1Q23 Earnings Presentation

MAY/23

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To supplement the financial measures presented in this press release and related conference call, presentation, or webcast in accordance with IFRS, Stone also presents the following non-IFRS measures of financial performance: Adjusted Net Income, Adjusted Net Cash, Adjusted Pre-Tax Income, Adjusted Pre-Tax Margin, EBITDA and EBITDA Margin. A "non-IFRS financial measure" refers to a numerical measure of Stone's historical or future financial performance or financial position that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS in Stone's financial statements. Stone provides certain non-IFRS measures as additional information relating to its operating results as a complement to results provided in accordance with IFRS. The non-IFRS financial information presented here in should be considered in conjunction with, and not as a substitute for or superior to, the financial information presented in accordance with IFRS. There are significant limitations associated with the use of non-IFRS financial measures. Further, these measures may differ from the non-IFRS information, even where similarly titled, used by other companies and therefore should not be used to compare Stone's performance to that of other companies. Stone has presented Adjusted Net Income to eliminate the effect of items from Net Income that it does not consider indicative of its continuing business performance within the period presented. Stone defines Adjusted Net Income as Net Income (Loss) for the Period, adjusted for (1) amortization of fair value adjustments on acquisitions, (2) gain on re-measurement of our previously held equity interest to fair value upon the date control was acquired, (3) mark-to-market of equity investments, and (4) unusual income and expenses.

As certain of these measures are estimates of, or objectives targeting, future financial performance ("Estimates"), they are unable to be reconciled to their most directly comparable financial measures calculated in accordance with IFRS. There can be no assurance that the Estimates or the underlying assumptions will be realized, and that actual results of operations or future events will not be materially different from the Estimates. Under no circumstances should the inclusion of the Estimates be regarded as a representation, undertaking, warranty or prediction by the Company, or any other person with respect to the accuracy thereof or the accuracy of the underlying assumptions, or that the Company will achieve or is likely to achieve any particular results.

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1Q23
Earnings Presentation

Review of our **2023 Priorities**

Grow With Efficiency	✓ Opex efficiency ✓ Grow MSMB business, maintaining price discipline and allocating capital wisely
Generate Cash	✓ Maintain strong cash flow generation and overall liquidity position
Expand Financial Services Business	✓ Banking expansion and client engagement through broader solution set ✓ Launch Credit
Evolve our Software Business	✓ Further develop the execution of our software strategy, exploring cross-sell opportunities between financial services and software with integrated products
Build a **"fit for purpose"** organization	✓ Continue to enhance Stone's high-performance culture and management system to support the Company's growth strategy

1Q23 Progress **Highlights**

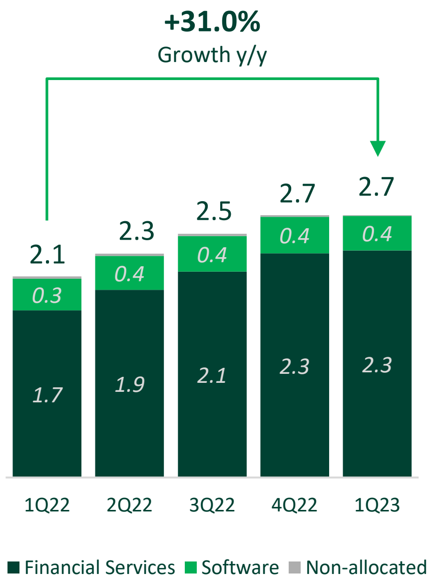
Grow With Efficiency	✓ **Strong Growth and Profitability Above Expectations**	31%	Revenue growth y/y to R$2.7bn → 4% above guidance with sequential increase despite 1Q seasonality
		⇔	Flat/stable financial expenses sequentially
		4.7x	Adj EBT[1] growth y/y to R$324mn → 22% above guidance
		5.6x	Adj Net Income growth y/y to R$237mn → record level for 1Q
Generate Cash	✓ **Continued Liquidity Improvement**	499mn	Adjusted Net Cash Growth q/q → reaching R$4.0bn
Expand Financial Services Business	✓ **Strong MSMB Performance**	25%	MSMB TPV growth y/y → more than 2x Industry[2]
		47%	MSMB Client Base[3] growth y/y → acceleration to 232k net adds
		33bps	MSMB Take Rate increase y/y → strong improvement to 2.39%
	✓ **Banking Deposits Enhancing Profits**	2.5x	Banking Client Base growth y/y to 1.3mn → R$3.9bn in deposits[4]
	✓ **Product evolution**		Launch of Super Conta TON, piloting debit cards in Stone and our new working capital loans for SMBs
Evolve our Software Business	✓ **Building an end-to-end value proposition with integrated products**	10%	Revenue growth y/y → reaching R$358mn
		11%	Adjusted EBITDA Margin
Build a **"fit for purpose"** organization	✓ **High-performance culture and management system**	CEO	Pedro Zinner takes over as CEO in March 2023
		Board	Luiz Barroso, Google Fellow, joined our Board in April 2023

1) Our adjusted numbers no longer include the financial expenses related to our bond and expenses related to share-based compensation. Those changes may affect the comparability of our adjusted results between different quarters. For that reason, our Adjusted P&L metrics are presented on a comparable basis, not adjusting for both the bond and share-based compensation expenses, according to our current adjustment criteria, unless otherwise noted. Please refer to our earnings release for historical metrics with and without share-based compensation adjustments.
2) MSMB TPV compared to total industry volumes, as announced by ABECS.
3) MSMB clients are composed of TON, Stone and Pagar.me products. Does not include clients that use only TapTon.
4) Deposits from banking customers, including MSMB and Key Accounts clients.

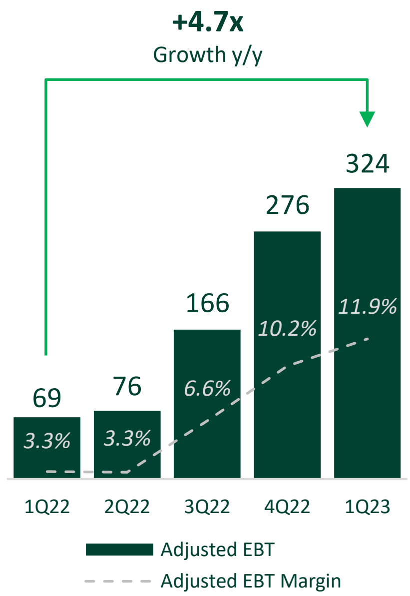
1Q23 Consolidated Results

Strong growth with record net income for 1Q

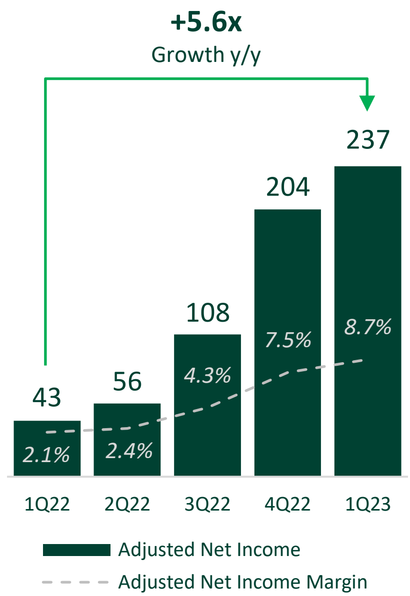
Total Revenue
R$bn



Adjusted EBT[1]
R$mn



Adjusted Net Income[2]
R$mn



Strong Growth
Above Guidance of R$2.6bn

Increasing Profitability
Above Guidance of R$265mn

Improving Earnings
Generating Positive Cash Flow

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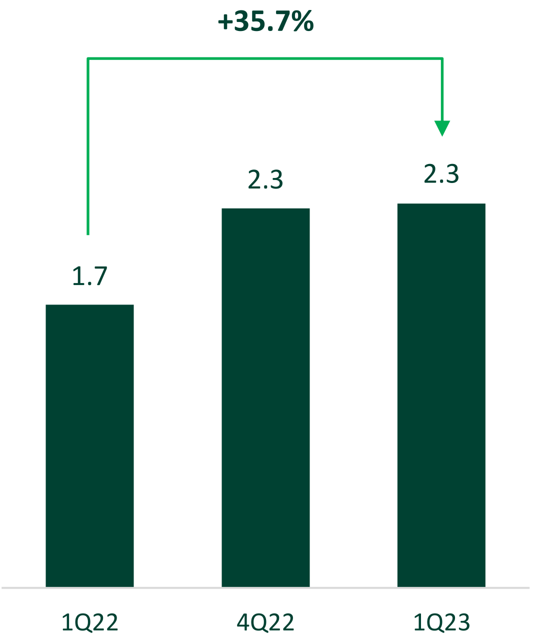
2) Adjusted Net Income is a non-IFRS financial measure. Please see the appendix for a reconciliation of this non-IFRS financial measure to the most directly comparable IFRS financial measures. To allow for better understanding of our business performance trends, our Adjusted P&L metrics are presented on a comparable basis, not adjusting for both the bond and share-based compensation expenses, according to our current adjustment criteria, unless otherwise noted. Please refer to our earnings release for historical metrics with and without share-based compensation adjustments.

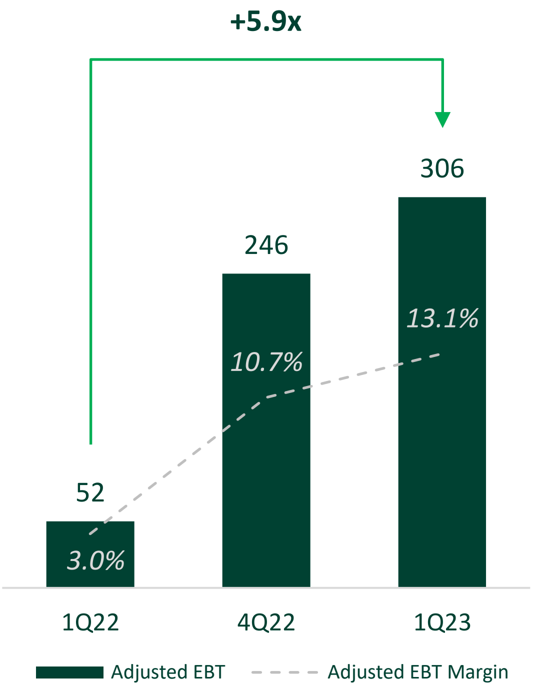
Financial Services

Strong revenue growth and consistent profitability improvement

Revenue
R$bn



Adjusted EBT[1]
R$mn



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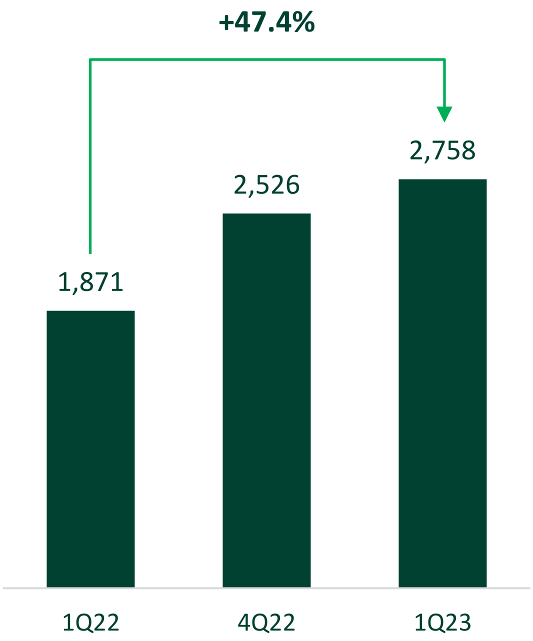
MSMB[1]

Acceleration in net adds and growth in all client tiers

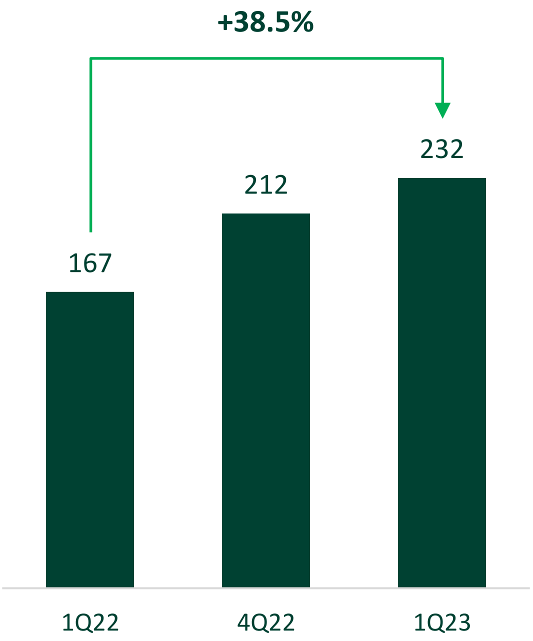
MSMB payments client base

MSMB active payments clients[2] (‘000)



MSMB payments net adds

Quarterly MSMB payments net adds (‘000)

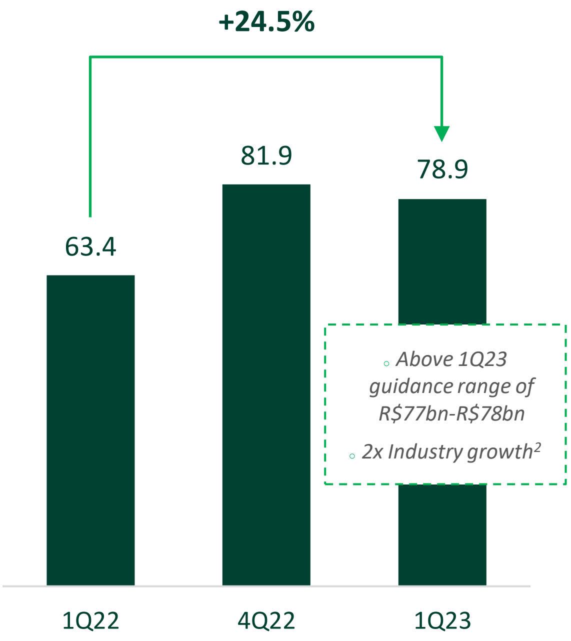


1) MSMB is composed of TON, Stone and Pagar.me products. Does not include clients that use only TapTon.
2) “Active Clients” refer to merchants that have completed at least one electronic payment transaction with us within the preceding 90 days, except for TON product which considers 365 days. Excludes overlap. Does not include clients that use only TapTon.

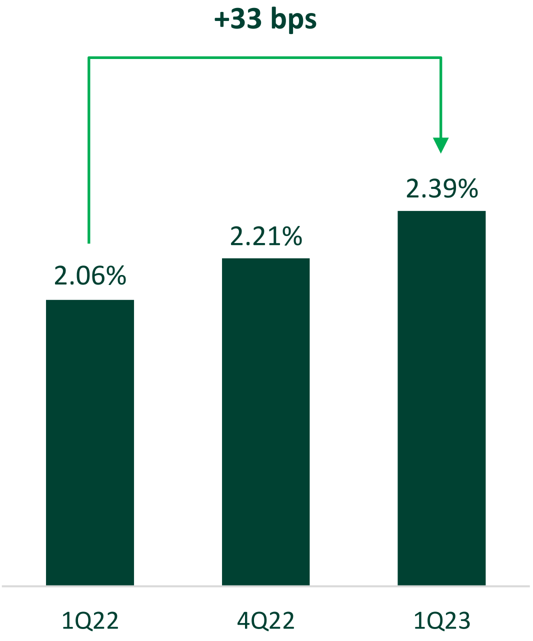
MSMB[1]

Strong TPV growth and improvement in client monetization

MSMB TPV
R$bn



MSMB Take Rate
%

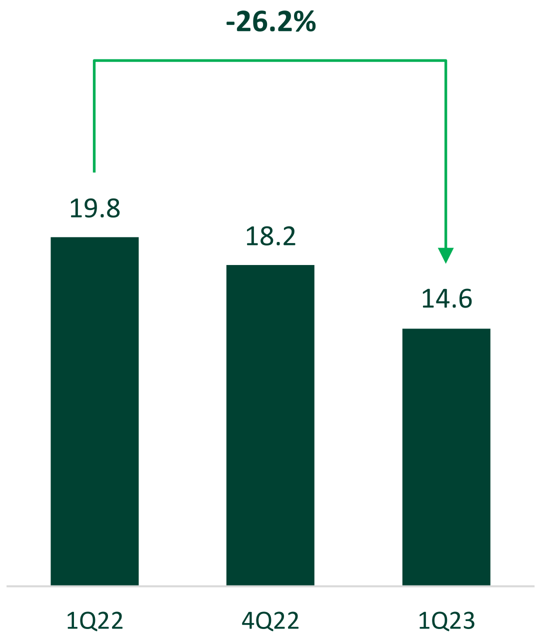


1) MSMB is composed of TON, Stone and Pagar.me products. Does not include clients that use only TapTon.
2) MSMB TPV compared to total industry volumes, as announced by ABECS.

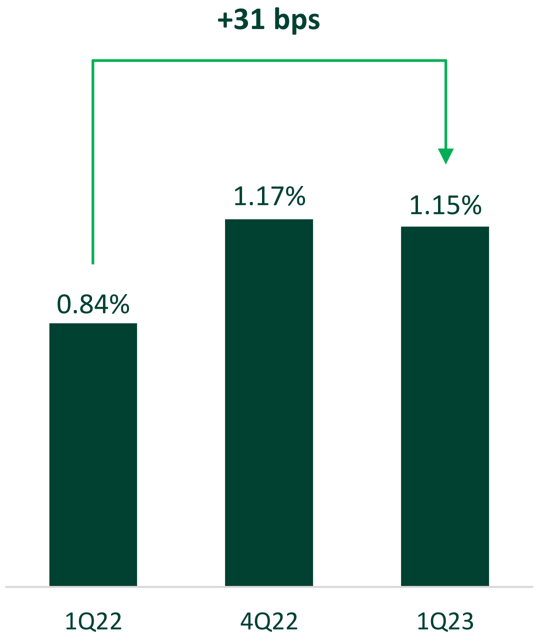
Key Accounts[1]

Continued de-prioritization of sub-acquirers with take rate impacted by lower prepayment volumes

KA TPV
R$bn



KA Take Rate
%



1) Key Accounts (KA) refers to operations in which Pagar.me acts as a fintech infrastructure provider for different types of clients, especially larger ones, such as mature e-commerce and digital platforms, commonly delivering financial services via APIs.

Banking

Client base growth with products expansion and increased engagement

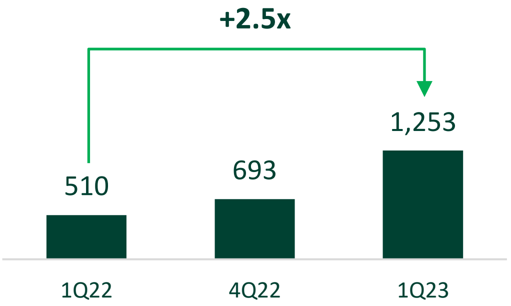
Evolution of Banking solutions

Reinforcing our distinct banking + acquiring offerings for MSMB client segments:

- Launch of **"Super Conta Ton"**, our full banking for micro clients
- Started piloting **debit cards** in Stone clients

Banking Active Clients[1]

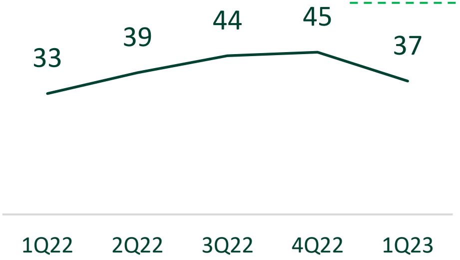
('000)



Banking ARPAC[2]

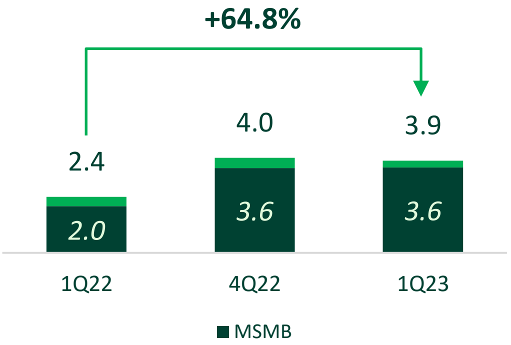
R$/month per client

ARPAC impacted by new mix with "Super Conta Ton"



Client Deposits[3]

R$bn



1) Clients who have transacted at least R$1 in the past 30 days.
2) ARPAC means Average Revenue Per Active Client. Banking ARPAC includes card interchange fee, floating revenue, insurance and transactional fees.
3) Deposits from banking customers, including MSMB and Key Accounts clients.

Credit

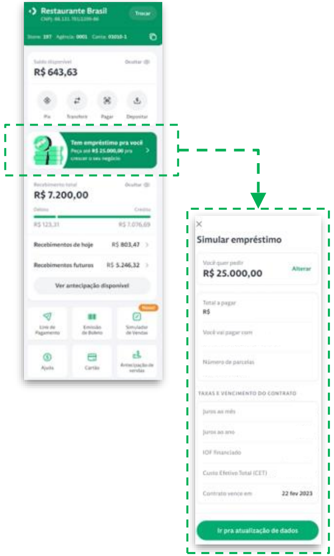
Resuming credit with discipline

Early indicators[1]

- **Disbursed** R$6.0mn of the new credit product
- ~200 **clients** in this initial stage
- Performance of **early vintages** in line with our credit underwriting standards
- Formalization of **personal guarantee** and **lien on receivables** been executed as expected
- Key managerial positions for the **credit team** fulfilled

Main product improvements

- Pre-set monthly payments
- New personal guarantee model
- Dashboards to manage the credit portfolio
- Full integration with the registry of receivables
- Reviewed credit lifecycle monitoring
- Rebuilt renegotiation process
- Higher involvement of hubs
- Better system automation



Portfolio will grow depending on market conditions and remaining features 100% tested

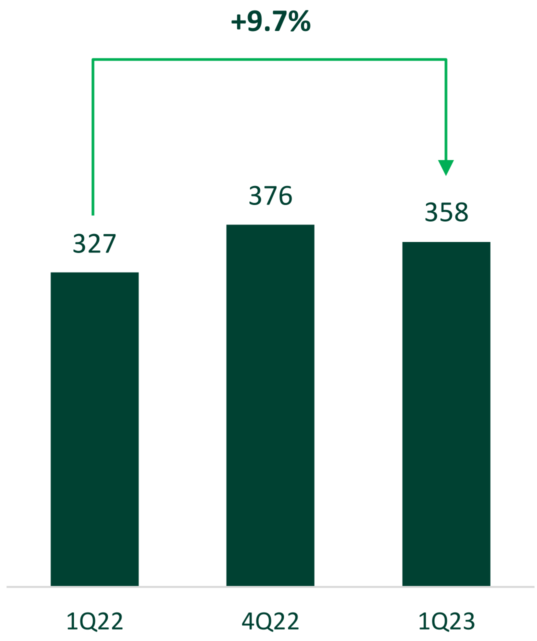
1) As of April 30, 2023.

Software

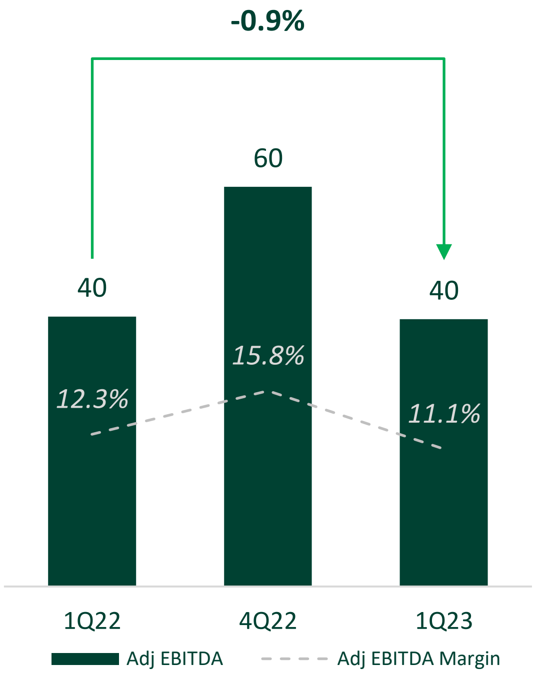
Lower revenue growth driven by digital and enterprise accounts

Software Revenue[1]

R$mn



Software Adjusted EBITDA[2]



1) Comprised of two main fronts, namely: (i) Core: which includes POS/ERP solutions, bricks-and-mortar Gateway (TEF), QR Code solutions, reconciliation and CRM and (ii) Digital: which includes OMS, e-commerce platform, engagement tools, ads solutions and marketplace hub.
2) Adjusted EBITDA and Adjusted EBITDA Margins are non-IFRS financial metrics adjusted by the same items as Adjusted Net Income, as applicable. Please refer to the appendix for details on the adjustments.

Software

Current results and priorities

Current performance

- **Revenue:** +10% y/y, mainly due to:
  - higher number of POS/ERP locations in smaller tier clients as well as inorganic expansion
- Deceleration from revenue growth levels seen in the past quarters with:
  - Weaker performance of Ads business and some enterprise accounts
  - Lower inflation
- **Adjusted EBITDA:** R$40mn with an EBITDA margin of 11.1%, (120) bps y/y, mainly impacted by soft revenue growth and higher selling expenses

Priorities for 2023

- Strong focus on **cost discipline** to increase operational leverage
- Continue to **expand our presence** by scaling our distribution channels, driving growth within medium and small client segments
- Continue to **build an end-to-end value proposition** of software and integrated financial services in select verticals and segments
- **Streamline software assets** to increase strategic focus
- **Expand our TAM** by entering in new retail verticals through M&A

Strategic positioning

- **End-to-end integrated** retail software and financial services provider in Brazil offering a complete portfolio of mission-critical management solutions

Costs & Expenses

Quarter Highlights

- **Cost of Services:** increased q/q driven by higher investments in technology
- **Administrative:** efficiency gains q/q in administrative functions
- **Selling expenses:** gained operating leverage q/q driven by higher provisions for variable compensation in 4Q22, partially compensated by higher marketing expenses and sales commissions
- **Financial expenses:** flat as a % of revenue mainly due to our decision to conservatively hold a higher average cash position given market dynamics
- **Other income (expenses), net:** decreased q/q mostly due to impairment of proprietary operational software and write-off of some non-core assets in 4Q22, which did not repeat this quarter

Adjusted Costs and Expenses - Consolidated[1]

R$mn	1Q22	2Q22	3Q22	4Q22	1Q23	Δ% y/y	Δ% q/q
Total Revenue	2,070.3	2,304.1	2,508.4	2,706.1	2,711.7	31.0%	0.2%
Cost of services	**(674.4)**	**(626.2)**	**(671.3)**	**(698.0)**	**(721.3)**	**7.0%**	**3.3%**
% of revenue	(32.6%)	(27.2%)	(26.8%)	(25.8%)	(26.6%)	600 bps	(80) bps
Administrative expenses	**(214.8)**	**(231.6)**	**(251.8)**	**(296.5)**	**(262.5)**	**22.2%**	**(11.5%)**
% of revenue	(10.4%)	(10.1%)	(10.0%)	(11.0%)	(9.7%)	70 bps	130 bps
Selling expenses	**(383.7)**	**(335.9)**	**(385.4)**	**(406.1)**	**(389.9)**	**1.6%**	**(4.0%)**
% of revenue	(18.5%)	(14.6%)	(15.4%)	(15.0%)	(14.4%)	410 bps	60 bps
Financial expenses, net	**(702.1)**	**(945.6)**	**(932.2)**	**(903.4)**	**(908.9)**	**29.5%**	**0.6%**
% of revenue	(33.9%)	(41.0%)	(37.2%)	(33.4%)	(33.5%)	40 bps	(10) bps
Other income (expenses), net	**(25.8)**	**(87.6)**	**(100.2)**	**(126.1)**	**(104.1)**	**303.7%**	**(17.5%)**
% of revenue	(1.2%)	(3.8%)	(4.0%)	(4.7%)	(3.8%)	(260) bps	90 bps

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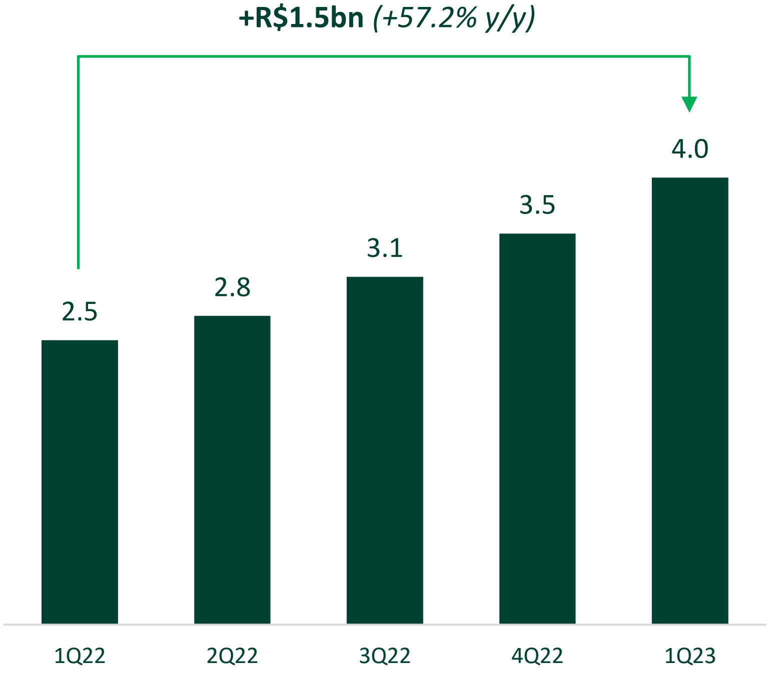
Cash Generation

Quarter Highlights

Adjusted net cash[1] position increased R$1.5bn y/y, with a positive evolution of +R$499mn q/q. The quarterly evolution is mostly explained by:

- +R$533mn of cash net income[2]
- +R$218mn from the sale of StoneCo's stake in Banco Inter
- +R$92mn from the non-cash effect from fair value adjustment to accounts receivable from card issuers
- +R$23mn from changes in taxes payable and recoverable taxes
- +R$27mn of prepaid expenses
- R$(416)mn of Capex

Adjusted Net Cash Position



1) Adjusted Net Cash is a non-IFRS financial metric and consists of the following items: (i) Adjusted Cash: Cash and cash equivalents, Short-term investments, Accounts receivable from card issuers, Financial assets from banking solution and Derivative financial instrument; minus (ii) Adjusted Debt: Obligations with banking customers, Accounts payable to clients, Loans and financing, Obligations to FIDC quota holders and Derivative financial instrument. Please refer to our earnings release for historical metrics.
2) Cash Net Income is our IFRS net income plus non-cash income and expenses, as reported in our statement of cash flows.

2Q23 Outlook

Total Revenue[1]	MSMB TPV	Adj EBT[2]
Above	Between	Above
R$2,875mn	**R$83bn** and **R$84bn**	**R$375mn** (not adjusting for SBC and compares with R$324mn for 1Q23)
+6.0% q/q *+24.8% y/y*	*+5.2% to 6.4% q/q* *+18.8% to 20.2% y/y*	*+15.7% q/q* *+394.4% y/y*

1) Total Revenue and Income.
2) 2Q23 Guidance of Adjusted EBT is presented on a comparable basis, not adjusting for both the bond and share-based compensation (SBC) expenses, according to our current adjustment criteria.

Summary **Statement of Consolidated Profit and Loss**

	Statement of Profit and Loss					Adjusted Statement of Profit and Loss[1]				
R$mn	1Q23	% Rev	1Q22	% Rev	Δ% y/y	1Q23	% Rev	1Q22	% Rev	Δ% y/y
Net revenue from transaction activities and other services	733.1	27.0%	554.9	26.8%	32.1%	733.1	27.0%	554.9	26.8%	32.1%
Net revenue from subscription services and equipment rental	445.1	16.4%	432.2	20.9%	3.0%	445.1	16.4%	432.2	20.9%	3.0%
Financial income	1,375.0	50.7%	949.8	45.9%	44.8%	1,375.0	50.7%	949.8	45.9%	44.8%
Other financial income	158.4	5.8%	133.4	6.4%	18.7%	158.4	5.8%	133.4	6.4%	18.7%
Total revenue and income	**2,711.7**	100.0%	**2,070.3**	100.0%	**31.0%**	**2,711.7**	100.0%	**2,070.3**	100.0%	**31.0%**
Cost of services	(721.3)	(26.6%)	(674.4)	(32.6%)	7.0%	(721.3)	(26.6%)	(674.4)	(32.6%)	7.0%
Administrative expenses	(298.0)	(11.0%)	(238.2)	(11.5%)	25.1%	(262.5)	(9.7%)	(214.8)	(10.4%)	22.2%
Selling expenses	(389.9)	(14.4%)	(383.7)	(18.5%)	1.6%	(389.9)	(14.4%)	(383.7)	(18.5%)	1.6%
Financial expenses. net	(923.6)	(34.1%)	(708.2)	(34.2%)	30.4%	(908.9)	(33.5%)	(702.1)	(33.9%)	29.5%
Mark-to-market on equity securities designated at FVPL	30.6	1.1%	(323.0)	(15.6%)	n.m.	0.0	0.0%	0.0	0.0%	n.a.
Other operating income (expense), net	(101.5)	(3.7%)	(31.8)	(1.5%)	218.9%	(104.1)	(3.8%)	(25.8)	(1.2%)	303.7%
Gain (loss) on investment in associates	(1.0)	(0.0%)	(0.7)	0.0%	51.0%	(1.0)	0.0%	(0.7)	0.0%	51.1%
Profit before income taxes (EBT)	**306.8**	11.3%	**(289.8)**	(14.0%)	**n.m.**	**324.0**	11.9%	**68.8**	3.3%	**370.8%**
Income tax and social contribution	(81.1)	(3.0%)	(23.2)	(1.1%)	249.8%	(87.4)	(3.2%)	(26.3)	(1.3%)	232.9%
Net income for the period	**225.7**	8.3%	**(313.0)**	(15.1%)	**n.m.**	**236.6**	8.7%	**42.6**	2.1%	**455.9%**

1) Our adjusted numbers no longer include the financial expenses related to our bond and expenses related to share-based compensation. Those changes may affect the comparability of our adjusted results between different quarters. For that reason, our Adjusted P&L metrics are presented on a comparable basis, not adjusting for both the bond and share-based compensation expenses, according to our current adjustment criteria, unless otherwise noted. Please refer to our earnings release for historical metrics with and without share-based compensation adjustments.

Adjusted Net Income Reconciliation and EPS (Non-IFRS)

Net Income Bridge (R$mn)[1]	1Q22	2Q22	3Q22	4Q22	1Q23
Net income (loss) for the period	**(313.0)**	**(489.3)**	**197.1**	**78.8**	**225.7**
Amortization of fair value adjustment [2]	24.9	46.5	32.2	35.0	33.7
Mark-to-market related to the investment in Banco Inter [3]	323.0	527.1	(111.5)	114.5	(30.6)
Other expenses [4]	10.8	(14.4)	(0.9)	(13.4)	14.1
Tax effect on adjustments	(3.1)	(14.2)	(8.5)	(11.1)	(6.3)
Adjusted net income	**42.6**	**55.8**	**108.3**	**203.8**	**236.6**
Weighted Average Number of Shares (diluted) (mn of shares)	310.3	312.2	323.9	324.6	324.9
IFRS basic EPS (R$) [5]	(1.01)	(1.56)	0.65	0.25	0.72
Adjusted Diluted EPS (R$) [6]	**0.14**	**0.18**	**0.35**	**0.63**	**0.73**

1) To allow for better understanding of our business performance trends, this table refers to our Adjusted Statement of Profit and Loss metrics not adjusting for the bond and share-based compensation expenses for comparability purposes. Please refer to our earnings release for historical metrics with and without share-based compensation adjustments.
2) Related to acquisitions. Consists of expenses resulting from the changes of the fair value adjustments as a result of the application of the acquisition method.
3) From 2Q22 onwards we no longer adjust the financial expenses related to our bond, which may affect the comparability of our Adjusted results between our numbers from 2Q22 onwards and our numbers from prior periods. For comparability purposes, we have included in this line only the mark-to-market from the investment in Banco Inter in both our current and historical numbers, thus not adjusting the bond expenses.
4) Consists of the fair value adjustment related to associates call option, earn-out and earn-out interests related to acquisitions and reversal of litigation of Linx.
5) Calculated as Net income attributable to owners of the parent (Net Income reduced by Net Income attributable to Non-Controlling interest) divided by basic number of shares. For more details on calculation, please refer to Note 13 of our Consolidated Financial Statements, March 31st, 2023.
6) Calculated as Adjusted Net income attributable to owners of the parent (Adjusted Net Income reduced by Adjusted Net Income attributable to Non-Controlling interest) divided by diluted number of shares.

Historical **Accounting P&L**

Statement of Profit or Loss (R$mn)	1Q22	2Q22	3Q22	4Q22	1Q23	Δ% y/y
Net revenue from transaction activities and other services	554.9	606.9	677.8	777.8	733.1	32.1%
Net revenue from subscription services and equipment rental	432.2	437.8	426.4	464.6	445.1	3.0%
Financial income	949.8	1,105.0	1,251.6	1,331.6	1,375.0	44.8%
Other financial income	133.4	154.4	152.7	132.1	158.4	18.7%
Total revenue and income	**2,070.3**	**2,304.1**	**2,508.4**	**2,706.1**	**2,711.7**	**31.0%**
Cost of services	(674.4)	(626.2)	(671.3)	(698.0)	(721.3)	7.0%
Administrative expenses	(238.2)	(272.0)	(283.9)	(327.2)	(298.0)	25.1%
Selling expenses	(383.7)	(335.9)	(385.4)	(406.1)	(389.9)	1.6%
Financial expenses. net	(708.2)	(954.7)	(940.3)	(911.5)	(923.6)	30.4%
Mark-to-market on equity securities designated at FVPL	(323.0)	(527.1)	111.5	(114.5)	30.6	n.m.
Other operating income (expense). net	(31.8)	(70.3)	(91.3)	(109.0)	(101.5)	218.9%
Gain (loss) on investment in associates	(0.7)	(1.3)	(1.2)	(0.3)	(1.0)	51.0%
Profit before income taxes	**(289.8)**	**(483.4)**	**246.5**	**139.4**	**306.8**	**n.m.**
Income tax and social contribution	(23.2)	(5.9)	(49.4)	(60.6)	(81.1)	249.8%
Net income for the period	**(313.0)**	**(489.3)**	**197.1**	**78.8**	**225.7**	**n.m.**
Adjusted Net Income (not adjusting for the bond and SBC[1])	**42.6**	**55.8**	**108.3**	**203.8**	**236.6**	455.9%

1) Our adjusted numbers no longer include the financial expenses related to our bond and expenses related to share-based compensation. Those changes may affect the comparability of our adjusted results between different quarters. For that reason, our Adjusted P&L metrics are presented on a comparable basis, not adjusting for both the bond and share-based compensation expenses, according to our current adjustment criteria, unless otherwise noted. Please refer to our earnings release for historical metrics with and without share-based compensation adjustments.

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