

Positivo Tecnologia posts Net Income of R\$4.4 million in 1Q20

Curitiba, June 9, 2020 – Positivo Tecnologia S.A. (“Company”) (B3: POSI3) announces today its financial and operating results for the first quarter of 2020. The information is presented in IFRS and in Brazilian Reais (R\$). Except where otherwise indicated, all comparisons herein refer to 1Q19.

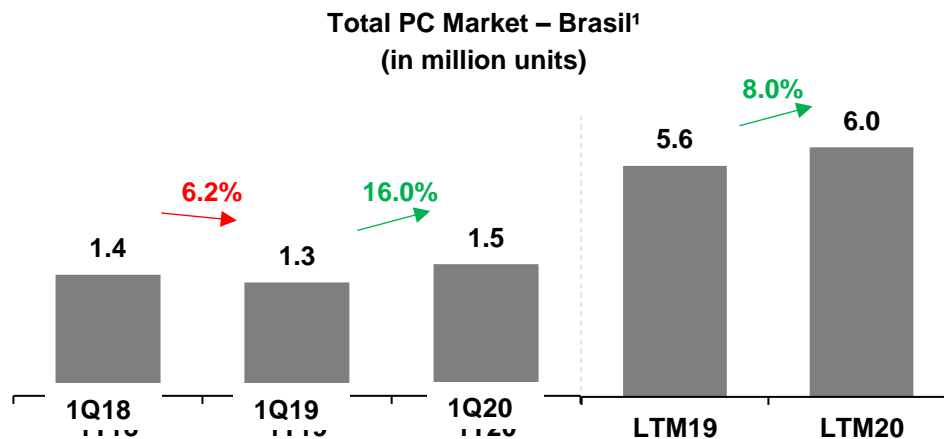
1Q20 HIGHLIGHTS

- **Net income of R\$378.6 million in 1Q20**, up 8.9% over 1Q19
- **Core Business:** good sales volume for PCs, with growth in all segments in 1Q20:
 - ✓ **Retail:** +14.0%
 - ✓ **Government:** +41.3%
 - ✓ **Corporate:** +8.4%
- **New level for the PC market in Brazil:** covid-19 and the home office and home schooling trends increased demand for computer and communication devices in Brazil, with growth of e-commerce channels
- **Servers:** Business unit records revenue of R\$34.7 million in 1Q20 (+72.8% vs. 1Q19)
- **Educational Technology:** Business unit records revenue of R\$9.7 million (+58.2% vs. 1Q19)
- **Net debt reduced** to R\$184.5 million, with a net debt / Adjusted EBITDA ratio of 1.6x (-0.4 p.p.)
- **Anticipated launching of the new VAIO computers**, with the FE14 and FE15 models for work and entertainment that meet home office needs
- **Hi Technologies carries out a new round of investments**, Positivo follows the round with Positivo Tecnologia Fundo of Investments (FIP)
- **Follow On:** Reinforced cash position with a R\$ 354 million primary offering operation

1) CURRENT INDUSTRY AND COMPANY SCENARIO

PC market

In 1Q20, the Brazilian PC market increased by 16.0% over 1Q19, and increased by 8.8% over 1Q18. Year-to-date, the reported increase was 8%.

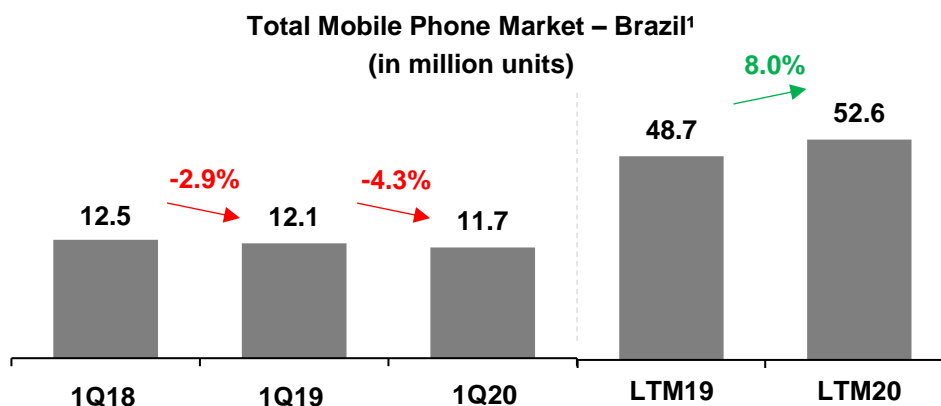


¹ Source: IDC

The performance of the market during the quarter shows the effects of demand recovery, in line with growth trend observed prior to the covid pandemic, mainly until mid-February. Additionally, during the month of March the market witnessed a rush in the search for PCs due to companies and families who were preparing for the expected quarantine period through home office and home schooling activities. Sales were driven by e-commerce channels as traditional retail stores closed during the period. Additionally, the 1Q19 basis of comparison includes one-off effects from the reduction in sales in the government segment due to the change in administrative teams after the 2018 elections, contributing to a drop in demand.

Mobile phone market

The mobile phone market decreased by 4.3% in 1Q20, with 11.7 million units sold in the quarter. In the twelve-month period, the market increased by 8.0%, with a total of 52.6 million devices sold. Mobile phone sales in the quarter were impacted by instability in supply flow since the beginning of February due to the Chinese holiday period and plant closures during the lockdown in Asia, which limited the supply availability from virtually all manufacturers, including the leading brands in the market.



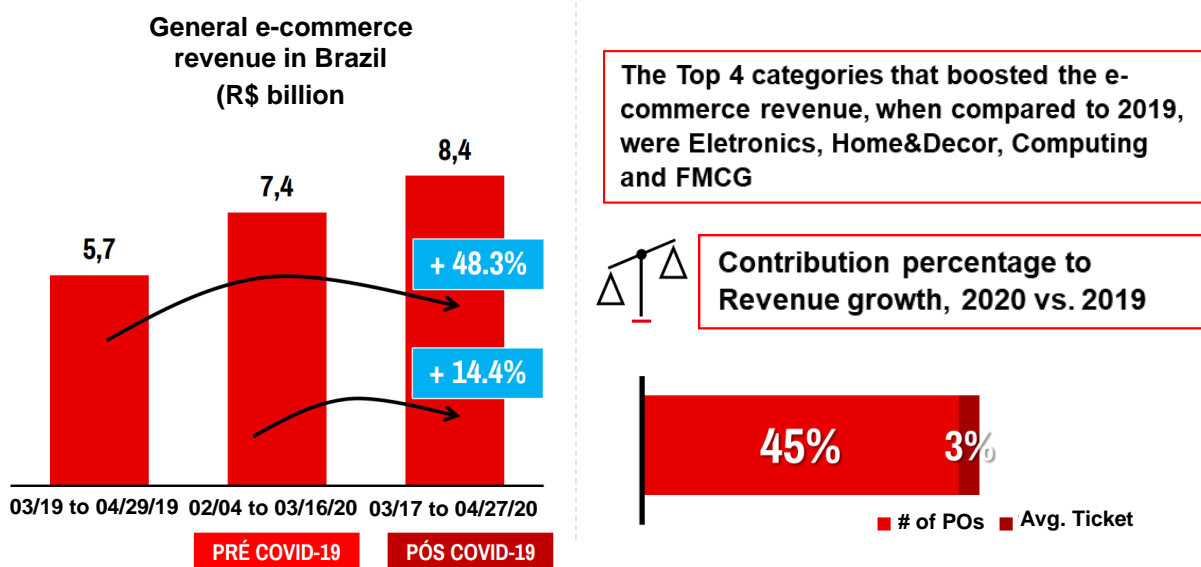
¹ Source: IDC

Positivo Tecnologia and COVID-19: Effects on the market and the Company's shares

Changed in purchasing habits and accelerated consumption after COVID

The online sales segment was the highlight for the post COVID period in terms of the general consumer market in Brazil. According to Nielsen, from the third week of March to the end of April, this segment increased by 48.3% in comparison to the same period in 2019, and reported a 14.4% increase in sales over the previous period due to social distancing measures.

Among the segments that were greatly impact with the increase in digital platforms consumption in Brazil, is the communication equipment segment. As a result, Positivo is strategically positioned with its core business products and growth avenues, such as Positivo Casa Inteligente.



Source: E-bit | Nielsen: Webshoppers Ed.41

The transformational consumption changes in e-commerce channels is dictating the revenue pace of the Brazilian retail sector and recent reports from the country's largest retail chains indicate increases above 70% in online sales volume, in which traditional e-commerce transactions via marketplaces and applications represented over 50% of total sales in 1Q20 vs. 40% reported in 1Q19.

It is worth highlighting the large adhesion by the population responsible for the largest volume of physical retail purchases, being them individuals over 50 years old and the C, D and E income classes, which together account for approximately 50% of the national population.

The recent e-commerce consumption dynamics also shows a higher sales volume for products with lower average tickets, indicating a down trading movement in which the appeal of products with lower final sale prices tends to increase given the employment levels, average income, access to credit and consumer confidence. Positivo has a relevant presence in the entry-level computer and smartphone segment in Brazil, with market shares of 74.7% in PCs and 21.3% in smartphones in 1Q20, according to IDC.

Preserving jobs and health of employees and the general population

- Adherence to provisional measure MP 936, in which we signed a collective agreement, in record time, that temporarily suspends certain work contracts and proportionally reduces working hours and remuneration of our employees, without the need to dismiss them thus minimizing impacts on their income levels while allowing the Company to reduce payroll expenses during a 3-month period.
- Support the payment schedule for smaller suppliers.
- Adoption of a strict COVID free protocol, with approximately 90% of employees working from home office and reinforcing security measures when entering and circulating in our industrial and administrative units.
- Support the production of 6,500 mechanical lung breathers to be delivered to the Ministry of Health: Positivo Tecnologia is responsible for supplying the electronic control boards of the respirators, which are being produced in partnership with companies such as Magnamed, Suzano, Klabin, Flex and Embraer, among others.



Photo: Disclosed by FAPESP

Outlooks – Core Business

- Computers in the Retail Market: the company remains alert on the effects caused by the COVID crisis to the Brazilian economy, especially regarding consumer purchasing power, which is highly related to employment and income dynamics. The new exchange rate level of the US dollar indicates that prices should overall increase, favoring a consumption migration to intermediate and more basic devices, both of which are product lines in which Positivo has strong expertise and market share. Furthermore, the trend of updating and acquiring new household computers in Brazil should set new levels of PC volumes in Brazil, considering that this equipment renovation cycle in the future may potentially result in a sustainable increase of this segment in the medium and long term.

In the Retail Segment, sales volume and margins may be affected by the pass-through on prices, which is due after the strong USD appreciation

- Mobile Phones: the Company believes that the mobile phone market will not be greatly impacted by the COVID crisis since mobile phones are considered an essential item during periods of social distancing, which will increase its appeal among consumers, in addition to the development of specific apps and platform content that will likely maintain this segment at stable levels.

In the short term, cell phone sales are expected to continue to have the impact of closing traditional stores, since Positivo's devices appeal to social classes C and D, who generally buy this type of product physically.

- Computers – Government: Positivo believes that players who participate in bidding processes will be affected with the postponing of the public bidding agenda. The Company continues to have a good contract delivery volume in its portfolio, in addition to the high percentages of victories in past bidding processes, and continues to prioritize its participation in public bids involving a safe budget allocation which are consequently less exposed to the economic deterioration generated by the crisis. Additionally, many government agencies have been experiencing a lack of technological renewal as they did not purchase IT equipment during several years, making this segment a priority for the post-covid scenario.
- Corporate: The Company expects to continue with good sales volumes in the corporate segment, betting on its wide and versatile product portfolio to offer solutions that meet the needs of different corporate profiles, and supported by its technical assistance structure. After rushing to adapt and expand IT structures to support the home office work model, demand from corporate clients tend to gradually recover and are expected to be in line with the recovery levels of the segments in which the Company's clients operate.

Prospects – Growth Avenues

- Positivo As a Service: The technology equipment leasing business unit should maintain on a growth trajectory, despite being highly correlated to the economic recovery of the segments where corporate clients operate, the solutions for IT structure that offer an alternative to capex should continue to have demand, especially in times of more restrictive budgets.
- Servers: The Company's investments in this market have proven to be quite assertive. The server business unit continues to report revenue growth and expects to maintain its good performance during 2020. Behavioral Market changes such as social distancing and home office contributed to the increase in network data traffic, which in turn requires expansion of IT structures to maintain information available for users. Additionally, most of the servers business unit contracts are negotiated in USD, which protects sales margin from the FX appreciation.
- IoT: The Positivo Casa Inteligente product line should continue to benefit from higher sales volume in the Brazilian e-commerce channel, where these products being highly demanded. Additionally, IoT devices should gain space among Brazilian consumers, who now spend more time inside their homes.
- Educational Technology: The Educational Technology solutions business volumes should continue to expand as the Company intensified promotional initiatives for educational software during the quarantine and social distancing periods arising from the COVID pandemic, such as offering test licenses for schools and support tools for home schooling.
- Corporate Venture Capital: The company expects to make new investments in technology based companies, using part of the investments in R&D obligations required by the Information Law in the equity investment fund established at the end of 2018. The Company expects to launch new fronts that diversify and complement its business with the new investments.

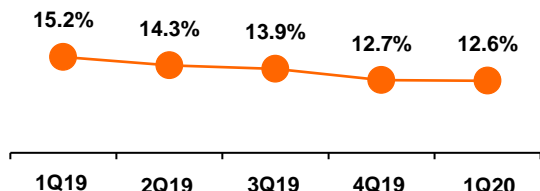
Hi Technologies: The investee carried out a new round of funding, in which Positivo participated with the Positivo Technoogia Fund of Investments, and now holds a 28,1% stake in the business, considering direct and indirect participations. Hi Technologies remains at the forefront of telemedicine technology and recently launched a rapid covid-19 test with HiLab technology, which is being sold directly to government agencies, corporations and drug stores.

Company's Performance

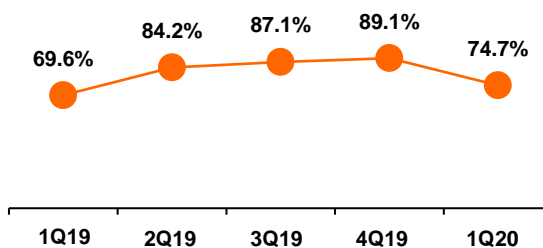
PCs

PC sales totaled 157.7 mil units in 1Q20, increasing by 16.3 % over the same period in 2019, resulting in a total Market share of 12.6%. Sales volume in the period is growing, however, the results were impacted by the postponement in the government delivery schedule, as well as the one-off impact on supply to retail chains at the end of the quarter. It should be noted that volumes reduced when compared to 1Q19 due to the start of a new government team after the 2018 elections, and this was also the first quarter with abrupt increase in retail prices, with the end of the *Lei do Bem* fiscal easing and the return of PIS/COFINS taxes.

Positivo's Annual Market Share
PCs Market – Brazil – Total¹



Positivo's Annual Market Share
Notebooks Market – Brazil – < R\$1,200.00¹

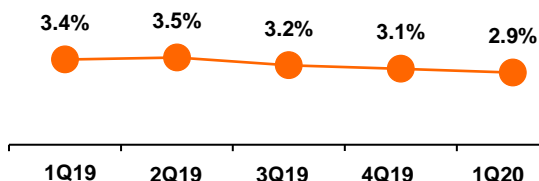


¹ Source: IDC

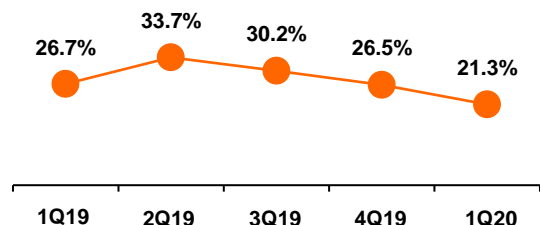
Mobile Phones

The Company's mobile phones sales volume totaled 323.1 thousand units in 1Q20, down by 22.9% over 1Q19. The reduction was in line with market behavior for the period, which experienced lower retail sales and impacts on the supply of devices. Positivo's annualized market share in the mobile phone Market totaled 2.9% in 1Q20, down by 0.5 p.p. over 1Q19. For the entry-level segment, with retail prices of up to R\$450.00, the Company's market share was 21.3% (-5.4 p.p.)

Positivo's Annual Market Share
Mobile Phones Market – Brazil – Total¹



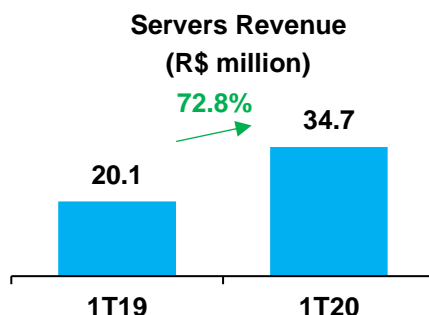
Positivo's Annual Market Share
Mobile Phones Market – Brazil – < R\$450.00¹



¹ Source: IDC

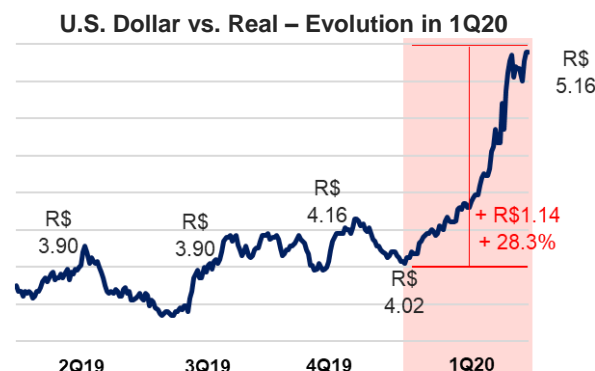
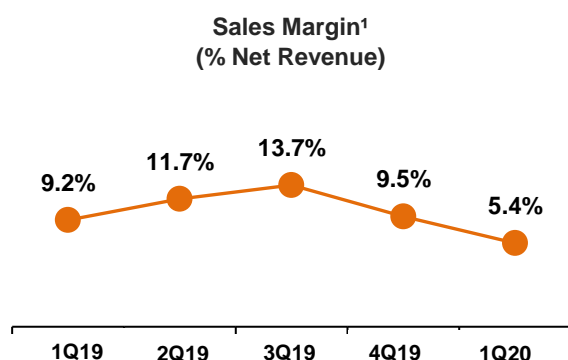
Servers

Sales of the Servers unit totaled R\$34.7 million, 72.8% higher than in 1Q20. At the end of 2018 Positivo acquired an 80% interest in the total capital of Accept, in structured earn-out negotiation, and upon completing its first year of operations under Positivo's control, the company's value generation from the server business unit remained consistent with Positivo's expectations for 1Q20, with scale and synergy gains of the Positivo + Accept relationship in cost optimization via the integration of the supply chain and the joint efforts of Accept's sales forces with Positivo Tecnologia's sales channels.



Yield

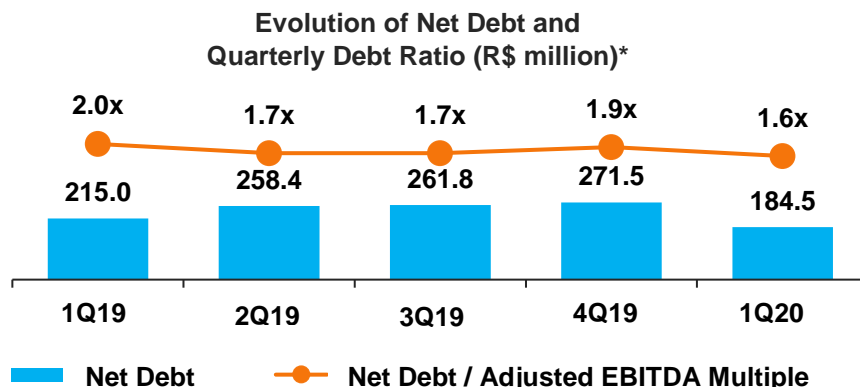
In 1Q20, sales margin reached 5.4%, a 3.8 p.p. reduction over 1Q19, mainly due to the variation of the US dollar in the period since cost pass through in retail prices occurs gradually and thus margins are impacted when variations occur abruptly, but this effect will be normalized in the short-term.



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

Indebtedness

The Company ended the 1Q20 with a net debt of R\$117.4 million. The Net Debt/EBITDA ratio was 1.6x and deleveraging was due to a combination of effects such as the increase in cash after the follow on offering carried out in Jan/20 and the one-off postponements in receivables due to payment readjustments requested by clients, mainly in the retail segment.



*Includes financial balance of derivative instruments.

2) VOLUMES AND REVENUES

Demonstrações de Resultados (R\$ milhões)	1T19	4T19	1T20	Var% 1T20 x 1T19	Var% 1T20 x 4T19
Receita Líquida *	347.8	556.2	378.6	8.9	-31.9
EBITDA	17.9	44.7	0.0	-99.9	-100.0
EBITDA Ajustado **	17.8	35.9	(8.1)	-145.6	-122.6
Lucro (Prejuízo)	(4.6)	5.3	4.4	195.1	17.5
Margem EBITDA Ajustada	5.0%	6.5%	0.0%	-5.0 p.p.	-6.5 p.p.

Múltiplo	1T19	4T19	1T20
Dívida Líquida - fim de período ¹	217.0	271.5	184.5
EBITDA Ajustado - últimos 12 meses	114.1	144.0	117.4
Múltiplo Dívida Líquida / EBITDA Ajustado	1.9x	1.9x	1.6x

* Total Net Revenue excludes the effects from Customer Perceived Value (CPV) and Discounts and for analysis purposes were maintained in the Sales – Marketing Expenses account. This adjustment applies to all analyzes based on net revenue presented in this document and details are provided in note no. 6 of the Financial Statements.

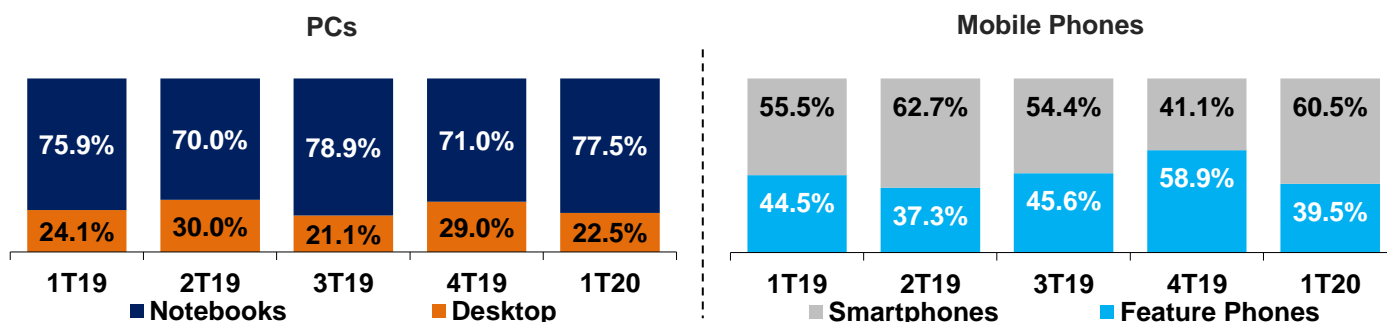
** Adjusted for the cash effect of the foreign exchange hedge for inputs and includes 50% of the EBITDA of the IFSA joint venture. More details provided in section 4.4 – EBITDA.

3) VOLUMES AND REVENUES

3.1) VOLUMES

Sales Volume (units)	1Q19	4Q19	1Q20	% Chg. 1Q20 x 1Q19	% Chg. 1Q20 x 4Q19
PCs	135,619	206,890	157,676	16.3	-23.8
Desktops	32,673	59,943	35,554	8.8	-40.7
Notebooks	102,946	146,947	122,122	18.6	-16.9
PCs - Channel	135,619	206,890	157,676	16.3	-23.8
Retail	96,158	116,723	109,627	14.0	-6.1
Government	15,988	60,555	22,593	41.3	-62.7
Corporate	23,473	29,612	25,456	8.4	-14.0
Mobile Phones	419,267	374,270	323,104	-22.9	-13.7
Smartphones	232,570	153,935	195,637	-15.9	27.1
Feature Phones	186,697	220,335	127,467	-31.7	-42.1
Tablets	2,563	26,143	47,483	1,752.6	81.6

Share of Devices in Sales (units)



3.2) AVERAGE PRICE

Below are the elements that affected the goods' average price change in Brazilian Reais in 1Q20 vs. 4Q19:

Desktops: - 14.7%, higher relevance of deliveries in response to public bidding requests excluding the Desktop + Monitor combo set.

Notebooks: - 14.9%, higher relevance of input devices in the notebooks sale mix. Additionally, the previous quarter included higher sales volumes of notebook com with the Core® I processors, which had the highest demand in the Black Friday and Cyber Monday promotional events.

Mobile phones: + 48.4%, due to the higher proportion of smartphones compared to feature phones.

Average Price				% Chg.	% Chg.
Positivo ⁽¹⁾	1Q19	4Q19	1Q20	1Q20 x 1Q19	1Q20 x 4Q19
Dollar Avg for the Period ²	3.76	4.12	4.46	18.57	8.21
Desktops					
In R\$	2,752.0	3,177.5	2,711.9	-1.5	-14.7
In US\$	731.4	771.9	608.3	-16.8	-21.2
Notebooks					
In R\$	1,403.2	1,644.7	1,399.8	-0.2	-14.9
In US\$	373.0	399.5	314.0	-15.8	-21.4
Mobile Phones					
In R\$	287.2	173.7	257.7	-10.3	48.4
In US\$	76.3	42.2	57.8	-24.2	37.0

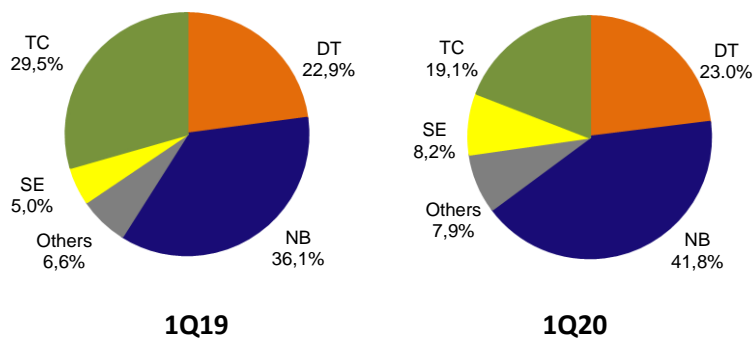
¹ Considers only goods sold by the parent company in the Brazilian market.

3.3) NET REVENUE

Net Revenue				% Chg.	% Chg.
(R\$ million)	1Q19	4Q19	1Q20	1Q20 x 1Q19	1Q20 x 4Q19
Total Net Revenue	347.6	556.2	378.6	8.9	-31.9
Devices by product					
Desktops	78.3	163.4	85.1	8.7	-47.9
Notebooks	123.4	188.7	154.5	25.1	-18.1
Mobile Phones	100.7	51.8	70.5	-30.0	36.1
Servers					
Others	22.4	38.9	29.2	30.1	-25.1
Devices by channel					
Retail	205.1	175.1	166.9	-18.6	-4.7
Government	55.3	183.2	115.0	108.0	-37.2
Corporate	81.6	180.0	87.5	7.2	-51.4
Educational Technology					
	5.6	18.0	9.1	63.4	-49.2

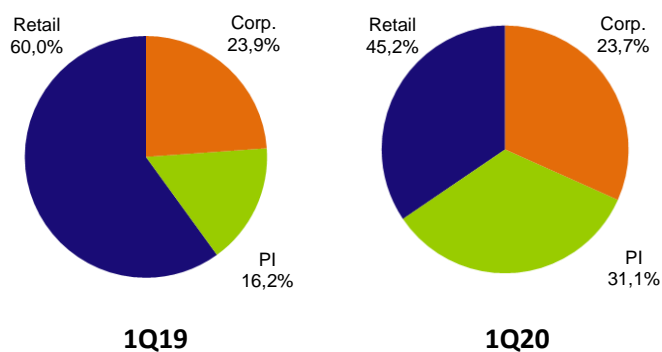
Breakdown of Net Revenue – Devices

Product



NB: Notebooks
DT: PCs
TC: Mobile Phones
SE: Servers

Channel



Corp : Corporate
PI.: Public Institutions

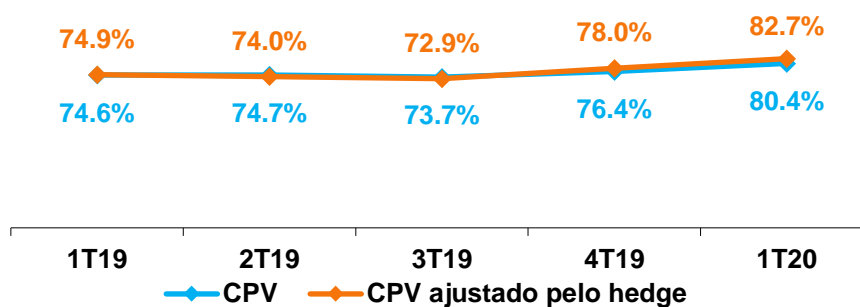
4) FINANCIAL PERFORMANCE

4.1) COSTS OF GOODS SOLD (COGS) AND GROSS PROFIT

Cost of Goods Sold (R\$ million)	1Q19	4Q19	1Q20	% Chg. 1Q20 x 1Q19	% Chg. 1Q20 x 4Q19
Raw materials and consumables used	(245.8)	(405.7)	(285.8)	16.3	(29.5)
Depreciation and Amortization	(2.3)	(2.3)	(2.0)	(11.4)	(11.3)
Others	(11.5)	(17.0)	(16.5)	43.6	(3.0)
Total	(259.5)	(424.9)	(304.3)	17.3	(28.4)
Conciliation - adjusted COGS					
(+) Cash Effect of raw material hedging*	(0.9)	(8.8)	(8.8)	926.1	-0.2
Total adjusted	(260.4)	(433.8)	(313.1)	20.3	-27.8

* Represents the amounts received (or paid) by the company in instruments of exchange hedge contracted to cover dollarized inputs. These figures are net of exchange rate change on invoices in US dollars.

Costs of Goods Sold (% Net Revenue)



In 1Q20, hedge-adjusted COGS accounted for 82.7% of the consolidated net revenue, increasing by 7.8 p.p. over 1Q19.

Raw materials and inputs

The hedge-adjusted raw material and inputs account corresponded to 77.8% of net revenues in 1Q20, down 6.9 p.p. over 1Q19, mainly due to the abrupt rise of the dollar between the periods, of which the cost pass through in retail prices occurs gradually and will be normalized in the medium term as new pricing levels accommodate.

The company believes that the analysis of this account with the adjustment of the hedge result from the exchange rate is the most appropriate way to understand the margins dynamics, once the pricing is established considering hedge positions contracted, as required by internal policies.

Other costs

Other costs totaled 4.9% of net revenue in 1Q20, up 0.9 p.p. over 1T19. The variation is due, among other items, additional labor costs in the period arising from the operational start-up of the unit in Ilhéus where the initial production process is on a productivity ramp up.

Gross profit

The Company recorded a gross profit of R\$74.3 million in 1Q20, with a gross margin of 19.6% (-5.7 p.p.).

Adjusted for hedge and exchange rate change, the gross margin was 17.3% in 1Q20 (-7.8 p.p.).

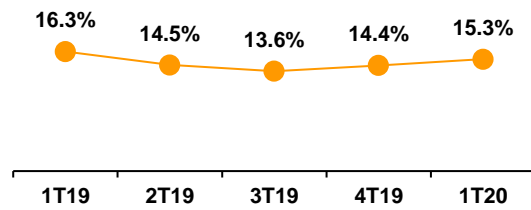
4.2) OPERATING EXPENSES

Operating Expenses (R\$ million)	1Q19	4Q19	1Q20	% Chg. 1Q20 x 1Q19	% Chg. 1Q20 x 4Q19
Selling Expenses	(56.6)	(80.0)	(57.7)	2.1	-27.8
General and Administrative Expenses	(23.5)	(29.6)	(27.8)	18.1	-6.2
Financial Result	(11.5)	(24.8)	19.9	-273.7	-180.2
Other Revenue (Expenses)	0.2	7.7	0.0	-84.9	-99.5
Total	(91.3)	(126.8)	(65.6)	-28.2	-48.3

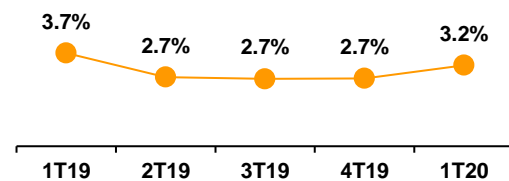
Sales Expenses

Selling Expenses (R\$ million)	1Q19	4Q19	1Q20	% Chg. 1Q20 x 1Q19	% Chg. 1Q20 x 4Q19
Marketing	(12.9)	(15.1)	(12.2)	-5.2	-19.3
Tech. Assistance and Warranties	(17.8)	(22.2)	(15.0)	-15.8	-32.5
Deprec. and Amortization	(0.3)	(5.3)	(2.3)	689.9	-56.7
Others	(25.7)	(37.5)	(28.3)	10.2	-24.5
Total	(56.6)	(80.0)	(57.7)	2.0	-27.8
% of Net Revenue	16.3	14.4	15.3	-1.0 p.p.	+0.9 p.p.

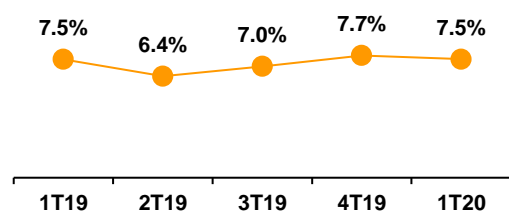
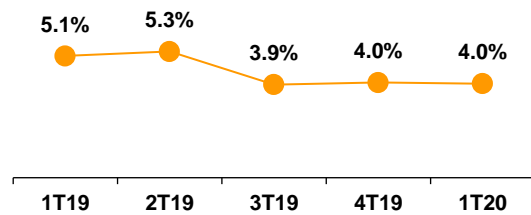
* For the purposes of analysis, Marketing expenses were reclassified, excluding the effects of co-op advertising expenses and discount expenses, which are now included in the reduction of gross revenue accounts.



Technical Support and Warranty Expenses
(% Net Revenue)



Other Selling Expenses
(% Net Revenue)



Marketing

Marketing expenses totaled R\$12.2 million in 1Q20 and accounted for 3.2% of net revenue, down 0.5 p.p. over 1Q19. This reduction is due to a lower proportion of retail sales in 1Q20, compared to the same period in 2019, and the fact that this segment generates proportionally higher marketing expenses.

Positivo Tecnologia recently launched its new VAIO PCs product line with strong marketing campaigns to position products strategically in the intermediate and advanced computer configuration price range.



Technical support and warranty

Technical support and warranty expenses totaled R\$15.0 million in 1Q20, accounting for 4.0% of net revenue, and 1,1 p.p. lower than in 1Q19 due to a reduction in the average term of contractual warranties for corporate segment sales and public biddings in the period.

General and administrative expenses

General and administrative expenses totaled R\$27.8 million in 1Q20, up by 18.5% vs. 1Q19. Excluding depreciation and amortization expenses, mandatory expenses with research and development (R&D) and nonrecurring items, general and administrative expenses would have totaled R\$12.4 million in the period, a 20.4% increase.

G&A Expenses (R\$ million)	1Q19	4Q19	1Q20	% Chg. 1Q20 x 1Q19	% Chg. 1Q20 x 4Q19
Personnel and Management Compensation	(9.4)	(12.4)	(11.0)	17.1	-11.3
Others	(0.9)	(1.9)	(1.4)	55.6	-28.0
Subtotal - before non-recurring items, R&D expenses, depreciation and amortization	(10.3)	(14.3)	(12.4)	20.4	-13.5
(+) Deprec. and amortization	(6.2)	(7.8)	(7.5)	21.3	-3.8
(+) Research and Development - R&D	(6.8)	(7.9)	(7.7)	13.2	-2.0
(+) Non-recurring items	(0.3)	(2.5)	(0.6)	100.0	-76.0
Total	(23.5)	(32.5)	(28.2)	20.2	-13.2

As a percentage of consolidated net revenue, general and administrative expenses accounted for 7.5% in 1Q20 (+0.7 p.p.), mainly due to a lower dilution of fixed costs in the period with the reduction in sales to traditional retail stores in March due to the social distancing quarantine.

Financial result

The financial result in 1Q20 was positive by R\$19.9 million, a 273.7% improvement over 1Q19, due to a combination of strong gains in the mark-to-market of derivative instruments with the rise in the dollar exchange rate, lower financial expenses due to lower interest rate and increase in financial income due to higher cash balances in February and March.

Financial Result (R\$ million)	1Q19	4Q19	1Q20	% Chg. 1Q20 x 1Q19	% Chg. 1Q20 x 4Q19
Cash effect of raw material hedging	(0.9)	(8.8)	(8.8)	926.5	-0.1
Mark to market and other non-cash items	8.5	2.3	43.4	409.1	1,820.1
Subtotal - Exchange rate (a)	7.7	(6.6)	34.6	351.0	-624.8
CPC 48 - Lease (b)	-	(1.1)	(1.1)	-	-
Financial Revenue	7.8	8.2	11.3	45.4	37.7
Financial Expenses	(26.9)	(25.4)	(24.9)	-7.6	-2.0
Subtotal - Cost of debt and others (b)	(19.1)	(17.2)	(13.6)	-29.2	-21.1
Total (a + b)	(11.5)	(24.8)	19.9	273.7	-180.3

4.3) NET INCOME (LOSS)

Net income totaled R\$4.4 million in 1Q20, up by 195.1% vs. 1Q19 when the Company reported a net loss of R\$4.9 million.

4.4) EBITDA

Adjusted EBITDA was negative by R\$8.1 million in 1Q20, mainly due to impacts on margins in the period, as discussed in the aforementioned items.

EBITDA (R\$ million)	1Q19	4Q19	1Q20	% Chg. 1Q20 x 1Q19	% Chg. 1Q20 x 4Q19
Net Income (Loss)	(4.6)	5.3	4.4	195.8	-17.2
Deprec. and Amortization	(9.6)	(15.3)	(11.9)	23.5	-22.4
Financial Result	(11.5)	(24.8)	19.9	273.8	-180.3
Equity Income	(1.4)	3.3	(1.7)	22.0	-150.8
IR e Social Contribution	0.0	(2.5)	(2.6)	N/A	4.7
EBITDA	17.9	44.7	0.6	-96.5	-98.6
Conciliation of Adjusted EBITDA					
EBITDA	17.9	44.7	0.6	-96.5	-98.6
(1) Cash Effect of raw material hedging	(0.9)	(8.8)	(8.8)	939.4	-0.2
(2) EBITDA Joint Ventures (50%)	0.7	0.1	0.1	-86.7	0.0
Adjusted EBITDA	17.9	35.9	(8.1)	-145.3	-122.6
Adjusted EBITDA margin (%)	5.2	6.5	0.0	-5.2 p.p.	-6.5 p.p.
Multiple					
Net Debt - end of the period	215.0	271.5	184.5		
Adjusted EBITDA - LTM	108.8	144.0	117.4		
Net Debt Multiple / Adjusted EBITDA	2.0x	1.9x	1.6x		

¹ Considers the balance of undiscounted credit card receivables.

Below is a breakdown of the Adjusted EBITDA account:

- 1) **Cash effect of input hedge:** Represents the amounts received (or paid) by the company in instruments of exchange hedge contracted to cover dollarized inputs. These figures are net of exchange rate change on invoices in US dollars. The company understands that their result is operational, as they are fully linked to inputs.
- 2) **EBITDA Joint Venture Positivo BGH:** Refers to half of the EBITDA obtained by Positivo's joint venture BGH's operations in Argentina, Rwanda and Kenya, with a 50% stake in these companies. We have announced this adjustment since 1Q13, due to the introduction of accounting regulations that now deal on joint ventures using the equity pickup method, which is excluded from the calculation of the traditional EBITDA.

5) WORKING CAPITAL

Financial working capital, including which includes inventories, advances, accounts receivable and suppliers, totaled R\$616.7 million in 1Q20. The increase in working capital is mainly due to the postponement in payment by large customers, which readjusted their payment flows, to be normalized within 90 days, in addition to the increase in the suppliers account due to readjustments in flows with the key supply chain partners

Working Capital WITH Materials in Transit (R\$ Million - end of period)	1Q19	2Q19	3Q19	4Q19	1Q20	Avg
Accounts Receivable	169.9	228.9	235.2	258.7	415.4	262
Inventories + Advances	608.3	575.3	625.4	555.0	634.7	600
Suppliers	(374.1)	(353.0)	(400.9)	(384.0)	(433.4)	(389)
Working Capital	404.1	451.2	459.7	429.7	616.7	472

Working Capital WITHOUT Materials in Transit (in days – end of period)	1Q19	2Q19	3Q19	4Q19	1Q20	Avg
Accounts Receivable(1)	44	41	46	42	77	50
Inventories + Advances(2)	128	115	121	104	154	125
Suppliers(2)	(81)	(76)	(78)	(76)	(105)	(83)
Cash Conversion Cycle	91	81	89	84	126	78

(1) In days of net revenue

(2) In CP days

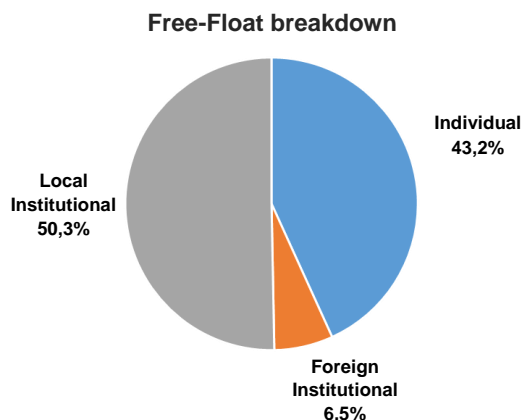
6) EQUITY

Stock performance

Positivo stocks ended 1Q20 priced at R\$ 3.46 indicating an enterprise value of R\$ 490.6 million (+ 146.3% vs. 1Q19).

Free Float Allocation

In 1Q20, the free float had 32.6 thousand individual investors, keeping 43.2% of the shares. The institutional investors had 56.8% of the free float, as follows:



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1Q20 Webcast

Tuesday, June 9, 2020

> Portuguese

10h30 (Brasília time)
08h30 (NY time)

> English

11h30 (Brasília time)
09h30 (NY time)

Link:

<https://webcastlite.mziq.com/cover.html?webcastId=a0f9c3d1-4627-4c2c-87ce-d208147c1ca2>

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Certain statements herein are forward-looking statements based on Management's current estimates regarding future performance that may result in material differences regarding future results, performance and events. The actual results, performance and events are subject to material variations and may significantly differ from those expressed or implied by these statements as a result of several factors such as the general and economic conditions in Brazil and other countries; the interest rate and exchange rates levels, changes in laws and regulations and general competitive factors (global, regional and national).