



The Powerful Combination of
Fintech and Software

August 11th 2020

Legal Disclaimer

No Offer or Solicitation

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of the U.S. Securities Act of 1933, as amended, or an exemption therefrom.

Additional Information and Where to Find It

In connection with the proposed transaction between StoneCo Ltd. ("**Stone**") and Linx S.A. ("**Linx**") (the "**Transaction**"), Stone and Linx will file relevant materials with the United States Securities and Exchange Commission (the "**SEC**") including a registration statement of Stone on Form F-4. The Form F-4 (when filed) will contain a prospectus and other documents. INVESTORS AND SECURITY HOLDERS OF STONE AND LINX ARE URGED TO READ THE FORM F-4 AND OTHER DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT STONE, LINX AND THE TRANSACTION AND RELATED MATTERS. The Form F-4 (when filed) and all other documents filed with the U.S. SEC in connection with the Transaction will be available when filed, free of charge, on the U.S. SEC's website at www.sec.gov. In addition, the Form F-4 (when filed) all other documents filed with the U.S. SEC in connection with the Transaction will be made available, free of charge, to U.S. shareholders of Stone on Stone's website at <http://www.stone.co>.

FORWARD LOOKING STATEMENTS

This communication contains certain statements that are "forward-looking" statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. Words such as "anticipate", "believe", "continue", "could", "estimate", "expect", "hope", "intend", "may", "might", "should", "would", "will", "understand" and similar words are intended to identify forward looking statements. These forward-looking statements include, but are not limited to, statements regarding the Transaction. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this communication. For example, the expected timing and likelihood of completion of the Transaction, including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the Transaction that could reduce anticipated benefits or cause the parties to abandon the transaction, the ability to successfully integrate the businesses, the occurrence of any event, change or other circumstances that could give rise to the termination of the agreements relating to the Transaction, the risk that the parties may not be able to satisfy the conditions to the Transaction in a timely manner or at all, risks related to disruption of management time from ongoing business operations due to the Transaction, the risk that any announcements relating to the Transaction could have adverse effects on the market price of the shares of Stone or Linx, the risk that the Transaction and its announcement could have an adverse effect on the ability of Stone and Linx to retain customers and retain and hire key personnel and maintain relationships with their suppliers and customers and on their operating results and businesses generally, the risk that problems may arise in successfully integrating the businesses of the companies, which may result in the combined company not operating as effectively and efficiently as expected, the risk that the combined company may be unable to achieve cost-cutting synergies or it may take longer than expected to achieve those synergies, and other factors. All such factors are difficult to predict and are beyond Stone's control, including those detailed in Stone's annual reports on Form 20-F and current reports on Form 6-K that are available on its website at <http://www.stone.co> and on the SEC's website at <http://www.sec.gov>. Stone's forward-looking statements are based on assumptions that Stone believes to be reasonable but that may not prove to be accurate. Stone undertakes no obligation to publicly release the result of any revisions to any such forward-looking statements that may be made to reflect events or circumstances that occur, or which we become aware of, except as required by applicable law or regulation. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

Deal Overview

Overview

Linx is a leading software company that develops and provides affordable, easy-to-use, and reliable software solutions to merchants and retail of all sizes

- ✓ **R\$ 300 billion** of gross merchandise volume (GMV)
- ✓ **70,000** retail clients, with over **100,000** store fronts
- ✓ **99%** client retention rate

Association Agreement

STNE, a controlled company of **Stone** that holds the software investments business of the Stone group in Brazil, has executed an Association Agreement by which **Linx** (B3: Linx3; NYSE: Linx) will be merged into STNE for a total consideration of R\$ 33.7625 per Linx share

- ✓ **Consideration consists of** up to R\$5.4bn in cash + 2.27mm Stone's shares, subject to certain limitations and elections by the Linx shareholders
- ✓ **Transaction expected** to close by the end of 4Q20²

Rationale

- ✓ **Combines complementary strategic assets:** leading Retail Software Platform and #1 Independent Financial Platform in Brazil
- ✓ Provides Linx's 70k clients with **access to Stone's solutions**
- ✓ Extend Stone's offerings to **penetrate the SMB software market**
- ✓ **Accelerates** Stone's Strategic Roadmap to become a **"one-stop-shop" for merchants of all sizes and verticals**
- ✓ **Deal expected to be accretive in 2021¹**

Linx Helps Stone...

- ✓ **Serve** More Businesses in More Verticals
- ✓ **Integrate** Software & Payments
- ✓ **Digitize** Point of Sale Commerce
- ✓ **Facilitate** Unified Omnichannel Commerce, providing alternatives to increase merchant's volume without increasing managerial complexity

(1) Includes expected synergies

(2) The transaction is subject to the accomplishment of certain conditions, including approval by Linx shareholders at a general shareholders meeting and approval by the competent anti-trust authorities

Combined Company Snapshot



COMBINED⁴

Payments Volume

R\$ 149 bn TPV

R\$ 300 bn GMV

Opportunity to **penetrate R\$300bn of GMV** with payments

Software Clients

~305,000

~70,000

~375,000

Total Revenue

R\$ 2.8 bn³

R\$ 820 mm

R\$ 3.6 bn +

Recurring Net Income

R\$ 789 mm

R\$ 13 mm

R\$ 800 mm+

Target Markets

SMB

Mid/Large

SMB + Mid/Large Clients
Integrated & Omni-Channel

(1) LTM 2Q20. Except for Software clients, which number refers to July-20
 (2) LTM 1Q20
 (3) Total revenue and income, as reported
 (4) Synergies not considered

Strategic Rationale: Strengthening Our Complementary Vision



500k+ SMBs

- ✓ Deep expertise in online payments capabilities
- ✓ Portfolio of modern software solutions for SMBs
- ✓ Client centricity; Proprietary Technology; Hyperlocal distribution

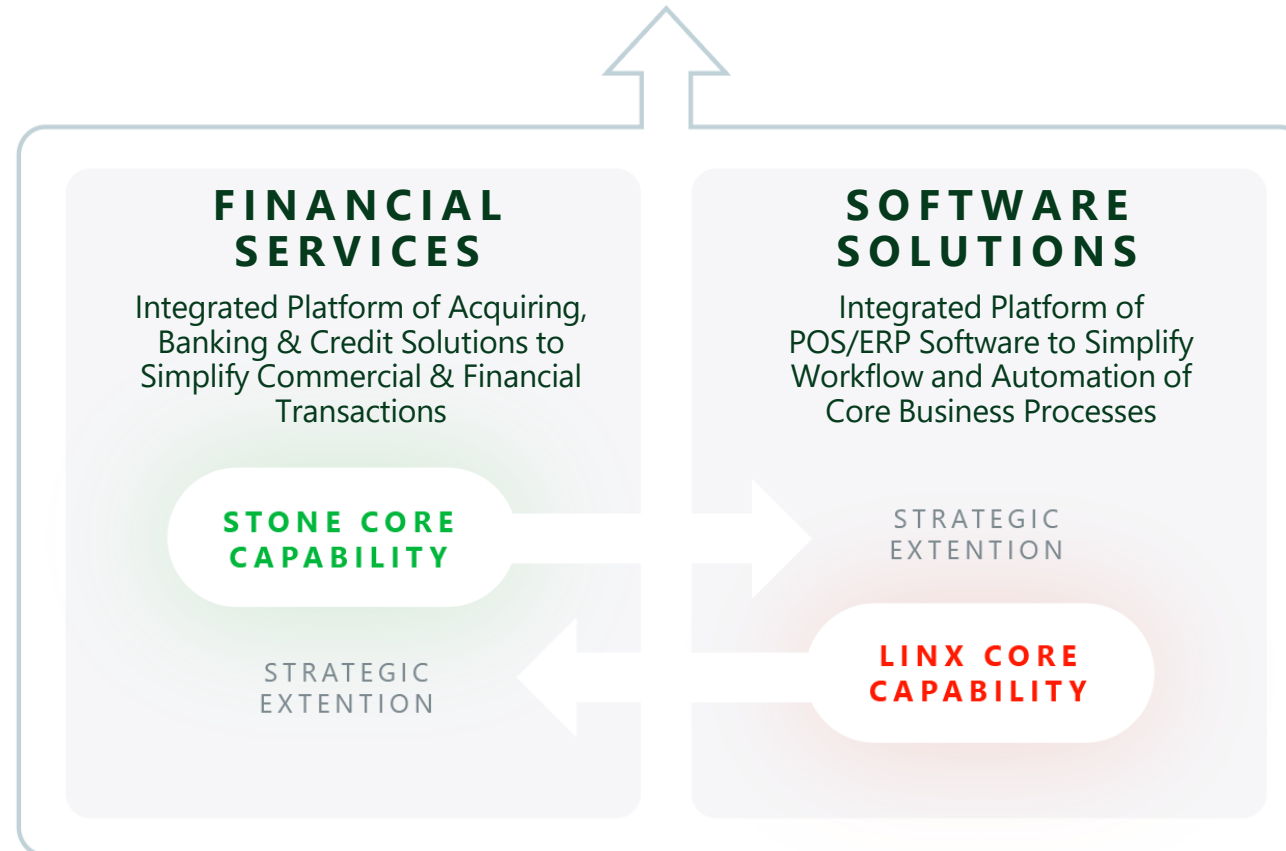
DIGITAL+PHYSICAL

Adapt to Omnichannel world and increase sales through multichannel, digital commerce strategy



70k+ Med/Large

- ✓ Complete suite of digital-enabling solutions (OMS, platform, others) and marketplace integration
- ✓ Leading retail POS with strong market presence
- ✓ ETF
- ✓ QR Code
- ✓ Gateway



Game Plan: 3 Value Creation Horizons



Value Horizons

Horizon 1: Operational Synergies and Top Line Growth

Significant cross-selling opportunities

Horizon 2: Strengthen strategic focus

Help offline clients to go digital, increasing sales through multichannel strategy

Horizon 3: Higher software penetration in SMB

Expand sticky integrated software solutions to improve customer retention & generate more recurring revenue from SMB clients

=

Linx 

New Assets

70,000 Clients

Across 11+ industry verticals, with +300 billion GMV

New Digital Commerce & Omnichannel Capabilities

Complete suite of digital-enabling solutions, allowing clients to conduct commerce across multiple channels

Complete suite of Software Capabilities for multiple verticals

Deep vertical expertise
Embedded POS/ERP & OMS software for mid to large retail



Stone's DNA

+ Full Suite of financial services

Scalable and integrated financial services containing payments, banking and credit

+ Strong digital payments capabilities

Proprietary platform built to the need of online clients

+ Client-centric culture & hyperlocal distribution

Focus on client satisfaction through superior customer service and direct distribution capabilities in thousands of cities in Brazil
Strength in technology capabilities

Linx Continues Our Strategy to Integrate Software with Financial Services...

● 2016

● 2019

● 1H20

● 2H20

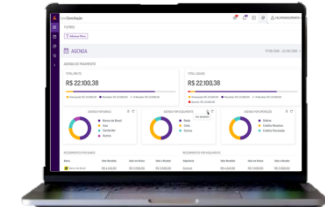
equals

collact

Tablet Cloud vhsys
Linked GOURMET trinks.com

mLabs delivery much mvarandas tecnologia
VITTA

linx



RECONCILIATION

CRM / LOYALTY

ERP / POS

Selected SMB SOLUTIONS

#1 Retail Software Platform

Streamlines process of reconciling payments transactions and managing cash flows

Customer engagement and CRM solution to help clients grow more by increasing recurrence, attracting clients through marketing tools

POS/ERP to serve an array of service and retail businesses, from less complex to more sophisticated SMBs

Specialized solutions to help SMBs manage and grow their businesses more effectively (i.e. social media, health plans and management solutions)

CORE
Integrated Suite of POS & ERP Software Across 11+ Verticals

PAY HUB
TEF Digital Account Gateway

DIGITAL
Omni-Channel Platform to Create Seamless Digital POS Experience

STONE SOFTWARE CLIENTS

135,000

283,000

375,000+

...Providing A Powerful Integrated Platform



Module	% of Recurring Revenues ¹	Solutions
CORE	73%	POS Software
		Loyalty & Rewards
		CRM
		ERP
DIGITAL	14%	E-commerce Platform
		Advertising & Reengagement
		OMNI OMS Technology
PAY HUB	13%	Payment & Financing Solutions
		Linx Account
		QR Linx

11+
Verticals

- Auto Parts
- Car Dealerships
- Clothing Stores
- Department Stores
- Electronic Goods
- Fast Food
- Gas Stations
- Home Improvement
- Household Appliances
- Pharmacies
- Service Retail

- ✓ **#1 Suite of Affordable, Easy-to-Use, Reliable & Seamlessly Integrated Software Solutions**
- ✓ **Delivered Through a Cloud-Based SaaS Model**
- ✓ **Serving +70,000 Medium to Large Retail Clients Across +100,000 Storefronts**
- ✓ **With R\$300 billion of Gross Merchandise Volume (GMV)**

(1) Linx 2Q20 data.

...With Very Attractive Attributes

Customer ⁽¹⁾

99%

retention rate

+70,000

software clients

9,000

stores with OMS

60%

market share in the main malls

~900

websites in Linx Commerce

Operating ⁽¹⁾

46% ⁽²⁾

Market share in retail management software

13.7% ⁽²⁾

e-commerce solution market share

R\$ 300bn

GMV

R\$ 89bn

through TEF

1,205

R&D employees

Financial

60% ⁽¹⁾

cloud-based revenue

~84.4% ⁽³⁾

subscription revenue

R\$ 841mm

2Q20 LTM net revenue

R\$ 181.7mm

2Q20 LTM EBITDA

25.5%

2019 EBTIDA margin

Key Clients

Key Brazilian Clients



Key International Clients



(1) December 2019

(2) Data for 2019, according to the 2020 IDC Survey

(3) 2Q20

...As We Compete to Capture a Massive Addressable Market

ABC Platform

Software

TOTAL

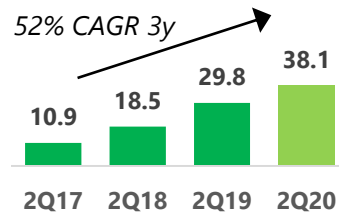
TAM

Acquiring

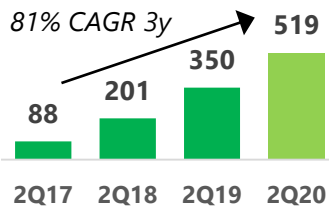
~R\$20bn¹

~12% share

TPV (R\$bn)



Active clients ('000)

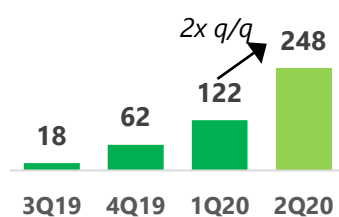


Banking

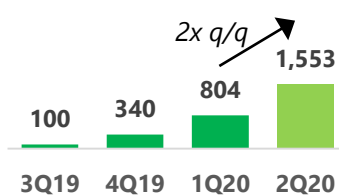
~R\$10bn²

<1% share

Accounts open ('000)



of Transactions
(indexed to 100)

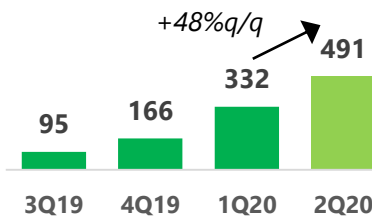


Credit

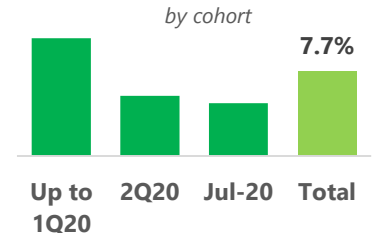
~R\$80bn³

<1% share

Portfolio (R\$m)



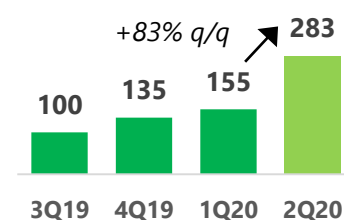
Expected delinquency⁵
by cohort



R\$11bn⁴

~7% share
(PF with Linx)

Subscribed clients
('000)



R\$120bn+

~3% share

Stone is Evolving
to Become a
"One-Stop-Shop"
for Commerce
in Brazil

How
We are
penetrating
TAM

(1) Stone internal estimate for the market based on Brazilian's largest Merchant acquirers' total revenue for 2019.
 (2) Stone internal estimate for targeted segment using total revenue generated by the Brazilian top 5 banks in 2Q20 on checking account services.
 (3) Management estimate of total non-targeted loans for SMB companies in Brazil multiplied by the average spread discounted the expected default rate. Data from Brazilian Central Bank as of May-20 and management's assumptions using market data.
 (4) According to International Data Corporation 2020.
 (5) Expected delinquency levels as of Jul-20. Older cohorts were more impacted by COVID-19, whereas new cohorts were already originated with a new credit policy.

Base Case Synergies Plan



Revenue Synergies

- Sell **payments services** into Linx client base, through our proprietary end-to-end payment platform
- Sell **banking & financial services** into Linx client base, through our proprietary banking platform
- Sell **software services** to our SMB clients, leveraging Linx robust software suite & omnichannel solutions



Operating Synergies

- Streamline overlapping G&A expenses
- Leverage existing R&D to create combined solutions
- Improve negotiating power with suppliers and third-party providers



Deal is expected to be accretive to Stone in 2021



Key Transaction Terms

Price and Consideration

- Total consideration equivalent to R\$33.7625 per Linx share, being 90% in cash (R\$30.39 per Linx share) and 10% in Stone Class A shares (0.0126774 Stone Class A shares per Linx share¹)
- Consideration implies a premium of 41.6%¹ over the volume-weighted average price of Linx over the preceding 60 days and a premium of 28.3%¹ over the volume-weighted average price of Linx over the preceding 30 days

Transaction Structure

- 100% of Linx shares to be merged into STNE (“Incorporação de Ações”), in exchange for cash and newly issued Class A shares of Stone

Governance

- Post merger, a new software business unit will be created and will be managed by Stone’s leadership and Linx management team
- An Advisory Board will be created to guide and monitor the key strategic priorities, integration process and capture of synergies. Alberto Menache, current Linx CEO, will be Chairman of the Advisory Board, which will also include Stone leadership

Timing and Approvals

- After completion of certain conditions, Linx shall call a shareholders meeting to effectively approve the merger, which is subject to CADE approval

(1) Exchange ratio and implied premium calculations assume reference date as of August 7, 2020