RESULTS

3Q18

THIRD QUARTER OF 2018 RESULTS

São Paulo, November 12, 2018. Linx S.A. (B3: LINX3; Bloomberg: LINX3:BZ e Reuters: LINX3.SA), announces its consolidated results for the third quarter of 2018 (3Q18). 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

(November 09, 2018)

Market Cap

R$3.8 billion

Equity

166,283,382 shares

Performance

Since the IPO: +155.6%

Conference Call

(with simultaneous translation into English)

Tuesday, November 13, 2018

11:00 (BR), 08:00 (EST)

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HIGHLIGHTS

- **Recurring revenues** grew 17.9% compared to 3Q17, and represented 81% of total gross revenues. The proforma accumulated **organic growth** of recurring revenues reached 10% over previous year.
- **Net revenues** grew 20.5% over 3T17.
- **Adjusted EBITDA** grew 14.2% compared to 3Q17 adjusted EBITDA, with **EBITDA margin** of 23.9% in the quarter.
- **Adjusted Net income** reached R$14.1 million in the quarter.

RECENT EVENTS

- **Linx Pay:** on October 18, Linx Pay Meios de Pagamentos Ltda was launched, a company part of Linx Sistemas, a subsidiary of the Company. Linx Pay aims to aggregate all Linx´s initiatives related to Fintech such as TEF (payment gateway), DUO (Smart POS), and Linx Pay (sub-acquiring), as well as new products aligned with Linx's strategic positioning in this area.

(R$ '000)	3Q18	3Q17	Δ%	2Q18	Δ%	9M18	9M17	Δ%
Recurring revenues	159,986	135,657	17.9%	155,702	2.8%	470,201	397,318	18.3%
Services revenues	38,597	30,109	28.2%	38,187	1.1%	104,194	76,701	35.8%
Gross operating revenues (GOR)	198,583	165,766	19.8%	193,889	2.4%	574,395	474,019	21.2%
Net operating revenues (NOR)	174,309	144,638	20.5%	170,745	2.1%	503,464	414,153	21.6%
EBITDA	36,625	36,188	1.2%	40,154	-8.8%	124,371	103,909	19.7%
EBITDA margin	21.0%	25.0%	-400 bps	23.5%	-250 bps	24.7%	25.1%	-40 bps
Adjusted EBITDA margin	23.9%	25.2%	-130 bps	23.5%	40 bps	24.2%	25.1%	-100 bps
Adjusted net income	14,134	19,987	-29.3%	18,348	-23.0%	51,270	73,156	-29.9%
Adjusted cash earnings	23,500	28,889	-18.7%	29,415	-20.1%	83,373	100,678	-17.2%


RESULTS
3Q18
Linx


WE INVITE YOU TO THE
LINX DAY
2018
December 13
06 am to 10 am (EST)
Cinemark - Cidade Jardim Mall
Address: Av. Magalhães de Castro, 12.000 - Morumbi
This event will be webcasted.
Click here to confirm your presence until December, 1st
Linx

OPERTING AND FINANCIAL RESULTS

OPERATING PERFORMANCE

At the end of 3Q18, the client **renewal rate** reached 98.9%. Additionally, the Company´s **largest client** represented 2.3% of recurring revenues and the **top 100** represented 32.9%. The high renewal rate and low customer concentration reflect the broad, diversified and loyal customer base of the Company.

OPERATING REVENUE

(R$ '000)	3Q18	3Q17	Δ%	2Q18	Δ%	9M18	9M17	Δ%
Recurring revenues	159,986	135,657	17.9%	155,702	2.8%	470,201	397,318	18.3%
Revenues from services	38,597	30,109	28.2%	38,187	1.1%	104,194	76,701	35.8%
Gross operating revenues	**198,583**	**165,766**	**19.8%**	**193,889**	**2.4%**	**574,395**	**474,019**	**21.2%**
Sales tax	(19,472)	(17,737)	9.8%	(19,114)	1.9%	(56,453)	(49,475)	14.1%
Cancellations and rebates	(4,802)	(3,391)	41.6%	(4,030)	19.2%	(14,478)	(10,391)	39.3%
Net operating revenues	**174,309**	**144,638**	**20.5%**	**170,745**	**2.1%**	**503,464**	**414,153**	**21.6%**

With the World Cup in July and on the eve of the presidential election, the third quarter remained challenging for the retail sector, pushing the Retail Confidence Index (ICOM/FGV) to its lowest level in the last 12 months. Despite this, Linx maintained its organic growth at the same level of the previous quarter, anchored by the growth of the Fintech (Linx Pay Hub) and Omnichannel (Linx Digital) initiatives that already represent more than 10% of the Company's recurring revenue each. The adoption of products related to these areas continues to grow at an accelerated pace and should be strengthened with the launch of new products such as Linx Pay (sub-acquiring) and Linx Antecipa (receivables prepayment), as well as the roll-out of the nine large retailers that have hired the OMS (Order Management System) platform to turn their operations into Omnichannel.

In 3Q18, **recurring revenues** reached R$160.0 million, +17.9% over 3Q17 and +2.8% compared to 2Q18, representing 81% of gross operating revenues. This performance demonstrates the resiliency of the business model based on recurring revenues, SaaS and new operations such as Linx Pay Hub and Linx Digital that have a higher growth than the Company’s average.

Service revenues reached R$38.6 milllion in the quarter, +28.2% compared to 3Q17 due to the increased volume and size of implementation projects in the period, mainly related to the OMS software.

Deferred revenues in the short and long term in the balance sheet totaled R$59.2 million by the end of 3Q18 (service revenues already invoiced, but no recognized, given that the service has not yet been delivered). In the following months, as services are delivered, these revenues will be dully recognized. The main reason for the increase over 3Q17 is explained by the implementation of IFRS15.

GROSS INCOME

(R$ '000)	3Q18	3Q17	Δ%	2Q18	Δ%	9M18	9M17	Δ%
Cost of sold service	(49,140)	(42,335)	16.1%	(49,886)	-1.5%	(143,961)	(123,724)	16.4%
% NOR	*28.2%*	*29.3%*	*-110 bps*	*29.2%*	*-100 bps*	*28.6%*	*29.9%*	*-130 bps*
Gross profit	125,169	102,303	22.4%	120,859	3.6%	359,503	290,429	23.8%
Gross margin	**71.8%**	**70.7%**	**110 bps**	**70.8%**	**100 bps**	**71.4%**	**70.1%**	**130 bps**

The **gross margin** was 71.8% in the 3Q18, +110 bps in comparison with 3Q17, mainly explained by the greater operational efficiency in the period, despite recent acquisitions and increased link and data center expenses due to higher revenues from the SaaS and Fintech initiatives. When compared to 2Q18, the gross margin increased 100 bps as a result of the greater operating efficiency in the period.

OPERATING EXPENSES

(R$ '000)	3Q18	3Q17	Δ%	2Q18	Δ%	9M18	9M17	Δ%
Operating expenses	**(109,140)**	**(81,841)**	**33.4%**	**(99,679)**	**9.5%**	**(293,132)**	**(238,623)**	**22.8%**
General and administrative expenses	(38,872)	(30,563)	27.2%	(32,961)	17.9%	(107,653)	(87,378)	23.2%
% NOR	*22.3%*	*21.1%*	*120 bps*	*19.3%*	*300 bps*	*21.4%*	*21.1%*	*30 bps*
Depreciation and amortization	(20,596)	(15,726)	31.0%	(18,974)	8.5%	(58,000)	(52,103)	11.3%
% NOR	*11.8%*	*10.9%*	*90 bps*	*11.1%*	*70 bps*	*11.5%*	*12.6%*	*-110 bps*
Selling expenses	(28,277)	(18,264)	54.8%	(28,591)	-1.1%	(78,927)	(51,730)	52.6%
% NOR	*16.2%*	*12.6%*	*360 bps*	*16.7%*	*-50 bps*	*15.7%*	*12.5%*	*320 bps*
Research and development	(20,008)	(16,855)	18.7%	(18,049)	10.9%	(54,264)	(47,406)	14.5%
% NOR	*11.5%*	*11.7%*	*-20 bps*	*10.6%*	*90 bps*	*10.8%*	*11.4%*	*-60 bps*
Other operating expenses, net	(1,387)	(433)	220.2%	(1,104)	25.6%	5,712	(6)	n.a.
% NOR	*0.8%*	*0.3%*	*50 bps*	*0.6%*	*10 bps*	*1.1%*	*0.0%*	*110 bps*
Income before financial income (expenses) and taxes	**16,029**	**20,462**	**-21.7%**	**21,180**	**-24.3%**	**66,371**	**51,806**	**28.1%**

General and administrative expenses increased 120 bps and 300 bps, as percentage of net operating revenues (NOR), over 3Q17 e 2Q18, respectively. These evolutions are mainly explained by: (i) severance costs due to the organizational restructuring process carried out during 3Q18; (ii) provisioning of bonuses and employees' profit sharing; and (iii) consolidation of two additional months of DCG.

Depreciation and amortization expenses, as a percentage of NOR, increased 90 bps over 3Q17 and 70 bps when compared to 2Q18, as result of the higher goodwill amortization generated by the companies acquired in the period. The schedule of accounting goodwill amortization is in the attachment V.

In the 3Q18, **sales and marketing expenses**, as percentage of NOR, increased 360 bps compared to 3Q17. This variation is mainly explained by: (i) higher severance costs due to the organizational restructuring carried out during 3Q18; (ii) provisioning of bonuses and employees' profit sharing; (iii) consolidation of two additional months of DCG; and (iv) accounting reclassifications involving "general and administrative expenses" in 2Q18. Compared to the previous quarter, sales and marketing expenses decreased 50 bps mainly due to lower expenses with conventions and events in the period.

The **research and development expenses** (R&D), when compared as percentual of NOR, presented a 20 bps reduction in comparison with 3Q17 explained mainly by the increase in operating efficiency, arising from synergies generated by acquisitions made in the past. In comparison with 2Q18, R&D expenses were 90 bps higher, mainly due to: (i) provisioning of bonuses and employees' profit sharing; and (ii) impact of the consolidation of the additional two months of the DCG team.

In the 3Q18, R$9.8 million in **research and development expenses** were capitalized. The main innovation investments in this moment are in the Fintech (Linx Pay Hub) and Omnichannel (Linx Digital), reinforced by the 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)	3Q18	3Q17	Δ%	2Q18	Δ%	9M18	9M17	Δ%
Net revenues	174,309	144,638	20.5%	170,745	2.1%	503,464	414,153	21.6%
Cost of sold services	(49,140)	(42,335)	16.1%	(49,886)	-1.5%	(143,961)	(123,724)	16.4%
Gross profit	**125,169**	**102,303**	**22.4%**	**120,859**	**3.6%**	**359,503**	**290,429**	**23.8%**
Operating expenses	(109,140)	(81,841)	33.4%	(99,679)	9.5%	(293,132)	(238,623)	22.8%
EBIT	**16,029**	**20,462**	**-21.7%**	**21,180**	**-24.3%**	**66,371**	**51,806**	**28.1%**
Depreciation and amortization	20,596	15,726	31.0%	18,974	8.5%	58,000	52,103	11.3%
EBITDA	**36,625**	**36,188**	**1.2%**	**40,154**	**-8.8%**	**124,371**	**103,909**	**19.7%**
EBITDA margin	**21.0%**	**25.0%**	**-400 bps**	**23.5%**	**-250 bps**	**24.7%**	**25.1%**	**-40 bps**

(R$ '000)	3Q18	3Q17	Δ%	2Q18	Δ%	9M18	9M17	Δ%
EBITDA	36,625	36,188	1.2%	40,154	-8.8%	124,371	103,909	19.7%
Net partial earn-outs reversion	-	-	n.a.	-	n.a.	(7,664)	(2,109)	263.4%
Closure of the operations of Chaordic USA	1,027	-	n.a.	-	n.a.	1,027	-	n.a.
Organizational restructuring	4,069	-	n.a.	-	n.a.	4,069	-	n.a.
Expenses with the move of SP and Recife branches	-	330	n.a.	-	n.a.	-	2,391	n.a.
Adjusted EBITDA	**41,722**	**36,518**	**14.2%**	**40,154**	**3.9%**	**121,803**	**104,191**	**16.9%**
Adjusted EBITDA margin	**23.9%**	**25.2%**	**-130 bps**	**23.5%**	**40 bps**	**24.2%**	**25.1%**	**-100 bps**

Adjusted EBITDA reached R$41.7 million in the 3Q18, +14.2% in comparision with 3Q17 adjusted and +3.9% over 2Q18 adjusted.

This quarter, we had non-recurring expenses totaling R$5.1 million, as a result of the organizational restructuring carried out during 3Q18 in the amount of R$ 4.1 million and an adjustment of R$1.0 million due to the closure of the operations of Chaordic in the United States.

Adjusted EBITDA margin reached 23.9% in the quarter, 130 bps lower than 3Q17, mainly due to the maintenance of Linx's investments in its new Fintech and Onmichannel structures, which continue to increase its addressable market in new geographies and markets, despite the maintenance of a challenging scenario for the retail sector, as well as the consolidation of two additional months of the DCG results. In relation to 2Q18, the adjusted EBITDA margin was 40 bps higher, mainly due to the beginning of the scale gain related to the growth of new operations linked to Fintech and Omnichannel.

FINANCIAL RESULT

(R$ '000)	3Q18	3Q17	Δ%	2Q18	Δ%	9M18	9M17	Δ%
Net financial result	**(2,411)**	**2,525**	**n.a.**	**2,653**	**n.a.**	**3,939**	**30,968**	**-87.3%**
Financial income	10,942	8,452	29.5%	15,921	-31.3%	38,908	48,217	-19.3%
Financial expenses	(13,353)	(5,927)	125.3%	(13,268)	0.6%	(34,969)	(17,249)	102.7%
Income before taxes	**13,618**	**22,987**	**-40.8%**	**23,833**	**-42.9%**	**70,310**	**82,774**	**-15.1%**

Net financial result was -R$2.4 million in 3Q18, a deceleration of R$4.9 million and R$5.1 million over 3Q17 and 2Q18, respectively. These performances reflect the CDI reduction, a lower cash position due to the acquisitions made in the period and the exchange rate variation over the cash used in the acquisition of Synthesis.

INCOME AND SOCIAL CONTRIBUTION TAX

(R$ '000)	3Q18	3Q17	2Q18	9M18	9M17
Income before income and social contribution taxes	13,618	22,987	23,833	70,310	82,774
Combined statutory rates	34%	34%	34%	34%	34%
Income and social contribution taxes					
Calculated at combined statutory rate	(4,630)	(7,816)	(8,103)	(23,905)	(28,143)
Permanent differences					
Law 11,196/05 (Research and development subsidies)	1,468	2,028	2,385	6,297	6,211
Provision of interest on own capital payments	3,745	1,827	-	3,745	3,400
Difference of income and social contribution taxes (presumed profit regime)	923	1,245	2,196	2,548	3,232
Tax losses (compensation and composition)	663	-	-	663	-
Effects of tax rates of subsidiaries abroad	(5,655)	-	1,417	(4,238)	-
Other net differences	(1,095)	(614)	(3,380)	(1,583)	300
Deferred income ans social contribution taxes	**(1,790)**	**(2,910)**	**(3,889)**	**(10,422)**	**(11,024)**
Current income and social contribution taxes	**(2,791)**	**(421)**	**(1,596)**	**(6,051)**	**(3,976)**
Current income and social contribution rate	**20%**	**2%**	**7%**	**9%**	**5%**
Total income and social contribution rate	**34%**	**14%**	**23%**	**23%**	**18%**

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$2.8 million in 3Q18, with a current rate of 20%. The total current rate, which includes deferred and current taxes was 34% in the quarter, above 3Q17 and 2Q18, due to tax rate effects of the Company's subsidiary abroad.

NET INCOME AND CASH EARNINGS

(R$ '000)	3Q18	3Q17	Δ%	2Q18	Δ%	9M18	9M17	Δ%
Net income	**9,037**	**19,657**	**-54.0%**	**18,348**	**-50.7%**	**53,837**	**67,774**	**-20.6%**
Partial Earn-outs reversion	-	-	n.a.	-	n.a.	(7,664)	(2,109)	263.4%
Closure of the operations of Chaordic USA	1,027	-	n.a.	-	n.a.	1,027	-	n.a.
Organizational restructuring	4,069	-	n.a.	-	n.a.	4,069	-	n.a.
Expenses with change of the subsidiaries of SP and Recife	-	330	n.a.	-	n.a.	-	2,391	n.a.
Write-off of fixed assets	-	-	n.a.	-	n.a.	-	5,099	n.a.
Adjusted net income	**14,134**	**19,987**	**-29.3%**	**18,348**	**-23.0%**	**51,270**	**73,156**	**-29.9%**
Acquisitions amortization	7,576	5,994	26.4%	7,178	5.5%	21,681	16,498	31.4%
Deferred income and social contribution taxes	1,790	2,909	-38.5%	3,889	-54.0%	10,422	11,024	-5.5%
Adjusted Cash earnings	**23,500**	**28,889**	**-18.7%**	**29,415**	**-20.1%**	**83,373**	**100,678**	**-17.2%**

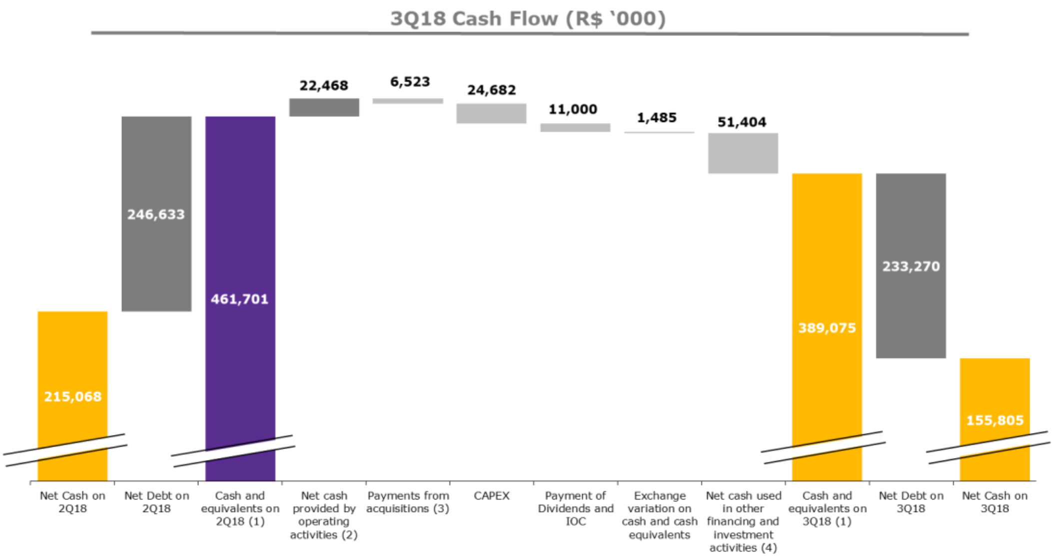
The **adjusted net income** in the 3Q18 was R$14.1 million, 29.3% lower than the R$20.0 million in the 3Q17 and -23.0% in comparison with 2Q18. In addition, **adjusted cash earnings** reached R$23.5 million in the quarter, a decrease of 18.7% and 20.1% versus 3Q17 and 2Q18, respectively.

CASH GENERATION AND NET CASH

In 3Q18, the Company decreased its **cash position** by R$72.6 million, ending the quarter with a cash balance of R$389.1 million, mainly due to the Company's share buyback program. The average cash return in the quarter was 100.8% of CDI.

The Company's **gross debt** at the end of the 3Q18 was R$233.3 milion, -5.4% over 2Q18, being comprised of R$112.6 million in BNDES loans, R$119.7 million in accounts payable for the acquisitions of assets and subsidiaries and R$1.0 million of other loans. The average debt cost in the quarter was 106% of CDI.

The Company's **net cash** in 3Q18 was R$155.8 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.



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, treasury stocks and balance of financial investments from DCG which are not incorporated yet.

ATTACHMENT I – INCOME STATEMENT

R$ '000	3Q18	3Q17	Δ%	2Q18	Δ%	9M18	9M17	Δ%
Recurring revenues	159,986	135,657	17.9%	155,702	2.8%	470,201	397,318	18.3%
Services revenues	38,597	30,109	28.2%	38,187	1.1%	104,194	76,701	35.8%
Gross operating revenues	**198,583**	**165,766**	**19.8%**	**193,889**	**2.4%**	**574,395**	**474,019**	**21.2%**
Sales taxes	(19,472)	(17,737)	9.8%	(19,114)	1.9%	(56,453)	(49,475)	14.1%
Cancellations ans rebates	(4,802)	(3,391)	41.6%	(4,030)	19.2%	(14,478)	(10,391)	39.3%
Net operating revenues	**174,309**	**144,638**	**20.5%**	**170,745**	**2.1%**	**503,464**	**414,153**	**21.6%**
Cost of sold services	(49,140)	(42,335)	16.1%	(49,886)	-1.5%	(143,961)	(123,724)	16.4%
Gross profit	**125,169**	**102,303**	**22.4%**	**120,859**	**3.6%**	**359,503**	**290,429**	**23.8%**
Operating expenses	**(109,140)**	**(81,841)**	**33.4%**	**(99,679)**	**9.5%**	**(293,132)**	**(238,623)**	**22.8%**
General and administrative expenses	(59,468)	(46,289)	28.5%	(51,935)	14.5%	(165,653)	(139,481)	18.8%
Selling expenses	(28,277)	(18,264)	54.8%	(28,591)	-1.1%	(78,927)	(51,730)	52.6%
Research and development	(20,008)	(16,855)	18.7%	(18,049)	10.9%	(54,264)	(47,406)	14.5%
Other operating expenses, net	(1,387)	(433)	220.2%	(1,104)	25.6%	5,712	(6)	n.a.
Income before financial income (expenses) and taxes	**16,029**	**20,462**	**-21.7%**	**21,180**	**-24.3%**	**66,371**	**51,806**	**28.1%**
Net financial result	**(2,411)**	**2,525**	**n.a.**	**2,653**	**n.a.**	**3,939**	**30,968**	**-87.3%**
Financial revenues	10,942	8,452	29.5%	15,921	-31.3%	38,908	48,217	-19.3%
Financial expenses	(13,353)	(5,927)	125.3%	(13,268)	0.6%	(34,969)	(17,249)	102.7%
Income before taxes	**13,618**	**22,987**	**-40.8%**	**23,833**	**-42.9%**	**70,310**	**82,774**	**-15.1%**
Deferred income and social contribution taxes	(1,790)	(2,909)	-38.5%	(3,889)	-54.0%	(10,422)	(11,024)	-5.5%
Current income and social contribution taxes	(2,791)	(421)	562.9%	(1,596)	74.9%	(6,051)	(3,976)	52.2%
Net income	**9,037**	**19,657**	**-54.0%**	**18,348**	**-50.7%**	**53,837**	**67,774**	**-20.6%**
Acquisitions amortization	7,576	5,994	26.4%	7,178	5.5%	21,681	16,498	31.4%
Deferred income and social contribution taxes	1,790	2,909	-38.5%	3,889	-54.0%	10,422	11,024	-5.5%
Cash earnings	**18,403**	**28,560**	**-35.6%**	**29,415**	**-37.4%**	**85,940**	**95,296**	**-9.8%**

ATTACHMENT II – BALANCE SHEET

Assets	30/09/2018	12/31/2017
Cash and cash equivalents	46,852	42,918
Short-term interest earnings bank deposits	320,192	487,816
Accounts receivable	164,647	128,177
Recoverable taxes	39,228	33,054
Other receivables	45,525	28,119
Current assets	**616,444**	**720,084**
Long-term interest earnings bank deposits	22,031	20,990
Other credits	4,525	1,485
Accounts receivable in the long term	3,441	2,952
Deferred taxes	4,202	4,272
Long-term assets	**34,199**	**29,699**
Property, plant and equipament	73,362	62,332
Intangible assets	850,914	751,909
Non-current assets	**958,475**	**843,940**
Total Assets	**1,574,919**	**1,564,024**

Liabilities + Shareholders equity	30/09/2018	31/12/2017
Suppliers	15,010	8,518
Loans and financing	41,329	31,783
Labor obligations	53,134	38,869
Taxes and contributions payable	12,273	13,194
Income and social contributions taxes	1,454	485
Accounts payable from acquisition of subsidiaries	48,563	56,087
Deferred revenue	43,279	8,478
Anticipation of dividends	-	4,211
Other liabilities	6,726	7,613
Current liabilities	**221,768**	**169,238**
Loans and financing	72,276	65,505
Accounts payable from acquisition of subsidiaries	64,282	74,680
Deferred tax liabilities	70,589	80,324
Deferred revenue	15,969	-
Other liabilities	2,131	981
Provision for contingencies	11,056	2,776
Non-current liabilities	**236,303**	**224,266**
Social capital	488,467	486,032
Capital reserve	441,743	479,809
Profit reserve	135,323	186,137
Net income	53,837	-
Proposed additional dividends	-	18,789
Others comprehensive income	(2,522)	(247)
Total Shareholders Equity	**1,116,848**	**1,170,520**
Total Liabilities + Shareholders equity	**1,574,919**	**1,564,024**

RESULTS

3Q18

ATTACHMENT III – TOTAL CASH FLOW

(R$ '000)	3Q18	3Q17	2Q18	9M18	9M17
Cash flows from operating activities					
Net income for the year	**9,037**	**19,657**	**18,348**	**53,837**	**67,774**
Adjustments to reconciliate net income to cash provided by operating activities					
Depreciation and amortization	20,596	15,726	18,974	58,000	52,103
Income (loss) from the sale of fixed and intangible assets	-	449	-	-	898
Allowance for doubtful accounts	891	(764)	668	1,648	(1,532)
Provision for present value adjustment	2,377	2,140	112	(6,472)	2,402
Stock option plan	133	430	549	1,061	1,502
Financial charges	6,140	4,100	9,613	18,422	9,022
Provision for disposal of assets	1,449	-	192	9,787	-
Deferred taxes	1,790	2,909	3,889	10,422	11,024
Current taxes	2,791	421	1,596	6,051	3,976
Earn out	-	-	-	(8,997)	(3,540)
Provision for Contingency	(1,019)	202	60	(201)	173
Comprehensive income	-	-	1,147	-	-
Other	(141)	-	(1,027)	(1,168)	-
Increase (decrease) in assets					
Trade accounts receivable	(11,312)	(12,549)	(20,788)	(38,450)	(13,107)
Recoverable taxes	5,073	482	(8,012)	(5,986)	(1,218)
Other credits and judicial deposits	(10,234)	(2,584)	(2,507)	(17,579)	(14,179)
Increase (decrease) in liabilities					
Supliers	(275)	3,411	3,211	5,276	(2,949)
Labor obligations	4,082	3,234	2,171	12,905	15,166
Taxes and contributions payable	(162)	2,899	(74)	(1,681)	2,195
Deferred income	(3,906)	428	(2,991)	(7,037)	2,019
Other accounts payable	428	(5,391)	(2,086)	(1,816)	(5,379)
Income and social contribution taxes paid	(5,270)	(1,168)	697	(5,270)	(6,815)
Net cash provided by (used in) operating activites	**22,468**	**34,032**	**23,742**	**82,752**	**119,535**
Cash flows from investing activities					
Acquisition of PP&E	(10,169)	(6,222)	(7,394)	(20,122)	(23,964)
Acquisition of intangible assets	(14,513)	(12,739)	(10,333)	(40,054)	(29,498)
Acquisition of subsidiaries, net of cash	-	(37,498)	(61,018)	(75,218)	(37,498)
Net cash (used in) provided by investing activities	**(24,682)**	**(56,459)**	**(78,745)**	**(135,394)**	**(90,960)**
Cash flows from investing activities					
Proceeds from loans and financing	-	-	-	44,468	-
Payments of principal from loans and financing	(10,912)	(9,591)	(10,358)	(30,907)	(24,257)
Financial charges paid	(2,358)	(2,107)	(2,526)	(6,862)	(7,576)
Payment of accounts payable from acquisitions of subsidiaries	(6,523)	1,980	(5,269)	(45,393)	(15,259)
Dividends and IOC paid	(11,000)	(10,000)	(23,000)	(34,000)	(30,000)
Capital increase	993	3,057	-	2,435	5,224
Capital reserve	(39,127)	(7,527)	-	(39,127)	(33,887)
Expenses with issuance of shares	-	(414)	-	-	(414)
Net cash provided by (used in) financing activities	**(68,927)**	**(24,602)**	**(41,153)**	**(109,386)**	**(106,169)**
Exchange variation on cash and cash equivalents	(1,485)	-	(423)	(2,275)	-
Increase (decrease) in cash and cash equivalents	**(72,626)**	**(47,029)**	**(96,579)**	**(164,303)**	**(77,594)**
Statement of increase (decrease) in cash and cash equivalents					
At the beginning of the period	460,047	634,883	556,626	551,724	665,448
At the end of the period	387,421	587,854	460,047	387,421	587,854
Increase (decrease) in cash and cash equivalents	**(72,626)**	**(47,029)**	**(96,579)**	**(164,303)**	**(77,594)**

Note: The difference between the final balance of the period and the sum of cash and cash equivalents + financial investments in 3Q18 is due to the balance of application of the DCG not yet incorporated.

ATTACHMENT IV – CASH FLOW

(R$ '000)	3Q18	3Q17	2Q18	9M18	9M17
Cash flows from operating activities					
Net income for the year	**9,037**	**19,657**	**18,348**	**53,837**	**67,774**
Adjustments to reconciliate net income to cash provided by operating activities					
Depreciation and amortization	20,596	15,726	18,974	58,000	52,103
Income (loss) from the sale of fixed and intangible assets	-	449	-	-	898
Allowance for doubtful accounts	891	(764)	668	1,648	(1,532)
Provision for present value adjustment	2,377	2,140	112	(6,472)	2,402
Stock option plan	133	430	549	1,061	1,502
Financial charges	6,140	4,100	9,613	18,422	9,022
Provision for disposal of assets	1,449	-	192	9,787	-
Deferred taxes	1,790	2,909	3,889	10,422	11,024
Current taxes	2,791	421	1,596	6,051	3,976
Interest earnings from bank deposits	(6,376)	(12,328)	(7,248)	(21,781)	(47,455)
Earn out	-	-	-	(8,997)	(3,540)
Provision for Contingency	(1,019)	202	60	(201)	173
Comprehensive income	-	-	1,147	-	-
Other	(141)	-	(1,027)	(1,168)	-
Increase (decrease) in assets					
Trade accounts receivable	(11,312)	(12,549)	(20,788)	(38,450)	(13,107)
Recoverable taxes	5,073	482	(8,012)	(5,986)	(1,218)
Other credits and judicial deposits	(10,234)	(2,584)	(2,507)	(17,579)	(14,179)
Increase (decrease) in liabilities					
Supliers	(275)	3,411	3,211	5,276	(2,949)
Labor obligations	4,082	3,234	2,171	12,905	15,166
Taxes and contributions payable	(162)	2,899	(74)	(1,681)	2,195
Deferred income	(3,906)	428	(2,991)	(7,037)	2,019
Other accounts payable	428	(5,391)	(2,086)	(1,816)	(5,379)
Income and social contribution taxes paid	(5,270)	(1,168)	697	(5,270)	(6,815)
Net cash provided by (used in) operating activites	**16,092**	**21,704**	**16,494**	**60,971**	**72,080**
Cash flows from investing activities					
Acquisition of PP&E	(10,169)	(6,222)	(7,394)	(20,122)	(23,964)
Acquisition of intangible assets	(14,513)	(12,739)	(10,333)	(40,054)	(29,498)
Acquisition of subsidiaries, net of cash	-	(37,498)	(61,018)	(75,218)	(37,498)
Financial investments	(157,597)	(104,997)	(94,262)	(391,636)	(362,749)
Redemption of interest and financial investments	237,848	126,488	195,310	581,654	515,519
Net cash (used in) provided by investing activities	**55,569**	**(34,968)**	**22,303**	**54,624**	**61,810**
Cash flows from investing activities					
Proceeds from loans and financing	-	-	-	44,468	-
Payments of principal from loans and financing	(10,912)	(9,591)	(10,358)	(30,907)	(24,257)
Financial charges paid	(2,358)	(2,107)	(2,526)	(6,862)	(7,576)
Payment of accounts payable from acquisitions of subsidiaries	(6,523)	1,980	(5,269)	(45,393)	(15,259)
Dividends and IOC paid	(11,000)	(10,000)	(23,000)	(34,000)	(30,000)
Capital increase	993	3,057	-	2,435	5,224
Capital reserve	(39,127)	(7,527)	-	(39,127)	(33,887)
Expenses with issuance of shares	-	(414)	-	-	(414)
Net cash provided by (used in) financing activities	**(68,927)**	**(24,602)**	**(41,153)**	**(109,386)**	**(106,169)**
Exchange variation on cash and cash equivalents	(1,485)	-	(423)	(2,275)	-
Increase (decrease) in cash and cash equivalents	**1,249**	**(37,866)**	**(2,779)**	**3,934**	**27,721**
Statement of increase (decrease) in cash and cash equivalents					
At the beginning of the period	45,603	72,814	48,382	42,918	7,227
At the end of the period	46,852	34,948	45,603	46,852	34,948
Increase (decrease) in cash and cash equivalents	**1,249**	**(37,866)**	**(2,779)**	**3,934**	**27,721**

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

Quarter	Amount (R$)
4Q18	(7,330,559)
1Q19	(6,821,839)
2Q19	(6,821,839)
3Q19	(6,753,911)
4Q19	(6,618,054)
1Q20	(6,172,327)
2Q20	(6,172,327)
3Q20	(5,990,806)
4Q20	(5,627,765)
1Q21	(5,431,212)
2Q21	(5,407,019)
3Q21	(5,256,610)
4Q21	(4,862,241)
1Q22	(4,543,662)
2Q22	(4,514,930)
3Q22	(4,320,296)
4Q22	(3,541,477)
1Q23	(2,627,493)
2Q23	(2,288,231)
3Q23	(1,665,748)
4Q23	(1,504,982)
1Q24	(1,504,982)
2Q24	(1,504,982)
3Q24	(1,318,184)
4Q24	(944,589)
1Q25	(898,706)
2Q25	(808,342)
3Q25	(808,342)
4Q25	(808,342)
1Q26	(808,342)
2Q26	(808,342)
3Q26	(619,111)
4Q26	(578,177)

Quarter	Amount (R$)
4Q18	(15,504,226)
1Q19	(15,504,226)
2Q19	(15,504,226)
3Q19	(14,469,081)
4Q19	(13,118,994)
1Q20	(12,680,231)
2Q20	(12,178,707)
3Q20	(11,175,659)
4Q20	(11,175,659)
1Q21	(11,100,706)
2Q21	(10,408,206)
3Q21	(10,061,956)
4Q21	(10,061,956)
1Q22	(10,061,956)
2Q22	(10,061,956)
3Q22	(8,920,164)
4Q22	(8,920,164)
1Q23	(7,415,843)
2Q23	(6,075,392)
3Q23	(4,908,402)
4Q23	(4,165,531)
1Q24	(4,165,531)
2Q24	(4,165,531)
3Q24	(4,165,531)
4Q24	(2,386,916)
1Q25	(1,959,099)
2Q25	(1,103,466)
3Q25	(1,103,466)
4Q25	(367,822)
1Q26	-
2Q26	-
3Q26	-
4Q26	-

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

Fintech (Finance and Technology): innovations and use of new technologies for the delivery of financial services. In Linx's case, it involves initiatives related to the Linx Pay Hub, such as TEF (payment gateway), DUO (Smart POS), Linx Pay (sub-acquiring), Linx Antecipa (receivables prepayment), and new products aligned to the strategic positioning of Linx in this area.

Omnichannel: convergence of all channels used by the company with its client, integrating the consumer experience between the online and offline world. In Linx's case, the Omnichannel is part of the Linx Digital structure that concentrates the OMS platform (Order Management System) and the e-commerce platform.

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

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.