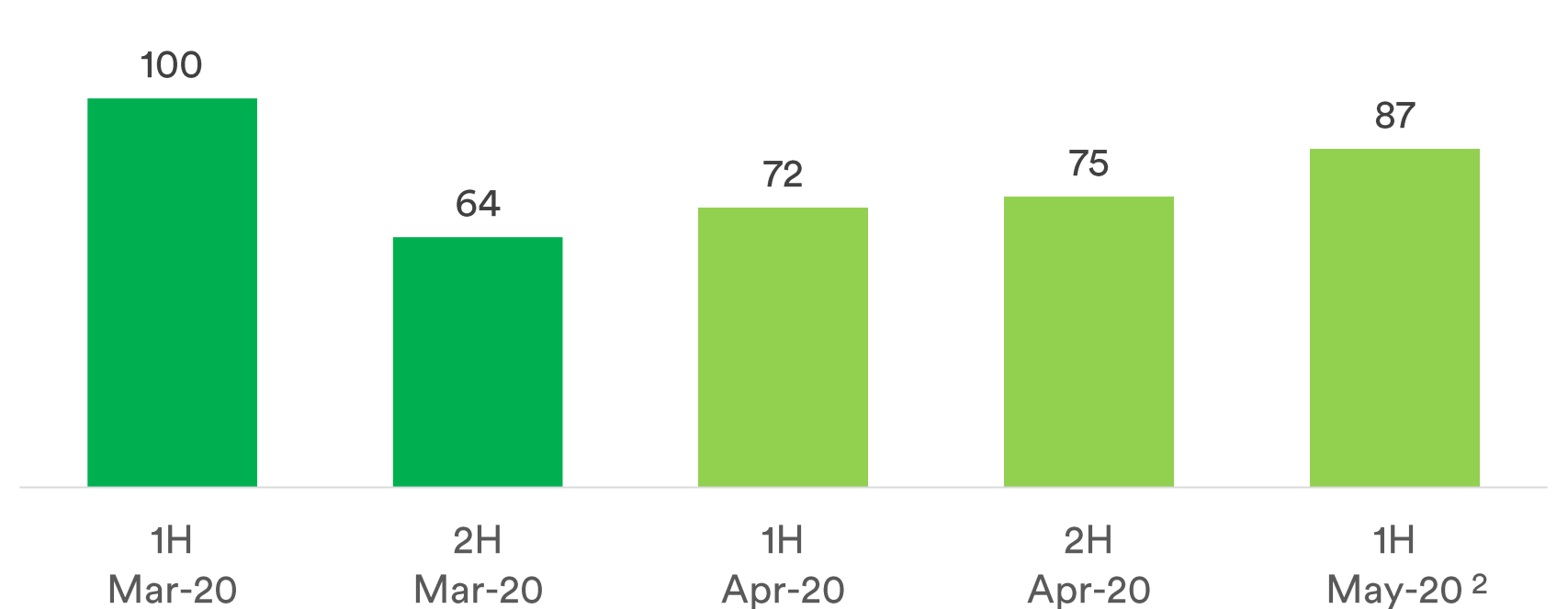
### Ability to gain share driving TPV recovery

- ✓ After the initial hit in the 2H Mar-20, TPV is presenting a **positive recovery trend**
- ✓ April presented a **consistent recovery** when compared to the 2H Mar-20
- ✓ We are now seeing TPV at **87%** compared to 1H Mar-20, driven mainly by addition of new clients

TPV Growth y/y



TPV Evolution (Indexed to 100 in 1H Mar-20)



Notes:

(1) Up to 23-May-20.

(2) Up to 15-May-20.



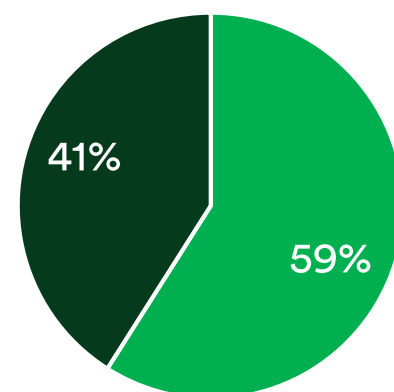
# Geo-Diversification and Strong Online Volumes

Volume deceleration partially offset by geographic diversification in the hubs and online volumes

## We have a diversified geographic footprint in the hubs...

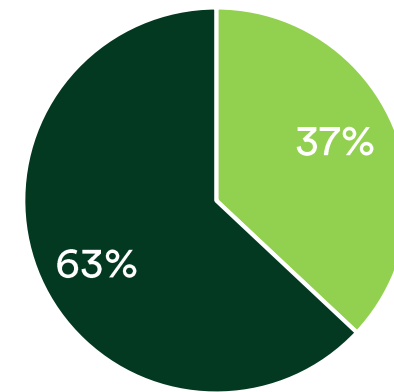
- ✓ **37%** of TPV from the **hubs** in 1Q20 are in the State capitals, the rest are **widespread in thousand of cities**
- ✓ **Low presence** in **sectors highly exposed** to COVID-19
  - Mid single digit** of hub TPV in Recurring Services (e.g. gyms, education)
  - Low single digit** of hub TPV in Entertainment and Travel
- ✓ **Client growth** y/y of at least **~50%** in all 27 States of Brazil for 1Q20

Total TPV 1Q20



■ Hubs (SMBs)  
■ Digital + Integrated Partners<sup>2</sup>

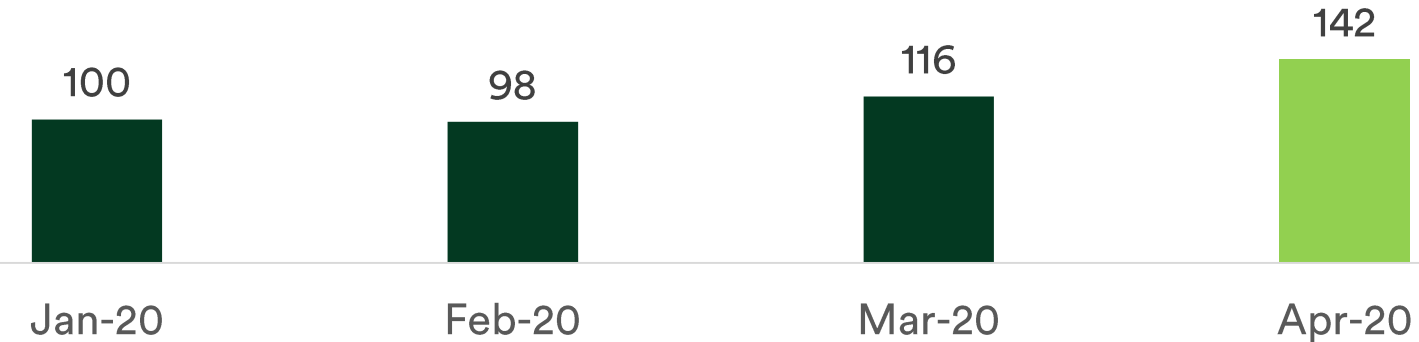
Hubs TPV 1Q20



■ State capitals ■ Other cities

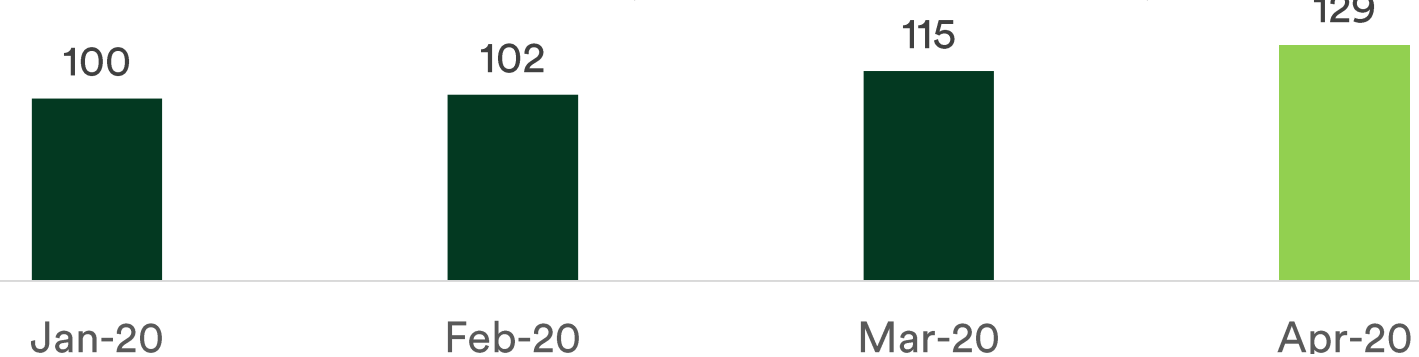
## ...and online TPV<sup>1</sup> has grown 42% since January

Online TPV (Jan-20 indexed to 100)



**Strong growth in online client base** driven almost entirely by **SMBs**, which are the **most profitable** for the segment

Online Clients (Jan-20 indexed to 100)



Notes:

(1) Online TPV considers acquiring volumes only, PSP and gateway volumes not included, in line with our reported TPV figures.

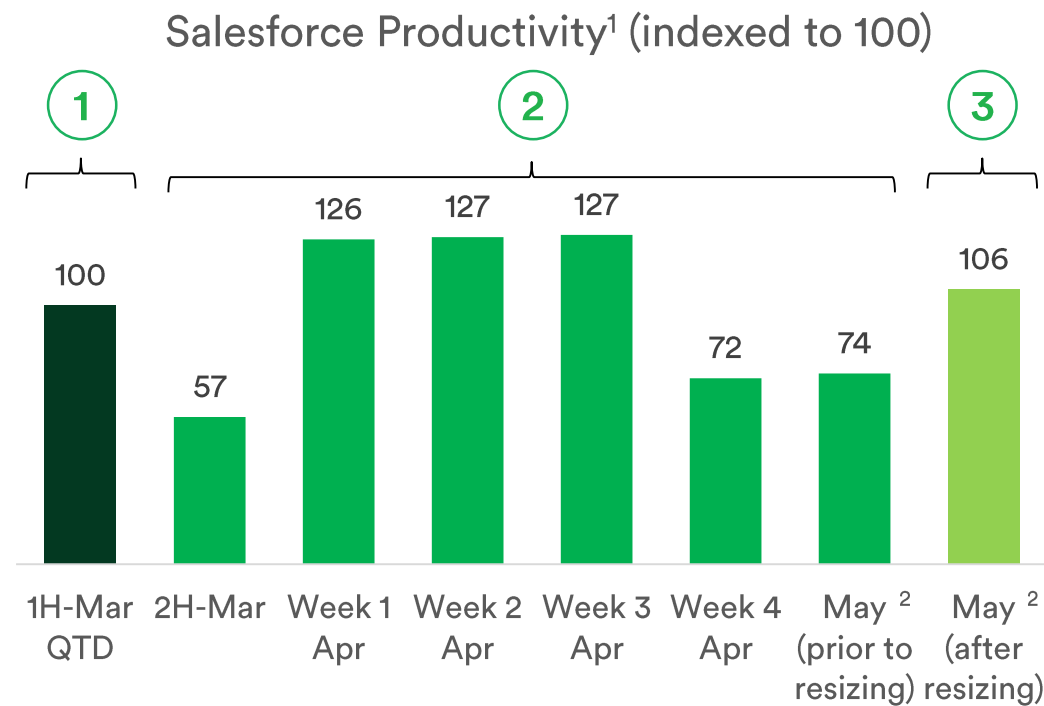
(2) Integrated partners include over 40,000 clients.



# Hubs SMB Operations Update

Increased operational efficiency, supporting future growth

## Salesforce



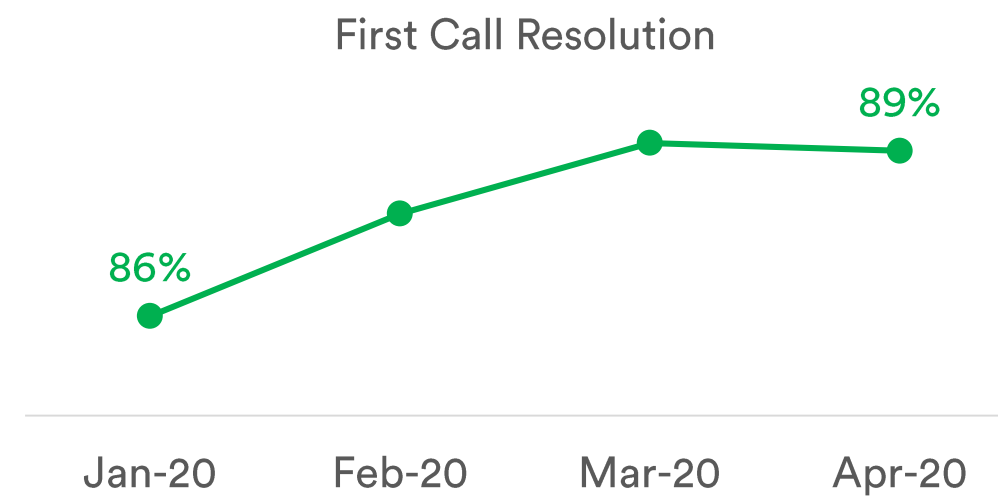
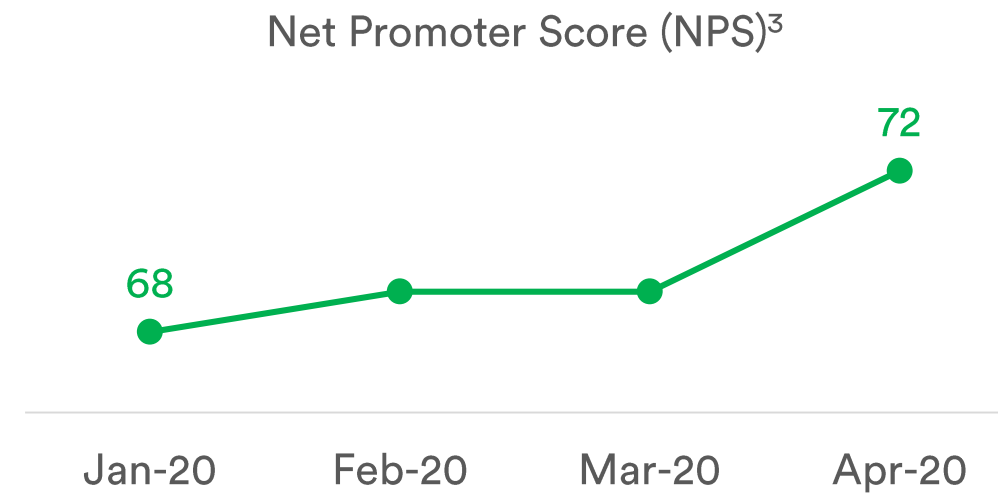
- ① Pre-COVID-19
- ② Tested different new processes, mainly related to sales and logistics, and monitored results. In first 3 weeks of April, part of salesforce was on collective vacations
- ③ Based on results, redesigned SMB operations and decided on reducing team size

(1) Number of clients onboarded per salesman per business day.

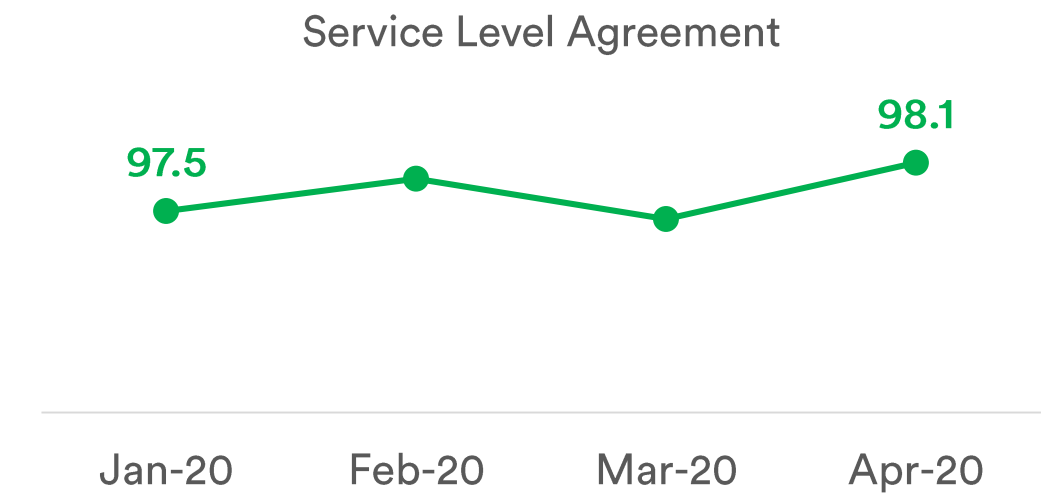
(2) Prior to resizing relates to period between 1-May-20 and 12-May-20, after resizing refers to early indications in the period between 13-May-20 and 15-May-20.

(3) Based on internal surveys.

## Customer Service



## Logistics Operations



# The Strength of Our Digital Business

Uniquely positioned to navigate digital commerce growth

## One Single Platform, End-to-End



- ✓ **99.997%** platform availability YTD
- ✓ **High conversion** rates
- ✓ **No exposure** to airlines in processing & acquiring
- ✓ Well managed risks, with **no additional losses from chargeback rates**

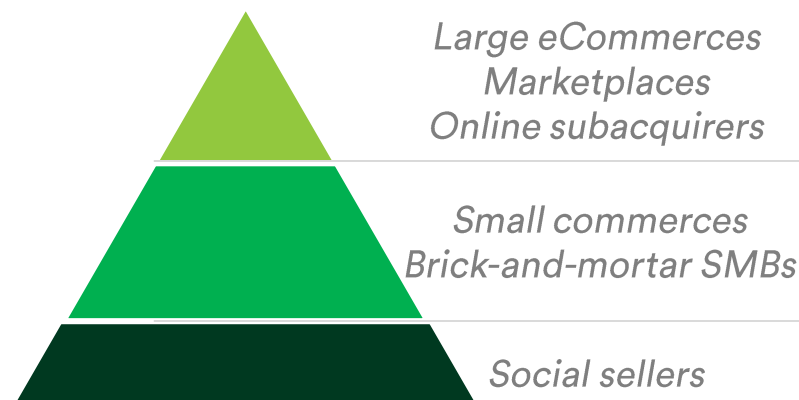
✓ **Complete** online offering

**stone** Online acquiring

**pagar.me** Payment Service Provider (PSP)

**mundipagg** eCommerce Gateway

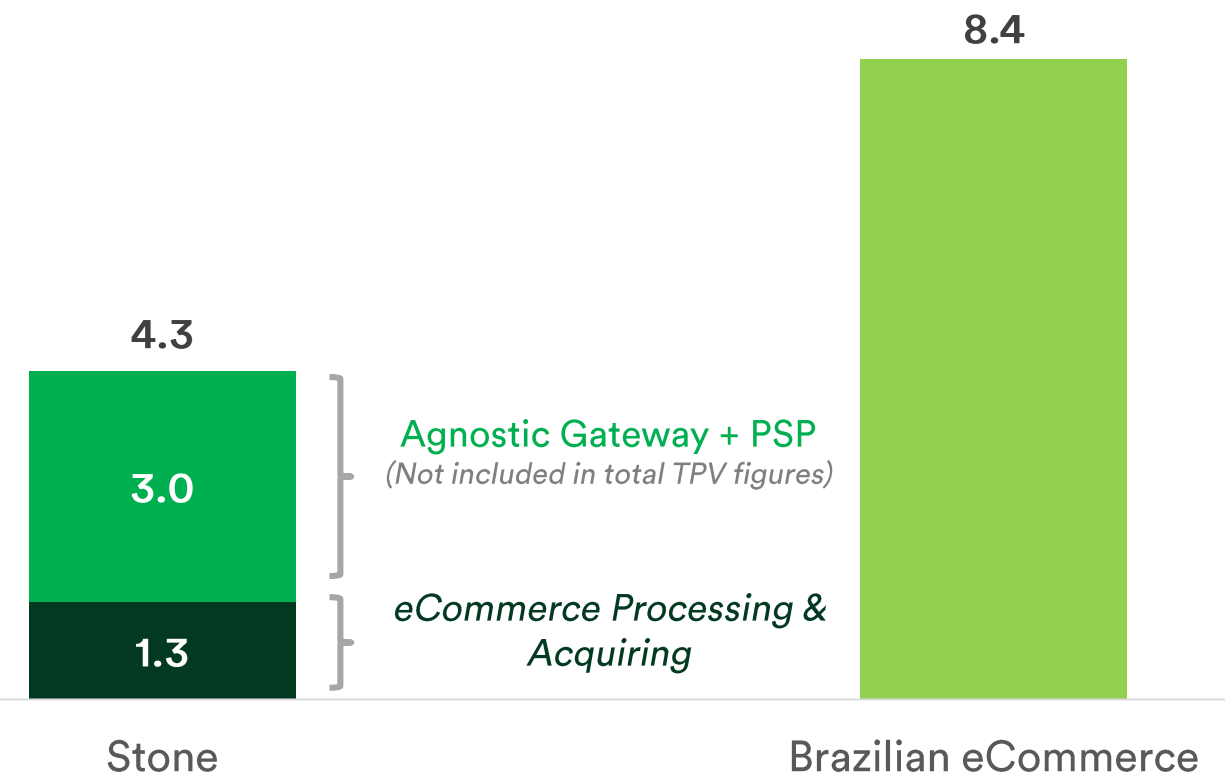
✓ Clients from **all sizes**



## Stone Presence in eCommerce

**~51%** of **eCommerce** volume transacted in Brazil went through Stone's platform

TPV eCommerce (R\$ billions)  
Mid Mar-20 to Apr-20<sup>1</sup>



Notes:

(1) Brazilian eCommerce numbers based on eBit/Nielsen data from 17-Mar-20 to 27-Apr-20.

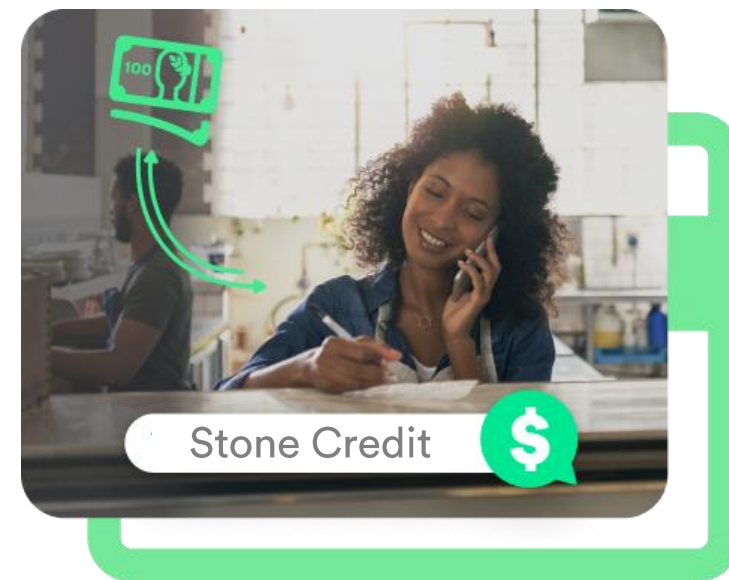


# Credit Solution Update

## Client and portfolio growth, with an even more conservative approach

### Support to our clients during the crisis

- ✓ Disbursed **R\$78mm** from mid Mar-20 to Apr-20 to **support SMB clients impacted by lockdown of commerce<sup>1</sup>**
- ✓ Launched **revolving credit** feature
- ✓ Even more **conservative approach taken** related to disbursements and provisioning model
- ✓ **Diversified geographic footprint**

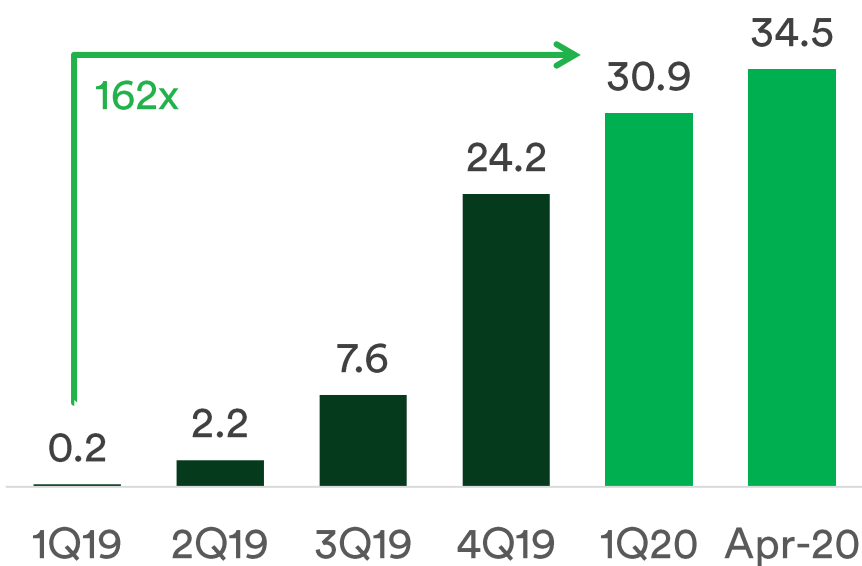


### Strong returns on credit portfolio despite COVID-19

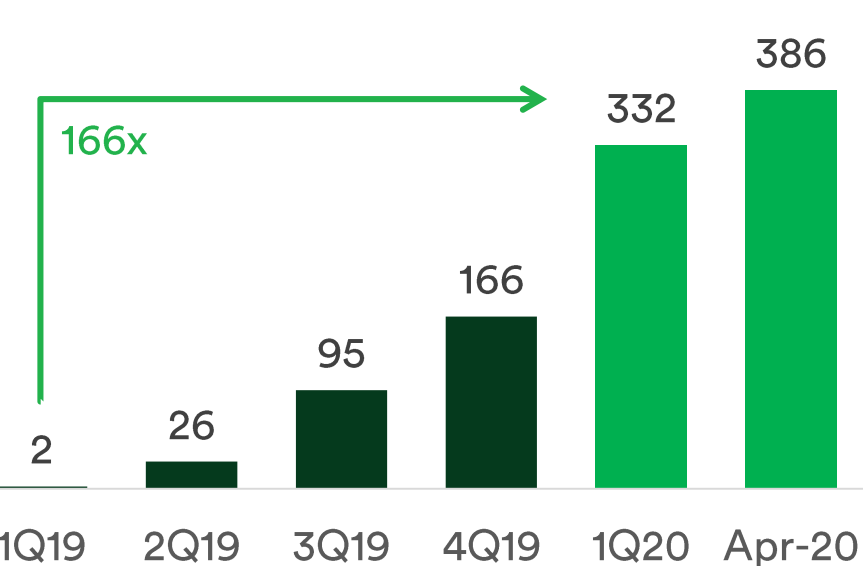
- ✓ Important elements of our credit business:
  - Avoid **high-risk sectors**
  - **Advanced proprietary scoring** system
  - Payments due **directly deducted** from client sales
  - **Returns protected** by pricing policy
- ✓ **Expected ROA<sup>2</sup>** of credit portfolio of **2.7%** per month as of Apr-20, despite conservative higher delinquency levels already factored in our results
- ✓ Up to 14-May-20 we have received **108%** of the expected amounts within our consolidated portfolio

### Strong evolution of credit solution

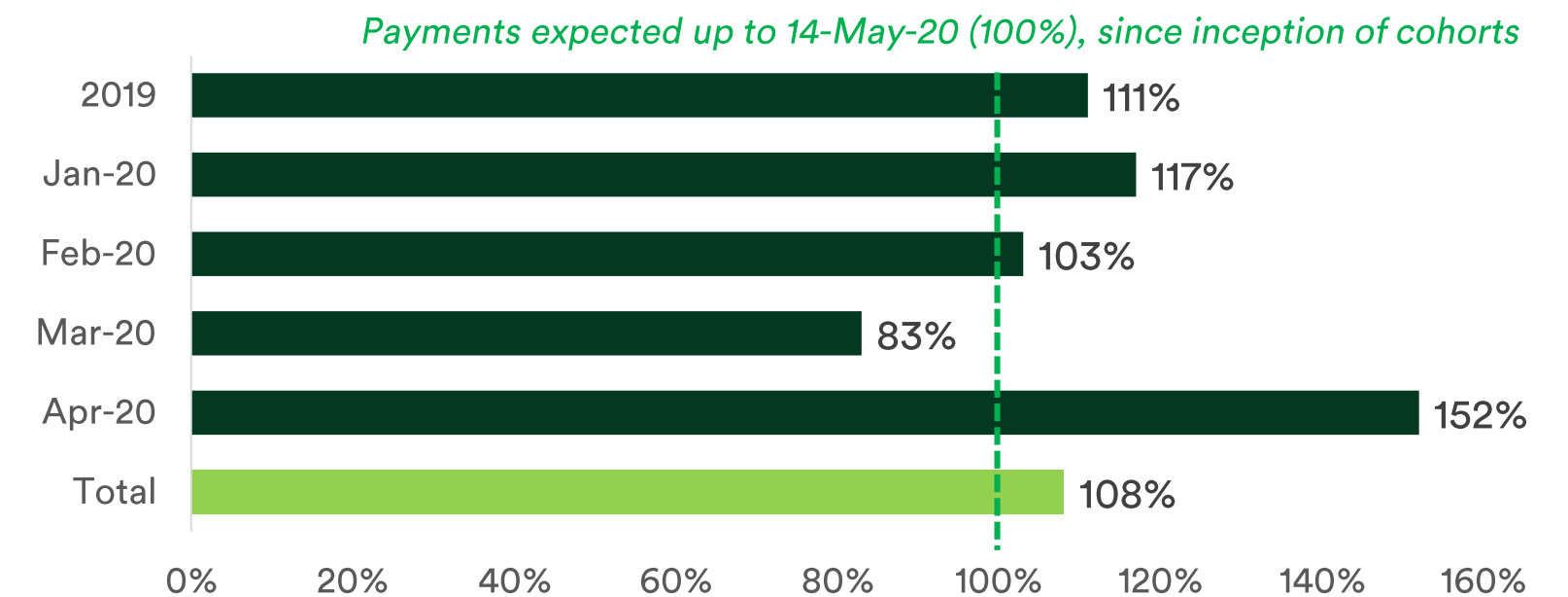
Number of Clients with Credit (in thousands)



Total Credit Portfolio (in R\$ millions)



Accumulated Payments Received from Credit Clients vs. Expected by Cohort of Clients<sup>3</sup> (%)



(1) Maintained similar conditions as pre-COVID-19; expected to reach R\$100mm by the end of May-20

(2) Return on Assets (ROA) calculated as credit revenue net of expected losses / average credit portfolio

(3) Payments received from interest plus principal from clients of each cohort up to May 14th, 2020, compared to the levels we expected to receive by the origination of the credit solution

# Integrated Financial Platform (ABC) Update

We continue investing heavily in our banking product development

## ABC Platform update

- ✓ **158,000** opened accounts as of Apr-20
  - ✓ Of which **45,000** clients in ABC platform pilot mode
- ✓ All clients with access to **unlimited no-fee wire transfers** up to Sep-20
- ✓ Continued client **feedback** related to
  - ✓ **Design, transparency** in rates, better financial **control**



## New features launched



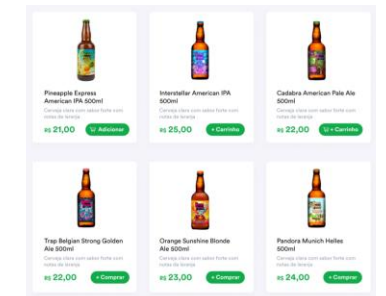
Payment Link



Boleto Issuance

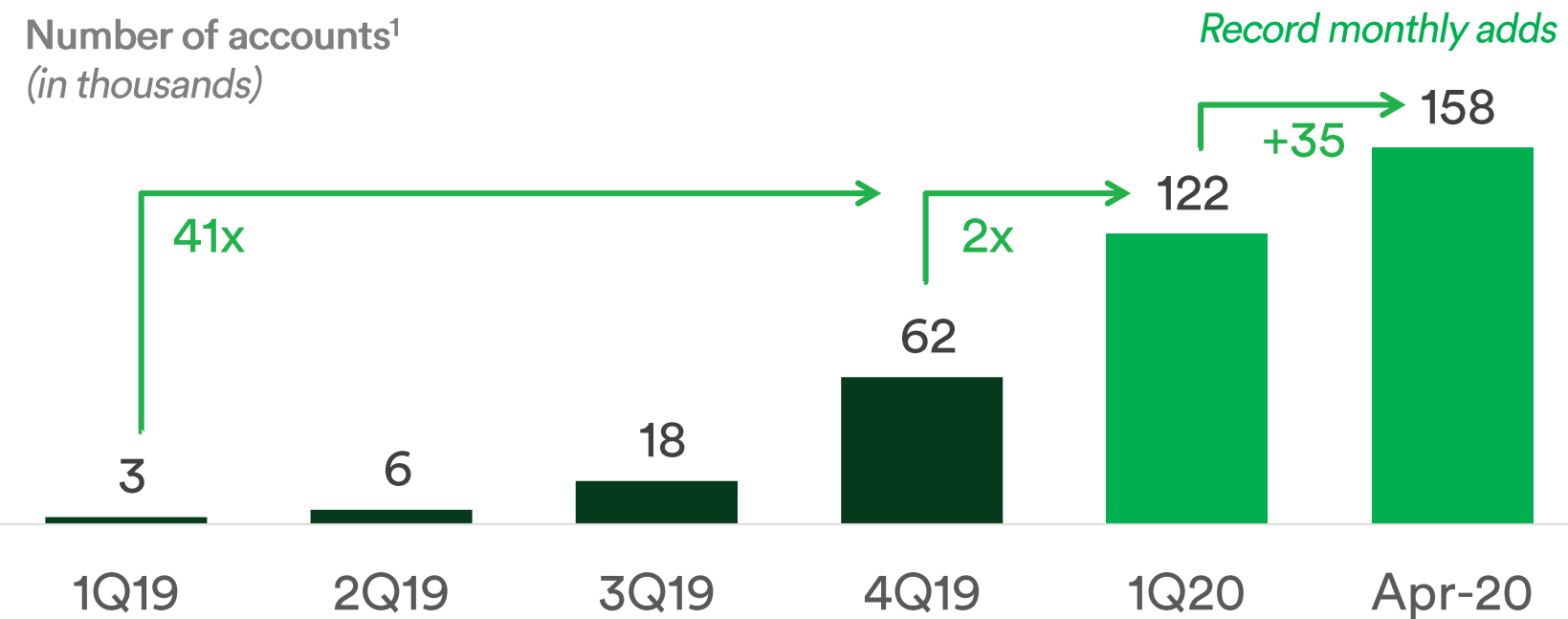


QR Code Payment (Pilot)



Stone Virtual Shop

## Continued traction in banking accounts



## Increasing client use in 1Q20

**Wire Transfers**

**+2.7x**  
q/q

**Boletos Paid**

**+2.0x**  
q/q

**Average Balance per Account**


**+33%**  
q/q

# Software and New Services for SMBs


Evolving new solutions fast for SMBs to manage their business, grow and sell more

## Solutions Distributed by Stone

Receivables reconciliation




For SMBs



For large accounts

Loyalty and merchant directory

Loyalty and marketing program for in-store sales




By Collect


Merchant Directory: online directory for brick-and-mortar merchants

## Solutions Distributed by Portfolio Companies


Recent key investments



Social media integrator / management platform





Food delivery focused on small cities





Health plan administrator / ERP/EHR<sup>1</sup> software for clinics


Restaurant

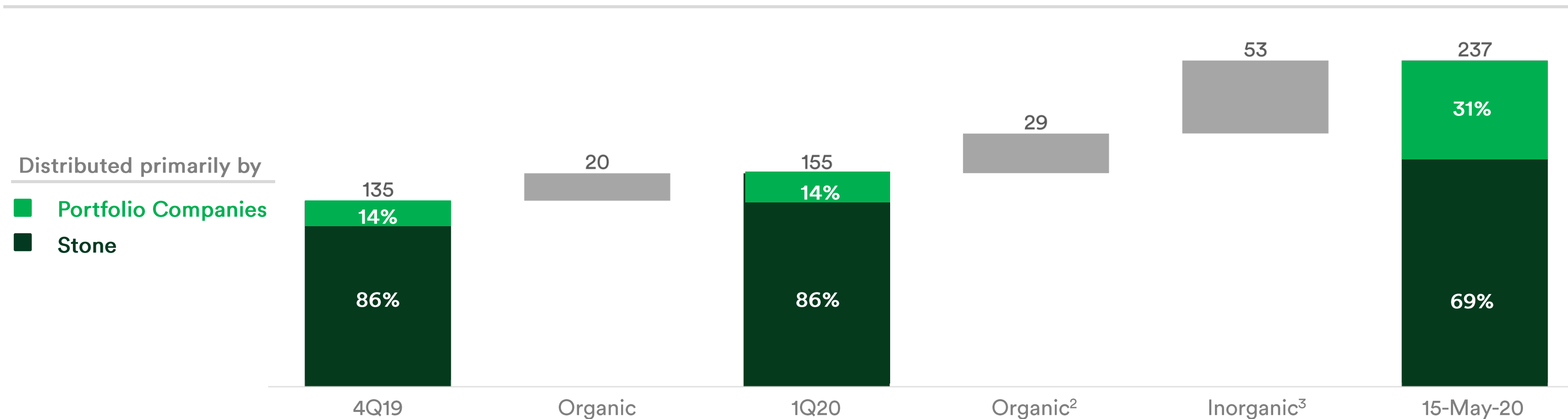
Generic Retail

Beauty



## Software Client Base ('000)



(1) Electronic health records (EHR), billing and scheduling solution, one of the largest in Brazil.

(2) Compre Local (merchant directory) clients included.

(3) Considers mLabs, Delivery Much, Vitta and MVarandas.

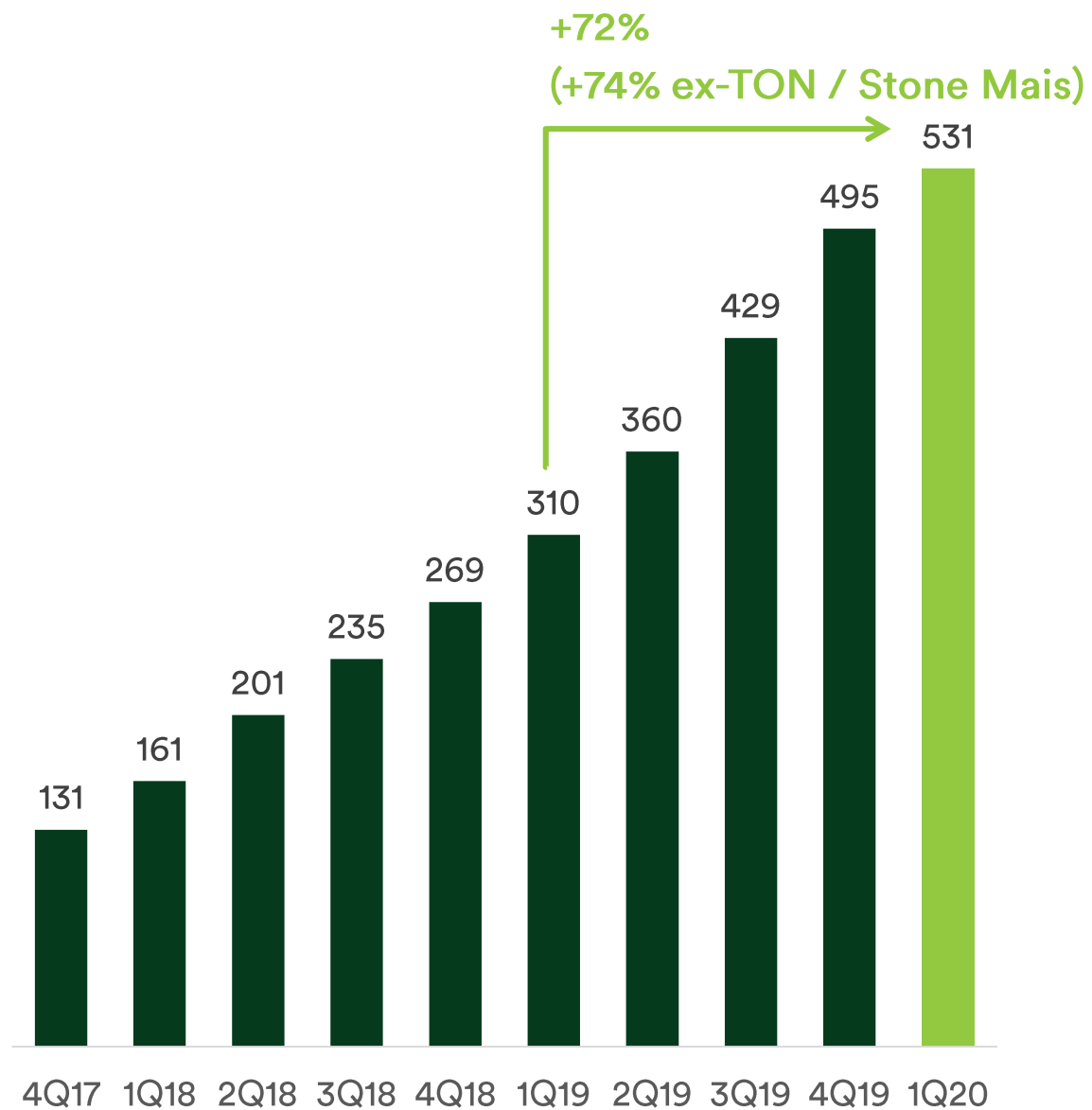


# Rapidly Scaling the Business

Substantial growth across financial and operating metrics

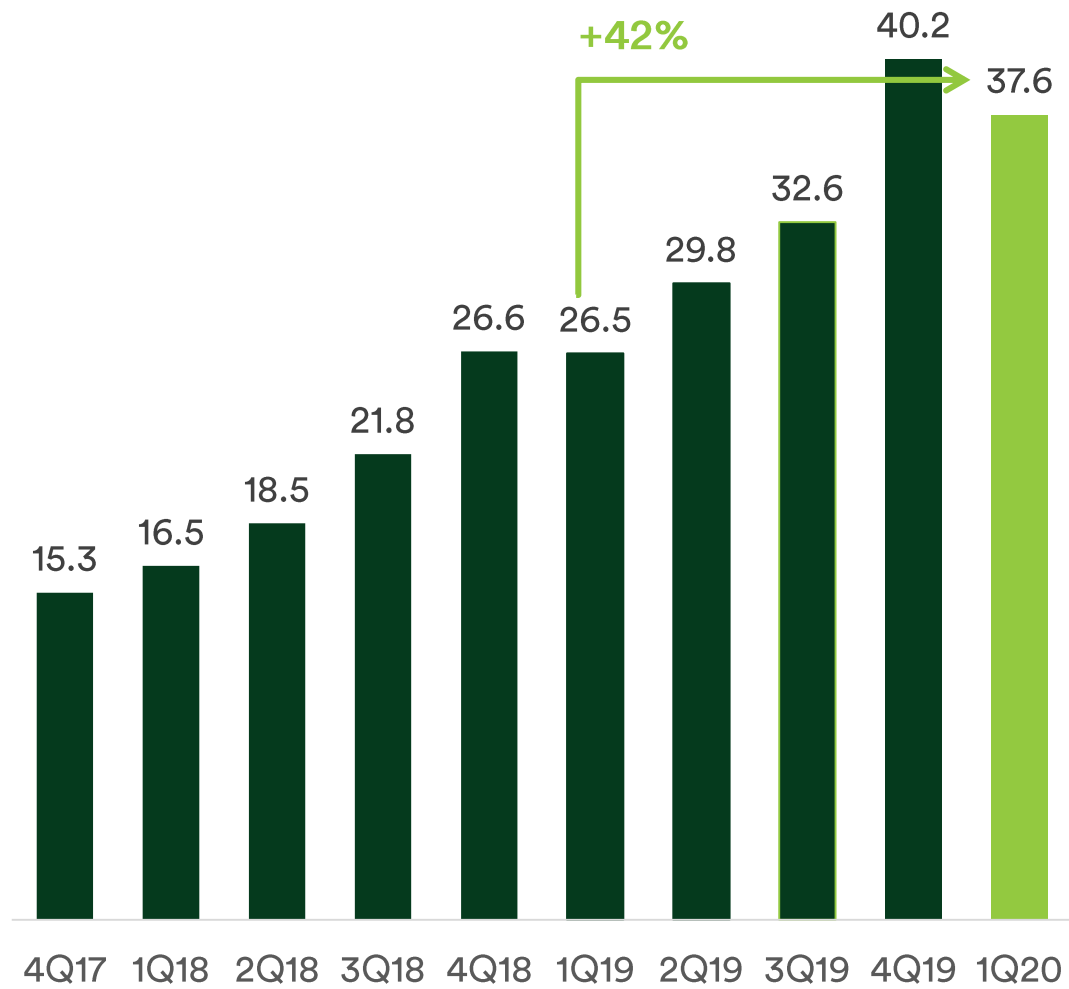
## Active Clients<sup>1</sup>

(Thousands)



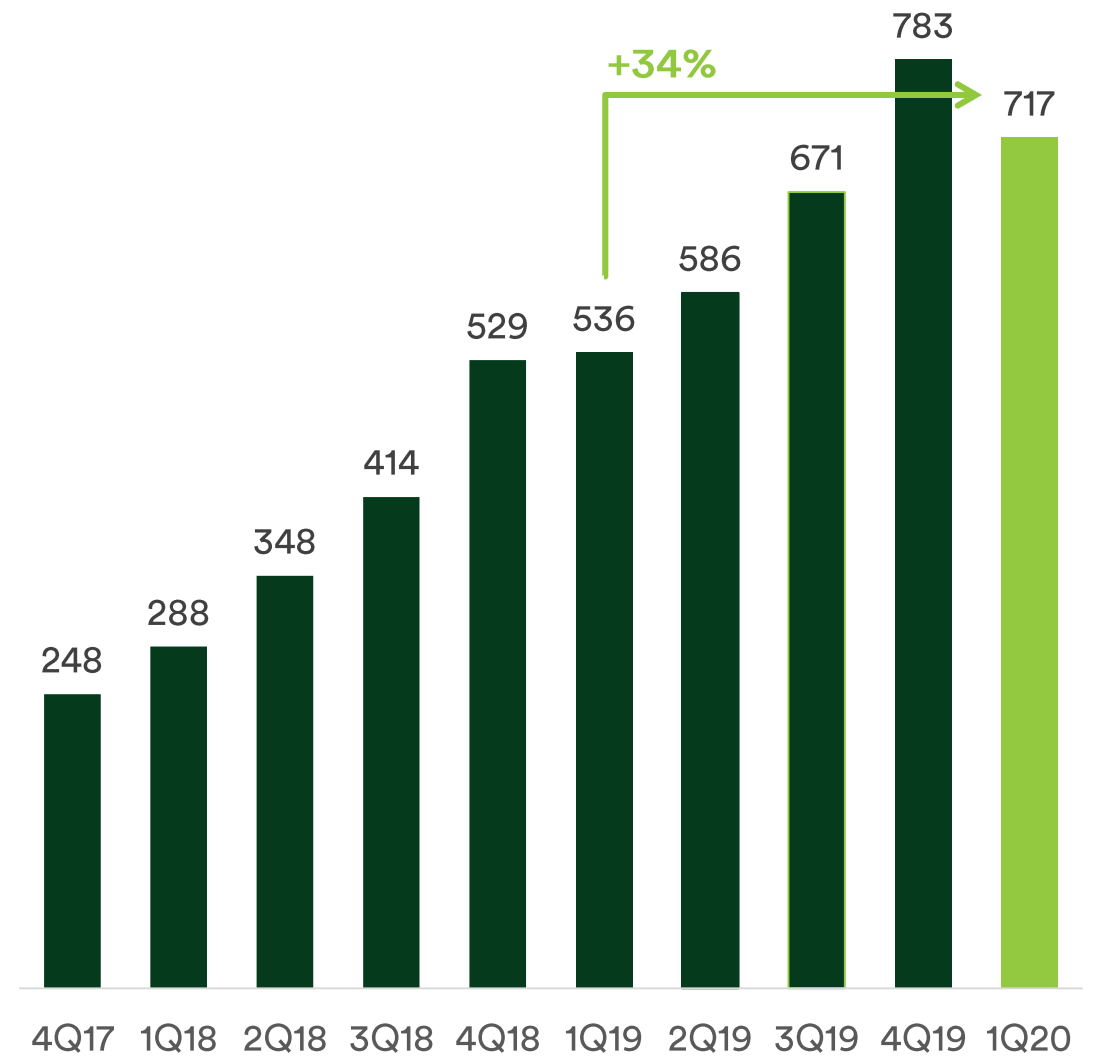
## Total Payment Volume

(R\$ in billions)



## Total Revenue and Income

(R\$ in millions)



Notes:

(1) For 1Q20, 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 micromerchant business, reported 23,200 active clients in 1Q20 (clients that have transacted with Stone Mais / TON at least once in the preceding 12 months).

# Summary Statement of Profit and Loss

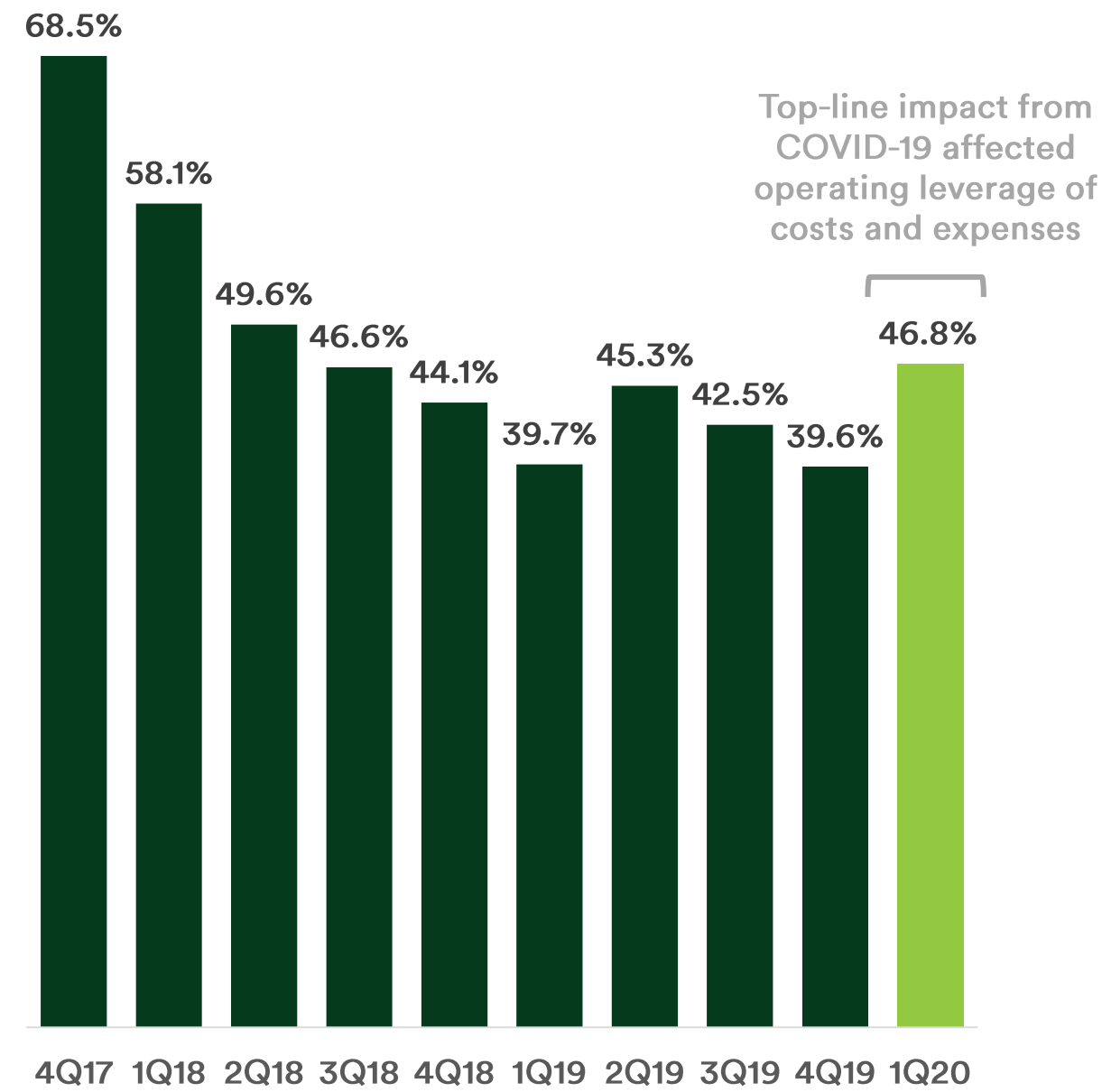
R\$ in millions	1Q19	% Rev.	1Q20	% Rev.	Δ %	Δ p.p.
Transaction activities and other services	168.8	31.5%	227.3	31.7%	34.7%	0.2 p.p.
Subscription services and equipment rental	71.2	13.3%	93.1	13.0%	30.8%	(0.3 p.p.)
Financial income	251.4	46.9%	359.3	50.1%	42.9%	3.2 p.p.
Other financial income	44.4	8.3%	37.0	5.2%	(16.7%)	(3.1 p.p.)
<b>Total revenue and income</b>	<b>535.8</b>	<b>100.0%</b>	<b>716.8</b>	<b>100.0%</b>	<b>33.8%</b>	<b>0.0 p.p.</b>
Cost of services	(85.4)	(15.9%)	(149.9)	(20.9%)	75.6%	(5.0 p.p.)
Administrative expenses	(64.8)	(12.1%)	(73.9)	(10.3%)	14.2%	1.8 p.p.
Selling expenses	(62.7)	(11.7%)	(111.8)	(15.6%)	78.4%	(3.9 p.p.)
Financial expenses, net	(66.6)	(12.4%)	(148.4)	(20.7%)	122.6%	(8.3 p.p.)
Other operating income (expense), net	(11.5)	(2.1%)	(3.5)	(0.5%)	(69.6%)	1.7 p.p.
(Loss) income from investment in associates	0.0	0.0%	(1.3)	(0.2%)	n.a.	(0.2 p.p.)
<b>Profit (loss) before income taxes</b>	<b>244.8</b>	<b>45.7%</b>	<b>227.9</b>	<b>31.8%</b>	<b>(6.9%)</b>	<b>(13.9 p.p.)</b>
Income tax and social contribution	(67.8)	(12.7%)	(69.3)	(9.7%)	2.2%	3.0 p.p.
<b>Net income (loss) for the period</b>	<b>177.0</b>	<b>33.0%</b>	<b>158.6</b>	<b>22.1%</b>	<b>(10.4%)</b>	<b>(10.9 p.p.)</b>
<b>Adjusted Net Income<sup>1</sup></b>	<b>186.3</b>	<b>34.8%</b>	<b>162.3</b>	<b>22.6%</b>	<b>(12.9%)</b>	<b>(12.1 p.p.)</b>

(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.

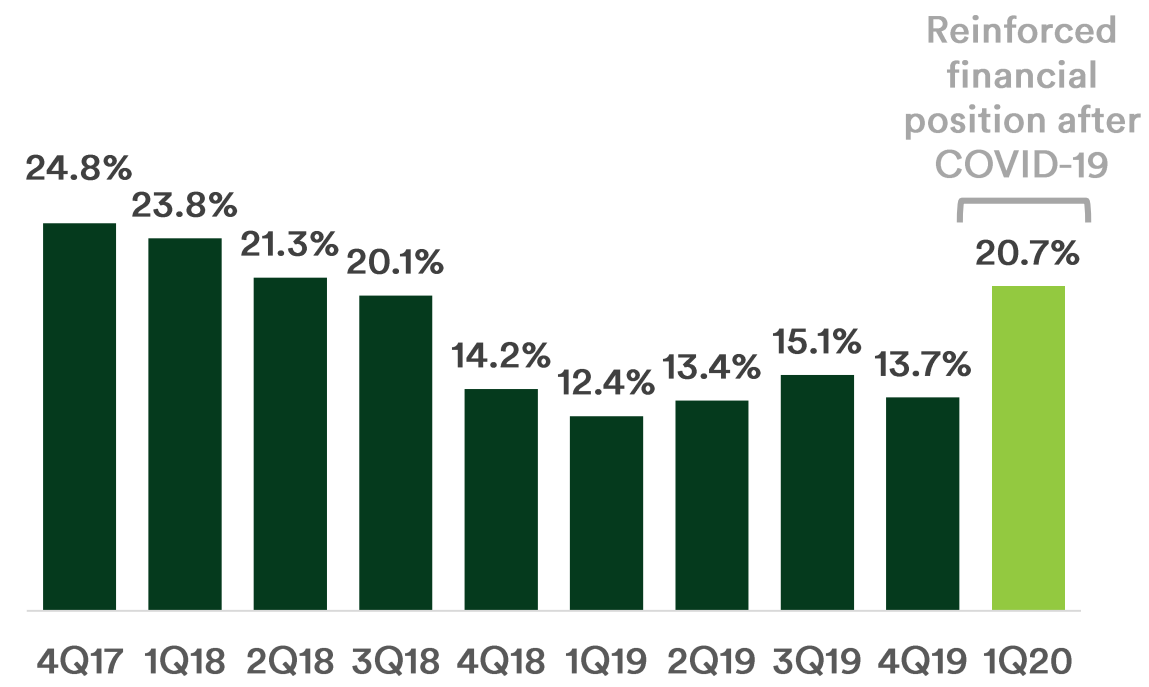


# Operating Leverage and Profitability

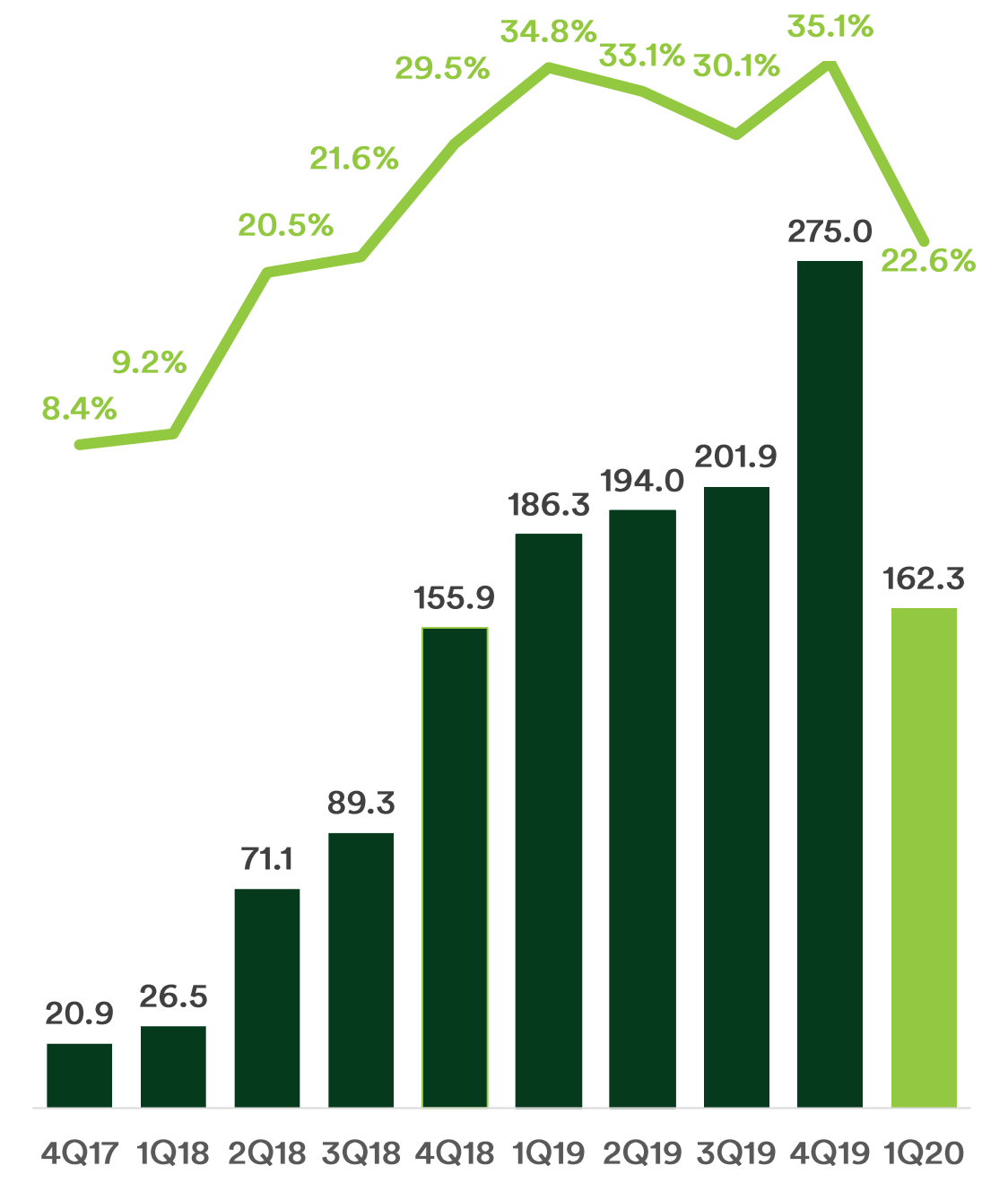
**Total Costs and Expenses<sup>1</sup>**  
(as % of Total Revenue and Income)



**Financial Expenses**  
(as % of Total Revenue and Income)



**Adjusted Net Income and Margin<sup>2</sup>**  
(R\$ in millions)



Notes:

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

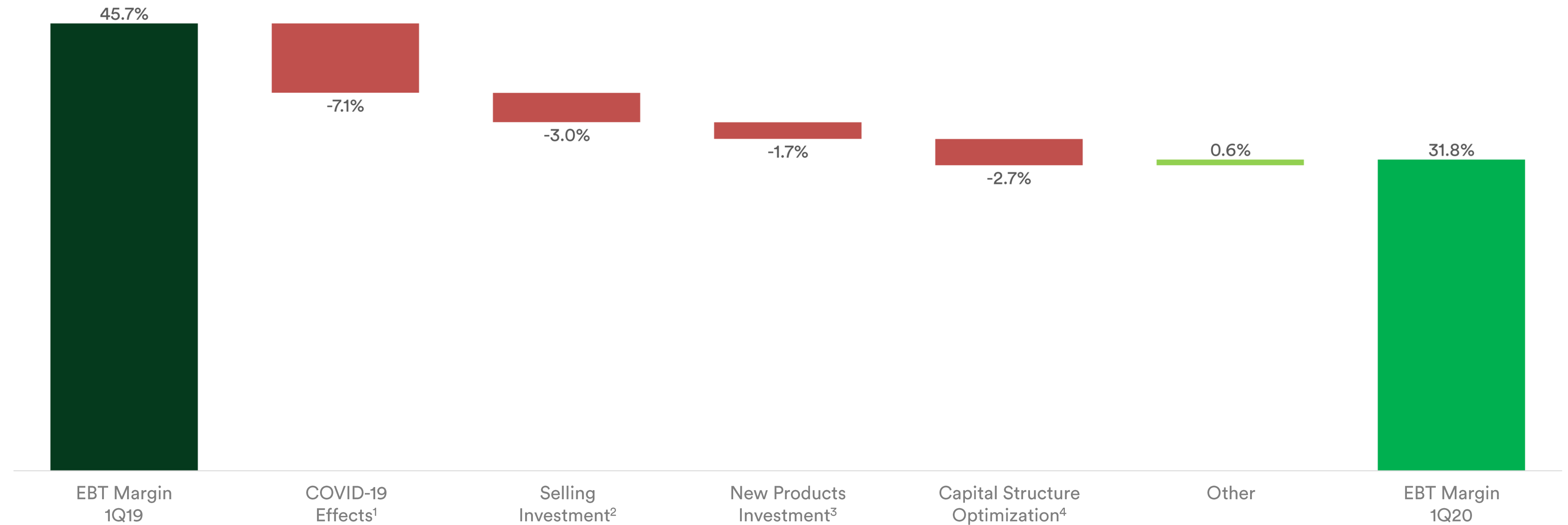
(2) Adjusted Net Income and Adjusted Net Margin are non-IFRS financial measures. Please see the appendix for a reconciliation of this non-IFRS financial measure to the most directly comparable IFRS financial measures.



# Pre-tax Margin Evolution

COVID-19 has impacted our margins

## Pre-tax Margin Bridge y/y



(1) Consists of incentives given to clients, lower revenue in our credit solution, mainly due to higher expected delinquency, and higher financial expenses related to reinforcement of balance sheet and mark-to-market of corporate bonds in short-term investments; does not include COVID-19 impact on TPV.

(2) Investments in the hiring of new salespeople as well as marketing and commissions.

(3) Investments in TON, banking and software solutions.

(4) This is the result of an increased proportion of our prepayment operations being funded by third-party capital (e.g. debt, FIDC quotas plus sale of Accounts Receivables from Card Issuers) as opposed to own capital, when compared to 1Q19. This is a natural consequence of the fast growth of our prepaid TPV, which has been growing faster than our pool of own capital, providing us better ROE.



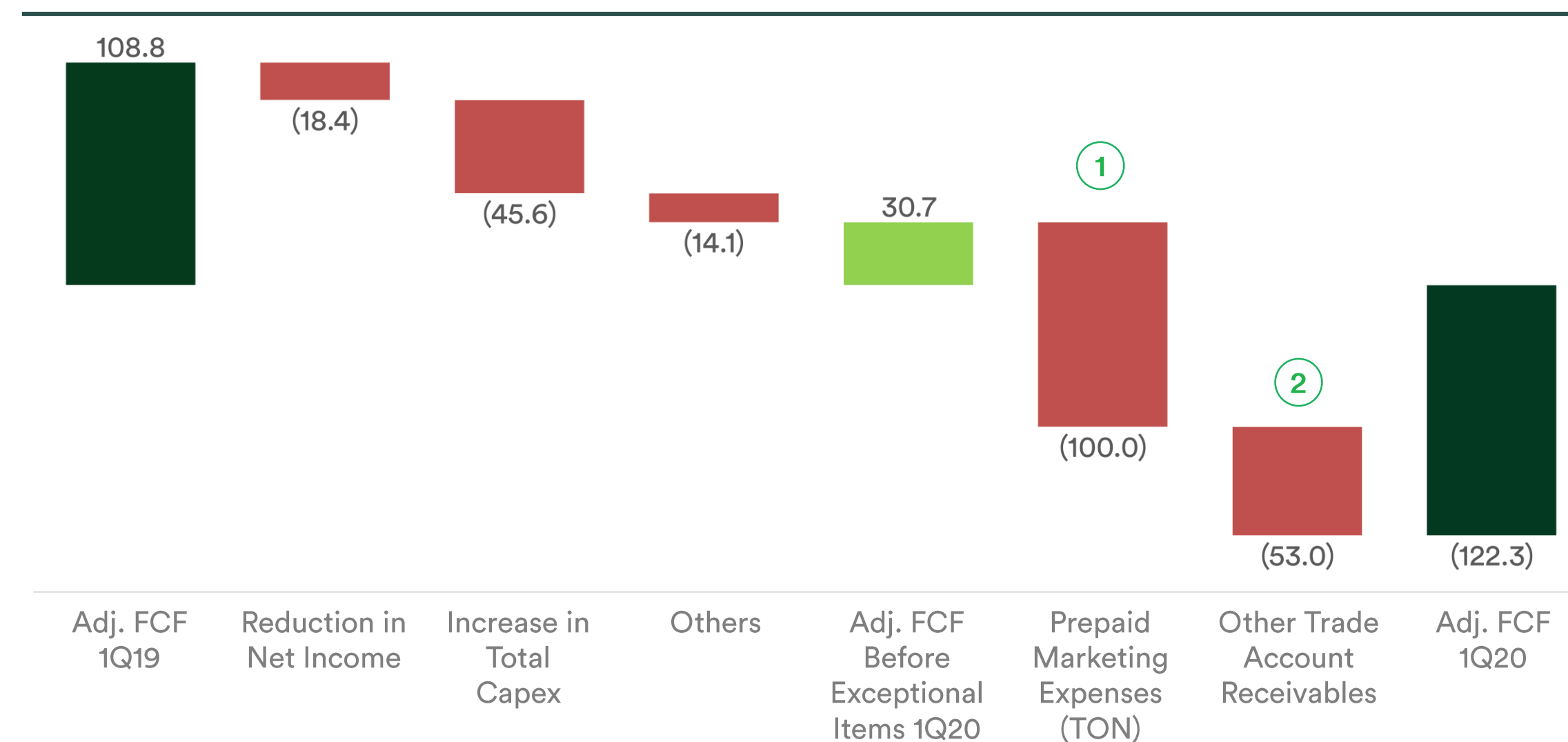
# Adjusted Free Cash Flow and Reconciliation (non-IFRS)

(R\$ in millions)

Adjusted FCF 1Q20 of R\$(122)mm in 1Q20, mainly explained by:

- ① Refers to R\$100mm that was prepaid by TON to Globo, in connection with a specific attractive media negotiation before COVID-19. That amount was fully funded by Grupo Globo's upfront cash contribution to TON, which is not accounted for in the Adjusted Free Cash Flow calculation.
- ② Trade accounts receivable generated in connection with temporary 8 days tax withholding. Amount was released in the first week of Apr-20

## Adjusted Free Cash Flow



Reconciliation of Adjusted Free Cash Flow	1Q19	1Q20
Net cash used in operating activities	(294.8)	362.5
(-) Adjustments in operating activities:		
Accounts receivable from card issuers	1,174.6	(1,534.7)
Accounts payable to clients	(469.8)	1,327.8
Interest income received, net of costs	(234.6)	(349.5)
Loans held for sale	-	183.8
Purchases of property and equipment	(54.6)	(90.2)
Purchases/development of intangibles	(12.0)	(22.0)
<b>Adjusted free cash flow</b>	<b>108.8</b>	<b>(122.3)</b>

# Appendix – Details on New Investments

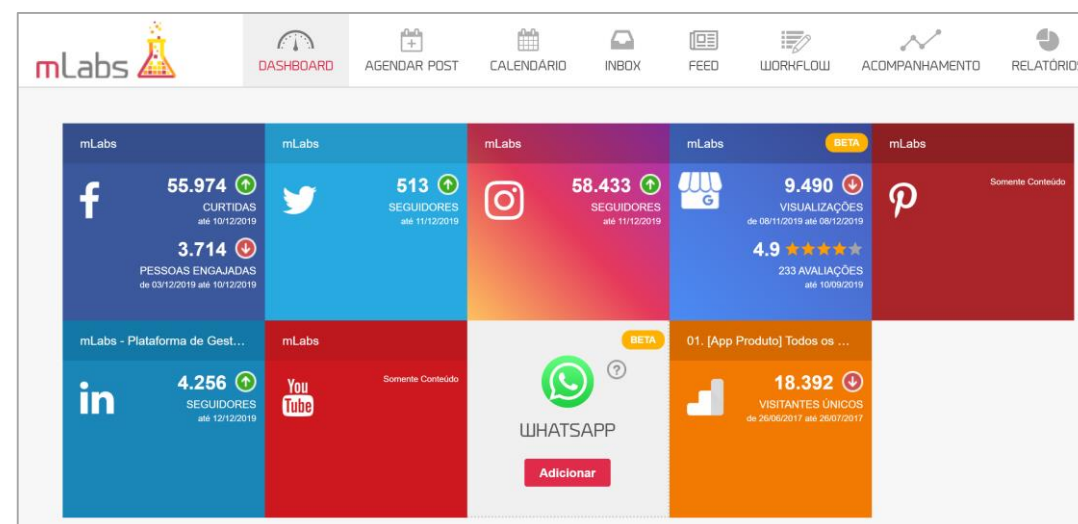
Enhancing our ecosystem of solutions to help SMBs manage and grow their businesses



- ✓ Leading social media software platform for SMBs in Brazil with big potential to become a main social commerce platform
- ✓ Large and rapidly growing TAM as Brazilian SMBs embrace social media as channel for growth
- ✓ Harnessing artificial intelligence to reduce content production costs and optimize investment in social media
- ✓ Simple, user-friendly platform that brings large efficiencies to managing social media platforms

**99% Growth** y/y in Number of Social Media Profiles as of Apr-20

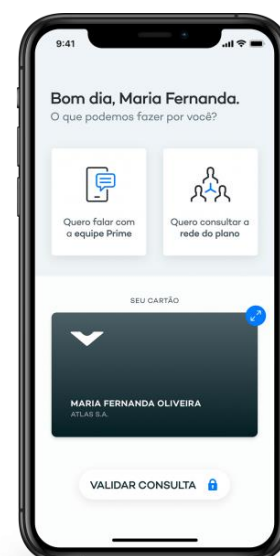
**10mm+ TAM** Brazilian Micro & SMBs in Social Media



- ✓ Healthtech company, offering health plans tailored for SMBs as a broker and plan administrator, with an asset light model not bearing insurance risks
- ✓ Proprietary insurance-over-software model, creating more affordable health plans for SMBs
- ✓ ClinicWeb: ERP and clinic management software, one of the largest in Brazil
- ✓ Pioneer of 24/7 telemedicine model in Brazil
- ✓ Large and underpenetrated TAM in Brazil
- ✓ Investment very synergistic with our client base

**15,000** Vitta's Network of Doctors

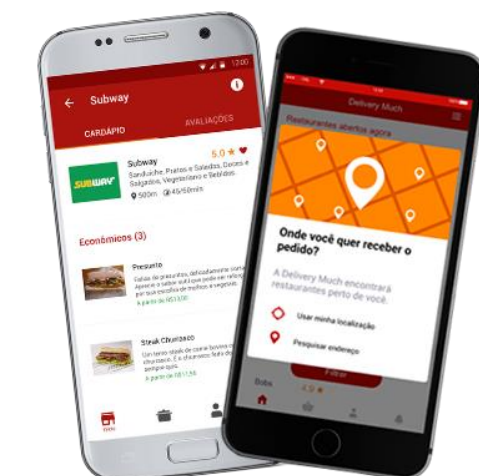
**100,000+** Lives Under Management



- ✓ Pioneer in the business of food-delivery in Brazil
- ✓ Focused expansion on small-and-midsize cities, which is the focus of activity in our hubs
- ✓ Proven growth playbook of expanding geographic footprint across Brazil generating GMV for restaurants
- ✓ Hyper-local presence for sales, marketing and customer satisfaction

**145% Growth** y/y in GMV as of Apr-20

**230+ Cities** Presence in Brazil

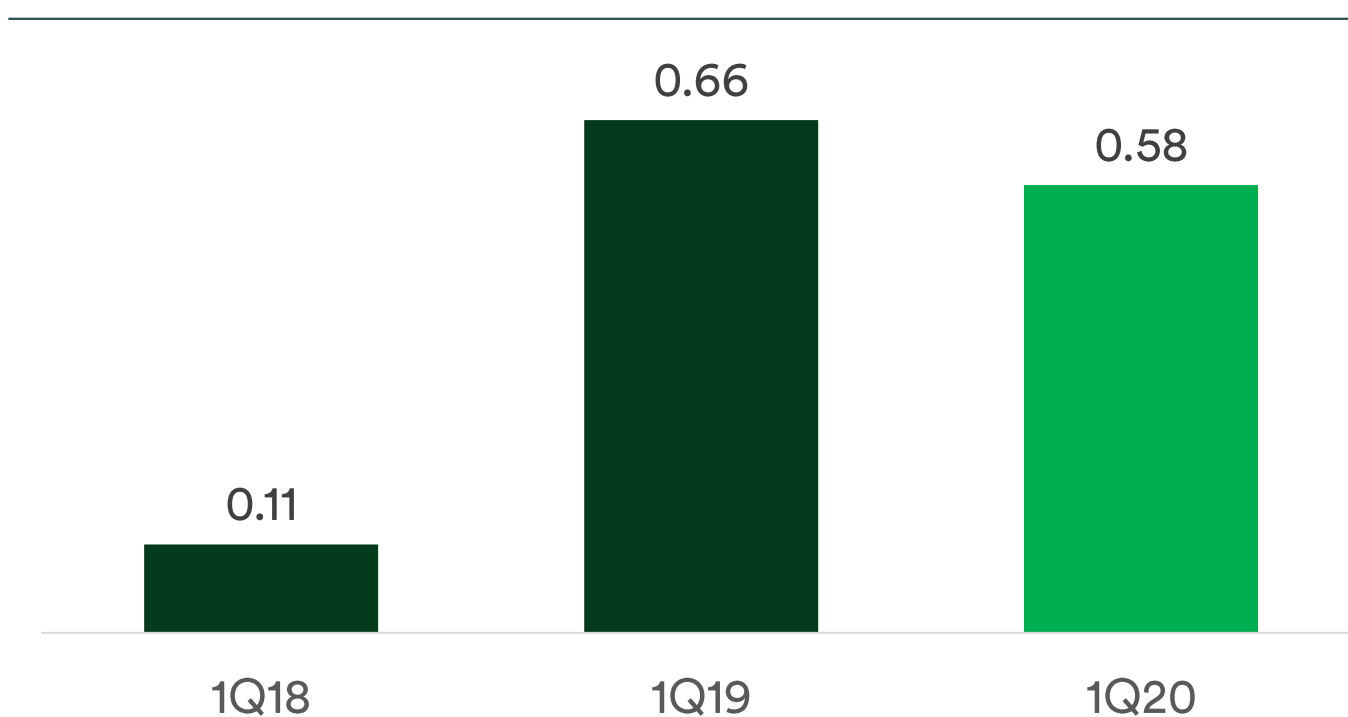


# Appendix – Adjusted Net Income Reconciliation and EPS (Non-IFRS)

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

## Diluted Adjusted EPS<sup>6</sup>

(R\$ per share)



- (1) 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. For 4Q18 and 1Q19 represents a one-time share-based expense related to our IPO.
- (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 relates to the Elavon do Brasil ("EdB") and Equals acquisitions.
- (3) Consists of the gain on re-measurement of our previously held equity interest in Equals 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) In 4Q19, consists of the fair value adjustment related to associates call option.
- (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<sup>co.</sup>

