

**São Paulo - SP, June 24<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 DATA

Ticker: TRPN3  
O/S: 44,219 shares  
Treasury shares: 156k shares  
Stock Price (24/07/2018): R\$ 2.53  
Market Cap: R\$ 111.9 million  
Daily Volume LTM:  
67,3 k shares

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### 2Q18 – Highlights

- ✓ **Assets under management:** As of June 30<sup>th</sup>, 2018, R\$ 4.7 billion in the portfolio funds strategies and R\$ 2.0 billion in the co-investment strategy, amounting to R\$ 6.7 billion of assets under management.
- ✓ **Performance:** Gross returns of R\$ 371.2 million and R\$ 481.6 million in the portfolio funds and co-investment funds, respectively.
- ✓ **Subscriptions and redemptions:** Redemption of R\$ 293.8 million in the portfolio funds and R\$ 13,2 in the co-investment funds.
- ✓ **Gross Revenue:** Management fee amounted to R\$ 8.3 million.
- ✓ **Net Income:** Net income amounted R\$ 3.9 million in 2Q18.

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### Introduction

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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.

In 2Q18, the Tarpon Funds initiated two significant divestments: the execution of an agreement for the sale of a controlling stake in Somos Educação SA ("Somos") to Saber Serviços Educacionais Ltda., a company controlled by Kroton SA, the closing of which is subject to the implementation of certain conditions precedent; and Cremer S.A., whose sale was completed on April 4<sup>th</sup>, 2018.

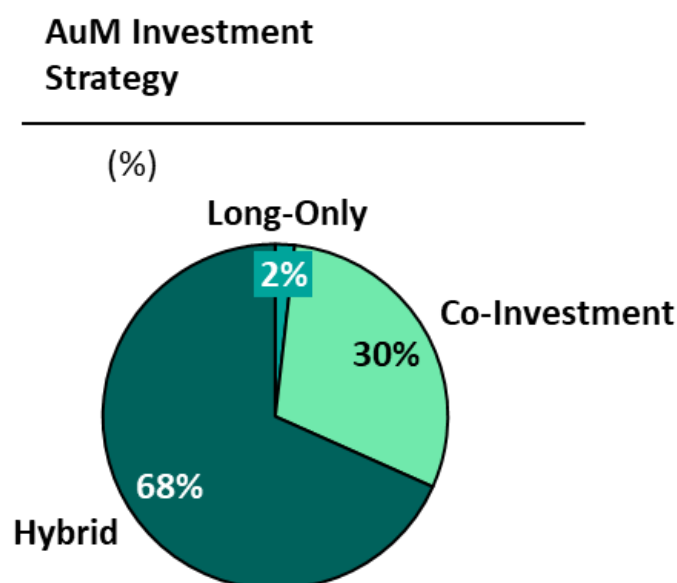
The Tarpon Funds continue to hold a controlling stake in Omega Energia Renovável, while the investment in BRF S.A. ("BRF") has turned into a passive investment, without involvement by Tarpon in the Company's management.

We have observed a positive increase of R\$ 545 million in the Tarpon Funds' assets under management (AuM) in the 2Q18, compared to the previous quarter, mainly due to the revaluation of the investment in Somos after the announcement of the sale of control transaction. This increase has been offset by redemptions of R\$ 293.7 million paid in 2Q18 and by the negative performance of BRF shares in the period (depreciation of 21% in the stock price)

### Investment strategy

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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 portfolio funds investment strategy comprises funds that invest only in listed companies (Long-Only Equity) and funds investing in both listed companies and illiquid investments/private equity (Hybrid Equity).

As of June 30<sup>th</sup>, 2018, the AuM allocated to this strategy amounted to R\$ 4.7 billion.

### **Co-Investment Strategies**

The co-investment strategy consists of funds organized with the purpose to invest in a single 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 hold a significant exposure, allowing us to increase our overall stake in certain invested companies.

As of June 30<sup>th</sup>, 2018, the AuM allocated to this strategy amounted to R\$ 2.0 billion.

### Investment performance

In the 2Q18, the Portfolio Funds Hybrid-Equity strategy posted net returns of 8.0% in R\$ and -7.7% in US\$. Net annualized performance is -1.5% in R\$ and 5.6% in US\$.

In the 2Q18, the Portfolio Funds Long-Only Equity strategy posted net returns of 14.5% in R\$ and 0.6% in US\$. The accumulated annualized returns of this strategy, net of taxes and expenses, is 16.6% in R\$ and 10.6% in US\$.

For illustrative purposes, in the 2Q18, Ibovespa and IBrX Indexes posted returns of -14.8% and -14.8%, respectively (both in R\$). Returns in US\$ were -26.5% and -26.6% for Ibovespa and IBrX, respectively:

Strategy	Launch	Performance <sup>1</sup>				Since Launch (annualized)
		2Q18	12 Months	2 years	5 years	
Long Only Equity (R\$)	may 2002	14.5%	-12.4%	-10.2%	-29.0%	16.6%
Long Only Equity (US\$)	may 2002	0.6%	-24.3%	-28.7%	-61.9%	10.6%
Hybrid Equity (R\$)	sep 2011	8.0%	2.0%	1.1%	-16.3%	-1.5%
Hybrid Equity (US\$)	oct. 2006	-7.7%	8.3%	11.6%	-40.9%	5.6%

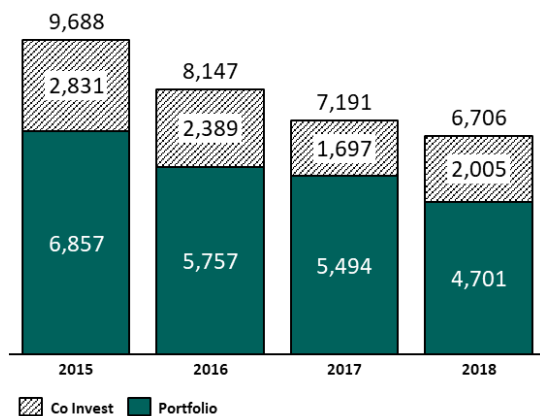
(1) Performance net of fees.

### Assets under management

AuM amounted to R\$ 6.7 billion as of June 30, 2018, an increase of 8.7% when compared to the previous quarter and an increase of 1.5% when compared to the same period of the previous year.

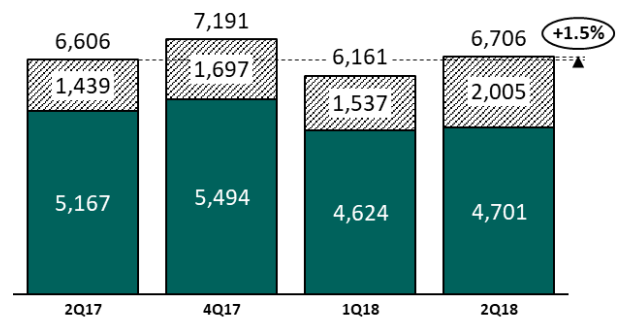
AuM Evolution - Annual

(R\$ MM)



AuM Evolution - Quarter

(R\$ MM)

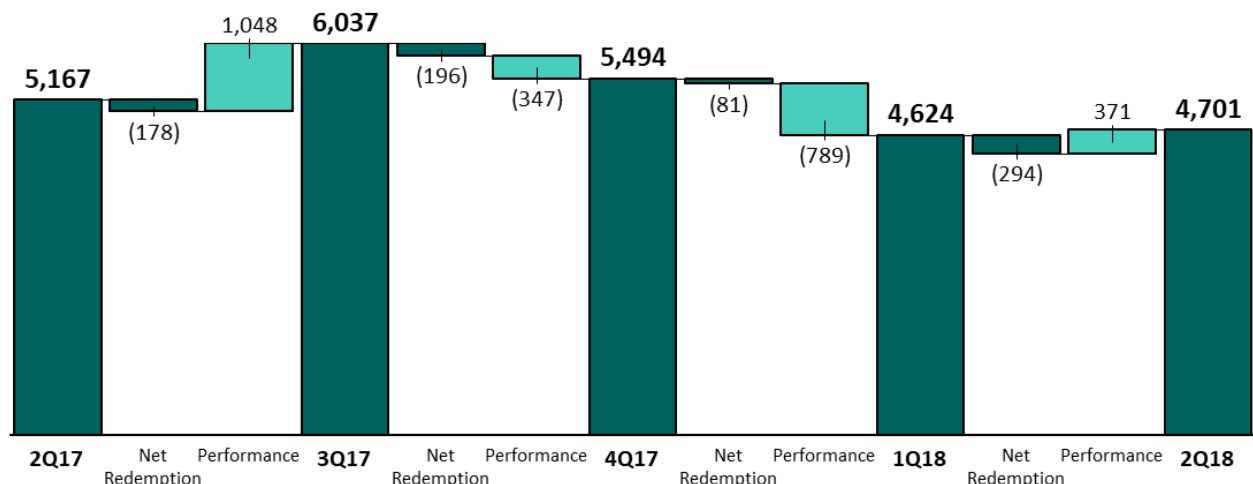


### Portfolio Funds AuM

In 2Q18, the Portfolio Funds registered net redemptions of R\$ 293.7 million and performance of R\$ 371.2 million, resulting in an increase of 1.67% of our assets under management when compared to the previous quarter.

AuM Evolution Portfolio - Quarter

(R\$ MM)



As of June 30<sup>th</sup>, 2018, the AuM for portfolio funds allocated to investments classified as liquid (primarily represented by the investment in BRF) represented 21.0% of the total AuM of the portfolio funds (R\$ 987.3 million). Investments classified as illiquid (represented mainly by

investments in Somos Educação and Omega Energia), valued at fair value<sup>1</sup>, corresponded to 79.0% of the AuM of the portfolio funds (R\$ 3.714,0 million).

Approximately 81.6% of the AuM of the portfolio fund belongs to the Tarpon Partners family of funds, whose liquidity terms are more restrictive than the other portfolio funds. In general, the Tarpon Partners' investor may redeem, every quarter, up to 1/12 of the outstanding balance of its liquid investment account, after a 90-day notice period, so that a full redemption from the liquid investment account shall be paid over three years after the notice period.

As of June 30<sup>th</sup>, 2018, the outstanding amount of redemptions payable from the portfolio funds' liquid pool corresponded to approximately 49.0% of the aggregate balance of liquid pool of the portfolio funds (R\$ 483,8 million), of which 31.7% shall be paid by the end of 2018, 57.9% by the end of 2019 and 10.4% after 2019. These percentages were estimated without considering any change in the net asset value of the funds after June 30<sup>th</sup>, 2018.

The illiquid investments are not subject to redemptions while they remain classified as such, and Tarpon must seek the transfer to the liquid investment account or the sale until the 8th anniversary (including extensions) of the respective investment. If an illiquid investment is sold, the proceeds from the sale attributed to investors who have already requested a full redemption from the fund will be distributed to the respective investors. As of June 30<sup>th</sup>, the balance of illiquid investments of the portfolio funds already linked to redemptions corresponded to 65.1% of the total illiquid investments of the portfolio funds (R\$ 2,419.0 million).

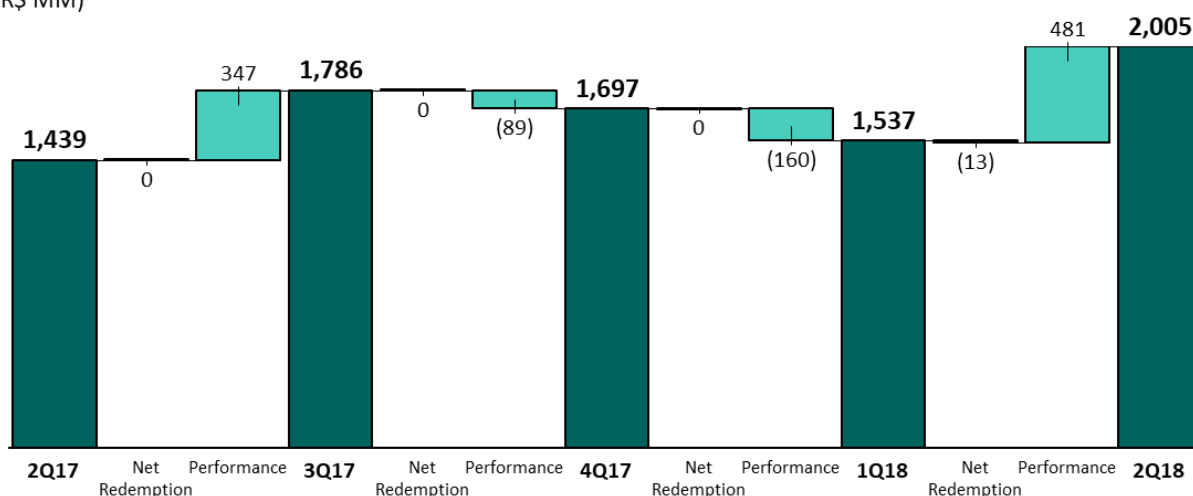
Therefore, as of June 30, 2018, the AuM of the Portfolio Funds not linked to outstanding redemptions was R\$ 1.798,5 million.

### Co-investment Funds AuM

The co-investment funds posted a gross performance of R\$ 481.6 million in 2Q18.

#### AuM Evolution Co Investment - Quarter

(R\$ MM)



(1) The fair value for illiquid investments are measured based in quarterly internal valuations, according with accounting practices applicable to investment funds and conservative liquidity discounts. 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. For clarification purposes, as of June 30<sup>th</sup>, 2018, the investment of the Tarpon Funds in Somos was not valued considering the price under the sale of control transaction.

As of June 30<sup>th</sup>, 2018, out of the total amount of the AuM of the co-investment funds, 82.3% were not subject to a management fee and the performance fee is charged only upon the fund's divestment, corresponding primarily to the special purpose funds organized for investment in Somos. If the sale of control of Somos is completed, such special purpose funds (holders of approximately 41.2% of the total stake of the Tarpon Funds in Somos) will be liquidated and the proceeds from the sale (net of the respective performance fees) will be distributed to investors.

The remainder of the AUM of the co-investment funds is allocated into a multi-investment fund, subject to a quarterly collection of management fee and annual performance fee calculation. Of this fund, based on balances as of June 30<sup>th</sup>, 2018, 14.3% of the proceeds will be distributed as redemptions in 2018, 24.4% as of March 2020 and 61.3% corresponded to illiquid investments, which will be distributed upon the respective divestment.

### **Somos Educação S.A. divestment**

On April 23<sup>rd</sup>, 2018, Tarpon Funds, as sellers, and Saber Serviços Educacionais Ltda., a company controlled by "Kroton S.A.", as the buyer, entered into an agreement providing for the purchase and sale of shares representing a controlling stake in Somos. This transaction involves the sale of 73.35% of the capital stock of Somos, for a total price of approximately R\$ 4.56 billion, of which R\$ 4.12 billion will be paid in cash upon closing of the transaction and the remainder will be retained as guarantee for certain contingent obligations assumed by sellers. The Tarpon Funds hold additional shares in Somos (1.43% of the share capital) that will be disposed of in the future.

The completion of this transaction is subject to certain conditions precedent provided in the agreement.

From the proceeds of the Somos divestment, it is estimated, based on data as of June 30<sup>th</sup>, 2018, that 79.6% will be distributed to the Tarpon Funds' limited partners (40.7% from the single investment co-investment fund and 38.9% referring to redemptions from other funds) and 20.4% will revert to new investments by the Tarpon Funds.

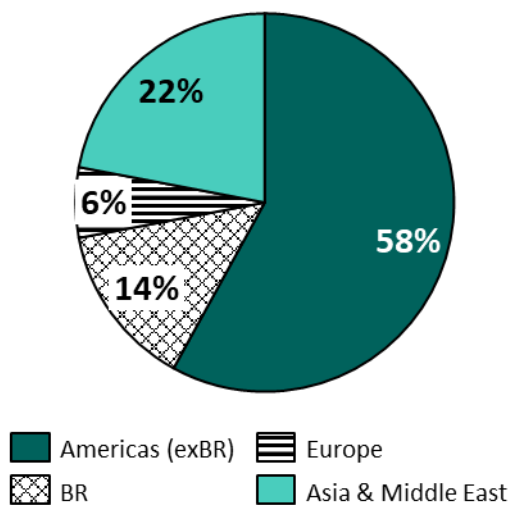


### Investor base

As of June 30<sup>th</sup>, 2018, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds, accounted for 78.9% of total AuM. The proprietary capital represented 10.7% of total AuM of the Tarpon Funds as of June 30<sup>th</sup>, 2018 and 36.3% of the total AuM not linked to outstanding redemptions.

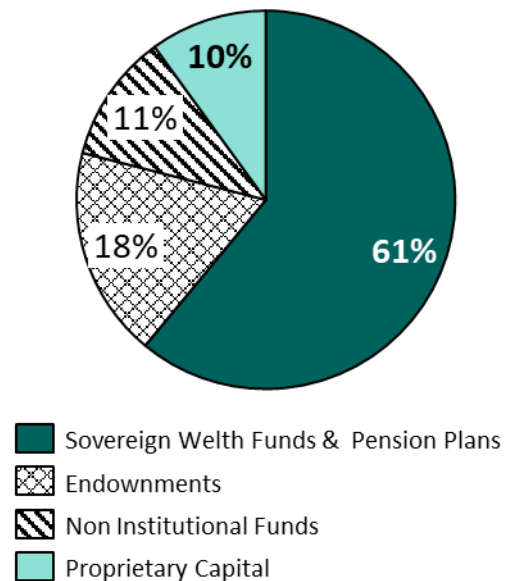
**AuM by Region**

(%)



**AuM Investor Type**

(%)



### Financial Highlights

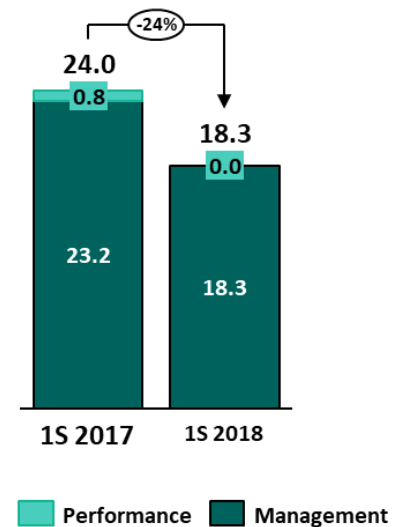
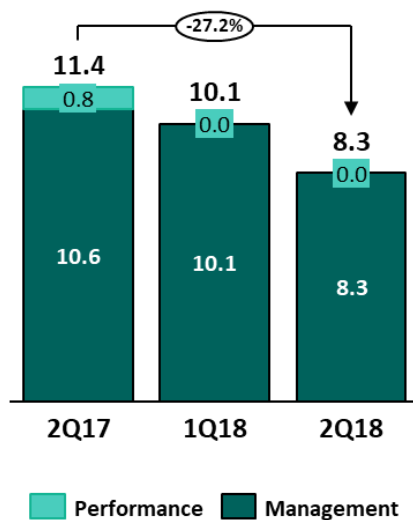
#### Operating revenues

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 2Q18, the gross operating revenues amounted R\$ 8.3 million, a decrease of 27.6% when compared to 2Q17. This reduction is a consequence from the decrease of the Portfolio Funds’ AuM in the 2Q18, compared to 2Q17.

### Operating Revenues

(R\$ MM)



### 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\$ 8.3 million in 2Q18, equivalent to 100.0% 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 revaluation of illiquid investments in excess of 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.

As of June 30<sup>th</sup>, 2018, there was no revenue related to performance fees. Except for the special purpose funds for investment in Somos, the AuM of the Tarpon Funds remains substantially below the water mark.

In addition, if the sale of control of Somos is completed, it is expected that the Company will calculate performance fee revenue related to the special purpose funds, in the estimated gross amount of R\$ 117 million (referring to the portion in cash of the sale price, being that the determination of performance rate on the portion of the retained price is conditioned to its actual receipt by the funds). Of this amount, 35% is allocated as variable compensation to the Company's management and employees.

### Operating expenses

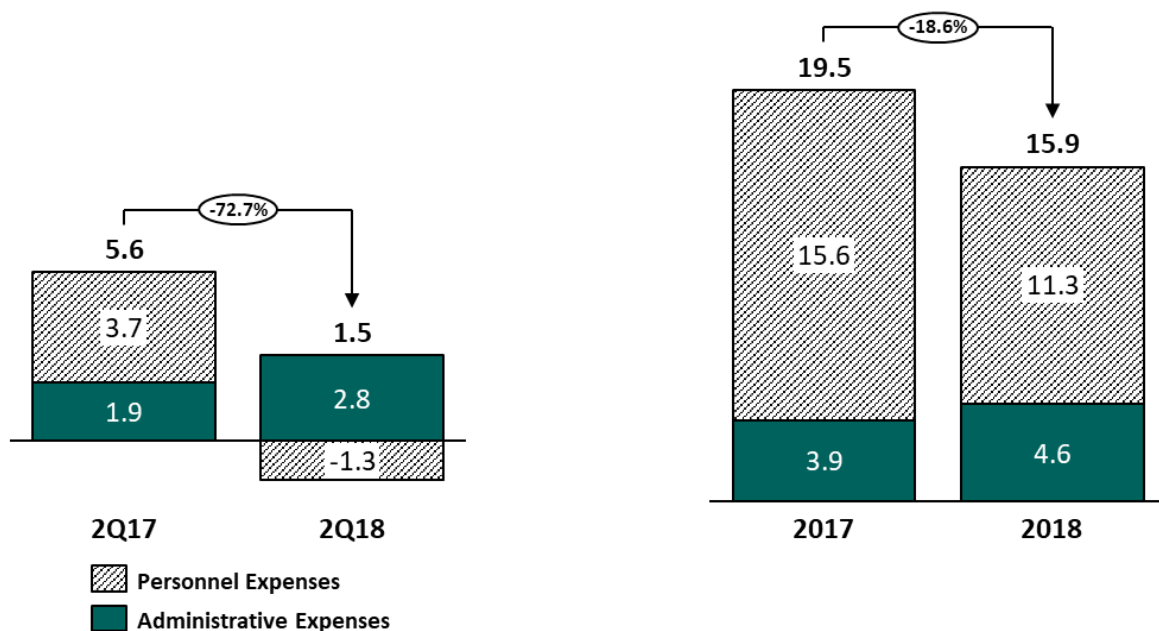
Operating expenses include general and administrative expenses, payroll, and other expenses related to depreciation, travel expenses, provisions for profit sharing program, stock option plans (without cash effect) and variable compensation.

During the 2Q18, operating expenses totaled R\$ 1.5 million, a decrease of 72.7% when compared to the same period of 2Q17, and a reduction of 18.6% compared to the same annualized period of 2017.

As of June 30th, 2018, personnel expenses totaled R\$ 1,315 (R\$ 3,658 in 2017). Due to the stock-based payment plan approved in April 2018, the bonus expense provision of the first quarter was reversed in the amount of R\$ 4,257, as these expenses will be recognized over the applicable vesting period.

### Operating Expenses

(R\$ MM)



### Taxes

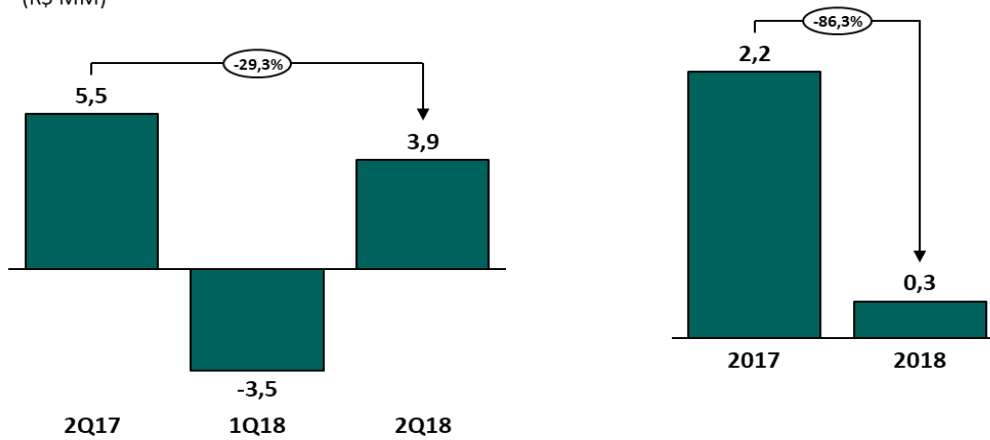
Deferred Income taxes and social contribution amounted up to R\$ 3.1 million during 2Q18.

### Net Income

Tarpon registered a net loss of R\$ 3.9 million during 2Q18.

### Net Income

(R\$ MM)



## 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\$ 2.53, the company's market value is R\$ 111.9 million.



TRPN3 vs Ibovespa (LTM - base 100)

### Attachments - Reports

#### Consolidated Income Statement

*Financial highlights - R\$ million*

Income Statement	2Q18	2Q17	Var.%	6M 2018	6M 2017	Var.%
<b>Gross revenues</b>	<b>8.3</b>	<b>11.4</b>	<b>-27%</b>	<b>18.3</b>	<b>24.0</b>	<b>-24%</b>
Management fees	8.0	10.4	-22%	17.8	22.7	-21%
Performance fees	-	-	-	-	-	100%
<b>Net revenues</b>	<b>8.0</b>	<b>11.1</b>	<b>-28%</b>	<b>17.8</b>	<b>23.4</b>	<b>-24%</b>
<b>Operating Expenses</b>						
Personal Expenses	1.3	(3.7)	-136%	(11.3)	(15.6)	-28%
Administrative Expense and others	(2.8)	(1.9)	47%	(4.6)	(3.9)	20%
<b>Net Income after Operating Expenses</b>	<b>6.5</b>	<b>5.5</b>	<b>18%</b>	<b>2.0</b>	<b>4.0</b>	<b>-51%</b>
<i>Gross margin</i>	<i>81%</i>	<i>50%</i>		<i>11%</i>	<i>17%</i>	
Finance Income	0.5	0.3	61%	0.9	0.6	42%
Income tax and social contribution	(3.1)	(0.4)	790%	(2.5)	(2.3)	8%
<b>Net Income</b>	<b>3.9</b>	<b>5.5</b>	<b>-29%</b>	<b>0.3</b>	<b>2.2</b>	<b>-86%</b>
<i>Net margin</i>	<i>48%</i>	<i>49%</i>		<i>2%</i>	<i>10%</i>	
<b>Earnings per share (R\$/share)</b>	<b>0.09</b>	<b>0.12</b>	<b>-29%</b>	<b>0.01</b>	<b>0.05</b>	<b>-86%</b>
O/S	44,063	43,959	0%	44,063	43,959	0%
<b>AuM (end of period)</b>	<b>6,706</b>	<b>6,606</b>	<b>2%</b>	<b>6,706</b>	<b>6,606</b>	<b>2%</b>

### Consolidated Balance Sheet

*Financial highlights - R\$ thousands*

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	282	28,285
Financial assets measured at fair value through profit and loss	53,305	25,585
Receivables	284	658
Recoverable taxes	1,942	452
Other assets	9,482	8,129
<b>Current assets</b>	<b>65,295</b>	<b>63,109</b>
Recoverable taxes	1,099	1,075
Other assets	202	-
Deferred Tax	236	-
Fixed Assets	82	101
Intangible Assets	168	172
<b>Non-current assets</b>	<b>1,787</b>	<b>1,348</b>
<b>Total assets</b>	<b>67,082</b>	<b>64,457</b>
<b>Liabilities</b>		
Accounts payable	259	462
Dividends payable	86	2,421
Current tax liabilities	7,905	6,307
Payroll accruals	1,078	2,195
<b>Current liabilities</b>	<b>9,328</b>	<b>11,385</b>
Deferred Tax Liability	337	295
<b>Non-current liabilities</b>	<b>337</b>	<b>295</b>
Share capital	7,362	7,085
Capital reserve	3,236	3,236
Share in Treasury	(624)	(624)
Legal reserve	1,415	1,415
Profit reserve	7,072	7,072
Stock based payment reserve	22,474	21,697
Cumulative translation adjustment	16,174	12,896
Retained Earnings	308	-
<b>Equity</b>	<b>57,417</b>	<b>52,777</b>
<b>Total liabilities and equity</b>	<b>67,082</b>	<b>64,457</b>

**Consolidated Cash Flow**

Financial highlights - R\$ thousands

Cash Flow	2018	2017
<b>Net income / (Loss)</b>	<b>308</b>	<b>2,245</b>
Depreciation and Amortization	33	164
Stock Options	777	555
Accrued Income Tax and Social Contribution	2,731	2,282
Deferred Income Tax and Social Contribution	(194)	60
<b>Adjusted net income</b>	<b>3,655</b>	<b>5,306</b>
Receivables	374	(1,580)
Financial Instruments fair value through profit loss	(27,720)	910
Financial Derivatives	-	(456)
Recoverable Taxes	(1,514)	1,245
Other Assets	(1,555)	2,646
Payroll Accruals and Dividends payable	(1,117)	3,447
Accounts Payable	(203)	(159)
Tax liabilities	1,618	635
Income tax and social contribution paid	(2,751)	(2,964)
<b>Cash used/provided by operating activities</b>	<b>(29,213)</b>	<b>9,030</b>
Acquisition of property, plant and equipment	(10)	-
<b>Cash provided by investing activities</b>	<b>(10)</b>	<b>-</b>
Capital Increase	277	-
Dividends Paid	(2,335)	(4,975)
Purchase of treasure shares	-	(624)
<b>Cash used in financing activities</b>	<b>(2,058)</b>	<b>(5,599)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(31,281)</b>	<b>3,432</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>28,285</b>	<b>25,742</b>
Exchange rate changes on cash and cash equivalents	3,278	576
<b>Net decrease in cash and cash equivalents</b>	<b>282</b>	<b>29,749</b>



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### 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 and the funds managed by the Company, which may cause actual future results of the Company to differ materially from those expressed or implied in such forward-looking statements.

This document presents forward-looking statements and estimates regarding financial results and assets under management of Tarpon that may materialize upon the conclusion of the transaction involving the sale of control of Somos by the Tarpon Funds. As mentioned above, the closing of this transaction is subject to several precedent conditions set forth in the respective transaction documents and the Company cannot assure that such forward-looking information will materialize under the terms set forth herein.

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 and should neither be construed as guarantee that the transactions that may generate estimated results will be effectively completed in accordance with their terms.

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