

## Positivo Tecnologia posts a 35.4% growth in PCs sales in Brazil during 2Q18

**Curitiba, August 14, 2018** – Positivo Tecnologia S.A. (B3: POSI3) announces today its results for the 2Q18. The following financial and operating information refers to the consolidated results of Positivo Tecnologia S.A. and is presented in IFRS and in Brazilian reais (R\$). Except where otherwise indicated, all comparisons herein refer to the 2Q17.

### 2Q18 HIGHLIGHTS

- **Continuous recovery of demand for PCs in Brazil, with a total market growth of 12.4% in the 2Q18<sup>1</sup>**
- **Positivo Tecnologia surpasses market performance with a 35.4% growth in PCs volumes in Brazil, of which:**
  - ✓ +22.2% in Retail;
  - ✓ +57.7% in Government; and
  - ✓ +63.1% in Corporate.
- **Increase in market share (+3.1 p.p.) in PCs in Brazil during the 2Q18, reaching 18.2%<sup>1</sup>, the highest increase in two years**
- **In the mobile phone market, the highly competitive environment continues**, with sales concentrated on the three largest manufacturers
- **Yield impacted by the US dollar appreciation**, with ongoing pass-through to the sales channel, resulting in margins reduction
- **Reduction of net debt to R\$207 million (-13.8%)**
- **Hi Technologies receives investment of R\$14.7 million from Monashees and Qualcomm Ventures.**

<sup>1</sup> Source: IDC

## 1) FINANCIAL HIGHLIGHTS

Income Statement Highlights (R\$ million)	2Q17	1Q18	2Q18	% Chg. 2Q18 x 2Q17	% Chg. 2Q18 x 1Q18	1H17	1H18	% Chg. 1H18 X 1H17
Net Revenue	435.5	429.7	485.1	11.4	12.9	889.0	914.8	2.9
EBITDA	125.9	112.1	114.7	-8.9	2.3	259.8	226.8	-12.7
<b>Adjusted EBITDA*</b>	<b>33.9</b>	<b>23.1</b>	<b>7.9</b>	<b>-76.8</b>	<b>-65.9</b>	<b>68.3</b>	<b>31.0</b>	<b>-54.6</b>
Net Income (Loss)	2.2	2.0	(11.6)	-619.2	-691.7	(6.1)	(9.6)	57.9
Adjusted EBITDA Margin	7.8%	5.4%	1.6%	-6.2 p.p.	-3.8 p.p.	7.7%	3.4%	-4.3 p.p.
<b>Multiple</b>	<b>2Q17</b>	<b>1Q18</b>	<b>2Q18</b>					
Net Debt - End of the Period	240.7	235.3	207.4					
Adjusted EBITDA - LTM	137.1	111.7	85.6					
<b>Net Debt Multiple / Adjusted EBITDA</b>	<b>1.8x</b>	<b>2.1x</b>	<b>2.4x</b>					

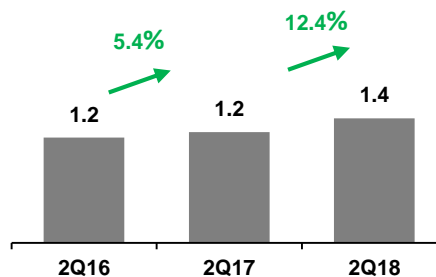
\* Adjusted for the cash effect of the FX hedge on inputs, the addition of 50% of EBITDA from the IFSA joint venture. For further details, please refer to 4.4 - EBITDA.

## 2) CURRENT INDUSTRY AND COMPANY SCENARIO

### PC Market

The Brazilian PC market increased by 12.4% in the 2Q18 compared to the same period of previous year, according to IDC. This market continued to recover the good performance despite of the period impacted by events such as the trucker strike, significant US dollar appreciation and World Cup.

**Total PC Market – Brazil<sup>1</sup>**  
(Million Units)



<sup>1</sup> Source: IDC

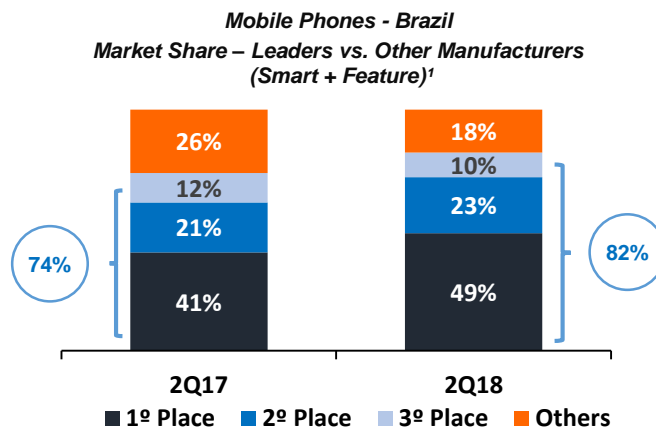
In the supply chain, the acquisition of inputs, such as memories and SSDs, became more difficult due to the significant increase in the prices on the international market. According to the consulting firm DRAMeXchange, the average price of memories has increased since 2016, even doubling in the main categories. It's important to point out that memories can account for 20% of a computer cost.

The cost increase mainly affects sales priced in great advance, such as government bids, in which the goods can be delivered even one year after the auction win.

## Mobile Phone Market

The mobile phone market increased by 7.7% in the 2Q18 due to the increase of 11.7% in smartphones sales and reduction of 35.1% in feature phones' sales, according to IDC.

During the quarter, the strong competition between the leading brands, which started a price war in the 2Q17 as an attempt to increase market shares, continued. The three main brands accounted for 82% of market volume in the 2Q18, compared to an average of 74% in the 2Q17. This narrowed the space for other competitors to only 18%, resulting in a strong drop in these brands sales.

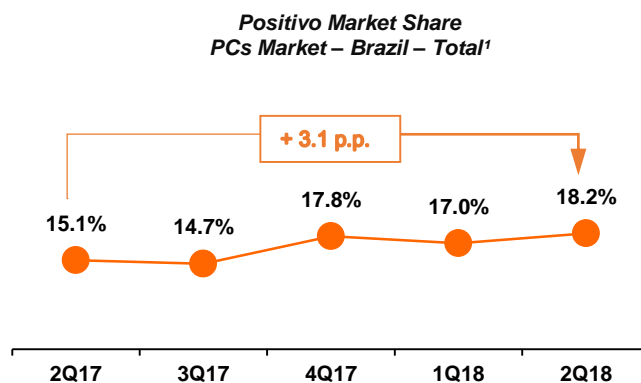


<sup>1</sup> Source: IDC

## Company's Performance

### Revenue

Positivo Tecnologia's PCs sales in Brazil significantly increased in the 2Q18, totaling 254 thousand units in the quarter (+35.4%), surpassing market growth. The good volumes in the 2Q18 guaranteed the Company's market share to reach 18.2% (+3.1 p.p.), according to IDC. It is the Company's highest market share within two years.



<sup>1</sup> Source: IDC

The Company's PCs sales in Brazil increased in all markets on the 2Q18. Sales increased by 16.9% in retail, 128.1% in government and 32.3% in corporate.

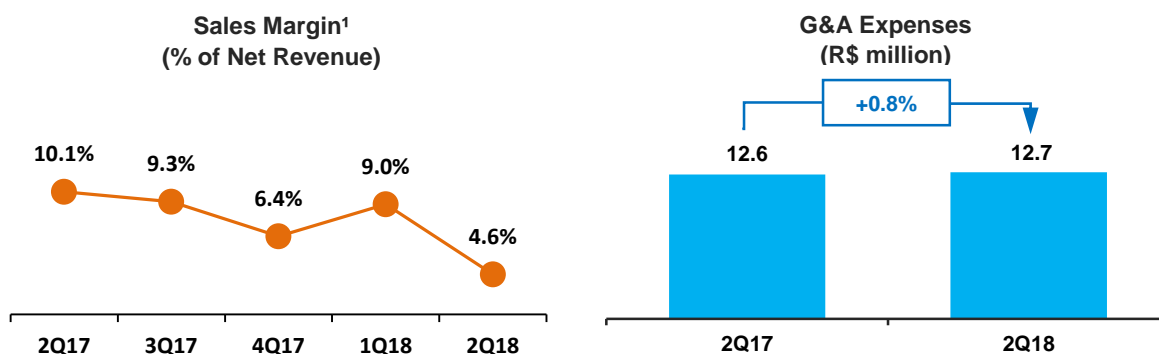
In the corporate market, PCs sales were quite expressive, having recorded the main advances among small and medium-sized companies, which are served by resellers and by our call centers.

Sales of mobile phones increased by 0.7% in the 2Q18 compared to the 2Q17, with volumes still impacted by the strong competition in this segment.

## Yield

Sales margin in the 2Q18 was mainly impacted by the partial pass-through to prices in the retail market due to the US dollar appreciation. The quick exchange rate increase, partially relieved by hedge instruments, demanded successive price increase negotiations with the sales channels, which weren't applied as quick as the US Dollar appreciation, causing margin loss. Moreover, government sales, besides currency appreciation, suffered with the significant increase in memory prices, considering that the revenues in the period mainly comprise the bidding offers priced before the increase in prices of this input.

In relation to fixed costs, recurring G&A expenses increased by 0.8% in the 2Q18.



<sup>1</sup> Calculated by the net revenue deducted from the hedge-adjusted COGS, selling expenses and depreciation.

<sup>2</sup> Excluding the mandatory research and development costs, extraordinary items and depreciation. See item 4.2 – G&A Expenses.

## Net Debt

The net debt in the 2Q18 totaled R\$207.4 million, a decrease compared to the net debt of R\$240.7 million in the 2Q17. When comparing to the 1Q18, net debt decreased by R\$27.9 million.

## Outlook

The Company's perspectives for its main businesses are as follows:

- **Computers in the Retail Market:** The Company expects to maintain the good sales performance in the Brazilian retail market in 2018, which, in general, has recorded better results compared to 2017, in terms of volume. The sales channel is facing some pressure between manufacturers and retailers due to the continuous negotiations relating to the pass-through to prices as result of the US dollar appreciation. The Company believes that, by the end of the 3Q18, these events will be concluded and the industry margins will be recovered, taking into consideration the stable foreign exchange rate at current level.
- **Computers in the Government Market:** The sales in the government market in 2018 are expected to be higher compared to 2017, taking into consideration the significant increase in the 1H18. However, the Company expects a reduction in the sales volume in the 3Q18 due to the elections, to be recovered in the 4Q18.
- **Mobile Phones:** The expected sales performance in the Brazilian market for the second half of 2018 will depend on the level of aggressiveness of the main manufacturers, as the Company will continue to seek sustainable margins in its operation. In addition, the Company expects to increase the sales of smartphones integrated with credit and debt card payment terminals in the 2H18, representing an increase in the total revenues on this segment. It is important to point out that manufacturers and sales channels have constantly ran negotiation rounds to pass-through the US dollar appreciation to prices. Company believes that, by the end of the 3Q18 it will be concluded, resulting in industry margin normalization.

## Entry of investors in Hi Technologies

As indicated by the Company in the last quarters, Hi Technologies S.A., an investee of Positivo Tecnologia, received in June the capital contribution of R\$14.7 million from investors Monashees and Qualcomm Ventures. The transaction comprised the creation of a holding, Hi Technologies Holding Ltd., based in the Cayman Islands, and a joint venture in Delaware (USA), Hi Technologies LLC, holding a 99.99% stake in Hi Technologies S.A. in Brazil.

The shareholding ownership of Hi Technologies Holding Ltd. before and after the entry of the new investors is broken down as follows:

Shareholding Ownership	Before the Transaction	After the Transaction
Positivo Tecnologia S.A.	50.00%	30.07%
Founding partners	50.00%	30.07%
Monashees / Qualcomm Ventures	-	32.36%
Option pool	-	7.50%
<b>Total</b>	<b>100%</b>	<b>100%</b>

A portion of the Hi Technologies Holding Ltd.'s shares will be held in treasury, forming an option pool, to be allocated to future share-based compensation plans. Positivo Tecnologia believes that Hi Technologies will be benefited to the extent that this transaction consolidates the Hi Technologies' financial position to support its expansion and facilitates future raising of funds abroad.

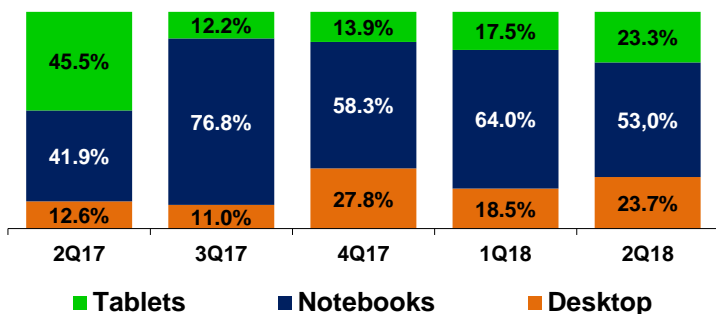
## 3) VOLUMES AND REVENUES

### 3.1) VOLUMES

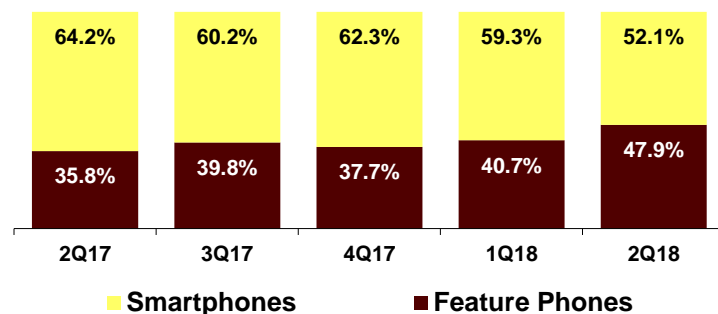
Volume Sales (units)	2Q17	1Q18	2Q18	% Chg. 2Q18 x 2Q17	% Chg. 2Q18 x 1Q18	1H17	1H18	% Chg. 1H18 X 1H17
<b>PCs</b>	<b>224,119</b>	<b>261,611</b>	<b>272,358</b>	<b>21.5</b>	<b>4.1</b>	<b>398,497</b>	<b>533,969</b>	<b>34.0</b>
Desktops	51,888	58,643	84,325	62.5	43.8	101,168	142,968	41.3
Notebooks	172,231	202,968	188,033	9.2	-7.4	297,329	391,001	31.5
<b>PCs - Channel</b>	<b>224,119</b>	<b>261,611</b>	<b>272,358</b>	<b>21.5</b>	<b>4.1</b>	<b>398,497</b>	<b>533,969</b>	<b>34.0</b>
Retail	161,883	157,056	175,236	8.2	11.6	271,967	332,292	22.2
Government	42,168	72,376	65,344	55.0	-9.7	87,318	137,720	57.7
Corporate	20,068	32,179	31,778	58.4	-1.2	39,212	63,957	63.1
<b>PCs - Brand</b>	<b>224,119</b>	<b>261,611</b>	<b>272,358</b>	<b>21.5</b>	<b>4.1</b>	<b>398,497</b>	<b>533,969</b>	<b>34.0</b>
Positivo	187,642	228,089	253,986	35.4	11.4	328,536	482,075	46.7
Positivo BGH	36,477	33,522	18,372	-49.6	-45.2	69,961	51,894	-25.8
<b>Mobile Phones</b>	<b>388,067</b>	<b>281,915</b>	<b>390,844</b>	<b>0.7</b>	<b>38.6</b>	<b>880,358</b>	<b>672,759</b>	<b>-23.6</b>
Smartphones	249,311	167,128	203,807	-18.3	21.9	613,845	370,935	-39.6
Feature Phones	138,756	114,787	187,037	34.8	62.9	266,513	301,824	13.2
<b>Tablets</b>	<b>187,293</b>	<b>55,592</b>	<b>82,934</b>	<b>-55.7</b>	<b>49.2</b>	<b>322,612</b>	<b>138,526</b>	<b>-57.1</b>
Positivo	3,926	2,817	1,731	-55.9	-38.6	8,396	4,548	-45.8
Positivo BGH	183,367	52,775	81,203	-55.7	53.9	314,216	133,978	-57.4

### Share of Devices in Sales (units)

#### PCs and Tablets



#### Mobile Phones



### 3.2) AVERAGE PRICE

The factors impacting variation in average prices of products in Brazilian reais (2Q18 vs. 1Q18) are as follows:

**Desktops:** +3.7%, due to the greater proportion of sales in the government and corporate markets, with configurations superior to those available in the retail market.

**Notebooks:** stable, considering that the greater proportion of notebooks with superior configurations in the retail market was compensated for the decrease in sales of this category in the government market.

**Tablets:** -30.5%, arising from the greater proportion of sales of equipment with inferior configurations and smaller screens.

**Mobile Phones:** -10.5%, reflects the greater proportion of entry-level models and feature phones.

Average Price				% Chg.	% Chg.			% Chg.
Positivo <sup>(1)</sup>	2Q17	1Q18	2Q18	2Q18 x 2Q17	2Q18 x 1Q18	1H17	1H18	1H18 X 1H17
Dollar Avg for the Period <sup>2</sup>	3.21	3.24	3.69			3.18	3.47	9.07
<b>Desktops</b>								
In R\$	2,857.2	2,428.6	2,517.7	-11.9	3.7	2,655.0	2,480.5	-6.6
In US\$	909.1	748.9	682.1	-25.0	-8.9	827.4	710.0	-14.2
<b>Notebooks</b>								
In R\$	1,162.2	1,309.9	1,308.6	12.6	-0.1	1,154.5	1,309.2	13.4
In US\$	369.8	403.9	354.5	-4.1	-12.2	361.1	378.9	4.9
<b>Tablets</b>								
In R\$	855.8	801.0	556.4	-35.0	-30.5	738.8	707.9	-4.2
In US\$	272.3	247.0	150.7	-44.6	-39.0	232.5	210.4	-9.5
<b>Mobile Phones</b>								
In R\$	355.4	272.5	244.0	-31.4	-10.5	319.8	255.9	-20.0
In US\$	113.1	84.0	66.1	-41.6	-21.3	100.3	73.6	-26.6

<sup>1</sup> Taking into account only products sold in the Brazilian market.

<sup>2</sup> Company calculation, weighted by monthly sales to decrease seasonal distortions, based on the Brazilian Central Bank's PTAX Sale rate.

### 3.3) GROSS REVENUE

Gross Revenue				% Chg.	% Chg.			% Chg.
(R\$ million)	2Q17	1Q18	2Q18	2Q18 x 2Q17	2Q18 x 1Q18	1H17	1H18	1H18 X 1H17
<b>Total Gross Revenue</b>	<b>501.9</b>	<b>500.0</b>	<b>539.5</b>	<b>7.5</b>	<b>7.9</b>	<b>1,015.4</b>	<b>1,039.4</b>	<b>2.4</b>
<b>Devices by product</b>								
Desktops	131.5	129.0	186.6	41.9	44.7	264.0	315.6	19.6
Notebooks	162.3	229.2	235.4	45.0	2.7	272.2	464.6	70.7
Mobile Phones	112.8	76.8	95.4	-15.5	24.1	282.6	172.2	-39.1
Tablets	2.9	2.3	1.0	-66.5	-57.3	6.7	3.2	-51.9
Others	86.8	57.4	15.3	-82.4	-73.4	178.4	72.7	-59.3
<b>Devices by channel</b>								
Retail	279.6	240.0	287.2	2.7	19.7	552.8	527.2	-4.6
Government	90.9	142.7	172.4	89.7	20.8	192.1	315.0	64.0
Corporate	125.9	112.0	74.0	-41.2	-33.9	259.0	186.0	-28.2
<b>Educational Technology</b>	<b>5.5</b>	<b>5.3</b>	<b>5.9</b>	<b>6.5</b>	<b>10.6</b>	<b>11.5</b>	<b>11.2</b>	<b>-2.5</b>

### 3.4) DEDUCTIONS ON GROSS REVENUE

Deductions on gross revenue, comprising taxes and returns, totaled R\$54.3 million in the 2Q18 and accounted for 10.1% of sales, in line with the amounts recorded in the 2Q17.

### 3.5) NET REVENUE

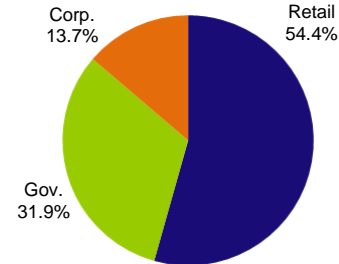
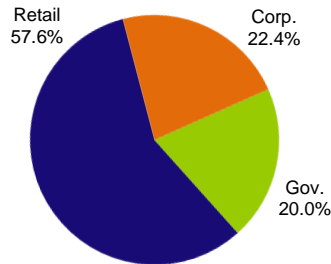
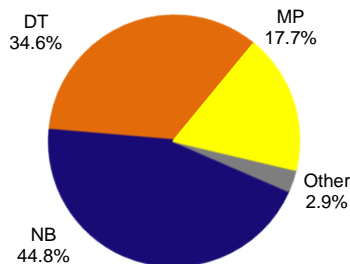
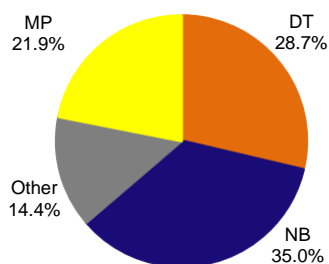
Net revenue totaled R\$485.1 million in the 2Q18, an increase of 11.4%. In the period, we highlight the increase of 77.8% in revenues in the government market. The corporate sales, however, decreased by 32.0%, reflecting lower sales of digital decoders to Seja Digital, in the context of the migration program for the transition from the analog to the digital signal via open television in Brazil. Excluding this project, net revenue in the corporate market would have increased by 30% in the 2Q18.

Net Revenue (R\$ million)	2Q17	1Q18	2Q18	% Chg. 2Q18 x 2Q17	% Chg. 2Q18 x 1Q18	1H17	1H18	% Chg. 1H18 X 1H17
<b>Total Net Revenue</b>	<b>435.5</b>	<b>429.7</b>	<b>485.1</b>	<b>11.4</b>	<b>12.9</b>	<b>889.0</b>	<b>914.8</b>	<b>2.9</b>
<b>Devices by product</b>	<b>430.4</b>	<b>424.8</b>	<b>479.8</b>	<b>11.5</b>	<b>12.9</b>	<b>878.5</b>	<b>904.6</b>	<b>3.0</b>
Desktops	123.4	109.1	166.1	34.6	52.2	245.9	275.2	11.9
Notebooks	150.8	209.0	215.2	42.7	3.0	253.8	424.2	67.1
Mobile Phones	94.3	64.3	85.2	-9.6	32.6	243.6	149.5	-38.6
Tablets	2.6	2.0	0.8	-67.2	-58.4	6.4	2.9	-54.6
Others	59.3	40.4	12.4	-79.0	-69.2	128.8	52.8	-59.0
<b>Devices by channel</b>	<b>430.4</b>	<b>424.8</b>	<b>479.8</b>	<b>11.5</b>	<b>12.9</b>	<b>878.5</b>	<b>904.6</b>	<b>3.0</b>
Retail	247.7	211.4	261.0	5.4	23.5	492.4	472.3	-4.1
Government	86.2	123.3	153.2	77.8	24.2	180.0	276.6	53.6
Corporate	96.5	90.2	65.6	-32.0	-27.3	206.1	155.7	-24.4
<b>Educational Technology</b>	<b>5.1</b>	<b>4.8</b>	<b>5.3</b>	<b>4.2</b>	<b>10.8</b>	<b>10.5</b>	<b>10.1</b>	<b>-3.6</b>

### Breakdown of Net Revenue – Devices

Product

Channel



2017

2018

2017

2018

NB: Notebooks  
DT: Desktops  
MP: Mobile Phones

Corp : Corporate  
Gov.: Government

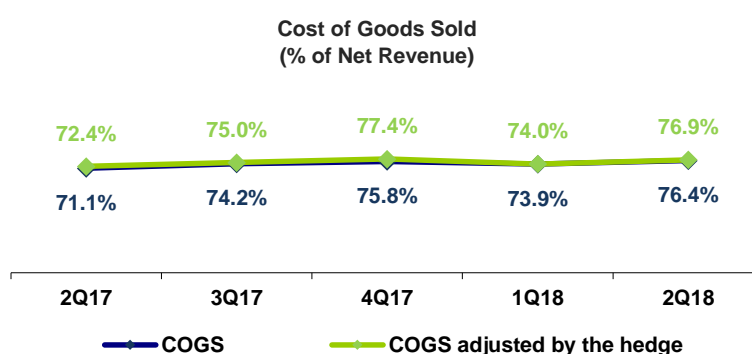


## 4) FINANCIAL PERFORMANCE

### 4.1) COST OF GOODS SOLD (COGS) AND GROSS PROFIT

Cost of Goods Sold (R\$ million)	2Q17	1Q18	2Q18	% Chg. 2Q18 x 2Q17	% Chg. 2Q18 x 1Q18	1H17	1H18	% Chg. 1H18 X 1H17
Raw materials and consumables used	(295.3)	(298.8)	(351.1)	18.9	17.5	(597.9)	(649.9)	8.7
Depreciation and Amortization	(2.0)	(1.6)	(1.8)	-11.8	10.4	(5.0)	(3.4)	-31.8
Others	(12.2)	(17.1)	(17.5)	44.0	2.3	(24.9)	(34.6)	39.0
<b>Total</b>	<b>(309.5)</b>	<b>(317.5)</b>	<b>(370.4)</b>	<b>19.7</b>	<b>16.7</b>	<b>(627.8)</b>	<b>(687.9)</b>	<b>9.6</b>
<b>Conciliation - adjusted COGS</b>								
(+) Cash Effect of raw material hedging*	(5.7)	(0.5)	(2.6)	-54.0	435.3	(23.4)	(3.1)	-86.7
<b>Total adjusted</b>	<b>(315.2)</b>	<b>(318.0)</b>	<b>(373.0)</b>	<b>18.3</b>	<b>17.3</b>	<b>(651.2)</b>	<b>(691.1)</b>	<b>6.1</b>

\* Refers to amounts received (or paid) by the Company in FX hedge instruments contracted to cover the dollarized inputs. These amounts are net of the exchange rate changes on US dollar invoices.



In the 2Q18, hedge-adjusted COGS accounted for 76.9% of consolidated net revenue, an increase of 5.3 p.p. compared to the 2Q17.

#### Inputs

Hedge-adjusted raw materials and inputs accounted for 72.9% of net revenue in the 2Q18, an increase of 4.6 p.p. compared to the 2Q17. This increase resulted mainly from the higher costs in US dollar of inputs in the period, mainly memory costs, in addition to the Brazilian real depreciation, without full pass-through to prices, as well as the discounts in mobile phone prices to face the competitive environment.

The Company believes that the analysis of this line adjusted for the hedge and the exchange variation is the best way to understand the dynamics of the margins, given that pricing is established considering the contracted-hedge positions, which are required by internal policies.

#### Other Costs

Other costs accounted for 4.0% of net revenue in the 2Q18, an increase of 0.3 p.p. compared to the 2Q17, which percentage is aligned with the other periods.

#### **Gross Profit**

Adjusted gross profit reached R\$114.7 million in the 2Q18, accompanied by a gross margin of 23.6% (-5.5 p.p.). With the data adjusted for the hedge and the exchange variation, gross margin stood at 23.1% in the 2Q18 (-4.8 p.p.).

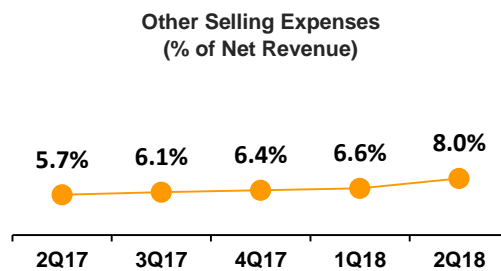
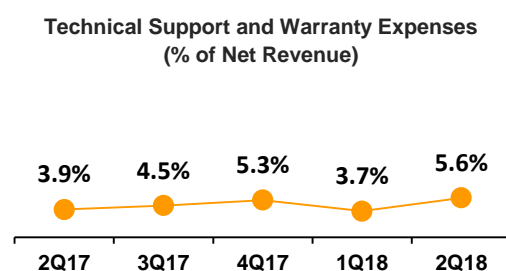
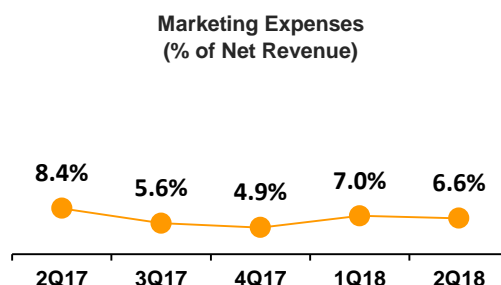
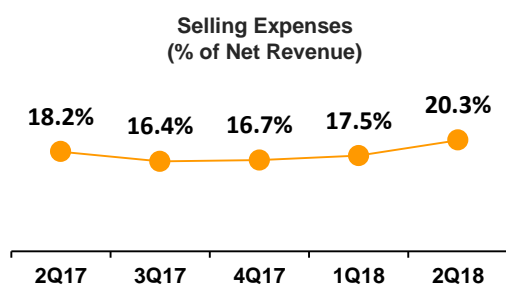
## 4.2) OPERATING EXPENSES

Operating Expenses (R\$ million)			% Chg.		% Chg.		% Chg.	
	2Q17	1Q18	2Q18	2Q18 x 2Q17	2Q18 x 1Q18	1H17	1H18	1H18 X 1H17
Selling Expenses	(79.3)	(75.1)	(98.6)	24.3	31.2	(162.2)	(173.7)	7.1
General and Administrative Expenses	(23.2)	(24.2)	(28.3)	22.0	17.1	(48.8)	(52.5)	7.6
Financial Result	(21.7)	(7.5)	(7.7)	-64.6	2.8	(52.9)	(15.2)	-71.4
Other Revenue (Expenses)	0.3	0.0	6.4	100.0	100.0	0.6	6.4	902.7
<b>Total</b>	<b>(123.9)</b>	<b>(106.7)</b>	<b>(128.2)</b>	<b>3.4</b>	<b>20.1</b>	<b>(263.3)</b>	<b>(234.9)</b>	<b>846.0</b>

### Selling Expenses

Selling expenses totaled R\$98.6 million in the 2Q18 and accounted for 20.3% of net revenue, an increase of 2.1 p.p. compared to the 2Q17. This variation resulted mainly from the reduction of marketing expenses, aligned with the increase in technical support expenses, reflecting the increased revenues in the government market in the period.

Selling Expenses (R\$ million)			% Chg.		% Chg.		% Chg.	
	2Q17	1Q18	2Q18	2Q18 x 2Q17	2Q18 x 1Q18	1H17	1H18	1H18 X 1H17
Marketing	(36.4)	(30.1)	(31.8)	-12.6	5.8	(73.5)	(61.9)	-15.8
Tech. Assistance and Warranties	(17.2)	(15.9)	(27.2)	58.2	70.7	(39.5)	(43.1)	9.3
Deprec. and Amortization	(0.8)	(0.6)	(0.6)	-33.5	-12.2	(1.8)	(1.2)	-32.7
Others	(24.8)	(28.4)	(39.0)	57.0	37.0	(47.5)	(74.8)	57.5
<b>Total</b>	<b>(79.3)</b>	<b>(75.1)</b>	<b>(98.6)</b>	<b>24.3</b>	<b>31.2</b>	<b>(162.2)</b>	<b>(177.3)</b>	<b>9.3</b>
<b>% of Net Revenue</b>	<b>18.2</b>	<b>17.5</b>	<b>20.3</b>	<b>+2.1 p.p.</b>	<b>+2.8 p.p.</b>	<b>9.3</b>	<b>9.3</b>	<b>-0.0 p.p.</b>



### Marketing

Marketing expenses totaled R\$31.8 million in the 2Q18 and accounted for 6.6% of net revenue, a reduction of 1.8 p.p., due to the reduction of rebates granted compared to the 2Q17, as a result of the high sales proportion in the government market, which does not incur in these expenses.

## Technical Support and Warranty

Technical support and warranty totaled R\$27.2 million in the 2Q18 and accounted for 5.6% of net revenue, an increase of 1.7 p.p. compared to the 2Q17. This variation resulted from the increase in sales volume with an extension of the warranty period for the customers in the government and corporate markets.

## G&A Expenses

In the 2Q18, G&A expenses totaled R\$28.3 million, an increase of 22% compared to the 2Q17. Excluding depreciation and amortization expenses, mandatory Research & Development (R&D) expenses and extraordinary items, G&A expenses totaled R\$12.7 million for the period, an increase of 0.8%.

G&A Expenses (R\$ million)				% Chg.	% Chg.			
	2Q17	1Q18	2Q18	2Q18 x 2Q17	2Q18 x 1Q18	1H17	1H18	1H18 X 1H17
Personnel and Management Compensation	(10.7)	(9.5)	(10.6)	-1.4	11.4	(18.1)	(20.1)	10.7
Others	(1.8)	(0.8)	(2.1)	13.4	145.7	(4.3)	(2.5)	-41.9
<b>Subtotal - before non-recurring items, R&amp;D expenses, depreciation and amortization</b>	<b>(12.6)</b>	<b>(10.4)</b>	<b>(12.7)</b>	<b>0.8</b>	<b>22.4</b>	<b>(22.4)</b>	<b>(22.6)</b>	<b>0.7</b>
(+) Deprec. and amortization	(4.3)	(5.6)	(5.9)	36.6	5.2	(8.0)	(11.6)	45.0
(+) Research and Development - R&D	(3.6)	(6.9)	(5.9)	64.9	-13.3	(15.4)	(13.0)	-15.5
(+) Non-recurring items	(2.7)	(1.3)	(3.8)	40.3	180.7	(3.0)	(5.4)	80.3
<b>Total</b>	<b>(23.2)</b>	<b>(24.2)</b>	<b>(28.3)</b>	<b>22.0</b>	<b>17.1</b>	<b>(48.8)</b>	<b>(52.5)</b>	<b>7.7</b>

## Financial Result

The financial result in the 2Q18 was negative in R\$7.7 million, an improvement of 64.6% compared to the 2Q17, mainly due to lower losses with exchange rate changes and lower debt costs.

The exchange rate account is represented by the sum of (i) the R\$46.4 million gain from hedge instruments; and (ii) the R\$42.8 million loss from exchange rates fluctuation on outstanding liabilities in foreign currency.

The cost of debt was favored by a lower cash-carrying cost, resulting from the reduction in gross debt between the 2Q17 and 2Q18, and the decrease in interest rates in Brazil, as most of the Company's debt is composed of floating interest rates.

Financial Result (R\$ million)				% Chg.	% Chg.			
	2Q17	1Q18	2Q18	2Q18 x 2Q17	2Q18 x 1Q18	1H17	1H18	1H18 X 1H17
Cash effect of raw material hedging	(5.7)	(0.5)	(2.6)	-54.0	435.3	(23.4)	(3.1)	-86.7
Mark to market and other non-cash items	1.0	0.7	6.2	519.7	779.1	5.1	3.8	-25.7
<b>Subtotal - Exchange rate (a)</b>	<b>(4.7)</b>	<b>0.2</b>	<b>3.6</b>	<b>-176.5</b>	<b>1,555.3</b>	<b>(18.3)</b>	<b>3.8</b>	<b>-120.9</b>
Financial Revenue	16.1	14.3	16.0	-0.6	11.9	34.5	30.3	-12.2
Financial Expenses	(33.1)	(22.0)	(27.3)	-17.7	24.0	(69.2)	(49.3)	-28.8
<b>Subtotal - Cost of debt and others (b)</b>	<b>(17.0)</b>	<b>(7.7)</b>	<b>(11.3)</b>	<b>-33.8</b>	<b>46.6</b>	<b>(34.7)</b>	<b>(19.0)</b>	<b>-45.3</b>
<b>Total (a + b)</b>	<b>(21.7)</b>	<b>(7.5)</b>	<b>(7.7)</b>	<b>-64.6</b>	<b>2.8</b>	<b>(52.9)</b>	<b>(15.2)</b>	<b>-71.4</b>

## 4.3) NET INCOME (LOSS)

Net loss totaled R\$11.6 million in the 2Q18 compared to the profit of R\$1.9 million in the 2Q17.

In the accumulated for the year, the Company recorded loss of R\$9.6 million, a reduction of 50.7% compared to the 2H17. The results for the six-month period were mainly impacted by the US dollar appreciation and increased input costs, which also impacted the margins.

## 4.4) EBITDA

In the 2Q18, adjusted EBITDA totaled R\$7.9 million, a reduction of 75.8% compared to the 2Q17, and EBITDA margin reached 1.6% (-5.9 p.p.). As mentioned, this variation resulted from the US dollar appreciation and increased input costs. These effects also contributed for the reduction of 51.1% in the 1H18, totaling R\$23.3 million, and EBITDA margin reached 4.1% (-3.2 p.p.).

EBITDA (R\$ million)	2Q17	1Q18	2Q18	% Chg. 2Q18 x 2Q17	% Chg. 2Q18 x 1Q18	1H17	1H18	% Chg. 1H18 X 1H17
Net Income (Loss)	1.9	2.0	(11.6)	-13.6	-13.6	0.4	(9.6)	-2,652.4
Deprec. and Amortization	(7.3)	(7.9)	(8.3)	-1.0	-0.4	(14.9)	(16.2)	8.8
Financial Result	(21.7)	(7.5)	(7.7)	14.0	-0.2	(52.9)	(15.2)	-71.4
Equity Income	0.3	(3.4)	1.9	1.6	5.3	2.8	(1.6)	-156.8
IR e Social Contribution	(0.3)	0.0	0.0	0.3	0.0	(0.3)	0.0	-100.0
<b>EBITDA</b>	<b>31.0</b>	<b>20.8</b>	<b>2.5</b>	<b>-28.5</b>	<b>-18.3</b>	<b>65.8</b>	<b>23.3</b>	<b>-64.6</b>
<b>Margin EBITDA (%)</b>	<b>7.1</b>	<b>4.8</b>	<b>0.5</b>	<b>-6.6 p.p.</b>	<b>-4.3 p.p.</b>	<b>7.4</b>	<b>2.5</b>	<b>-4.9 p.p.</b>

Conciliation of Adjusted EBITDA								
EBITDA	31.0	20.8	2.5	-91.9	-87.9	65.8	23.3	-64.6
(1) Cash Effect of raw material hedging	(5.7)	(0.5)	(2.6)	-54.0	424.2	(23.4)	(2.6)	-88.8
(2) EBITDA Joint Ventures (50%)	7.3	2.8	8.0	9.6	185.7	16.2	8.0	-50.8
<b>Adjusted EBITDA</b>	<b>32.6</b>	<b>23.1</b>	<b>7.9</b>	<b>-75.8</b>	<b>-65.8</b>	<b>58.6</b>	<b>28.7</b>	<b>-51.1</b>
<b>Adjusted EBITDA margin (%)</b>	<b>7.5</b>	<b>5.4</b>	<b>1.6</b>	<b>-5.9 p.p.</b>	<b>-3.8 p.p.</b>	<b>6.6</b>	<b>3.1</b>	<b>-3.5 p.p.</b>

Multiple			
Net Debt - end of the period	240.7	235.3	207.4
Adjusted EBITDA - LTM	137.1	111.7	85.6
<b>Net Debt Multiple / Adjusted EBITDA</b>	<b>1.8x</b>	<b>2.1x</b>	<b>2.4x</b>

The items used in the calculation of Adjusted EBITDA are presented as follows:

- 1) Cash input hedge effect: corresponds to the amounts received (or paid) by the Company in exchange hedge instruments contracted to cover inputs in US dollars. These amounts are net of the exchange variation on US dollar invoices. Since they are fully linked to inputs, the Company considers this as an operational result.
- 2) Positivo BGH Joint Venture EBITDA: refers to half of the EBITDA of Positivo BGH's joint venture operations in Argentina, Rwanda and Kenya, where the Company's stake in these companies totals 50%. We have disclosed this adjustment since the 1Q13 due to the introduction of accounting regulations that began to account for joint ventures under the equity method, which is excluded from the traditional calculation of EBITDA.

## 5) WORKING CAPITAL

Working capital, composed of inventories, advances, trade receivables and trade payables, totaled R\$374.7 million in the 2Q18, a reduction of R\$23.4 million compared to the 1Q18. Trade payables increased, aligned with the US dollar appreciation, however offset against derivatives, in current assets, due to the foreign exchange hedge for these inputs. Excluding the exchange rate changes on trade payables, working capital would have totaled R\$410.1 million at the end of the 2Q18.

<b>Working Capital WITH Materials in Transit (R\$ Million - end of period)</b>	<b>2Q17</b>	<b>3Q17</b>	<b>4Q17</b>	<b>1Q18</b>	<b>2Q18</b>	<b>Média</b>
Accounts Receivable	384.0	329.9	276.5	247.5	250.8	249
Inventories + Advances	545.2	550.2	553.6	656.5	695.9	676
Suppliers	(444.5)	(401.3)	(486.1)	(505.9)	(572.0)	(539)
<b>Working Capital</b>	<b>484.7</b>	<b>478.7</b>	<b>343.9</b>	<b>398.1</b>	<b>374.7</b>	<b>386</b>

<b>Working Capital WITHOUT Materials in Transit (in days – end of period)</b>	<b>2Q17</b>	<b>3Q17</b>	<b>4Q17</b>	<b>1Q18</b>	<b>2Q18</b>	<b>Média</b>
Accounts Receivable(1)	82	69	52	52	54	53
Inventories + Advances(2)	124	132	113	133	131	132
Suppliers(2)	(107)	(104)	(108)	(111)	(117)	(114)
<b>Cash Conversion Cycle</b>	<b>99</b>	<b>97</b>	<b>57</b>	<b>74</b>	<b>68</b>	<b>71</b>

(1) In days of net revenue.

(2) In days of COGS.

## 6) CASH FLOW AND NET DEBT

In the 2Q18, operating cash generation totaled R\$27.9 million, mainly impacted by the increase in working capital in the period, related to the expected growth in revenues in the upcoming months.

<b>Cash Flow (R\$ million)</b>	<b>2Q17</b>	<b>1Q18</b>	<b>2Q18</b>	<b>1H17</b>	<b>1H18</b>
Net Income (Loss) in the Period	1.9	2.0	(11.6)	(6.4)	(9.6)
(+) Depreciation and amortization	7.3	7.9	8.3	15.0	16.2
(+) Equity Income	0.3	3.4	(1.9)	2.6	1.6
<b>Internal Cash Flow</b>	<b>9.4</b>	<b>13.3</b>	<b>(5.2)</b>	<b>11.2</b>	<b>8.2</b>
(+) Working capital	9.6	(74.5)	(15.7)	(46.4)	(90.2)
(+) Other assets and liabilities	(7.7)	(29.0)	54.5	31.1	25.5
<b>Operating Cash Flow</b>	<b>10.9</b>	<b>(90.2)</b>	<b>33.7</b>	<b>(4.1)</b>	<b>(56.5)</b>
(+) Investments	(12.3)	(5.2)	(5.9)	(17.4)	(11.1)
(+) Dividends	0.0	0.0	0.0	0.0	0.0
(+) Treasury shares	0.0	0.2	0.1	1.0	0.3
<b>Increase (Decrease) in Net Debt</b>	<b>1.4</b>	<b>95.3</b>	<b>(27.9)</b>	<b>20.5</b>	<b>67.4</b>
Net Debt (Cash) - Beginning of the Period	239.3	140.1	235.3	220.2	140.1
Net Debt (Cash) - End of the Period	240.7	235.3	207.4	240.7	207.4

## 7) INVESTMENTS

Investments totaled R\$5.9 million in the 2Q18, mostly related to R&D activities. There were no significant investments in fixed assets in the period.

## 8) CAPITAL MARKETS

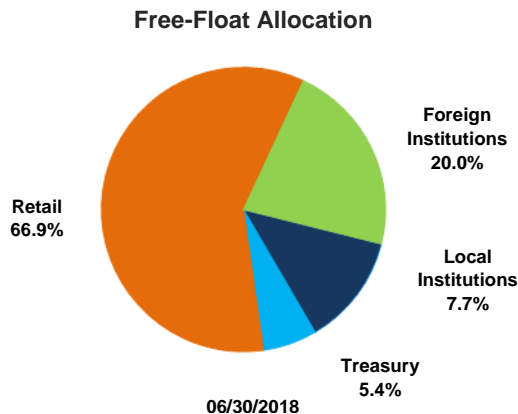
### Share Performance

Positivo Tecnologia's shares closed the 2Q18 at R\$2.32, equivalent to a market value of R\$203.7 million. POSI3's performance in the 2Q18 is broken down below.

Parameters	2Q18
Closing Price (R\$)	2.32
Minimum Price (R\$)	2.30
Maximum Price (R\$)	2.34
POSI3 Appreciation	-33.7%
Ibovespa Appreciation	-14.6%

### Allocation of Outstanding Shares

On June 30, 2018, the Company had 7.4 thousand individuals in its shareholding base, holding 66.9% of the outstanding shares. Institutional investors held 27.7% of the free-float, as presented below:



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#### 2Q18 Conference Call

Wednesday, August 15, 2018

##### > Portuguese

10:30 a.m. (Brasília)

11:30 a.m. (US EST)

Calls originating in Brazil: (11) 3127-4971

Calls originating abroad: +55 (11) 3127-4971

Code: Positivo

##### > Inglês

11:30 a.m. (Brasília)

12:30 p.m. (US EST)

Calls originating in the United States: 1 (844) 854-4414

Calls originating in other countries: 1 (412) 317-5484

Code: Positivo

Founded in 1989, Positivo Tecnologia (B3: POSI3) is present both in Brazil and abroad, and offers the most advanced technology solutions, from the production of computers to the development of educational tools. The Company operates through two business divisions: Hardware and Educational Technology. The Hardware division portfolio offers a complete line of personal computers (desktops and notebooks), tablets and mobile phones. In order to provide support for all of its activities, it maintains a technical support network covering every Brazilian city, as well as the CRP (Positivo Relationship Center). In the Educational Technology segment, Positivo Tecnologia is renowned for being at the forefront of development and for the high quality of its technological solutions in the three segments in which it operates: Private Education, Public Education, and Retail. Positivo Tecnologia's educational solutions are present in more than 14,000 schools and are exported to more than 40 countries. Positivo Tecnologia on the Internet: [www.positivotecnologia.com.br/ir](http://www.positivotecnologia.com.br/ir).

Some of the information contained herein is based on the current premises and outlook of the Company's management and could give rise to material changes to future results, performance and events. Actual results, performance and events may differ materially from those expressed or implied by such statements, as a result of several factors, such as general and economic conditions in Brazil and other countries; FX and interest rate levels, changes to laws and regulations, and overall competitive factors (on a global, regional or national basis).

INCOME STATEMENT								
(R\$ million)	2Q17	1Q18	2Q18	% Chg. 2Q18x2Q17	% Chg. 2Q18x1Q18	1H17	1H18	% Chg. 1H18x1H17
<b>GROSS REVENUE</b>								
Sales of products	495,370	492,225	529,275	6.8	7.5	1,002,170	1,021,500	1.9
Services	6,494	7,471	10,180	56.8	36.3	13,202	17,651	33.7
	<b>495,370</b>	<b>499,696</b>	<b>539,455</b>	<b>8.9</b>	<b>8.0</b>	<b>1,015,372</b>	<b>1,039,151</b>	<b>2.3</b>
<b>SALES DEDUCTIONS</b>								
Returns and Trade Discounts	(23,530)	(25,244)	(14,363)	-39.0	-43.1	(39,198)	(39,607)	1.0
Taxes and Contributions	(42,847)	(44,793)	(39,981)	-6.7	-10.7	(87,179)	(84,774)	-2.8
	<b>(66,377)</b>	<b>(70,037)</b>	<b>(54,344)</b>	<b>-18.1</b>	<b>-22.4</b>	<b>(126,377)</b>	<b>(124,381)</b>	<b>-1.6</b>
<b>NET SALES REVENUE</b>	<b>435,487</b>	<b>429,659</b>	<b>485,111</b>	<b>11.4</b>	<b>12.9</b>	<b>888,995</b>	<b>914,770</b>	<b>2.9</b>
<b>COST OF GOODS SOLD AND SERVICES RENDERED</b>	<b>(309,590)</b>	<b>(317,518)</b>	<b>(370,421)</b>	<b>19.6</b>	<b>16.7</b>	<b>(629,190)</b>	<b>(687,939)</b>	<b>9.3</b>
<b>GROSS PROFIT</b>	<b>125,897</b>	<b>112,141</b>	<b>114,690</b>	<b>-8.9</b>	<b>2.3</b>	<b>259,805</b>	<b>226,831</b>	<b>-12.7</b>
<b>OPERATING (EXPENSE) INCOME</b>								
Selling Expenses	(79,303)	(75,102)	(98,571)	24.3	31.2	(162,216)	(173,673)	7.1
General and Administrative Expenses	(23,192)	(24,169)	(28,293)	22.0	17.1	(48,763)	(52,462)	7.6
Financial Income	16,096	14,299	15,999	-0.6	11.9	34,497	30,298	-12.2
Financial Expenses	(33,127)	(21,981)	(27,271)	-17.7	24.1	(69,171)	(49,252)	-28.8
Monetary and Foreign Exchange Variations	(4,695)	208	3,591	176.5	-1,626.4	(18,253)	3,799	-120.8
Other net operating income (expenses)	288	3	6,373	2,112.8	212,333.3	635	6,376	904.1
	<b>(123,933)</b>	<b>(106,742)</b>	<b>(128,172)</b>	<b>3.4</b>	<b>20.1</b>	<b>(263,271)</b>	<b>(234,914)</b>	<b>-10.8</b>
<b>EQUITY INCOME</b>	272	(3,437)	1,872	588.2	-154.5	(2,646)	(1,565)	-40.9
<b>OPERATING INCOME</b>	<b>2,236</b>	<b>1,962</b>	<b>(11,610)</b>	<b>619.2</b>	<b>-691.7</b>	<b>(6,112)</b>	<b>(9,648)</b>	<b>57.9</b>
<b>NET INCOME BEFORE TAXES</b>	<b>2,236</b>	<b>1,962</b>	<b>(11,610)</b>	<b>619.2</b>	<b>-691.7</b>	<b>(6,112)</b>	<b>(9,648)</b>	<b>57.9</b>
Provision for Income Taxes	0	0	0	0.0	0.0	0	0	N/A
Provision for Social Contribution	0	0	0	0.0	0.0	0	0	N/A
Deferred Income Taxes and Social Contribution	0	0	0	0.0	0.0	0	0	N/A
<b>NET INCOME (LOSS)</b>	<b>2,236</b>	<b>1,962</b>	<b>(11,610)</b>	<b>619.2</b>	<b>-691.7</b>	<b>(6,112)</b>	<b>(9,648)</b>	<b>57.9</b>

BALANCE SHEET									
(R\$ thousand)									
ASSETS	06/30/2018	03/31/2018	06/30/2017	LIABILITIES	06/30/2018	03/31/2018	06/30/2017		
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>					
Cash and Cash Equivalents	303,596	286,764	418,078	Loans and Financing	463,740	438,566	541,790		
Receivables	250,702	247,409	380,557	Suppliers	572,013	505,877	444,479		
Inventories	630,325	592,827	500,153	Accrued Payroll	25,030	22,520	27,150		
Recoverable taxes	163,498	153,949	86,141	Provisions	85,076	74,807	81,039		
Advances	65,591	63,623	45,045	Taxes Payables	29,710	18,819	17,531		
Financial Instrument Balance	-	-	-	Dividends Payable	3	3	2,212		
Related parties	77,354	9,899	245	Deferred Revenue	10,115	10,115	9,806		
Other Credits	12,426	12,505	13,239	Financial Instrument Balance	-	-	16,593		
	46,018	35,461	21,013	Related parties	1,680	1,750	1,793		
				Other Payables	51,065	3,662	3,839		
<b>Total Current Assets</b>	<b>1,549,510</b>	<b>1,402,437</b>	<b>1,464,471</b>	<b>Total Current Liabilities</b>	<b>1,238,432</b>	<b>1,076,119</b>	<b>1,146,232</b>		
<b>NON CURRENT ASSETS</b>				<b>NON CURRENT LIABILITIES</b>					
<b>Long term Assets</b>	<b>149,458</b>	<b>149,633</b>	<b>215,480</b>	<b>Long term Liabilities</b>	<b>136,590</b>	<b>133,892</b>	<b>150,564</b>		
Recoverable taxes	75,561	75,575	126,533	Loans and Financing	87,163	87,570	104,902		
Deferred Taxes	66,731	66,731	69,955	Provisions	11,173	11,173	8,499		
Receivables	84	121	3,427	Provisions for Contingencies	33,741	32,702	33,952		
Other Credits	7,082	7,206	15,565	Net capital deficiency in subsidiaries	-	-	-		
Investments - Joint Venture	-	-	-	Other Payables	460	459	459		
Net Property, Plant & Equipment	55,244	48,981	60,994		4,053	1,988	2,752		
Net Intangible Assets	54,310	55,585	53,064						
	60,949	61,322	58,766						
<b>Total Noncurrent Liabilities</b>	<b>319,961</b>	<b>315,521</b>	<b>388,304</b>	<b>Total Noncurrent Liabilities</b>	<b>136,590</b>	<b>133,892</b>	<b>150,564</b>		
				<b>SHAREHOLDERS' EQUITY</b>					
				Capital	389,000	389,000	389,000		
				Capital Reserve	118,716	118,605	118,499		
				Income Reserve	54,871	67,267	109,381		
				Treasury Shares	(20,242)	(21,127)	(24,823)		
				Cumulative translation adjustment	(47,896)	(45,798)	(36,078)		
				<b>Total Shareholders' Equity</b>	<b>494,449</b>	<b>507,947</b>	<b>555,979</b>		
<b>TOTAL ASSETS</b>	<b>1,869,471</b>	<b>1,717,958</b>	<b>1,852,775</b>	<b>TOTAL LIABILITIES</b>	<b>1,869,471</b>	<b>1,717,958</b>	<b>1,852,775</b>		