

**São Paulo - SP, February 9<sup>th</sup>, 2018.** Tarpon Investimentos S.A. ("Tarpon" or "the Company"), through its subsidiaries, conducts public and private equity investment activity through funds and managed accounts under its management ("Tarpon Funds"). The release was issued in accordance with accounting practices adopted in Brazil and with the IFRS.

### STOCK MARKET

Ticker: TRPN3  
O/S: 44,115 stocks  
Stocks in treasury: 156k Stocks  
Stock Price (02/08/2018): R\$ 2.97  
Market Cap: R\$ 131.0 million  
Daily Volume LTM: 54.7k stocks

### IR contact

Phone: +55 (11) 3074-5800  
[ri@tarpon.com.br](mailto:ri@tarpon.com.br)

Visit our IR website:  
[www.tarpon.com.br](http://www.tarpon.com.br)

### 4Q17 – Highlights

- ✓ **Assets under management:** As of December 31<sup>st</sup>, 2017, R\$ 5.5 billion in the portfolio funds strategies and R\$ 1.7 billion in the co-investment strategy, amounting R\$ 7.2 billion of assets under management.
- ✓ **Performance:** Registered negative gross returns of R\$ 346.5 million and R\$ 88.9 million in the portfolio funds and co-investment funds, respectively.
- ✓ **Subscription and Redemptions:** Redemption of R\$ 196.1 million in the portfolio funds.
- ✓ **Gross Revenue:** Management fee amounted to R\$ 12.0 million and gross profits of R\$ 0,3 for performance fees in 4Q17.
- ✓ **Net Income:** Profits amounted R\$ 4.0 million in 4Q17 and R\$ 9,4 million for the year end in December 31<sup>st</sup>, 2017.

### **About Tarpon Investimentos**

---

Through its subsidiaries, Tarpon carries out the management of funds dedicated to investments in public and private companies, with the objective of achieving absolute long-term returns above the market.

Our business model is focused on generating value in companies in the long term, and our main investments involve controlling interests or as a relevant shareholder of such companies, with participation in their management. Within this model, we highlight our investments in BRF, Somos Educação, Omega Energia Renovável and Cremer.

In addition, we manage a portfolio dedicated to investments in the stock exchange, focusing on opportunities whose market value is substantially lower than our perception of intrinsic value.

### **Market Overview**

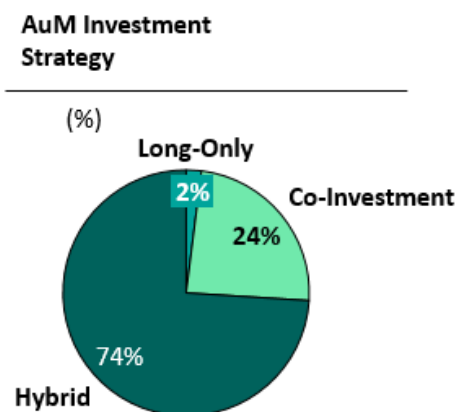
---

For the year ahead, there still are uncertainties surrounding the political decisions regarding the pension reform and the presidential elections in October 2018. On the other hand, the economy has been gradually improving, especially in regard to the decrease in unemployment, GDP's growth in 2017 and the decrease of interest yield (Selic).

### Investment strategy

---

We conduct our asset management activities through two main investment strategies: Portfolio Funds, divided in Long-Only Equity and Hybrid Equity and Co Investment Fund. In the chart below we present the AuM breakdown between strategies:



### Portfolio Funds

The investment strategy at portfolio funds comprises fund that invest only in public company shares listed on stock exchange (Long-Only Equity) and funds held both stock market investments and illiquid investments/private equity (Hybrid Equity).

As of December 31<sup>st</sup>, 2017, the AuM allocated to this strategy amounted R\$ 5.5 billion.

### Co-Investment Strategies

The co-investment strategy consists of funds with the purpose to invest in a Company or in specific opportunities along other Tarpon Funds.

The strategy of these funds is to invest in companies in which the portfolio funds' already have exposure considered ideal, allowing us to increase the participation in certain invested Companies.

As of December 31<sup>st</sup>, 2017, the AuM allocated to this strategy amounted R\$ 1.7 billion.

### Investment performance

The Portfolio Funds Hybrid-Equity strategy posted on 4Q17 net returns of -6.9% in R\$ and -4.4% in US\$. Net annualized performance is -0.1% in R\$ and 6.9% in US\$.

In 4Q17, the Portfolio Funds Long-Only Equity strategy posted net returns of -19.4% in R\$ and -21.6% in US\$. The accumulated annualized returns of this strategy, net of taxes and expenses, is 17.6% in R\$ and 12.1% in US\$.

For illustrative purposes, in the 4Q17, Ibovespa and IBrX Indexes posted returns of 2.8% and 2.6%, respectively (both in R\$). Returns in US\$ were -1.5% and -1.7% for Ibovespa and IBrX, respectively:

Strategy	Lauch	4Q17	Performance <sup>1</sup>			Since Lauch (annualized)
			12 Months	2 years	5 years	
Long Only Equity (R\$)	may 2002	-19.4%	-1.1%	-19.2%	-28.4%	17.6%
Long Only Equity (US\$)	may 2002	-21.6%	-11.2%	-15.7%	-60.8%	12.1%
Hybrid Equity (R\$)	sep 2011	-6.9%	5.1%	-5.6%	-11.7%	-0.1%
Hybrid Equity (US\$)	oct. 2006	-4.4%	20.6%	31.6%	-41.1%	6.9%

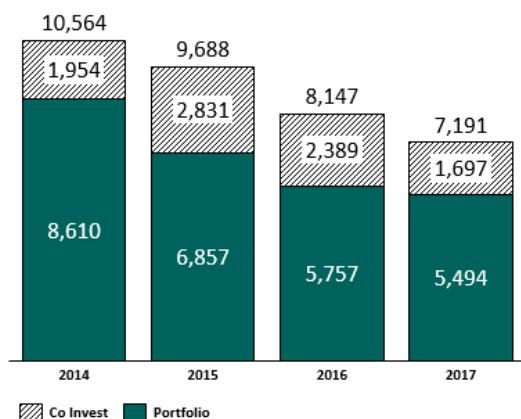
(1) Performance net of fees.

### Assets under management

Our assets under management ("AuM") amounted to R\$ 7.2 billion as of December 31<sup>st</sup>, 2017, a decrease of 8.1% when compared to the previous quarter and a decrease of 11.7% when compared to the same period of the prior year due.

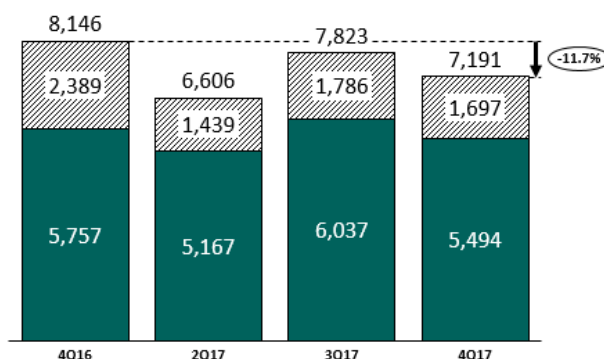
#### AuM Evolution - Annual

(R\$ MM)



#### AuM Evolution - Quarter

(R\$ MM)

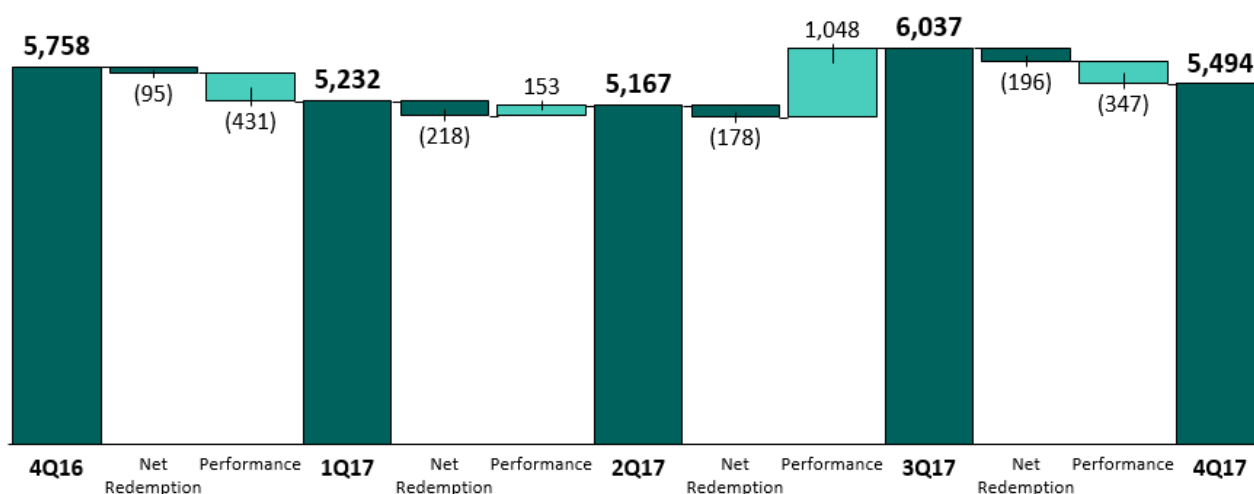


### AuM Portfolio Funds

The Portfolio Funds, for 4Q17, registered net redemptions of R\$ 196.1 million and negative returns of R\$ 346.5 million, resulting in a decrease of 9.0% of our assets under management ("AuM") when compared to the previous quarter.

#### AuM Evolution Portfolio - Quarter

(R\$ MM)



(1) The market value for illiquid investments are measured with bases in quarterly internal valuations, according with accounting practices applicable to investment funds. The fair value of certain investments may differ from the market price of the assets, due to the illiquidity of the positions held by the Tarpon Funds in the companies.

As of December 31<sup>st</sup>, 2017, the AuM for portfolio funds allocated to investments classified as liquid represented 43.4% of the total AuM of portfolio funds. Investments classified as illiquid (represented mainly by investments in Somos Educação, Omega Energia and Cremer), valued at market value <sup>(1)</sup>, corresponded to 56.6% of the AuM of the portfolio funds.

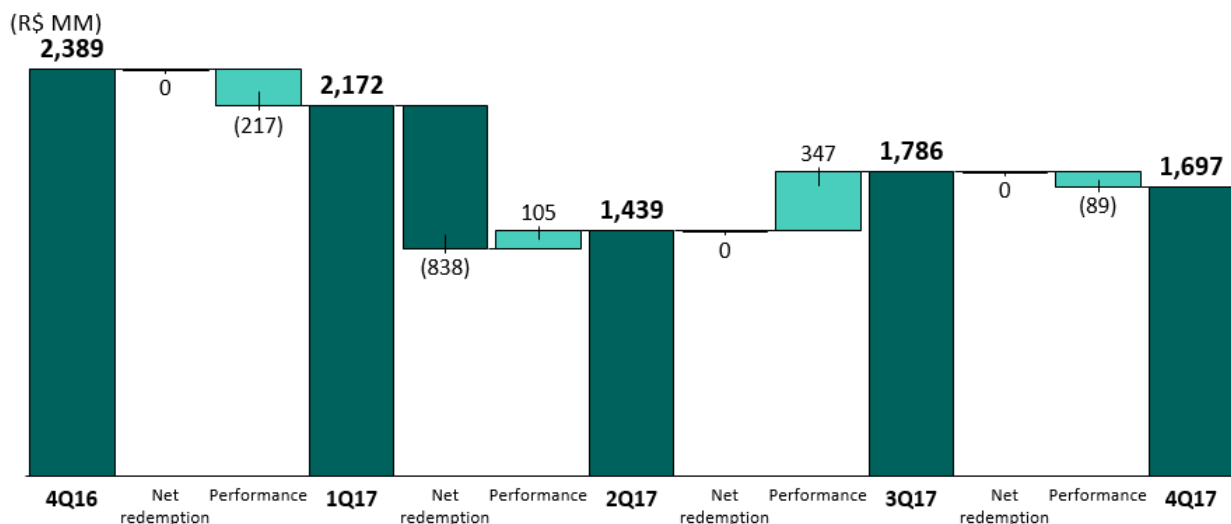
Approximately 91.9% of the AuM of the portfolio fund belongs to the "family of funds" Tarpon Partners, whose liquidity terms are more restrictive than the other portfolio funds. As a general rule, the Tarpon Partners investor may redeem quarterly a 90-day grace period for the redemption request up to 1/12 of the respective net investment balance, so that the term of payment of a full redemption of the investments shall be three years after grace period. However, illiquid investments are not subject to redemption while they remain classified, and Tarpon must seek to transfer to the net investment account or sale until the 8th anniversary (including extensions) of the respective investment.

The expected redemptions to be paid on the end of next quarter (1Q18), considering those already paid in 4Q17 and prior periods, and not considering any variation on the funds net carry amount since December 31<sup>st</sup>, 2017, equivalent of 6.0% of the total liquid investment funds.

### AuM for Co-investment Funds

In the co-investment funds the gross performance of 4Q17 was R\$ 88.9 million.

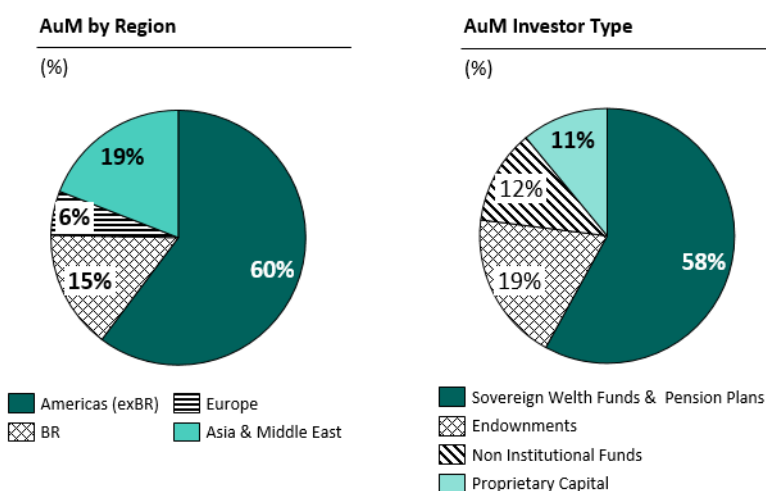
#### AuM Evolution Co Investment - Quarter



From the total AuM amount of co-investment funds, 70.3% are not subject to management fee and the performance fee is charged only on the divestment of the fund, mainly referring to a fund of specific purpose for investment in Somos Educação. The remaining is subject to a quarterly collection of management fee and annual performance fee calculation.

### Investor base

As of December 31<sup>st</sup>, 2017, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds, accounted for 77.2% of total AuM. The invested proprietary capital represented 11.1% of total assets.

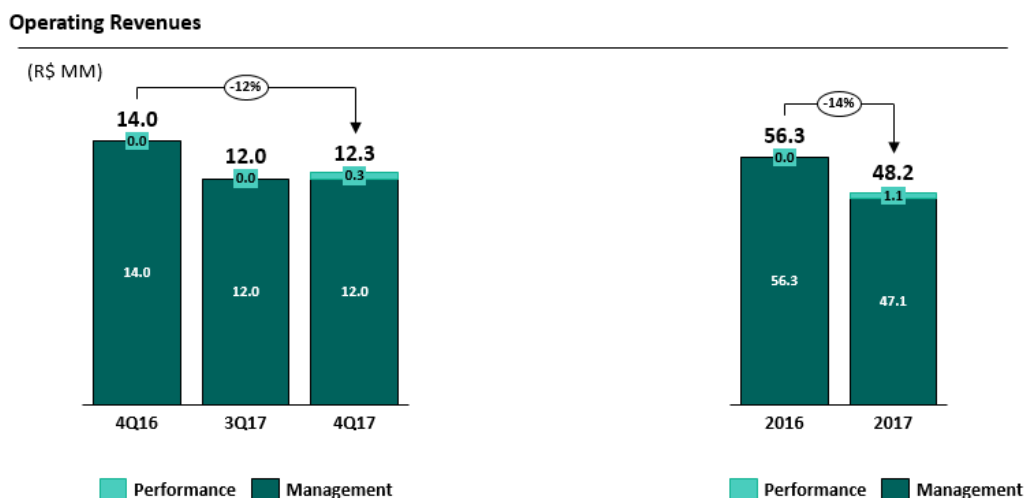


### Financial Highlights

#### Operating revenues

Operating revenues are composed of revenues related to management fees – recurring income flow based on the Tarpon Funds’ net asset value – and revenues related to performance fees – income flow with higher volatility based on the performance of the Tarpon Funds.

During the 4Q17, the gross operating revenues amounted R\$ 12.3 million, a decrease of 12.1% when compared to 4Q16. This reduction is a consequence from the decrease of AuM Tarpon funds on 4Q17, compared to 4Q16.



### Revenues related to management fees

Management fees are charged on the Tarpon Funds based on the amount of invested capital. Gross revenues related to management fees amounted to R\$ 12.0 million in 4Q17, equivalent to 97.6% of the operating revenues of the period.

The basis of collection of administration fee, in the case of illiquid investments, is the acquisition cost or the fair value of the investments, whichever is lower. Therefore, any goodwill calculated on the revaluation of gross investments above the respective acquisition cost will not impact the collection of management fees on these investments.

### Revenues related to performance fees

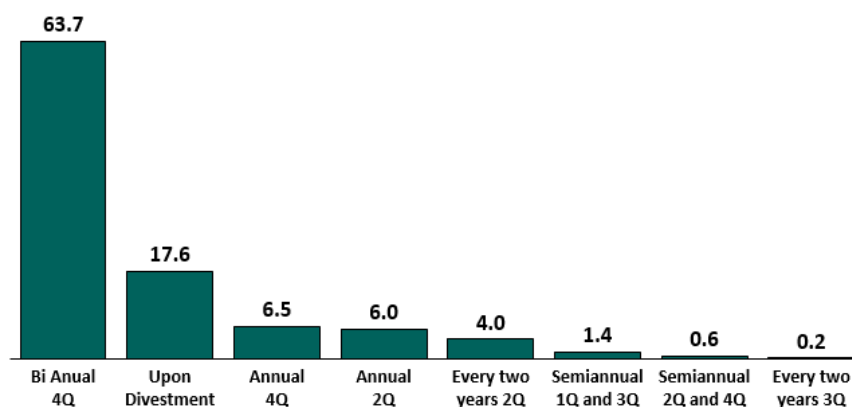
Performance fees are payable when the Tarpon Funds' performance exceeds certain hurdle rates. The hurdles primarily are inflation index plus 6.0% per year.

The performance fees are subject to a high water mark, which means that such fees are charged only if the net asset value (NAV) of the fund exceeds the NAV of the previous performance fee collection date, adjusted by the hurdle rate.

The Tarpon funds are entitled to collect performance fees on distinct dates. Below is the current distribution of our AuM by performance collection period:

**Distribution of the performance fee collection**

(% AuM)



During the 4Q17, the gross revenue related to performance fees was R\$ 0,3, equivalent of 2.4% of the total of the operation revenues registered on 4Q17.



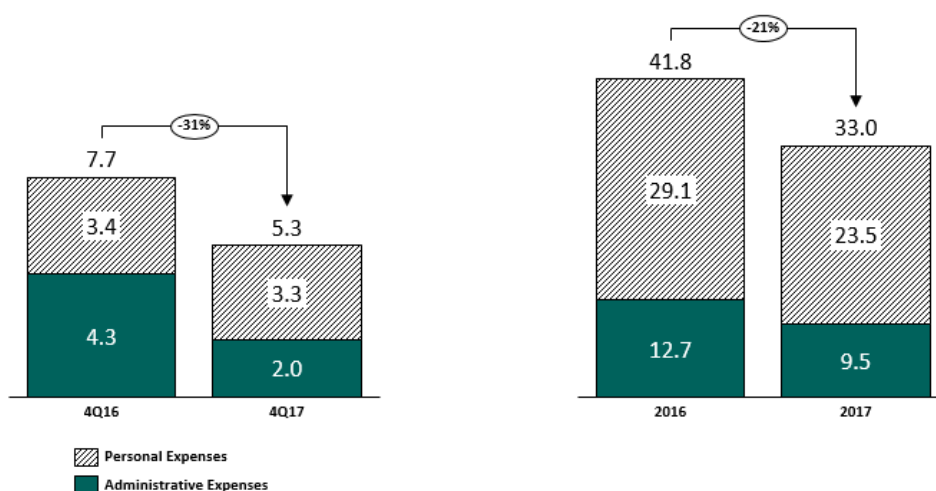
### Operating expenses

Operating expenses is comprised of general and administrative expenses, payroll, and other expenses related to depreciation, travel expenses, provisions for profit sharing program, stock option plans (with no cash effect) and variable remuneration.

During the 4Q17, operating expenses totaled R\$5.3 million, a decrease of 31.2% when compared to the same period of 4Q16.

#### Operating Expenses

(R\$ MM)

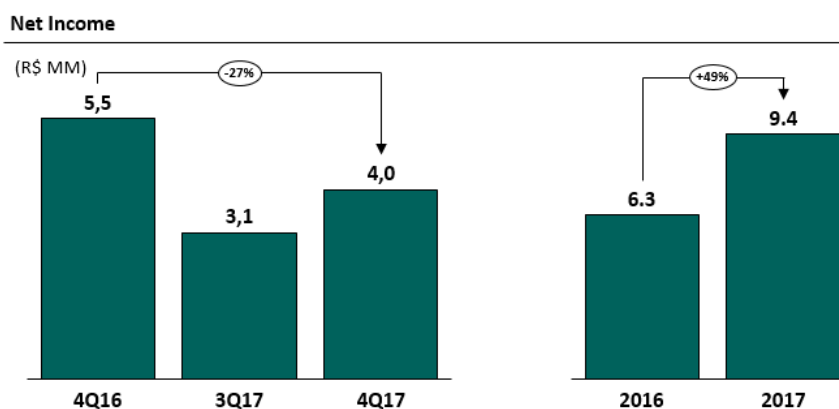


### Taxes

Income taxes and social contribution amounted up to R\$ 3.1 million during 4Q17.

### Net Income

Tarpon registered a net income of R\$ 4.0 million during 4Q17.



### Corporate Governance

---

Our shares are traded on the Novo Mercado segment of BM&FBOVESPA under the ticker TRPN3. Tarpon has Fiscal Counsel and Audit Committee.

Considering date price of R\$ 2.97, the company's market value is R\$ 131.0 million.

**TRPN3 vs Ibovespa (LTM - base 100)**



### Attachments - Reports

#### Consolidated Income Statement

Financial highlights - R\$ million

Income Statement	4Q17	4Q16	Var.%	2017	2016	Var.%
<b>Gross revenues</b>	<b>12,3</b>	<b>14,0</b>	<b>-12%</b>	<b>48,2</b>	<b>56,3</b>	<b>-14%</b>
Management fees	12,0	14,0	-14%	47,1	56,3	-16%
Performance fees	0,3	-	-	1,1	-	100%
<b>Net revenues</b>	<b>12,0</b>	<b>13,7</b>	<b>-12%</b>	<b>47,1</b>	<b>55,1</b>	<b>-15%</b>
<b>Operating Expenses</b>						
Personal Expenses	(3,3)	(3,4)	-2%	(23,5)	(29,1)	-19%
Administrative Expense and others	(2,0)	(4,3)	-54%	(9,5)	(12,7)	-25%
<b>Net Income after Operating Expenses</b>	<b>6,7</b>	<b>6,0</b>	<b>12%</b>	<b>14,1</b>	<b>13,3</b>	<b>6%</b>
<i>Gross margin</i>	56%	44%		30%	24%	
Finance Income	0,4	0,9	-56%	1,5	(2,0)	-174%
Income tax and social contribution	(3,1)	(1,4)	124%	(6,2)	(5,0)	24%
<b>Net Income</b>	<b>4,0</b>	<b>5,5</b>	<b>-28%</b>	<b>9,4</b>	<b>6,3</b>	<b>50%</b>
<i>Net margin</i>	33%	40%		20%	11%	
<b>Earnings per share (R\$/share)</b>	<b>0,09</b>	<b>0,12</b>	<b>-28%</b>	<b>0,21</b>	<b>0,14</b>	<b>50%</b>
O/S	43.959	44.115	0%	43.959	44.115	0%
<b>AuM (end of period)</b>	<b>7.191</b>	<b>8.147</b>	<b>-12%</b>	<b>7.191</b>	<b>8.147</b>	<b>-12%</b>

### Consolidated Balance Sheet

*Financial highlights - R\$ thousands*

Assets	2017	2016
Cash and cash equivalents	28,285	25,742
Financial assets measured at fair value through profit and loss	25,585	18,982
Receivables	658	395
Recoverable taxes	1,066	3,867
Other assets	7,515	8,710
<b>Current assets</b>	<b>63,109</b>	<b>57,696</b>
Recoverable taxes	1,075	-
Fixed Assets	101	443
Intangible Assets	172	182
<b>Non-current assets</b>	<b>1,348</b>	<b>625</b>
<b>Total assets</b>	<b>64,457</b>	<b>58,321</b>
Liabilities		
Accounts payable	462	648
Financial derivatives	-	456
Current tax liabilities	6,307	5,662
Payroll accruals and Dividends payable	4,616	3,176
<b>Current liabilities</b>	<b>11,385</b>	<b>9,942</b>
Deferred Tax	295	187
<b>Non-current liabilities</b>	<b>295</b>	<b>187</b>
Share capital	7,085	7,085
Capital reserve	3,236	1,968
Share in Treasury	(624)	-
Legal reserve	1,415	1,415
Profit reserve	7,072	1,268
Cumulative translation adjustment	12,896	12,236
Stock options	21,697	20,758
Additional dividends proposed	-	3,462
<b>Equity</b>	<b>52,777</b>	<b>48,192</b>
<b>Total liabilities and equity</b>	<b>64,457</b>	<b>58,321</b>

### Consolidated Cash Flow

*Financial highlights - R\$ thousands*

Cash Flow	2017	2016
<b>Net income / (Loss)</b>	<b>9,430</b>	<b>6,320</b>
Depreciation and Amortization	308	494
Stock Options	939	1,785
Write-off Fixed Assets	109	-
Derivatives Mark to Market	-	456
Income Tax and Social Contribution Provision	6,185	4,962
<b>Adjusted net income</b>	<b>16,971</b>	<b>14,017</b>
Receivables	(263)	(742)
Financial Instruments	(6,603)	4,241
Other Assets and Liabilities	1,195	771
Taxes	1,803	4,459
Accounts Payable	(186)	(789)
Payroll Accruals and Dividends payable	595	(312)
Derivative Financial Instrument	(456)	(3,057)
Income tax and social contribution paid	(5,509)	(6,253)
<b>Cash used/provided by operating activities</b>	<b>7,547</b>	<b>12,335</b>
Disposal of financial assets at fair value through income	-	(53)
Aquisition in Intangible Assets	(65)	-
<b>Cash provided by investing activities</b>	<b>(65)</b>	<b>(53)</b>
Dividends paid	(4,975)	(1,979)
Capital Raise/Exercise of stock option plan	-	707
Purchase of treasure shares	(624)	(15,009)
<b>Cash used in financing activities</b>	<b>(5,599)</b>	<b>(16,282)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>1,883</b>	<b>(4,000)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>25,742</b>	<b>34,740</b>
Exchange rate changes on cash and cash equivalents	660	(4,998)
<b>Cash and cash equivalents at the end of period</b>	<b>28,285</b>	<b>25,742</b>

### Contact:

**Tarpon Investimentos S.A.**

[www.tarpon.com.br](http://www.tarpon.com.br)

E-mail: [ri@tarpon.com.br](mailto:ri@tarpon.com.br)

Phone.: +55 (11) 3074-5800

### Disclaimer

This document may contain forward-looking statements. Such forward-looking statements are and will be subject to many risks and uncertainties relating to factors that are beyond the Company's ability to control or estimate precisely, such as future market conditions, competitive environment, currency and inflation fluctuations, changes in governmental and regulatory policies and other factors relating to the operations of the Company, which may cause actual future results of the Company to differ materially from those expressed or implied in such forward-looking statements.

The readers are advised not to make decisions exclusively on the basis of these projections and estimates. The projections and estimates do not represent and should not be interpreted as guarantees of future performance. The Company does not undertake to publish any revisions and does not undertake to update the projections and estimates with regards to any future events or circumstances that may occur after the date of this document.

This document may contain operational information and other information that are not derived from the financial reporting of the Company. Such data has not been subject to any revision by the independent auditors of the Company and may involve management's estimates and assumptions.

This document does not constitute an offer, or invitation, or solicitation of an offer, to subscribe for or purchase any securities.