

FIRST QUARTER OF 2018 RESULTS

São Paulo, May 07, 2018. Linx S.A. (B3: LINX3; Bloomberg: LINX3:BZ e Reuters: LINX3.SA), announces its consolidated results for the first quarter of 2018 (1Q18). The Company's operating and financial information is presented based on consolidated figures, as per the Brazilian Corporate Law (Lei das S.A.) and accounting practices issued by the Accounting Pronouncements Committee (CPC) and International Financial Reporting Standards (IFRS).

About the shares

(May 04, 2018)

Market Cap

R\$3.6 billion on 05/04/18

Equity

166,212,210 shares

Performance

Since the IPO: +139.1%

Conference call

(with simultaneous translation into English)

Tuesday, May 08, 2018

11:00 am (BR), 10:00 am (EST)

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HIGHLIGHTS

- ✦ Recurring revenues grew 19.4% compared to 1Q17 and represented 85% of total gross revenues. The proforma organic growth of recurring revenues reached 12% over the previous year.
- ✦ Net revenues grew 18.1% over 1Q17.
- ✦ Adjusted EBITDA grew 18.8% compared to 1Q17, with adjusted EBITDA margin of 25.2% in the quarter.
- ✦ Net income reached R\$26.5 million in the quarter, +55.0% over the 4Q17.

RECENT EVENTS

- ✦ Único acquisition: multi-channel promotions and loyalty management solutions that are fully based on the cloud and reinforce the Company's engagement and CRM offerings. Único estimated gross sales for 2018 are BRL 7.0 million. Linx paid BRL 16.0 million in one installment and, additionally, subject to the achievement of financial and operating targets, Linx could pay up to BRL 9.0 million between the years 2018 and 2020.
- ✦ Itec acquisition: development and commercialization of management software for drugstores. Itec gross sales in the last 12 months was R\$10.5 million. Linx paid BRL 16.4 million in one installment and, additionally, subject to the achievement of financial and operating targets, Linx could pay up to BRL 9.1 million between the years 2018 and 2020.

(R\$ '000)	1Q18	1Q17	Δ%	4Q17	Δ%
Recurring revenues	154,513	129,401	19.4%	147,622	4.7%
Services revenues	27,410	23,940	14.5%	34,496	-20.5%
Gross operating revenues (GOR)	181,923	153,341	18.6%	182,118	-0.1%
Net operating revenues (NOR)	158,410	134,090	18.1%	157,437	0.6%
EBITDA	47,592	34,748	37.0%	40,442	17.7%
EBITDA margin	30.0%	25.9%	410 bps	25.7%	430 bps
Adjusted EBITDA margin	25.2%	25.1%	10 bps	25.0%	20 bps
Net income	26,452	26,706	-1.0%	17,071	55.0%

OPERATING AND FINANCIAL RESULTS

OPERATING PERFORMANCE

At the end of 1Q18, the client **renewal rate** reached 99.1%. Additionally, the Company's largest client represented 3.2% of recurring revenues and the top 100 represented 30.7%. The high renewal rate and low customer concentration reflect the broad, diversified and loyal customer base of the Company.

OPERATING REVENUE

(R\$ '000)	1Q18	1Q17	Δ%	4Q17	Δ%
Recurring revenues	154,513	129,401	19.4%	147,622	4.7%
Revenues from services	27,410	23,940	14.5%	34,496	-20.5%
Gross operating revenues	181,923	153,341	18.6%	182,118	-0.1%
Sales tax	(17,867)	(15,423)	15.8%	(17,346)	3.0%
Cancellations and rebates	(5,646)	(3,828)	47.5%	(7,335)	-23.0%
Net operating revenues	158,410	134,090	18.1%	157,437	0.6%

In this quarter we perceived an even more positive business environment in different retail verticals we operate, contributing to Linx's growth, despite the accumulated IGPM close to zero in the last 12 months. The Software as a Service (SaaS) initiatives continue to be the main driver of organic growth, especially fintech (payments) and NFC-e (electronic tax receipt) that continue to have significant levels of adoption and also the Order Management System (OMS) solution, an engine related to the Omnichannel, which is already adopted by two large national retailers and was recently hired by two other retailers who are also part of the shopping vertical. It is important to mention that we started to consolidate Percycle's results as of January 2018 and Itec's results as of March 2018.

In 1Q18, **recurring revenues** reached R\$154.5 million, a growth of 19.4% over 1Q17 and 4.7% compared to 4Q17, representing 85% of gross operating revenues. This result demonstrates the resiliency of the business model based on recurring revenues, SaaS (such as ETF, NFC-e, advertising, reengagement, among others), lock-in with the client base and diversification in terms of verticals, geographies and portfolio.

Service revenues reached R\$27.4 million in the quarter, 14.5% higher than 1Q17, mainly explained by the acquisitions made in the period. In addition, the deceleration of service revenues is explained by the change in the recognition of service revenues from Synthesis in order to align with the methodology used by Linx. When compared to 4Q17, services revenues decreased 20.5% as a result of the level of store openings in the previous quarter, a seasonal effect close to Christmas.

Deferred revenues in the short and long term in the balance sheet totaled R\$62.4 million by the end of 1Q18 (service revenues already invoiced, but not recognized, given that the service has not yet been delivered). In the following months, as services are delivered, these revenues will be fully recognized. The main reason for the increase over 4Q17 and 1Q17 is explained by the implementation of IFRS15.

RESULTS

1Q18



GROSS INCOME

(R\$ '000)	1Q18	1Q17	Δ%	4Q17	Δ%
Cost of sold service	(44,935)	(40,500)	11.0%	(45,149)	-0.5%
% NOR	28.4%	30.2%	-180 bps	28.7%	-30 bps
Gross profit	113,475	93,590	21.2%	112,288	1.1%
Gross margin	71.6%	69.8%	180 bps	71.3%	30 bps

The **gross margin** was 71.6% in the 1Q18, a growth of 30 bps in comparison with 4Q17 and 180 bps versus 1Q17. These evolutions are mainly explained by the increased operational efficiency in the period, despite recent acquisitions and accounting reclassifications in between “cost of sold service” and “operating expenses”. This is connected to organizational changes made during the quarter as a result of the evolution of Linx’s strategy to become a business platform. These changes are focused on leveraging the SaaS offers, monetizing existing assets such as Big Data and payments, and evolving the customer experience with the Company to become frictionless.

OPERATING EXPENSES

(R\$ '000)	1Q18	1Q17	Δ%	4Q17	Δ%
Operating expenses	(84,313)	(74,243)	13.6%	(89,726)	-6.0%
General and administrative expenses	(35,820)	(28,271)	26.7%	(33,509)	6.9%
% NOR	22.6%	21.1%	150 bps	21.3%	130 bps
Depreciation and amortization	(18,430)	(15,401)	19.7%	(17,880)	3.1%
% NOR	11.6%	11.5%	10 bps	11.4%	20 bps
Selling expenses	(22,059)	(16,567)	33.2%	(20,663)	6.8%
% NOR	13.9%	12.4%	150 bps	13.1%	80 bps
Research and development	(16,207)	(15,980)	1.4%	(16,874)	-4.0%
% NOR	10.2%	11.9%	-170 bps	10.7%	-50 bps
Other operating expenses, net	8,203	1,976	315.1%	(800)	n.a.
% NOR	5.2%	1.5%	370 bps	0.5%	470 bps
Income before financial income (expenses) and taxes	29,162	19,347	50.7%	22,562	29.3%

General and administrative expenses increased 150 bps versus 1Q17, as a percentage of net operating revenues (NOR). In comparison with 4Q17, general and administrative expenses were 130 bps higher as a percentage of NOR. These evolutions are mainly explained by: (i) advanced payment of the collective bargaining agreement in São Paulo, where most of the administrative team is located; (ii) accounting reclassifications in between “cost of sold service” and “general and administrative expenses” as a consequence of organizational changes made during 1Q18, as explained in the “gross income” section; and (iii) Percycle and Itec consolidation in January and March 2018, respectively.

Depreciation and amortization expenses, remained virtually unchanged as a percentage of NOR when compared to 1Q17 and 4Q17, increasing 10 bps and 20 bps, respectively. The schedule of accounting goodwill amortization is in the attachment V.

In the 1Q18, **sales and marketing expenses**, as a percentage of NOR, increased 150 bps compared to 1Q17 and 80 bps over 4Q17. These evolutions are mainly explained by: (i) accounting reclassifications in between “cost of sold service” and “sales and marketing expenses” as a consequence of organizational changes made during 1Q18, as explained above; (ii) higher expenses with channels in some verticals in which this sales model is more relevant and has accelerated in the last quarters, such as Gas Stations; and (ii) Percycle and Itec consolidation in January and March 2018, respectively.

RESULTS

1Q18



Research and development expenses (R&D), as a percentage of NOR, decreased 170 bps over 1Q17 and 50 bps versus 4Q17. These evolutions are mainly explained by the increase of operational efficiency, arising from synergies generated by acquisitions made in the past.

In the 1Q18, R\$9.2 million in **research and development expenses** were capitalized. The main innovation investment is the Omnichannel platform, recently reinforced by the OMS (Order Management System) solution. Furthermore, Linx has been investing to enter into new markets, reach new types of clients, taking advantage of opportunities generated by cloud, big data and intelligence.

EBITDA AND EBITDA MARGIN

(R\$ '000)	1Q18	1Q17	Δ%	4Q17	Δ%
Net revenues	158,410	134,090	18.1%	157,437	0.6%
Cost of sold services	(44,935)	(40,500)	11.0%	(45,149)	-0.5%
Gross profit	113,475	93,590	21.2%	112,288	1.1%
Operating expenses	(84,313)	(74,243)	13.6%	(89,726)	-6.0%
EBIT	29,162	19,347	50.7%	22,562	29.3%
Depreciation and amortization	18,430	15,401	19.7%	17,880	3.1%
EBITDA	47,592	34,748	37.0%	40,442	17.7%
EBITDA margin	30.0%	25.9%	410 bps	25.7%	430 bps

(R\$ '000)	1Q18	1Q17	Δ%	4Q17	Δ%
EBITDA	47,592	34,748	37.0%	40,442	17.7%
Net partial Earn-outs reversion	(7,664)	(2,109)	263.4%	(1,134)	575.8%
Expenses with the move of SP and Recife branches	-	957	n.a.	-	n.a.
Adjusted EBITDA	39,928	33,596	18.8%	39,308	1.6%
Adjusted EBITDA margin	25.2%	25.1%	10 bps	25.0%	20 bps

In this quarter there was a partial earn-out reversion of acquired companies, not totally reached, in the total amount of R\$7.7 million. As a result, adjusted **EBITDA** reached R\$39.9 million in 1Q18, +18.8% in comparison with 1Q17 and +1.6% over 4Q17.

Adjusted **EBITDA margin** reached 25.2% in the quarter, a little higher than 1Q17 and 4Q17, even with the advanced payment of the collective bargaining agreement in São Paulo and the acquisitions in the period.

FINANCIAL RESULT

(R\$ '000)	1Q18	1Q17	Δ%	4Q17	Δ%
Net financial result	3,697	14,559	-74.6%	3,425	7.9%
Financial income	12,045	21,135	-43.0%	10,204	18.0%
Financial expenses	(8,348)	(6,576)	26.9%	(6,779)	23.1%
Income before taxes	32,859	33,906	-3.1%	25,987	26.4%

Net financial result was R\$3.7 million in 1Q18, a deceleration of 74.6% over 1Q17. This performance reflects the CDI reduction in the period and a lower cash position as a result of the acquisitions made in the period. In comparison with 4Q17, net financial result increased 7.9% due to the exchange rate variation over the cash used in the acquisition of Synthesis.

INCOME AND SOCIAL CONTRIBUTION TAX

(R\$ '000)	1Q18	1Q17	4Q17
Income before income and social contribution taxes	32,859	33,906	25,987
Combined statutory rates	34%	34%	34%
Income and social contribution taxes			
Calculated at combined statutory rate	(11,172)	(11,528)	(8,836)
Permanent differences			
Law 11,196/05 (Research and development subsidies)	2,444	2,045	2,171
Payment of interest on own capital	-	-	2,380
Difference of income and social contribution taxes (presumed profit regime)	(571)	1,524	266
Other net differences	2,892	759	(4,897)
Deferred income and social contribution taxes	(4,743)	(2,893)	(3,675)
Current income and social contribution taxes	(1,664)	(4,307)	(5,241)
Current income and social contribution rate	5%	13%	20%
Total income and social contribution rate	19%	21%	34%

The **current spending on income and social contribution taxes**, i.e. the ones that actually affected the Company's net cash position, amounted to R\$1.7 million in 1Q18 with a current rate of 5%. The total current rate, which includes deferred and current taxes was 19% in the quarter, lower than the 4Q17. The decrease of the total tax rate in comparison to the last quarter is mainly explained by the non-recurrent effect related to Linx's international operation taxes occurred in the 4Q17.

NET INCOME AND CASH EARNINGS

(R\$ '000)	1Q18	1Q17	Δ%	4Q17	Δ%
Net income	26,452	26,706	-1.0%	17,071	55.0%
Acquisitions amortization	6,927	5,383	28.7%	7,260	-4.6%
Deferred income and social contribution taxes	4,743	2,893	63.9%	3,675	29.1%
Cash earnings	38,122	34,982	9.0%	28,006	36.1%

The **net income** in the 1Q18 was R\$26.5 million, 1.0% lower than the R\$26.7 million in the 1Q17 and +55.0% in comparison with 4Q17. In the quarter, cash earnings reached R\$38.1 million, an increase of 9.0% versus 1Q17 as a result of the acquisitions made in the period, and +36.1% compared to 4Q17.

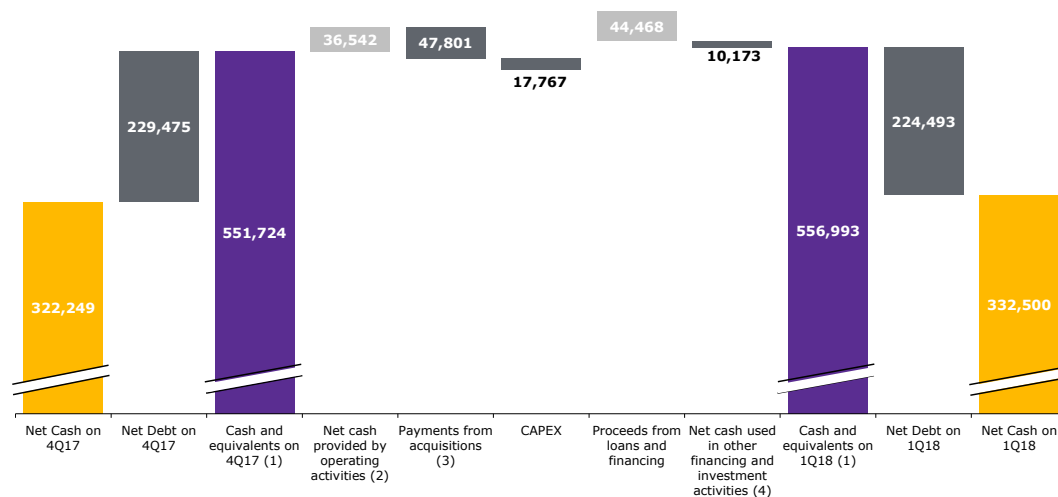
CASH GENERATION AND NET CASH

In 1Q18, the Company increased its **cash** position by R\$5.3 million, ending the quarter with a cash balance of R\$557.0 million, mainly explained by the cash generation in the period. The average yield on the cash position in the quarter was 98.6% of CDI.

The Company's **gross debt** at the end of the 1Q18 was R\$224.5 million, -2.2% over 4Q17, being comprised of R\$132.4 million in BNDES loans and R\$92.1 million in accounts payable for the acquisitions of assets and subsidiaries. The average debt cost in the quarter was 107.8% of CDI.

The Company's **net cash** in 1Q18 was R\$332.5 million. For a view of the total cash flow (cash and equivalents + financial investments), follows the statement of the total cash flow in attachment III.


Graph 12: 1Q18 Cash flow (R\$ '000)

**Composition:**

- (1) The sum of Cash and Financial Investments.
- (2) Income from the sale of fixed and intangible assets.
- (3) Acquisition of subsidiaries, net of cash acquired and payment of accounts payable of acquisitions from subsidiaries.
- (4) Payments from loans and capital increase, interest earnings from bank deposits and arise from interest earnings from bank deposits of the Balance Sheet.

RESULTS

1Q18


 ATTACHMENT I – INCOME STATEMENT

R\$ '000	1Q18	1Q17	Δ%	4Q17	Δ%
Recurring revenues	154,513	129,401	19.4%	147,622	4.7%
Services revenues	27,410	23,940	14.5%	34,496	-20.5%
Gross operating revenues	181,923	153,341	18.6%	182,118	-0.1%
Sales taxes	(17,867)	(15,423)	15.8%	(17,346)	3.0%
Cancellations and rebates	(5,646)	(3,828)	47.5%	(7,335)	-23.0%
Net operating revenues	158,410	134,090	18.1%	157,437	0.6%
Cost of sold services	(44,935)	(40,500)	11.0%	(45,149)	-0.5%
Gross profit	113,475	93,590	21.2%	112,288	1.1%
Operating expenses	(84,313)	(74,243)	13.6%	(89,726)	-6.0%
General and administrative expenses	(54,250)	(43,672)	24.2%	(51,389)	5.6%
Selling expenses	(22,059)	(16,567)	33.2%	(20,663)	6.8%
Research and development	(16,207)	(15,980)	1.4%	(16,874)	-4.0%
Other operating expenses, net	8,203	1,976	315.1%	(800)	n.a.
Income before financial income (expenses) and taxes	29,162	19,347	50.7%	22,562	29.3%
Net financial result	3,697	14,559	-74.6%	3,425	7.9%
Financial revenues	12,045	21,135	-43.0%	10,204	18.0%
Financial expenses	(8,348)	(6,576)	26.9%	(6,779)	23.1%
Income before taxes	32,859	33,906	-3.1%	25,987	26.4%
Deferred income and social contribution taxes	(4,743)	(2,893)	63.9%	(3,675)	29.1%
Current income and social contribution taxes	(1,664)	(4,307)	-61.4%	(5,241)	-68.3%
Net income	26,452	26,706	-1.0%	17,071	55.0%
Acquisitions amortization	6,927	5,383	28.7%	7,260	-4.6%
Deferred income and social contribution taxes	4,743	2,893	63.9%	3,675	29.1%
Cash earnings	38,122	34,982	9.0%	28,006	36.1%

RESULTS

1Q18


 ATTACHMENT II – BALANCE SHEET

Assets	03/31/2018	12/31/2017
Cash and cash equivalents	48,749	42,918
Short-term interest earnings bank deposits	486,910	487,816
Accounts receivable	133,165	128,177
Inventories	146	140
Recoverable taxes	36,101	33,054
Other receivables	32,327	27,979
Current assets	737,398	720,084
Long-term interest earnings bank deposits	21,334	20,990
Other credits	1,978	1,485
Accounts receivable in the long term	3,040	2,952
Deferred fiscal assets	4,346	4,272
Long-term assets	30,698	29,699
Property, plant and equipment	62,147	62,332
Intangible assets	768,621	751,909
Non-current assets	861,466	843,940
Total Assets	1,598,864	1,564,024
Liabilities + Shareholders equity	03/31/2018	31/12/2017
Suppliers	10,903	8,518
Loans and financing	41,431	31,783
Labor obligations	45,678	38,869
Taxes and contributions payable	11,810	13,194
Income and social contributions taxes	1,452	485
Accounts payable from acquisition of subsidiaries	44,814	56,087
Deferred revenue	35,376	8,478
Anticipation of dividends	4,211	4,211
Other accounts payable	7,087	7,613
Current liabilities	202,762	169,238
Loans and financing	90,942	65,505
Accounts payable from acquisition of subsidiaries	45,862	74,680
Deferred tax liabilities	66,243	80,324
Deferred revenue	27,004	-
Other accounts payable	1,554	981
Provision for contingencies	3,534	2,776
Non-current liabilities	235,139	224,266
Social capital	487,474	486,032
Capital reserve	480,188	479,809
Profit reserve	175,906	186,137
Proposed additional dividends	18,789	18,789
Others comprehensive income	(1,394)	(247)
Total Shareholders Equity	1,160,963	1,170,520
Total Liabilities + Shareholders equity	1,598,864	1,564,024

RESULTS

1Q18


 ATTACHMENT III – TOTAL CASH FLOW

(R\$ '000)	1Q18	1Q17	4Q17
Cash flows from operating activities			
Net income for the year	26,452	26,706	17,071
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	18,430	15,401	17,880
Income (loss) from the sale of fixed and intangible assets	-	231	68
Allowance for doubtful accounts	89	(264)	2,964
Provision for present value adjustment	(8,961)	352	379
Stock option plan	379	653	305
Financial charges	2,669	3,659	2,698
Exchange variations	-	-	1,725
Provision for disposal of assets	8,146	-	-
Deferred taxes	4,743	2,893	3,675
Current taxes	1,664	4,307	5,241
Other	(8,997)	(3,540)	(1,313)
Provision for Contingency	758	(61)	(102)
Accumulated conversion adjustments	-	-	(247)
Comprehensive income	(1,147)	-	-
Increase (decrease) in assets			
Trade accounts receivable	(6,350)	801	(1,400)
Inventories	(6)	33	7
Recoverable taxes	(3,047)	2,048	(3,963)
Other credits and judicial deposits	(4,832)	(18,757)	7,947
Increase (decrease) in liabilities			
Suppliers	2,340	(807)	108
Labor obligations	6,652	9,601	(7,501)
Taxes and contributions payable	(1,445)	(1,827)	4,631
Deferred income	(140)	5,520	(717)
Other accounts payable	(158)	(74)	(493)
Income and social contribution taxes paid	(697)	(2,626)	(2,981)
Net cash provided by (used in) operating activities	36,542	44,249	45,982
Cash flows from investing activities			
Acquisition of PP&E	(2,559)	(5,983)	(1,187)
Acquisition of intangible assets	(15,208)	(8,236)	(10,896)
Acquisition of subsidiaries, net of cash	(14,200)	-	(47,229)
Net cash (used in) provided by investing activities	(31,967)	(14,219)	(59,312)
Cash flows from financing activities			
Proceeds from loans and financing	44,468	-	-
Payments of principal from loans and financing	(9,637)	(5,417)	(9,702)
Financial charges paid	(1,978)	(3,544)	(1,904)
Payment of accounts payable from acquisitions of subsidiaries	(33,601)	(4,423)	(4,195)
Dividends and IOC paid	-	-	(7,000)
Capital increase	1,442	2,167	-
Capital reserve	-	(4,595)	-
Net cash provided by (used in) financing activities	694	(15,812)	(22,801)
Increase (decrease) in cash and cash equivalents	5,269	14,219	(36,130)
Statement of increase (decrease) in cash and cash equivalents			
At the beginning of the period	551,724	665,448	587,854
At the end of the period	556,993	679,667	551,724
Increase (decrease) in cash and cash equivalents	5,269	14,219	(36,130)

RESULTS

1Q18


 ATTACHMENT IV – CASH FLOW

(R\$ '000)	1Q18	1Q17	4Q17
Cash flows from operating activities			
Net income for the year	26,452	26,706	17,071
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	18,430	15,401	17,880
Income (loss) from the sale of fixed and intangible assets	-	231	68
Allowance for doubtful accounts	89	(264)	2,964
Provision for present value adjustment	(8,961)	352	379
Stock option plan	379	653	305
Financial charges	2,669	3,659	2,698
Exchange variations	-	-	1,725
Provision for disposal of assets	8,146	-	-
Deferred taxes	4,743	2,893	3,675
Current taxes	1,664	4,307	5,241
Interest earnings from bank deposits	(8,157)	(20,260)	(9,326)
Earnout	(8,997)	(3,540)	(1,313)
Provision for Contingency	758	(61)	(102)
Accumulated conversion adjustments	-	-	(247)
Comprehensive income	(1,147)	-	-
Increase (decrease) in assets			
Trade accounts receivable	(6,350)	801	(1,400)
Inventories	(6)	33	7
Recoverable taxes	(3,047)	2,048	(3,963)
Other credits and judicial deposits	(4,832)	(18,757)	7,947
Increase (decrease) in liabilities			
Suppliers	2,340	(807)	108
Labor obligations	6,652	9,601	(7,501)
Taxes and contributions payable	(1,445)	(1,827)	4,631
Deferred income	(140)	5,520	(717)
Other accounts payable	(158)	(74)	(493)
Income and social contribution taxes paid	(697)	(2,626)	(2,981)
Net cash provided by (used in) operating activities	28,385	23,989	36,656
Cash flows from investing activities			
Acquisition of PP&E	(2,559)	(5,983)	(1,187)
Acquisition of intangible assets	(15,208)	(8,236)	(10,896)
Acquisition of subsidiaries, net of cash	(14,200)	-	(47,229)
Financial investments	(139,777)	(95,222)	(116,207)
Redemption of interest and financial investments	148,496	165,747	169,634
Net cash (used in) provided by investing activities	(23,248)	56,306	(5,885)
Cash flows from financing activities			
Proceeds from loans and financing	44,468	-	-
Payments of principal from loans and financing	(9,637)	(5,417)	(9,702)
Financial charges paid	(1,978)	(3,544)	(1,904)
Payment of accounts payable from acquisitions of subsidiaries	(33,601)	(4,423)	(4,195)
Dividends and IOC paid	-	-	(7,000)
Capital increase	1,442	2,167	-
Capital reserve	-	(4,595)	-
Net cash provided by (used in) financing activities	694	(15,812)	(22,801)
Increase (decrease) in cash and cash equivalents	5,831	64,484	7,970
Statement of increase (decrease) in cash and cash equivalents			
At the beginning of the period	42,918	7,227	34,948
At the end of the period	48,749	71,711	42,918
Increase (decrease) in cash and cash equivalents	5,831	64,484	7,970

 ATTACHMENT V – SCHEDULE OF GOODWILL AMORTIZATION (PPA AND FISCAL)

PPA	Amount (R\$)	Fiscal	Amount (R\$)
2Q18	(6,672,500)	2Q18	(13,878,059)
3Q18	(6,582,500)	3Q18	(13,878,059)
4Q18	(6,337,500)	4Q18	(13,878,059)
1Q19	(5,828,781)	1Q19	(13,878,059)
2Q19	(5,828,781)	2Q19	(13,878,059)
3Q19	(5,760,853)	3Q19	(12,842,914)
4Q19	(5,624,996)	4Q19	(11,492,828)
1Q20	(5,179,268)	1Q20	(11,054,065)
2Q20	(5,179,268)	2Q20	(10,552,540)
3Q20	(4,997,748)	3Q20	(9,549,492)
4Q20	(4,634,707)	4Q20	(9,549,492)
1Q21	(4,438,154)	1Q21	(9,474,539)
2Q21	(4,413,961)	2Q21	(8,782,039)
3Q21	(4,263,552)	3Q21	(8,435,789)
4Q21	(3,869,182)	4Q21	(8,435,789)
1Q22	(3,550,604)	1Q22	(8,435,789)
2Q22	(3,521,872)	2Q22	(8,435,789)
3Q22	(3,327,238)	3Q22	(7,010,302)
4Q22	(2,598,598)	4Q22	(7,010,302)
1Q23	(1,698,015)	1Q23	(5,505,982)
2Q23	(1,698,015)	2Q23	(4,165,531)
3Q23	(1,617,632)	3Q23	(4,165,531)
4Q23	(1,456,866)	4Q23	(4,165,531)
1Q24	(1,456,866)	1Q24	(4,165,531)
2Q24	(1,456,866)	2Q24	(4,165,531)
3Q24	(1,270,068)	3Q24	(4,165,531)
4Q24	(896,472)	4Q24	(2,386,916)
1Q25	(850,589)	1Q25	(1,959,099)
2Q25	(760,225)	2Q25	(1,103,466)
3Q25	(760,225)	3Q25	(1,103,466)
4Q25	(760,225)	4Q25	(367,822)
1Q26	(760,225)	1Q26	-
2Q26	(760,225)	2Q26	-

 GLOSSARY

IFRS: International Financial Reporting Standards - international standards for financial statements issued by the International Accounting Standards Board - IASB.

IGPM (general index of the market prices): Inflation index used to to update Linx's clients contracts annually.

Recurring revenues: comprise the subscription paid by the Company's customers for the use of software in the SaaS model, SaaS like (POS and ERP in the subscription model) and already include its possible updates, support and hosting service in the cloud. These revenues are recognized in the income statement on a monthly basis.

Service revenues: comprise the royalties paid by customers that are recognized in the revenue over the term of the contract and the implementation, customization and training services that are recognized in the income statement in function of their realization.

Proforma organic growth of recurring revenues: comprises the organic growth of recurring revenue of the Company and of the acquired companies. It is calculated by adding the revenue of the acquired companies to the total revenue in the period prior to acquisition.

SaaS (Software as a Service): cloud-based solutions that have a recurring subscription revenue model. Examples of SaaS solutions include ERP software in the cloud, Electronic Funds Transfer (EFT), Electronic Fiscal Receipt (NFC-e), Order Management System (OMS), advertising, re-engagement and e-commerce.

IFRS 15: effective since January 1st, 2018. IFRS15 introduces a comprehensive framework to determine when revenues are recognized and measured. As a result, royalties revenues begun to be deferred based on contractual terms, previously fully recognized.

Lei do Bem: Lei 11.196/05 - The Company benefits from tax incentives for technological research and development of technological innovations, provided by Law 11,196 of 2005, known as the Lei do Bem. Among the benefits that the Company enjoys is accelerated depreciation, by deduction as a cost or an operating expense in the computation period in which they are made, the expenditures related exclusively to technological research and technological innovation development, which explains a large part of the expenditures in depreciation and amortization of the Company. The Company also benefits from the deduction, for purposes of calculating net income, of the sum of expenditures made during the period in technological research and technological innovation development, classified as operating expenses by legislation on Corporate Income Tax.