GRUPOTECHNOS

4Q18 RESULTS

TECHNOS Dumont FOSSIL AX ARMANI EXCHANGE DKNY MICHAEL KORS MARC JACOBS TORY BURCH TOUCH
Allora Condor EURO EMPORIO ARMANI DIESEL MARINER mormaii SKAGEN DENMARK

GRUPO TECHNOS ANNOUNCES 4Q18 RESULTS

Rio de Janeiro, March 28, 2019 – Grupo Technos (B3: TECN3) announces its 4Q18 results. The following financial and operational information is presented on a consolidated basis, in compliance with current legislation, unless otherwise indicated.

DATE

03/28/2019

CLOSING PRICE

R$2.53/share

MARKET CAP

R$198.6 million

CONFERENCE CALL

03/29/2019

10:00 a.m. Brasília

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4Q18 HIGHLIGHTS

- Net revenue reached R$109 million, representing a 6.6% decrease;
- Gross margin increased by 5.9p.p. compared to 4Q17;
- SG&A decreased by 32.1%, or R$17.8 million, compared to 4Q17;
- Net income decreased by R$21.3 million compared to 4Q17;
- Adjusted EBITDA totaled R$35.3 million in 4Q18;
- Continuity of good working capital management, reaching R$219.8 million and 324 days, representing a 16.2% decrease compared to 4Q17;
- Net debt decreased by 73.5%, or R$54.1 million, in the last 12 months, totaling R$19.5 million as of December 31, 2018.

R$ million	4Q17	4Q18	%	2017	2018	%
Gross revenue	138.6	129.6	-6.5%	412.4	363.5	-11.8%
Net revenue	117.0	109.3	-6.6%	340.1	305.7	-10.1%
Gross profit	48.3	51.5	6.7%	155.1	146.7	-5.4%
Gross margin	*41.3%*	*47.1%*	*5.9p.p.*	*45.6%*	*48.0%*	*2.4p.p.*
Net income	4.3	25.6	490.8%	-12.1	14.4	-218.9%
Net margin	*3.7%*	*23.4%*	*19.7p.p.*	*-3.6%*	*4.7%*	*8.3p.p.*
Adjusted EBITDA	15.0	35.3	135.9%	22.0	36.3	65.0%
Adjusted EBITDA margin	*12.8%*	*32.3%*	*19.5p.p.*	*6.5%*	*11.9%*	*5.4p.p.*
Number of watches (000s)	896	869	-3.0%	2.684	2.435	-9.3%
Average price (R$/product)	154	147	-4.0%	151	147	-2.8%

Adjusted EBITDA – Represents CVM EBITDA (net income plus depreciation and amortization, financial expenses, financial income, current and deferred taxes), adjusted for the realization of deferred tax assets generated by the goodwill premium from the buyout of our controlled company TASA, present value adjustment on sales and sales taxes, non-operational contingency provisions, nonrecurring results, recovery of escrow of liabilities generated before the acquisition of Dumont Saab, and stock option plan.

In 4Q18, we continued our trajectory of sales recovery that started in the previous quarter, notwithstanding a performance that is still below our expectations. We believe that the changes in senior management, informed in August, as well as the advances in operational excellence and relationship with our customers, have positively contributed towards sales recovery.

The revenue and sales volume of our main brands increased in 4Q18 compared to the previous year. We attribute the good performance of these brands to the good receptivity of customers to our Christmas launches and our strategy to adjust the offer of products in price ranges with higher market demand. On the other hand, sales suffered with the negative impact of discontinued brands and products during the year, which accounted for R$7.1 million, or 74%, of the sales gap in the quarter. Excluding this impact, sales in 4Q18 remained virtually in line with sales in 4Q17.

Our gross margin increased due to decreased provisions for inventory. Our gross margin was also affected by the significant depreciation of the *Real* against the U.S. dollar at the end of the year and the increase in the mix of products at more affordable ranges. These effects were offset by internal gains from the efforts to reduce costs with foreign suppliers and international freight, in addition to improvements in manufacturing productivity.

In 4Q18, SG&A decreased by 32.1%, or R$17.8 million, compared to 4Q17 and, even excluding the effect of the extraordinary provision for non-collectible accounts in 4Q17, expenses decreased by 11.6%, or R$5.0 million. In 2018, we worked hard to adjust our structure to control expenses and, notwithstanding the impact of termination costs due to the changes in senior management, we obtained material savings.

In 4Q18, we completed the receivables assignment transaction resulting from tax lawsuits, as disclosed in the material fact dated December 27, 2018, which increased the Company's cash position by R$27.8 million. We will also receive an additional amount, tied to the term of the effective settlement of the receivables with the Federal Government and/or the Manaus Free Trade Zone Superintendence (*Superintendência da Zona Franca de Manaus* – Suframa). We plan to use these proceeds to decrease our net debt.

In 4Q18, Adjusted EBITDA totaled R$35.3 million, representing an increase of R$20.3 million, compared to 4Q17. In 4Q18, net income totaled R$25.6 million, representing an increase of R$21.3 million, compared to 4Q17. In addition to our results of operations, both items were affected by the revenue derived from the recognition of a lawsuit we filed to challenge ICMS in the calculation basis of PIS and COFINS, which lawsuit was decided in our favor.

In regard to working capital, we remained cautious in the management of customer payment terms, and focused on decreasing inventory coverage and extending the payment terms of domestic and foreign suppliers. In 4Q18, working capital reached R$219.8 million, representing a decrease of R$42.4 million, or 16.2%, compared to the previous year. We continue to constantly seek strategies to reduce the use of capital invested in our business.

Likewise, in 4Q18, our net debt decreased by R$54.1 million compared to 4Q17, totaling R$19.5 million at the end of the year. Accordingly, we reached the Company's lowest indebtedness level since the acquisition of Dumont in 2013.

We believe that 2018 was very challenging and we closed the year with signs that we are in the right path towards recovery, as evidenced by the last two quarters. We seek to offset the decrease in sales by adjusting our margin and primarily by working hard to reduce our expenses. In 2019, we believe that we are well prepared to resume sales growth and we will remain focused on operational efficiency.

GROSS REVENUE

Gross revenue reached R$129.6 million in 4Q18, representing a decrease of 6.5% compared to 4Q17. In 2018, gross revenue totaled R$363.5 million, representing a decrease of 11.8% compared to 2017. This performance reflects the decrease in sales due to the persisting contraction in the market as a result of the adverse economic scenario and the low level of consumer trust.

R$ Million	4Q17	4Q18	Var %	Var R$	2017	2018	Var %	Var R$
Product Sales	137.5	128.0	-6.9%	-9.5	405.3	357.4	-11.8%	-47.8
Technical Assistance	1.2	1.5	34.2%	0.4	7.1	6.0	-14.6%	-1.0
Gross Revenue	138.6	129.6	-6.5%	-9.1	412.4	363.5	-11.8%	-48.9

PRODUCT SALES

Overview

Gross revenue decreased from R$137.5 million in 4Q17 to R$128.0 million in 4Q18, representing a decrease of 6.9%. However, we see that the pace of the drop in revenue has been decreasing after the structural changes informed in August, with a renewed focus on operational excellence and relationship with our customers, recovering our values and strengths.

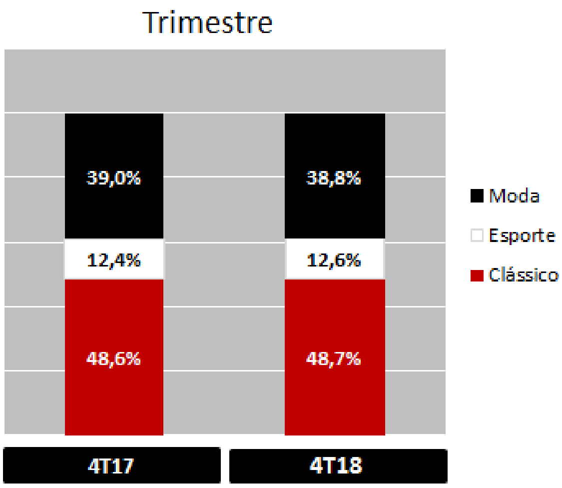
The sales performance reflects the 3.0% decrease in the number of watches sold in the period, which totaled 869 thousand units in 4Q18 at an average price of R$147, compared to R$154 in 4Q17. Revenue from technical assistance totaled R$1.5 million, representing an increase of 34.2% compared to 4Q17.

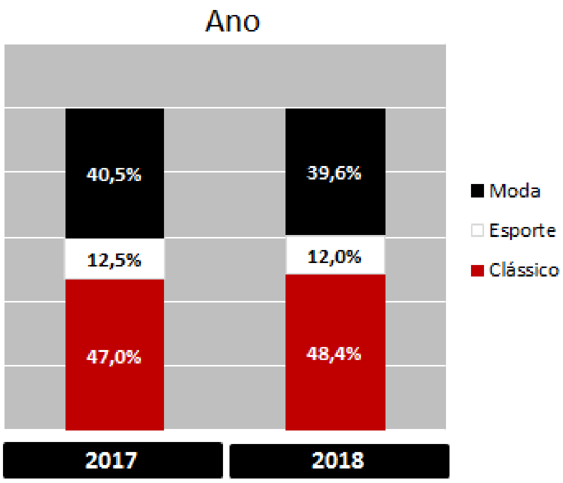
Analysis per Category

R$ Million	4Q17	4Q18	Var %	Var R$	2017	2018	Var %	Var R$
Classic	66.8	62.3	-6.7%	-4.5	190.6	173.0	-9.2%	-17.6
Sports	17.0	16.1	-5.5%	-0.9	50.7	42.9	-15.3%	-7.8
Fashion	53.7	49.6	-7.6%	-4.1	164.0	141.5	-13.7%	-22.5
Total	137.5	128.0	-6.9%	-9.5	405.3	357.4	-11.8%	-47.8

In the analysis per category, sales of the Classic category, which includes the Technos brand, as a percentage of gross revenue, decreased from 48.6% in 4Q17 to 48.7% in 4Q18 and from 47.0% in 2017 to 48.4% in 2018.

Share of Sale of Products in Gross Revenue – per Category





The following chart sets forth the classification of the brands as used in the Company's results:

CLÁSSICO	MODA	ESPORTE
SKAGEN DENMARK, EMPORIO ARMANI	MICHAEL KORS, TORY BURCH, MARC JACOBS, DKNY, kate spade NEW YORK, DIESEL, A|X ARMANI EXCHANGE, FOSSIL	
TECHNOS	EURO	mormaii
Dumont	allora, Condor, TOUCH, MARINER	

Analysis per Distribution Channel

R$ Million	4Q17	4Q18	Var %	Var R$	2017	2018	Var %	Var R$
Specialized Stores	96.8	92.7	-4.3%	-4.1	286.9	253.3	-11.7%	-33.6
Department Stores and Others	40.7	35.3	-13.1%	-5.3	118.4	104.1	-12.1%	-14.3
Total	137.5	128.0	-6.9%	-9.5	405.3	357.4	-11.8%	-47.8

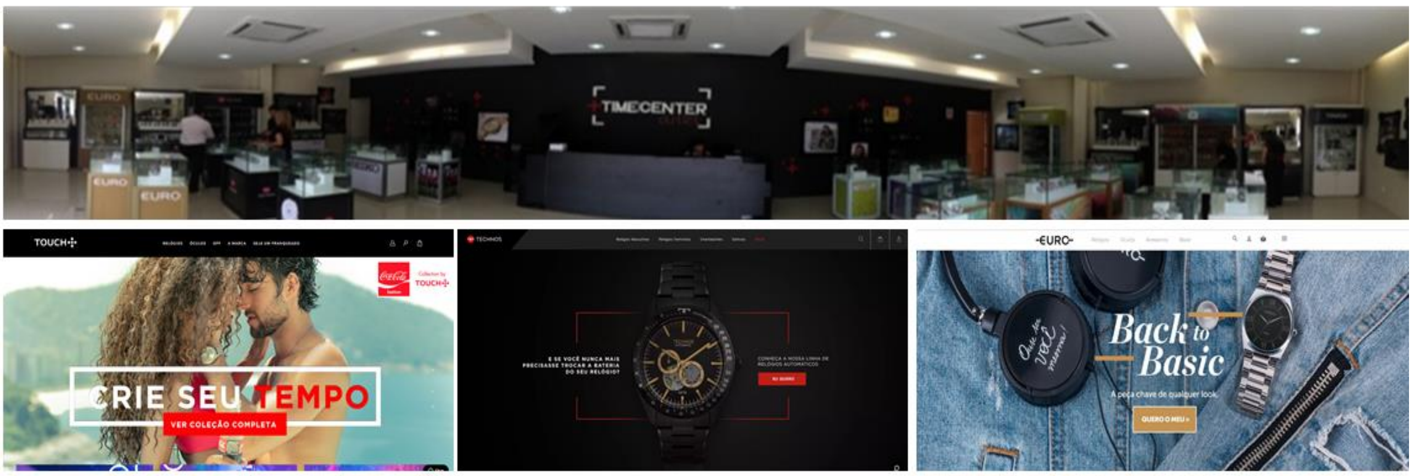
In the quarter and in the year, sales from both Specialized Stores and Department Stores and Others decreased. Sales from Department Stores and Others decreased more compared to Specialized Stores.

RETAIL AND FRANCHISES

At the end of December 2018, we had 68 exclusive points of sale, with Touch representing 49 and Euro 19, representing a decrease of one point of sale compared to 3Q18. Our franchise policy continues to focus on the improvement of management quality and profitability of our franchisees.

We also highlight retail initiatives through websites and outlets. At the end of 4Q18, we had six ecommerce websites. Five of them are dedicated to Technos, Fossil, Euro, Touch and Condor, and one is dedicated to Timecenter, focused on online sales of all our brands. The main goal of our online activity is brand building and brand communication in the virtual environment, as a large number of customers perform online searches before completing their purchases in physical stores.

Grupo Technos also has 14 outlets. They are part of our inventory management strategy and represent a sales channel for low turnover products outside our traditional sales channels, and have had good results.



NET REVENUE

In 4Q18, net revenue totaled R$109.3 million, representing a decrease of 6.5% compared to 4Q17. In 2018, net revenue totaled R$305.7 million, representing a decrease of 10.1% compared to the same period in 2017.

Present value adjustment on gross revenue totaled R$2.8 million in 4Q18 and R$7.3 million in 2018, representing a decrease of 19.9% and 41.3%, respectively, compared to the same periods in 2017. This is a noncash adjustment, as the portion deducted from gross revenue at the time of sale returns to the Company and is credited to financial income at the time of receipt.

R$ Million	4Q17	4Q18	Var %	Var R$	2017	2018	Var %	Var R$
Gross Revenue	138.6	129.6	-6.5%	(9.1)	412.4	363.5	-11.8%	(48.9)
Present Value Adjustment on Sales	(3.4)	(2.8)	-19.9%	0.7	(12.4)	(7.3)	-41.3%	5.1
Sales Taxes	(18.6)	(17.8)	-4.4%	0.8	(61.6)	(51.4)	-16.5%	10.2
Present Value Adjustment on Taxes	0.4	0.4	-11.3%	(0.0)	1.8	1.0	-42.4%	(0.7)
Net Revenue	117.0	109.3	-6.6%	(7.6)	340.1	305.7	-10.1%	(34.3)

GROSS PROFIT

Gross profit totaled R$51.5 million and R$146.7 million in 4Q18 and 2018, respectively, representing an increase of 6.7% in 4Q18 compared to 4Q17. Gross margin was 47.1% in 4Q18, representing an increase of 5.9p.p. compared to 4Q17. Gross margin was 48.0% in 2018, representing an increase of 2.4p.p. compared to the same period in 2017.

In 4Q17, with the significant decrease in the Company's inventories, we reassessed the potential of recovery of older inventories and decided to increase the provision, especially for Dumont products. Excluding the effect of the provision in 4Q17, gross margin decreased by 0.6 p.p. in 4Q18 compared to 4Q17.

We recorded internal gains from our efforts to reduce costs with foreign suppliers, improve productivity in our assembly line in the city of Manaus and reduce international freight costs. These gains were important to protect our gross margin, offsetting the growth in the mix of products resulting from market demand and the stronger appreciation of the U.S. dollar against the *Real* in the last months of the year.

SALES AND ADMINISTRATIVE EXPENSES

In 4Q18, SG&A decreased by 32.1%, or R$17.8 million, compared to 4Q17. In 2017, we provisioned R$12.8 million for the portion of the overdue balance that we believed had low recovery potential. Excluding this effect, SG&A decreased by 11.6%, or R$5.0 million, reaching R$37.6 million, accounting for 34.4% of net revenue compared to 36.4% in the same period in the previous year.

In 2018, excluding the effect of the extraordinary provision established in 2017, our SG&A decreased by R$11.7 million, or 7.5%. Notwithstanding the impact of termination costs due changes in senior management, we obtained savings primarily due to the decrease in headcount, the moving of our administrative headquarters and the strategy to discontinue investments in projects with lower return. We worked hard to adjust our structure to reduce expenses in order to maintain the profitability of our business.

OTHER OPERATING RESULTS, NET

In 4Q18, other operating results, net totaled an income of R$17.2 million, representing an expense R$2.3 million, R$9.5M less than last quarter. In 4Q18, we recognized revenue derived from the lawsuit we filed to challenge ICMS in the calculation basis of PIS and COFINS, which lawsuit was decided in our favor in 4Q18, as well as the provision for attorney's success fees.

In 4Q17, other operating results, net were primarily affected by the reversal of the provision for labor contingencies.

EBITDA AND ADJUSTED EBITDA

In 4Q18, Adjusted EBITDA totaled R$35.3 million, representing an increase of R$20.3 million, compared to 4Q17. In 4Q18, EBITDA margin was 32.3% on net revenue.

R$ Million	4Q17	4Q18	2017	2018
(=) Net income	14.5	25.6	(1.9)	14.4
(+) Depreciation and Amortization	(3.1)	(2.4)	(12.1)	(11.3)
(+/-) Financial result	(1.4)	(16.2)	(2.2)	(15.3)
(+) Current taxes	0.0	0.5	0.0	0.0
(+/-) Deferred taxes	5.8	10.7	2.4	13.0
(=) EBITDA (CVM 527/12)	13.2	32.9	10.0	27.9
(+/-) Provision for non-recurring contingencies	(1.3)	(0.0)	(2.1)	(1.0)
(+/-) Other non-recurring expenses	(6.9)	0.0	(6.9)	0.0
(+) Escrow recovery	0.0	0.0	0.0	0.0
(+) Realization of fair value of Dumont inventory	(0.1)	0.0	(0.1)	0.0
(+) Other non-cash expenses	(0.4)	0.0	(2.0)	(1.2)
(+) Impact of present value adjustment on operational result	(3.0)	(2.4)	(10.7)	(6.3)
(=) Adjusted EBITDA	24.8	35.3	31.9	36.3

NET FINANCIAL RESULT

Net financial result totaled an expense of R$16.2 million in 4Q18, representing a decrease of R$14.9 million compared to a net expense of R$1.2 million in 4Q17. The result in 2018 was primarily affected by: (i) the recognition of financial income regarding the adjustment for inflation of the amount of the lawsuit filed to challenge ICMS in the calculation basis of PIS and COFINS; and (ii) the goodwill expense related to the asset recorded in the balance sheet under the receivables assignment transaction disclosed in the material fact dated December 27, 2018. The other impacts are primarily due to the direct and indirect effects of the exchange rate variation in the period, including appreciations and depreciations, which also affected the result from derivative transactions. Considering that almost all payments to suppliers of raw material are made in foreign currency (imports), we enter into derivative financial instruments to reduce the potential exchange rate risk. We enter into these derivative instruments exclusively to hedge: (i) the contracted and estimated amount of purchases from foreign suppliers in the 12 subsequent months; and (ii) loans denominated in foreign currency. In addition, our interest expenses also decreased significantly due to the expressive decrease in the balance of our net debt during the period.

NET INCOME

In 4Q18, net income reached R$4.3 million in 4Q17. This was primarily due to the decrease in sales, margin stability, decrease in SG&A, the extraordinary revenue derived from the lawsuit filed to challenge ICMS in the calculation basis of PIS and COFINS and the decrease in income taxes.

CASH FLOWS

R$ Million	4Q17	4Q18	2017	2018
Net income before income tax and social contributions	8.7	14.4	(4.3)	1.3
(+/-) Non-cash adjustments	27.2	4.0	38.5	46.0
(+/-) Operational activities	(29.0)	15.2	(15.1)	27.2
(+/-) Investment activities	(2.9)	(5.1)	(10.2)	(20.5)
(+/-) Financial activities	(1.1)	(4.2)	(11.0)	1.0
(=) Increase (decrease) in cash	**2.8**	**24.3**	**(2.1)**	**55.0**
(+) Cash and cash equivalents at the beginning of the period	12.0	45.5	17.0	14.8
(=) Cash and cash equivalents at the end of the period	14.8	69.9	14.8	69.9

NON-CASH ADJUSTMENTS

In 4Q18, non-cash adjustments totaled R$4.0 million. In addition to the effect of depreciation in the period, we were affected by the provisions we established in the result, including the provision for attorney's fees and the depreciation of the *Real*, which resulted in an increase in the provision for payment of interest on loans. This impact is offset by our exchange rate swap, which is recorded in operational activities. Other impacts result from the recurring effects of our business, such as non-cash accounting provisions

OPERATIONAL ACTIVITIES

In 4Q18, net cash from operational activities totaled R$15.2 million. In 4Q18, the main changes were: (i) an increase of R$29.3 million in inventories; (ii) a decrease of R$31.0 million in accounts receivable; (iii) a decrease of R$38.3 million in recoverable taxes; and (iv) an increase of R$27.8 million in other assets.

INVESTMENT ACTIVITIES

Net cash utilized by our investment activities is primarily affected by investments in property and equipment and intangible assets, as well as by earnings from the sale of permanent assets. In 4Q18, investments in property and equipment and intangible assets totaled R$3.4 million, while the amount received for the sale of property and equipment totaled R$0.4 million. Another effect was the recording of a portion of the funds obtained from FINEP, which has not been used yet, in the amount of R$7.5 million in restricted cash.

FINANCIAL ACTIVITIES

Net cash generated by or utilized in our financial activities results primarily from the contracting and payment of loans and the payment of profit sharing and dividends. In 2018, we adopted the strategy to work with a high cash balance to smoothly sail through the period of political change. In 2Q18, we obtained funds from FINEP and, in 3Q18, we extended the term of our debt with one of our partner banks. In 4Q18, we entered into a receivables assignment transaction in the amount of R$27.8 million, with no right of reimbursement, pursuant to CPC 48, which transaction was recorded as loans. This amount represents the amount assigned through the sale of certain tax lawsuits that the Company continues to have the right to buy back under an earn-out structure to offset amounts with the Federal Government. We reinforce that, notwithstanding these funding transactions, we continue to generate cash from operations and closed 2018 with the lowest level of indebtedness since the acquisition of Dumont.

CASH RESULT

The activities resulted in a cash increase of R$24.3 million at the end of 4Q18 that, added to the initial amount of R$45.5 million, led to a final cash balance of R$69.9 million at December 31, 2018. At the end of 4Q17, the Company's final cash balance totaled R$14.8 million.

WORKING CAPITAL

R$ million	4Q17	Days	4Q18	Days
(+) Accounts receivable	191.6	203	160.2	189
(+) Inventories	105.6	205	115.1	261
(-) Accounts payable	35.0	68	55.4	126
(=) Working Capital	**262.2**	**340**	**219.8**	**324**

In 4Q18, the Company's working capital totaled R$219.8 million, accounting for 324 days. In 4Q17, working capital totaled R$262.2 million, accounting for 340 days, or 17 fewer days.

In accounts receivable, we improved client assiduity in 4Q18 and kept the average recovery balance in 2018. The term of accounts receivable decreased from 203 days in 4Q17 to 189 days in 4Q18.

In 4Q18, inventories totaled R$115.1 million, representing 55 more days of working capital, due to the appreciation of the U.S. dollar against the *Real* and the decrease in sales in the periods from May to July and from October to November. We are working with order postponements and purchase adjustments to reduce the level of our inventories.

We continued working on extending the term of our accounts payable with domestic and foreign suppliers. Accordingly, the average term of our accounts payable increased from 68 days to 126 days.

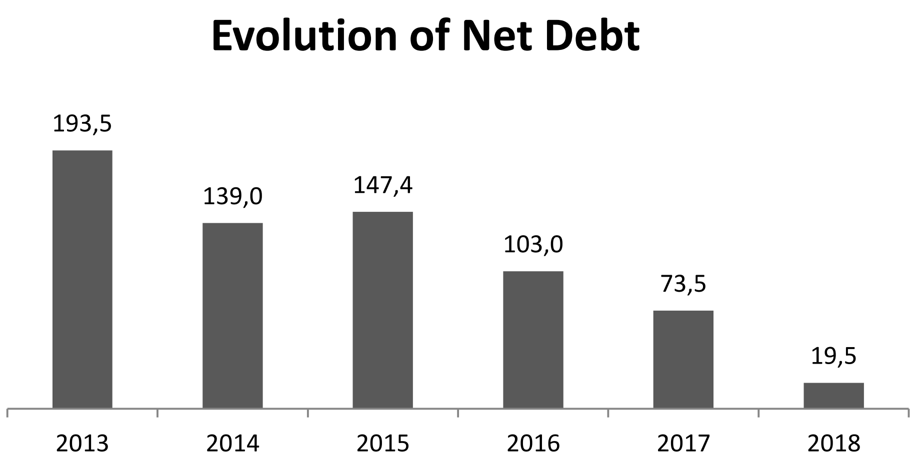
NET CASH

In 4Q18, Grupo Technos had net debt of R$19.5 million, representing a decrease of R$54.1 million compared to R$73.5 million at the end of 4Q17. In 4Q18, our net debt decreased by R$29.5 million compared to 3Q18.

R$ million	4Q17	3Q18	4Q18
Gross debt	(88.4)	(99.9)	(96.9)
(-) Cash	14.8	50.9	77.4
(=) (Debt)/Net cash	(73.5)	(49.0)	(19.5)

In 2018, we entered into an important transaction related to our smartwatches with FINEP, the government agency that finances innovation. The transaction matures in nine years and accrues interest at the TLP. We also extended our debt with one of our partner banks for an additional period of 18 months. In 4Q18, we completed the receivables assignment transaction resulting from indemnification lawsuits, as disclosed in the material fact dated December 27, 2018, which transaction increased the Company's cash position by R$27.8 million. Our net debt at the end of 4Q18 totaled R$19.5 million, representing a decrease of R$54.1 million compared to 4Q17.

These actions are part of our strategy of working with a higher cash balance at this time of economic uncertainty. We reaffirm that, since 2013, when the Company incurred debt for the acquisition of Dumont Saab, we have been continuously decreasing our net debt, as set forth in the chart below.



[1] The calculation of net debt takes into account cash plus restricted cash.

R$ thousand

QUARTER

	Consolidated 4Q17	4Q18
Net revenue	117,032	109,310
Cost of goods sold	(68,734)	(57,790)
Gross profit	**48,298**	**51,520**
Sales expenses	(46,548)	(29,208)
Administrative expenses	(8,845)	(8,423)
Others, net	7,133	(2,330)
Operational profit	**37**	**11,559**
Financial result, net	(2,300)	2,852
Financial income	7,884	34,827
Financial expenses	(10,184)	(31,975)
Income before income tax and social contribution	**(2,263)**	**14,411**
Income tax and social contribution	6,602	11,222
Current	0	483
Deferred	6,602	10,739
Net income	**4,339**	**25,633**

ACCUMULATED

	2017	2018
Net revenue	340,076	305,696
Cost of goods sold	(185,003)	(159,038)
Gross profit	**155,073**	**146,658**
Sales expenses	(132,676)	(109,232)
Administrative expenses	(36,213)	(35,189)
Others, net	1,043	(5,139)
Operational profit	**(12,773)**	**(2,902)**
Financial result, net	(2,499)	4,249
Financial income	42,635	82,873
Financial expenses	(45,134)	(78,624)
Income before income tax and social contribution	**(15,272)**	**1,347**
Income tax and social contribution	3,188	13,022
Current	0	0
Deferred	3,188	13,022
Net income	**(12,084)**	**14,369**

R$ thousand

	Consolidated	
	December 31, de 2017	December 31, de 2018
Assets		
Current assets		
Cash and cash equivalents	14,829	69,861
Marketable securities	0	0
Accounts receivable	191,607	160,179
Inventories	105,592	115,105
Recoverable taxes	7,681	15,032
Derivative financial instruments	2,026	12,877
Restricted cash	0	7,540
Other assets	17,089	12,310
	338,824	392,904
Non-current assets		
Advances to suppliers	5,812	5,000
Recoverable taxes	14,608	66,083
Marketable securities	24,572	24,164
Judicial deposits	3,961	4,961
Accounts receivable	0	0
Other assets	90	0
Non-current assets	18,728	542
	67,771	100,750
Investments		
Intangible	262,473	262,099
Property and equipment	34,867	36,718
	297,340	298,817
Total assets	703,935	792,471

R$ thousand

	Consolidated	
	December 31, de 2017	December 31, de 2017
Liabilities		
Current liabilities		
Borrowings	47,237	58,720
Accounts payable	34,961	55,447
Income tax and social contributions payable	5,912	6,442
Deferred income tax and social contributions	1,005	903
Amount payable for the acquisition of non-controlling interest	1,103	1,103
Salaries and social charges payable	7,543	6,956
Dividends payable	1,376	1,376
Derivative financial instruments	306	883
Licenses payable	0	0
Other payables	4,648	5,290
	104,091	137,120
Non-current liabilities		
Borrowings	44,807	47,604
Income tax and social contributions payable (Note 14)	1,923	1,957
Deferred income tax and social contributions	47,483	32,387
Provision for contingencies	25,393	40,393
Derivative financial instruments	0	295
Licenses payable	0	0
Amount payable for the acquisition of equity interest	26,346	26,163
Other payables	107	40,864
	146,059	189,663
Total liabilities	250,150	326,783
Equity		
Capital stock	130,583	130,583
Treasury shares	(11,208)	(11,208)
Share issuance expenses	(10,870)	(10,870)
Capital reserves	201,399	203,006
Profit reserves	157,965	168,309
Carrying value adjustment	(14,084)	(14,132)
Retained earnings (accumulated losses)	0	0
Other comprehensive income	0	0
Total equity	463,785	465,688
Total equity and liabilities	703,935	792,471

R$ thousand

QUARTER

	Consolidated	
	4Q17	4Q18
Income before income tax and social contribution	(2.263)	14,411
Adjustments for items that do not affect cash flow		
Amortization and depreciation	3,156	2,366
Allowance for recoverable value of inventory	8,184	642
Allowance for recoverable value of accounts receivable	13,591	11,013
Allowance for contingencies (reversal)	(3,607)	7,820
Results from disposal of permanent assets	95	10
Impairment of permanent assets	(2)	(3)
Interest on loans	4,929	(1,650)
Other interest	421	359
Stock option premium	432	395
Non-controlling interest	0	0
Others	(405)	113
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	(32,546)	(37,130)
Decrease (increase) in inventories	26,583	29,301
Decrease (increase) in tax recoverable	(870)	(49,212)
Decrease (increase) in other assets	(5,004)	27,804
Increase (decrease) in suppliers and accounts payable	(3,193)	29,416
Increase (decrease) in salaries and social charges payable	(3,465)	(3,021)
Increase (decrease) in taxes, rates and social contributions payable	1,130	3,319
Interest paid	(737)	(1,352)
Income tax and social contribution paid	0	(994)
Net cash (applied in) generated by operational activities	**6,429**	**33,607**
Cash flow from investment activities		
Decrease (increase) in securities	165	5,734
Reversal of goodwill in acquisition of equity interest	0	0
Acquisition of equity interest	(11)	(264)
Restricted cash	0	(7,540)
Purchases of fixed assets	(1,386)	(2,458)
Amount received from the sale of fixed assets	171	367
Purchases of intangible assets	(1,408)	(938)
Net cash (applied in) generated by investment activities	**(2,469)**	**(5,099)**
Cash flow from financial activities		
Borrowings	0	1,150
Payment of borrowings	(1,134)	(5,316)
Dividends paid to Company shareholders	2	1
Net cash applied in financial activities	**(1,132)**	**(4,165)**
Increase (decrease) in cash and cash equivalents	2,828	24,343
Cash and cash equivalents at beginning of period	12,001	45,518
Cash and cash equivalents at end of period	**14,829**	**69,861**

R$ thousand

ACCUMULATED

	Consolidated	
	2017	2017
Income before income tax and social contribution	-15,272	1,347
Adjustments for items that do not affect cash flow		
Amortization and depreciation	12,190	11,282
Allowance for recoverable value of inventory	10,399	2,028
Allowance for recoverable value of accounts receivable	14,487	13,287
Allowance for contingencies (reversal)	(5,913)	15,000
Results from disposal of permanent assets	170	333
Impairment of permanent assets	(10)	(7)
Interest on loans	4,619	19,012
Other interest	2,263	1,469
Stock option premium	2,072	1,607
Non-controlling interest	0	0
Others	(2,226)	(1,014)
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	13,483	12,133
Decrease (increase) in inventories	9,939	(11,541)
Decrease (increase) in tax recoverable	(2,500)	(57,832)
Decrease (increase) in other assets	(10,640)	11,526
Increase (decrease) in suppliers and accounts payable	(16,611)	62,757
Increase (decrease) in salaries and social charges payable	518	(587)
Increase (decrease) in taxes, rates and social contributions payable	4,722	462
Interest paid	(3,116)	(5,749)
Income tax and social contribution paid	0	(994)
Net cash (applied in) generated by operational activities	18,574	74,519
Cash flow from investment activities		
Decrease (increase) in securities	2,400	1,877
Acquisition of equity interest	(900)	(1,652)
Restricted cash	0	(7,540)
Purchases of fixed assets	(7,210)	(10,517)
Amount received from the sale of fixed assets	1,817	2,027
Purchases of intangible assets	(5,852)	(4,681)
Net cash (applied in) generated by investment activities	(9,745)	(20,486)
Cash flow from financial activities		
Borrowings	87,872	55,507
Payment of borrowings	(98,850)	(54,508)
Net cash applied in financial activities	(10,978)	999
Increase (decrease) in cash and cash equivalents	(2,149)	55,032
Cash and cash equivalents at beginning of period	16,978	14,829
Cash and cash equivalents at end of period	14,829	69,861