GRUPOTECHNOS

TECHNOS Dumont FOSSIL A|X ARMANI EXCHANGE DKNY MICHAEL KORS MARC JACOBS TORY BURCH SWISS MADE TOUCH

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1Q20 RESULTS

AGENDA

1. 1Q20 Results
2. COVID-19 Impacts

DESTAQUES DO 1T20

Net revenues
33,2% decrease compared to 1Q19

Sales Average price increased by 2,7% and sales volume decreased by 34,5%

Gross margin decreased by 1.0 p.p. compared to 1Q19p

Negative **Adjusted EBITDA** of R$12.2 million in 1Q20

Net debt
totaled R$62,2 million in 1Q20

SG&A
decreased by 5,1% compared to 1Q19

GROSS REVENUE

GROSS REVENUE

Gross revenue

R$ 53.1 million (-32,6%) in 1Q10

VOLUME OF WATCHES VS. AVERAGE PRICE

Volume:

347 thousand (-34,5%) in 1Q20

Preço Médio:

R$ 144 (+2,7%) in 1Q20

GROSS PROFIT AND GROSS MARGIN

Gross Profit:

R$ 17.2 million (-35,0%) in 1Q20

Gross Margin:

41,0% (-1,0 p.p.) in 1Q20

SG&A

SALES EXPENSES

Sales Expenses:

R$ 23.3 million (-7,1%) in 1Q20

ADMINISTRATIVE EXPENSES

Administrative Expenses:

R$ 8.5 million (+0,9%) in 1Q20

ADJUSTED EBITDA

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

Adjusted EBITDA:

R$ -12.2 million (-483,4%i) in 1Q20

Adjusted EBITDA Margin:

-29,1% (-25,8 p.p.) in1Q20

WORKING CAPITAL

R$ milhões	1Q19	Dias	1Q20	Dias
(+) Accounts receivable	137,0	159	112,3	137
(+) Inventories	132,5	292	150,2	319
(-) Accounts payable	58,6	129	75,4	169
(=) Working capital	**210,9**	**321**	**187,1**	**287**

- Accounts Receivable : **-22 dias**
- Inventories : **+27 dias**
- Accounts Payable : **+40 dias**
- **Total Working Capital : -34 dias**

NET CASH

R$ Million	1Q19	4Q19	1Q20
Gross debt	(71,9)	(101,3)	(115,2)
(-) Cash	54,4	60,9	53,0
(=) (Debt)/Net cash	**(17,5)**	**(40,4)**	**(62,2)**

Dívida Líquida

- **R$ 21,8** million up compared to December 31, 2019
- **R$ 44.7** million net debt increase against 1Q19
- Additionally, the Company raised R$15.2 million in 2Q20 to pay suppliers, through letters of credit, in order to protect its cash position during the period of the COVID-19 pandemic.

AGENDA

1. 1Q20 Results
2. COVID-19 Impacts

COVID-19

COVID-19 implications for Grupo Technos

- In December 31, 2020, the World Health Organization (WHO) has announced that the corona virus (COVID-19) is a global health emergency.
- In March 13 the WHO considered the corona virus to be a pandemic.
- In March 10, 2020, the Securities and Exchange Commission (CVM) issued the letter in which it highlights the importance of publicly-held companies carefully considering the impacts of COVID-19 ("Coronavirus") on their business.
- The impacts of the contagious disease caused by the coronavirus responsible for the severe acute respiratory syndrome SARS-CoV-2 ("COVID-19") on the economic scenario, especially on the Company's operations, cannot be fully measured yet. However, the Company understands that this scenario of significant uncertainty also represents an additional risk to the Company's current turnaround process.
- In general terms, COVID-19 affects the Company's workforce, as well as the supply and demand related to the commercialization of brands, products and services.
- For this reason, the Company considers important to contextualize the impact of COVID-19 on its business.

COVID-19

There are impacts of COVID-19 on the workforce, supply and demand in the value chain.

Workforce

Impact on employees due to coronavirus crisis

Supply

Impact on supply chain due to coronavirus crisis

Demand

Impact on distribution chain due to coronavirus crisis

COVID-19

To counteract the impacts of the coronavirus syndrome, the Company created a crisis committee and adopted actions on two fronts to preserve the health of its employees and also to preserve the health of the company.

COVID-19

Focus 1: Preserve employees' health

- Active communication and an awareness campaign directed at all employees;
- Reinforcement of hygiene and cleaning practices at our factory, stores and offices;
- Isolation of individuals in risk groups;
- Suspension of international travels and events;
- Reduction of domestic travels and external meetings to a necessary minimum;
- Adoption of home office work by many employees;
- Availability of tools for virtual meetings and interactions and
- Closing of own physical stores.

Focus 2: Preserve the health of the Company

In terms of supplies and working capital:

- Acceleration of own e-commerce operations, which still accounts for a small portion of the Company's sales, but increased by 15% in May 2020 and is expected to increase at least by 45% in June
- Drastic reduction by approximately 40% in fixed and temporary headcount as of April 2020. Reduction in working hours by 50% for leadership positions and suspension of employment contracts for operational staff
- Reduction in expenses, elimination of non-essential investments and implementation of a zero-based budget to reduce the cost structure in the long term;
- Conversion of a material portion of the structure of fixed costs into variable costs through the outsourcing of eight technical assistance branches and non-core services at the factory
- Implementation of an online training program, with 7,096 hours of training in the first semester of 2020, compared to 3,236 hours in the first semester of 2019, representing a 119% increase
- Measures to strengthen and readjust the Company's liquidity structure and indebtedness profile. These measures include the renegotiation of overdue agreements and agreements that are not yet due with financial creditors and suppliers in general, seeking to adjust the Company's indebtedness profile to the short-, medium- and long-term prospects of its activities, protecting its financial and operational capabilities

Focus 2: Preserve the health of the Company

In operational terms and capital structure

- Reduction in the volumes of new purchases, adjusting the supply chain to the new scenario, as the current inventory coverage is sufficient to cover almost all re-estimated sales for the year
- Adjustment of the manufacturing plan, considering the temporary closing of the factory as of March 2020 and the current balance of inventory of raw materials and finished products
- Reinforcement of credit analysis and collection activities to increase the conversion of cash and mitigate default risks

Additional Measures

Although some of the actions mentioned above have a predominantly temporal effect, most implemented actions will have a material positive impact on the financial and economic performance of the Company in the long term.

Considering the significant uncertainty of variables, **the Company continues to study additional measures that may be needed in the next weeks**, based on a clearer scenario related to the outbreak of COVID-19 and consequent impacts for the company.

The Company is also closely monitoring the development and implementation of new regulatory measures that can be adopted, complying with the recommendations of the competent bodies, in order to preserve the health of employees and the company.

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