

RESULTS

1Q19

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FIRST QUARTER OF 2019 RESULTS

São Paulo, May 02, 2019. Linx S.A. (B3: LINX3; Bloomberg: LINX3:BZ e Reuters: LINX3.SA), announces its consolidated results for the first quarter of 2019 (1Q19). 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

(April 30, 2019)

Market Cap

BRL 5.3 billion

Equity

166,308,960 shares

Performance

Since the IPO: +257,4%

Conference Call

(with simultaneous translation into English)

Friday, May 03, 2019

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

Phone: +55 11 3193 1001

or +55 11 2820 4001

Password: LINX

Investor Relations

Phone: +55 11 2103.1531

E-mail: ir@linx.com.br

Website: ir.linx.com.br

Public relations

JeffreyGroup

Phone: +55 11 3185.0838

E-mail: linx@jeffreygroup.com

HIGHLIGHTS

- ✂ **Recurring revenue** grew 16.8% compared to 1Q18, and represented 89% of total gross revenues.
- ✂ **Net revenues** grew 11.6% in comparison with 1Q18.
- ✂ **Adjusted EBITDA** grew 15.2% compared to 1Q18 adjusted EBITDA, with **Adjusted EBITDA margin** of 26.0% in the quarter.
- ✂ The **client renewal rate** in 1Q19 was 99.2%, a slight improvement over the previous quarter.

RECENT EVENT

- ✂ **Acquisition of Hiper:** software house focused on SaaS solutions for micro and small retailers with more than 15,000 active customers in 2,000 municipalities and more than 600 distribution channels. Hiper's estimated gross sales for 2019 are BRL 13.0 million. Linx paid a total of total of BRL 17.7 million in one installment. Additionally, subject to the achievement of financial and operational targets, mainly related to the penetration of TEF and Linx Pay solutions in its customer base, among others, Linx could pay up to BRL 32.3 million between the years of 2019 and 2021. This acquisition is an additional movement of Linx on its strategy to increase the penetration of TEF and Linx Pay, which represents an important growth opportunity for the Company. In this case, the rational is to increase even more Linx Pay Hub's addressable market with a differentiated value proposition by combining payment solutions with cloud management software for micro and small retailers, offered by channels with high distribution capacity.

(R\$ '000)	1Q19	1Q18	Δ%	1Q18*	4Q18	Δ%	4Q18*
Recurring revenues	180,515	154,513	16.8%	162,362	170,151	6.1%	182,638
Services revenues	21,976	27,410	-19.8%	19,561	39,604	-44.5%	27,117
Gross operating revenues (GOR)	202,491	181,923	11.3%	181,923	209,755	-3.5%	209,755
Net operating revenues (NOR)	176,805	158,410	11.6%	158,410	182,095	-2.9%	182,095
EBITDA	49,685	47,592	4.4%	47,592	44,421	11.9%	44,421
EBITDA margin	28.1%	30.0%	-190 bps	30.0%	24.4%	370 bps	24.4%
Adjusted EBITDA margin	26.0%	25.2%	90 bps	25.2%	25.1%	90 bps	25.1%
Adjusted net income	13,480	18,788	-28.3%	18,788	18,531	-27.3%	18,531
Adjusted cash earnings	24,722	30,458	-18.8%	30,458	26,399	-6.4%	26,399

*Some revenues were reclassified from services revenues to recurring revenues according to IFRS15.

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OPERATING AND FINANCIAL RESULTS

OPERATING PERFORMANCE

At the end of 1Q19, the client **renewal rate** reached 99.2%. Additionally, the Company's **largest client** represented 1.5% of recurring revenues and the **top 100** represented 29.5%. The high renewal rate and low customer concentration reflect the broad, diversified and loyal customer base of the Company.

OPERATING REVENUE

(R\$ '000)	1Q19	1Q18	Δ%	1Q18*	4Q18	Δ%	4Q18*
Recurring revenues	180,515	154,513	16.8%	162,362	170,151	6.1%	182,638
Services Revenues	21,976	27,410	-19.8%	19,561	39,604	-44.5%	27,117
Sales tax	(19,749)	(17,867)	10.5%	(17,867)	(21,189)	-6.8%	(21,189)
Cancellations and rebates	(5,937)	(5,646)	5.2%	(5,646)	(6,471)	-8.3%	(6,471)
Net operating revenues	176,805	158,410	11.6%	158,410	182,095	-2.9%	182,095

*Some revenues were reclassified from services revenues to recurring revenues according to IFRS15.

In this quarter, Linx's growth has remained concentrated in a largest share of wallet of the customer base in our end-to-end platform, including Linx Digital offerings, highlighting the Order Management System (OMS) solution, that already has ten customers in different stages of deployment, and the e-commerce platform with around 1,000 active websites. In addition, Linx Pay Hub offers continue to grow, supported mainly by the strong adoption of TEF. We emphasize that both Linx Digital and Linx Pay Hub already represent 13% of recurring revenue.

In 1Q19, **recurring revenues** reached BRL 180.5 million, +16.8% over 1Q18, representing 89% of gross operating revenues. This increase demonstrates the resilience of the business model based on recurring revenues, SaaS and the new operations of Linx Digital and Linx Pay Hub, which has growth above the Company average, solutions that also reinforce customer base lock-in. In addition, we had adjustments between recurrent and services revenues as a result of the allocation of royalties revenues.

Services revenues reached BRL 22.0 million in the quarter, -19.8% compared to 1Q18, mainly due to allocation of royalties revenues. On the other hand, we had an increase in the number and size of deployment projects in the period, mainly related to OMS software. In relation to 4Q18, services revenues decreased 44.5% due to a lower number of customer projects in the quarter, a seasonal effect focused on the Black Friday and Christmas period, and the revenues allocation previously mentioned.

Deferred revenues in the short and long term in the balance sheet totaled BRL 54.8 million by the end of 1Q19 (services 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 duly recognized.

OPERATING EXPENSES

(R\$ '000)	1Q19	1Q18	Δ%	4Q18	Δ%
Operating expenses	176,805	158,410	11.6%	182,095	-2.9%
Cost of services provided	(46,923)	(44,935)	4.4%	(51,887)	-9.6%
% NOR	26.5%	28.4%	-180 bps	28.5%	-200 bps
General and administrative expenses	(32,690)	(35,820)	-8.7%	(31,987)	2.2%
% NOR	18.5%	22.6%	-410 bps	17.6%	90 bps
Depreciation and amortization	(24,348)	(18,430)	32.1%	(20,729)	17.5%
% NOR	13.8%	11.6%	210 bps	11.4%	240 bps
Selling expenses	(35,325)	(22,059)	60.1%	(32,081)	10.1%
% NOR	20.0%	13.9%	610 bps	17.6%	240 bps
Research and development	(18,372)	(16,207)	13.4%	(19,263)	-4.6%
% NOR	10.4%	10.2%	20 bps	10.6%	-20 bps
Other operating expenses, net	6,190	8,203	-24.5%	(2,456)	n.a.
% NOR	3.5%	5.2%	-170 bps	1.3%	220 bps
Income before financial income (expenses) and taxes	25,337	29,162	-13.1%	23,692	6.9%

Cost of services provided reached BRL 46.9 million in 1Q19, + 4.4% in relation to 1Q18, mainly due to the payment of the collective bargaining agreement in São Paulo. In relation to 4Q18, there was a decrease of 9.6% explained mainly by the higher concentration of costs linked to the BlackFriday and Christmas campaigns performed with our Digital tools in the previous quarter. As a result, the gross margin was 73.5% in the quarter, 190 bps higher than in 1Q18 and +200 bps in comparison with 4Q18.

General and administrative expenses reduced 410 bps as a percentage of NOR compared to 1Q18. This evolution were due to the increase in operating efficiency, arising from synergies related to the acquisitions that occurred in the past and in a lower scale, due to the adoption of IFRS16. Compared to 4Q18, general and administrative expenses increased 90 bps as a percentage of NOR explained mainly by (i) the collective bargaining agreement in São Paulo, where most of the Company's management team is located; and (ii) an one-off event related to labor contingencies arising from an acquired company.

Depreciation and amortization expenses, as a percentage of NOR, increased by 210 bps and 240 bps as a percentage of NOR in comparison with 1Q18 and 4Q18, respectively. These evolutions occurred in function of the IFRS16. The schedule of accounting goodwill amortization is in the attachment V.

In the 1Q19, **sales and marketing expenses**, as percentage of NOR, increased 610 bps and 240 bps compared to 1Q18 and 4Q18, respectively. These variations were mainly due to more intense investments in the last year in the sales teams, mainly in the qualification of Linx Core and Franchises teams. This is related to the cross selling of new products linked to the Linx Digital and Linx Pay platforms.

The **research and development expenses** (R&D), when compared as percentual of NOR, presented a slight increase of 20 bps in relation to 1Q18 due to the hiring to the position of vice president of R&D, position that was vacant since the organizational restructuring occurred in July 2018 that resulted in the relocation of Gilsinei Hansen to the position of VP of Linx Core. When compared to 4Q18, R&D expenses decreased 20 bps as a percentage of NOR, due to the increase in operating efficiency, arising from synergies related to the acquisitions that occurred in the past.

In the 1Q19, BRL 10.9 million in **research and development expenses** were capitalized. The main innovation investments at the moment are in Pay Hub and Digital areas, reinforced by OMS (Order Management System) and e-commerce solutions. 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)	1Q19	1Q18	Δ%	4Q18	Δ%
Net revenues	176,805	158,410	11.6%	182,095	-2.9%
Cost of services provided	(59,999)	(44,935)	33.5%	(51,887)	15.6%
Operating expenses	(91,469)	(84,313)	8.5%	(106,516)	-14.1%
EBIT	25,337	29,162	-13.1%	23,692	6.9%
Depreciation and amortization	24,348	18,430	32.1%	20,729	17.5%
EBITDA	49,685	47,592	4.4%	44,421	11.9%
EBITDA margin	28.1%	30.0%	-190 bps	24.4%	370 bps

(R\$ '000)	1Q19	1Q18	Δ%	4Q18	Δ%
EBITDA	49,685	47,592	4.4%	44,421	11.9%
Net partial earn-outs reversion	(3,700)	(7,664)	-51.7%	(5,000)	-26.0%
Adjustment in rental contract	-	-	n.a.	6,313	n.a.
Adjusted EBITDA	45,985	39,928	15.2%	45,734	0.5%
Adjusted EBITDA margin	26.0%	25.2%	90 bps	25.1%	90 bps

Adjusted EBITDA reached BRL 46.0 million in the 1Q19, +15.2% and +0.5% compared to 1Q18 and 4Q18, respectively.

Adjusted EBITDA margin reached 26.0% in the quarter, +90 bps in relation to 1Q19 and 4Q18. These evolutions are explained by the beginning of the operational leverage of the investments occurred in previous quarters and in Linx Pay Hub and Linx Digital structures, which continue to increase its addressable market in new geographies and markets.

✦ FINANCIAL RESULT

(R\$ '000)	1Q19	1Q18	Δ%	4Q18	Δ%
Net financial result	(1,764)	3,697	n.a.	(1,858)	-5.1%
Financial income	10,284	12,045	-14.6%	7,960	29.2%
Financial expenses	(12,048)	(8,348)	44.3%	(9,818)	22.7%
Income before taxes	23,573	32,859	-28.3%	21,834	8.0%

Net financial result was BRL -1.8 million in 1Q19, a deceleration of BRL 5.5 million over 1Q18. This evolution mainly reflects a lower net cash position due to the acquisitions and the share buyback recorded during the year, the leasing effect related to IFRS16, besides the effect of the application of IAS 29 as a consequence of inflation in Argentina exceeding 100% in the accumulated of the last 3 years. When compared to the 4Q18, net financial result remained practically stable.

INCOME AND SOCIAL CONTRIBUTION TAX

(R\$ '000)	1Q19	1Q18	4Q18
Income before income and social contribution taxes	23,573	32,859	21,834
Combined statutory rates	34%	34%	34%
Income and social contribution taxes			
Calculated at combined statutory rate	(8,015)	(11,172)	(7,424)
Permanent differences			
Permanent additions	119	402	3,187
Law 11,196/05 (Research and development subsidies)	2,124	2,444	(4,723)
Provision of interest on own capital payments	-	-	1,355
Difference of income and social contribution taxes (presumed profit regime)	(647)	(571)	591
Tax losses (compensation and composition)	(399)	(1,098)	(334)
Effects of tax rates of subsidiaries abroad	949	601	5,780
Provision for license revenues (IFRS15) and expectation of losses (IFRS09)	(2,386)	(697)	4,340
Other net differences	1,862	3,684	(7,388)
Deferred income and social contribution taxes	(4,368)	(4,743)	(708)
Current income and social contribution taxes	(2,025)	(1,664)	(3,908)
Current income and social contribution rate	9%	5%	18%
Total income and social contribution rate	27%	19%	21%

The **current spending on income and social contribution taxes**, i.e. the ones that actually affected the Company's net cash position, amounted to BRL 2.0 million in 1Q19, with a current rate of 9%. The total current rate, which includes deferred and current taxes was 27% in the quarter, higher than 1Q18 and 4Q18, due to tax rate effects of the Company's subsidiary abroad and the temporary differences generated on the effects of IFRS15 and IFRS09.

NET INCOME AND CASH EARNINGS

(R\$ '000)	1Q19	1Q18	Δ%	4Q18	Δ%
Net income	17,180	26,452	-35.1%	17,218	-0.2%
Partial Earn-outs reversion	(3,700)	(7,664)	-51.7%	(5,000)	-26.0%
Adjustment in rental contract	-	-	n.a.	6,313	n.a.
Adjusted net income	13,480	18,788	-28.3%	18,531	-27.3%
Acquisitions amortization	6,874	6,927	-0.8%	7,160	-4.0%
Deferred income and social contribution taxes	4,368	4,743	-7.9%	708	516.9%
Adjusted Cash earnings	24,722	30,458	-18.8%	26,399	-6.4%

Net income was BRL 17.2 million in 1Q19, in line with 4Q18 and 35.1% lower than 1Q18 due to higher financial expenses in the period, as explained above. When adjusted for non-recurring events, **adjusted net income** decreased 28.3% in comparison to 1Q18 and -27.3% in relation to 4Q18. Additionally, **adjusted cash earnings** was BRL 24.7 million in the quarter, -18.8% and -6.4% in relation to 1Q18 and 4Q18, respectively.

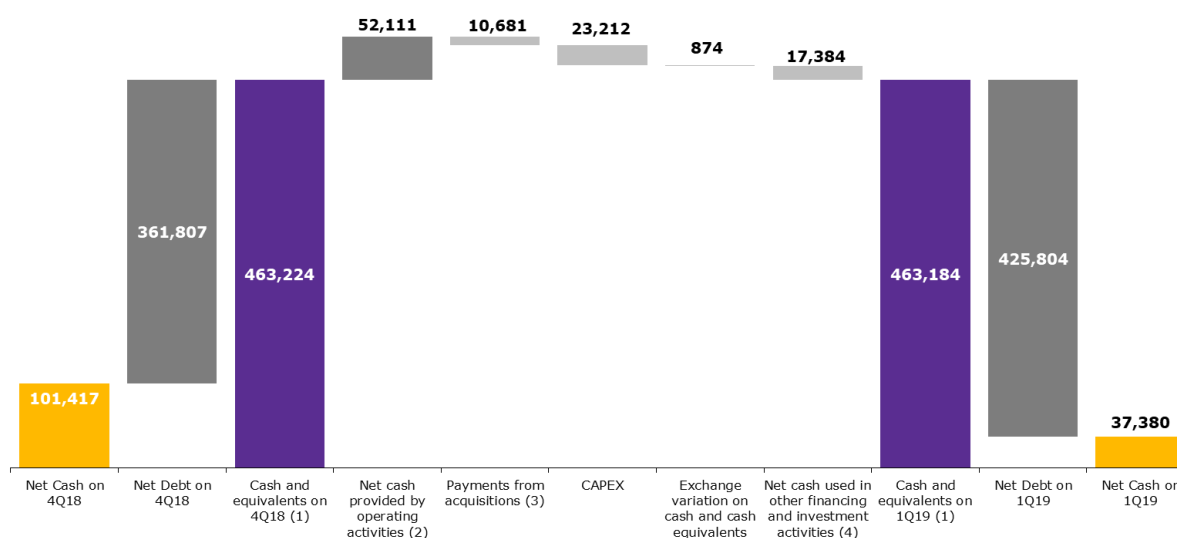
CASH GENERATION AND NET CASH

In 1Q19, the Company's **cash position** remained the same as in the previous quarter, closing the period with a balance of BRL 463.1 million and the average cash return in the quarter was 101.7% of CDI.

The Company's **gross debt** at the end of the 1Q19 was BRL 425.8 million, +17.5% over 4Q18, being comprised of BRL 239.9 million in BNDES loans, BRL 94.9 million in accounts payable for the acquisitions of assets, BRL 90.2 million in leasing related to IFRS16, since it's necessary to measure and recognize to present value the Company's leases and subsidiaries and BRL 0.7 million of other loans. The average debt cost in the quarter was 149.6% of CDI.

The Company's **net cash** in 1Q19 was BRL 37.4 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.

1Q19 Cash Flow (R\$ '000)



Notes:

- (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 and treasury stocks.

✦ ATTACHMENT I – INCOME STATEMENT

R\$ '000	1Q19	1Q18	Δ%	1Q18*	4Q18	Δ%	4Q18*
Recurring revenues	180,515	154,513	16.8%	162,362	170,151	6.1%	182,638
Services revenues	21,976	27,410	-19.8%	19,561	39,604	-44.5%	27,117
Gross operating revenues	202,491	181,923	11.3%	181,923	209,755	-3.5%	209,755
Sales taxes	(19,749)	(17,867)	10.5%	(17,867)	(21,189)	-6.8%	(21,189)
Cancellations and rebates	(5,937)	(5,646)	5.2%	(5,646)	(6,471)	-8.3%	(6,471)
Net operating revenues	176,805	158,410	11.6%	158,410	182,095	-2.9%	182,095
Cost of services provided	(59,999)	(44,935)	33.5%	(44,935)	(51,887)	15.6%	(51,887)
Gross profit	116,806	113,475	2.9%	113,475	130,208	-10.3%	130,208
Operating expenses	(91,469)	(84,313)	8.5%	(84,313)	(106,516)	-14.1%	(106,516)
General and administrative expenses	(43,962)	(54,250)	-19.0%	(54,250)	(52,716)	-16.6%	(52,716)
Selling expenses	(35,325)	(22,059)	60.1%	(22,059)	(32,081)	10.1%	(32,081)
Research and development	(18,372)	(16,207)	13.4%	(16,207)	(19,263)	-4.6%	(19,263)
Other operating expenses, net	6,190	8,203	-24.5%	8,203	(2,456)	n.a.	(2,456)
Income before financial income (expenses) and taxes	25,337	29,162	-13.1%	29,162	23,692	6.9%	23,692
Net financial result	(1,764)	3,697	n.a.	3,697	(1,858)	-5.1%	(1,858)
Financial revenues	10,284	12,045	-14.6%	12,045	7,960	29.2%	7,960
Financial expenses	(12,048)	(8,348)	44.3%	(8,348)	(9,818)	22.7%	(9,818)
Income before taxes	23,573	32,859	-28.3%	32,859	21,834	8.0%	21,834
Deferred income and social contribution taxes	(4,368)	(4,743)	-7.9%	(4,743)	(708)	516.9%	(708)
Current income and social contribution taxes	(2,025)	(1,664)	21.7%	(1,664)	(3,908)	-48.2%	(3,908)
Net income	17,180	26,452	-35.1%	26,452	17,218	-0.2%	17,218
Acquisitions amortization	6,874	6,927	-0.8%	6,927	7,160	-4.0%	7,160
Deferred income and social contribution taxes	4,368	4,743	-7.9%	4,743	708	516.9%	708
Cash earnings	28,422	38,122	-25.4%	38,122	25,086	13.3%	25,086

*Some revenues were reclassified from services revenues to recurring revenues according to IFRS15.

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✦ ATTACHMENT II – BALANCE SHEET

Asset	3/31/2019	12/31/2018
Cash and cash equivalents	49,945	49,850
Short-term interest earnings bank deposits	413,239	413,374
Accounts receivable	173,025	167,102
Recoverable taxes	31,584	35,094
Other receivables	32,696	43,407
Current assets	700,489	708,827
Accounts receivable in the long term	2,978	3,280
Deferred taxes	4,312	4,449
Other credits	7,272	7,213
Long-term assets	14,562	14,942
Property, plant and equipment	75,248	74,273
Intangible assets	958,561	849,634
Non-current assets	1,048,371	938,849
Total Assets	1,748,860	1,647,676
Liabilities + Shareholders equity	3/31/2019	12/31/2018
Suppliers	12,543	13,623
Loans and financing	54,105	40,720
Labor obligations	53,893	43,801
Taxes and contributions payable	11,400	13,455
Income and social contributions taxes	1,652	1,206
Accounts payable from acquisition of subsidiaries	49,450	57,099
Deferred revenue	41,031	40,053
Anticipation of dividends	2,764	2,764
Other liabilities	17,380	7,979
Current liabilities	244,218	220,700
Loans and financing	276,755	209,261
Labor obligations	615	-
Accounts payable from acquisition of subsidiaries	45,494	55,388
Deferred tax liabilities	77,189	72,635
Deferred revenue	13,736	19,195
Provision for contingencies	12,294	10,960
Other liabilities	2,044	2,328
Non-current liabilities	428,127	369,767
Social capital	488,829	488,467
Capital reserve	372,176	369,879
Profit reserve	179,798	179,457
Net income	17,180	-
Proposed additional dividends	22,236	22,236
Others comprehensive income	(3,704)	(2,830)
Total Shareholders Equity	1,076,515	1,057,209
Total Liabilities + Shareholders equity	1,748,860	1,647,676

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✦ ATTACHMENT III – TOTAL CASH FLOW

(R\$ '000)	1Q19	1Q18	4Q18
Cash flows from operating activities			
Net income for the period	17,180	26,452	17,218
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	24,348	18,430	20,729
Allowance for doubtful accounts	529	89	1,308
Provision for present value adjustment	1,531	(8,961)	1,206
Stock option plan	2,297	379	3,495
Financial charges	7,642	2,669	(580)
Provision for disposal of assets	429	8,146	523
Deferred taxes	4,368	4,743	708
Current taxes	2,025	1,664	3,908
Earn out	(9,232)	(8,997)	-
Provision for Contingency	1,334	758	(294)
IAS 29 Effects	519	-	1,163
Others	-	(1,027)	1,168
Increase (decrease) in assets			
Trade accounts receivable	(6,124)	(6,350)	(3,488)
Recoverable taxes	3,415	(3,047)	(1,170)
Other credits and judicial deposits	(9,021)	(4,838)	186
Increase (decrease) in liabilities			
Suppliers	(1,256)	2,340	(1,254)
Labor obligations	10,707	6,652	(9,479)
Taxes and contributions payable	(2,123)	(1,445)	3,572
Deferred income	(4,481)	(140)	-
Other accounts payable	9,117	(158)	3,261
Income and social contribution taxes paid	(1,093)	(697)	(733)
Net cash provided by (used in) operating activities	52,111	36,662	41,447
Cash flows from investing activities			
Acquisition of PP&E	(4,770)	(2,559)	(5,010)
Acquisition of intangible assets	(18,442)	(15,208)	(17,627)
Acquisition of subsidiaries, net of cash	-	(14,200)	86
Net cash (used in) provided by investing activities	(23,212)	(31,967)	(22,551)
Cash flows from financing activities			
Proceeds from loans and financing	-	44,468	147,369
Payments of principal from loans and financing	(13,895)	(9,637)	(9,944)
Financial charges paid	(3,851)	(1,978)	(2,166)
Payment of accounts payable from acquisitions of subsidiaries	(10,681)	(33,601)	(485)
Dividends and IOC paid	-	-	(4,000)
Capital increase	362	1,442	-
Capital reserve	-	-	(75,359)
Net cash provided by (used in) financing activities	(28,065)	694	55,415
Exchange variation on cash and cash equivalents	(874)	(120)	(162)
Increase (decrease) in cash and cash equivalents	(40)	5,269	74,149
Statement of increase (decrease) in cash and cash equivalents			
At the beginning of the period	463,224	551,724	389,075
At the end of the period	463,184	556,993	463,224
Increase (decrease) in cash and cash equivalents	(40)	5,269	74,149

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✦ ATTACHMENT IV – CASH FLOW

(R\$ '000)	1Q19	1Q18	4Q18
Cash flows from operating activities			
Net income for the period	17,180	26,452	17,218
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	24,348	18,430	20,729
Allowance for doubtful accounts	529	89	1,308
Provision for present value adjustment	1,531	(8,961)	1,206
Stock option plan	2,297	379	3,495
Financial charges	7,642	2,669	(580)
Provision for disposal of assets	429	8,146	523
Deferred taxes	4,368	4,743	708
Current taxes	2,025	1,664	3,908
Interest earnings from bank deposits	(6,526)	(8,157)	(4,719)
Earn out	(9,232)	(8,997)	-
Provision for Contingency	1,334	758	(294)
IAS 29 Effects	519	-	1,163
Others	-	(1,027)	1,168
Increase (decrease) in assets			
Trade accounts receivable	(6,124)	(6,350)	(3,488)
Recoverable taxes	3,415	(3,047)	(1,170)
Other credits and judicial deposits	(9,021)	(4,838)	186
Increase (decrease) in liabilities			
Suppliers	(1,256)	2,340	(1,254)
Labor obligations	10,707	6,652	(9,479)
Taxes and contributions payable	(2,123)	(1,445)	3,572
Deferred income	(4,481)	(140)	-
Other accounts payable	9,117	(158)	3,261
Income and social contribution taxes paid	(1,093)	(697)	(733)
Net cash provided by (used in) operating activities	45,585	28,505	36,728
Cash flows from investing activities			
Acquisition of PP&E	(4,770)	(2,559)	(5,010)
Acquisition of intangible assets	(18,442)	(15,208)	(17,627)
Acquisition of subsidiaries, net of cash	-	(14,200)	86
Financial investments	(117,514)	(139,777)	(382,392)
Redemption of interest and financial investments	124,175	148,496	315,960
Net cash (used in) provided by investing activities	(16,551)	(23,248)	(88,983)
Cash flows from financing activities			
Proceeds from loans and financing	-	44,468	147,369
Payments of principal from loans and financing	(13,895)	(9,637)	(9,944)
Financial charges paid	(3,851)	(1,978)	(2,166)
Payment of accounts payable from acquisitions of subsidiaries	(10,681)	(33,601)	(485)
Dividends and IOC paid	-	-	(4,000)
Capital increase	362	1,442	-
Capital reserve	-	-	(75,359)
Net cash provided by (used in) financing activities	(28,065)	694	55,415
Exchange variation on cash and cash equivalents	(874)	(120)	(162)
Increase (decrease) in cash and cash equivalents	95	5,831	2,998
Statement of increase (decrease) in cash and cash equivalents			
At the beginning of the period	49,850	42,918	46,852
At the end of the period	49,945	48,749	49,850
Increase (decrease) in cash and cash equivalents	95	5,831	2,998

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

Quarter	Amount (R\$)	Quarter	Amount (R\$)
2Q19	(6,874,006)	2Q19	(16,410,184)
3Q19	(6,806,078)	3Q19	(15,375,039)
4Q19	(6,670,221)	4Q19	(14,024,953)
1Q20	(6,224,494)	1Q20	(13,586,190)
2Q20	(6,224,494)	2Q20	(13,084,665)
3Q20	(5,932,710)	3Q20	(12,081,617)
4Q20	(5,514,538)	4Q20	(12,081,617)
1Q21	(5,309,172)	1Q21	(12,006,664)
2Q21	(5,267,354)	2Q21	(11,314,164)
3Q21	(5,116,944)	3Q21	(10,967,914)
4Q21	(4,722,575)	4Q21	(10,967,914)
1Q22	(4,403,997)	1Q22	(10,967,914)
2Q22	(4,375,264)	2Q22	(10,967,914)
3Q22	(4,180,630)	3Q22	(9,826,122)
4Q22	(3,451,990)	4Q22	(9,826,122)
1Q23	(2,587,807)	1Q23	(8,321,801)
2Q23	(2,197,312)	2Q23	(6,981,350)
3Q23	(1,574,829)	3Q23	(5,799,458)
4Q23	(1,414,063)	4Q23	(4,460,654)
1Q24	(1,414,063)	1Q24	(4,165,531)
2Q24	(1,414,063)	2Q24	(4,165,531)
3Q24	(1,227,265)	3Q24	(4,165,531)
4Q24	(853,669)	4Q24	(2,386,916)
1Q25	(807,787)	1Q25	(1,959,099)
2Q25	(717,422)	2Q25	(1,103,466)
3Q25	(717,422)	3Q25	(1,103,466)
4Q25	(717,422)	4Q25	(367,822)
1Q26	(717,422)	1Q26	-
2Q26	(717,422)	2Q26	-
3Q26	(528,192)	3Q26	-
4Q26	(487,258)	4Q26	-



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GLOSSARY

Recurring revenues: comprises revenue for service-related monthly subscription fees we charge our customers for (1) the right to use our software and (2) fees we charge for continuous technology support, helpdesk services, software hosting services, support teams and connectivity service. Fees charged in (1) and (2) above are bundled in one contract having a duration of generally twelve months, subject to automatic renewal. Fees related to subscription revenue are non-refundable and paid monthly. Subscription revenue is recognized in our statement of income ratably as the services are performed, commencing with the date the service is made available to customers and all other revenue recognition criteria have been satisfied. If a start-up fee is charged, in 2017 and 2016, this upfront fee was recognized upon commencement of the service upon adoption IFRS15, this fee is recognized over the average customer life for which this performance obligation is provided. The majority of our revenue is derived from our customers' monthly use of our systems.

Services revenues: revenue from implementation services of our systems, including installation, customization, training and other services related to our products. These revenue components are characterized by their one-time or non-recurring nature. Services revenue are recognized on our statement of income when delivered, in the case of installation, customization and training. If the amount billed exceeds the services performed for any given period, the difference is presented as deferred revenue on the statement of financial position.

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 (TEF), Electronic Fiscal Receipt (NFC-e), Order Management System (OMS), advertising and re-engagement.

Linx Pay Hub or Pay Hub: it involves initiatives such as TEF (payment gateway), DUO (Smart POS), Linx Pay (sub-acquiring), Linx Antecipa (Prepayment of receivables), and new products aligned to the strategic positioning of Linx in this area.

Linx Digital or Digital: convergence of all channels used by the company with its customer, integrating the customer experience between online and offline world. In the case of Linx, it concentrates the OMS platform (Order Management System), Linx Commerce (the e-commerce platform) and Linx Impulse (search, recommendation, reengagement and retargeting tools).

Adjusted EBITDA and Adjusted net income: for the sake of comparability, we highlight from EBITDA and Net Income non-recurring expenses during the period.

IFRS15: 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.