

**São Paulo - SP, November 14<sup>th</sup>, 2018.** Tarpon Investimentos S.A. ("Tarpon" or "the Company"), an investment management company dedicated to public and private equity investment funds ("Tarpon Funds"), presents its results for the quarter ending September 30, 2018.

### STOCK DATA

Ticker: TRPN3  
O/S: 44,116 shares  
Treasury shares: 357k shares  
Stock Price (13/07/2018): R\$ 2.36  
Market Cap: R\$ 104.1 million  
Daily Volume LTM:  
63,7 k shares

### 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)

### *3Q18 – Highlights*

- ✓ **Assets under management:** As of September 30<sup>th</sup>, 2018, R\$ 4.9 billion in the portfolio funds strategies and R\$ 2.0 billion in the co-investment strategy, amounting to R\$ 6.9 billion of assets under management.
- ✓ **Redemptions payable:** at the end of 3Q18, R\$ 5.9 billion in AuM linked to previously requested redemptions from the Tarpon Funds (85.9% of total AuM in 3Q18), compared to R\$4.9 billion in 2Q18 (72.8% of total AuM in 2Q18).
- ✓ **Performance:** gross returns of R\$ 294.4 million and R\$ 49.9 million in the portfolio funds and co-investment funds, respectively.
- ✓ **Subscriptions and redemptions:** in 3Q18, payments of R\$ 116.2 million in redemptions at the portfolio funds and R\$ 16.0 million in the co-investment funds.
- ✓ **Gross revenue:** management fees amounted to R\$ 7.9 million in 3Q18.
- ✓ **Net income:** net income of R\$ 1.4 million in 3Q18.

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### Introduction

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In 3Q18, we observed the consolidation of redemptions from the Tarpon Funds. In order to access the liquidity arising from the sale by the Tarpon Funds of shares in Somos Educação SA ("Somos"), the largest non-redeeming investors decided to request the full redemption of their interests in the funds - which allows such investors to immediately receive, in average, 50% of their NAV.

As a result, the AuM linked to redemptions increased from R\$ 4.9 billion as of June 30, 2018 (72.8% of total AuM), to R\$ 5.9 billion as of September 30, 2018 (85.9% of total AuM).

As of September 30, 2018, AuM not linked to redemptions corresponded to R\$ 1.0 billion, of which 75.7% corresponded to investments in Tarpon Funds, held by the controlling shareholders and management of the Company ("Proprietary Capital"). The remainder of AuM not linked to redemptions corresponded mainly to funds from the long-only strategy.

In this context, the Company initiated discussions with investors of its flagship fund - the Tarpon Partners fund - offering the option to accelerate the payment of redemptions of liquid investments from such funds through the distribution in kind of the assets directly to investors.

The Company understands that this redemption payment mechanic is more aligned with investors' interests and will allow the Company to concentrate its efforts and resources in the management of investments which are expected to remain under the Company's management in the long-term, primarily the investment in "Omega Energia Renovável", as well as new investment opportunities. The terms applicable to this early redemption option are still under discussion with investors, and the Company will update shareholders on the conclusion of these discussions.

Additionally, following the redemptions from the main investors in the Tarpon Funds, the principal investors holding the proprietary capital have requested the redemption of the liquid assets arising from the sale of "Somos". This redemption amounts to R\$ 267 million (NAN as of September 30, 2018).

Notwithstanding this redemption, the controlling shareholders informed the Company that they intend to continue to invest their own funds in funds managed by the Company. Therefore, it is expected that new investment opportunities to be pursued by the Company will be funded with proprietary capital. The size, liquidity and economic terms applicable to such investments will be defined as the investment opportunities materialize.

Considering this scenario, the Company's management has been conducting an extensive review of the Company's current business model - management of hybrid Funds, with open mandates and focused in larger companies, predominantly aimed at foreign institutional investors. This strategic review involves a series of initiatives in the following areas:

- (i) Investment strategy: the Company's investment strategy will mainly comprise: (a) portfolio of listed companies with greater geographical flexibility and liquidity; (b) specific investments (private and/or public companies), originated internally by the Company, including investment opportunities in smaller sized or early-stage companies; and (c) continuing to develop the investment in "Omega Energia Renovável"
- (ii) Sources of funds: the implementation of this investment strategy will be based, initially, on proprietary capital currently available or that will be allocated going

forward. Together with the proprietary capital, the Company may seek capital from outside investors, for specific opportunities (following a co-investment model); and

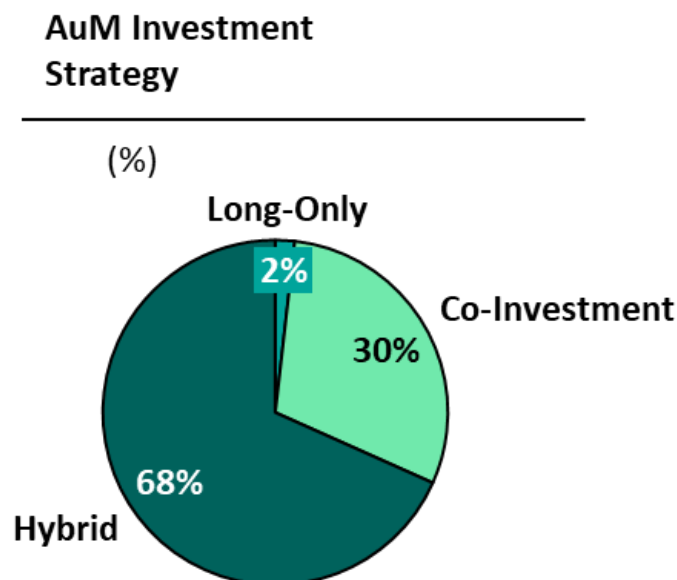
- (iii) Capital structure Review: management intends to optimize the Company's capital structure by reassessing the cash needed to support the new business model and distributing excess cash to shareholders. The amounts to be distributed will be defined based on the review of the Company's organizational structure and budget to meet the demands from this new business model.

Management will keep shareholders informed of these strategic initiatives.

### 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 September 30<sup>th</sup>, 2018, the AuM allocated to this strategy amounted to R\$ 4.9 billion.

### Co-Investments

The co-investments 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 September 30<sup>th</sup>, 2018, the AuM allocated to this strategy amounted to R\$ 2.0 billion.

### Investment performance

In the 3Q18, the Portfolio Funds Hybrid-Equity strategy posted net returns of 6.1% in R\$ and -2.6% in US\$. Net annualized performance is -0.6% in R\$ and 5.2% in US\$.

In the 3Q18, the Portfolio Funds Long-Only Equity strategy posted net returns of 8.6% in R\$ and 3.3% in US\$. The accumulated annualized returns of this strategy, net of taxes and expenses, is 16.9% in R\$ and 10.8% in US\$.

For illustrative purposes, in the 3Q18, Ibovespa and IBrX Indexes posted returns of 9.0% and 8.8%, respectively (both in R\$). Returns in US\$ were 5.0% and 4.8% for Ibovespa and IBrX, respectively:

Strategy	Launch	Performance <sup>1</sup>				
		3Q18	12 Months	2 years	5 years	Since Launch (annualized)
Long Only Equity (R\$)	maio 2002	8.65%	-19.16%	-12.43%	-31.14%	16.89%
Long Only Equity (US\$)	maio 2002	3.31%	-36.28%	-32.65%	-64.57%	10.77%
Hybrid Equity (R\$)	set 2011	6.12%	-9.96%	-5.75%	-19.18%	-0.58%
Hybrid Equity (US\$)	out. 2006	-2.60%	-16.75%	-0.19%	-45.47%	5.22%

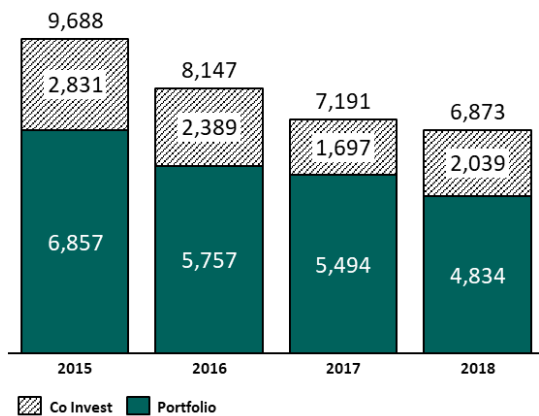
(1) Performance net of fees.

### Assets under management

Total AuM amounted to R\$ 6.9 billion as of September 30<sup>th</sup>, 2018, an increase of 2.5% when compared to the previous quarter and a decrease of 12.1% when compared to the same period of the previous year.

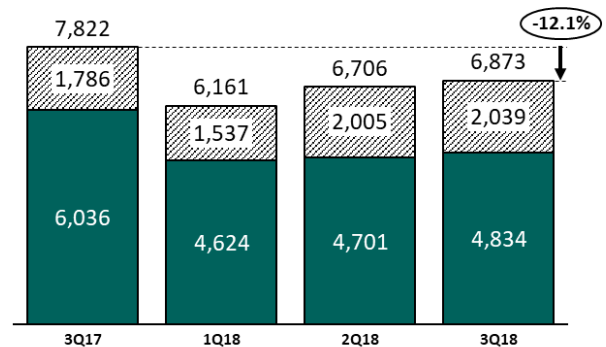
AuM Evolution - Annual

(R\$ MM)



AuM Evolution - Quarter

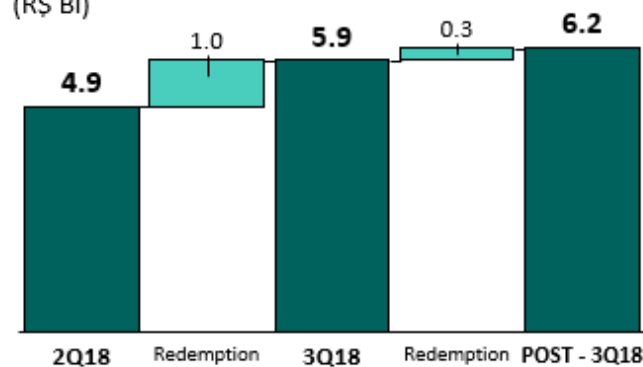
(R\$ MM)



The following chart presents the evolution of the AuM linked to redemptions payable:

### Requested Redemptions

(R\$ Bi)

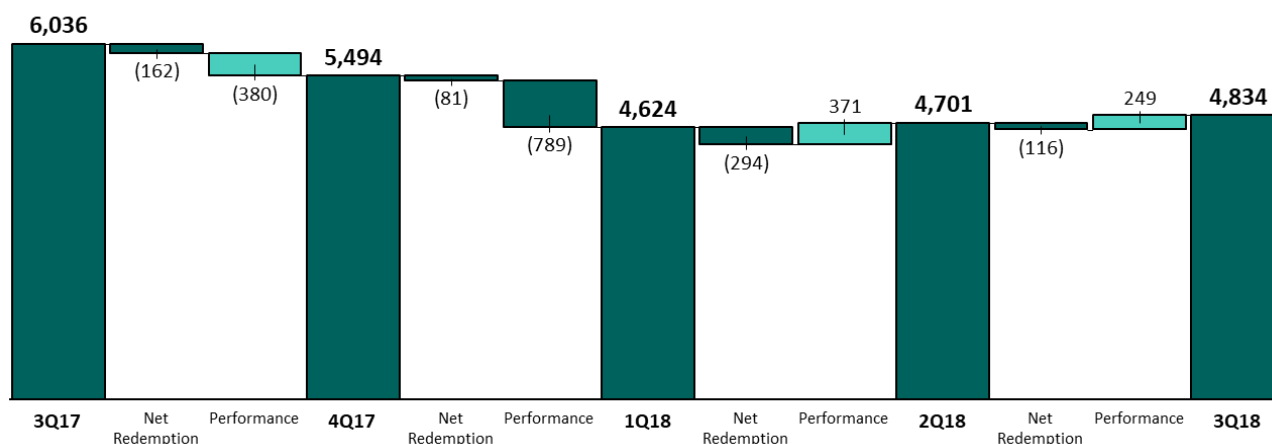


### Portfolio Funds AuM

In 3Q18, the Portfolio Funds registered net redemptions of R\$ 116.2 million and performance of R\$ 249.4 million, resulting in an increase of 2.83% of our assets under management when compared to the previous quarter.

#### AuM Evolution Portfolio - Quarter

(R\$ MM)



As of September 30<sup>th</sup>, 2018, the AuM for portfolio funds allocated to investments classified as liquid (primarily represented by the investment in BRF) represented 20.3% of the total AuM of the portfolio funds (R\$ 983.3 million). Investments classified as illiquid (represented mainly by investments in Somos Educação and Omega Energia), valued at fair value<sup>1</sup>, corresponded to 79.7% of the AuM of the portfolio funds (R\$ 3.850,9 million).

On September 30<sup>th</sup>, 2018, approximately 88.1% of the AuM of the portfolio funds belonged 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.

The outstanding amount of redemptions payable from the portfolio funds' liquid pool corresponded, on September 30<sup>th</sup>, 2018, to approximately 67.4% of the aggregate balance of liquid pool of the portfolio funds (R\$ 662,7 million), of which 16.9% shall be paid by the end of 2018, 63.1% by the end of 2019 and 20.0% after 2019. These percentages were estimated without considering any change in the net asset value of the funds after September 30<sup>th</sup>, 2018.

As mentioned above, the Company initiated discussions with investors in Tarpon Partners offering the option to accelerate redemptions of the liquid investments held by such funds through the distribution in kind of assets directly to investors. These discussions, if concluded, will impact in the schedule of redemptions presented above.

(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 September 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.

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 September 30th, the balance of illiquid investments of the portfolio funds already linked to redemptions corresponded to 84.6% of the total illiquid investments of the portfolio funds (R\$ 2,419.0 million).

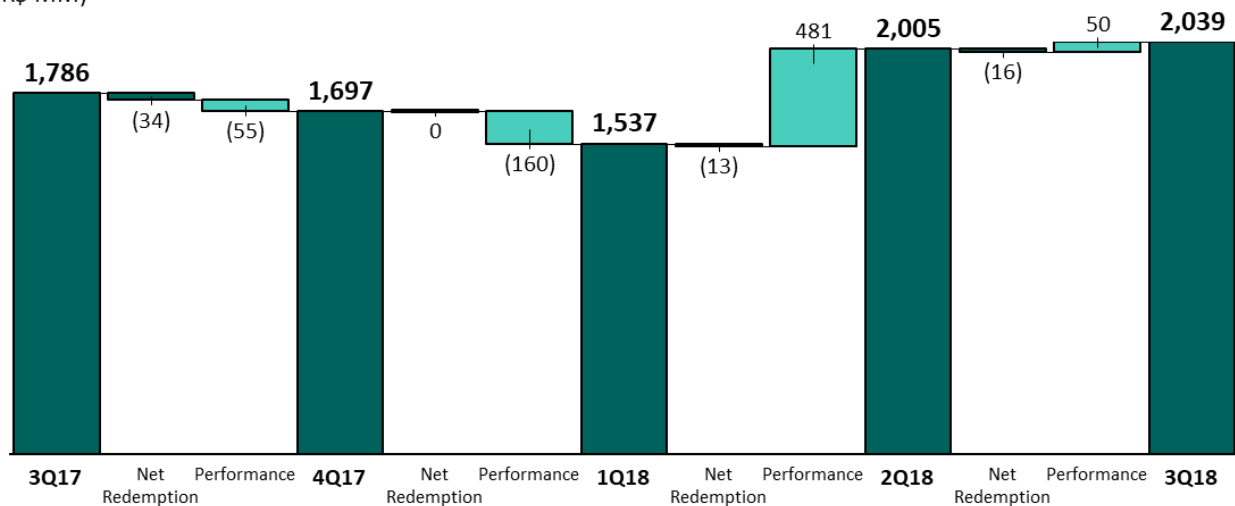
Therefore, as of September 30th, 2018, the AuM of the Portfolio Funds not linked to outstanding redemptions was R\$ 913,0 million.

### Co-investment Funds AuM

The co-investment funds posted a gross performance of R\$ 49.8 million in 3Q18.

#### AuM Evolution Co Investment - Quarter

(R\$ MM)



As of September 30<sup>th</sup>, 2018, out of the total amount of the AuM of the co-investment funds, 82.0% 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. Since the sale of control of Somos was completed, such special purpose funds 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 September 30<sup>th</sup>, 2018, 4.4% of the proceeds will be distributed as redemptions in 2018, 21.9% as of March 2020 and 73.7% corresponded to illiquid investments, which will be distributed upon the respective divestment.



### Somos Educação Divestment

On April 23rd, 2018, the 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. The transaction closed on October 11, 2018, with 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 were paid in cash upon closing of the transaction and the remainder will be retained in escrow as collateral for certain contingent obligations assumed by sellers.

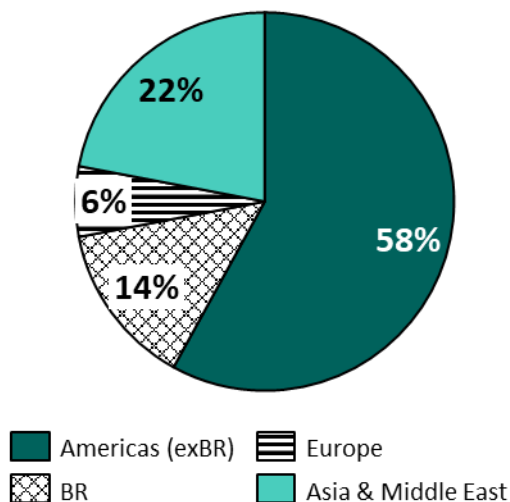
From the proceeds of the Somos divestment, 99.2% will be distributed to investors, which already takes in consideration the partial redemption of the proprietary capital mentioned above.

### Investor base

As of September 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 11.1% of total AuM of the Tarpon Funds as of September 30<sup>th</sup>, 2018 and 66.4% of the total AuM not linked to outstanding redemptions (Already considering the partial redemption of proprietary capital mentioned above).

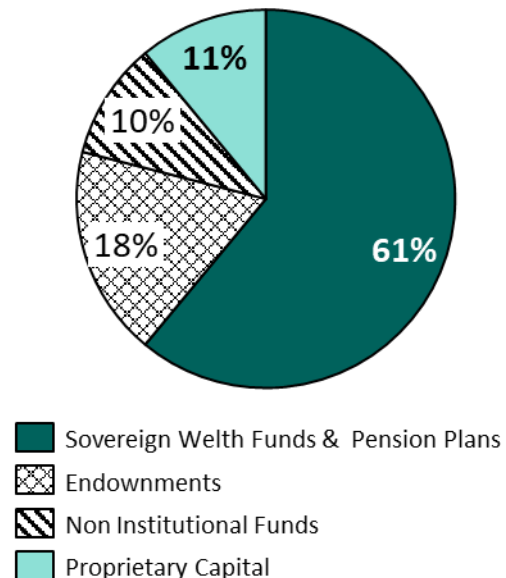
**AuM by Region**

(%)



**AuM Investor Type**

(%)



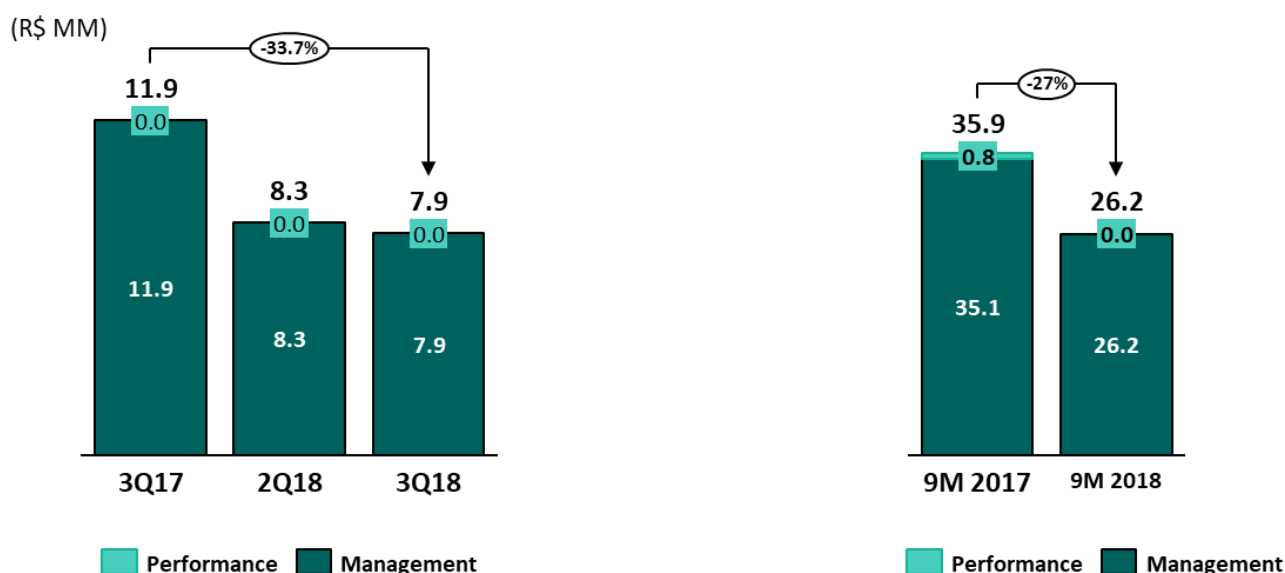
### Financial Highlights

#### 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 3Q18, the gross operating revenues amounted R\$ 7.9 million, a decrease of 33.7% when compared to 3Q17. This reduction is a consequence from the decrease of the Portfolio Funds’ AuM in the 3Q18, compared to 2Q17.

#### Operating Revenues



#### 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\$ 7.9 million in 3Q18, 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 September 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, with the sale of control of Somos completed in October 11<sup>th</sup>, 2018 and the subsequent distribution of proceeds therefrom by the special purpose funds, the Company is expected received performance fees in the gross amount of R\$ 94.7 million (relating to the initial tranche of the purchase price, after deducting operating expenses and charges). Of this amount, 35% is expected to be allocated as variable compensation to the Company's management and employees.

The review of the value previously reported as a performance fee estimate (R\$ 117 million) is mainly due to potential taxation over the amounts to be distributed to the investors of the funds. This potential tax charge will be subject to an active claim to be filed before courts and any performance fee on such claimed amounts, as well as on the portion of the retained price of the Somos sale held in escrow, will be subject to the effective receipt of proceeds by the funds and distribution thereof to investors.

### Operating expenses

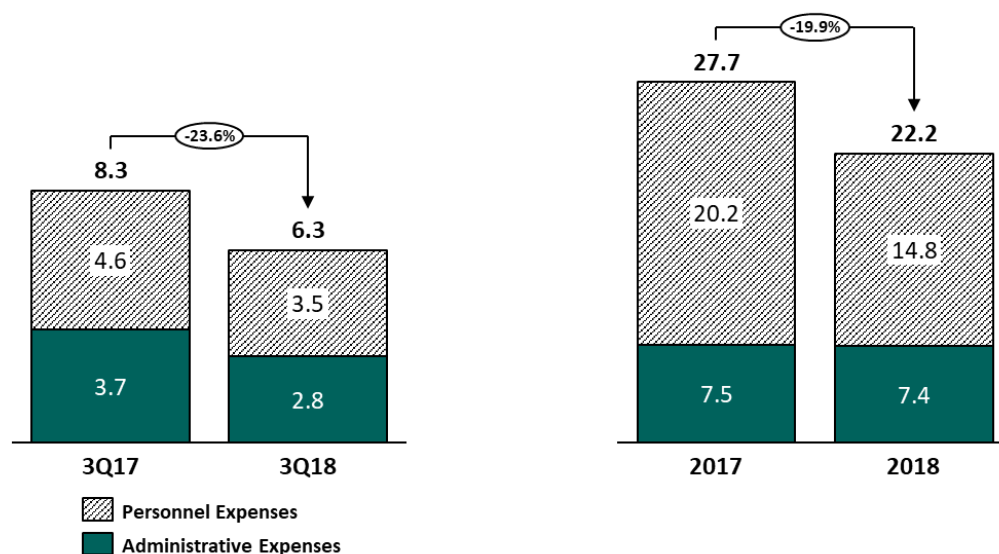
Operating expenses include general and administrative expenses, payroll, and other expenses related to depreciation, travel expenses, provisions for profit sharing program, stock option plans (without cash effect) and variable compensation.

During the 3Q18, operating expenses totaled R\$ 6.3 million, a decrease of 23.6% when compared to the same period of 3Q17, and a reduction of 19.9% compared to the same annualized period of 2017.

As of September 30<sup>th</sup>, 2018, personnel expenses totaled R\$ 3,5 million (R\$ 4,6 million in 2017).

#### Operating Expenses

(R\$ MM)

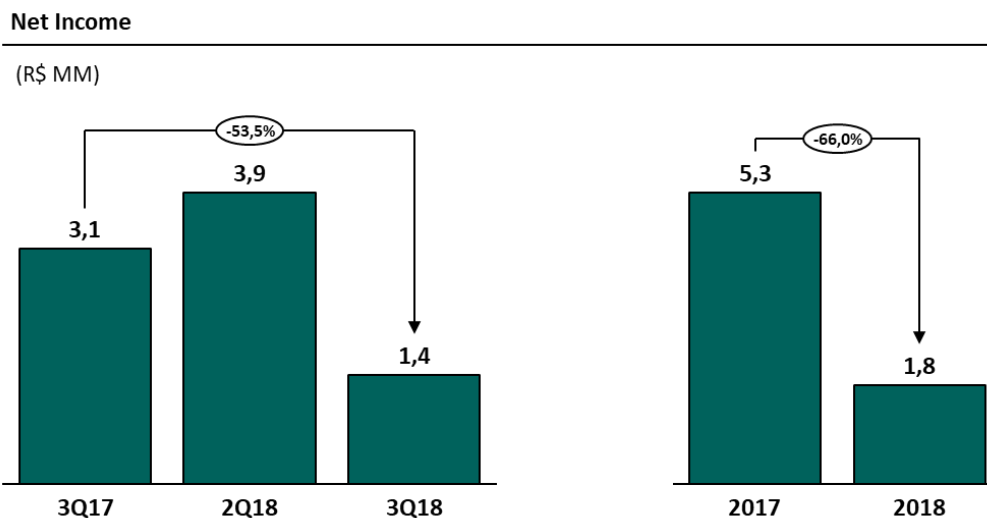


### Taxes

Deferred Income taxes and social contribution amounted up to R\$ 0.8 million during 3Q18.

### Net Income

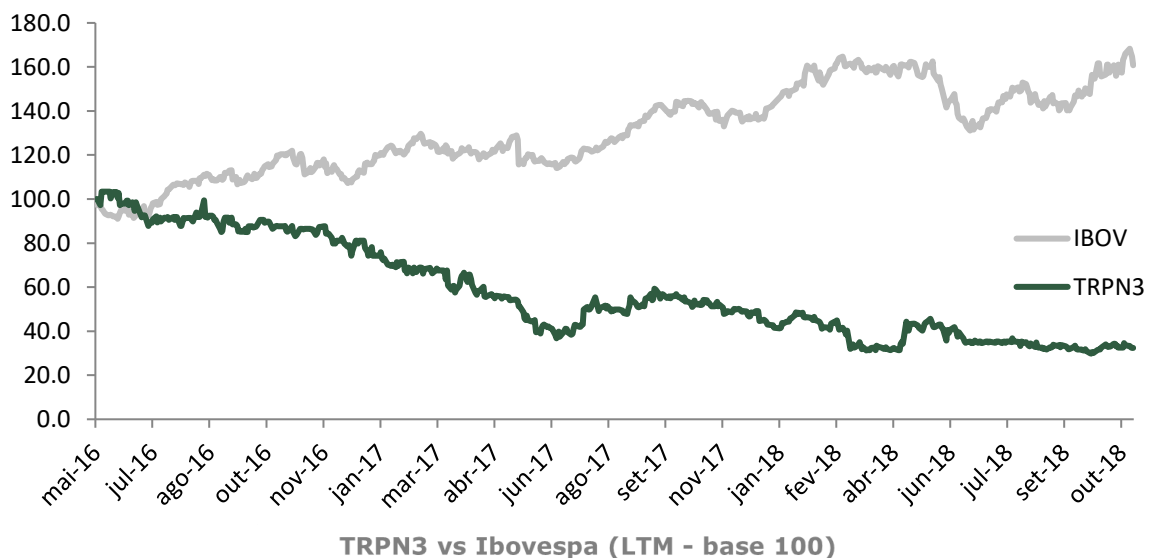
Tarpon registered a net profit of R\$ 1.4 million during 3Q18.



### 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\$ 2.36, the company's market value is R\$ 104.1 million.



### Attachments - Reports

#### Consolidated Income Statement

*Financial highlights - R\$ million*

Income Statement	3Q18	3Q17	Var.%	2018	2017	Var.%
<b>Gross revenues</b>	<b>7.9</b>	<b>11.9</b>	<b>-34%</b>	<b>26.2</b>	<b>35.9</b>	<b>-27%</b>
Management fees	7.7	11.7	-34%	25.5	34.3	-26%
Performance fees	-	-	-	-	-	100%
<b>Net revenues</b>	<b>7.7</b>	<b>11.7</b>	<b>-34%</b>	<b>25.5</b>	<b>35.1</b>	<b>-27%</b>
<b>Operating Expenses</b>						
Personal Expenses	(3.5)	(4.6)	-24%	(14.8)	(20.2)	-27%
Administrative Expense and others	(2.8)	(3.7)	-23%	(7.4)	(7.5)	-1%
<b>Net Income after Operating Expenses</b>	<b>1.3</b>	<b>3.4</b>	<b>-61%</b>	<b>3.3</b>	<b>7.4</b>	<b>-55%</b>
<i>Gross margin</i>	17%	29%		13%	21%	
Finance Income	0.9	0.4	99%	1.7	1.1	65%
Income tax and social contribution	(0.8)	(0.7)	6%	(3.3)	(3.1)	8%
<b>Net Income</b>	<b>1.4</b>	<b>3.1</b>	<b>-54%</b>	<b>1.8</b>	<b>5.3</b>	<b>-67%</b>
<i>Net margin</i>	19%	27%		7%	15%	
<b>Earnings per share (R\$/share)</b>	<b>0.03</b>	<b>0.07</b>	<b>-54%</b>	<b>0.04</b>	<b>0.12</b>	<b>-67%</b>
O/S	44,116	43,959	0%	44,116	43,959	0%
<b>AuM (end of period)</b>	<b>6,873</b>	<b>7,822</b>	<b>-12%</b>	<b>6,873</b>	<b>7,822</b>	<b>-12%</b>

### Consolidated Balance Sheet

*Financial highlights - R\$ thousands*

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	324	28,285
Financial assets measured at fair value through profit and loss	55,855	25,585
Receivables	331	658
Recoverable taxes	2,814	452
Other assets	8,826	8,129
<b>Current assets</b>	<b>68,150</b>	<b>63,109</b>
Recoverable taxes	1,110	1,075
Other assets	725	-
Deferred Tax	333	-
Fixed Assets	78	101
Intangible Assets	165	172
<b>Non-current assets</b>	<b>2,411</b>	<b>1,348</b>
<b>Total assets</b>	<b>70,561</b>	<b>64,457</b>
<b>Liabilities</b>		
Accounts payable	392	462
Dividends payable	88	2,421
Current tax liabilities	8,947	6,307
Payroll accruals	746	2,195
<b>Current liabilities</b>	<b>10,173</b>	<b>11,385</b>
Deferred Tax Liability	360	295
<b>Non-current liabilities</b>	<b>360</b>	<b>295</b>
Share capital	7,818	7,085
Capital reserve	3,236	3,236
Share in Treasury	(626)	(624)
Legal reserve	1,415	1,415
Profit reserve	7,072	7,072
Stock based payment reserve	23,163	21,697
Cumulative translation adjustment	16,199	12,896
Retained Earnings	1,751	-
<b>Equity</b>	<b>60,028</b>	<b>52,777</b>
<b>Total liabilities and equity</b>	<b>70,561</b>	<b>64,457</b>

### Consolidated Cash Flow

*Financial highlights - R\$ thousands*

<b>Cash Flow</b>	<b>2018</b>	<b>2017</b>
<b>Net income / (Loss)</b>	<b>1,751</b>	<b>5,350</b>
Depreciation and Amortization	40	247
Stock Options	1,466	811
PP&E Acquisition	-	87
Accrued Income Tax and Social Contribution	3,560	2,969
Deferred Income Tax and Social Contribution	(268)	88
<b>Adjusted net income</b>	<b>6,549</b>	<b>9,552</b>
Receivables	327	10
Financial Instruments fair value through profit loss	(30,270)	4,682
Financial Derivatives	-	(456)
Recoverable Taxes	(2,397)	569
Other Assets	(1,422)	3,264
Payroll Accruals and Dividends payable	(1,449)	1,763
Accounts Payable	(70)	506
Tax liabilities	2,737	1,697
Income tax and social contribution paid	(3,657)	(4,357)
<b>Cash used/provided by operating activities</b>	<b>(29,652)</b>	<b>17,230</b>
Acquisition of property, plant and equipment	(10)	-
<b>Cash provided by investing activities</b>	<b>(10)</b>	<b>-</b>
Capital Increase	733	-
Dividends Paid	(2,333)	(4,975)
Purchase of treasure shares	(2)	(624)
<b>Cash used in financing activities</b>	<b>(1,602)</b>	<b>(5,599)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(31,264)</b>	<b>11,632</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	3,303	(585)
<b>Net decrease in cash and cash equivalents</b>	<b>324</b>	<b>36,788</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 contains 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.

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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