

UNICASA

**Earnings Release  
1Q18**





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Bento Gonçalves, Rio Grande do Sul, May 10, 2018. Unicasa Indústria de Móveis S.A. (BM&FBovespa: UCAS3, Bloomberg: UCAS3:BZ, Reuters: UCAS3), one of the leading companies in Brazil's custom-made furniture industry and the only Brazilian publicly held company in the sector, announces today its results for the first quarter of 2018. Except where stated otherwise, all variations and comparisons are in relation to the same period of the previous year. The following financial and operating information, except where stated otherwise, is presented with consolidated data (including Unicasa Comércio de Móveis Ltda.), in thousands of Brazilian reais and in accordance with the International Financial Reporting Standards (IFRS).

## Period highlights

- Cash generation in the quarter 74.8% higher than in 1Q17;
- Reduction of 26.3% in selling and administrative expenses.

| Executive Summary   | 1Q17          | 1Q18           | Δ                |
|---|---------------|----------------|------------------|
| Gross Revenue ex-IPI  | 50,119        | 38,353         | -23.5%           |
| <b>Net Revenue</b>  | <b>37,720</b> | <b>30,292</b>  | <b>-19.7%</b>    |
| Cost of Goods Sold  | (21,070)      | (18,346)       | -12.9%           |
| <b>Gross Income</b>   | <b>16,650</b> | <b>11,946</b>  | <b>-28.3%</b>    |
| <b>Gross Margin</b>   | <b>44.1%</b>  | <b>39.4%</b>   | <b>-4.7 p.p.</b> |
| Selling and Administrative Expenses                               | (18,504)      | (13,645)       | -26.3%           |
| Other Revenues and Operating Expenses                             | 1,648         | 445            | -73.0%           |
| <b>Operating Income</b>   | <b>(206)</b>  | <b>(1,254)</b> | <b>508.7%</b>    |
| <b>Operating Margin</b>   | <b>-0.5%</b>  | <b>-4.1%</b>   | <b>-3.6 p.p.</b> |
| Financial Income (Expenses) Net                                   | 1,412         | 1,050          | -25.6%           |
| <b>Operating Income before Income Tax and Social Contribution</b> | <b>1,206</b>  | <b>(204)</b>   | <b>-116.9%</b>   |
| Income Tax and Social Contribution                                | (53)          | (164)          | +209.4%          |
| <b>Net Profit</b>   | <b>1,153</b>  | <b>(368)</b>   | <b>-131.9%</b>   |
| <b>Net Margin</b>   | <b>3.1%</b>   | <b>-1.2%</b>   | <b>-4.3 p.p.</b> |
| EBITDA  | 2,444         | 1,443          | -41.0%           |
| <b>EBITDA Margin</b>  | <b>6.5%</b>   | <b>4.8%</b>    | <b>-1.7 p.p.</b> |

**Disclaimer:** The forward-looking statements in this document related to the business prospects, projections of operating and financial results and growth prospects of Unicasa are merely estimates and as such are based exclusively on Management's expectations for the future of the business. These expectations depend substantially on market conditions, the performance of the Brazilian economy, industry and international markets, and are subject to known and unknown risks and uncertainties, which can cause such expectations to not materialize or cause actual results to differ materially from those expected and, therefore, are subject to change without prior notice.

## SALES PERFORMANCE

Company Management decided to close down the last operation with own stores, complementing the scale-down announced in the 4Q16 earnings release. All the remaining clients of the operation will be served by the Company.

Revenue variation in the quarter is due to: (i) the scale-down of the distribution network, which reduced revenues by 11.9%; (ii) the closure of the own store operation, corresponding to nearly 7.6% of the reduction, which was partially offset by the reduction in operating expenses generated by this business unit; and (iii) the economic performance of other sales channels, responsible for around 4.0% of revenue reduction.

The Unicasa Corporate and Export Markets segments are affected by significant oscillations due to the specific aspects of the projects sold in the period. To the Export Market, include the oscillation of the exchange rate

| <b>Dell Anno and Favorita – Exclusive and Own Stores</b> | <b>1Q17</b> | <b>1Q18</b> | <b>Δ</b> |
|--|-------------|-------------|----------|
| Gross Revenue, ex-IPI                                    | 27,856      | 20,331      | -27.0%   |
| Number of Modules Sold (thousand units)                  | 74.6        | 55.2        | -26.0%   |
| <b>New and Casa Brasileira Exclusive Dealers</b>         | <b>1Q17</b> | <b>1Q18</b> | <b>Δ</b> |
| Gross Revenue, ex-IPI                                    | 12,792      | 9,577       | -25.1%   |
| Number of Modules Sold (thousand units)                  | 68.3        | 43.9        | -35.7%   |
| <b>Multibrands</b>                                       | <b>1Q17</b> | <b>1Q18</b> | <b>Δ</b> |
| Gross Revenue, ex-IPI                                    | 5,516       | 4,657       | -15.6%   |
| Number of Modules Sold (thousand units)                  | 34.1        | 24.9        | -27.0%   |
| <b>Unicasa Corporate</b>                                 | <b>1Q17</b> | <b>1Q18</b> | <b>Δ</b> |
| Gross Revenue, ex-IPI                                    | 2,699       | 1,802       | -33.2%   |
| Number of Modules Sold (thousand units)                  | 8.7         | 5.4         | -37.9%   |
| <b>Export Market</b>                                     | <b>1Q17</b> | <b>1Q18</b> | <b>Δ</b> |
| Gross Revenue, ex-IPI                                    | 621         | 1,547       | +149.1%  |
| Number of Modules Sold (thousand units)                  | 2.4         | 6.8         | +183.3%  |

## Consolidated Indicators – Unicasa

| <b>Unicasa Indústria de Móveis</b>      | <b>1Q17</b> | <b>1Q18</b> | <b>Δ</b> |
|---|-------------|-------------|----------|
| Gross Revenue, ex-IPI                   | 50,119      | 38,353      | -23.5%   |
| Number of Modules Sold (thousand units) | 190.0       | 136.2       | -28.3%   |

## SALES AND DISTRIBUTION CHANNELS

| <b>Period</b>                      | <b>1Q17</b> | <b>2Q17</b> | <b>3Q17</b> | <b>4Q17</b> | <b>1Q18</b> | <b>Δ</b>    |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Exclusive and Own Stores</b>    | <b>367</b>  | <b>344</b>  | <b>287</b>  | <b>278</b>  | <b>265</b>  | <b>(13)</b> |
| Dell Anno and Favorita             | 157         | 150         | 136         | 129         | 122         | (7)         |
| New and Casa Brasileira            | 210         | 194         | 151         | 149         | 143         | (6)         |
| <b>Multibrand</b>                  | <b>642</b>  | <b>598</b>  | <b>598</b>  | <b>597</b>  | <b>595</b>  | <b>(2)</b>  |
| New and Casa Brasileira Multibrand | 642         | 598         | 598         | 597         | 595         | (2)         |

Average productivity per Dell Anno and Favorita store in 1Q18 was R\$54.0, 4.3% lower than the R\$56.4 in 1Q17 due to the decline in sales as seen in the sales performance table. Average productivity in the

quarter per New and Casa Brasileira store in 1Q18 was R\$21.9, 14.9% higher than the R\$19.0 in 1Q17, due to the closure of less productive operations.

## FINANCIAL PERFORMANCE

### Gross Profit and Gross Margin

Gross income in the quarter was R\$11.9 million. Gross margin fell 4.7 p.p., from 44.1% in 1Q17 to 39.4% this quarter. The main variations in margin are: (i) the lower base for diluting general manufacturing expenses, which reduced margin by 2.2 p.p.; (ii) the closure of own stores, for reduction of 1.1 p.p. in margin; (iii) the sales mix for channels with more aggressive pricing, which reduced gross margin by 0.8 p.p.; (iv) since January 2018, the Company started to withhold Social Security Contribution through payroll, as allowed by Law 12,546/2011. This change reduced margin by 0.6 p.p., despite the overall reduction in Contribution expenses.

### Selling, General and Administrative Expenses (SG&A)

| Selling General and Administrative Expenses | 1Q17            | 1Q18            | Δ             |
|---|-----------------|-----------------|---------------|
| <b>Total</b>                                | <b>(18,504)</b> | <b>(13,645)</b> | <b>-26.3%</b> |
| <b>Selling Expenses</b>                     | <b>(12,745)</b> | <b>(8,513)</b>  | <b>-33.2%</b> |
| % of Net Revenue                            | 33.8%           | 28.1%           | -5.7 p.p.     |
| <b>Administrative Expenses</b>              | <b>(5,759)</b>  | <b>(5,132)</b>  | <b>-10.9%</b> |
| % of Net Revenue                            | 15.3%           | 16.9%           | +1.6 p.p.     |
| SG&A % of Net Revenue                       | 49.1%           | 45.0%           | -4.1 p.p.     |

The following chart presents the evolution of Selling, General and Administrative<sup>(1)</sup>:



<sup>(1)</sup>In million.

Personnel expenses declined R\$1.0 million, mainly due to the restructuring carried out at the Company during 2017.

Expenses with consumers were R\$0.9 million lower, mainly due to the reduction in expenses related to the delivery of goods to clients of closed stores. These expenses mainly include expenses with goods, freight and assembly.

Expenses with own stores declined by R\$0.6 million, mainly due to the closure of the own store operation, as disclosed in the 4Q16 earnings release.

Thanks to our constant review of the Company's expenses, aligned with the austerity policy that has been part of our daily routine, advertising and consulting expenses fell by R\$0.4 million each, while other expenses decreased by R\$1.9 million.

## Other Operating Income and Expenses

Other operating income and expenses declined 73.0%, mainly due to revenue from the sale of brand exploration rights, a non-recurring fact recorded in 1Q17.

| Other Operating Income and Expenses | 1Q17         | 1Q18        | Δ                |
|-------------------------------------|--------------|-------------|------------------|
| <b>Total</b>                        | <b>1,648</b> | <b>445</b>  | <b>-73.0%</b>    |
| Operating Expenses                  | (469)        | (293)       | -37.5%           |
| <b>Operating Income</b>             | <b>2,117</b> | <b>738</b>  | <b>-65.1%</b>    |
| Bank Premium                        | 428          | 300         | -29.9%           |
| Trademark Rights                    | 570          | -           | -100.0%          |
| Other Operating Income              | 1,119        | 438         | -60.9%           |
| <b>% of Net Revenue</b>             | <b>4.4%</b>  | <b>1.5%</b> | <b>-2.9 p.p.</b> |

## Financial Result

Financial result declined 25.6%, mainly due to the reduction in revenue from financial investments and from Present Value Adjustment (AVP). The reduction in the AVP base is due to the stricter credit policy.

| Financial Result            | 1Q17         | 1Q18         | Δ             |
|-----------------------------|--------------|--------------|---------------|
| <b>Net Financial Result</b> | <b>1,412</b> | <b>1,050</b> | <b>-25.6%</b> |
| Financial Expenses          | (644)        | (358)        | -44.4%        |
| Financial Income            | 2,056        | 1,408        | -31.5%        |

## EBITDA and EBITDA Margin

| EBITDA                             | 1Q17         | 1Q18           | Δ                |
|------------------------------------|--------------|----------------|------------------|
| <b>Net Income for the Period</b>   | <b>1,153</b> | <b>(368)</b>   | <b>-131.9%</b>   |
| Income Tax and Social Contribution | 53           | 164            | +209.4%          |
| Financial Result                   | (1,412)      | (1,050)        | -25.6%           |
| <b>EBIT</b>                        | <b>(206)</b> | <b>(1,254)</b> | <b>+508.7%</b>   |
| Depreciation and Amortization      | 2,650        | 2,697          | +1.8%            |
| <b>EBITDA</b>                      | <b>2,444</b> | <b>1,443</b>   | <b>-41.0%</b>    |
| <b>EBITDA Margin</b>               | <b>6.5%</b>  | <b>4.8%</b>    | <b>-1.7 p.p.</b> |

## Cash Flow

Cash generation in the quarter mainly came from trade accounts receivable since revenue declined in the quarter.

| Cash Flow                                  | 1Q17           | 1Q18         | Δ              |
|--|----------------|--------------|----------------|
| Cash Flows from Operating Activities       | 5,470          | 1,758        | -67.9%         |
| Changes in Assets and Liabilities          | (2,460)        | 3,976        | -261.6%        |
| Financial Investments                      | (8,088)        | -            | -100.0%        |
| Cash generated by investment activities    | (657)          | (1,625)      | +147.3%        |
| Cash generated by financing activities     | -              | -            | +0.0%          |
| <b>Cash flow (burn)</b>                    | <b>(5,735)</b> | <b>4,109</b> | <b>-171.6%</b> |
| Financial Investments                      | 8,088          | -            | -100.0%        |
| <b>Cash flow and Financial Investments</b> | <b>2,353</b>   | <b>4,109</b> | <b>+74.6%</b>  |
| At the Beginning of the Period             | 32,611         | 29,473       | -9.6%          |
| At the End of the Period                   | 34,964         | 33,582       | -4.0%          |
| <b>Cash flow and Financial Investments</b> | <b>2,353</b>   | <b>4,109</b> | <b>+74.6%</b>  |

## Working capital

| Working Capital  | 1Q17          | 1Q18          | Δ            |
|--|---------------|---------------|--------------|
| Average trade accounts receivable                      | 41,759        | 34,769        | (6,991)      |
| <i>Average term for receipt of sales (days)</i>        | 64            | 64            | 0            |
| Average inventory                                      | 23,587        | 21,969        | (1,618)      |
| <i>Average term for inventory replenishment (days)</i> | 84            | 90            | 6            |
| Average trade accounts payable                         | 7,199         | 4,944         | (2,255)      |
| <i>Average term for payment of suppliers (days)</i>    | 25            | 21            | (4)          |
| Average advances from customers                        | 26,903        | 20,700        | (6,203)      |
| <i>Average term for advances from customers (days)</i> | 41            | 38            | (3)          |
| <b>Working capital</b>                                 | <b>31,244</b> | <b>31,094</b> | <b>(151)</b> |

## Net Cash

The Company ended the quarter with 4.0% less cash than in the same period last year. This is mainly due to the decrease in revenue in the period.

| Net Cash                       | 3/31/2017       | 3/31/2018       | Δ            |
|--------------------------------|-----------------|-----------------|--------------|
| Short Term Debt                | -               | -               | n/a          |
| Long Term Debt                 | -               | -               | n/a          |
| <b>Gross Debt</b>              | -               | -               | <b>n/a</b>   |
| Cash and Cash Equivalents      | 22,097          | 33,582          | +52.0%       |
| Financial Investments          | 12,867          | -               | -100.0%      |
| <b>Net Debt/(Cash Surplus)</b> | <b>(34,964)</b> | <b>(33,582)</b> | <b>-4.0%</b> |

## Return on Invested Capital (ROIC)

The Company's net ROIC in the last twelve months (LTM) ending 1Q18 was -7.9%, up 14.0 p.p. from the same period last year.

| Return on Invested Capital (ROIC) | 1Q17          | 1Q18          | Δ                 |
|-----------------------------------|---------------|---------------|-------------------|
| EBIT (LTM)                        | (32,893)      | (15,644)      | -52.4%            |
| Average of Operating Assets       | 147,242       | 137,170       | -6.8%             |
| <b>ROIC</b>                       | <b>-22.3%</b> | <b>-11.4%</b> | <b>+10.9 p.p.</b> |
| Effective IR + CSLL rate (LTM)    | 1.8%          | 30.9%         | +29.1 p.p.        |
| <b>ROIC, Net</b>                  | <b>-21.9%</b> | <b>-7.9%</b>  | <b>+14.0 p.p.</b> |

## ANNEX I – FINANCIAL STATEMENTS – INCOME STATEMENT – CONSOLIDATED

| Income Statement  | 1Q17          | AV            | 1Q18           | AV            | Δ               | AH             |
|---|---------------|---------------|----------------|---------------|-----------------|----------------|
| <b>Gross Revenue from Sales</b>                                   | <b>52,235</b> | <b>138.5%</b> | <b>39,988</b>  | <b>132.0%</b> | <b>(12,247)</b> | <b>-23.4%</b>  |
| Domestic Market   | 51,614        | 136.8%        | 38,441         | 126.9%        | (13,173)        | -25.5%         |
| Dell Anno and Favorita  | 28,905        | 76.6%         | 21,155         | 69.8%         | (7,750)         | -26.8%         |
| New and Casa Brasileira Exclusive Dealers                         | 13,423        | 35.6%         | 10,051         | 33.2%         | (3,372)         | -25.1%         |
| New and Casa Brasileira Multibrand                                | 5,793         | 15.4%         | 4,891          | 16.1%         | (902)           | -15.6%         |
| Unicasa Corporate   | 2,833         | 7.5%          | 1,892          | 6.2%          | (941)           | -33.2%         |
| Other Revenues  | 660           | 1.7%          | 452            | 1.5%          | (208)           | -31.5%         |
| Exports   | 621           | 1.6%          | 1,547          | 5.1%          | 926             | +149.1%        |
| Sales Deductions  | (14,515)      | 38.5%         | (9,696)        | -32.0%        | 4,819           | -33.2%         |
| <b>Net Revenue from Sales</b>                                     | <b>37,720</b> | <b>100.0%</b> | <b>30,292</b>  | <b>100.0%</b> | <b>(7,428)</b>  | <b>-19.7%</b>  |
| Cost of Goods Sold  | (21,070)      | 55.9%         | (18,346)       | -60.6%        | 2,724           | -12.9%         |
| <b>Gross Profit</b>   | <b>16,650</b> | <b>44.1%</b>  | <b>11,946</b>  | <b>39.4%</b>  | <b>(4,704)</b>  | <b>-28.3%</b>  |
| Selling Expenses  | (12,745)      | 33.8%         | (8,513)        | -28.1%        | 4,232           | -33.2%         |
| General and Administrative Expenses                               | (5,759)       | 15.3%         | (5,132)        | -16.9%        | 627             | -10.9%         |
| Other Operating Income, Net                                       | 1,648         | 4.4%          | 445            | 1.5%          | (1,203)         | -73.0%         |
| <b>Operating Income</b>   | <b>(206)</b>  | <b>0.5%</b>   | <b>(1,254)</b> | <b>-4.1%</b>  | <b>(1,048)</b>  | <b>+508.7%</b> |
| Financial Expenses  | (644)         | 1.7%          | (358)          | -1.2%         | 286             | -44.4%         |
| Financial Income  | 2,056         | 5.5%          | 1,408          | 4.6%          | (648)           | -31.5%         |
| <b>Operating Income before Income Tax and Social Contribution</b> | <b>1,206</b>  | <b>3.2%</b>   | <b>(204)</b>   | <b>-0.7%</b>  | <b>(1,410)</b>  | <b>-116.9%</b> |
| Income Tax and Social Contribution                                | (53)          | 0.1%          | (164)          | -0.5%         | (111)           | +209.4%        |
| Current   | (126)         | 0.3%          | -              | 0.0%          | 126             | -100.0%        |
| Deferred  | 73            | 0.2%          | (164)          | -0.5%         | (237)           | -324.7%        |
| <b>Net Income for the Period</b>                                  | <b>1,153</b>  | <b>3.1%</b>   | <b>(368)</b>   | <b>-1.2%</b>  | <b>(1,521)</b>  | <b>-131.9%</b> |
| Earnings per Share (R\$)  | 0.02          |               | (0.01)         | 0.0%          | (0.02)          | -132.2%        |

## ANNEX II - FINANCIAL STATEMENTS – BALANCE SHEET – CONSOLIDATED

| Assets  | 12/31/2017     | AV           | 3/31/2018      | AV           | Δ            |
|---|----------------|--------------|----------------|--------------|--------------|
| <b>Current Assets</b>                         | <b>84,506</b>  | <b>39.1%</b> | <b>90,400</b>  | <b>41.3%</b> | <b>+7.0%</b> |
| Cash and Cash Equivalents                     | 29,473         | 13.6%        | 33,582         | 15.3%        | +13.9%       |
| Trade Accounts Receivable                     | 23,641         | 10.9%        | 21,606         | 9.9%         | -8.6%        |
| Inventories                                   | 19,770         | 9.1%         | 21,835         | 10.0%        | +10.4%       |
| Advances to Suppliers                         | 837            | 0.4%         | 124            | 0.1%         | -85.2%       |
| Loans Granted                                 | 1,456          | 0.7%         | 1,655          | 0.8%         | +13.7%       |
| Prepaid Expenses                              | 1,089          | 0.5%         | 2,184          | 1.0%         | +100.6%      |
| Recoverable Taxes                             | 5,096          | 2.4%         | 5,383          | 2.5%         | +5.6%        |
| Other Assets                                  | 3,144          | 1.5%         | 4,031          | 1.8%         | +28.2%       |
| <b>Non-Current Assets</b>                     | <b>131,857</b> | <b>60.9%</b> | <b>128,399</b> | <b>58.7%</b> | <b>-2.6%</b> |
| Trade Accounts Receivable                     | 11,633         | 5.4%         | 10,704         | 4.9%         | -8.0%        |
| Loans Granted                                 | 2,606          | 1.2%         | 2,241          | 1.0%         | -14.0%       |
| Assets Held for Sale                          | 2,878          | 1.3%         | 2,410          | 1.1%         | -16.3%       |
| Deferred Income and Social Contribution Taxes | 16,238         | 7.5%         | 16,074         | 7.3%         | -1.0%        |
| Judicial Deposits                             | 2,946          | 1.4%         | 2,636          | 1.2%         | -10.5%       |
| Other Assets                                  | 2,454          | 1.1%         | 2,826          | 1.3%         | +15.2%       |
| Investments                                   | 31             | 0.0%         | 20             | 0.0%         | -35.5%       |
| Property, Plant and Equipment                 | 82,398         | 38.1%        | 81,873         | 37.4%        | -0.6%        |
| Intangible Assets                             | 10,673         | 4.9%         | 9,615          | 4.4%         | -9.9%        |
| <b>Total Assets</b>                           | <b>216,363</b> | <b>100%</b>  | <b>218,799</b> | <b>100%</b>  | <b>+1.1%</b> |

| Liabilities                                       | 12/31/2017     | AV           | 3/31/2018      | AV           | Δ            |
|---|----------------|--------------|----------------|--------------|--------------|
| <b>Current Liabilities</b>                        | <b>38,445</b>  | <b>17.8%</b> | <b>41,744</b>  | <b>19.1%</b> | <b>+8.6%</b> |
| Suppliers   | 3,266          | 1.5%         | 7,077          | 3.2%         | +116.7%      |
| Tax Liabilities                                   | 2,718          | 1.3%         | 2,212          | 1.0%         | -18.6%       |
| Payroll and Related Charges                       | 2,973          | 1.4%         | 3,461          | 1.6%         | +16.4%       |
| Advances from Customers                           | 17,568         | 8.1%         | 17,877         | 8.2%         | +1.8%        |
| Provisions  | 8,703          | 4.0%         | 7,506          | 3.4%         | -13.8%       |
| Other Liabilities                                 | 3,217          | 1.5%         | 3,611          | 1.7%         | +12.2%       |
| <b>Non-Current Liabilities</b>                    | <b>10,046</b>  | <b>4.6%</b>  | <b>9,551</b>   | <b>4.4%</b>  | <b>-4.9%</b> |
| Tax Liabilities                                   | 471            | 0.2%         | 438            | 0.2%         | -7.0%        |
| Provisions  | 9,575          | 4.4%         | 9,113          | 4.2%         | -4.8%        |
| <b>Shareholders' equity</b>                       | <b>167,872</b> | <b>77.6%</b> | <b>167,504</b> | <b>76.6%</b> | <b>-0.2%</b> |
| Capital Stock                                     | 187,709        | 86.8%        | 187,709        | 85.8%        | +0.0%        |
| Capital Reserve                                   | (2,658)        | -1.2%        | (2,658)        | -1.2%        | +0.0%        |
| Accumulated Loss                                  | (17,179)       | -7.9%        | (17,547)       | -8.0%        | +2.1%        |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>216,363</b> | <b>100%</b>  | <b>218,799</b> | <b>100%</b>  | <b>+1.1%</b> |



## ANNEX III – FINANCIAL STATEMENTS – CASH FLOW STATEMENT – CONSOLIDATED

| Cash Flow Statement  | 1Q17           | 1Q18           | Δ              |
|--|----------------|----------------|----------------|
| <b>Operating Income Before Income And Social Contribution Taxes</b>              | <b>1,206</b>   | <b>(204)</b>   | <b>-116.9%</b> |
| <b>Adjustment to Reconcile the Net Income to Cash from Operating Activities:</b> |                |                |                |
| Depreciation and Amortization  | 2,650          | 2,697          | +1.8%          |
| Foreign Exchange Variation   | 5              | -              | -100.0%        |
| Provision for Litigation   | 383            | (462)          | -220.6%        |
| Provision for Obsolescence   | 104            | 130            | +25.0%         |
| Allowance for Doubtful Accounts  | (174)          | (351)          | +101.7%        |
| Provison for PPR   | (982)          | (574)          | -41.5%         |
| Disposal of Property, Plant and Equipment  | 2,278          | 522            | -77.1%         |
| <b>Cash Flows from Operating Activities</b>                                      | <b>5,470</b>   | <b>1,758</b>   | <b>-67.9%</b>  |
| <b>Changes in Assets and Liabilities</b>   |                |                |                |
| Trade Accounts Receivable  | (5,090)        | 3,316          | -165.1%        |
| Inventories  | (3,220)        | (2,195)        | -31.8%         |
| Recoverable Taxes  | (630)          | (287)          | -54.4%         |
| Loans Granted  | 260            | 166            | -36.2%         |
| Other Current ou Non-Current Assets  | (4,605)        | (1,331)        | -71.1%         |
| Non-Current Assets Available for Sale  | 3,779          | 468            | -87.6%         |
| Suppliers  | 6,950          | 3,811          | -45.2%         |
| Advance from Customers   | 377            | 309            | -18.0%         |
| Other Current ou Non-Current Liabilities   | (281)          | (281)          | +0.0%          |
| <b>Net Cash from Operating Activities</b>  | <b>3,010</b>   | <b>5,734</b>   | <b>+90.5%</b>  |
| <b>Cash Flows from Investing Activities</b>                                      |                |                |                |
| Financial Investments  | (8,088)        | -              | -100.0%        |
| Investments  | -              | 11             | n/a            |
| Property, Plant and Equipment  | (638)          | (1,512)        | +137.0%        |
| Intangible Assets  | (19)           | (124)          | +552.6%        |
| <b>Net Cash used in Investing Activities</b>                                     | <b>(8,745)</b> | <b>(1,625)</b> | <b>-81.4%</b>  |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>                          | <b>(5,735)</b> | <b>4,109</b>   | <b>-171.6%</b> |
| <b>Changes in Cash and Cash Equivalents</b>                                      |                |                |                |
| At the Beginning of the Period   | 27,832         | 29,473         | +5.9%          |
| At the End of the Period   | 22,097         | 33,582         | +52.0%         |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>                          | <b>(5,735)</b> | <b>4,109</b>   | <b>-171.6%</b> |

<sup>(1)</sup> The Statement of Cash Flow was prepared by the indirect method and is shown in accordance with CPC 3 - Statement of Cash Flows, issued by Brazil's Accounting Pronouncements Committee (CPC). Transactions that do not affect cash are described in Note 26 to the Quarterly Information (ITR).

## ANNEX IV – GROSS REVENUE, GROSS REVENUE EX-IPI AND MODULES SOLD – CONSOLIDATED

| Gross Revenue   | 1Q17          | 1Q18          | 2Q17          | 3Q17          | 4Q17          | 1H17           | 2H17           | 9M17           | 2017           |
|---|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| <b>Total Gross Revenue</b>                                | <b>52,235</b> | <b>39,988</b> | <b>51,049</b> | <b>56,234</b> | <b>57,223</b> | <b>103,284</b> | <b>113,457</b> | <b>159,518</b> | <b>216,741</b> |
| <b>Domestic Market</b>                                    | <b>51,614</b> | <b>38,441</b> | <b>50,049</b> | <b>54,082</b> | <b>54,938</b> | <b>101,663</b> | <b>109,020</b> | <b>155,745</b> | <b>210,683</b> |
| Dell Anno and Favorita - Exclusive Dealers and Own Stores | 28,905        | 21,155        | 28,067        | 29,436        | 30,809        | 56,972         | 60,245         | 86,408         | 117,217        |
| New and Casa Brasileira Exclusive Dealers                 | 13,423        | 10,051        | 13,000        | 14,288        | 14,082        | 26,423         | 28,370         | 40,711         | 54,793         |
| New and Casa Brasileira Multibrand                        | 5,793         | 4,891         | 6,076         | 6,653         | 6,551         | 11,869         | 13,204         | 18,522         | 25,073         |
| Unicasa Corporate   | 2,833         | 1,892         | 2,131         | 3,115         | 2,952         | 4,964          | 6,067          | 8,079          | 11,031         |
| Other Revenues  | 660           | 452           | 775           | 590           | 544           | 1,435          | 1,134          | 2,025          | 2,569          |
| <b>Export Market</b>                                      | <b>621</b>    | <b>1,547</b>  | <b>1,000</b>  | <b>2,152</b>  | <b>2,285</b>  | <b>1,621</b>   | <b>4,437</b>   | <b>3,773</b>   | <b>6,058</b>   |

| Gross Revenue from Sales Ex-IPI                           | 1Q17          | 1Q18          | 2Q17          | 3Q17          | 4Q17          | 1H17          | 2H17           | 9M17           | 2017           |
|---|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| <b>Total Gross Revenue</b>                                | <b>50,119</b> | <b>38,353</b> | <b>48,914</b> | <b>53,938</b> | <b>54,828</b> | <b>99,033</b> | <b>108,766</b> | <b>152,971</b> | <b>207,799</b> |
| <b>Domestic Market</b>                                    | <b>49,498</b> | <b>36,806</b> | <b>47,914</b> | <b>51,786</b> | <b>52,543</b> | <b>97,412</b> | <b>104,329</b> | <b>149,198</b> | <b>201,741</b> |
| Dell Anno and Favorita - Exclusive Dealers and Own Stores | 27,856        | 20,331        | 26,964        | 28,297        | 29,545        | 54,820        | 57,842         | 83,117         | 112,662        |
| New and Casa Brasileira Exclusive Dealers                 | 12,792        | 9,577         | 12,386        | 13,616        | 13,418        | 25,178        | 27,034         | 38,794         | 52,212         |
| New and Casa Brasileira Multibrand                        | 5,516         | 4,657         | 5,788         | 6,337         | 6,239         | 11,304        | 12,576         | 17,641         | 23,880         |
| Unicasa Corporate   | 2,699         | 1,802         | 2,028         | 2,966         | 2,812         | 4,727         | 5,778          | 7,693          | 10,505         |
| Other Revenues  | 635           | 439           | 748           | 570           | 529           | 1,383         | 1,099          | 1,953          | 2,482          |
| <b>Export Market</b>                                      | <b>621</b>    | <b>1,547</b>  | <b>1,000</b>  | <b>2,152</b>  | <b>2,285</b>  | <b>1,621</b>  | <b>4,437</b>   | <b>3,773</b>   | <b>6,058</b>   |

| Modules Sold (Units)                                      | 1Q17           | 1Q18           | 2Q17           | 3Q17           | 4Q17           | 1H17           | 2H17           | 9M17           | 2017           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Total Gross Revenue</b>                                | <b>190,073</b> | <b>136,225</b> | <b>187,843</b> | <b>217,017</b> | <b>192,385</b> | <b>377,916</b> | <b>397,647</b> | <b>594,933</b> | <b>787,318</b> |
| <b>Domestic Market</b>                                    | <b>187,637</b> | <b>129,402</b> | <b>183,905</b> | <b>206,341</b> | <b>183,078</b> | <b>371,542</b> | <b>377,664</b> | <b>577,883</b> | <b>760,961</b> |
| Dell Anno and Favorita - Exclusive Dealers and Own Stores | 74,640         | 55,179         | 77,485         | 88,100         | 78,009         | 152,125        | 154,354        | 240,225        | 318,234        |
| New and Casa Brasileira Exclusive Dealers                 | 68,287         | 43,882         | 65,045         | 70,071         | 61,733         | 133,332        | 131,804        | 203,403        | 265,136        |
| New and Casa Brasileira Multibrand                        | 34,121         | 24,920         | 34,923         | 37,787         | 34,306         | 69,044         | 72,093         | 106,831        | 141,137        |
| Unicasa Corporate   | 8,673          | 5,396          | 6,023          | 9,921          | 8,864          | 14,696         | 18,785         | 24,617         | 33,481         |
| Other Revenues  | 1,916          | 25             | 429            | 462            | 166            | 2,345          | 628            | 2,807          | 2,973          |
| <b>Export Market</b>                                      | <b>2,436</b>   | <b>6,823</b>   | <b>3,938</b>   | <b>10,676</b>  | <b>9,307</b>   | <b>6,374</b>   | <b>19,983</b>  | <b>17,050</b>  | <b>26,357</b>  |