

UNICASA



**Earnings Release  
2Q19**



Bento Gonçalves, Rio Grande do Sul, August 06, 2019. 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 second quarter of 2019. 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).

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## Period highlights

- Net income of R\$1.4 million in the quarter;
- Net Margin up 11.4 p.p.;
- EBITDA Margin up 17.5 p.p.;
- Operating Margin up 17.3 p.p.;
- Gross Margin up 3.2 p.p.;
- Selling and Administrative expenses down 34.0%;

Executive Summary	2Q18	2Q19	Δ	1H18	1H19	Δ
Gross Revenue ex-IPI	44,613	44,143	-1.1%	82,966	82,440	-0.6%
<b>Net Revenue</b>	<b>35,352</b>	<b>35,470</b>	<b>0.3%</b>	<b>65,644</b>	<b>66,367</b>	<b>1.1%</b>
Cost of Goods Sold	(22,240)	(21,183)	-4.8%	(40,586)	(40,540)	-0.1%
<b>Gross Income</b>	<b>13,112</b>	<b>14,287</b>	<b>+9.0%</b>	<b>25,058</b>	<b>25,827</b>	<b>+3.1%</b>
<b>Gross Margin</b>	<b>37.1%</b>	<b>40.3%</b>	<b>+3.2 p.p.</b>	<b>38.2%</b>	<b>38.9%</b>	<b>+0.7 p.p.</b>
Selling and Administrative Expenses	(15,363)	(10,140)	-34.0%	(29,008)	(19,239)	-33.7%
Other Revenues and Operating Expenses	960	683	-28.9%	1,405	1,505	+7.1%
<b>Operating Income</b>	<b>(1,291)</b>	<b>4,830</b>	<b>-474%</b>	<b>(2,545)</b>	<b>8,093</b>	<b>-418%</b>
<b>Operating Margin</b>	<b>-3.7%</b>	<b>13.6%</b>	<b>+17.3 p.p.</b>	<b>-3.9%</b>	<b>12.2%</b>	<b>+16.1 p.p.</b>
Financial Income (Expenses) Net	1,342	1,234	-8.0%	2,392	2,537	+6.1%
<b>Operating Income before Income Tax and Social Contribution</b>	<b>51</b>	<b>6,064</b>	<b>+11790%</b>	<b>(153)</b>	<b>10,630</b>	<b>-7047%</b>
Income Tax and Social Contribution	(37)	(2,011)	+5335%	(201)	(3,604)	+1693%
<b>Net Profit</b>	<b>14</b>	<b>4,053</b>	<b>+28850%</b>	<b>(354)</b>	<b>7,026</b>	<b>-2084%</b>
<b>Net Margin</b>	<b>0.0%</b>	<b>11.4%</b>	<b>+11.4 p.p.</b>	<b>-0.5%</b>	<b>10.6%</b>	<b>+11.1 p.p.</b>
EBITDA	820	7,019	+756%	2,263	12,453	+450.3%
<b>EBITDA Margin</b>	<b>2.3%</b>	<b>19.8%</b>	<b>+17.5 p.p.</b>	<b>3.4%</b>	<b>18.8%</b>	<b>+15.4 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.

**MESSAGE FROM MANAGEMENT**

Dear Shareholders,

In the second quarter we could notice that, excluding closed stores, net revenue grew 3.7%, driven by the performance of stores as per the Same Store Sales (SSS) criterion. Also worth noting is the increased productivity of our stores, due to the SSS performance and the closure of less productive stores. This performance is in line with what we delivered in the last two quarters and the respective year-on-year comparisons.

It can be noted that the size of the distribution network tends to normalize. We continue our efforts towards the development of our storeowners and of opening stores in specific regions to ensure the sustainable growth of the network.

Gross margin registered significant growth this quarter due to the sale of specific projects in the exports and corporate channels, which incorporated the increase in variable expenses in their prices and which was responsible for the increase of around 1.5 p.p. in gross margin this quarter, besides improving the sales mix.

Operating expenses, which fell more than 30% from the same period last year, are generally in line with what we recorded in the first quarter this year. In addition, these continue on track with our budget expectations. The bulk of the reduction happened with contingency and own store expenses. The reduction in contingencies results from our greater diligence in store openings, whereby we aim to open stores that are aligned with our strategy, which reduced our risk in the event of store closures. The reduction in own store expenses, on the other hand, is due to the shutdown of the operation. This quarter, we could also observe a non-recurring reversal of the allowance for doubtful accounts due to the recovery of amounts that had been already written off.

It is worth noting that the Company continues to invest in developing its U.S. operation, which is still being rolled out and already has revenue-generating stores.

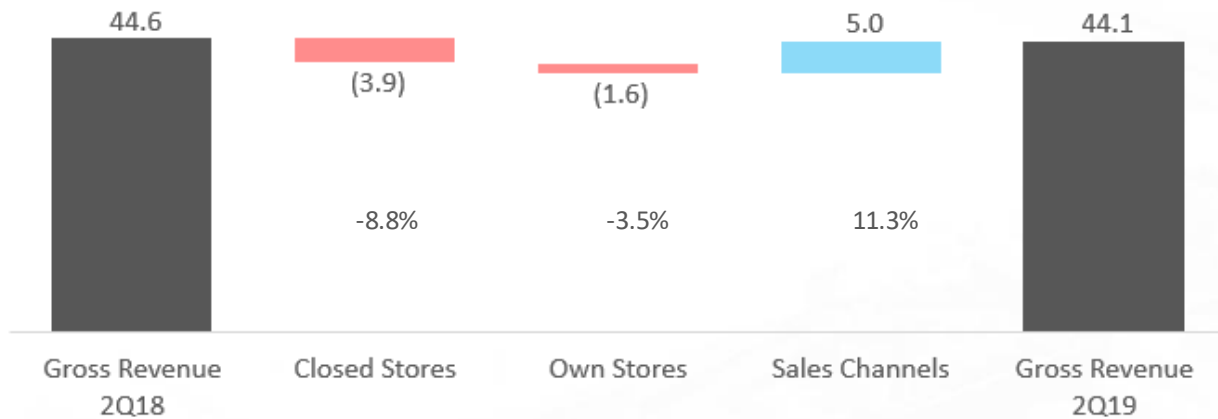
Cash flow in the quarter shows that the Company made one-off advances to suppliers to maintain the purchase price of raw materials, which contributed to lower cash generation this quarter.

The results show that we remain on track of having stores aligned with our strategies and on maintaining a policy of austerity with regard to expenses.

## SALES PERFORMANCE

Gross revenue in 2Q19 decreased 1.1% from 2Q18, due to: (i) the reduction in the distribution network, responsible for 8.9% decline; (ii) the shutdown of the own store operation, which accounted for about 3.5% of the decline, partially offset by the decrease in operating expenses arising from this business unit; and (iii) Growth of 11.3% in other sales channels, mainly driven by the performance of same-store sales and the maturation of new stores opened in.

Below is the evolution of revenue between 2Q18 and 2Q19<sup>(1)</sup>:



<sup>(1)</sup>in millions.

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

Dell Anno and Favorita – Exclusive and Own Stores	2Q18	2Q19	Δ	1H18	1H19	Δ
Gross Revenue, ex-IPI	21,859	20,184	-7.7%	42,190	37,900	-10.2%
Number of Modules Sold (thousand units)	57.7	48.7	-15.6%	112.9	92.1	-18.4%
New and Casa Brasileira Exclusive Dealers	2Q18	2Q19	Δ	1H18	1H19	Δ
Gross Revenue, ex-IPI	10,115	10,393	+2.7%	19,692	21,003	+6.7%
Number of Modules Sold (thousand units)	45.5	41.9	-7.9%	89.4	87.6	-2.0%
Multibrands	2Q18	2Q19	Δ	1H18	1H19	Δ
Gross Revenue, ex-IPI	5,557	6,005	+8.1%	10,214	11,629	+13.9%
Number of Modules Sold (thousand units)	27.2	30.9	+13.6%	52.1	59.2	+13.6%
Unicasa Corporate	2Q18	2Q19	Δ	1H18	1H19	Δ
Gross Revenue, ex-IPI	4,126	4,643	+12.5%	5,928	5,931	+0.1%
Number of Modules Sold (thousand units)	9.2	6.0	-34.8%	14.6	8.7	-40.4%
Export Market	2Q18	2Q19	Δ	1H18	1H19	Δ
Gross Revenue, ex-IPI	2,219	2,202	-0.8%	3,766	4,366	+15.9%
Number of Modules Sold (thousand units)	7.6	9.3	+22.4%	14.4	18.0	+25.0%

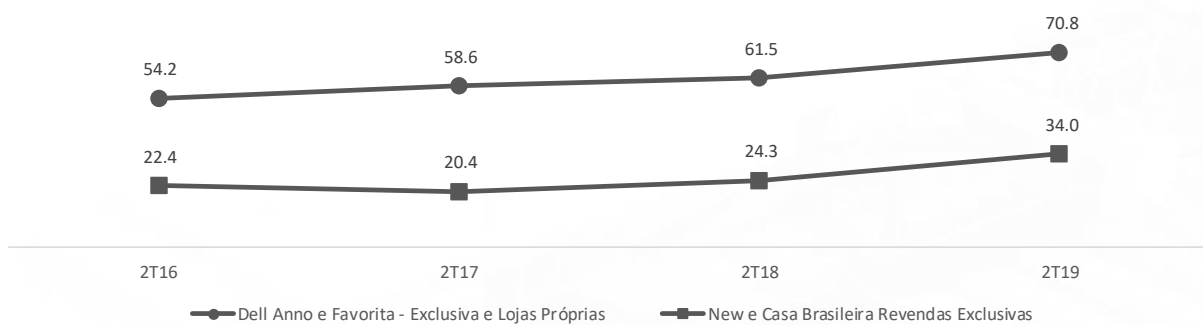
## Consolidated Indicators – Unicasa

Unicasa Indústria de Móveis	2Q18	2Q19	Δ	1H18	1H19	Δ
Gross Revenue, ex-IPI	44,613	44,143	-1.1%	82,966	82,440	-0.6%
Number of Modules Sold (thousand units)	147.2	137.2	-6.8%	283.4	266.3	-6.0%

## SALES AND DISTRIBUTION CHANNELS

Period	2Q18	3Q18	4Q18	1Q19	2Q19	Δ
<b>Exclusive and Own Stores</b>	<b>249</b>	<b>233</b>	<b>220</b>	<b>202</b>	<b>192</b>	<b>(10)</b>
Dell Anno and Favorita	115	104	102	96	94	(2)
New and Casa Brasileira	134	129	118	106	98	(8)
<b>Multibrand</b>	<b>587</b>	<b>566</b>	<b>498</b>	<b>456</b>	<b>422</b>	<b>(34)</b>
New and Casa Brasileira Multibrand	587	566	498	456	422	(34)

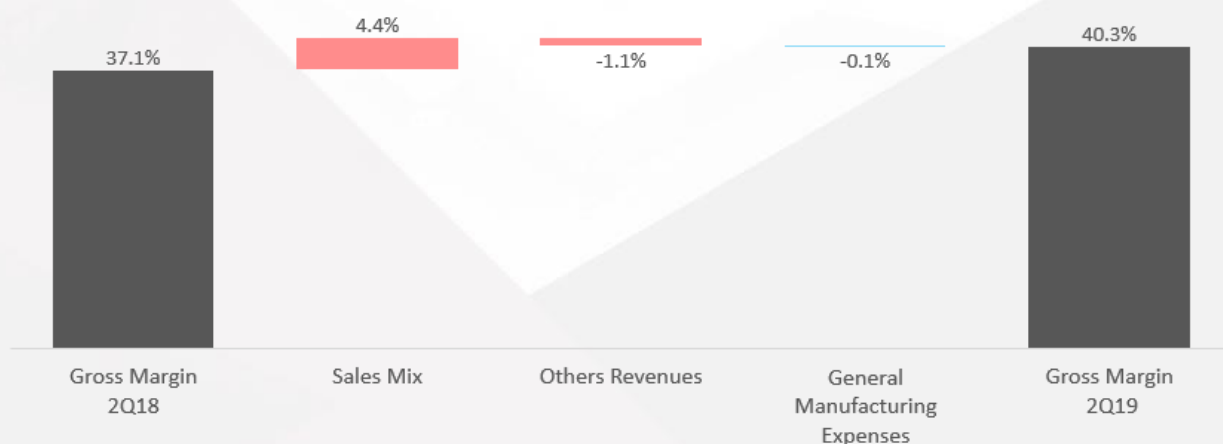
Average productivity per Dell Anno and Favorita store in 2Q19 was R\$70.8/month, 15.2% higher than the R\$61.5 in 2Q18. Average productivity in the quarter per New and Casa Brasileira store in 2Q19 was R\$34.0/month, 39.5% higher than the R\$24.3 in 2Q18, due to the closure of less productive operations. The graph below shows historical productivity in the second quarter.



## FINANCIAL PERFORMANCE

### Gross Profit and Gross Margin

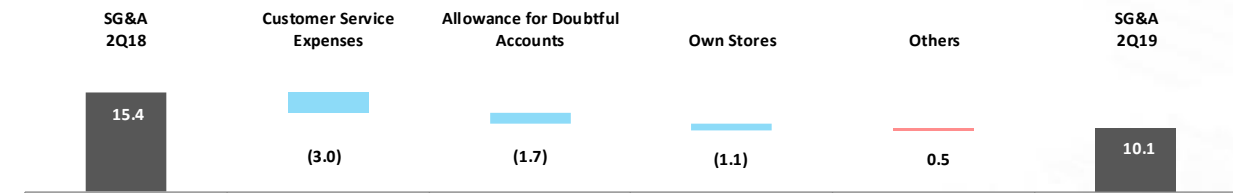
Gross profit in the quarter was R\$14.3 million. Gross margin increased 3.2 p.p., from 37.1% in 2Q18 to 40.3% this quarter. Margin growth was driven by two main factors: (i) sales mix variation, up 4.4 p.p.; and (ii) sale of raw materials of items that were discontinued during 2018 due to product improvements, down 1.1 p.p. During the year, many products were changed and the balance in inventories was sold. Though such sales do not cause losses for the Company, margin is significantly lower than in other sales channels. The following chart shows the evolution of gross margin between 2Q18 and 2Q19:



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

Selling General and Administrative Expenses	2Q18	2Q19	Δ	1H18	1H19	Δ
<b>Total</b>	<b>(15,363)</b>	<b>(10,140)</b>	<b>-34.0%</b>	<b>(29,008)</b>	<b>(19,239)</b>	<b>-33.7%</b>
<b>Selling Expenses</b>	<b>(8,220)</b>	<b>(6,060)</b>	<b>-26.3%</b>	<b>(16,733)</b>	<b>(11,097)</b>	<b>-33.7%</b>
% of Net Revenue	23.3%	17.1%	-6.2 p.p.	25.5%	16.7%	-8.8 p.p.
<b>Administrative Expenses</b>	<b>(7,143)</b>	<b>(4,080)</b>	<b>-42.9%</b>	<b>(12,275)</b>	<b>(8,142)</b>	<b>-33.7%</b>
% of Net Revenue	20.2%	11.5%	-8.7 p.p.	18.7%	12.3%	-6.4 p.p.
SG&A % of Net Revenue	43.5%	28.6%	-14.9 p.p.	44.2%	29.0%	-15.2 p.p.

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



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

Customer service expenses were R\$3.0 million lower. These include expenses with goods, freight and assembling for final consumers that were not served by the closed stores and are being directly served by the factory, and lawsuits.

Expenses with allowance for doubtful accounts fell by R\$1.7 million.

Expenses with own stores declined R\$1.1 million due to the closure of the operation, as reported in the 4Q16 earnings release.

Other expenses were up R\$0.5 million, mainly due to pre-operational expenses linked to our U.S. operation, and to variable expenses with clients in the Corporate segment.

## Other Operating Income and Expenses

Other Operating Income and Expenses	2Q18	2Q19	Δ	1H18	1H19	Δ
<b>Total</b>	<b>960</b>	<b>683</b>	<b>-28.9%</b>	<b>1,405</b>	<b>1,505</b>	<b>7.1%</b>
Result from the sale of assets held for sale and of property, plant and equipment	81	8	-90.1%	129	44	-65.9%
Bank Premium	350	179	-48.9%	650	583	-10.3%
Other Operating Income	529	496	-6.2%	626	878	40.3%
% of Net Revenue	2.7%	1.9%	-0.8 p.p.	2.1%	2.3%	0.2 p.p.

## Financial Result

Financial result declined 8.0%, mainly due to financial discounts granted as part of negotiations for the settlement of storeowner debts.

Financial Result	2Q18	2Q19	Δ	1H18	1H19	Δ
<b>Net Financial Result</b>	<b>1,342</b>	<b>1,234</b>	<b>-8.0%</b>	<b>2,392</b>	<b>2,537</b>	<b>6.1%</b>
<b>Financial Expenses</b>	<b>(179)</b>	<b>(489)</b>	<b>173.2%</b>	<b>(537)</b>	<b>(755)</b>	<b>40.6%</b>
IOF charge and bank fees	(50)	(28)	-44.0%	(133)	(79)	-40.6%
Exchange variation expenses	(89)	(172)	400.0%	(201)	(328)	63.2%
Present value adjustment - AVP	(13)	(65)	n/a	(129)	(101)	-21.7%
Other financial expenses	(27)	(224)	730%	(74)	(247)	233.8%
<b>Financial Income</b>	<b>1,521</b>	<b>1,723</b>	<b>13.3%</b>	<b>2,929</b>	<b>3,292</b>	<b>12.4%</b>
Interest income	391	362	-7.4%	812	714	-12.1%
Discounts	9	170	1788.9%	23	174	656.5%
Yield from short-term investments	403	702	74.2%	814	1,353	66.2%
Exchange variation income	244	64	-73.8%	349	223	-36.1%
Present value adjustment - AVP	307	307	0.0%	579	598	3.3%
Other financial income	167	118	-29.3%	352	230	-34.7%

## EBITDA and EBITDA Margin

EBITDA	2Q18	2Q19	Δ	1H18	1H19	Δ
<b>Net Income for the Period</b>	<b>14</b>	<b>4,053</b>	<b>+28850.0%</b>	<b>(354)</b>	<b>7,026</b>	<b>-2084.7%</b>
Income Tax and Social Contribution	37	2,011	+5335.1%	201	3,604	+1693.0%
Financial Result	(1,342)	(1,234)	-8.0%	(2,392)	(2,537)	+6.1%
<b>EBIT</b>	<b>(1,291)</b>	<b>4,830</b>	<b>-474.1%</b>	<b>(2,545)</b>	<b>8,093</b>	<b>-418.0%</b>
Depreciation and Amortization	2,111	2,189	+3.7%	4,808	4,360	-9.3%
<b>EBITDA</b>	<b>820</b>	<b>7,019</b>	<b>+756.0%</b>	<b>2,263</b>	<b>12,453</b>	<b>+450.3%</b>
<b>EBITDA Margin</b>	<b>2.3%</b>	<b>19.8%</b>	<b>+17.5 p.p.</b>	<b>3.4%</b>	<b>18.8%</b>	<b>+15.4 p.p.</b>

## Cash Flow

This quarter, the main reason behind the decline in cash flow is advances to suppliers related to negotiations of raw material prices. Approximately R\$3.3 million were advanced this quarter.

Cash Flow	2Q18	2Q19	Δ	1H17	1H18	Δ
Cash Flows from Operating Activities	5,212	7,981	+53.1%	6,970	14,646	+110.1%
Changes in Assets and Liabilities	(682)	(4,993)	+632.1%	3,294	(361)	-111.0%
Financial Investments	(1,000)	3,190	-419.0%	(1,000)	(472)	-52.8%
Cash generated by investment activities	(1,108)	(717)	-35.3%	(2,733)	(1,470)	-46.2%
<b>Cash flow (burn)</b>	<b>2,422</b>	<b>5,461</b>	<b>+125.5%</b>	<b>6,531</b>	<b>12,343</b>	<b>+89.0%</b>
Financial Investments	1,000	(3,190)	-419.0%	1,000	472	-52.8%
<b>Cash flow and Financial Investments</b>	<b>3,422</b>	<b>2,271</b>	<b>-33.6%</b>	<b>7,531</b>	<b>12,815</b>	<b>+70.2%</b>
At the Beginning of the Period	33,582	52,142	+55.3%	29,473	41,598	+41.1%
At the End of the Period	37,004	54,413	+47.0%	37,004	54,413	+47.0%
<b>Cash flow and Financial Investments</b>	<b>3,422</b>	<b>2,271</b>	<b>-33.6%</b>	<b>7,531</b>	<b>12,815</b>	<b>+70.2%</b>

## Net Cash

Net Cash	12/31/2018	6/30/2019	Δ
Short Term Debt	-	-	n/a
Long Term Debt	-	-	n/a
<b>Gross Debt</b>	-	-	<b>n/a</b>
Cash and Cash Equivalents	28,788	41,131	+42.9%
Financial Investments	12,810	13,282	+3.7%
<b>Net Debt/(Cash Surplus)</b>	<b>(41,598)</b>	<b>(54,413)</b>	<b>+30.8%</b>

## Return on Invested Capital (ROIC) and Return on Equity (ROE) in the last twelve months (LTM)

NOPLAT (Net Operating Profit Less Adjusted Taxes)	2Q19	1Q19	4Q18	3Q18	2Q18
(=) EBITDA	7,019	5,434	3,570	4,649	820
Depreciation	2,189	2,171	2,177	2,100	2,111
(=) EBIT	4,830	3,263	1,393	2,549	(1,291)
Income Tax and Social Contribution	(2,011)	(1,593)	(977)	(1,997)	(37)
Financial Result Income Tax Reversal	420	443	473	472	456
(=) Operating Net Income (NOPLAT)	3,239	2,113	889	1,024	(872)
<b>(=) Operating Net Income (NOPLAT) - Last Twelve Months</b>	<b>7,265</b>	<b>3,155</b>	<b>(20)</b>	<b>(6,292)</b>	<b>(7,664)</b>

ROIC (Return on Invested Capital)	2Q19	1Q19	4Q18	3Q18	2Q18
Invested Capital - LTM	126,478	128,136	131,093	133,275	140,322
<b>ROIC - LTM</b>	<b>5.7%</b>	<b>2.5%</b>	<b>0.0%</b>	<b>-4.7%</b>	<b>-5.5%</b>
Net Profit	4,053	2,973	1,808	1,940	14

ROE (Return on Equity)	2Q19	1Q19	4Q18	3Q18	2Q18
Net Profit - Last Twelve Months	2,694	1,684	849	(754)	(1,181)
Shareholders' equity	178,292	174,239	171,266	169,458	167,518
Shareholders' equity - Last Twelve Months	173,314	170,620	168,937	168,088	168,842
<b>ROE - LTM</b>	<b>1.6%</b>	<b>1.0%</b>	<b>0.5%</b>	<b>-0.4%</b>	<b>-0.7%</b>



## ANNEX I – WORKING CAPITAL AND INVESTED CAPITAL

Invested Capital	6/30/2019	3/31/2019	12/31/2018	9/30/2018	6/30/2018
<b>Operational Assets</b>	<b>73,882</b>	<b>71,854</b>	<b>70,047</b>	<b>73,713</b>	<b>70,270</b>
(+) Trade Accounts Receivable	29,284	28,668	28,485	28,161	24,348
(+) Long Term Trade Accounts Receivable	6,583	7,436	8,326	8,746	9,708
(+) Long Term Loans Granted	1,034	1,167	1,439	1,706	1,945
(+) Inventories	29,148	25,896	21,563	24,818	21,227
(+) Advances to Suppliers	101	151	399	169	141
(+) Loans Granted	1,093	1,733	1,803	1,798	1,756
(+) Prepaid Expenses	1,843	1,887	1,992	1,372	2,293
(+) Recoverable Taxes	534	807	892	3,365	5,022
(+) Other Assets	4,262	4,109	5,148	3,578	3,830
<b>Operational Liabilities</b>	<b>35,580</b>	<b>39,860</b>	<b>34,247</b>	<b>40,678</b>	<b>40,950</b>
(-) Suppliers	3,616	5,981	2,299	5,602	5,370
(-) Tax Liabilities	2,430	1,696	1,179	2,740	2,505
(-) Payroll and Related Charges	3,837	3,050	2,876	5,101	4,223
(-) Advances from Customers	16,310	18,785	16,717	19,131	18,992
(-) Provisions	3,527	4,593	5,485	5,953	6,215
(-) Other Liabilities	5,860	5,755	5,691	2,151	3,645
<b>(=) Working Capital</b>	<b>38,302</b>	<b>31,994</b>	<b>35,800</b>	<b>33,035</b>	<b>29,320</b>
<b>Non-current Operating Assets</b>	<b>96,814</b>	<b>101,991</b>	<b>105,337</b>	<b>107,849</b>	<b>111,912</b>
(+) Assets Held for Sale	532	574	750	749	1,057
(+) Deferred Income and Social Contribution	9,459	11,470	13,063	14,040	16,037
<b>Taxes</b>					
(+) Recoverable Taxes	-	-	-	-	-
(+) Prepaid Expenses	-	-	-	-	-
(+) Judicial Deposits	2,113	2,978	2,830	2,930	2,730
(+) Other Assets	946	1,248	1,539	1,950	2,559
(+) Investments	20	20	20	20	20
(+) Property, Plant and Equipment	76,127	77,717	78,663	79,502	80,287
(+) Intangible Assets	7,617	7,984	8,472	8,658	9,222
<b>Non-current Operating Liabilities</b>	<b>11,237</b>	<b>11,888</b>	<b>11,469</b>	<b>10,618</b>	<b>10,718</b>
(-) Tax Liabilities	142	175	208	241	405
(-) Provisions	11,095	11,713	11,261	10,377	10,313
<b>(=) Fixed Capital</b>	<b>85,577</b>	<b>90,103</b>	<b>93,868</b>	<b>97,231</b>	<b>101,194</b>
<b>Total Financing</b>					
(+) Cash and Cash Equivalents	41,131	35,670	28,788	25,877	36,004
(+) Short Term Financial Investments	10,149	13,389	9,774	13,315	1,000
(+) Long Term Financial Investments	3,133	3,083	3,036	-	-
(-) Short Term Loans Granted	-	-	-	-	-
(-) Long Term Loans Granted	-	-	-	-	-
(-) Dividends and interest on Equity Payable	-	-	-	-	-
(-) Shareholders' equity	178,292	174,239	171,266	169,458	167,518
<b>(=) Total Financing</b>	<b>123,879</b>	<b>122,097</b>	<b>129,668</b>	<b>130,266</b>	<b>130,514</b>

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

Income Statement	2Q18	AV	2Q19	AV	Δ	AH	1H18	AV	1H19	AV	AH
<b>Gross Revenue from Sales</b>	<b>46,547</b>	<b>131.7%</b>	<b>46,073</b>	<b>129.9%</b>	<b>(474)</b>	<b>-1.0%</b>	<b>86,535</b>	<b>131.8%</b>	<b>86,044</b>	<b>129.6%</b>	<b>-0.6%</b>
Domestic Market	44,328	125.4%	43,871	123.7%	(457)	-1.0%	82,769	126.1%	81,678	123.1%	-1.3%
Dell Anno and Favorita	22,779	64.4%	21,091	59.5%	(1,688)	-7.4%	43,934	66.9%	39,596	59.7%	-9.9%
New and Casa Brasileira	10,617	30.0%	10,900	30.7%	283	+2.7%	20,668	31.5%	22,027	33.2%	+6.6%
Exclusive Dealers											
New and Casa Brasileira	5,836	16.5%	6,304	17.8%	468	+8.0%	10,727	16.3%	12,209	18.4%	+13.8%
Multibrand											
Unicasa Corporate	4,333	12.3%	4,832	13.6%	499	+11.5%	6,225	9.5%	6,170	9.3%	-0.9%
Other Revenues	763	2.2%	744	2.1%	(19)	-2.5%	1,215	1.9%	1,676	2.5%	+37.9%
Exports	2,219	6.3%	2,202	6.2%	(17)	-0.8%	3,766	5.7%	4,366	6.6%	+15.9%
Sales Deductions	(11,195)	31.7%	(10,603)	-29.9%	592	-5.3%	(20,891)	-31.8%	(19,677)	-29.6%	-5.8%
<b>Net Revenue from Sales</b>	<b>35,352</b>	<b>100.0%</b>	<b>35,470</b>	<b>100.0%</b>	<b>118</b>	<b>+0.3%</b>	<b>65,644</b>	<b>100.0%</b>	<b>66,367</b>	<b>100.0%</b>	<b>+1.1%</b>
Cost of Goods Sold	(22,240)	62.9%	(21,183)	-59.7%	1,057	-4.8%	(40,586)	-61.8%	(40,540)	-61.1%	-0.1%
<b>Gross Profit</b>	<b>13,112</b>	<b>37.1%</b>	<b>14,287</b>	<b>40.3%</b>	<b>1,175</b>	<b>+9.0%</b>	<b>25,058</b>	<b>38.2%</b>	<b>25,827</b>	<b>38.9%</b>	<b>+3.1%</b>
Selling Expenses	(8,220)	23.3%	(6,060)	-17.1%	2,160	-26.3%	(16,733)	-25.5%	(11,097)	-16.7%	-33.7%
General and Administrative Expenses	(7,143)	20.2%	(4,080)	-11.5%	3,063	-42.9%	(12,275)	-18.7%	(8,142)	-12.3%	-33.7%
Other Operating Income, Net	960	2.7%	683	1.9%	(277)	-28.9%	1,405	2.1%	1,505	2.3%	+7.1%
<b>Operating Income</b>	<b>(1,291)</b>	<b>3.7%</b>	<b>4,830</b>	<b>13.6%</b>	<b>6,121</b>	<b>-474.1%</b>	<b>(2,545)</b>	<b>-3.9%</b>	<b>8,093</b>	<b>12.2%</b>	<b>-418.0%</b>
Financial Expenses	(179)	0.5%	(489)	-1.4%	(310)	+173.2%	(537)	-0.8%	(755)	-1.1%	+40.6%
Financial Income	1,521	4.3%	1,723	4.9%	202	+13.3%	2,929	4.5%	3,292	5.0%	+12.4%
<b>Operating Income before Income Tax and Social Contribution</b>	<b>51</b>	<b>0.1%</b>	<b>6,064</b>	<b>17.1%</b>	<b>6,013</b>	<b>+11790.2%</b>	<b>(153)</b>	<b>-0.2%</b>	<b>10,630</b>	<b>16.0%</b>	<b>-7047.7%</b>
Income Tax and Social Contribution	(37)	0.1%	(2,011)	-5.7%	(1,974)	+5335.1%	(201)	-0.3%	(3,604)	-5.4%	+1693.0%
Current	-	0.0%	-	0.0%	-	n/a	-	0.0%	-	0.0%	n/a
Deferred	(37)	0.1%	(2,011)	-5.7%	(1,974)	+5335.1%	(201)	-0.3%	(3,604)	-5.4%	+1693.0%
<b>Net Income for the Period</b>	<b>14</b>	<b>0.0%</b>	<b>4,053</b>	<b>11.4%</b>	<b>4,039</b>	<b>+28850.0%</b>	<b>(354)</b>	<b>-0.5%</b>	<b>7,026</b>	<b>10.6%</b>	<b>-2084.7%</b>
Earnings per Share (R\$)	0.00		0.06	0.0%	0.06	+30550.0%	0.01	+0.0%	0.11	+0.0%	-2068.5%

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

Assets	12/31/2018	AV	6/30/2019	AV	Δ
<b>Current Assets</b>	<b>98,844</b>	<b>45.6%</b>	<b>117,545</b>	<b>52.2%</b>	<b>+18.9%</b>
Cash and Cash Equivalents	28,788	13.3%	41,131	18.3%	+42.9%
Restricted Marketable Securities	9,774	4.5%	10,149	4.5%	+3.8%
Trade Accounts Receivable	28,485	13.1%	29,284	13.0%	+2.8%
Inventories	21,563	9.9%	29,148	12.9%	+35.2%
Advances to Suppliers	399	0.2%	101	0.0%	-74.7%
Loans Granted	1,803	0.8%	1,093	0.5%	-39.4%
Prepaid Expenses	1,992	0.9%	1,843	0.8%	-7.5%
Recoverable Taxes	892	0.4%	534	0.2%	-40.1%
Other Assets	5,148	2.4%	4,262	1.9%	-17.2%
<b>Non-Current Assets</b>	<b>118,138</b>	<b>54.4%</b>	<b>107,564</b>	<b>47.8%</b>	<b>-9.0%</b>
Financial Investments	3,036	1.4%	3,133	1.4%	+3.2%
Trade Accounts Receivable	8,326	3.8%	6,583	2.9%	-20.9%
Loans Granted	1,439	0.7%	1,034	0.5%	-28.1%
Assets Held for Sale	750	0.3%	532	0.2%	-29.1%
Deferred Income and Social Contribution Taxes	13,063	6.0%	9,459	4.2%	-27.6%
Judicial Deposits	2,830	1.3%	2,113	0.9%	-25.3%
Other Assets	1,539	0.7%	946	0.4%	-38.5%
Investments	20	0.0%	20	0.0%	+0.0%
Property, Plant and Equipment	78,663	36.3%	76,127	33.8%	-3.2%
Intangible Assets	8,472	3.9%	7,617	3.4%	-10.1%
<b>Total Assets</b>	<b>216,982</b>	<b>100%</b>	<b>225,109</b>	<b>100%</b>	<b>+3.7%</b>
Liabilities	12/31/2018	AV	6/30/2019	AV	Δ
<b>Current Liabilities</b>	<b>34,247</b>	<b>15.8%</b>	<b>35,580</b>	<b>15.8%</b>	<b>+3.9%</b>
Suppliers	2,299	1.1%	3,616	1.6%	+57.3%
Tax Liabilities	1,179	0.5%	2,430	1.1%	+106.1%
Payroll and Related Charges	2,876	1.3%	3,837	1.7%	+33.4%
Advances from Customers	16,717	7.7%	16,310	7.2%	-2.4%
Provisions	5,485	2.5%	3,527	1.6%	-35.7%
Other Liabilities	5,691	2.6%	5,860	2.6%	+3.0%
<b>Non-Current Liabilities</b>	<b>11,469</b>	<b>5.3%</b>	<b>11,237</b>	<b>5.0%</b>	<b>-2.0%</b>
Tax Liabilities	208	0.1%	142	0.1%	-31.7%
Provisions	11,261	5.2%	11,095	4.9%	-1.5%
<b>Shareholders' equity</b>	<b>171,266</b>	<b>78.9%</b>	<b>178,292</b>	<b>79.2%</b>	<b>+4.1%</b>
Capital Stock	187,709	86.5%	187,709	83.4%	+0.0%
Capital Reserve	(2,658)	-1.2%	(2,658)	-1.2%	+0.0%
Accumulated Loss	(13,785)	-6.4%	(6,759)	-3.0%	-51.0%
<b>Total Liabilities and Shareholders' Equity</b>	<b>216,982</b>	<b>100%</b>	<b>225,109</b>	<b>100%</b>	<b>+3.7%</b>

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

Cash Flow Statement	2Q18	2Q19	Δ	1H18	1H19	Δ
<b>Operating Income Before Income And Social Contribution Taxes</b>	<b>51</b>	<b>6,064</b>	<b>+11790.2%</b>	<b>(153)</b>	<b>10,630</b>	<b>-7047.7%</b>
<b>Adjustment to Reconcile the Net Income to Cash from Operating Activities:</b>						
Depreciation and Amortization	2,111	2,189	+3.7%	4,808	4,360	-9.3%
Foreign Exchange Variation	(138)	135	-197.8%	(138)	179	-229.7%
Provision for Litigation	1,200	(610)	-150.8%	738	(111)	-115.0%
Provision for Obsolescence	123	171	+39.0%	253	145	-42.7%
Allowance for Doubtful Accounts	1,015	(513)	-150.5%	664	(636)	-195.8%
Provision for PPR	(126)	60	-147.6%	(700)	(422)	-39.7%
Disposal of Property, Plant and Equipment	976	485	-50.3%	1,498	501	-66.6%
<b>Cash Flows from Operating Activities</b>	<b>5,212</b>	<b>7,981</b>	<b>+53.1%</b>	<b>6,970</b>	<b>14,646</b>	<b>+110.1%</b>
<b>Changes in Assets and Liabilities</b>						
Trade Accounts Receivable	(2,624)	502	-119.1%	692	1,307	+88.9%
Inventories	485	(3,423)	-805.8%	(1,710)	(7,730)	+352.0%
Recoverable Taxes	361	273	-24.4%	74	358	+383.8%
Loans Granted	195	886	+354.4%	361	1,209	+234.9%
Other Current or Non-Current Assets	248	1,108	+346.8%	(1,083)	2,643	-344.0%
Non-Current Assets Available for Sale	1,353	42	-96.9%	1,821	218	-88.0%
Suppliers	(1,707)	(2,365)	+38.5%	2,104	1,317	-37.4%
Advance from Customers	1,115	(2,475)	-322.0%	1,424	(407)	-128.6%
Other Current or Non-Current Liabilities	(108)	459	-525.0%	(389)	724	-286.1%
<b>Net Cash from Operating Activities</b>	<b>4,530</b>	<b>2,988</b>	<b>-34.0%</b>	<b>10,264</b>	<b>14,285</b>	<b>+39.2%</b>
<b>Cash Flows from Investing Activities</b>						
Financial Investments	(1,000)	3,190	-419.0%	(1,000)	(472)	-52.8%
Investments	-	-	n/a	11	-	-100.0%
Property, Plant and Equipment	(843)	(475)	-43.7%	(2,355)	(1,125)	-52.2%
Intangible Assets	(265)	(242)	-8.7%	(389)	(345)	-11.3%
<b>Net Cash used in Investing Activities</b>	<b>(2,108)</b>	<b>2,473</b>	<b>-217.3%</b>	<b>(3,733)</b>	<b>(1,942)</b>	<b>-48.0%</b>
<b>Cash Flows from Financing Activities</b>						
<b>Cash Flows (used in) from Financing Activities</b>	<b>-</b>	<b>-</b>	<b>n/a</b>	<b>-</b>	<b>-</b>	<b>n/a</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,422</b>	<b>5,461</b>	<b>+125.5%</b>	<b>6,531</b>	<b>12,343</b>	<b>+89.0%</b>
<b>Changes in Cash and Cash Equivalents</b>						
At the Beginning of the Period	33,582	35,670	+6.2%	29,473	28,788	-2.3%
At the End of the Period	36,004	41,131	+14.2%	36,004	41,131	+14.2%
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,422</b>	<b>5,461</b>	<b>+125.5%</b>	<b>6,531</b>	<b>12,343</b>	<b>+89.0%</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 V – GROSS REVENUE, GROSS REVENUE EX-IPI AND MODULES SOLD – CONSOLIDATED

Gross Revenue	1Q17	1Q18	2Q17	2Q18	3Q17	4Q17	1H17	1H18	2H17	9M17	2017
<b>Total Gross Revenue</b>	<b>39,988</b>	<b>39,971</b>	<b>46,547</b>	<b>46,073</b>	<b>54,940</b>	<b>54,780</b>	<b>86,535</b>	<b>86,044</b>	<b>109,720</b>	<b>141,475</b>	<b>196,255</b>
<b>Domestic Market</b>	<b>38,441</b>	<b>37,807</b>	<b>44,328</b>	<b>43,871</b>	<b>53,029</b>	<b>52,125</b>	<b>82,769</b>	<b>81,678</b>	<b>105,154</b>	<b>135,798</b>	<b>187,923</b>
Dell Anno and Favorita - Exclusive Dealers and Own Stores	21,155	18,505	22,779	21,091	27,134	28,250	43,934	39,596	55,384	71,068	99,318
New and Casa Brasileira Exclusive Dealers	10,051	11,127	10,617	10,900	13,569	13,727	20,668	22,027	27,296	34,237	47,964
New and Casa Brasileira Multibrand	4,891	5,905	5,836	6,304	7,259	6,524	10,727	12,209	13,783	17,986	24,510
Unicasa Corporate	1,892	1,338	4,333	4,832	4,261	2,337	6,225	6,170	6,598	10,486	12,823
Other Revenues	452	932	763	744	806	1,287	1,215	1,676	2,093	2,021	3,308
<b>Export Market</b>	<b>1,547</b>	<b>2,164</b>	<b>2,219</b>	<b>2,202</b>	<b>1,911</b>	<b>2,655</b>	<b>3,766</b>	<b>4,366</b>	<b>4,566</b>	<b>5,677</b>	<b>8,332</b>

Gross Revenue from Sales Ex-IPI	1Q17	1Q18	2Q17	2Q18	3Q17	4Q17	1H17	1H18	2H17	9M17	2017
<b>Total Gross Revenue</b>	<b>38,353</b>	<b>38,297</b>	<b>44,613</b>	<b>44,143</b>	<b>52,587</b>	<b>52,415</b>	<b>82,966</b>	<b>82,440</b>	<b>105,002</b>	<b>135,553</b>	<b>187,968</b>
<b>Domestic Market</b>	<b>36,806</b>	<b>36,133</b>	<b>42,394</b>	<b>41,941</b>	<b>50,676</b>	<b>49,760</b>	<b>79,200</b>	<b>78,074</b>	<b>100,436</b>	<b>129,876</b>	<b>179,636</b>
Dell Anno and Favorita - Exclusive Dealers and Own Stores	20,331	17,716	21,859	20,184	25,998	27,003	42,190	37,900	53,001	68,188	95,191
New and Casa Brasileira Exclusive Dealers	9,577	10,610	10,115	10,393	12,930	13,083	19,692	21,003	26,013	32,622	45,705
New and Casa Brasileira Multibrand	4,657	5,624	5,557	6,005	6,912	6,212	10,214	11,629	13,124	17,126	23,338
Unicasa Corporate	1,802	1,288	4,126	4,643	4,059	2,226	5,928	5,931	6,285	9,987	12,213
Other Revenues	439	895	737	716	777	1,236	1,176	1,611	2,013	1,953	3,189
<b>Export Market</b>	<b>1,547</b>	<b>2,164</b>	<b>2,219</b>	<b>2,202</b>	<b>1,911</b>	<b>2,655</b>	<b>3,766</b>	<b>4,366</b>	<b>4,566</b>	<b>5,677</b>	<b>8,332</b>

Modules Sold (Units)	1Q17	1Q18	2Q17	2Q18	3Q17	4Q17	1H17	1H18	2H17	9M17	2017
<b>Total Gross Revenue</b>	<b>136,225</b>	<b>129,120</b>	<b>147,261</b>	<b>137,177</b>	<b>170,849</b>	<b>177,000</b>	<b>283,486</b>	<b>266,297</b>	<b>347,849</b>	<b>454,335</b>	<b>631,335</b>
<b>Domestic Market</b>	<b>129,402</b>	<b>120,331</b>	<b>139,650</b>	<b>127,925</b>	<b>165,528</b>	<b>164,272</b>	<b>269,052</b>	<b>248,256</b>	<b>329,800</b>	<b>434,580</b>	<b>598,852</b>
Dell Anno and Favorita - Exclusive Dealers and Own Stores	55,179	43,312	57,707	48,741	64,179	67,298	112,886	92,053	131,477	177,065	244,363
New and Casa Brasileira Exclusive Dealers	43,882	45,744	45,479	41,897	58,589	58,404	89,361	87,641	116,993	147,950	206,354
New and Casa Brasileira Multibrand	24,920	28,374	27,212	30,855	34,246	32,454	52,132	59,229	66,700	86,378	118,832
Unicasa Corporate	5,396	2,672	9,231	5,990	8,388	5,983	14,627	8,662	14,371	23,015	28,998
Other Revenues	25	229	21	442	126	133	46	671	259	172	305
<b>Export Market</b>	<b>6,823</b>	<b>8,789</b>	<b>7,611</b>	<b>9,252</b>	<b>5,321</b>	<b>12,728</b>	<b>14,434</b>	<b>18,041</b>	<b>18,049</b>	<b>19,755</b>	<b>32,483</b>