GRUPOTECHNOS

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2Q20 RESULTS

AGENDA

1. 2Q20 Results
2. COVID-19 Impacts

DESTAQUES DO 2T20

Net revenues
76,4% decrease compared to 2Q19

Sales Average price increased by 18,1% and sales volume decreased by 79,1%

Negative **Adjusted EBITDA** of R$16.4 million in 2Q20

Net debt
totaled R$61.6million in 2Q20

SG&A
decreased by 43,8% compared to 2Q19

GROSS REVENUE

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Gross revenue

R$ 22,0 million (-75,7%) in 2Q20

R$ 73,0 million (-56,1%) in 2020

VOLUME OF WATCHES VS. AVERAGE PRICE

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Volume:

130 thousand (-79,1%) in 2Q20

476 thousand (-58,6%) in 2020

Preço Médio:

R$ 168 (+18,1%) in 2Q20

R$ 150 (+6,4%) in 2020

GROSS PROFIT AND GROSS MARGIN

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Gross Profit:

R$ 3,7 million (184,2%) in 2Q20

R$ 20,9 million (-24,8%) in 2020

Margem Bruta:

20,6% (18,9p.p) in 2Q20

34,9% (14,9p.p) in 2020

SG&A

SALES EXPENSES

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Sales Expenses:

R$ 14,5 million (-45,3%) in 2Q20

R$ 37,8 million (-26,7%) in 2020

ADMINISTRATIVE EXPENSES

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Administrative Expenses:

R$ 6,5 million (-40,3%) in 2Q20

R$ 15,0 million (-22,4%) in 2020

ADJUSTED EBITDA

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

Adjusted EBITDA:

R$ -16,4 million (-R$ 18,4M) in 2Q20

R$ -28,5 million (-R$ 28,5M) in 2020

Adjusted EBITDA Margin:

-92,4% (-94,7p.p.) in 2Q20

-48,0% (-47,8p.p.) in 2020

WORKING CAPITAL

R$ Million	1Q19	Dias	1Q20	Dias
(+) Accounts receivable	138,1	156	81,4	123
(+) Inventories	115,9	240	139,5	372
(-) Accounts payable	66,7	138	52,4	140
(=) Working capital	**187,3**	**258**	**168,5**	**356**

- Accounts Receivab: **-33 dias**
- Inventories : **+132 dias**
- Accounts Payable : **+1 dia**
- Total Working Capital : +98 dias

NET CASH

R$ Million	1Q19	4Q19	1Q20
Gross debt	(67,4)	(115,2)	(129,8)
(-) Cash	35,8	53,0	68,1
(=) (Debt)/Net cash	**(31,6)**	**(62,2)**	**(61,6)**

Debt/Net Cash

- Decreased of **R$0,6 million** compared to the first quarter of 20020
- Increase of **R$30.0 millio**n compared to the second quarter of 2019
- The Company raised R$4.1 million in the third quarter of 2020 to replacement of letters of credit and payment of suppliers, in order to protect its cash position during the period of the COVID-19 pandemic. These changes will impact the line items of suppliers and net debt at the end of the third quarter of 2020.

AGENDA

1. 2Q20 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 evolution of COVID-19 as of March affected the Company's workforce, as well as the supply and demand related to the commercialization of brands, products and services. In order to mitigate the effects of the pandemic, the Company implemented important actions to protect the health of its employees and the health of the company, especially focused on protecting cash in the short term and accelerating our long-term turnaround.
- 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 action plan

- **Preserving employees' health**
- **Preserving business health**

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

These measures were maintained during the second quarter and a portion of the third quarter to protect the health of employees.

Focus 2: Preserve the health of the Company

In structural terms to accelerate the tournuraund:

- 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 nine 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.
- Reinforcement of credit analysis and collection activities to increase the conversion of cash and mitigate default risks;
- Postponement of payments and renegotiation of short-term commitments during the pandemic

Focus 3: Preserve the health of the Company

In structural terms to accelerate the tournuraund:

- Negotiation of more extended payment terms with international suppliers for future purchases;
- 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.

Focus 2: Preserve the health of the Company

In terms of time to adjust working capital 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
- 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;

Medidas Adicionais

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. Especially, the implementation of structural reductions in its cost base during the period of the pandemic may accelerate the turnaround of the Company and its expected results.

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.

A Companhia está também acompanhando atentamente o desenvolvimento e implantação de novas medidas regulatórias que possam ser adotadas, cumprindo as recomendações dos órgãos competentes, com o intuito de preservar a saúde dos colaboradores e da empresa.

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