locaweb

São Paulo, November 10th, 2021: Locaweb Serviços de Internet S.A. (B3: LWSA3) informs its shareholders and other market participants on the 3Q21 results

Highlights

Net Revenue of **R$ 209.1** million in 3Q21, a **65.7%** growth vs 3Q20. Nine-month accumulated growth of **59.3%**

Commerce reached **R$ 105.6** million in net revenue, a growth of **162.2%** vs 3Q20. Nine-month accumulated growth was **166.9%**

Client's base grew **41.1%** in the first 9 months of 2021 (from Dec/2020 to Sep/2021). Considering the entrance of Bagy clients in 3Q21, the base grew **96.6%** in the first 9 months of 2021

Maintenance of the pace of new store additions in 3Q21 compared to 2Q21 and growth compared to 4Q20, even with the full reopening of the economy. Considering Bagy's new tenant additions in 3Q21, growth in the quarter with respect to 4Q20 was **54.4%**

Our cohorts show ARPU increase and churn reduction in our Commerce operation as a result of our ecosystem strategy

BeOnline / SaaS reached **R$ 103.5** million in net revenue, growth of 20.4% vs 3Q20

Tray reached in September 2021 the **maximum level of excellence** in customer service in Reclame Aqui, **RA1000**

Delivery of **relevant improvements** in the Tray platform, consolidating itself as the best platform for SMEs in the market

Intensification of **marketing** efforts in the Commerce segment, focusing on the acquisition of new customers

Integration agenda continues to advance despite high volume of acquisitions and acquired companies outperform the pre-acquisition period

Adjusted EBITDA of **R$ 33.6** million in 3Q21

Net cash position of **R$ 1,780.3** million

We continue to move forward in our acquisition process, having completed the acquisition of **Squid**

Conference Call (simultaneous translation): 11/12/2021
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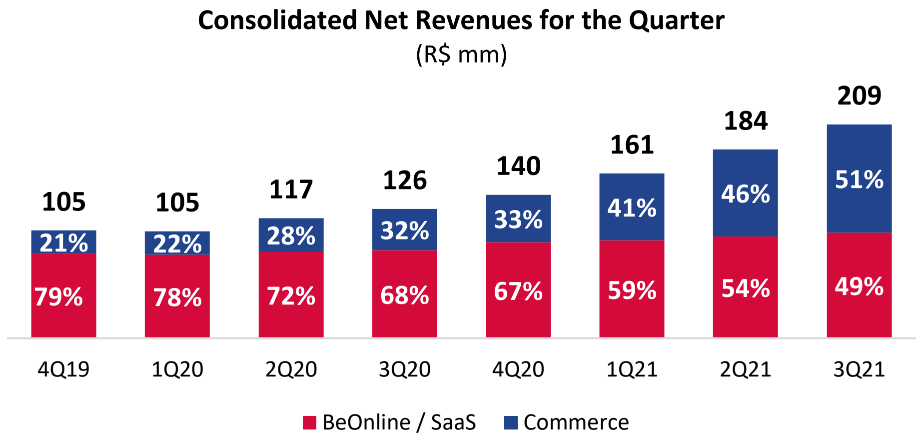
It is with great pleasure that we present to the market the third quarter 2021 results of Locaweb. In this quarter, in which we completed our 8th quarterly earnings release, we continue to see significant growth throughout the operation, and we have advanced in our ecosystem expansion strategy and in the integration agenda of the acquired companies.

Before we comment on the third quarter results, it is worth noting that since our first earnings release as a public company for 4Q19, Locaweb has managed, in two cycles of 4 releases, to double its quarterly net revenue, as shown in the chart below.



Importantly, the Commerce segment more than quadrupled in size, from 21% in consolidated 4Q19 to 51% in 3Q21.

Increased customer base:

Regarding the operation's growth, in 3Q21 the addition of new stores at Tray and Dooca, even with the reopening of the economy, maintained the pace reported in the first two quarters of the year and grew 38.3% when compared to 4Q20. Considering the addition of new merchants at Bagy in 3Q21, growth in this quarter with respect to 4Q20 was 54.4%.

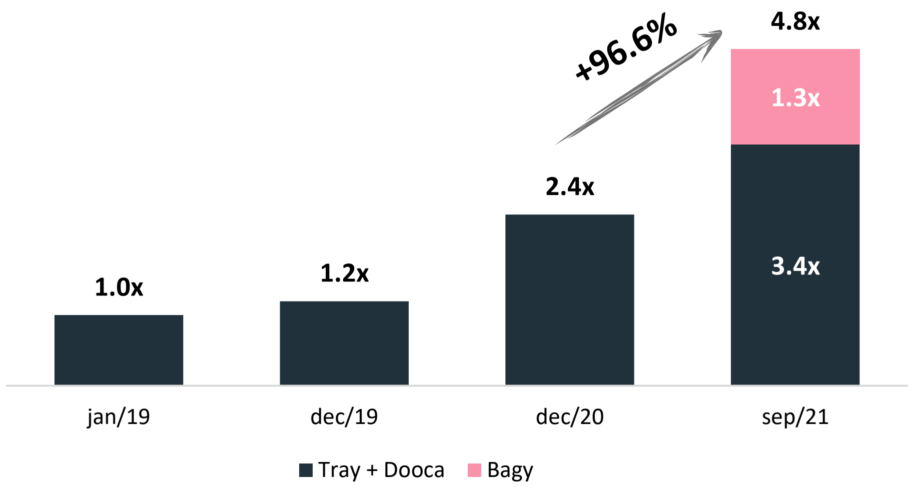
This is due to the Company's proactive stance, acting on the following fronts:

- We expanded customer acquisition channels;
- We increased investments in Marketing;
- We strengthened the commercial teams;
- We strongly evolved the product;
- We improved internal processes.

In addition, in June we launched at Dooca a 14-day free version, allowing shopkeepers to create an account in a few clicks and test all the features available to create their virtual store. We also expanded the relationship with digital influencers at Tray as a tool for capturing and converting leads for the entire Locaweb Commerce ecosystem. It is important to emphasize that these actions with influencers to attract customers throughout the ecosystem will be further intensified with the acquisition of Squid.

With this increase in the volume of new entrants, the new cross-sell opportunities within the Commerce ecosystem and the churn trends showing signs of reduction compared to historical cohorts, we continue to pave the way for revenue growth in the coming years, as the ARPU of new customers continues to be multiplied by more than seven-fold over the next three years to reach the average spend of our base.

Resulting from the strong addition of new stores, we have seen the growth of our e-commerce platform customer base (Tray, Tray Corp and Dooca) increase dramatically since January 2019, with the first nine months of 2021 witnessing a 41.4% growth (blue bars in the chart below). Considering the entry of Bagy merchants in 3Q21, the base of merchants using our e-commerce platforms grew by 96.6% in the first 9 months of 2021:

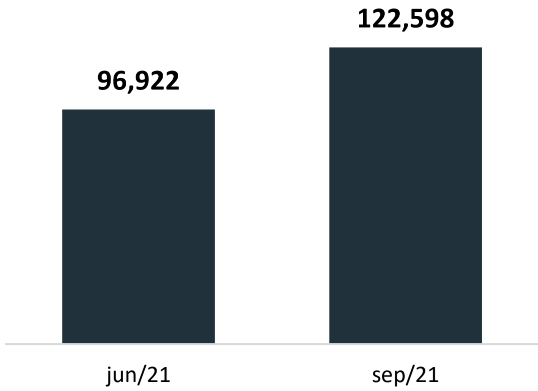


In addition to maintaining the pace of new store additions, an important factor contributes for us to have the lowest churn level among competing e-commerce platforms in Brazil, the level of service offered to merchants. On this topic, we were proud to communicate to the market in September that Tray reached the maximum level of excellence in customer service in Reclame AQUI, the RA1000[1].

Another important metric that measures the quality of the service level we offer to our customers is the Net Promoter Score ("NPS"). At Tray, this index continues to grow consistently and showed a 22% increase in the quarter compared to 2Q21, the immediately preceding quarter.

Our base of active and paying subscriptions in the Commerce segment, which includes the platform, ERP and recurring customers, grew 26.5% between 2Q21 and 3Q21, as shown in the chart below:

[1] Due to the new ownership structure of the Reclame Aqui website, the Company will evaluate the continuity of the disclosure of such information in its future reports.



Ecosystem Evolution:

A major differentiator of our ecosystem in relation to the competition is to make the customer accelerate their sales after hiring the solution. In this quarter we delivered solutions that together are unique in the entire market where we operate.

Facebook and Instagram: As a means to enable better conversion opportunities in the virtual store, we have evolved the integration/partnership, which before already contemplated the installation of the pixel / API conversion, import of product catalog and automatic creation of pages in social networks, and presently also contemplates the creation and management of ads for the merchant direct from the Tray platform in a single panel.

WhatsApp: In an unprecedented partnership in Latin America, Tray and Social Miner have developed a feature of intelligent campaigns, within the Tray platform, using the most popular instant messaging service in Brazil as a point of capture of leads and communication with e-commerce customers automatically.

This feature, made available in early November for all customers, is the springboard of a partnership between the companies, and already has features such as cart recovery, sending first purchase coupons and birthday reminders, with the goal of increasing conversion and, consequently, the GMV of customers on Black Friday and Christmas.

PIX: Continuing with the platform improvements that help our customers to increase their sales, in October we made available the payment via PIX for all our platform's customers, using Yapay, with high potential to improve the sales conversions of customers who previously used bank-slip (“boletos”) for payment.

In addition to the evolutions mentioned above, we continue to expand the number of integrations in the platform, which presently total 503.

Squid:

In October, we announced another important acquisition. Squid is the most relevant company in the Creators Economy segment in Brazil and has the best solutions and platforms to connect influencers and content creators to brands.

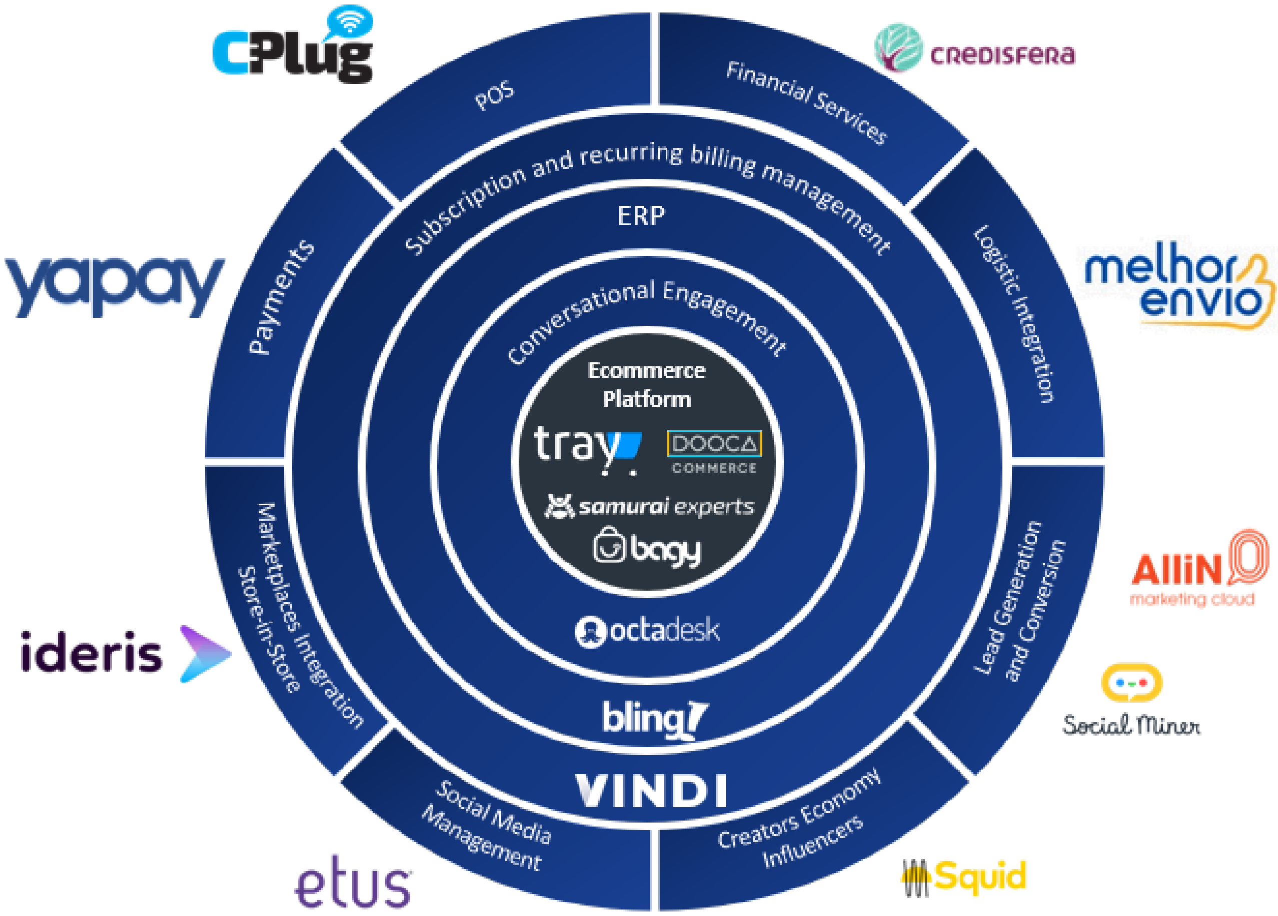
Through machine learning and a robust platform, Squid automates the entire process of identification, recruitment, management, and payment of digital influencers, bringing together technology and a specialized team that helps brands and companies from various segments to boost the results of their campaigns, thus increasing their sales conversion.

The history of Squid has important recognitions, such as the passage by the acceleration program from Endeavor (Scale-Up) and was chosen as being one of the most promising startups in Brazil in the ranking "100 Startups to Watch".

Squid has been showing robust growth since its foundation. Currently its base gathers more than one hundred thousand influencers, who produced more than 300.000 pieces of content in 2021, which in turn generated more than 700 million impacts. Its annual recurring revenue (ARR) is over R$100 million, with triple-digit growth in 2021.

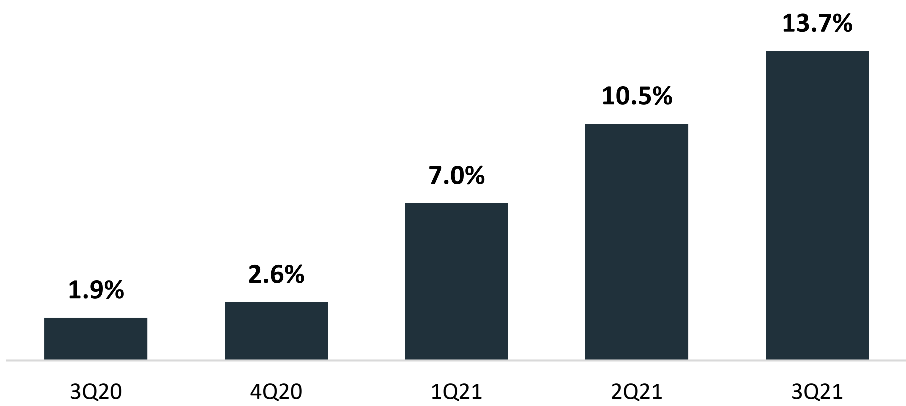
With the acquisition of Squid, Locaweb further consolidates its ecosystem of technological solutions, strengthening the portfolio of social commerce / live commerce, with strong synergy with many Locaweb customers (BeOnline / SaaS and Commerce).

Our e-commerce ecosystem can now be represented as follows:



Strengthening the payments operation:

As we have mentioned in other earnings releases, we obtained quick synergies after the acquisitions, and this because of the integration of our payment solution, Yapay, with the acquired companies. This TPV captured exclusively through synergies continues to pose relevant growth, as seen in the chart below:

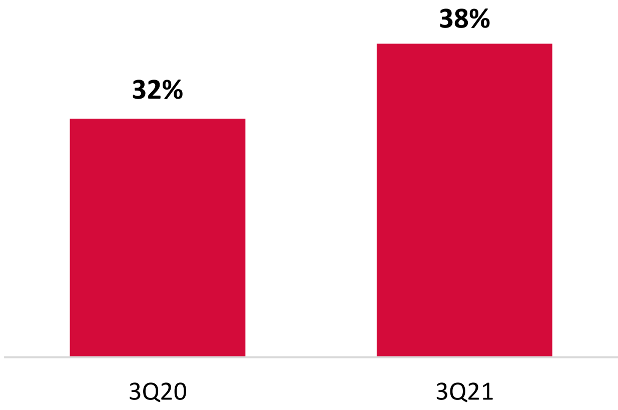


Given the growth and relevance of this theme within the e-commerce ecosystem, we have decided to unify all the group's payment and financial transaction strategies into one business unit.

The companies Vindi and Yapay will be merged and led by Rodrigo Dantas, founder of Vindi. The initiative will give rise to a unit with a single vision for payment and financial services solutions for customers of all sizes and segments within the group.

BeOnline / SaaS

In the BeOnline / SaaS segment, we continue to see the gradual shift in the revenue mix within the segment, as the growth of SaaS products is faster than the growth shown in the BeOnline segment. The chart below (on a management basis) shows SaaS revenue growth in the revenue mix between quarters:



To compose the mix of e-mail solutions, a portfolio that consistently grows annually by more than 25%, in July 2021 we launched E-mail Go. The new product brings more mobility and connectivity to customers who need mailboxes and calendars synchronized to other devices.

Additionally, in July in Locaweb retail, we put online a new tool for attracting leads via WhatsApp, the Clic Lead, which aims to facilitate the capture, management, and relationship of companies with their leads captured via WhatsApp. It is a widget that will be integrated into the customer's digital environments, geared to transforming website visitors into contacts.

At Delivery Direto, we observed progress in the offer integrated with the POS Connect Plug for clients coming from Connect Plug and Delivery Direto, already corresponding to 15% of all new Delivery Direto clients. In terms of the base offer, currently 30% of the clients have some integration with external systems that can be targets for the PDV Connect Plug offer.

This quarter Nextios, our brand for corporate customers, maintained its growth trend in number of customers and in revenue as well. We reached 20% growth when compared to the same period in 2020.

In addition to continuing to support and guide its customers on their journey to the cloud, Nextios has adopted a leading role supporting its customers in preventing potential cyber-attacks. With the recent partnerships established with CrowdStrike (leader in the Garner quadrant in End Point protection solutions) and Imperva (leader also by Garner in WAF, DBF and Anti-DDoS protection solutions). The sales volume of these solutions was significant during the third quarter.

Finally, Octadesk presented two highlights: (i) higher revenue from new sales and (ii) higher revenue from expansion, coming from customers in its base. In September, it reached its highest revenue ever, surpassing by 29% the best number ever made by the company, showing an acceleration in its growth after the acquisition, which took place in early August.

Acquisition Highlights

As presented last quarter, our acquisition integration agenda, which is being led by a dedicated executive within Finance with extensive experience in M&A integrations, continues to show consistent and important progress.

Our integration process plus the correct choice of companies and high cross-sell potential within the ecosystem has resulted in the acquired companies showing higher growth than before the acquisition.

Regarding product launches we can mention:

- **Melhor Envio:** Launch of the integration of Melhor Envio and Tray, and integration with the Bagy platform.
- **Etus:** Offering to the Bling customer base directly in the Bling panel.
- **CPlug and Delivery Direto:** PLG offer – Product Led Growth – Offer of an Initial Plan jointly with DD+CPlug. A simpler offer, with basic functionalities geared to small entrepreneurs.
- **Samurai:** Launch of a tool for Live Commerce natively integrated to the Tray platform.
- **Dooca:** Interaction with Melhor Envio and Ideris.
- **Octadesk:** Offer of the Octadesk platform for Etus clients.

It is important to remember that one of the purposes of the integrations is to offer a much more fluid, simple and, at the same time, complete user journey for our customers. In this sense, several of our platforms will have a more connected and unique experience, not only through the UX/UI and design disciplines, but also through deeper integrations of software, dashboards, billings, and registrations.

Below are the growths observed in some companies acquired in the quarter:

// Melhor Envio

- Growth of 98.3% in the number of labels issued in the 3Q21 and of 90.3% in Freight GMV, vis-à-vis the 3Q20.
- Customer base grew 129.6% in the 3Q21 compared to the 3Q20.

// Bling

- Growth of 63.1% in new client addition in the 3Q21 when compared to the same period the previous year.
- Customer base grew 69.3% in the 3Q21 versus 3Q20.
- Labels issued through Melhor Envio posted a growth of 155.1% in the 3Q21 vis-à-vis the 3Q20.

// Vindi

- Growth in TPV in the 3Q21 of 65.3% when compared to the 3Q20.

// Etus

- Customer base grew 42.2% in the 3Q21 compared to the 3Q20.

// Dooca

- Customer base with a growth of 105.2% in the 3Q21 versus the 3Q20.

// Ideris

- Customer base grew 46.0% in the 3Q21 vis-a-vis the 3Q20.

// C-Plug

- Customer base grew 62.2% in the 3Q21 compared to the 3Q20.

// Bagy

- Customer base grew 73.8% in the 3Q21 vis-a-vis the 3Q20.

// Octadesk

- Growth of Net Revenue of 64.2% in the 3Q21 compared to the 3Q20.

Impact on Costs

During this quarter we observed two important increases in our costs, which impacted our organic EBITDA:

- Marketing and Sales: Intensified sales efforts, channel expansion and increased digital media costs to maintain the Company's growth momentum after the reopening of the economy.
- Reinforcement of the product and engineering team in the Commerce segment for organic evolution of the Company's entire platform and ecosystem.

People and Culture

Now talking about our greatest asset, which are our employees. Here at Locaweb, we value and respect the diversity of each Locaweber, and in this sense, we put in place affirmative actions aimed at bringing greater inclusion and equity of minority groups.

This year, we once again conducted the Inclusion & Diversity Census and in it we found that we reached 30% female leadership, a 10 p.p. increase over the survey results in 2020. Thinking to accelerate the growth of this number, we created our first Mentoring Program for Women, which aims to start a development partnership applying the 70/20/10 concept, promoting an exchange of experiences between women who are already in leadership and those who are in the succession pipeline. Today there are 27 mentors and mentees in the entire group.

Our Trainee Program 2021 was the most diverse among all the editions: 50% of the approved trainees were women, 30% were LGBTQIA+, and 30% were black.

As a result of these and other actions, in 2021 all Group companies participating in the survey (Locaweb – with Locaweb Pro, Nextios and All iN -, Locaweb Commerce – with Tray, Tray Corp, Yapay -, KingHost, Etus and Delivery Direto), received the Great Place to Work (GPTW) certification for organizational climate. KingHost and Tray also entered the ranking of the best companies to work for in Brazil, in the 22nd and 17th positions, respectively, in the category of medium-sized companies. Locaweb, Tray and KingHost were among the 70 Incredible Places to Work, a result of the FIA Employee Experience (Feex) survey, which proves our concern for the well-being of our employees and sustainable development for all.

We have a humane management and a real concern for all people to feel comfortable and to be who they are, regardless of their hierarchical levels or the business units they are in.

We are constantly seeking to generate a positive impact on the society we are a part of, and we currently have an action plan in favor of a more equitable society. To achieve this goal, we will adhere to the Women's Empowerment Principles and the UN Global Compact, formally making a commitment to the 17 Sustainable Development Goals and the 7 Women's Empowerment Principles.

Summary of Indicators

Consolidated

(R$ million)

locaweb	3Q21	3Q20	vs 3Q20	9M21	9M20	vs 9M20
Net Revenue	209.1	126.2	65.7%	554.3	348.1	59.3%
Gross Profit	100.9	54.9	83.7%	256.5	144.8	77.1%
Gross Margin (%)	48.3%	43.5%	4.7 p.p.	46.3%	41.6%	4.7 p.p.
EBITDA	25.9	30.9	-16.1%	76.6	74.5	2.8%
EBITDA Margin (%)	12.4%	24.4%	-12.1 p.p.	13.8%	21.4%	-7.6 p.p.
Adjusted EBITDA [1]	33.6	35.8	-6.1%	111.4	93.0	19.7%
Adjusted EBITDA Margin (%)	16.0%	28.3%	-12.3 p.p.	20.1%	26.7%	-6.6 p.p.
Net Income	(3.7)	7.8	-147.8%	(8.5)	10.8	-179.2%
Adjusted Net Income [2]	25.6	13.0	96.5%	58.3	30.7	89.9%
Adjusted Net Income Margin (%)	12.2%	10.3%	1.9 p.p.	10.5%	8.8%	1.7 p.p.
Cash Generation [3]	10.3	21.5	-52.1%	46.5	57.0	-18.4%
Cash Conversion (%) [3]	30.6%	60.0%	-29.4 p.p.	41.7%	61.2%	-19.5 p.p.
Net Debt (Cash) [4]	(1,780.3)	(449.3)	296.2%	(1,780.3)	(449.3)	296.2%

[1] Adjusted EBITDA refers to net income (loss) adjusted by the financial result, income tax and social contribution on profit, depreciation and amortization costs and expenses, stock option plan expenses, and extraordinary expenses related to the IPO and Follow-on. The EBITDA Margin is calculated by dividing EBITDA by Net Operating Revenue. The Adjusted EBIDTA Margin is calculated by dividing the Adjusted EBITDA by the Net Operating Revenue.
[2] Adjusted Net Income is calculated from net income (loss) excluding: (i) stock option plan expenses; (ii) amortization expenses of intangibles arising from business acquisitions; (iii) adjustments related to CPC 06 (refers to the sum of interest expense due to the updating of the lease liability and the depreciation expense of the right-of-use asset less the lease liability payments made); (iv) mark-to-market of derivative financial instruments; (v) deferred income tax and social contribution; (vi) extraordinary expenses related to the IPO and the Follow-on; and (vii) Present Value Adjustment related to the Earnout of the acquisitions.
[3] Cash Generation is measured by "Adjusted EBITDA - Capex" and Cash Conversion is composed by dividing "Adjusted EBITDA - Capex" by "Adjusted EBITDA".
[4] Corresponds to loans and financing less derivatives balance (currency swap), less cash and cash equivalents (does not consider lease liabilities related to IFRS 16).

Commerce
(R$ million)

Commerce	3Q21	3Q20	vs 3Q20	9M21	9M20	vs 9M20
Ecommerce GMV [1]	4,488.7	3,123.3	43.7%	13,350.6	7,884.9	69.3%
TPV (Yapay)	747.3	518.0	44.3%	2,025.1	1,141.7	77.4%
Gross revenue, net of rebate	118.2	45.4	160.2%	286.1	108.1	164.6%
Net Revenue	105.6	40.3	162.2%	255.8	95.8	166.9%
Platform Subscription Net Revenue	54.2	15.2	257.8%	115.0	36.7	213.2%
Ecosystem Net Revenue	51.4	25.1	104.6%	140.7	59.1	138.1%
Gross Profit	65.5	27.1	141.3%	160.2	65.8	143.3%
Gross Margin (%)	62.0%	67.4%	-5.4 p.p.	62.6%	68.7%	-6.1 p.p.
EBITDA	15.7	17.0	-7.5%	53.0	40.9	29.6%
EBITDA Margin (%)	14.9%	42.1%	-27.3 p.p.	20.7%	42.6%	-21.9 p.p.
Adjusted EBITDA [2]	16.7	17.0	-1.6%	57.1	40.9	39.8%
Adjusted EBITDA Margin (%)	15.8%	42.1%	-26.3 p.p.	22.3%	42.6%	-20.3 p.p.

[1] Ecommerce GMV: sum of Tray, Ideris and Dooca GMVs (proforma 3Q20 - considering as if all assets were on base in 3Q20).
[2] Adjusted EBITDA refers to net income (loss) adjusted by the financial result, income tax and social contribution on profit, depreciation and amortization costs and expenses; expenses related to mergers and acquisitions and extraordinary expenses related to the IPO and Follow-on.

BeOnline / SaaS
(R$ million)

BeOnline / SaaS	3Q21	3Q20	vs 3Q20	9M21	9M20	vs 9M20
Clients EoP - BeOnline / SaaS	402.9	372.7	8.1%	402.9	372.7	8.1%
Gross revenue, net of rebate	113.5	94.4	20.2%	327.3	276.7	18.3%
Net Revenue	103.5	85.9	20.4%	298.6	252.2	18.4%
Gross Profit	35.5	27.8	27.5%	96.3	79.0	21.9%
Gross Margin (%)	34.3%	32.4%	1.9 p.p.	32.3%	31.3%	0.9 p.p.
EBITDA	10.2	13.9	-26.7%	23.7	33.7	-29.7%
EBITDA Margin (%)	9.8%	16.2%	-6.3 p.p.	7.9%	13.4%	-5.4 p.p.
Adjusted EBITDA [1]	16.9	18.8	-10.2%	54.3	52.2	4.0%
Adjusted EBITDA Margin (%)	16.3%	21.9%	-5.6 p.p.	18.2%	20.7%	-2.5 p.p.

[1] Adjusted EBITDA refers to net income (loss) adjusted by the financial result, income tax and social contribution on profit, depreciation and amortization costs and expenses, stock option plan expenses; expenses related to mergers and acquisitions; and extraordinary expenses related to the IPO and the Follow-on. The EBITDA Margin is calculated by dividing EBITDA by Net Operating Revenue. The Adjusted EBIDTA Margin is calculated by dividing the Adjusted EBITDA by Net Operating Revenue.

Performance

Net Operating Revenue
(R$ million)

locaweb	3Q21	3Q20	vs 3Q20	9M21	9M20	vs 9M20
Commerce	105.6	40.3	162.2%	255.8	95.8	166.9%
Segment share in the consolidated	*50.5%*	*31.9%*	*18.6 p.p.*	*46.1%*	*27.5%*	*18.6 p.p.*
BeOnline / SaaS	103.5	85.9	20.4%	298.6	252.2	18.4%
Segment share in the consolidated	*49.5%*	*68.1%*	*-18.6 p.p.*	*53.9%*	*72.5%*	*-18.6 p.p.*
Net Revenue - Consolidated	**209.1**	**126.2**	**65.7%**	**554.3**	**348.1**	**59.3%**

Locaweb's Net Revenue totaled R$ 209.1 million in 3Q21, a 65.7% increase over 3Q20. In the first nine months of 2021, the growth in net revenue was 59.3%, totaling R$ 554.3 million.

The share of the Commerce segment, which considers revenues from Tray, Tray Corp, Melhor Envio, Vindi, Ideris, Samurai, Dooca, Credisfera, Bling, Bagy and Octadesk (only the months of August and September) increased from 31.9% in 3Q20 to 46.0% in 2Q21 and 50.5% in 3Q21.

Commerce	3Q21	3Q20	vs 3Q20	9M21	9M20	vs 9M20
Ecommerce GMV [1]	4,488.7	3,123.3	43.7%	13,350.6	7,884.9	69.3%
TPV (Yapay)	747.3	518.0	44.3%	2,025.1	1,141.7	77.4%
Gross revenue, net of rebate	118.2	45.4	160.2%	286.1	108.1	164.6%
Net Revenue	105.6	40.3	162.2%	255.8	95.8	166.9%
Platform Subscription Net Revenue	54.2	15.2	257.8%	115.0	36.7	213.2%
Ecosystem Net Revenue	51.4	25.1	104.6%	140.7	59.1	138.1%

[1] Ecommerce GMV: sum of Tray, Ideris and Dooca GMVs (proforma 3Q20 - considering as if all assets were in the base in 3Q20)

In the Commerce segment, Net Operating Revenue in 3Q21 grew 162.2%, from R$ 40.3 million in 3Q20 to R$ 105.6 million in 3Q21. In the first nine months of 2021, the growth was 166.9%

The growth presented is the result of the increase in the two revenue sources of the Commerce segment:

(i) Subscription Revenue:
The customer base (Tray + Dooca) grew 41.1% in the first nine months of 2021 and 48.3% when compared to the 3Q20 base;
New store additions, meanwhile, grew 38.3% in the quarter compared to 4Q20;
The base of active and paying subscriptions in the Commerce segment, which includes platform, ERP and recurring customers, grew 26.5% between 2Q21 and 3Q21;
In addition to the points mentioned above, we had the acquisition of Bling, Bagy and Octadesk which contributed to the growth in platform subscription revenue.

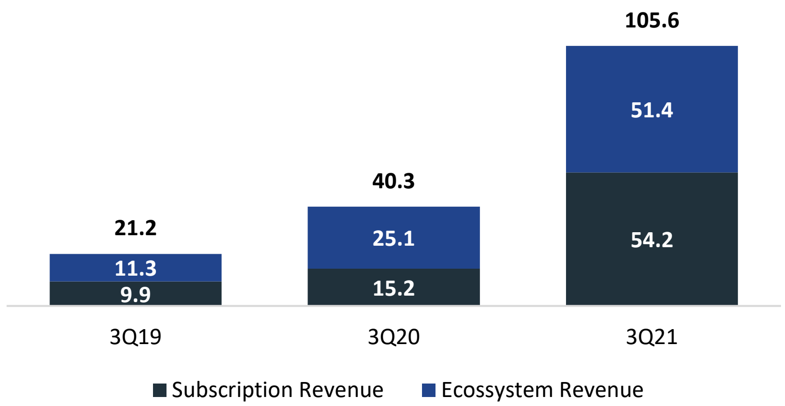
(ii) Ecosystem Revenues:
This refers to the revenue charged for the use of the services provided by our ecosystem (examples: Yapay, Melhor Envio, sales in marketplaces, etc).

Our TPV at Yapay increased 44.3% compared to 3Q20, a consequence of the growth in the customer base, the sales of own store customers and the rapid integrations of Yapay within our ecosystem, which already represent 13.7% of Yapay's TPV.

The GMV of the sales made by Tray, Dooca and Ideris grew 43.7% in 3Q21 vs 3Q20 (proforma), totaling R$4.5 billion.

There is also compensation referring to other platforms, which also showed sturdy growth in 3Q21, such as Melhor Envio, which grew 90.3% in GMV and 98.3% in the number of labels issued compared to the same period last year.

The graph below presents the Evolution of the two sources of revenues in the 3Q19, 3Q20 and 3Q21:



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Net Revenue	103.5	85.9	20.4%	298.6	252.2	18.4%

The number of customers in the BeOnline / SaaS segment (end of period) grew by 8.1% between 3Q20 and 3Q21.

The BeOnline / SaaS Net Operational Revenue grew 20.4%, from R$ 85.9 million in 3Q20 to R$ 103.5 million in 3Q21. In the first nine months of 2021, the growth was 18.4%, totaling R$ 298.6 million.

We highlight again that this quarter, the growth in sales of corporate solutions, which have suffered throughout the pandemic, the growth of our entire Suite of corporate email and Cloud VPS solutions, all of which showed high growth rates when compared to the 3Q20.

Importantly, the BeOnline products and part of the SaaS products were positively impacted by the inflation adjustment.

Operating Costs and Expenses

(R$ million)

locaweb	3Q21	3Q20	vs 3Q20	9M21	9M20	vs 9M20
Cost of Services	108.2	71.3	51.8%	297.8	203.2	46.6%
Selling Expenses	45.7	20.4	123.9%	107.4	58.0	85.3%
General and Administrative Expenses	53.0	17.7	199.7%	136.0	54.7	148.7%
Other Operating (Revenues) Expenses	(0.2)	(0.4)	-41.7%	(1.1)	(0.8)	47.0%
Total Operating Cost and Expenses	**206.6**	**109.0**	**89.6%**	**540.2**	**315.1**	**71.4%**
% Net Revenue	*98.8%*	*86.3%*	*12.5 p.p.*	*97.4%*	*90.5%*	*6.9 p.p.*

Locaweb's total operating costs and expenses grew 89.6% in 3Q21 when compared to the same period last year. In the first nine months of 2021, the growth was 71.4%.

Cost of services

The cost of services in 3Q21 was R$ 108.2 million and R$ 71.3 million in the same period of 2020, an increase of 51.8% when comparing the two periods, which represented 51.7% of net revenue in 3Q21 and 56.5% in 3Q20, a reduction of 4.7 p.p.

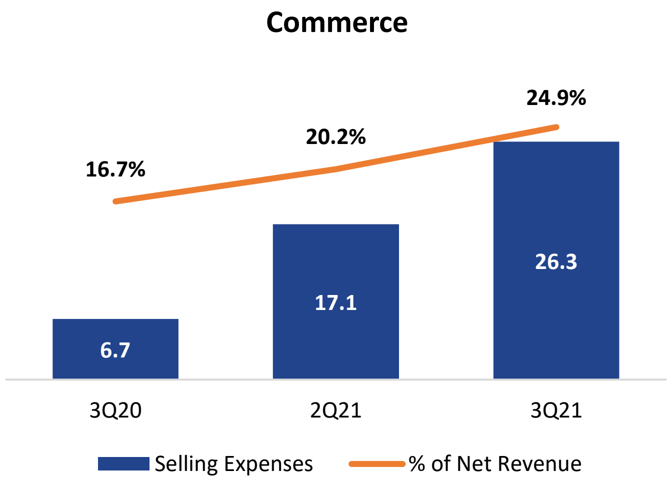
It is worth mentioning that the Cost of Services of the acquired companies totaled R$ 24.0 million, contributing more than 30.0 p.p. of the total growth presented in the quarter.

Selling expenses

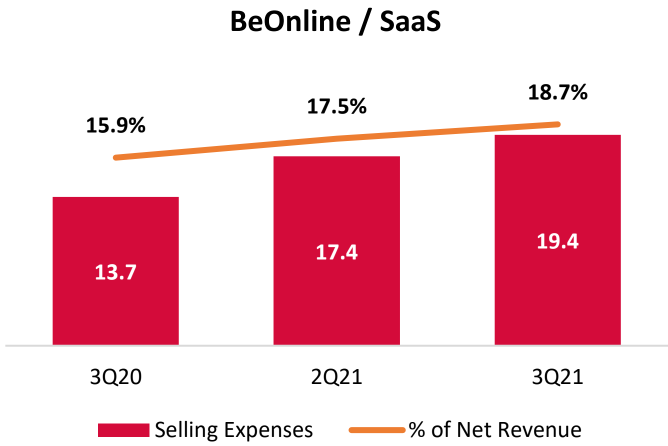
Sales expenses, which comprise the marketing and sales teams, as well as the services contracted of these same natures, in 3Q21 were R$ 45.7 million, an increase of 123.9% when compared with 3Q20.

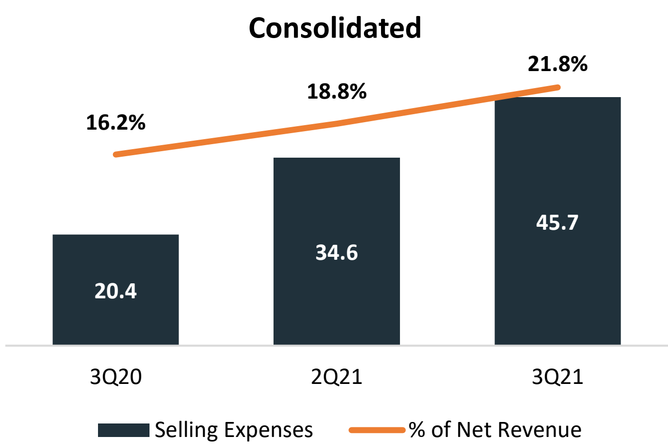
As presented in the previous quarters, the Company increased the marketing efforts at Tray, as mentioned at the beginning of this release, aimed at solidifying the brand as the leader in the digitization segment for SMBs in Brazil and to maintain the pace of growth in the segment, which represented a large part of the growth observed in sales expenses in the Commerce segment.

The charts below show the representativeness of the sales expenses over the revenue of the segments and consolidated:



It is important to point out that such expenses also consolidate the expenses of the acquired companies, which have a structure / process for acquiring customers that are still different from those practiced by the Company. Organically, selling expenses in the Commerce segment grew by 53.7% (YoY), which represented 19.1% of the segment's organic net revenue in the period, while in 2Q21 it was 16.3% and in 3Q20 16.7%.





General and Administrative Expenses

The general and administrative expenses, which comprise the teams from the administrative areas such as finance, HR, accounting and tax, expenses and outsourced services related to these areas, as well as depreciation and amortization of IFRS 16 and PPA assets, in 3Q21 was R$ 53.0 million and R$ 17.7 million in the same period of 2020, representing a growth of 199.7%.

The increase is mainly due to the factors listed below that summed up total R$ 33.9 million:

(i) Inorganic effect related to acquired companies, in the amount of R$ 20.5 million;
(ii) Expenses related to the amortization of PPA intangibles, totaling R$ 8.5 million; and
(iii) Expenses related to the process of acquisition of companies, totaling R$ 4.9 million;

// Gross Profit

(R$ million)

locaweb	3Q21	3Q20	vs 3Q20	9M21	9M20	vs 9M20
Commerce	65.5	27.1	141.3%	160.2	65.8	143.3%
Margin (%)	*62.0%*	*67.4%*	*-5.4 p.p.*	*62.6%*	*68.7%*	*-6.1 p.p.*
BeOnline / SaaS	35.5	27.8	27.5%	96.3	79.0	21.9%
Margin (%)	*34.3%*	*32.4%*	*1.9 p.p.*	*32.3%*	*31.3%*	*0.9 p.p.*
Gross Profit	**100.9**	**54.9**	**83.7%**	**256.5**	**144.8**	**77.1%**
Gross Margin (%)	*48.3%*	*43.5%*	*4.7 p.p.*	*46.3%*	*41.6%*	*4.7 p.p.*

Consolidated gross profit increased 83.7% in 3Q21 when compared to 3Q20, reaching R$ 100.9 million. In 3Q21, there was a 4.7 p.p. increase in Gross Margin compared to 3Q20, reflecting the recovery in the BeOnline / SaaS margin, which was impacted in 2020 by the effects of the pandemic, already explained in previous results.

The 5.4 p.p. drop observed in the Commerce segment relates directly to: (i) the acquisition of high-growth stage companies and consequent structuring of processes to support growth and (ii) the investment in product and engineering teams.

As mentioned above, the Cost of Services of the acquired companies totaled R$ 24.0 million in 3Q21.

EBITDA and Adjusted EBITDA

(R$ million)

locaweb	3Q21	3Q20	vs 3Q20	9M21	9M20	vs 9M20
Net Income (Loss)	**(3.7)**	**7.8**	**-147.8%**	**(8.5)**	**10.8**	**-179.2%**
(+) Net Financial Income	(4.2)	3.5	-220.9%	0.8	9.2	-91.5%
(+) Current Income Tax and Social Contribution	10.4	6.0	75.2%	21.9	12.9	69.4%
(+) Depreciation and Amortization	23.4	13.6	71.7%	62.4	41.6	50.1%
EBITDA	**25.9**	**30.9**	**-16.1%**	**76.6**	**74.5**	**2.8%**
(+) Stock Options Plan	2.8	4.2	-32.9%	9.4	11.1	-15.8%
(+) M&A Expenses	4.9	0.7	594.9%	17.7	0.9	1792.2%
(+) IPO and Follow-on Extraordinary Expenses	0.0	0.0	n/a	7.7	6.4	19.2%
Adjusted EBITDA	**33.6**	**35.8**	**-6.1%**	**111.4**	**93.0**	**19.7%**
Adjusted EBITDA Margin (%)	*16.0%*	*28.3%*	*-12.3 p.p.*	*20.1%*	*26.7%*	*-6.6 p.p.*

As a result of the numbers presented above, Locaweb's Adjusted EBITDA in 3Q21 was R$ 33.6 million, down 6.1% compared to 3Q20, with the Adjusted EBITDA Margin presenting a reduction of 12.3 p.p. in the same period due principally to the consolidation of the results of the acquired companies, which have lower EBITDA margins than those presented in the group.

EBITDA and Adjusted EBITDA per segment

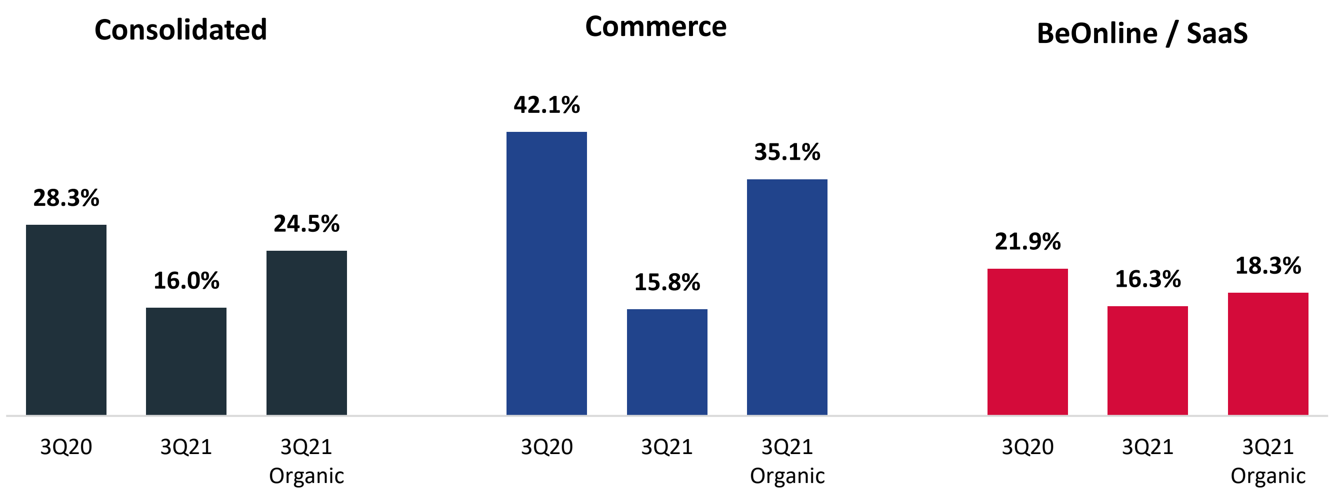
(R$ million)

locaweb	3Q21	3Q20	vs 3Q20	9M21	9M20	vs 9M20
Commerce						
Adjusted EBITDA	16.7	17.0	-1.6%	57.1	40.9	39.8%
Adjusted EBITDA Margin (%)	*15.8%*	*42.1%*	*-26.3 p.p.*	*22.3%*	*42.6%*	*-20.3 p.p.*
BeOnline / SaaS						
Adjusted EBITDA	16.9	18.8	-10.3%	54.3	52.2	4.0%
Adjusted EBITDA Margin (%)	*16.3%*	*21.9%*	*-5.6 p.p.*	*18.2%*	*20.7%*	*-2.5 p.p.*
Consolidated						
Adjusted EBITDA	**33.6**	**35.8**	**-6.1%**	**111.4**	**93.0**	**19.7%**
Adjusted EBITDA Margin (%)	*16.0%*	*28.3%*	*-12.3 p.p.*	*20.1%*	*26.7%*	*-6.6 p.p.*

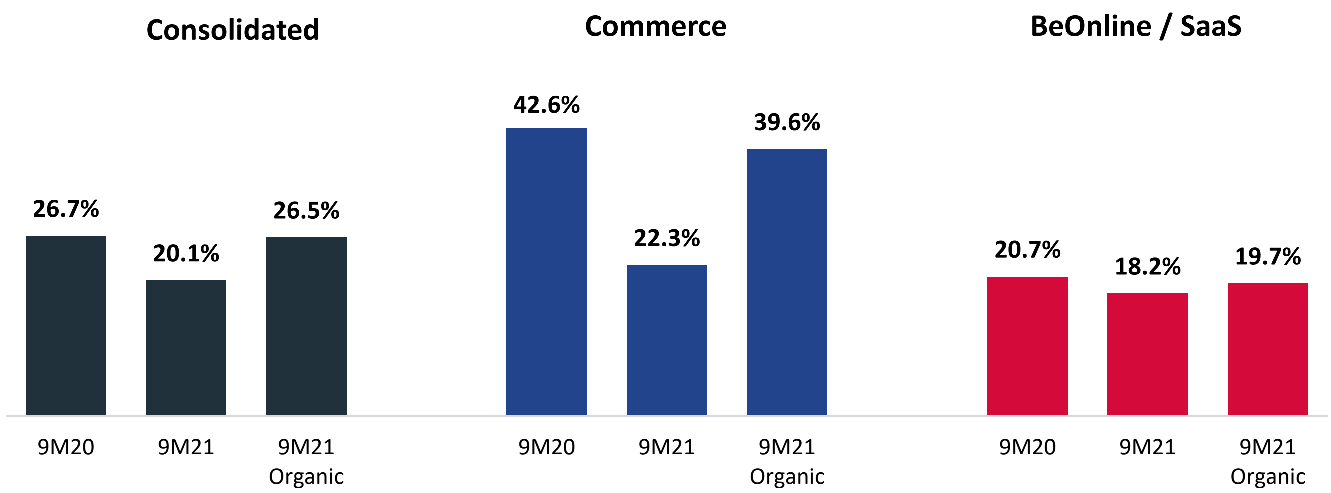
Commerce's Adjusted EBITDA fell slightly by 1.6% in 3Q21, reaching R$ 16.7 million with a reduction of 26.3 p.p. in the EBITDA margin, which was 15.8% in the quarter, related to the consolidation of the results of the acquired companies in the segment's results, as already explained in this release.

Organically, the Commerce segment presented 35.1% Adjusted EBITDA margin, a drop when compared to 3Q20, referring to the increase in marketing expenses and the reinforcement of the engineering and products teams, which added up to 4 p.p., as also explained in this release.

The chart below shows the inorganic impact brought by the acquired companies on the margins of the segments:



It is important to highlight that in the first nine months of 2021, organic margins remain at similar levels to those presented in the same period of the previous year, as shown in the graph below:



The margin of the acquired companies continues being impacted, since these companies are in a stage of high growth and consequent structuring of processes to support their growth.

// Financial Results

(R$ million)

locaweb	3Q21	3Q20	vs 3Q20	9M21	9M20	vs 9M20
Financial expenses	(21.2)	(6.1)	248.1%	(50.6)	(19.2)	163.7%
Financial revenues	25.4	2.6	870.2%	49.8	10.0	399.7%
Net financial income (expenses)	**4.2**	**(3.5)**	**220.9%**	**(0.8)**	**(9.2)**	**91.5%**

The net financial result in 3Q21 was a net revenue of R$ 4.2 million, which represented an improvement of 220.9% in comparison with 3Q20. This increase is related to (i) the financial revenue referring to the cash raised in the Follow-on in mid-February, which, with the increase in interest rates, is generating higher financial revenue and (ii) lower interest expenses due to the decrease in bank indebtedness.

It is important to highlight that, despite the improvement in the financial result, the financial expense was highly impacted by the effect of the Adjustment to Present Value of the Earnouts of the recent acquisitions, which in the quarter totaled R$ 15.0 million compared to R$ 0.5 million in 3Q20. For the nine-month period, the Adjustment to Present Value of Earnouts totaled R$ 32.2 million.

// Net Income and Adjusted Net Income

(R$ million)

locaweb	3Q21	3Q20	vs 3Q20	9M21	9M20	vs 9M20
Net income	**(3.7)**	**7.8**	**-147.8%**	**(8.5)**	**10.8**	**-179.2%**
(+) Stock option plan	2.8	4.2	-32.9%	9.4	11.1	-15.8%
(+) Intangible amortization	8.5	1.2	611.3%	19.3	3.4	459.8%
(+) Adjustment to present value of Acquisition Earnout	15.0	0.5	2894.4%	32.2	1.8	1644.3%
(+) Deferred income tax and social contribution	2.6	(0.5)	-611.4%	1.4	(0.9)	-250.2%
(+) CPC 06 adjustment	0.4	0.0	n/a	1.1	1.0	12.0%
(+) MtM	0.0	(0.2)	-112.5%	(1.6)	(0.8)	101.7%
(+) IPO and Follow-on Expenses	0.0	0.0	n/a	5.1	4.3	19.3%
Adjusted net income	**25.6**	**13.0**	**96.5%**	**58.3**	**30.7**	**89.9%**
Adjusted net income margin (%)	*12.2%*	*10.3%*	*1.9 p.p.*	*10.5%*	*8.8%*	*1.7 p.p.*

Based on the numbers presented above, Locaweb's Adjusted Net Income in 3Q21 was R$ 25.6 million, 96.5% higher than 3Q20, with a 1.9 p.p. expansion in the adjusted net income margin.

Since the first quarter of 2021, the Company started to adjust Net Income with the present value of the Earnouts of the acquisitions.

// Indebtedness / Cash Position

(R$ million)

locaweb	3Q21	2Q21	1Q21	4Q20	3Q20
(+) Loan and financing	33.1	48.6	64.1	84.6	98.4
(-) Derivatives Result (FX swap) [1]	(9.7)	(10.2)	(17.7)	(19.4)	(27.3)
Bank Gross Debt	**23.3**	**38.4**	**46.4**	**65.2**	**71.1**
(-) Cash and cash equivalents [2]	(1,803.6)	(1,896.0)	(2,412.9)	(409.4)	(520.4)
Net debt (cash) (ex lease liability)	**(1,780.3)**	**(1,857.6)**	**(2,366.5)**	**(344.2)**	**(449.3)**
(+) Lease liability [3]	74.7	76.7	74.5	69.5	71.1
Net debt (cash)	**(1,705.6)**	**(1,780.9)**	**(2,292.0)**	**(274.7)**	**(378.2)**

[1] Balance of Derivative Financial Instruments in the Balance Sheet
[2] Considers the restricted cash of the short and long-term arising from guarantees provided in financial funding
[3] Lease liabilities refer to the adoption of CPC 06(R2)/IFRS 16 as of January 1, 2019

With the funds raised in February in the follow-on offering and the outflows from the payment of part of the price of the acquisitions in the period, the Company had a net cash balance of R$ 1,705.6 million in 3Q21. Excluding the effects of IFRS 16 adoption, the net cash balance is R$ 1,780.3 million.

In the year-on-year comparison, our gross bank debt balance decreased by R$ 47.8 million.

We also highlight the potential earnouts payable from the acquisitions, totaling R$ 596.8 million.

// Cash Flow

(R$ million)

locaweb	3Q21	3Q20	vs 3Q20	9M21	9M20	vs 9M20
Income (loss) before income taxes	**6.7**	**13.8**	**-51.3%**	**13.4**	**23.7**	**-43.6%**
Items that do not affect cash	41.1	21.2	93.3%	108.3	65.6	65.0%
Variations in working capital	16.5	5.2	-217.1%	(8.9)	(32.8)	72.8%
Net cash provided by operating activities (A)	**64.3**	**40.2**	**59.8%**	**112.7**	**56.6**	**99.3%**
Capex for permanent assets	(11.3)	(9.0)	25.8%	(36.3)	(22.5)	61.5%
Capex for development	(12.0)	(5.3)	125.1%	(28.6)	(13.6)	110.3%
Free Cash Flow - After Capex	**41.0**	**25.9**	**58.2%**	**47.8**	**20.5**	**133.6%**
Acquisition	(108.5)	(16.7)	549.6%	(871.1)	(28.3)	2975.0%
Net cash provided by investment activities (B)	**(131.8)**	**(31.0)**	**325.1%**	**(936.0)**	**(64.4)**	**1353.2%**
Subscription of capital stock	1.0	0.4	146.1%	2,282.5	546.8	317.4%
Loan and financing	(14.7)	(21.9)	-32.9%	(46.7)	(42.9)	8.8%
Commercial lease	(3.4)	(3.0)	14.8%	(10.1)	(8.3)	22.4%
Dividends and interest on equity	0.0	0.0	n/a	0.0	0.0	n/a
Others	(6.8)	(0.0)	14542.8%	(6.8)	(0.1)	4493.8%
Net cash provided by financing activities (C)	**(23.9)**	**(24.5)**	**-2.6%**	**2,218.9**	**495.5**	**347.8%**
Net increase (decrease) in cash and cash equivalents (A + B + C)	**(91.3)**	**(15.3)**	**497.8%**	**1,395.7**	**487.6**	**186.2%**

Net cash from operating activities totaled R$ 64.3 million in 3Q21 compared to R$ 40.2 million in 3Q20.

The cash outflow related to acquisitions refers to the disbursement for the purchase of Octadesk in August.

// Cash Generation (Adjusted EBITDA – Capex)

(R$ million)

locaweb	3Q21	3Q20	vs 3Q20	9M21	9M20	vs 9M20
Adjusted EBITDA	33.6	35.8	-6.1%	111.4	93.0	19.7%
Capex	23.3	14.3	62.8%	64.9	36.1	79.9%
Cash Generation (R$ M)	**10.3**	**21.5**	**-52.1%**	**46.5**	**57.0**	**-18.4%**
Cash conversion (%)	30.6%	60.0%	-29 p.p.	41.7%	61.2%	-19 p.p.

The Company's cash generation, measured by Adjusted EBITDA minus Capex, was impacted by a lower cash conversion (Adjusted EBITDA) as explained in this report and the maintenance of the Company's investments in the development of its products.

It is also worth noting that in 2021, the Company made greater investments in its head offices to adapt to a hybrid work dynamic (i.e. notebooks) and absorb the teams of some of the acquired companies, thus generating rental savings.

ANNEX I – Income Statement

Income Statement (in R$ million)	3Q20	3Q21	9M20	9M21
NET REVENUE	**126.2**	**209.1**	**348.1**	**554.3**
Cost of Services	(71.3)	(108.2)	(203.2)	(297.8)
GROSS PROFIT	**54.9**	**100.9**	**144.8**	**256.5**
Operating income (expenses)	**(37.7)**	**(98.4)**	**(111.9)**	**(242.3)**
Selling expenses	(20.4)	(45.7)	(58.0)	(107.4)
General and administrative expenses	(17.7)	(53.0)	(54.7)	(136.0)
Other operating income (expenses), net	0.4	0.2	0.8	1.1
Income before financial results and income taxes	**17.2**	**2.5**	**32.9**	**14.2**
FINANCIAL RESULT	**(3.5)**	**4.2**	**(9.2)**	**(0.8)**
Financial income	2.6	25.4	10.0	49.8
Financial expenses	(6.1)	(21.2)	(19.2)	(50.6)
Income (loss) before income taxes	**13.8**	**6.7**	**23.7**	**13.4**
Income Taxes	**(6.0)**	**(10.4)**	**(12.9)**	**(21.9)**
Current income taxes	(6.5)	(7.9)	(13.9)	(20.5)
Deferred income taxes	0.6	(2.6)	1.0	(1.4)
Net income (loss)	**7.8**	**(3.7)**	**10.8**	**(8.5)**

* * Expenses with sales also consider the value of "loss through impairment", which is open in the Income Statement - DRE.

ANNEX II – BeOnline / SaaS Income Statement

Income Statement (in R$ million)	3Q20	3Q21	9M20	9M21
GROSS REVEVENUE, net of rebate	**94.4**	**113.5**	**276.7**	**327.3**
Taxes and rebates	(8.5)	(10.0)	(24.5)	(28.7)
NET REVENUE	**85.9**	**103.5**	**252.2**	**298.6**
Cost of Services	(58.1)	(68.1)	(173.2)	(202.3)
GROSS PROFIT	**27.8**	**35.5**	**79.0**	**96.3**
Operating income (expenses)	**(26.3)**	**(43.1)**	**(84.0)**	**(121.4)**
Selling expenses	(13.7)	(19.4)	(43.4)	(51.4)
General and administrative expenses	(13.0)	(23.8)	(41.4)	(70.3)
Other operating income (expenses), net	0.4	0.1	0.8	0.3
Income before financial results and income taxes	**1.5**	**(7.7)**	**(5.0)**	**(25.1)**
Depreciation and amortization	12.4	17.9	38.6	48.8
EBITDA	**13.9**	**10.2**	**33.7**	**23.7**

**Expenses with sales also consider the value of "loss through impairment", which is open in the DRE.

// ANNEX III – Commerce Income Statement

Income Statement (in R$ million)	3Q20	3Q21	9M20	9M21
GROSS REVEVENUE, net of rebate	**45.4**	**118.2**	**108.1**	**286.1**
Taxes and rebates	(5.2)	(12.6)	(12.3)	(30.3)
NET REVENUE	**40.3**	**105.6**	**95.8**	**255.8**
Cost of Services	(13.1)	(40.1)	(30.0)	(95.6)
GROSS PROFIT	**27.1**	**65.5**	**65.8**	**160.2**
Operating income (expenses)	**(11.3)**	**(55.3)**	**(27.9)**	**(120.9)**
Selling expenses	(6.7)	(26.3)	(14.6)	(56.0)
General and administrative expenses	(4.6)	(29.2)	(13.3)	(65.7)
Other operating income (expenses), net	-	0.2	-	0.8
Income before financial results and income taxes	**15.8**	**10.2**	**37.9**	**39.3**
Depreciation and amortization	**1.2**	**5.5**	**3.0**	**13.6**
EBITDA	**17.0**	**15.7**	**40.9**	**53.0**

*Sales Expenses considers, also, the value of "impairment losses", which is open in the DRE.

ANNEX IV – CONSOLIDATED BALANCE SHEET

Assets (R$ million)	Sep, 2021	Dec, 2020
Current Assets		
Cash and cash equivalents	1,800.3	404.6
Restricted cash	3.3	1.6
Accounts receivable	424.8	358.6
Taxes recoverable	23.0	9.4
Derivatives	9.7	19.4
Other assets	23.5	13.9
Total current assets	**2,284.7**	**807.5**
Non-current assets		
Restricted cash	-	3.2
Judicial deposits	0.5	0.5
Other assets	3.9	1.2
Deferred income taxes	19.7	20.7
Investments	89.2	76.3
Porperty and equipment	67.8	65.1
Intangible assets	1,736.2	477.9
Total non-current assets	**1,917.4**	**644.9**
Total assets	**4,202.1**	**1,452.4**

Liabilities and Equity (R$ mln)	Sep, 2021	Dec, 2020
Current liabilities		
Suppliers	23.7	20.5
Loans and financing	32.8	56.9
Lease liability	7.9	5.8
Salaries and related charges	71.4	36.0
Income tax and social contribution payable	1.3	1.2
Other taxes payable	7.4	4.6
Deferred revenue	64.1	43.6
Payables to clients	347.9	271.7
Interest on shareholders' equity and dividends payable	0.0	0.0
Taxes in installments	2.9	2.8
Accounts payable to former shareholders	35.6	3.4
Other liabilities	2.3	4.1
Total current liabilities	**597.4**	**450.6**
Non-current liabilities		
Loans and financing	0.2	27.7
Deferred revenue	1.7	-
Provision for legal proceedings	2.0	1.1
Accounts payable to former shareholders	561.2	211.6
Lease liability	66.8	63.7
Taxes in installments	17.8	19.6
Deferred income tax and social contribution	0.3	-
Other liabilities	4.1	4.0
Total non-current liabilities	**654.1**	**327.8**
EQUITY		
Capital Stock	2,898.8	643.7
Shares held in Treasury	(6.6)	(0.0)
Capital reserves	46.8	10.2
Earning reserves	20.2	20.2
Earnings of the period	(8.5)	-
Total EQUITY	**2,950.6**	**674.0**
Total liabilities and equity	**4,202.1**	**1,452.4**

ANNEX V – DFC

Cash Flow (R$ mln)	3Q21	3Q20	9M21	9M20
Net Cash provided by operating activities				
Income (loss) before income taxes	**6.7**	**13.8**	**13.4**	**23.7**
Items that do not affect cash	**41.1**	**21.2**	**108.3**	**65.6**
Variations in working capital	**16.5**	**5.2**	**(8.9)**	**(32.8)**
Net cash provided by operating activities	**64.3**	**40.2**	**112.7**	**56.6**
Net cash provided by investment activities				
Purchase of property and equipment	(11.3)	(9.0)	(36.3)	(22.5)
Accounts payable for acquisition of equity interest	-	-	(1.1)	(11.6)
Acquisition of subsidiaries, net of cash acquired	(108.5)	(16.7)	(870.0)	(16.7)
Acquisition and development of intangible assets	(12.0)	(5.3)	(28.6)	(13.6)
Net cash provided by investment activities	**(131.8)**	**(31.0)**	**(936.0)**	**(64.4)**
Net cash provided by financing activities	**(23.9)**	**(24.5)**	**2,218.9**	**495.5**
Net increase (decrease) in cash and cash equivalents	**(91.3)**	**(15.3)**	**1,395.7**	**487.6**
Cash and cash equivalents at beginning of the year	1,891.7	528.2	404.6	25.3
Cash and cash equivalents at end of the year	1,800.3	512.9	1,800.3	512.9
Net increase (decrease) in cash and cash equivalents	**(91.3)**	**(15.3)**	**1,395.7**	**487.6**

INVESTOR RELATIONS DEPARTMENT

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