

TOTVS S.A.
Publicly-Held Company
Corporate Taxpayer's ID (CNPJ/MF): 53.113.791/0001-22
Company Registry (NIRE): 35.300.153.171

REFERENCE FORM 2021

(CVM Instruction No. 480,
of December 7th, 2009)



February 21, 2022



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1.0 - Names of those responsible for this form

Name of the person responsible for this form content

Gilsomar Maia Sebastião

Position of the person in charge

Investor Relations Officer

Name of the person responsible for this form content

Dennis Herszkowicz

Position of the person in charge

Chief Executive Officer (CEO)

Hereby, the above identified officers state that:

- a. they reviewed the reference form.
- b. all information in the form complies with the provisions of CVM Instruction No. 480, in particular arts. 14 to 19.
- c. the set of information contained therein is a true, accurate, and complete depiction of the issuer's economic-financial situation and the risks inherent to its activities and the securities issued by it.



1.1 - Statement from the Chief Executive Officer

**Name of the person responsible for
this form content**

Dennis Herszkowicz

Position of the person in charge

Chief Executive Officer (CEO)

The aforementioned Chief Executive Officer states that:

- a. He reviewed the reference form.
- b. all information in the form complies with the provisions of CVM Instruction No. 480, in particular arts. 14 to 19.
- c. the set of information contained therein is a true, accurate, and complete depiction of the issuer's economic-financial situation and the risks inherent to its activities and the securities issued by it.



DENNIS HERSZKOWICZ
Diretor-Presidente



1.2 - Statement from the Investor Relations Officer

Name of the person responsible for this form content **Gilsomar Maia Sebastião**

Position of the person in charge Investor Relations Officer

The aforementioned Investor Relations Officer states that:

- a. He reviewed the reference form.
- b. all information in the form complies with the provisions of CVM Instruction No. 480, in particular arts. 14 to 19.
- c. the set of information contained therein is a true, accurate, and complete depiction of the issuer's economic-financial situation and the risks inherent to its activities and the securities issued by it.


GILSOMAR MAIA SEBASTIÃO



1.3 - Statement from the Chief Executive Officer / Investor Relations Officer

Not applicable, considering that the current Chief Executive Officer and Investor Relations Officer of the Company have already provided their individual statements in sections 1.1 and 1.2 of this Reference Form.



2.1/2.2 - Names and remuneration of Auditors



Does it have an auditor?	YES		
CVM Code No.	418-9		
Type of auditor	of domestic origin		
Name/Corporate name	KPMG Auditores Independentes		
CPF/CNPJ (tax id. No.)	57.755.217/0001-29		
Service provision period	April 19, 2021		
Description of contracted services	The independent auditors provided the following services to the Company in 2021: (i) review and issue of a report on the individual and consolidated Quarterly Information (ITRs) of the Company for the periods ended March 31 and June 30; and (ii) service of pre-agreed procedures related to the Company's follow-on offer carried out in September 2021.		
Total amount of remuneration paid to independent auditors, separated per service	The independent auditor was hired in 2021. Therefore, there was no remuneration paid in the last fiscal year ended December 31, 2020.		
Justification for replacement	Not applicable, since there was no replacement of the independent auditors.		
Reason provided by the auditor in case of disagreement with the issuer's justification	Not applicable, since there was no replacement of the independent auditors.		
Name of the accounting technician responsible	Period of service provision	CPF [Tax Id.] #	Address:
Wagner Petelin	March 19, 2021	041.417.758-43	Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A Zip code (CEP): 04711-904 – Sao Paulo, SP (Brazil) Phone: +55 (11) 3940-1500 Email: wpetelin@kpmg.com.br



Does it have an auditor?	YES
CVM Code No.	471-5
Type of auditor	of domestic origin
Name/Corporate name	Ernst & Young Auditores Independentes S.S.
CPF/CNPJ (tax id. No.)	61.366.936/0001-25
Service provision period	December 7, 2016
Description of contracted services	<p>The independent auditors provided the following services to the Company: (A) In 2020: (i) audit of the individual and consolidated financial statements for the fiscal year ended December 31, 2020; (ii) review and issue of a report on the Company's individual and consolidated Quarterly Information (ITRs) for the periods ended March 31, June 30, and September 30, 2020; (iii) Business Combination Project; and (iv) due diligence in the company acquisition process; (B) In 2019: (i) audit of the individual and consolidated financial statements for the fiscal year ended December 31, 2019; (ii) review and issue of a report on the Company's individual and consolidated Quarterly Information (ITRs) for the periods ended March 31, June 30 and September 30, 2019; (iii) ISAE – Review of the software development control environment; and (iv) due diligence in the company acquisition process, and (v) issuance of a comfort letter related to the follow-on carried out in May 2019; and (C) 2018: (i) audit of the individual and consolidated financial statements for the fiscal year ended December 31, 2018.</p>



Total amount of remuneration paid to independent auditors, separated per service

In the fiscal year ended on December 31, 2020, the services are divided between: (a) Audit Services and additional expenses related to the financial audit items of (i) financial statements and (ii) Quarterly Financial Statements (ITRs), which amount to R\$2,884,448.49 and are equal to 60% of the total resources committed by the Company; and (b) non-financial audit services, which include services other than those related to the audit of financial statements, such as (iii) Business Combination Project (R\$1,686,766.36), and (iv) due diligence (R\$250,728.86) that account for 40% of the total resources invested. Individually, expenditures on the Business Combination Project, which was an extraordinary event in the fiscal year, represented 35% of the resources allocated to audit services.

Justification for replacement

The termination of the contractual relationship with EY, as well as its replacement by KPMG, was necessary for business reasons and was supported by the replaced auditors.

Reason provided by the auditor in case of disagreement with the issuer's justification

The termination of the contractual relationship with EY, as well as its replacement by KPMG, was necessary for business reasons and was supported by the replaced auditors.

Name of the accounting technician responsible	Period of service provision	CPF [Tax Id.] #	Address:
Luiz Carlos Marques	January 1st, 2017	043.982.278-57	Avenida Presidente Juscelino Kubitschek, 1909, 7th floor, Vila Nova Conceição district, Sao Paulo, SP (Brazil). Brazil, CEP 04543-011, Telephone +55 (11) 25733473, Fax +55 (11) 25735880, Email: luizcarlos.marques@br.ey.com



2.3 - Other relevant information

The Company maintains a policy to support the process of hiring independent audit services and any non-audit services to be provided by the Independent Auditors or by a Related Party of the Independent Auditor.

The hiring of independent auditors for non-audit services is based on principles that preserve their independence. Such principles consist of the following conditions: (i) the services should not affect their independence; (ii) they should be previously assessed and recommended by the Audit Committee and approved by the Board of Directors; and (iii) the services are within the scope of their professional competence.

Procedures adopted by the Company pursuant to section III, art. 2nd of CVM Instruction No. 381/03: prior to contracting other professional services other than those related to the external accounting audit, the Company and its subsidiaries adopt as a formal procedure to consult with the independent auditors in order to ensure that the provision of such other services does not affect their independence and objectivity that are required to provide independent audit services.

The Policy for Contracting Independent Auditors was approved by the Board of Directors on September 25 and on November 9, 2020 and is available on the Company's Investor Relations website at <https://ri.totvs.com/esg/estatuto-politicas-e-regimento/>

It is worth highlighting the annual assessment of the independent auditors carried out by the Audit Committee that has as purpose to continuously improve and develop their procedures. During the effective term of the contract, the Audit Committee holds periodic meetings with the Independent Auditors aiming at determining the work plan and monitoring its development throughout the year, according to the annual meeting schedule established according to the Charters/ Internal Regulations of the Board of Directors and Advisory Committees. Every year the Company's Audit and Management Committee carries out a formal assessment of the work performed by the independent auditors. The result of such assessment will determine the need to carry out a new selection process with other audit firms (in case of audit companies) or Individual Auditors, or just to check all procedures to renew the contract for the next fiscal year, respecting the maximum limit of 5 fiscal years audited by the same auditing company or individual. The Audit Committee should receive, every year, from the Independent Auditors a formal statement confirming their independent status during the entire performance of the audit. Nevertheless, the monitoring of all aspects of their independence must be permanent, as well as monitoring of their structure and governance, suitability of internal quality control processes, training and dedication of the team assigned to perform the jobs, and fees compatible with the size and complexity of the Company.

In May 2020 the Audit Committee submitted its assessment on the independent auditors' performance to the Board of Directors, recommending to the Board that the same auditors should continue providing services in the fiscal year 2020 - which was confirmed by the Board.

On March 19, 2021, with the favorable opinion of the Audit Committee, the Company's Board of Directors unanimously approved that the independent auditor firm known as KPMG Auditores Independentes (KPMG) was contracted to replace Ernst Young Auditores Independentes (EY) to provide auditing services on the financial statements as from the fiscal year 2021. Such provision of services began with the review of the quarterly information (so-called ITRs) referring to the quarter that ended on March 31, 2021. The termination of the agreement with



EY, as well as its replacement by KPMG, was necessary for business reasons and was supported by the replaced auditors.



3.1 - Financial Information

(Brazilian Real - BRL)	Last acc. information (Jun. 30, 2021)	Fiscal year (Dec. 31, 2020)	Fiscal year (Dec. 31, 2019)	Fiscal year (Dec. 31, 2018)
Shareholders' equity	2,723,213,528.98	2,604,166,000.00	2,478,409,000.00	1,288,220,000.00
Total Assets	7,603,198,845.28	5,146,406,000.00	3,535,927,000.00	2,391,277,000.00
Net Rev./ Interim financ. revenue/ Insurance Seg. earned	1,483,632,601.08	2,596,077,000.00	2,282,124,000.00	2,111,160,000.00
Gross Income	1,053,990,679.11	1,819,373,000.00	1,538,269,000.00	1,371,950,000.00
Net Income	159,288,659.52	294,959,000.00	210,648,000.00	60,643,000.00
Number of Shares, Treasury shares (Units)	568,800,947	567,759,595	572,056,824	490,354,908
Book value of the share (Reals, Unit)	4.787640	4.586741	4.332451	2.627118
Basic Earnings per Share	0.280450	0.519150	0.386820	0.121470
Diluted Earnings per Share	0.28	0.51	0.38	0.12



3.2 - Non-accounting measurements

(a) value of non-accounting measurements

EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin

EBITDA (*earning before interest, tax, depreciation, and amortization*), which stands for earnings before interest, income taxes including social contribution on net income, depreciation, and amortization, is a non-accounting measure calculated by the Company.

EBITDA is a non-accounting measure prepared by the Company under CVM Instruction No. 527 of October 4, 2012 ("**CVM Instruction 527**"), reconciled with its financial statements, and EBITDA consists of net income (or loss) for the fiscal year or period, adjusted for financial income and expenses, income tax and social contribution, and depreciation and amortization expenses.

EBITDA margin is calculated by EBITDA divided by the total net revenue.

EBITDA and EBITDA Margin, Adjusted EBITDA, and Adjusted EBITDA Margin are not measures recognized by the Accounting Practices Adopted in Brazil (BR GAAP) or by the *International Financial Reporting Standards* ("IFRS") issued by the *International Accounting Standard Board* ("IASB"), neither represent the cash flow for the periods presented, and should not be considered as a substitute for the net profit (loss) for the fiscal year, as operating performance indicators, as liquidity indicators, nor as a basis for distribution of dividends or other measures of operating performance or liquidity set forth under the BR GAAP or IFRS. The Company uses EBITDA, EBITDA margin, Adjusted EBITDA, and Adjusted EBITDA Margin as performance measures for management purposes and for comparison with similar companies. Although EBITDA has a standard meaning, pursuant to article 3, subparagraph I of CVM Instruction No. 527, the Company cannot guarantee that other companies, including privately held companies, will adopt this standard meaning. In this sense, if the standard meaning set forth by CVM Instruction No. 527/12 is not adopted by other companies, the EBITDA disclosed by the ISH Group may not be comparable to the EBITDA reported by other companies. In addition, disclosures made before such CVM Instruction 527/12 came into force by companies that were not required to amend them may not adopt the standardized meaning set forth by CVM Instruction 527.

Adjusted EBITDA is a non-accounting measure prepared by the Company and corresponds to EBITDA adjusted by net income (loss), from discontinued operations, expenses with M&A transactions, and earn-out adjustments at fair value and tax credit that, in the Management's opinion, are not an integral part of the usual business operations and/or distort the analysis of the Company's performance. The adjustments to the Company's operations are described below:

- i. **Net profit (loss) from discontinued operations:** the Company's strategic focus on *software* as a result of the sale of *hardware* operations.
- ii. **Expenses with M&A transactions:** fees arising from the acquisition of companies (M&A).



iii. **Earn-out adjustment at fair value:** it refers to the update at a fair value of contingent payments due to shareholders of acquired companies.

iv. **Tax credit:** it refers to the creation of an extemporaneous tax credit from social security contributions from third parties (INSS) presented net of the cost of legal fees for retaining a legal opinion on the matter.

Adjusted EBITDA Margin corresponds to Adjusted EBITDA divided by Total Net Revenue.

Please see below the amounts of EBITDA, EBITDA Margin %, Adjusted EBITDA, and Adjusted EBITDA Margin % for the six-month periods ended on June 30, 2021 and 2020, twelve-month periods ended on June 30, 2021, and the last three fiscal years ended on December 31, 2020, 2019 and 2018:

In thousands of BRL	Twelve-month period ended on June 30 (LTM) ¹	Six-month period ended on June 30		Fiscal year ended on December 31,		
	2021	2021	2020	2020	2019	2018
EBITDA	708,817	374,129	262,360	597,048	428,969	270,337
<i>EBITDA margin %</i>	24.9%	25.2%	21.4%	23.0%	18.8%	12.8%
Adjusted EBITDA	696,504	372,363	263,796	587,937	470,706	347,428
<i>Adjusted EBITDA Margin %</i>	24.4%	25.1%	21.5%	22.6%	20.6%	16.5%

⁽¹⁾ The column for the twelve-month period ended on June 30, 2021 (LTM) considers the sum of the last twelve months of EBITDA and Adjusted EBITDA, calculated as follows: the sum of the six-month period ended on June 30, 2021 plus the fiscal year ended on December 31, 2020, minus the six-month period ended on June 30, 2020.

Contribution Margin and Contribution Margin %

The Contribution Margin represents how much the sale of a product or service contributes to covering the specific costs and expenses of that product or service, and is calculated based on the gross profit subtracted by the research and development (R&D) expense and by the provision for loss expected.

The Contribution Margin % corresponds to the Contribution Margin divided by the total net revenue.

The Contribution Margin and Contribution Margin % are not measures recognized under the accounting practices adopted in Brazil or the *International Financial Reporting Standards* (IFRS) issued by the *International Accounting Standard Board* (IASB); in addition, they do not have a



standard meaning and may not be comparable to the Contribution Margin and Contribution Margin % prepared by other companies. The Contribution Margin and the Contribution Margin % have limitations that may jeopardize their use as a measure of liquidity, and should not be considered separately or as a substitute for an indicator of liquidity and/or performance.

Please see below the Contribution Margin and Contribution Margin % in the six-month periods ended June 30, 2021, and 2020, as shown in the table, and in the last three fiscal years ended December 31, 2020, 2019, and 2018:

In thousands of BRL	Six-month period ended on June 30,		Fiscal year ended on December 31,		
	2021	2020	2020	2019	2018
Contribution Margin	791,439	622,250	1,344,169	1,112,011	952,880
<i>Contribution Margin %</i>	53.3%	50.6%	51.8%	48.7%	45.1%

Gross Debt and Net Debt (Net Cash)

Gross Debt corresponds to the sum of the balances of loans and financing, debentures and senior shares and mezzanine shares, current and non-current.

Net Debt (Net Cash) is calculated as Gross Debt deducted from the balances of cash and cash equivalents and financial investments.

The Company uses Net Debt (Net Cash) and Gross Debt to assess the level of indebtedness in relation to its cash position.

Gross Debt and Net Debt (Net Cash) are not measures of financial performance, liquidity or indebtedness recognized by the Accounting Practices Adopted in Brazil or by the International *Financial Reporting Standards* (IFRS) issued by the *International Accounting Standard Board* (IASB), so they do not have standard meanings and are not comparable to the definitions of Gross Debt, Net Debt (Net Cash), or other measures with similar names used by other companies.

Please see below the values of Gross Debt and Net Debt (Net Cash) on June 30, 2021 and 2020, and on December 31, 2020, 2019, and 2018:

In thousands of BRL	June 30		On December 31,		
	2021	2020	2020	2019	2018
Gross Debt	3,168,644	1,641,785	1,336,137	450,676	478,659
Net Debt (Net Cash)	2,078,289	82,781	129,096	(1,087,480)	25,860

Ratio of Indebtedness to Adjusted EBITDA (LTM)



The Ratio of Indebtedness to Adjusted Ratio EBITDA (LTM) is represented by dividing Net Debt (Net Cash) by Adjusted EBITDA for the last twelve months ended on June 30, 2021 and in the fiscal years ended on December 31, 2020, 2019, and 2018.

The Company understands that the measurement of the Indebtedness to Adjusted EBITDA (LTM) ratio is useful in assessing its liquidity, that is, its ability to pay short- and long-term liabilities, since it shows the size of the Company's debt in multiples of Adjusted EBITDA (LTM), and also shows the Company's debt repayment ability.

Please see below the Ratio of Indebtedness to Adjusted EBITDA (LTM) as of June 30, 2021 and December 31, 2020, 2019, and 2018:

In thousands of BRL	In the six-month period ended on June 30,	Fiscal years ended on December 31st,		
	2021	2020	2019	2018
Ratio of Indebtedness to Adjusted EBITDA (LTM)	3.0	0.2	(2.3)	0.1

(b) reconciliations between the amounts disclosed and the amounts in the audited financial statements

The reconciliation between these non-accounting measurements and the financial statements is shown below:

EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin

(In thousands of Brazilian Reals, BRL)	Twelve-month period ended on June 30 (LTM) ^(viii) 2021	Six-month period ended on June 30,		Fiscal year ended on December 31,		
	2021	2021	2020	2020	2019	2018
Total net revenue	2,850,891	1,483,631	1,228,817	2,596,077	2,282,124	2,111,160
Net Profit	334,746	159,288	119,501	294,959	210,648	60,643
(+/-) Financial income and expenses	37,674	20,398	(5,842)	11,434	1,177	40,462
(+) (Current and deferred) income tax and	104,183	75,370	57,255	86,068	70,111	46,941



social contribution						
(+) Depreciation and Amortization	232,214	119,073	91.446	204,587	147,033	122,291
EBITDA⁽ⁱ⁾	708,817	374,129	262,360	597,048	428,969	270,337
EBITDA margin %⁽ⁱ⁾	24.9%	25.2%	21.4%	23.0%	18.8%	12.8%
(-) Net profit (loss) from discontinued operation ⁽ⁱⁱⁱ⁾	(359)	-	1,436	1,077	43,268	77,092
(+) Expenses with M&A Transactions ^(iv)	23,124	7,786	-	15,338	2,201	-
(-) Earn-out adjustment at fair value ^(v)	(26,360)	(834)	-	(25,526)	(3,732)	-
(-) Tax credit ^(vi)	(8,718)	(8,718)	-	-	-	-
Adjusted EBITDA	696,504	372,363	263,796	587,937	470,706	347,429
Adjusted EBITDA Margin %^(vii)	24.4%	25.1%	21.5%	22.6%	20.6%	16.5%

(i) On January 1st, 2019, the new standard that governs the accounting treatment of Leasing Operations [IFRS 16/CPC 06 (R2)] issued by IASB and CPC [Brazilian Committee of Accounting Standards], respectively, became effective. To implement such standard, the Company adopted the modified retrospective approach. As a result, the financial information as of December 31, 2018 were not adjusted to reflect the adoption of IFRS 16/CPC 06(R2) and, therefore, cannot be compared with the accounting information for the six-month periods ended June 30 2021 and 2020 and fiscal years ended December 31, 2020 and 2019, which reflect the effects of the adoption of such standard.

(ii) EBITDA margin is calculated by dividing the EBITDA by the Company's total net revenue.

(iii) Refers to the sale of *hardware* operations as a result of the Company's strategic focus on software.

(iv) Refers to fees arising from the acquisition of companies (M&A).

(v) Refers to the adjustment at the fair value of contingent payments due to shareholders of acquired companies.

(vi) It refers to the creation of an extemporaneous tax credit from social security contributions from third parties (INSS) presented net of the cost of legal fees for retaining a legal opinion on the matter.

(vii) Adjusted EBITDA margin is calculated by dividing the Adjusted EBITDA by the Company's total net revenue.

(viii) The column for the twelve-month period ended on June 30, 2021 (LTM) considers the sum of the last twelve months of EBITDA and Adjusted EBITDA, calculated as follows: the sum of the six-month period ended on June 30, 2021 plus the fiscal year ended on December 31, 2020, minus the six-month period ended on June 30, 2020.

Contribution Margin and Contribution Margin %



<i>(In thousands of Brazilian Reals, BRL)</i>	Six-month period ended on June 30,		Fiscal year ended on December 31,		
	2021	2020	2020	2019	2018
Gross Profit	1,053,989	864,261	1,819,373	1,538,269	1,371,950
Research and Development	(246,782)	(212,021)	(431,348)	(397,824)	(382,078)
Allowance for expected loss	(15,768)	(29,990)	(43,856)	(28,434)	(36,992)
Contribution Margin	791,439	622,250	1,344,169	1,112,011	952,880
Contribution Margin %	53.3%	50.6%	51.8%	48.7%	45.1%

Gross Debt and Net Debt (Net Cash)

<i>In thousands of BRL</i>	June 30		On December 31,		
	2021	2020	2020	2019	2018
Loans and financing (current and non-current) ⁽ⁱ⁾	347,980	248,133	325,050	247,703	201,471
Debentures (current and non-current)	1,497,677	403,787	-	202,973	277,188
Senior and Mezzanine shares	1,322,987	989,865	1,011,087	-	-
Gross Debt	3,168,644	1,641,785	1,336,137	450,676	478,659
(-) Cash and cash equivalents	(802,260)	(1,263,927)	(1,027,733)	(1,538,156)	(452,799)
(-) Financial investments	(288,095)	(295,077)	(179,308)	-	-
Net Debt (Net Cash)	2,078,289	82,781	129,096	(1,087,480)	25,860

⁽ⁱ⁾ On January 1st, 2019, the new standard that governs the accounting treatment of Leasing Operations [IFRS 16/CPC 06 (R2)] issued by IASB and CPC [Brazilian Committee of Accounting Standards], respectively, became effective. To implement such standard, the Company adopted the modified retrospective approach. As a result, the financial information as of December 31, 2018 were not adjusted to reflect the adoption of IFRS 16/CPC 06(R2) and, therefore, cannot be compared with the accounting information for the six-month periods ended June 30, 2021 and 2020 and fiscal years ended December 31, 2020 and 2019, which reflect the effects of the adoption of such standard.

Ratio of Indebtedness to Adjusted EBITDA (LTM)

<i>(In thousands of Brazilian Reals, BRL)</i>	In the six-month period ended on June 30,	Fiscal year ended on December 31,		
	2021	2020	2019	2018
Net debt (Net Cash) ⁽¹⁾	2,078,289	129,096	(1,087,480)	25,860



Adjusted EBITDA (LTM)	696,504	587,937	470,706	347,428
Ratio of Indebtedness to Adjusted EBITDA (LTM)	3.0	0.2	(2.3)	0.1

⁽¹⁾ Net Debt (Net Cash) calculated based on the accounting measurements presented in the Net Debt (Net Cash) reconciliation table immediately above. Gross Debt corresponds to the sum of the balances of loans and financing, debentures and senior shares and mezzanine shares, current and non-current. Net Debt (Net Cash) is calculated as Gross Debt deducted from the balances of cash and cash equivalents and financial investments, both current and non-current. The Company uses Net Debt (Net Cash) and Gross Debt to assess the level of indebtedness in relation to its cash position.

(c) reason why such measurement is more appropriate for a correct understanding of its financial condition and the results of its operations

EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin

The Company understands that EBITDA and EBITDA Margin are measures that best reflect the cash generation from the Company's operating results. Accordingly, they contribute to the Company's comparability with other companies in the same sector in which it operates in Brazil and abroad, since companies in the same industry may have different capital structures and different levels of amortization expenses, especially for intangibles arising from acquisitions.

The Company understands that Adjusted EBITDA and Adjusted EBITDA Margin are performance measures more suitable for a correct understanding of its financial condition and the results of its operations, besides allowing comparison with other companies in the same segment, even if other companies may calculate it differently.

The Company believes that Adjusted EBITDA reflects its performance without the influence of factors connected to: (i) net income (loss) from the discontinued operation; (ii) expenses with acquisition (M&A) transactions; (iii) earn-out adjustment at fair value; and (iv) tax credit. These characteristics, in the Company's understanding, make Adjusted EBITDA a more practical and more appropriate measure of its actual performance.

Contribution Margin and Contribution Margin %

The Company understands that the measurements of the Contribution Margin and the Contribution Margin (%) are useful to measure profitability, since the revenues, costs, and expenses of this metric are comparable and we can know the Company's profitability and return on investments.

Gross Debt and Net Debt (Net Cash)

The Company understands that the measurements of Net Debt (Net Cash) and Gross Debt are useful to assess the degree of indebtedness in relation to its cash position. On the base date of June 30, 2021, the Company had finance lease contracts bound to the purchase of equipment and leases for the Company's units and borrowing for working capital. For more information, please see section 10.1(f) of this Reference Form.

Ratio of Indebtedness to Adjusted EBITDA (LTM)



The Company understands that the measurement of the Indebtedness to Adjusted EBITDA (LTM) ratio is useful in assessing its liquidity, that is, its ability to pay short- and long-term liabilities, since it shows the Company's debt in multiples of Adjusted EBITDA LTM, and also shows the Company's debt repayment ability. This indicator is one of the references for complying with the obligations described in the *covenants* of the debentures issued in May 2021.



3.3 - Events subsequent to the last financial statements

On July 12, 2021, the Company entered into an agreement for the subscription, by B3 SA - Brasil, Bolsa, Balcão ("B3"), of a minority interest in TFS Soluções em Software S.A. ("TFS") that represented, in the end, 37.5% of the total shares of TFS for the amount of R\$600,000 thousand, subject to adjustments, and with post-money *equity* of the new company valued at R\$1.6 billion. The closing of such a transaction depends on regulatory approvals and compliance with other usual conditions for this type of operation.

On July 30, 2021, the Board of Directors approved the distribution and payment of interest on equity in the total amount of R\$51,193 thousand, referring to the first half of 2021. Payment thereof will be made from October 22, 2021.



3.4 - Income Allocation Policy



<i>amounts stated in Reals (BRL)</i>	2020	2019	2018
a. Standards on profit retention	<p>The Company does not have a policy setting forth retention rules besides those provided for in the law. Pursuant to Law 6,404/76, the Company may allocate at least 5% (five percent) for the legal reserve, up to a limit of 20% (twenty percent) of its capital stock. In the year in which the legal reserve balance plus the capital reserve amounts exceeds thirty percent (30%) of the capital stock, the appropriation of part of net income to the year for the legal reserve shall not be mandatory. Also, pursuant to Law 6.404/76, the Company may retain the amount related to the capital budget, submitted by management bodies with a justification for the profit retention, including the sources of the funds and capital investments, whether fixed or current, for up to five (5) consecutive years, except in case a large project is carried out over a longer period. The budget may be</p>	<p>The Company does not have a policy setting forth retention rules besides those provided for in the law. Pursuant to Law 6,404/76, the Company may allocate at least 5% (five percent) for the legal reserve, up to a limit of 20% (twenty percent) of its capital stock. In the year in which the legal reserve balance plus the capital reserve amounts exceeds thirty percent (30%) of the capital stock, the appropriation of part of net income to the year for the legal reserve shall not be mandatory. Also, pursuant to Law 6.404/76, the Company may retain the amount related to the capital budget, submitted by management bodies with a justification for the profit retention, including the sources of the funds and capital investments, whether fixed or current, for up to five (5) consecutive years, except in case a large project is</p>	<p>The Company does not have a policy setting forth retention rules besides those provided for in the law. Pursuant to Law 6,404/76, the Company may allocate at least 5% (five percent) for the legal reserve, up to a limit of 20% (twenty percent) of its capital stock. In the year in which the legal reserve balance plus the capital reserve amounts exceeds thirty percent (30%) of the capital stock, the appropriation of part of net income to the year for the legal reserve shall not be mandatory. Also, pursuant to Law 6.404/76, the Company may retain the amount related to the capital budget, submitted by management bodies with a justification for the profit retention, including the sources of the funds and capital investments, whether fixed or current, for up to five (5) consecutive years, except in case a large project is carried out over a longer period. The budget may be approved by the</p>



	approved by the General Shareholders' Meeting that approves the balance sheet for the year, and reviewed annually, when it has a duration of more than one fiscal year.	carried out over a longer period. The budget may be approved by the General Shareholders' Meeting that approves the balance sheet for the year, and reviewed annually, when it has a duration of more than one fiscal year.	General Shareholders' Meeting that approves the balance sheet for the year, and reviewed annually, when it has a duration of more than one fiscal year.
a.i. Amounts of profit retentions	Legal reserve: R\$14,748 thousand, and Reserve of Profit Retention: R\$132,731 thousand	Legal reserve: R\$10,490 thousand, and Reserve of Profit Retention: R\$98,671 thousand	Legal reserve: R\$2,977 thousand, and Reserve of Profit Retention: R\$2,840 thousand
a.ii percentages in relation to total profits stated	<i>45.00%</i>	<i>47.03%</i>	<i>4.77%</i>
b. Standards on dividend distribution	The portion corresponding to 25% (twenty-five percent) of the adjusted annual net income, as provided for in Article 202 of the Brazilian Corporations Act and in Article 37 of the Company's Bylaws, will be allocated to the payment of the minimum mandatory dividend	The portion corresponding to 25% (twenty-five percent) of the adjusted annual net income, as provided for in Article 202 of the Brazilian Corporations Act and in Article 37 of the Company's Bylaws, will be allocated to the payment of the minimum mandatory dividend	The portion corresponding to 25% (twenty-five percent) of the adjusted annual net income, as provided for in Article 202 of the Brazilian Corporations Act and in Article 37 of the Company's Bylaws, will be allocated to the payment of the minimum mandatory dividend
c. Frequency of dividend distributions	At the end of each fiscal year. The Bylaws (art. 39) of the Company contains a provision on the possibility of distributing dividends in shorter periods.	At the end of each fiscal year. The Bylaws (art. 39) of the Company contains a provision on the possibility of distributing dividends in shorter periods.	At the end of each fiscal year. The Bylaws (art. 39) of the Company contains a provision on the possibility of distributing dividends in shorter periods.



<p>d. Any restrictions on dividend distribution imposed by special legislation or regulation applicable to the issuer, as well as contracts, or court, administrative, or arbitration orders</p>	<p>Currently, there are no restrictions on the dividend distribution imposed by any special legislation or regulation applicable to the Company.</p>	<p>Currently, there are no restrictions on the dividend distribution imposed by any special legislation or regulation applicable to the Company.</p>	<p>Currently, there are no restrictions on the dividend distribution imposed by any special legislation or regulation applicable to the Company.</p>
<p>e. If the issuer has a formally approved income allocation policy informing the body responsible for the approval, the date of approval and, if the issuer discloses the policy, any websites on the world wide web where the document can be read</p>	<p>The Company does not have any specific policy dealing with the allocation of results.</p>	<p>The Company does not have any specific policy dealing with the allocation of results.</p>	<p>The Company does not have any specific policy dealing with the allocation of results.</p>



3.5 - Dividend Distribution and Net Retained Earnings

(Brazilian Real - BRL)	Last acc. statements (Jun. 30, 2021)	Fiscal year ended Dec. 31, 2020	Fiscal year ended Dec. 31, 2019	Fiscal year ended Dec. 31, 2018
Adjusted Net Profit	159,288,000.00	280,211,000.00	199,306,000.00	56,571,000.00
Dividends distributed in relation to the adjusted net profit (%)	32.138000	52.631410	52.631630	80.894805
Rate of return in relation to the shareholders' equity of the issuer (%)	5.849270	11.326430	8.499320	4.707503
Total distributed dividends	51,192,000.00	147,479,000.00	104,898,000.00	45,763,000.00
Retained net profit	136,903,000.00	132,372,000.00	94,408,000.00	10,808,000.00
Date of approval of the retention	-	April 20, 2021	April 27, 2020	April 18, 2019

Retained net profit	Amount	Dividend payment	Amount	Dividend payment	Amount	Dividend payment	Amount	Dividend payment
Mandatory dividend								
Common			50,960,366.03	May 20, 2021	24,816,612.56	May 20, 2020	17,977,520.00	Oct. 3, 2018
Interest on net equity								
Common	51,192,745.92	Oct. 22, 2021	39,742,843.21	Oct. 22, 2020	36,223,951.44	Oct. 10, 2019	14,708,880.00	Oct. 3, 2018
Common			56,775,735.10	May 20, 2021	43,857,567.02	May 20, 2020	13,076,130.88	05/09/2019



3.6 - Statement of Dividends to the account of retained earnings or reserves

There were no dividends stated to the account of retained profits or reserves in the fiscal years ended December 31, 2020, 2019, and 2018.



3.7 - Level of Indebtedness

Fiscal Year	Sum of Current and Noncurrent Liabilities (in R\$/ BRL)	Type of ratio	Debt ratio	Description and reason for using another ratio
Jun 30, 2021	4,879,986,000.00	Debt ratio	1.79199600	--
Dec. 31, 2020	2,542,240,000.00	Debt ratio	0.97622000	--
Jun 30, 2021	0.00	Other	3.0	<p>Last Twelve Months (LTM) EBITDA The Last Twelve Months (LTM) EBITDA is represented by dividing the Net Debt (Net Cash) on June 30, 2021 of R\$2,078,289 thousand by the Adjusted EBITDA for the last twelve months ended on June 30, 2021 of R\$696,504.</p> <p>The Company understands that the measurement of the Last Twelve Months (LTM) EBITDA ratio is useful in assessing its liquidity, that is, its ability to pay short- and long-term liabilities, since it shows the Company's debt volume in multiples of Adjusted EBITDA LTM, and also shows the Company's debt repayment ability.</p>
Dec. 31, 2020	0.00	Other	0.2	<p>Last Twelve Months (LTM) EBITDA The Last Twelve Months (LTM) EBITDA ratio is represented by dividing the Net Debt (Net Cash) on December 31, 2020 of R\$129,096</p>



thousand by the Last Twelve Months (LTM) EBITDA on December 31, 2020 of R\$587,937 thousand.

The Company understands that the measurement of the Last Twelve Months (LTM) EBITDA ratio is useful in assessing its liquidity, that is, its ability to pay short- and long-term liabilities, since it shows the Company's debt volume in multiples of Adjusted EBITDA LTM, and also shows the Company's debt repayment ability.



3.8 - Obligations

Last acc. statements (Jun. 30, 2021)						
Type of Obligation	Type of Guarantee	Less than one year	One to three years	Three to five years	More than five years	Total
Financing	Lien	52,342,878.05	74,229,742.38	113,810,884.34	4,607,934.58	244,991,439.35
Financing	Unsecured	105,981,279.20	1,494,684,184.00	-	-	1,600,665,463.20
Total		158,324,157.25	1,568,913,926.38	113,810,884.34	4,607,934.58	1,845,656,902.55
Remark:						
The balances stated above refer to the items of loans and financing, including leases and debentures, presented in the Company's consolidated interim financial statements for the six-month period ended June 30, 2021.						

Last acc. information (Dec. 31, 2020)						
Type of Obligation	Type of Guarantee	Less than one year	One to three years	Three to five years	More than five years	Total
Financing	Lien	45,281,000.00	79,652,000.00	94,031,000.00	4,561,000.00	223,525,000.00
Financing	Unsecured	101,525,000.00	0.00	0.00	0.00	101,525,000.00
Total		146,806,000.00	79,652,000.00	94,031,000.00	4,561,000.00	325,050,000.00
Remark:						
The information provided in this item refers to the Company's consolidated financial statements for the fiscal year ended December 31, 2020 and the balances stated refer to the items of loans and financing (current and non-current). The following criteria were used to rank the Company's						



obligations. Criteria used: (i) Obligations with a lien: financial leases guaranteed by deed of trust or chattel mortgage of leased assets; (ii) Unsecured obligations: raising of loans for working capital.



3.9 - Other relevant information

In August 2021, the Company was the victim of a leak of certain personal data of some employees. Among the leaked data: (i) there was no financial information and/or sensitive data; and (ii) much of the information was of public knowledge. The Company's operations were not affected by this incident and the Company understands that such leak will not have any material impact on its activities or results.

After becoming aware of such data leak, the Company took all appropriate measures for this type of event, including reporting to the Federal Data Protection Authority ("**ANPD**").

Finally, the Company informs that the risks associated, in general, with the LGPD (General Data Protection Law of Brazil), are described in section 4.1 "Description of Risk Factors", under the heading "*The Company is subject to risks related to non-compliance with the laws for the Protection of Data (both domestic and international), and it may be adversely affected by the imposition of fines and other types of sanctions*" and in section 7.5 (a) "*Regulation on the Protection of Personal Data*".



4.1 - Risk factors description

Investing in securities issued by the Company involves the investor's exposure to certain risks. Before taking any decision to invest in any security issued by the Company, potential investors should carefully assess all information in this Reference Form, including the risks mentioned below, and in the Company's financial statements and their corresponding explanatory notes. The Company's business, financial condition, results of operations, reputation, cash flow, liquidity, and/or future business may be adversely affected by any of the risk factors described below. The market price of the securities issued by the Company may decrease because of these and/or other risk factors, in which cases potential investors may lose a substantial part or all of their investment in the securities issued by the Company. The risks described below are those that the Company is aware of and believes that, as of the date of this Reference Form, may adversely affect the Company and its subsidiaries. Moreover, additional risks not known or considered to be irrelevant by the Company on the date of this Reference Form may also adversely affect the Company.

For the purposes of this section "4. Risk Factors", unless expressly provided for otherwise or if the context so requires, the mention of the fact that any risk, uncertainty, or problem may cause (or have) or will cause (or will have) any "adverse effect" or "negative effect" for the Company, or similar expressions, means that such risk, uncertainty, or problem may or could have a material adverse effect on market share, reputation, business, financial condition, operating results, cash flow, liquidity, and/or future business of the Company and its subsidiaries, as well as on the price of securities issued by the Company. Similar expressions included in section "4. Risk Factors" must be understood in this context.

Notwithstanding the subdivision of this section "4. Risk Factors", certain risk factors that are in one section may also apply to other sections.

(a) Risks related to the Company

The Company's success depends on its ability to develop new products and services, integrate acquired products and services, and improve its existing products and services.

The management systems market, which is the key market in terms of revenue in which the Company operates, is characterized by constant technological advances, the evolution of computer equipment standards, development of *software* and communication infrastructure, increasing complexity of customer needs, frequent improvements on users' experience, and constant new product releases. If the Company cannot develop technological improvements, to improve and enhance its products and services in a timely manner, to properly identify and translate the needs of its customers/clients or to position or price its products and services in order to meet market demand, the Company's customers/clients may no longer acquire new *software* licenses, subscribe for the use of its *software* and contract services, or the Company may lose its competitiveness regarding attracting new customers/clients and, therefore, suffer a relevant impact on its financial results.

The Company's ability to remain competitive depends, in part, on its ability to meet the demand of its customers/clients and of the data management and analysis industry for



innovative technological solutions. Should the Company be unable to follow these demands or cannot associate with partners that meet the technological needs of the industry in a timely and suitable manner, the Company's business, financial situation, and operating results may suffer a material adverse effect.

Furthermore, the technological standards adopted by the Company's operating sector are rapidly developing. Therefore, the standards based on which the Company chose to develop new products may not allow it to compete efficiently in the markets in which it operates. Any failure to make progress regarding the standardization of adopted languages, simplification of structures or convergence of solutions, as well as the delay or non-adoption of new technologies, including those considered disruptive, may have a material impact on the Company's business strategy and, consequently, on its financial results.

The Company may fail to prioritize investments in developing new products and/or in managing the life cycle of existing products.

There are no guarantees that it will manage to keep a portfolio that meets the needs of its customers/clients, and there is no guarantee that new products, including those from acquired companies, will achieve the expected results and returns.

If the Company invests in new products that do not bring the expected financial return, keeps low-profit products in the portfolio, or cannot invest the required resources to develop and improve products and new technologies, the Company's competitiveness and financial results may be adversely affected.

The Company may not be able to compete effectively in the Techfin, Business Performance, and other new markets.

An important part of the Company's strategy is to enter new markets, including the markets of Techfin and Business Performance, and the Company's success in these segments will depend on its ability to extract, process, and monetize data from ERPs (*Enterprise Resource Planning, "ERP"*) or **Business Management Software** used by its clients/customers, as well as, in the specific case of solutions aimed at business performance, generate insights and information so that its clients and customers can significantly increase their sales, in addition to its ability to scale these operations.

The Company may have difficulties to perform such operations in a sustainable manner due to its dependence on partners for structuring and *funding* it. It may also be affected by the moderate amount and low quality of data available.

The Company may not have sufficient distribution channels and sales force with technical knowledge of such new products and offerings, which may adversely affect its ability to penetrate and expand in these markets.

In addition, any possible legislative changes may make it difficult and/or require operational and conceptual adjustments to new business models by the Company, particularly with regard to data processing and specific regulations for certain segments.



Should such factors materialize and the Company cannot develop, achieve, and expand the pillars of Techfin, Business Performance, and other new markets as planned, the investments made in these segments may not achieve the expected return, adversely affecting the Company's financial results. In addition, the Company may be affected by the flattening of the originally projected growth curve because of the current social and economic scenario caused by the COVID-19 pandemic.

The Company is subject to risks related to errors and malfunctions of its products that may be difficult or even impossible to correct.

We offer technically complex products that, when introduced to the market for the first time or when newer versions are released, may contain defects not found yet or the correction of which are complex to be performed. The existence of defects, errors, and any delays or inability to correct them may cause negative consequences, including: (i) cancellation of orders; (ii) additional warranty expenses; (iii) delays in collecting receivables; (iv) termination of agreements; (v) loss of acceptance of the Company's products in the market; (vi) diversion of research and development resources that could be invested to create new products; (vii) possible lawsuits for damages; (viii) and market reputation issues. Such defects or delays and the inability to correct them could adversely affect our reputation, our results, and our financial condition.

The Company is subject to risks associated with non-compliance with data protection laws (both domestic and international), and may be adversely affected by the imposition of fines and other types of sanctions.

The Company is subject to the Federal Constitution of Brazil, besides to the Brazilian Law No. 10.406/02 (Civil Code of Brazil), Law No. 8.078/90 (Consumer Defense Code) and), Law No. 12.965/14 (Internet Civil Mark), Decree No. 8.771/16 and the recent Law No. 13.709/2018, which entered into force on September 18, 2020, called the General Data Protection Law of Brazil ("LGPD"), these being the main laws that regulate practices related to the processing of personal data in Brazil.

The LGPD law sets forth rules for the processing of personal data in Brazil in all sectors of the economy, for organizations of all sizes, both digital and physical. Among other requirements provided for in the legislation, in order for the Company to collect, use, and otherwise process personal data, it is necessary to provide data holders with the Company's personal data processing practices, and also that there is a legal provision for each treatment, and that all the principles and rights of the holders provided for in the law are complied with. The LGPD law also provides for administrative sanctions in case of any non-compliance with its provisions, which range from a simple warning and order to delete personal data processed irregularly to the imposition of a fine.

The security measures adopted on our internal networks and platforms may not work as expected or may not be sufficient to protect our internal networks and platforms against certain attacks. In addition, the techniques used to sabotage or gain unauthorized access to



networks on which data is stored or through which data is transmitted change frequently. As a result, the Company may not be able to anticipate these techniques or implement suitable preventive measures to prevent attacks on its systems.

If the Company does not comply with such legislation, it will be subject to the following penalties, individually or cumulatively: (i) of warning, and a deadline will be determined for it to take corrective measures; (ii) obligation to disclose the corresponding incident, after its occurrence is duly investigated and confirmed; (iii) temporary blocking until its regularization and/or elimination of the personal data corresponding to the infringement; (iv) fine of up to 2% (two percent) of the gross income of the company, group or business conglomerate in Brazil in its last fiscal year, excluding taxes, up to the global amount of R\$50,000,000 (fifty million Reals) per violation. In case of recurrence, more severe administrative penalties provided for in the LGPD law may be applied, such as: (i) partial suspension of the operation of the database and/or the activity of personal data processing to which the violation refers to, for a maximum period of 6 (six) months, extendable for an equal period; and (ii) partial or total prohibition of the exercise of activities related to data processing.

The Company may also be held legally responsible for material, moral, individual, or collective damages caused to the holders of personal data, including when caused by subsidiaries, service providers, and partners who act as operators of personal data on behalf of the Company or as controllers in with the Company, because of any non-compliance with the obligations provided for in the LGPD. Any administrative sanctions or legal convictions may cause material financial impacts, in addition to adversely affecting the Company's reputation in the market.

Interruptions or failures in information systems or cybersecurity incidents, including attacks on the infrastructure necessary to maintain IT systems, may adversely and significantly affect us.

The Company's operations depend on the functionality, availability, integrity, and operational stability of its information technology systems, as well as require a highly complex technological structure and depend on the uninterrupted and efficient operation of its systems, including software systems, data centers, internet, telecommunications, and third parties. Accordingly, we rely on our information technology systems to process, transmit, and store electronic data, as well as to communicate with consumers and suppliers.

The Company could be adversely affected if such systems are interrupted, damaged by unforeseen events, or fail for a long period of time, including because of the action of third parties, natural disasters, hacker attacks, telecommunications problems, viruses, among other factors.

Currently, the Company does not have cyber insurance to protect it from possible information security incidents, so that the Company's results of operations may be negatively affected in the event of any incident involving its information technology systems.



Any information security incidents could cause a disruption in the Company's business and result in reduced performance and increased operating costs, which could have an adverse effect on the Company's business, financial condition, and results of operations. Furthermore, security incidents could result in misappropriation of the Company's exclusive or confidential information and/or the personal data of its customers, clients, employees, and third parties, which may materially and adversely affect the Company's reputation. For more information on security incidents, please refer to section 3.9 of this Reference Form.

Any security incident in the computing environment that results in unauthorized access, unauthorized loss or disclosure of data, unavailability of access to the Company's systems, *malware*, *phishing*, and other events that may have an adverse impact on the security of the Company's data technology may subject it to significant litigation, regulatory fines, and other penalties, customer/client losses or damage to its reputation, which may have a material adverse effect on its business, financial condition, operating results, cash flow, liquidity, reputation and/or future business of the Company.

Therefore, the success of the Company's businesses significantly depends on the good performance of information technology systems, so that any failure of the Company to prevent violations that affect the confidentiality, integrity, or availability of information and/or personal data stored and processed by the Company, also as for not carrying out vulnerability tests on its systems, could harm the Company's reputation and, also, substantially affect the Company's business and results of its operations.

The Company has its data center located near the Campo de Marte airbase located in the capital city of Sao Paulo (SP, Brazil), which may lead to interruptions and failures in the operation of the data center because of aircraft accidents.

The Company's current data center, which is an environment designed to house servers, store data, among other tasks, is located near the Campo de Marte airbase located in the capital city of Sao Paulo (SP, Brazil), a place with potential risk for aircraft accidents.

If the aforementioned risks materialize, for any reason beyond the control of the Company, including, but not limited to, natural disasters that may cause any interruption or failure in the activities of the data center, including any accident in such region capable of damaging the Company's data center, the data stored there may be affected, which could harm the Company's image and business.

Should the Company be required to spend significant financial and other resources to protect itself from the threat of security breaches or repair problems caused by breaches and interruptions or failures in the data center, as well as any unforeseen unavailability of its internal IT systems and/or its customers, its business and its revenues could be adversely affected.

The Company may not be able to compete effectively in the highly competitive software industry.



The Company competes in markets characterized by high competitiveness, technological developments, changing needs of customers/clients, standards adopted by the industry in which it operates, and frequent introductions of new products and services. In addition, the Company competes with several companies operating in the global, regional, and local market for *software* and related services, including integrated business management *software* providers, developers that make their *software* available for free, and companies providing consulting services and technology *startups*. Some of the Company's current or potential competitors are involved in a broader range of businesses, some of which have a larger installed base of customers/clients for their products and services or have significantly larger financial, technical, sales, and other resources compared to those of the Company, thus increasing their ability to compete with the Company. Likewise, the Company may lose market share or become unable to advance into new markets if it cannot advance in the digitalization of its sales and distribution channels at a speed equal to or greater than its competitors, as well as the companies with which it is up to them to introduce or acquire new products that compete with theirs or add new features to them. In addition, as a result of signs of slowed growth in the ERP *software* market for large companies, some of the Company's competitors can explore the market for small and medium-sized companies as an alternative to increase their revenues, which may cause a material adverse effect on the Company's businesses and on the results of its operations, its financial condition, cash flows.

The Company may not be able or may fail to protect its intellectual property rights, which could have a negative impact on its operating results.

The success of the Company's business depends on its ability to protect its current and future intellectual property assets, such as trademarks, domain names, among other intellectual property rights.

Events such as the definitive rejection of the Company's trademark registration applications before the National Institute of Industrial Property of Brazil ("INPI"), any unauthorized or improper use of such trademarks, or even the possible recognition of administrative nullity of trademark registrations may decrease the value of the Company's intellectual property assets, adversely affecting its business and/or reputation.

Moreover, the Company may not be able to renew the registration of any of its brands in a timely manner or its competitors may contest the use of any of our registered or future assets requested or licensed by the Company. In addition, third parties may claim that the products or services provided by the Company violate their intellectual property rights. In these cases, lawsuits may be required to guarantee the Company's intellectual property rights. Any dispute or litigation connected to intellectual property assets can be costly and time-consuming due to the uncertainty of litigation on the matter. The Company may also be required to change, in whole or in part, some of its brands that, as the case may be, VIOLATE the intellectual property rights of third parties, and may be required to pay significant fines, royalties, or licensing fees for the use of patents or copyrights of third parties that, could eventually be charged or claimed as compensation.



Any unauthorized access to physical or digital media may increase the risk of theft or misuse of its property. In addition, third parties may be able to copy or steal, by reverse engineering, a portion of the Company's products or otherwise obtain and use its intellectual property, which could harm the Company's competitive position in certain segments and reduce the value of its brands and products.

Any discussion about the Company's right to use and exploit brands may adversely affect the Company's reputation, negatively impacting its results. In addition, such changes may require management attention and/or lead to additional expenses, including legal expenses, factors that could materially and negatively affect the Company's financial operating results.

The Company's growth depends on potential successors to assume key positions and on the Company's ability to continue to attract and retain skilled people with specific knowledge in technology.

The Company's continuity depends largely on its ability to train and retain potential successors to assume positions in its Management and in other positions considered strategic and depends on the qualification of its professionals to succeed in its business, especially regarding the definition and implementation of its strategies and development of its operations, products and services. Therefore, the loss of any person holding a key position could materially jeopardize the Company's business and operating results, if his/her succession plan is not planned effectively. The Company also relies on the continued provision of services by skilled key employees with specific knowledge in technology, admittedly scarce in the current scenario, considering the high market demand for such professionals and the more globalized competition for such talents. In addition, the trend towards adopting remote work models favors the hiring of professionals regardless of the geographical factor. Furthermore, there is continuous and strong competition in the information technology sector for hiring highly qualified professionals in the commercial/sales, technical and other areas, and the Company competes on a global level in hiring these professionals. Accordingly, the Company may not be able to obtain skilled labor or have to offer higher compensation to attract and retain skilled labor, which may represent additional costs not offset by increased productivity or higher prices.

The Company's competitors include providers of business market applications such as ERP, customer relationship management ("CRM"), and business intelligence ("BI"), collaboration products and business intelligence products, besides those that engage in initiatives in open source software, in which competitors can provide software and intellectual property without paying a license, as well as companies that engage in consulting activities.

The Company's integrated business management *software* automates critical business processes such as manufacturing, distribution, accounting, finance, human resources, and sales. The Company's products include ERP, CRM, and BI, as well as specific modules - the



verticals - that provide additional capabilities tailored specifically to the lines of business of its customers and clients.

Low entry barriers for foreign competitors to compete in the Brazilian market, the trend of new distribution methods (for example, *software* as a service in the cloud), and the opportunities presented by the Internet and e-commerce could increase competition with the Company's products, through the entry into the market of system integrators, consulting companies, telecommunications companies, telecommunications companies, and other information technology service providers.

In addition, competition in the Company's market may increase as a result of mergers carried out between potential customers of the Company's products, as well as among its competitors, as a result of strategic alliances between competitors and other companies. In response to competition, to mergers in the sectors in which the Company operates, and to adverse economic conditions, the Company may be required to grant discounts or other price reductions to its customers/clients, or even change its billing models, to remain competitive. Such events have impacted and may negatively and increasingly impact the Company's revenues and profits.

Acquisitions present risks, and the Company may not reach the strategic goals foreseen at the time of any transaction.

Mergers and acquisitions are an important factor of the Company's strategy and it expects to continue to acquire companies, products, services, and technologies. The Company is subject to the following risks in these acquisitions: (i) the acquisition may not contribute to the Company's business strategy, or it may pay more than its fair value for it; (ii) the Company may find it difficult to assimilate the technologies or products acquired to its product lines, failing to maintain uniform standards, controls, procedures and policies; (iii) the relationship with current and new professionals, customers/clients and distributors may be impaired; (iv) the due diligence process may not identify technical problems, such as issues related to product quality or product structure of the acquired company, as well as aspects related to deficiencies in governance, in the internal environment and other unknown liabilities; (v) the Company may face contingencies with respect to product liability, intellectual property, financial disclosures and accounting practices or internal controls; (vi) acquisitions may lead to lawsuits filed by dismissed employees or third parties; (vii) acquisition processes may suffer setbacks, and the attention of the Company's management may be diverted to issues related to transition or integration; (viii) the Company may not be able to obtain, in a timely manner, licenses/permits from public authorities under the laws that govern antitrust issues; and (ix) acquisitions of companies with cultures that are not consistent to that practiced by the Company, hindering the process of integration and retention of strategic talents for the business.

Likewise, the integration process of the acquired operations may not result in the expected benefits, which could adversely affect the Company's businesses. In addition to the



aforementioned risks, during such integration process the Company may face other risks, including those detailed below:

- Integration difficulties, such as: (i) higher-than-expected costs to continue expanding the distribution channel network with quality and capillarity to serve the market; (ii) inability to manage a larger number of employees, geographically dispersed; (iii) inability to create and effectively implement uniform standards, controls, procedures and policies, which may even lead to non-compliance with the conduct guidelines set forth by the Company; (iv) resistance and delays in the process of dissemination and unification of the organizational culture, and (v) limitations imposed by antitrust authorities.
- Possible inability to coordinate and integrate sales and *software* development efforts to effectively communicate product mix-selling possibilities, cross-sell products, and successfully manage product mix-selling, as well as the integration of development activities performed by acquired, failing to maximize the expected synergies.

Further, other unknown and undisclosed liabilities associated with the acquisition and integration of operations acquired by the Company may exist.

These factors could have a material adverse effect on the Company's business, results of operations, financial condition, or cash flows, particularly in the case of acquisitions of larger companies or a greater number of acquisitions. Moreover, as the Company issues shares under future acquisitions, existing shareholders may have their holdings diluted, and earnings per share may decline.

Court or administrative decisions unfavorable to the Company and/or its officers and directors and its subsidiaries may adversely affect the Company's operating results.

The Company, its officers and directors, and its subsidiaries are and may become defendants in several investigations, lawsuits, and administrative and arbitration proceedings, of the most diverse nature, including, but not limited to civil or tax lawsuits, labor claims, lawsuits for the protection of personal and criminal data, including as a result of news of facts in progress.

Unfavorable decisions or agreements against the Company, its officers and directors and its subsidiaries may negatively affect its businesses, financial condition, and reputation, including causing the loss of rights to contract with public authorities, to receive tax incentives or benefits, or getting any financing and resources from the public authorities or the right to exploit the telecommunications services provided. Furthermore, we cannot guarantee that the allowances and provisions made by the Company, given the subjective aspects and critical judgments exercised by management in determining the possibility of loss attributed to each lawsuit, will be correct and sufficient to cover the total cost arising from lawsuits or administrative proceedings.



In addition, the Company may be subject to contingencies for other reasons that compel it to spend significant amounts. Furthermore, the Company is also subject to the impact of court orders, administrative or arbitration decisions in proceedings in which the Company, its officers and directors or shareholders are not a party, but which concern their activities or the regulation to which they are subject.

Court and administrative decisions unfavorable to the Company and/or its officers and directors, especially in cases involving material amounts and related causes, which reach substantial amounts or prevent the carrying out of business as initially planned may have an adverse effect on the Company's results, as well as the business, financial condition and market value of the Company's shares may be adversely affected. Moreover, any unfavorable decisions to the Company's officers and directors may cause them to become prevented from exercising the functions they perform in the Company. Regarding such lawsuits or procedures, see section 4.3 of this Reference Form.

The Company is subject to risks related to its exclusive franchises and the provision of software implementation, service and relationship services of its exclusive franchises.

The Company conducts its business in the countries where it operates as direct sales and through a network of exclusive franchises, which sell and implement its solutions. Franchises make a relevant contribution to the Company's sales, especially in the *small and medium business (SMB) market*; hence, our business and results may be directly affected by the performance of our franchisees. Franchisees take part in the origination of new customers/clients and new sales, also providing services to implement our solutions directly to our customers/clients. Losing franchises could harm our relationship with customers in the franchised territories, which could negatively affect new sales, the provision of services to customers, and, as a result, the Company's financial condition and results of operations.

The quality and agility in the provision of implementation services by third parties under exclusive franchise agreements may not be equivalent to the quality of implementation offered by our own sales channels, including regarding the level of specialization adequate to sell certain segmented products, causing financial and operational losses for customers who use the Company's business solutions and, consequently, fines and legal proceedings for the Company, besides any additional implementation services to be carried out by the Company itself to adjust solutions incorrectly implemented by the franchises, which may adversely affect the Company's business, competitive position, market reputation, financial condition, results of operations and cash flows.

The Company may not be able to detect behaviors contrary to applicable laws and regulations and its standards of ethics and conduct, which may cause relevant adverse impacts on its business, financial situation, operating results, reputation, and the market price of the Company's shares.



The Company's anti-corruption and prevention mechanisms, as well as internal risk management and compliance controls, may not be sufficient to ensure that all members of management, employees, suppliers, business partners and third parties acting on behalf of the Company always act in strict compliance with internal policies, laws, and regulations aimed at preventing and combating corruption to which the Company is subject.

Any investigation of misconduct by the Company and/or non-compliance with anti-corruption laws in Brazil and abroad may damage its reputation and subject it to fines, as well as other applicable penalties. In this sense, the Company is also exposed to the risk of members of its management, employees, or representatives taking measures that violate anti-corruption laws and regulations applicable in Brazil or in other countries in which it operates.

The mechanisms for preventing and fighting corruption, as well as the Company's internal controls may not be able to prevent, identify, analyze, assess, or monitor (i) violations to the Administrative Misconduct Law, the Anti-Corruption Law, or similar laws, (ii) events of fraudulent and dishonest behavior on the part of its managers, employees or representatives acting in the name, interest or benefit (exclusive or not) of the Company (iii) all the risks that its risk management policy currently identifies and/or the predictability in identifying new risks, or (iv) other events of behavior that are inconsistent with ethical principles, which may adversely affect the Company's reputation, business, financial conditions, and operating results, as well as the price of its common shares.

The Anti-Corruption Law of Brazil imposes strict liability on companies for acts of corruption, fraud or manipulation of public bids and government contracts, including interference with investigations or inspections by government authorities. Companies held liable under the Anti-Corruption Law may suffer fines of up to 20% of their gross revenue in the fiscal year immediately prior to the start of the administrative proceeding or, if such yearly gross revenue cannot be estimated, such fines may range between R\$6,000 and R\$60,000,000.

Under the Administrative Misconduct Law, the Company and its managers are subject to sanctions of loss of assets or amounts unlawfully added to its and their assets, full compensation for damage, suspension of political rights from 8 to 10 years, payment of a civil fine of up to three times the value of the equity increase and prohibition to contract with the public authorities or receive benefits or tax or credit incentives, directly or indirectly, even by means of another organization of which it/he/she is a majority shareholder, for a period of ten years, among other sanctions.

The existence, in the present or in the past, of any investigations, inquiries, or lawsuits of an administrative or court nature connected to the violation such laws, against the Company or its managers, employees, suppliers, business partners, or third parties acting on behalf of the Company, may cause: (i) fines and compensations at the administrative, civil and criminal levels; (ii) loss of operating licenses, with the consequent subsidiary or joint liability of the Company; (iii) prohibition or suspension of the Company's activities; (iv) loss of rights to contract with the public administration, to receive tax incentives or benefits or any financing and resources from the public administration; (v) extraordinary publication of any convicting



decision or order; (vi) search and seizure of goods or benefits achieved against the law, and/or (vii) the dissolution of the company or organization. All of these circumstances may have a material adverse effect on the Company.

The Company may also be held jointly and severally liable for paying a fine and full compensation for the damages caused because of practices against the Anti-Corruption Law by its parent companies, subsidiaries, affiliates, consortium or, within the scope of the corresponding agreements entered into with third parties, which could materially and adversely affect its reputation, business, financial condition and operating results or the market price of its shares.

If the Company does not complete the acquisition of companies that are essential to consolidate the pillars of its business strategy and its inorganic growth plan, its results may be adversely affected and the Company could suffer a loss of competitiveness against other players in the market.

The Company has been historically carrying out acquisitions of companies with the purpose of achieving planned inorganic growth and complementing its product portfolio. The market for mergers and acquisitions is currently very heated, which generates greater competition in this industry, especially in the technology, finance, payment, and business performance segments. Accordingly, the Company may not be able to successfully complete certain M&A transactions that are considered strategic for its business plan, growth, and development of new markets, or may have to pay higher prices than initially expected, which may adversely affect its financial results and imply a loss of competitiveness against direct or indirect competitors, including as regards the conquest of new markets.

Holders of the Company's shares may not receive dividends or interest on equity.

According to the Company's bylaws, at least 25% of its annual net income must be paid to its shareholders, calculated and adjusted under the Brazilian Corporations Act in the form of mandatory annual dividends, interim dividends, or interests on net equity. The Brazilian Corporations Act allows the payment of mandatory dividends to shareholders to be suspended in a given fiscal year if the Company's Board of Directors determines that such payment is not advisable because of the Company's financial condition. Furthermore, as set forth in the Brazilian Corporations Act, the Company's net income may be (i) capitalized; (ii) used to offset losses; or (iii) accumulated and allocated to a special reserve and may not be available for the payment of dividends or interest on net equity. Should these events occur, holders of the Company's common shares may not receive dividends or interest on net equity.

In addition, the payment of interest on net equity may be compromised because of any change in tax legislation; further some of the Company's financing agreements restrict the payment of dividends.



The Company may need additional capital in the future, which may be raised by issuing securities, which may cause a dilution of the investor's share in the securities issued by the Company.

The Company may issue more shares or securities convertible or exchangeable into Company shares in the future in order to raise capital, perform acquisitions, or for several other purposes. Additional issues of the Company's common shares may be carried out under the exercise or conversion of convertible debt securities, subscription bonuses, stock options, or other share incentive premiums. These issues may not include preemptive rights to the Company's shareholders in some situations set forth in the Brazilian Corporations Act, which may dilute the investors' share in the Capital Stock. Moreover, the Company may also carry out mergers or other similar operations in the future that could dilute the investors' share in the Company's capital stock. Any strategic partnership, issuance, or placement of the Company's common shares and/or securities convertible or exchangeable for the Company's common shares may affect the market price of its common shares and result in a dilution of the investor's equity interest.

(b) Risks related to the Company's direct and indirect controller, or to the control group.

After completing the restricted public offering of shares ("Offering"), the Company will continue not to have a controlling shareholder or control group holding over 50% of the voting capital, which may make it susceptible to alliances between shareholders, conflicts between shareholders and other events arising from the absence of a controlling shareholder or control group holding over 50% of the voting capital.

Upon completion of the Offer, the Company will continue not to have a controlling shareholder or group holding an absolute majority of the voting capital. However, alliances or agreements between shareholders may be formed, which could have the same effect as having a controlling group.

If a control group arises and undertakes the Company's decision-making power, the Company could undergo unexpected changes in its corporate policies and strategies, including through mechanisms such as the replacement of its Management members. In addition, the Company may be more vulnerable to hostile attempts to gain control and the conflict resulting thereof. The Company could also become the target of attack by investors to circumvent the provisions of the Bylaws that provide for a public offering for the acquisition of shares upon the acquisition of over 20% of the share capital. The absence of a shareholder or controlling group holding more than 50% of the voting capital could hinder certain decision-making processes, as the minimum quorum required by law for certain resolutions may not be reached. Any unexpected change in the management team, the corporate policy or, strategic direction, any attempt to acquire control, or any dispute between shareholders



regarding their corresponding rights may adversely affect the Company's business and operating results.

(c) Risks related to the Company's shareholders

There are no relevant risks involving the Company whose source is its shareholders.

(d) Risks related to the Company's subsidiaries and affiliates

Negative results of controlled companies may negatively affect the Company's operating result

The Company holds direct and indirect interest in several companies. Thus, part of its result derives from the results of such companies and, therefore, their unsatisfactory results may negatively affect the Company's results. Moreover, the worsening of the sectorial and market conditions in the operations of such businesses could negatively affect the consolidated result of the Company's operations.

(e) Risks related to the Company's suppliers

The loss of relationship with and/or bankruptcy of service providers, including as regards to services provided by information technology partners, or support services to maintain products and services, may impact the continuity of the Company's operations.

The Company has suppliers and providers that are critical for the continuity of the operation and the provision of services to its customers and clients. The services provided and the products that the Company uses from its partners, for example, telecommunication systems, internet, and data centers are essential parts of the SaaS, Cloud and on-premise infrastructure.

In case of any interruptions or fluctuations on the service level delivered by such providers, the products and services offered by the Company to its clients and customers may be affected, and the failures that have occurred may negatively affect the market's perception of the quality and reliability of the Company's products or services.

The concentration on a few providers of services that are critical to the Company's operation can generate a level of dependence that is harmful to the Company and negatively impact the quality of its products and services in any event of failure or inadequacy of the service level by its providers.

If the Company's suppliers or service providers have problems that impact or prevent the delivery and quality of products and services or suffer an insolvency or bankruptcy process that compromises the fulfillment of their contracts, the Company may be adversely impacted on its operations and on the products and services offered to its clients/customers, as well as on its result, its reputation with customers/clients and the market, and the rate of customer/client retention.



The Company licenses language and/or technological platform providers that may affect and/or not keep up with delivery expectations according to the constantly developing product portfolio, as well as having technical specifications dependent on the products and platforms, likely to impact the initiatives of converging technologies.

Dependence on such suppliers and whether the absence or failures in mapping the prioritization of products and solutions can affect the Company's decision-making costs to maintain, discontinue or transform technology by interfacing with processes, people, and systems. In addition, there is no way to guarantee that suppliers follow and respond to changes in the external environment, strategic business goals, and those proposed for disruptive solutions. In this case, the Company's business and results of operations may be adversely affected.

(f) Risks connected to the Company's customers/clients

If the Company's customers/clients lose confidence in the security and use of their data because of the risk of leakage and/or misuse, the Company's revenues may be adversely affected.

Attempts by experienced programmers or hackers to break into the security of networks of clients and customers or the security of Internet sites to misappropriate confidential information is currently a widespread phenomenon in the industry and affects computers and networks, passing through all platforms.

Actual or perceived security vulnerabilities of the Company's products (or the Internet generally speaking) may lead some customers/clients to scale back or delay future purchases or purchase competing products other than Internet-based applications. Customers and clients will also be able to increase their spending to protect their computer networks from security breaches, which could delay the adoption of new technologies.

Any of such actions by customers and clients could harm the Company's business and revenues.

The Company may have its customer base affected if its service and support capabilities are not suited to its growth.

In view of the Company's growth strategy, whether through acquisitions or organic growth, its client/customer base is expected to increase, bringing challenges from the point of view of capacity and agility in customer service and support. Furthermore, depending on the solutions used, clients/customers may have to access different service channels, which can slow down the process and affect the customer experience.

If the Company is unable to provide service and support quickly, in a timely manner, and meeting expectations, its customer retention rate and its results may be adversely affected.



(g) Risks connected to the sectors of the economy in which the Company operates

Unfavorable conditions in the Company's industry or the global economy, as well as reductions in information technology expenditures, may limit the Company's ability to grow and develop its business and negatively affect its operating results.

The Company's operating results may vary depending on the impact of changes in the industry or the global economy relating to the Company or its customers/clients. The growth in revenue and potential profitability of our business depends on the demand for the Company's *software* and services related thereto.

In view that the Company acts as a service provider, part of its revenue comes from the number of new *software* users in each of its customers/clients, which in turn is influenced by the policy for hiring employees of customers and potential customers/clients. To the extent that unfavorable economic conditions cause the Company's customers/clients and potential clients to maintain or reduce demand for its services, its revenue may be negatively affected. Historically, economic crises have resulted in global reductions in information technology spending, as well as the pressure for longer billing cycles, as occurred during the recent recession of 2016 and the economic crisis caused by the coronavirus pandemic in 2020, the effects of which can still be reflected in this year.

(h) Risks related to the regulation of the sector in which the Company operates

Changes or different interpretations in tax and labor legislation may adversely affect the Company's strategy and results.

Tax authorities have been frequently changing tax regimes, such as changes in tax rates and the creation of taxes, whether temporary or permanent, which can affect the Company's strategy. Some of these changes could increase the Company's tax burden, which could restrict its ability to do business in our current markets and, therefore, materially adversely affect profitability.

The Company currently receives certain tax benefits and/or special taxation regimes. It is not possible to guarantee that these benefits will be maintained or renewed, given the current political and economic environment in Brazil. If the Company cannot renew its tax benefits, or if such benefits are changed, limited, suspended, or revoked, the Company may be adversely affected. Moreover, certain tax laws may be subject to controversial interpretations by tax authorities. If the tax authorities may interpret tax laws in a way different from the Company's interpretations, the Company could be adversely affected.

In addition, the activities performed by the Company are subject to the direct or indirect levy of taxes, fees, and contributions, which are subject to change, which may adversely affect its business, financial situation, operating results, and cash flow.



These changes may result in higher taxation to be applied: (i) on the Company's gross revenue; (ii) on royalties that are paid to the Company's partners, both in Brazil and abroad; (iii) on financial income; (iv) on gross profits; and, mainly, (v) on the Company's workforce costs. The adverse impact of such changes in tax and labor legislation may negatively affect the Company's strategy and competitiveness vis-à-vis its competitors, especially foreigners, if these changes only increase taxation for companies established in Brazil.

(i) Risks related to foreign countries in which the Company operates

Considering that the Company's activities in countries outside Brazil had no material weight in the Company's total net revenue in the last three fiscal years, the Company understands that it is not subject to risks related to the foreign countries in which it operates.

(j) Risks related to social and environmental issues

The Company's activities do not imply relevant risks connected to social and environmental issues.

(k) Macroeconomic risks

The Federal Government of Brazil has exercised and continues to exercise significant influence over the Brazilian economy. This influence, as well as the Brazilian economic and political situation, could have a material adverse effect on the Company.

The Brazilian economy has suffered frequent interventions by the federal government, which sometimes makes significant changes in its monetary, credit, tariff, tax, and other policies and rules in order to influence the Brazilian economy. Measures that have been taken by the Brazilian federal government to control inflation, besides other policies and regulations, often involve raising interest rates, changing fiscal policies, controlling prices, intervening in the foreign exchange market, controlling capital, and limiting imports, among other measures. The Company has no control and cannot predict what measures or policies the federal government may adopt in the future.

The Company may be materially and adversely affected by changes in policies or standards that involve or affect certain factors, such as:

- expansion or contraction of the Brazilian economy, as measured by GDP growth rates;
- inflation;
- exchange rates;
- interest rates;
- increase in unemployment;
- changes in tax and fiscal laws;



- change in labor legislation;
- liquidity of the domestic financial and securities exchange markets;
- restrictions on remittances abroad; and
- other political, social and economic factors that may occur in Brazil or that could affect Brazil.

Uncertainty over the implementation of policy or regulatory changes by the Brazilian government creates instability in the Brazilian economy, increasing the volatility of its securities market. To these uncertainties, one should add the recession with a period of slow recovery in Brazil and other future developments in the Brazilian economy that may adversely affect activities and, consequently, the results of operations and the trading price of the Company's shares.

The water crisis taking place in Brazil may adversely affect the Company's operations because of a shortage of electricity.

The scarcity of resources such as water and energy because of human action on the environment and the unpredictability of rainfall patterns and the seasonality of climate and temperatures in the different seasons of the year influence the consumption estimates of such resources and can negatively affect the Company's operations. With the recent concern about the supply of electricity because of the water crisis of historic proportions, there is a risk of lack of energy supply in a large part of Brazil, since its main form of energy generation is hydroelectric, thus affecting the scenario economic as a whole, harming the level of activity with the interruption of production chains and provision of services that depend on energy to function. Thus, the Company, as it depends on the energy supply to carry out its operational activity, may suffer a negative impact on its operations-if the supply is interrupted due to problems in the generation and distribution of energy and its results may be impacted by the possible decrease in the country's economic activity.

The extent of the pandemic declared by the World Health Organization because of the spread of the COVID-19 virus, the perception of its effects, or how this pandemic will affect our business depends on future developments, which are highly uncertain and unpredictable, and may cause a material adverse effect on our business, financial condition, results of operations and cash flow.

On March 11, 2020, the World Health Organization ("WHO") declared a pandemic status because of the global spread of COVID-19. In response, many governments have implemented policies aimed at preventing or slowing the spread of the disease, such as restricting free movement and even social isolation. The dissemination of COVID-19 led the Company to change some of its business practices, such as the adoption of sanitary measures recommended by the WHO, sanitary practices for workplaces and employees, implementation of a *home office* system, in addition to the cancellation of personal attendance in meetings, events, and conferences. The Company may take other additional



actions as required by government authorities or as determined by its management. The Company may continue to suffer adverse and material impacts on its businesses because of the global or Brazilian economic impact, including recession, economic slowdown, or increase in unemployment levels, which may affect the purchasing power of its customers/clients. Finally, the impact of the Covid-19 pandemic may also precipitate or aggravate the other risks described in this section 4.1 of the Reference Form.

Political instability has adversely affected the Brazilian economy, the Company's business, and the results of its operations, and may also affect the trading price of its shares.

The Brazilian political environment has historically influenced and continues to influence the performance of the Brazilian economy and the confidence of investors and stakeholders, resulting in an economic slowdown or recession, and increased volatility in the securities issued by Brazilian companies.

Brazilian markets have been experiencing increased volatility because of uncertainties arising from ongoing investigations conducted by the Brazilian Federal Police and the Brazilian Federal Public Prosecution Office, including Operation Car Wash, aka "*Operação Lava Jato*". Such investigations have impacted the Brazilian economy and its political environment. Some former members of the Brazilian federal government, the Legislative power, and leaders of the Brazilian political class, whether with a term of office currently in force or not, as well as executive officers from large public and private companies, are facing accusations of corruption for allegedly having accepted bribes through kick-backs on concession contracts entered into by the government regarding infrastructure, oil and gas, and construction companies, among others. The amounts of such bribes allegedly financed political party campaigns and were not accounted for or publicly disclosed, promoting the personal enrichment of the beneficiaries of the corruption scheme. As a result, several politicians, including members of the National Congress and executives of large public and private Brazilian companies, have resigned from their positions and/or been arrested, and other people are still being investigated for allegations of unethical and illegal conduct identified during such investigations.

The potential outcome of such investigations is uncertain, but they have already had a negative impact on the image and reputation of the companies involved, as well as on the market's general perception of the Brazilian economy. The development of such cases of unethical conduct has affected and may continue to adversely affect the Company's business, its financial condition and operating results, as well as the trading price of its shares. The Company cannot predict whether ongoing investigations will lead to further political and economic instability, nor whether new allegations against government officials and executives and/or private companies will emerge in the future.

The Company cannot either predict the results of such investigations or the impact on the Brazilian economy or the Brazilian stock market.



Uncertainties connected to the implementation of structural reforms by the Brazilian federal government, as well as changes regarding monetary, tax, and social security policies and their corresponding legislation, may contribute to economic instability. Such uncertainties and new measures may increase the volatility of the Brazilian securities market.

The President of Brazil has the power to determine policies on how the Brazilian economy is conducted and, accordingly, such policies may affect the operations and financial performance of companies, including those of the Company. The Company cannot predict which policies the Brazilian Federal Government will adopt, much less whether such policies or changes in current policies could have an adverse effect on the Company or on the Brazilian economy.

Inflation and the corresponding government efforts to combat it may contribute to an uncertain economic scenario, adversely affecting the Company and the market price of its shares.

In the past, Brazil has experienced high inflation rates, which, together with certain actions taken by the Brazilian government to combat it and speculation about what measures would be taken, had negative effects on the Brazilian economy. The General Market Price Index (“**IGP-M**”) ended 2020 with an accumulated increase of 23.14%, compared with 7.30% in 2019, which represented the highest annual variation since the year 2002 (25.31%). Historically, the measures adopted by the Brazilian government to control inflation have included maintaining strict monetary policies with high interest rates, consequently restricting the availability of credit and reducing economic growth. The Brazilian Central Bank's Monetary Policy Committee (“**COPOM**”) frequently adjusts interest rates in scenarios of economic uncertainty to achieve goals set by the economic policy of the Brazilian government. Inflation, as well as government measures to combat it and public speculation about any future governmental measures, have produced significant negative effects on the Brazilian economy and contributed to economic uncertainty in Brazil, increasing the volatility of the Brazilian capital market, which may have an adverse effect on the Company.

Any future measures to be taken by the Brazilian government in the future, including the reduction in interest rates, intervention in the exchange market, and the implementation of mechanisms to adjust or determine the value of the Brazilian Real (BRL) may trigger inflation, adversely affecting the overall performance of the Brazilian economy. If Brazil experiences high inflation in the future, the Company may not be able to adjust the prices it charges its customers to offset the effects of inflation on its cost structure, which could increase costs and reduce the Company's operating and net margins.

Moreover, in the event of increased inflation, the Brazilian government may choose to significantly increase official interest rates. The increase in interest rates may affect not only the cost of our new loans and financing but also the cost of the Company's current debts, as well as our cash and cash equivalents, securities and bonds, and lease agreements payable, which are subject to interest rates. Therefore, fluctuations in the Brazilian interest rates and inflation may adversely affect the Company because it has loans and financing indexed to



the variation of the Interbank Deposit Certificate ("CDI") and the Official Long-Term Interest Rates (TJLP). Conversely, a significant decrease in the CDI, TJLP, or inflation rates may adversely affect the revenue from the Company's financial investments.

Exchange rate instability may harm the Brazilian economy and, consequently, the Company.

The Brazilian currency has fluctuated sharply against the US Dollar and other strong currencies over the past four decades. During this period, the Brazilian government implemented several economic plans and used a number of exchange rate policies, including sudden depreciations, periodic depreciations, floating exchange rate market systems, exchange rate control, and dual exchange rate markets. Since 1999, Brazil has adopted a floating exchange rate system with interventions by the Central Bank in buying or selling foreign currency. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian Real and the US Dollar and other currencies. In 2016, the Brazilian Real appreciated 17.7% against the U.S. dollar, closing the year at R\$3.25. On December 29, 2017, the Real/US Dollar exchange rate was BRL3.31 and increased to BRL3.88 at the end of 2018, closing at BRL4.01 in 2019. The year 2020 was marked by a strong rise of the dollar at 29.33%, priced at R\$5.19. As of June 30, 2021, the Real/US Dollar exchange rate was R\$5.00. There can be no assurance that the devaluation or appreciation of the Brazilian Real against the US Dollar and other currencies will not have an adverse effect on the Company's activities. In addition, some service costs bound to the US dollar may affect its results.

Devaluation of the Brazilian Real may create additional inflationary pressures in Brazil and lead to increases in interest rates, which could negatively affect the Brazilian economy as a whole and the Company's results, because of the retraction in consumption and the increase in the Company's costs. On the other hand, the appreciation of the Brazilian Real may lead to the deterioration of the Brazilian current accounts and balance of payments, as well as a weakening in the growth of the gross domestic product generated by exports. The Company does not have any influence on the exchange rate policy adopted in Brazil, nor it has the ability to foresee it. The Company's financial condition, results of operations, and prospects may be adversely affected by changes in such exchange rate policies.

Any downgrade in Brazil's credit rating could adversely affect the trading price of the Company's shares.

Credit *ratings* affect the risk perception of investments. Rating agencies regularly assess Brazil and its sovereign *ratings* based on a variety of factors, including macroeconomic trends, physical and budgetary conditions, leverage metrics, and the prospect of changes in any of these factors.

Rating agencies began reviewing Brazil's sovereign credit *rating* in September 2015. Subsequently, Brazil lost its investment grade status in the three key rating agencies.



- Standard & Poor's: it initially reduced the Brazilian credit *rating* from BBB-negative to BB-positive, and subsequently reduced it again from BB-positive to BB, maintaining its negative outlook on the *rating*, citing a credit situation worse since the first relegation. On January 11, 2018, Standard & Poor's downgraded one more time Brazil's credit *rating* from BB to BB- with a stable outlook, given the presidential elections and pension reform efforts. Currently, the credit rating remains unchanged at this agency.
- Moody's: in February 2016 it downgraded the issue and bond *ratings* to below investment grade, to Ba2 with a negative outlook, citing the prospect of further deterioration in Brazilian debt metrics given a scenario of low growth and challenging political dynamics. Currently, the credit rating remains unchanged at this agency.
- Fitch: in May 2016, Fitch downgraded the rating to BB with a negative outlook, which was maintained in 2017. In February 2018, Fitch again downgraded Brazil's sovereign credit rating to BB-negative, citing, among other reasons, fiscal deficits, the high and growing public debt burden and the impossibility of implementing reforms that would improve the structural performance of public finances. Currently, the credit rating remains unchanged at this agency.

In view of the downgrades that have taken place since 2015, Brazil lost its investment-grade status in the three major rating agencies and, as a result, securities trading prices in the Brazilian debt and equity markets were negatively affected. An extension of the current Brazilian recession could lead to further downgrades. As of the date of this Reference Form, the Brazilian credit *rating* was BB-negative, Ba2, and BB-negative by Standard & Poor's, Moody's, and Fitch, respectively.

We cannot guarantee that *rating* agencies will maintain these ratings on Brazilian credit and any downgrade of the Brazilian sovereign credit *rating* could increase the risk perception of investments and, as a result, increase the cost of future debt issuance and adversely affect the price of the Company's shares.

The relative volatility of the Brazilian capital market may considerably restrict investors' ability to sell the Company's shares at the desired price and at the desired time.

Investing in Brazilian securities, such as the Company's shares, involves a risk that is higher than investing in securities of issuers from countries whose political and economic scenarios are more stable, and, in general, such investments are considered speculative by nature. Such investments are subject to economic and political risks, such as:

- Changes in the regulatory, tax, economic and political scenario that may affect the ability of investors to receive payment, in whole or in part, for their investments;
- Restrictions on foreign investment and repatriation of invested capital; and
- Unexpected events that could adversely affect the Brazilian or global economy, such as pandemics and large-scale natural disasters.



The Brazilian securities market is considerably smaller, less liquid, more volatile, and more concentrated than large international securities markets such as the United States of America. As of March 31, 2020, the total market capitalization of the companies listed on B3 SA – Brasil, Bolsa, Balcão (“B3”) was approximately R\$3.2 trillion, while the ten largest companies listed on B3 represented approximately 44% of the total market capitalization of all related companies, which were on the list of companies on that date. These market characteristics could considerably restrict the ability of the holders of the Company's shares to sell them at the price and on the date they wish, adversely affecting the trading prices of the Company's shares.

Risks related to the situation of the global economy may affect the perception of risk in other countries, especially in the United States of America and emerging markets, which may negatively affect the Brazilian economy, including through fluctuations in the securities markets, which may affect the trading price of the Company's shares.

The Company's growth is directly connected to the expansion of the Brazilian domestic market, with the Company's business being well integrated with the operations of its clients, distributed across different economic sectors. The reduction in the pace of economic growth in the country or even a recession scenario, with retraction in demand in wholesale and retail, the reduction of investments in capital goods and infrastructure, besides the increased competition in the sector, can directly affect the result operational and financial aspects of the Company.

In addition, the market value of securities issued by Brazilian companies is influenced, to varying degrees, by economic and market conditions in other countries, including developed economies such as the United States of America, certain European and emerging countries. Investors' reactions to developments in these countries may have an adverse effect on the market value of securities of Brazilian companies, in particular those traded on stock exchanges. Stock prices at B3, for example, have historically been affected by fluctuations in the interest rates in force in the United States, as well as by changes in the main US stock indices. Any increase in interest rates in other countries, especially in the United States of America, may reduce global liquidity and investor interest in the Brazilian capital markets, negatively affecting the Company's shares. Crises or relevant events in other countries and capital markets may reduce investors' interest in the securities of the Brazilian Companies, including the securities issued by the Company and their respective trading price, which may hinder or totally impede the Company's access to the capital markets and the financing of its operations in the future on acceptable terms.



4.2 - Description of the key market risks

The key market risks to which the Company and its subsidiaries are exposed in carrying out their activities are: (i) liquidity risk; (ii) credit risk; (ii) interest rate risk; and (iii) exchange rate risk. There are no guarantees, however, that the Company will not be adversely affected by market risks other than those described herein.

Liquidity Risk

Possibility of the Company not being able to honor its commitments, current and future, because of unavailability of cash, having as a result the impact on its operations.

Credit risk

Credit risk is the risk that the counterparty to a business will not fulfill an obligation provided for in an instrument, which would lead to a financial loss. The Company's exposure to credit risk is also influenced by the individual characteristics of each client/customer.

The Company's exposure to credit risk is also influenced by the individual characteristics of each client/customer.

Interest Rate and Inflation Risk

The interest rate risk arises from the portion of the debt and financial investments referenced in CDI, which may adversely affect revenue or expenses if there is an unfavorable movement in interest rates and inflation.

The financial instruments of the Company and its subsidiaries are represented by cash and cash equivalents, accounts receivable and payable, loans and financing, besides debentures, which are recorded at cost, plus income or charges incurred, or by fair value when applicable, on June 30, 2021, and December 31, 2020. The key risks connected to the Company's operations are connected to the variation of the Interbank Deposit Certificate (CDI).

The Company's major costs and expenses are periodically readjusted. Examples of expenses readjusted based on previously defined inflation rates are expenses with leases and communication. Expenses with salaries, benefits, and charges, which represented 51.5% and 50.2% of total operating costs and expenses in the period ended June 30, 2021 and in the fiscal year ended December 31, 2020, respectively, are part of regional collective bargaining, which takes inflation rates (generally close to the Broad Consumer Price Index ("**IPC-A**") as a reference.

The Recurring Software Net Revenue contracts, which represented 82.0% and 75.3% of the Total Software Net Revenue in the period ended June 30, 2021 and December 31, 2020, respectively (covering 102.9% of the total operating costs and expenses) are also adjusted annually based on inflation rates, mainly based on the IGP-M rate.

Historically, the Company also readjusts the price list of *software* license fees, subscription access, and hourly service fees based on inflation rates. There is no guarantee that the Company will continue to pass on inflationary impacts on these revenue lines in the future.



Since the inflation indexes used to readjust revenue lines are different from those used to readjust costs and expenses, inflation can have material effects on its operations.

Investments measured at fair value through profit or loss are represented by private equity *startups* and, as they do not have prices quoted in an active market, the fair value for these investments is measured by multiple valuation techniques practiced by the market, such as discounted cash flow or multiples of revenue, considering the reasonableness of the range of amounts. The fair value measurement is the point within this range that best represents fair value under the circumstances.

In order to verify the sensitivity of the index on the debts to which the Company is exposed on the base date of June 30, 2021, three different scenarios were set. Based on the CDI values in effect on that date, a probable scenario was determined (scenario I) for the year 2021, and, based on this, variations of 25% (scenario II) and 50% (scenario III) were calculated. For each scenario, the gross financial expense was calculated without considering the incidence of taxes and the flow of maturities for each contract scheduled for 2021. The base date used for loans and financing was June 30, 2021, projecting the indexes for one year and verifying their sensitivity in each scenario.

Operation (in thousands of BRL)	Balances on June 30, 2021	Risk	Probable scenario I	Scenario II	Scenario III
		Increase in the CDI	(4.15%)	(5.19%)	(6.23%)
Loans and Financing ⁽¹⁾	102,988		4,274	5,345	6,416
Debentures	1,497,677		62,154	77,729	93,305
Estimated Financial Expense			66,428	83,074	99,721

⁽¹⁾ The balance does not include leasing.

With regard to Financial Assets, for each scenario, the "gross financial income" was calculated, not considering the incidence of taxes on investment income. The base date used for the portfolio was June 30, 2021, with a one-year forecast and verifying the sensitivity of the CDI index in each scenario.

Operation (in thousands of BRL)	Balances on June 30, 2021	Risk	Probable scenario I	Scenario II	Scenario III
Consolidated financial investments	914,591	CDI reduction	(4.15%)	(3.11%)	(2.08%)



**Estimated
financial
revenue**

37,956 28,444 19,023

Foreign exchange rate risk

The foreign exchange rate risk results from the possibility of losses because of fluctuations in exchange rates, which increase liabilities arising from loans and purchase commitments in foreign currency or that reduce the assets arising from amounts receivable in foreign currency.

Some subsidiaries operate internationally and are exposed to exchange risk arising from exposures to certain currencies such as the US Dollar (USD), Argentine Peso (ARS), Mexican Peso (MXN), Chilean Peso (CLP).

In the period ended June 30, 2021, asset balances are higher than the negative balances shown below:

June 30, 2021 (in BRL thousand)						
Company	Accounts Payable	Cash and cash equivalents	Accounts receivable	Other assets (i)	Net exposure	Currency
Rj Consultores Mexico	(24)	628	1,010	-	1,614	Mexican Peso (MXN)
CMNet Participações	(114)	432	122	-	440	Peso (CLP) e EUR)
CMNet Argentina	(26)	766	285	-	1025	ARS
TOTVS S.A.	(4,179)	-	-	-	(4,179)	USD
TOTVS Large	-	-	-	5,988	5,988	USD
TOTVS Mexico	(1,466)	2,925	5,771	-	7,230	Mexican Peso (MXN)
TOTVS Argentina	(1,804)	6,647	10,685	-	15,528	Peso (ARS)
TOTVS Incorporation	(177)	1,539	-	89,297	90,659	USD
DR Colombia	(88)	1,578	-	-	1,490	Peso (COP)
	(7,878)	14,515	17,873	95,285	119,795	

⁽ⁱ⁾ The amount of R\$5,988 refers to receivables from the sale of the *hardware* operation carried out in 2019. The amount of R\$89,297 refers to the Company's financial assets.



4.3 - Relevant and non-confidential lawsuits, administrative proceedings, or arbitration processes

The Company and its subsidiaries are involved in lawsuits on tax, labor, and civil matters.

The assessment of the probability of loss includes the assessment of available evidence, the hierarchy of laws, current case law, the most recent court decisions on each subject, as well as the review of external legal counsel. The Company continually reviews its estimates and assumptions.

The Company records provisions for contingencies under accounting practices adopted in Brazil and IFRS and makes provisions for lawsuits with a probable chance of loss, as assessed and classified by its legal advisors and its Management. For those lawsuits whose probability of loss is considered possible, the Company does not record any provision; however, it discloses in the explanatory notes to its financial statements, the nature and values of the most relevant issues falling into this category.

For the purposes of this section 4.3 of the Reference Form, processes in which the Company or its subsidiaries appear as a defendant were deemed as individually relevant those which (i) have an individual value equal to or higher than R\$5,000 thousand for processes with a chance of probable loss and R\$10,000 thousand for lawsuits with a possible or remote chance of loss; and (ii) regardless of the amount, they may negatively affect the image of the Company and its subsidiaries or have a material adverse effect on the business of the Company and its subsidiaries.

The amounts of provisions set up on June 30, 2021, December 31, 2020, December 31, 2019 and December 31, 2018 are:

Type (In thousands of Reals)	On June 30, 2021	On Dec. 31, 2020	On Dec. 31, 2019	On Dec. 31, 2018
Tax	7,496	7,440	7,671	2,946
Labor	74,173	82,496	87,988	94,832
Civil	44,245	35,882	35,862	30,014
Total	125,914	125,818	131,521	127,792

Tax

On June 30, 2021, the provision created for tax claims totaled R\$7,496 thousand (R\$7,440 thousand on December 31, 2020). There are no tax lawsuits or proceedings that the Company deems individually relevant.

Civil lawsuits

Civil lawsuits ranked as probable loss mainly refer to lawsuits filed by customers/clients claiming certain problems in the delivery of products and/or services, application of the standard increase, application of grace period to terminated agreements, and charges made



improperly. As of June 30, 2021, the provision made for these claims totaled R\$44,245 (R\$35,882 thousand as of December 31, 2020).

Lawsuit numbers: 0046742-37.2008.8.08.0024/ 001223081.2015.8.08.0024/	
a. District Court	11th Civil Court of Vitoria - ES
b. Court level	Trial Court
c. Suit brought on	Jul. 7, 2009
d. Parties in the lawsuit	Plaintiff: Unimed Vitória Cooperativa De Trabalho Médico Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R\$ thousand)	BRL 19,948,000 (updated as of June 30, 2021)
f. Key facts	<p>This is a lawsuit seeking compensation for economic damages, for claimed failure in the development of the system (Informenge), which would have caused a loss estimated, at the time, of R\$2,511 thousand.</p> <p>This lawsuit is currently at the stage of <u>challenging compliance with the judgment</u>, and the amount deposited by TOTVS (R\$10,190 thousand) has been withdrawn by the plaintiff due to the preliminary decision rendered in the records of Termination Lawsuit No. 0003132-13.2016.8.08.0000.</p> <p>After the plaintiff "UNIMED" withdrew the amount deposited in by "TOTVS", because of the dismissal of the "Termination Lawsuit", the court ordered the suspension of the lawsuit for 6 (six) months to await the final result of the pending appeals regarding the amount of the prevailing party attorneys' fees of the enforcement phase, in addition to a 10% fine.</p> <p>The trial court has applied twice the penalties provided for in art. 523, § 1, of the Code of Civil Procedure (fine + fees), under the premise that there was no voluntary payment of the obligation. However, both decisions were dismissed and</p>



	<p>reverted by the judgments of Interlocutory Appeal numbers 0014624.90.2017.8.08.0024 (pending judgment by the Special Appeal, aka REsp from the Brazilian Superior Court of Justice) and 0030011-14.2018.8.08.0024 (the deadline for Special Appeal is in progress). The aforementioned Termination Lawsuit has as purpose to fully dismiss the judgment of conviction from the lawsuit for damages. The interim relief was partially granted in order to prevent that the money deposited by Totvs in such suit for damages was withdrawn by UNIMED.</p> <p>After the publication of the decision that dismissed the "Termination Lawsuit", "TOTVS" filed "Motion for Clarification of Judgement", which were partially granted only to change the rule of application of the prevailing party attorneys' fees. A Special Appeal will be filed before the Brazilian Superior Court of Justice.</p>
g. Chance of loss	<p>Probable - BRL 14,927 thousand</p> <p>Remote - BRL 5,020 thousand</p>
h. Impact in case the company loses this lawsuit	<p>The opposing party has already raised the amounts that had been paid in this lawsuit, as informed above.</p>

Labor claims

The Company has a provision connected to labor claims filed by former employees and service providers, claiming a reduction in their commissions on sales and services, recognition of employment relationship, severance pay, overtime, etc. As of June 30, 2021, the provision made for these claims totaled R\$74,173 thousand (R\$82,496 thousand as of December 31, 2020).

Labor claim number: 0292000-56.2003.5.02.0064	
a. Labor Court	64th Labor Court of São Paulo - SP
b. Court level	Trial Court



c. Date the claim was filed	December 18, 2003
d. Parties in the labor claim	Claimant: A.B.F.P Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R\$ thousand)	BRL 5,191 thousand (updated until June 30, 2021)
f. Key facts	<p>Labor claim filed by a former sales executive officer of the company Mobile S/A against MOBILE S/A and WISER-WEB BASED SYSTEMS ENGINEERING TECHNOLOGY, claiming:</p> <p>(i) recognition of employment relationship and payment of labor and severance pay; (ii) salary differences arising from the reduction in sales commissions; (iii) reflexes from commissions; (iv) compensation for pain and suffering.</p> <p>The labor claim was partially granted.</p> <p>In the execution phase, TOTVS was brought to the labor claim as the successor of Datasul, a company that held the shareholding control of Mobile between 2000 and 2002, before being acquired by TOTVS.</p> <p>TOTVS guaranteed the execution amount, depositing the updated amount of R\$4,463.</p> <p>Stay of Execution was filed claiming that the claiming is not legitimate, which were rejected, as well as successive appeals against such court decision. An Appeal was filed by the claimant worker who claimed that the monetary restatement rate adopted in this labor claim was</p>



	wrong, which was not granted. The Company submitted an answer brief to such appeal filed by the claimant worker. The claimant withdrew the appeal.
g. Chance of loss	Probable - BRL 5,191 thousand
h. Impact in case the company loses this labor claim	In case of loss of this case, the opposing party will withdraw the amount already deposited in the records, in an amount to be determined in the settlement of the judgment.

Other lawsuits in progress (ranked as of "possible" loss)

In addition, the Company and its subsidiaries are parties to other lawsuits the risk of loss of which, according to the responsible external lawyers and the Company's Management, is possible. For such lawsuits, no provision has been recognized, as follows:

Type (In thousands of Reals)	On June 30, 2021	On Dec. 31, 2020	On Dec. 31, 2019	On Dec. 31, 2018
Tax lawsuits	146,746	143,725	137,180	154,953
Labor claims	107,540	119,637	90,509	160,326
Civil lawsuits	209,379	181,097	271,647	315,507
Total	463,665	444,459	499,336	630,786

The Company understands that only the lawsuits whose amounts involved may substantially affect its equity or that of its subsidiaries are relevant. Please see below the lawsuits that the Company deems relevant:

Tax and Social Security lawsuits

Tax and social security lawsuits ranked as potential loss refer especially to lawsuits that discuss ISS (service) tax charge notices issued, and also CSLL tax credits offsetting with a negative balance.

On June 30, 2021, the amount discussed in these lawsuits, ranked as potential loss, totals the amount of R\$146,746 (R\$143,725 thousand on December 31, 2020).

Lawsuits numbers: 1029577-12.2021.8.26.0053 (former 6017.2019/0010313-2)	
a. Court	3rd District Court of Public Finances of Sao Paulo



b. Court level	Trial Court
c. Suit brought on	July 5, 2021
d. Parties in the lawsuit	Plaintiff: TOTVS SA Defendant: City Hall of Sao Paulo
e. Amounts, assets, or rights involved (R\$ thousand)	BRL 18,905 thousand (updated until June 30, 2021)
f. Key facts	<p>This is a Tax Debt Annulment Lawsuit seeking to cancel 227 Notices of Infraction with the imposition of fine gathered in the administrative proceeding No. 6017.2019/0010313-2 made against TOTVS, in which the City Hall of Sao Paulo intends to collect ISS tax (services tax) supposedly due on IT technical support and software services for the calendar year 2014.</p> <p>In April 2021, the administrative proceeding was judged as final and unappealable to annul in part the infractions and fines. In May 2021, the annulment lawsuit was filed, and a surety bond was submitted. In May 2021, a judgment was rendered acknowledging that, in view of the guarantee deposited in escrow, the debts subject of this lawsuit should not prevent the Company's right to have a tax clearance certificate issued by the City Hall of Sao Paulo, regardless of the debts being discussed. In July 2021, the expert evidence began.</p>
g. Chance of loss	Possible - R\$18,905 thousand
h. Impact in case the company loses this lawsuit	Payment of the amounts discussed.

Lawsuit: 0000756-14.0500.8.26.0090	
a. Court	Court of Appeals of the State of Sao Paulo
b. Court level	Trial Court



c. Suit brought on	February 27, 2019
d. Parties in the lawsuit	Plaintiff: City Hall of the Municipality of Sao Paulo Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R\$ thousand)	BRL 11,166 thousand (updated until June 30, 2021)
f. Key facts	<p>This is a tax foreclosure for the collection of service tax (ISS) on services supposedly provided in the capital city of Sao Paulo in the period from 1996 to 2001, which, according to a claim by the City Treasury, would not have been collected.</p> <p>Assuming that the company has not submitted its tax documents at the time, the City Treasury estimated the amount of tax to be charged. A stay of execution was filed on February 18, 2015, under lawsuit No. 0000557-86.2015.8.26.0090, claiming the statute of limitations for collection and that the estimated taxes supposedly due should be dismissed. Currently, the records are undergoing a judicial review that began in May 2019. We await the analysis of the evidence submitted to the expert to check the services that were actually provided within the territory of the Capital City of Sao Paulo to ascertain whether the estimate made by the city hall is correct.</p>
g. Chance of loss	Possible - R\$11,166 thousand
h. Impact in case the company loses this lawsuit	In case the Company loses this case, the opposing party will withdraw the



	amount already deposited in the records, in an amount to be determined in the motion to settle the judgment and liquidate the actual amount due.
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Lawsuit: 10880-957.117/2021-95	
a. Court	Federal Revenue Service of Brazil
b. Court level	Trial Court
c. Suit brought on	August 12, 2021
d. Parties in the lawsuit	Plaintiff: Federal Revenue Service of Brazil Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R\$ thousand)	BRL 16,480 thousand (updated until August 12, 2021)
f. Key facts	This is a decision that did not ratify offsets made with a negative balance of the company's income tax (so-called IRPJ) for the year 2015
g. Chance of loss	Possible - R\$16,480 thousand
h. Impact in case the company loses this lawsuit	Payment of the amount involved.

Lawsuit: 10880-942.958/2021-06	
a. Court	Federal Revenue Service of Brazil
b. Court level	Trial Court
c. Suit brought on	July 8, 2021
d. Parties in the lawsuit	Plaintiff: Federal Revenue Service of Brazil Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R\$ thousand)	BRL 13,470 thousand (updated until July 8, 2021)
f. Key facts	This is a court decision that did not ratify offsets made with a negative balance of



	the company's income tax (so-called IRPJ) for the year 2016
g. Chance of loss	Possible - R\$13,470 thousand
h. Impact in case the company loses this lawsuit	Payment of the amount involved.

Civil lawsuits

Civil lawsuits ranked as probable loss mainly refer to lawsuits filed by customers/clients claiming certain problems in the provision of services offered to customers/clients, application of the standard increase, application of grace period to terminated agreements, and charges made improperly.

Lawsuit: 1088070-11.2016.8.26.0100	
a. Court	16th civil district court of the Judicial District of the capital city of Sao Paulo, SP
b. Court level	Court of Appeals
c. Suit brought on	September 26, 2016
d. Parties in the lawsuit	Plaintiff: Contax S/A Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R\$ thousand)	BRL 11,651 (updated until June 30, 2021)
f. Key facts	This is a civil lawsuit brought by a client claiming supposed problems connected to the implemented product, which would have caused economic damage and loss of profits. The schedule would not have been complied with, and during the implementation phase several complaints were made regarding failures in the implementation. In view of such problems, the plaintiff send a notice to the Defendant requesting the temporary suspension of services. This lawsuit is at the appeal stage.



	<p>The plaintiff claims breach of contract and failure in the provision of services during the implementation. It submitted a motion to terminate the services agreement and to refund amounts paid, besides damages. The schedule was not met, and during the implementation several complaints were made regarding failures in the operation. In view of such problems, the plaintiff send a notice to Totvs requesting the temporary suspension of services. The expert's opinion was favorable to TOTVS.</p> <p>TOTVS was convicted in June 2019. In the judgment held on November 23, the Appeal Judges reverted the trial judgment in full to reject Contax's request for refund of the amounts paid to TOTVS and, as regards the lawsuit filed by TOTVS, recognized the credit of 5.4MM pointed out by the expert evidence that must be paid by Contax. TOTVS was convicted to pay the prevailing party attorneys' fees of the debt collection suit.</p>
g. Chance of loss	Probable - R\$0 Possible - BRL 11,651 thousand Remote - R\$0
h. Impact in case the company loses this lawsuit	Payment of the amount involved.



Lawsuit: 1057798-58.2021.8.26.0100	
a. Court	11th civil district court of the Judicial District of the capital city of Sao Paulo, SP
b. Court level	Trial Court
c. Suit brought on	06/08/2021
d. Parties in the lawsuit	Plaintiffs: REFINARIA DE PETRÓLEOS DE MANGUINHOS SA - Under court-supervised reorganization Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R\$ thousand)	BRL 13,733 (updated until June 30, 2021)
f. Key facts	Civil lawsuit filed by the plaintiff company informing that after signing the offers, the deadlines agreed for the delivery of the products were never met, always due to TOTVS' exclusive negligence. New deadlines for the delivery of the products were agreed; however, none of them were duly met, which is why it requested the termination of the agreement. This lawsuit is in the discovery phase.
g. Chance of loss	Probable - R\$0 Possible - R\$13,733 Remote - R\$0
h. Impact in case the company loses this lawsuit	Payment of the amount involved.

Labor claims

As of June 30, 2021, there are no labor claims that the Company deems individually relevant considering the assumption of an individual amount equal to or greater than R\$10,000 thousand for lawsuits with a potential chance of loss.

4.3.1 Total amount of the provision for lawsuits described in section 4.3

There is no provision made for the lawsuits described in section 4.3.



4.4 - Non-confidential lawsuits, administrative proceedings, or arbitration processes the litigating parties of which are managing officers, former managing officers, controllers, former controllers, or investors

Lawsuit: 0001278-13.2012.5.01.0018	
a. Court	1st Labor Court of the capital city of Sao Paulo
b. Court level	Court of Appeals
c. Suit brought on	February 1st, 2013
d. Parties in the lawsuit	Claimant employee: F.P.R.F.R Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R\$ thousand)	BRL 19,650,000 (updated as of June 30, 2021)
f. Key facts	Recognition of employer-employee relationship in the statutory period, and motion to pay labor rights arising from such employment relationship. Awaiting judgment of the claimant's appeal.
g. Chance of loss	Possible - R\$0.00 Remote - BRL 19,650 thousand (updated as of June 30, 2021)
h. Impact in case the company loses this lawsuit	In case of loss of this labor claim, Company will be required to pay the amount to be determined in the liquidation of the judgment

4.4.1 Total amount of the provision for lawsuits described in section 4.4

There is no provision made for the lawsuits described in section 4.4.



4.5 - Material lawsuits and proceedings under secrecy

The Company is not involved in any material confidential lawsuits.



4.6 - Repetitive, non-confidential, or related lawsuits, administrative proceedings, or arbitration procedures that are material as a whole.

The Company does not have any repetitive, non-confidential, or related lawsuits, administrative proceedings, or arbitration procedures that are material as a whole.

4.6.1 Total amount of the provision for lawsuits described in section 4.6

The Company does not have any repetitive or related, non-confidential, and relevant lawsuit, administrative or arbitration proceedings together.



4.7 - Other material contingencies

In November 2011, the Company executed a Labor Conduct Adjustment Agreement (TAC) with the Public Prosecution Service for Labor Matters of the State of Minas Gerais, which deals with labor obligations. Under such TAC, the Company undertook the commitment to refrain from performing actions that could be considered in violation of labor legislation, under penalty of pecuniary fines. The Company has been making every effort to comply with the obligations undertaken under such TAC, which is currently monitored by the Public Prosecution Service for Labor Matter of the State of Minas Gerais.



4.8 - Standards in force in the country of origin and in the country in which the securities are kept in custody

Not applicable, as the Company has no securities outside Brazil.



5.1 - Description of the risk management policy

(a) Whether the issuer has a formalized risk management policy, highlighting, if so, the body that approved it, and the date of such approval, and, if there is no such policy, the reasons why the issuer did not adopt a policy.

The Company has a Risk Management, Internal Controls and Compliance Policy, the *last* update of which was approved by the Board of Directors on June 28, 2021.

The Risk Management Policy is available on the Company's Investor Relations website (<https://ri.totvs.com/esg/estatuto-politicas-e-regimento/>).

(b) purposes and strategies of the risk management policy, including:

The Risk Management, Internal Controls, and Compliance Policy has as purpose to set forth the principles, guidelines, and responsibilities to be observed in business risk management, internal controls and compliance, as well as to disseminate the Risk Management culture and the Compliance Program throughout all levels of the Company.

Such policy also aims to ensure the following factors:

Governance and Risk Management Culture: The risk management culture must be disseminated at all levels of the Company, and the management and monitoring of risks must be carried out in a decentralized manner by the corresponding areas responsible for their own risks. Managers are primarily responsible for the daily management of risks associated with their area and/or for the business process and dissemination of the risk management culture among their subordinates, managing the exposure to risks through action plans set and monitored by the Board of Directors.

Identification, analysis, assessment, treatment, and reporting: risks must be periodically identified, analyzed, assessed, and documented in a structured manner so that they can be appropriately addressed and reported to the competent bodies.

The Risk Matrix is subject to annual review by the Internal Controls, Risks, and *Compliance* area, then it is approved by Vice Presidents and Chairman, Audit Committee, and Board of Directors. A reassessment thereof takes place in the last quarter of each year and a new matrix is submitted to the Audit Committee and approved by the Board of Directors.

The risks contained in the new matrix, depending on the quadrant in which they are ranked, must be subject to action plans submitted to the Audit Committee and monitored every quarter as to the status of completion and analysis of the movement of risks in the matrix.

The Internal Controls, Risks, and Compliance area must also report every six months to the Board of Directors the evolution of the action plans, the calculated Key Risk Indicators – KRI's and the level of exposure to risks.

(i) risks for which protection is sought



The Risk Management, Internal Controls, and Compliance Policy aims to protect the Company against all types of risks, which may affect the course of its business. The Company considers internal and external factors and ranks its risks according to the guidelines below:

Strategic Risks: these are risks connected with decisions that affect the Company's business strategy or strategic goals, considering the internal and external environments.

Operational Risks: operational risks refer to possible losses resulting from failures, deficiencies, or inadequacy of internal processes, people, technological environment, or caused by external events.

Financial Risks: exposure to potential financial losses of the Company.

Regulatory / Compliance Risks: risks of legal or regulatory sanctions, financial loss, or reputation that the Company may suffer because of failures to comply with laws, agreements, regulations, Code of Ethics and Conduct, among others.

Information Technology Risks: these are risks related to the information technology environment (infrastructure, access management, information security) that can affect the Company's business, such as *cyber attacks*, leakage and/or loss of integrity information, unavailability of the IT environment, and technological obsolescence.

(ii) instruments used for protection

In addition, the Company has the following practices:

Strategic Risks (Business):

Strategic risks are mapped by the Internal Controls, Risks and Compliance Area, based on the assessment of the internal and external environments and on interviews with the corresponding "owners" of each risk in the Company, who are also responsible for the joint assessment of risk factors, impact, and probability, as well as implementing action plans, in order to guarantee the mitigation of risks. Improvement actions (action plans) are followed up and monitored by the Internal Controls, Risks and Compliance Area, besides the corresponding reports that the Company will submit to the Audit Committee and Board of Directors.

Operational Risks and Information Technology:

They are identified and documented through the mapping of processes considered critical by the Internal Controls, Risks, and Compliance Area. After identifying the risks, their corresponding impact and probability are assigned in order to identify the improvement actions (action plans) necessary for their mitigation, and their implementation shall be performed by the responsible areas.

These action plans are subject to follow-up and monitoring by the Internal Controls, Risks, and Compliance Area, besides reporting to the competent governance and management structures of the Company, such as the Audit Committee and the Board of Directors.



Financial Risks:

Regarding the credit risk associated with financial institutions, the Company endeavors efforts to diversify such exposure among financial institutions in the market. Financial investments must be allocated to institutions with a risk rating equal to or below the Sovereign Risk ("Brazil Risk") assigned by the rating agencies Standard & Poor's, Moody's, or Fitch. The amount allocated to each institution cannot exceed 30% of the total amount of current account balances added to those of financial investments, and it cannot either represent over 5% of the financial institution's net equity.

Credit risk related to the provision of services and sale of licenses is minimized by strict control of the client/customer base and active management of delinquency through clear policies regarding sales of services and *software* licenses. Notwithstanding, it is worth emphasizing the great dispersion of the client/customer base, sectorial diversification, as well as geographical diversification within the Brazilian territory, and also the diversification of the business's revenue sources.

The risk assessment structure of Supplier's credit product portfolio is based on statistical methodologies of *Application and Behavior Scoring*, besides the use of risk-mitigating instruments, such as credit insurance and intermediation. In addition, the subsidiary Supplier Administradora seeks to prevent possible risks to the credit portfolio by providing follow-up reports, a risk committee, actions to readjust credit limits, portfolio monitoring, and improvements in the registration system. Potential credit losses are mitigated, when necessary, through the following guarantees: insurance, issuer's guarantees, as long as approved by the credit card committee. The efficiency assessment of these instruments is considered sufficient to cover any significant losses. It is worth highlighting that the portfolio turns over quickly with an average term of 60 days, or when they are sold in the short term. Global exposure limits to receivables, considering credit and liquidity risks, are also set forth by the Board of Directors and monitored by the Audit Committee.

In addition, because of the COVID-19 pandemic, the Company is monitoring on a daily basis the behavior and active management of default of its client/customer portfolio through policies on the sale of services and *software* licenses, and no relevant impacts are expected besides those reflected on the provision for loss as per Note 9 of the Standardized Financial Statements for the fiscal year ended December 31, 2020.

Regulatory/Compliance Risks:

The Company monitors the new regulations applicable to its business, as well as changes in the regulatory framework to which it is subject. After assessing the impact on its business, the required measures to comply with legal requirements are identified, then the responsible areas are made responsible for carrying out the appropriate adjustments aiming at full compliance therewith. In addition, with due legal support from the Legal Department. From an anti-corruption point of view, the Company has a Compliance Program capable of preventing, detecting, and remediating illegal acts and/or those that violate the Company's



conduct guidelines Moreover, the Internal Controls, Risks, and Compliance area has continuous interaction with the Institutional and Government Relations area aiming at anticipating potential regulatory impacts that may affect the Company's businesses.

(iii) risk management organizational structure

Board of Directors: decision-making body the purpose of which is to monitor the Company's operations and periodically assess its exposure to risks, as well as:

- to determine strategic goals and approve the Company's risk management method;
- to approve the Internal Controls, Risks, and Compliance Policy;
- to determine the levels of risk appetite and tolerance proposed by the Management and recommended by the Audit Committee;
- annually approve the Priority Risk Matrix, becoming aware of the corresponding management actions adopted and their results, as well as the key risk indicators to be monitored;
- to approve the documentation containing public information about the model of risk management and transparency of information provided to the internal and external public;
- to monitor and decide on the Audit Committee's recommendations regarding the results of Risk Management; and
- to approve the assumption of High and Critical risks.

Governance and Nomination Committee: advisory body of the Board of Directors, responsible for:

- Assessing the Risk Management, Internal Controls, and Compliance Policy and submitting a recommendation to the Board of Directors regarding its approval.

Audit Committee: it is an advisory body of the Board of Directors, and its duties include:

- Reviewing the Risk Management, Internal Controls, and Compliance Policy and submit recommendations to the Governance and Nomination Committee regarding its approval by the Board of Directors;
- Assisting the Management in setting the guidelines and method for risk management and internal controls, besides the metrics for measuring risk tolerance and appetite, presenting its recommendation to be approved by the Board of Directors;
- Assessing the Risk Management tasks and the construction of the Priority Risk Matrix, submitting its recommendations to the Board of Directors;
- Assessing and recommending to the Board of Directors the setting of risk appetite and tolerance levels;



- Supervising and periodically monitoring the results of control tests and mitigation action plans and the Key Risk Indicators found, reporting to the Board of Directors any deviations and occurrences considered relevant; and
- Making recommendations to the Board of Directors regarding the assumption of High and Critical risks.

Vice-Presidencies and Boards of Executive Officers: their duties include:

- Managing the risks under their responsibility and helping create controls and mitigative actions;

Internal Controls, Risks, and Compliance Area: it reports to the Chief Executive Officer and its key duties are:

- Proposing changes and submit the Internal Controls, Risks Management, and Compliance Policy for approval by the Board of Directors upon recommendation by the Audit Committee;
- Structuring, implementing, managing and disseminating the risk management method;
- Monitoring and reporting action plans and key risk indicators set for risk management;
- Raising the awareness of managers and other employees on the importance of risk management;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Audit Committee in case something may interfere with its independence;
- Sharing with Internal Auditors information and/or facts subject to internal investigation; and
- Reporting Risk Matrix to Senior Management, the Audit Committee, and the Board of Directors.

Internal Audit: Reports to the Audit Committee and has the following responsibilities:

- Monitoring the internal control environment and assessing the effectiveness of risk management;
- Performing control tests and reporting their results to the Audit Committee;
- Checking the implementation of action plans, as well as the timeliness of implementation and its effectiveness;
- Issuing a formal opinion on the internal controls tested in the annual audit cycle; and
- Reporting to the Internal Controls, Risks, and Compliance area all risks and non-compliances found in the auditing work.



"Risk Owners" / Operational Business Areas: their responsibility, under the terms of the policy, is to:

- Continuously identify and document the risks under their management;
- Carrying out every year *the Control Self-Assessment* and providing the required evidence;
- Reporting to the Area of Internal Controls, Risks, and Compliance any new risks identified and any material changes in its business process;
- Implementing, ascertaining, and periodically reporting the Key Risk Indicators to the Internal Controls, Risks, and Compliance area; and
- Implementing controls and action plans in its processes, ensuring that they are effective and result in a reduction in the degree of exposure to risks to acceptable levels.

(c) the suitability of the operational structure and internal controls to verify the effectiveness of the adopted policy

The Company has an Internal Controls structure, whose activities involve mapping processes and assisting in the identification of risks, besides the corresponding mitigation controls, monitoring and suggesting improvements in internal controls by the operational areas and, finally, reporting any inconsistency or outdated drawings of process flows, standards and procedures the alterations of which could worsen the control environment. The internal controls structure is periodically reviewed to check the efficiency of existing controls and possible impacts arising from potential changes in the Company's internal and/or external environments.

The risk management structure continuously monitors the risks and the corresponding risk factors mapped, aiming at monitoring the evolution of risk levels in view of the mitigating measures adopted (action plans) and at ensuring the timely identification of any deviations or movements that might increase the Company's exposure to risks or threaten business continuity. The Internal Controls, Risks, and Compliance Area periodically reports the status of actions and the evolution of risk ranking to the Audit Committee and Board of Directors. Finally, when the Company's Strategic Planning is performed, a whole system review of the risk management process is carried out, aiming at ensuring the appropriate mapping and prioritization of risks according to the Company's strategy.



5.2 - Description of the market risk management policy

(a) formalized market risk management policy

As mentioned in item 5.1, the Company has a Risk Management Policy to support the process of identification, assessment, treatment, monitoring, and reporting of strategic, operational, and financial risks that covers market, regulatory/*compliance* and of information technology risks.

The policy was revised by the Internal Controls, Risks, and Compliance Area, then approved by the Board of Directors on June 28, 2012.

(b) market risk management policy objectives and strategies

i. risks for which protection is sought:

The main market risks that the Company and its subsidiaries are exposed to in carrying out their activities are:

Interest rate and inflation risk: the interest rate risk arises from the portion of the debt and financial investments referenced at CDI rate, which may adversely affect revenue or expenses if there is an unfavorable movement in interest rates and inflation. The credit rights generated by the Techfin segment are short-term and, therefore, their risk, referring to those not subject to interest rate and inflation variations, is immaterial.

Exchange Rate Risks: these risks result from the possibility of losses because of fluctuations in exchange rates, which increase liabilities arising from loans and purchase commitments in foreign currency or that reduce the assets arising from amounts receivable in foreign currency. Moreover, some subsidiaries operate internationally and are exposed to exchange risk arising from exposures to certain currencies such as the US Dollar (USD), Argentine Peso (ARS), Mexican Peso (MXN), Chilean Peso (CLP), and Colombian Peso (COP).

ii. equity protection strategy (hedge):

Historically, the risks presented above (section 5.1-bi) have had their effect mitigated for the Company as it has a fragmented customer/client base, both in terms of revenue and in the sectors of activity in which these customers/clients operate.

Inflation - The Company understands that the impact and volatility of inflation indices, such as the IGP-M and IPCA rates, on its operating result is mitigated by the annual updating of maintenance and subscription agreements and by the periodic adjustments in the prices of the new rates of licensing and hourly fees for projects for services sold. However, as mentioned in section 4.2, this natural protection strategy does not address the residual risk of the mismatch between the inflation of costs and expenses and the inflation rates applied in the maintenance and underwriting contracts. Based on history, the Company understands that these inflation indicators tend to converge in the medium/long term.



Interest rate - The Company seeks to monitor net indebtedness by comparing operating cash flow and total debt, as shown in section 3.7 of this form.

Exchange variation - In the current stage of maturity of its international operations, the Company seeks to scale cost and expense structures compatible with the respective revenue generation. The Company endeavors efforts to ensure that its net exposure to exchange variation is maintained at an acceptable level under the policies and limits set by Management and is monitoring any impacts of the COVID-19 pandemic on each of these companies; in the period ended in June 30, 2021 asset balances are higher than negative balances.

iii. instruments used for equity protection (hedge):

The Company does not currently use any active hedging instrument, besides the "natural" hedges mentioned in the previous item ("ii"), which comprise: readjustment of revenues based on price indices (inflation protection); monitoring the Indebtedness Ratio and the cash flow of individual and consolidated operations (protection against the interest rate); and international operations with revenues and costs essentially incurred in the same currencies (exchange rate protection).

(iv) parameters used to manage these risks:

The main parameters are the representativeness of the Net Revenues from Recurring Software in relation to the total revenue, the behavior of the Net Revenues from Recurring Software, the satisfaction of the customers/clients served, the monitoring of net debt indicators (section 3.7), the maturity schedule of the debt (section 3.8) and shareholders' equity stated in foreign currency in relation to the Company's total shareholders' equity.

v. if the issuer operates financial instruments with different hedge purposes, and what these purposes are:

During the period covered by this Reference Form, the Company did not carry out operations of this nature.

vi. risk management control organizational structure

The Internal Controls, Risks, and Compliance area reports to the Chief Executive Officer and is responsible for identifying, analyzing, assessing, treating, monitoring, and reporting risks to the Audit Committee and the Board of Directors.

(c) the adequacy of the operational structure and internal controls to verify the effectiveness of the adopted policy

The Company has an Internal Controls structure, the activities of which involve mapping processes and helping to identify risks (operational and financial, for example), besides the corresponding controls that mitigate these risks, monitoring and suggesting improvements in internal controls by the business areas section 5.1 - C.



5.3 - Description of internal controls

(a) degree of efficiency of such controls, indicating any imperfections and measures taken to correct them

The Company, continuously aligned with the best market practices in the management of internal controls, has an Internal Controls, Risks, and Compliance Area, the main duties of which are to conduct and set forth guidelines for work related to Internal Controls, as well as to certify to the correct operation of the control environment, seeking to mitigate risks according to the complexity of the Company's business and aiming to ensure good governance practices, market and compliance with current legislation.

Further, the process set aims to ensure reasonable security for protecting assets, accuracy, and reliability of accounting information, operational efficiency, and adherence to policies, standards, and procedures.

Setting the scope and performance:

Internal controls contribute to the mitigation of risks, providing a safer and more effective environment, with regard to operational efficiency and the integrity of records and information, mainly considering the following aspects:

- (i) the Company's strategic goals;
- (ii) composition and nature of accounting records;
- (iii) possibility of losses arising from errors and fraud; and
- (iv) complexity in performing accounting transactions

In order to achieve its goals, the management of the Company's internal controls is structured in an integrated model of three Lines of Defense:

1st Line of Defense: These are the Business Areas, responsible for identifying and reporting the risks of their operations and ensuring compliance with their business goals, as well as for the appropriate functioning of their internal control structure;

2nd Line of Defense: Represented by the Internal Controls, Risks, and Compliance Area, it uses the supporting documentation produced by the 1st Line of Defense as a subsidy for reviewing the control environment. It acts in a consultative manner, supporting the business areas in the development and implementation of processes and controls;

3rd Line of Defense: Internal Audit, responsible for independently analyzing and assessing the internal control environment based on the work performed by the 1st and 2nd lines of defense. It can perform additional work as required.

Subsequently, the mappings and updates of all processes, the risk matrix, and the controls and tests for the design of controls (called "*walkthroughs*") are carried out aiming at



confirming that all mapped processes are understood, as well as whether the controls are implemented and operating properly.

Controls that do not exist or are considered unsatisfactory for mitigating the risks identified in the business processes are reported to the areas responsible for preparing action plans (whether creating a new control or improving existing controls).

Once these steps are completed, those responsible for the processes must annually carry out the *Control Self Assessment*, as well as provide evidence of the execution of the controls in the system used by the Company and, when applicable, point out new risks identified by them in their processes or activities.

The processes and controls mapped by the Internal Controls, Risks and Compliance Area are fundamental tools for planning the Internal Audit. Based on such mapping, the Internal Audit sets the strategy and the effectiveness tests that will be performed (called “**Control Tests**”) aiming at assessing the accurate application and operative efficiency of such controls in preventing or detecting relevant discrepancies.

The Company's Audit Committee is responsible for periodically supervising and monitoring the test results and action plans developed by those responsible for the processes.

(b) organizational structures involved

Board of Directors: decision-making body responsible for monitoring the Company's operations and periodically assessing its exposure to risks and the effectiveness of the internal control environment, in compliance with the previously approved policy, as well as:

- setting the strategic goals and approving the Company's internal control method;
- approving the Internal Controls, Risks, and Compliance Policy;
- approving the documentation containing public information about the model of risk management and transparency of information provided to the internal and external public;
- monitoring and deciding on the Audit Committee's recommendations regarding the results of Internal Controls

Governance and Nomination Committee: advisory body of the Board of Directors, responsible for:

- Assessing the Risk Management, Internal Controls, and Compliance Policy and submitting a recommendation to the Board of Directors regarding its approval.

Audit Committee: it is an advisory body to the Board of Directors, and its duties include:



- Reviewing the Risk Management, Internal Controls, and Compliance Policy and submit recommendations to the Governance and Nomination Committee regarding its approval by the Board of Directors;
- Assisting the Management in determining internal control guidelines and methods, submitting its recommendation to be approved by the Board of Directors;
- Supervising and periodically monitoring the results of control tests and mitigation action plans, reporting to the Board of Directors any deviations and occurrences considered relevant;
- Periodically reporting the results of the control tests arising from *Control Self-Assessment*, reporting them to the Board of Directors.

Vice-Presidencies and Boards of Executive Officers: their duties include:

- Managing the risks under their responsibility and helping create controls and mitigative actions.

Internal Controls, Risks, and Compliance Area: it reports to the Chief Executive Officer and its key duties, connected to Internal Controls, are:

- Proposing changes and submitting the Risk Management, Internal Controls and Compliance Policy for approval;
- Structuring, implementing, managing and disseminating the internal controls method;
- Monitor and suggest improvements in internal controls by the operational areas;
- Mapping processes and assisting in the identification of risks (operational and financial, for example), and in the development of the corresponding controls that mitigate these risks;
- Monitoring actions to implement internal controls for risk management;
- Raising the awareness of managers and other employees of the importance of the internal controls environment;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Audit Committee in case something may interfere with its independence;

Internal Audit: Reports to the Audit Committee and has the following responsibilities:

- Monitoring the internal control environment and assessing the effectiveness of risk management;
- Performing control tests and reporting their results to the Audit Committee;
- Checking the implementation of action plans, as well as the timeliness of implementation and its effectiveness;
- Issuing a formal opinion on the internal controls tested in the annual audit cycle;



- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Audit Committee in case something may interfere with its independence; and
- Reporting to the Internal Controls, Risks, and Compliance area all risks and non-compliances found in the auditing work.

Operational Business Areas: its responsibility, under the policy, is to:

- Continuously identify and document the risks under their management;
- Carrying out every year the Control Self-Assessment and providing the required evidence;
- Reporting to the Area of Internal Controls, Risks, and Compliance any new risks identified and any material changes in its business process;
- Implementing, ascertaining, and periodically reporting the key risk indicators to the Internal Controls, Risks, and Compliance area.

(c) whether and how the effectiveness of the internal controls is supervised by the issuer's management, indicating the position of the people responsible for such monitoring

After completing the process mapping, identification of risks, and design tests (*walkthroughs*), the business areas must carry out the *Control Self Assessment*, as well as provide evidence of the performance of the controls in the system used by the Company and, when applicable, In this case, point out unknown risks identified by them in their processes or activities.

Based on such mapping and on the Self-Assessment carried out and documented by the process owner, the Internal Audit sets the strategy and the effectiveness tests that will be performed (called "**Control Tests**") aiming at assessing the accurate application and operative efficiency of such controls in preventing or detecting relevant discrepancies.

The entire process of mapping and reviewing controls is carried out by the Internal Controls, Risks, and Compliance management and their respective results are reported to the Company's Audit Committee, which periodically monitors the efficiency of internal controls, the action plans developed, and their implementation.

(d) deficiencies and recommendations on internal controls contained in the consolidated report, prepared and forwarded to the issuer by the independent auditor, pursuant to the regulations issued by CVM that govern the registration and practice of the independent audit activity

The report issued by the Independent Auditors connected to the Company's Financial Statements for the fiscal year ended on December 31, 2020 pointed out significant deficiencies in controls regarding Access Management (ITGC Controls), in which weaknesses were found in the processes of granting, revocation, transfer, and maintenance of access by third-party associates. In addition, a weakness in the review and validation process of active



access profiles was pointed out. The Independent Auditors recommended reviewing third-party access management controls and reviewing access profiles, which should be performed at least twice a year.

Among the significant deficiencies pointed out by the Independent Auditors, there is also the need to implement internal controls for unusual transactions (such as business combinations) and weaknesses in the process of supporting the assumptions made in the *impairment* test and disclosures required in the explanatory note. For such weaknesses, the Independent Auditors recommended the implementation/review of controls that support unusual transactions, as well as the review of assumptions made in the *impairment* test.

It should be noted that, through additional supporting procedures, the external auditors found that the identified deficiencies did not generate any reservations in their final opinion and did not change the Company's financial results.

(e) comments from the executive officers on the deficiencies found in the detailed report prepared by the independent auditor and on the corrective measures adopted

The main actions aimed at mitigating the weaknesses found by the Independent Auditors are (i) the increase in the frequency of third-party user revalidations, which will go from one to four times a year; (ii) review of access profiles for all users, which will change from once to twice a year; and (iii) the creation of a database to simplify the query process for third-party data. It is also worth emphasizing the implementation of access risk analysis and the creation of controls after the review process.

As for the weaknesses pointed out in the process of unusual transactions and *impairment*, the Management will make efforts to improve the currently-existing controls, fully mitigating the aforementioned points.

It should be noted that the other recommendations of the Independent Auditors that are not considered significant have already been forwarded to those responsible for the corresponding areas and also have a deadline determined to be implemented in 2021.



5.4 - Internal compliance mechanisms and procedures

(a) If the issuer has rules, policies, procedures, or practices aimed at the prevention, detection, and remediation of fraud and illegal acts against the public administration, identifying in positive cases:

(i) the key compliance mechanisms and procedures adopted and their suitability to the profile and risks identified by the issuer

The Company has a Compliance Program through which it sets forth and adopts mechanisms and procedures aimed at the prevention, detection, and appropriate treatment of acts of corruption, fraud, and illegal conduct of any nature practiced against domestic or foreign public administration, as well as in the private scenario, considering the countries where the Company operates.

Such Compliance Program is structured in 5 (five) interrelated pillars:

Culture of Compliance: its purpose is to strengthen and disseminate at all hierarchical levels a culture that complies with the Company's standards of ethics and compliance, through the constant engagement and support of the Company's President and Vice President ("**Senior Management**") and the Company's key leaders.

Risk Assessment: it aims at identifying and assessing the key anti-corruption/ compliance risks to which the Company is exposed, measuring its impacts and recommending mitigation measures, especially in processes considered sensitive, regarding compliance with the applicable anti-corruption legislation and the Company's conduct guidelines set forth in the Code of Ethics and Conduct and other Compliance Program Standards.

Code of Ethics and Conduct, Policies, and Procedures: its purpose is to set forth and formalize all internal guidelines, rules, and procedures that must be observed by employees and third parties within the scope of the Compliance Program. The Code of Ethics and Conduct, the Policies, Standards, and Procedures that make up the Compliance Program make up the reference base for the compliance mechanisms and controls to be implemented and/or optimized.

Communication and Training: it aims at raising awareness of the Company's employees and making easier their understanding of the guidelines, rules, and responsibilities to be fulfilled within its Compliance Program by means of general and specific communication and training actions on ethics and conduct guidelines of the Company.

Detection and Remediation: its purpose is to find irregular or illegal conducts, fraud of any kind or any other non-compliance with the applicable legislation and regulations and the Company's Standards, as well as to guarantee that such conduct found is discontinued and the suitable disciplinary and/or corrective measures are applied, using as the main tool an independent Channel ("Ethics and Conduct Channel") made available to internal and external audiences for receiving and handling whistle-blowing and complaints.



The Compliance Program is reassessed every year to ensure its effectiveness. The controls are also reviewed annually, and updates can take place at any time due to changes in rules, processes, and the risk scenario. The Corporate Policies are subject to mandatory review every 3 (three) years, without prejudice to any other changes that might be required over the period. Particularly regarding the risk management and method implemented by the Company, please see section 5.1 of this Reference Form.

Set of mechanisms and regulations of the TOTVS Compliance Program

Code of Ethics and Conduct: its purpose is to set forth rules of conduct and ethical principles that guide the commitment of the Company, its controlled companies and subsidiaries, directly or indirectly, with the compliance of its business and internal and external relationships and applies to all directors, management members, shareholders who participate in the control of the Company, employees, service providers, suppliers, and partners. The Code was updated on August 3rd, 2020.

Risk Management, Internal Controls, and Compliance Policy: it aims to provide for the principles, guidelines, and responsibilities to be observed in the corporate risk management, internal controls, and compliance process, as well as to disseminate the Risk Management culture and the Compliance Program in the Company, its subsidiaries, controlled companies, and/or affiliates. The policy was updated on June 28, 2021.

Policy on Business and Institutional Relationship with Public Entities: it aims to set forth guidelines and standards of conduct to be observed in the Company's relationship with public agents and ensure compliance of the conduct of its employees with current legislation, corporate policies, and the Code of Ethics and Conduct of the Company. This policy was updated on October 14, 2020.

Policy on Contributions, Donations, and Sponsorships: this document aims to set forth the guidelines and rules to be observed for the Company's contributions, donations, and business and institutional sponsorships. This policy was updated on December 15, 2020.

Third-parties' Compliance Due Diligence: it refers to the processes and procedures aimed at identifying and assessing compliance risks, particularly regarding the anti-corruption topic, in the relationship of the Company with suppliers, business partners, associations, charities, and other third parties of any nature, to ensure that no business is done with third parties involved in any type of illegal or irregular practices considering the current anti-corruption legislation and the ethical principles and standards set forth in the Code of Ethics and Conduct and other Internal Policies and Rules of the Company.

Record of Business and Institutional Interactions with Public Entities: procedure for recording in-person or remote interactions of any business and/or institutional nature with public entities in order to comply with the guidelines set forth in the Policy for Business and Institutional Relationship with Public Entities. The Company has an electronic tool that allows employees to carry out a complete record of all interactions with public agents, aiming at transparency in relations with the Public Sector.



Integration Training: introduction to the Company's Code of Ethics and Conduct performed in the process of integrating new employees. It presents the Company's key conduct guidelines and standards, as well as provides guidance on the Ethics and Conduct Channel.

Training on the Code of Ethics and Conduct: employees are trained through e-learning *training on the Code of Ethics and Conduct*, which is mandatory for all owned and franchised units, covering all of the topics included in such document. The content is presented through explanatory videos, animations, and its understanding is complemented with questions that must be answered in light of the Code's principles and standards. Employees whose activities do not require the use of computers are trained either in person or virtually. In this training, 88% of employees were trained.

Training on Relationship with Public Agents: mandatory *e-learning* training for the areas having any relationship with public entities, aiming at training the target audience as to the practices and procedures to be observed in this type of interaction, considering compliance with applicable legislation and the requirements of the Code of Ethics and Conduct and the Policy on Business and Institutional Relationship with Public Entities. In addition, face-to-face training is provided, either internally or through specialized consultants, to reinforce anti-corruption guidelines.

Thematic Training: specific training for areas most exposed to certain Compliance risks, such as Purchasing, Business with the Public Sector, and Institutional and Governmental Relations or any other areas ranked as higher risk exposure.

Anti-Corruption Training: virtual anti-corruption training covering specific forms of corruption and the risks of illegal practices aimed at all members of the Board of Directors and the Board of Executive Officers, aimed at the continuous awareness-raising of the Company's senior management on this subject.

Anti-corruption clause and compliance with the Code of Ethics and Conduct: agreements with suppliers and clients/customers have a clause requiring compliance with the applicable anti-corruption legislation and the Company's Code of Ethics and Conduct.

Term of Commitment to Compliance and Statement of Responsibility, Compliance, and Social and Legal Commitment: these documents are forwarded to all TOTVS'S Franchises, in which the Franchise Unit undertakes to comply with the "Anti-corruption" Law No. 12,846/2013, with the Company's Code of Ethics and Conduct, as well as with the principles of the UN Global Compact.

Audit on the Program: Periodically, the Compliance Program is assessed by an internal or external audit to verify compliance with the schedule set for the current year, as well as to find any opportunities for improvement. The result of such work is reported to the Audit Committee and the corresponding action plans are followed up and monitored by the Management.



(ii) the organizational structure involved in monitoring the functioning and efficiency of internal compliance mechanisms and procedures.

Within the scope of the Compliance Program, the key responsibilities of the governance structures and bodies involved are listed below:

Management Board:

- Setting strategic goals and approving the Company's Compliance Program;
- Approving the Internal Controls, Risks, and Compliance Policy;
- Monitoring the actions of the Compliance Program and reinforcing with the Senior Management the commitment to its fulfillment;
- Ensuring the existence of suitable resources to ensure the effective enforcement of the Compliance Program and guarantee the autonomy of the Internal Controls, Risks, and Compliance area; and
- Following up and resolving on the Audit Committee's recommendations regarding the results of the Compliance Program.

Governance and Nomination Committee:

- Assessing the Risk Management, Internal Controls, and Compliance Policy and submitting a recommendation to the Board of Directors regarding its approval; and
- Assessing and resolving certain cases involving conflicts of interest, as provided for in the Company's Code of Ethics and Conduct.

Audit Committee:

- Reviewing the Risk Management, Internal Controls, and Compliance Policy, the Code of Ethics, and submit a recommendation to the Governance and Nomination Committee regarding its approval by the Board of Directors;
- Discussing and approving the annual Compliance schedule;
- Assessing and monitoring the audit action plans of the Compliance Program;
- Assessing the results of the Compliance Program and submitting its recommendations to the Board of Directors; and
- Periodically report to the Board of Directors critical cases of misconduct connected to the Risk Management, Internal Controls, and Compliance Policy, as well as any disciplinary measures adopted.

Ethics and Conduct Committee: its duties include:

- Issuing an opinion on the origin and seriousness of allegations of violations of the Code of Ethics and Conduct received and other guidelines and rules of conduct of the Company;



- Monitoring the application of disciplinary measures; and
- Interpreting the Code of Ethics and Conduct in case of any questions to be clarified.

Vice-Presidencies and Boards of Executive Officers: their duties include:

- Conducting business practices that comply with all applicable laws and regulations and the internal regulatory framework;
- Supporting the implementation and show commitment to the Compliance Program; and
- Ensure that the Company's conduct guidelines are disseminated and understood by partners, franchisees, channels, third parties, clients, and customers.

Internal Controls, Risks, and Compliance Area: it reports to the Chief Executive Officer and its key duties are:

- Proposing changes and submitting the Risk Management, Internal Controls and Compliance Policy for approval, as well as disseminating its guidelines throughout the Company;
- Structuring, implementing, managing, and disseminating the Compliance Program;
- Raising the awareness of managers and other employees of the importance of the Compliance Program;
- Coordinating the periodic review of the contents of the Code of Ethics and Conduct;
- Manage the Ethics and Conduct Channel, as well as report all applicable cases to the Ethics and Conduct Committee;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Audit Committee in case something may interfere with its independence;
- Sharing with Internal Auditors information and/or facts subject to internal investigation; and
- Reporting the results of the Compliance Program to the Senior Management, the Audit Committee, and the Board of Directors.

Legal Board

- Providing the Company with guidance on the standards and rules issued by the regulatory agencies and to the changes on legislation, either at federal, state, or municipal levels;
- Reporting to the senior Management and the Board of Directors any event that constitutes an administrative, civil, or criminal offense; and
- Supporting the Internal Controls, Risks, and Compliance area in interpreting applicable anti-corruption laws.



Internal Auditors

- Conduct investigations on complaints and reporting their result to the Ethics and Conduct Committee and, periodically, to the Audit Committee;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Audit Committee in case something may interfere with its independence; and
- Reporting to the Internal Controls, Risks, and Compliance area all risks and non-compliances found in the auditing work.

Human Relations: its duties are:

- Promoting and ensuring that the principles of the Compliance Program are disseminated within the Company's organizational culture.

Other areas: all the Company's employees, regardless of their positions, have the following duties under the Compliance Program:

- Comply with the internal regulatory framework, the applicable legislation and regulations;
- Reporting through the Ethics and Conduct Channel any violation or suspected violation of applicable laws or regulations, or any non-compliance with the Internal Regulation Framework;
- Taking part in every training considered mandatory; and
- Submitting all information and/or Corporate documents of which they are in possession of, whenever requested (i) by the Internal Auditors, (ii) by the Internal Controls, Risks and Compliance area, or (iii) by the Ethics and Conduct Committee, within the scope of an internal investigation.

(iii) code of ethics or conduct

- **whether it applies to all executive officers, members of the supervisory board (fiscal council), directors and employees, and whether it also covers third parties such as suppliers, service providers, agents, and associates**

The Company has a Code of Ethics and Conduct (CODEC) filed with the CVM since 2012. Such CODEC, the current version of which was approved by the Board of Directors on August 3, 2020, is applicable to all directors, management members, employees, service providers, suppliers, and partners.

- **whether and how often executive officers, members of the supervisory board/fiscal council, directors and employees are trained for the code of ethics and conduct and other standards related to the subject**

For knowledge and suitable training, an e-learning training on the Code of Ethics and Conduct is available every year to all associates, who are required to take part in it and who will be



subsequently tested for knowledge assessment and awarded the corresponding certificate. Employees whose activities do not require the use of computers are trained either in person or through distance learning.

- **the applicable sanctions in the event of violation of the code or other rules relating to the matter, identifying the document where these sanctions are provided for**

The Company has an Ethics and Conduct Committee responsible for receiving all complaints and concluding, through a formal procedure, whether there was a violation of the Code of Ethics and Conduct and, if applicable, determining what measures will be applied to the offender under the standards and criteria set forth in the Company's Standards of Disciplinary Management, which may be of a disciplinary nature, such as the application of a warning, and even termination for cause, besides the due legal measures, whenever applicable.

- **body that approved the code, date of approval and, if the issuer publishes the code of conduct, places on the world wide web where the document can be consulted**

The current version of the Code of Ethics and Conduct was approved by the Board of Directors on August 3, 2020 and is available on the Company's Investor Relations page (<https://ri.totvs.com/esg/estatuto-politicas-e-regimento/>), as well as on the Company's Ethics and Conduct Channel page: www.canalconfidencial.com.br/totvs/.

(b) If the issuer has a whistle-blowing/ reporting channel, making a reference to it, if so:

- **if such whistleblower channel is internal or if it is handled by third parties**

The Company has an Ethics and Conduct Channel maintained by an independent third-party company.

- **whether such channel is open to receive complaints from third parties or if it only receives complaints from employees.**

The Ethics and Conduct Channel is able to receive complaints from employees and third parties, such as suppliers, service providers, business partners, and customers/clients. The Ethics and Conduct Channel is available for whistleblowing through the telephones (i) in Brazil, 0800 721 5966 and (ii) in other locations, +55 11 3232-0766 or through the website www.canalconfidencial.com.br/totvs/.

- **whether there are mechanisms for anonymity and protection for whistleblowers in good faith**

The Ethics and Conduct Channel allows complaints to be made whether anonymously or identified, and guarantees the confidentiality of information and the anonymity of the whistleblower. The Company does not allow retaliation, and guarantees that whistle-blowers will not be harmed for reporting any suspected misconduct.



- **issuer's area responsible for investigating complaints**

The Company's Internal Audit is responsible for analyzing and investigating the complaints received. The Internal Controls, Risks, and Compliance area is responsible for managing the Ethics and Conduct Channel, as well as for reporting applicable cases to the Ethics and Conduct Committee, which set forth the appropriate measures to be adopted.

(c) If the issuer adopts procedures in mergers, acquisitions, and corporate restructuring processes aimed at identifying vulnerabilities and risk of irregular practices in the companies involved

The Company adopts *Due Diligence* procedures for companies undergoing mergers, acquisitions, and corporate restructuring processes. Such due diligence process is carried out through independent external audits having as purpose to assess and understand the compliance environment and find potential risks of corruption and fraud, and of reputational analysis of the organizations involved. The results are submitted to be assessed so that action plans are proposed, and such action plans must be added to the acquisition planning of such involved companies.

d) In case the issuer does not have any standards, policies, procedures or practices aimed at the prevention, detection and remediation of fraud and illegal practices against the public administration, please identify the reasons the issuer has not adopted controls in this regard

Not applicable, as the Company has rules, policies, procedures or practices aimed at the prevention, detection and remediation of fraud and offenses committed against the public administration.



5.5 - Significant changes

As of the date of this Reference Form, the Company has no expectations of any reduction or increase in exposure to the risks to which it is exposed, as presented in this section 5.

The risks identified and monitored by the Company can be identified in subparagraph "a" of section 4.1 - Risk Factors, ranked by their order of criticality and those that may influence any type of decision by investors.



5.6 - Other relevant information

The Company did not identify other relevant information related to the Risk Management and Internal Controls items.



6.1 / 6.2 / 6.4 - Information on the issuer's establishment, term of duration, and date of registration with the CVM (Brazilian Securities and Exchange Commission)

Date on which the Issuer was established	December 13, 1983
Issuer's type of business:	Corporation
Country of incorporation	Brazil
Term of duration	for an indefinite term
Registration Date with CVM	March 7, 2006



6.3 - Brief history

The Company originated from a service bureau known as SIGA - Sistemas Integrados de Gerência Automática Ltda., created in 1969 by Mr. Ernesto Mario Haberkorn. Such bureau provided general IT services and developed a system that allowed for centralized business management, the main purpose of which was the automation of administrative processes. In 1983, with the emergence of microcomputers, the Company was established under the corporate name of Microsiga Software S.A. ("**Microsiga**"), uniting the partners Ernesto Mário Haberkorn and Laércio Cosentino, former CEO of the Company. The Company had as purpose to develop *software* for personal computers and, later, it started to operate in the integrated business management *software* market, accessible to medium and small companies.

From the 1990s onwards, several strategic decisions were taken with a view to structuring the Company for sustainable growth, with the creation of an environment to take the market leadership that the Company would achieve at the end of the next decade.

Some decisions and events that are worth mentioning are:

1990: opening of the first franchise.

1997: opening of the first unit abroad, Microsiga Argentina.

2003: acquisition of assets from the company Sipros, in Mexico, and opening of Microsiga Mexico.

2005: acquisition of Logocenter S.A. ("**Logocenter**"); repurchase of the Company's interest; admission of BNDES Participações S.A. – BNDESPAR as a partner of the Company.

2006: IPO on the Sao Paulo Stock Exchange (BM&FBOVESPA), on the Novo Mercado (highest level of Corporate Governance), acquisition of RM Sistemas S.A. ("**RM**"), and establishment of the Company's business consulting activities.

2008: incorporation of Datasul S.A. ("**Datasul**");

2009: change in the Company's corporate purpose by adding the "granting of franchising" activity, pursuant to the Extraordinary General Meeting dated April 16, 2009; creation of the "Full TOTVS" franchises involving the TOTVS and Datasul franchises;

2013: acquisition of PC Sistemas S.A., acquisition of PRX Soluções em Gestão Agroindustrial Ltda. ("**PRX**"), acquisition of RMS Software S.A., acquisition of Seventeen Tecnologia da Informação em Informática Ltda. ("**Seventeen**"), and acquisition of Neolog Consultoria e Sistemas S.A. ("**Neolog**");

2014: acquisition of Virtual Age Soluções em Tecnologia Ltda. ("**Virtual Age**");

2015: acquisition of Bematech S.A. ("**Bematech**") and incorporation of P2RX Soluções em Software S.A. ("**P2RX**");



2016: sale of 100% of its interest in the share capital of Companhia Resultados em Outsourcing Ltda. ("**TOTVS RO**"), a company focused on providing Human Resources BPO (Business Process Outsourcing) services to Propay S.A. Acquisition of a minority stake by TOTVS Mexico and Company from the Russian company known as National Computer Corporation (NCC);

2017: launch of the artificial intelligence platform (Carol) and launch of iDEXO, which is an institute with the purpose of connecting *startups*, entrepreneurs and developers to create new business solutions;

2018: consolidation of the Company's succession plan and the announcement of the arrival of Dennis Herszkowicz to replace the Company's founder, Laércio Cosentino, who in turn was elected Chairman of the Board of Directors;

2019: Review of the Company's long-term strategic plan, with the sale of *hardware* operations acquired from Bematech. The Company made a subsequent offer of shares raising a total of R\$ 1,066.5 billion with the issue of 27 million new shares at the price of R\$39.50/share, to be entirely allocated to mergers and acquisitions. During 2019 the Company acquired the corporations Supplier S.A. ("**Supplier**" - an operation to be completed over the fiscal year 2020), and Consinco S.A. ("**Consinco**"). Partnerships were also closed with Rede company dedicated to means of payment, VTEX in the ecommerce industry, and Moddo that will develop a *software* of Order Management System (OMS). During 2019 the Company also launched its new Techfin business platform;

2020: Completion of the acquisition of Supplier Participações S.A. and the acquisition of Tail Target, an SaaS company specializing in omnichannel data intelligence. The Company's shares became part of the IBRX 50 portfolio, B3's index formed by the 50 most tradable shares in the Brazilian stock market, and, in the same vein, the Company's shares entered the mid-cap category of the indicators known as MSCI Brazil, MSCI Latin America, and MSCI *Emerging Markets*; and

1st half of 2021: strengthening the ecosystem of three business segments with B2B solutions far beyond ERP, with highlights to investments in the digital transformation of HR with a new portfolio of solutions based on the concept of Human Experience Management (HXM) and creation of the first 100% PLG (*Product Lead Growth*) product in the Management segment, launch of new products at Techfin and the consolidation of the Business Performance segment with the completion of the acquisition of RD Station. Expansion of the Cloud business, with the launch of new cloud availability zones in the northeastern region of Brazil.



6.5 - Information on any bankruptcy filing based on material amount or court-supervised reorganization or extrajudicial reorganization

There is no request for bankruptcy, court-supervised reorganization or another reorganization of the Company.



6.6 - Other relevant information

The Company did not find any other relevant information connected to this section.



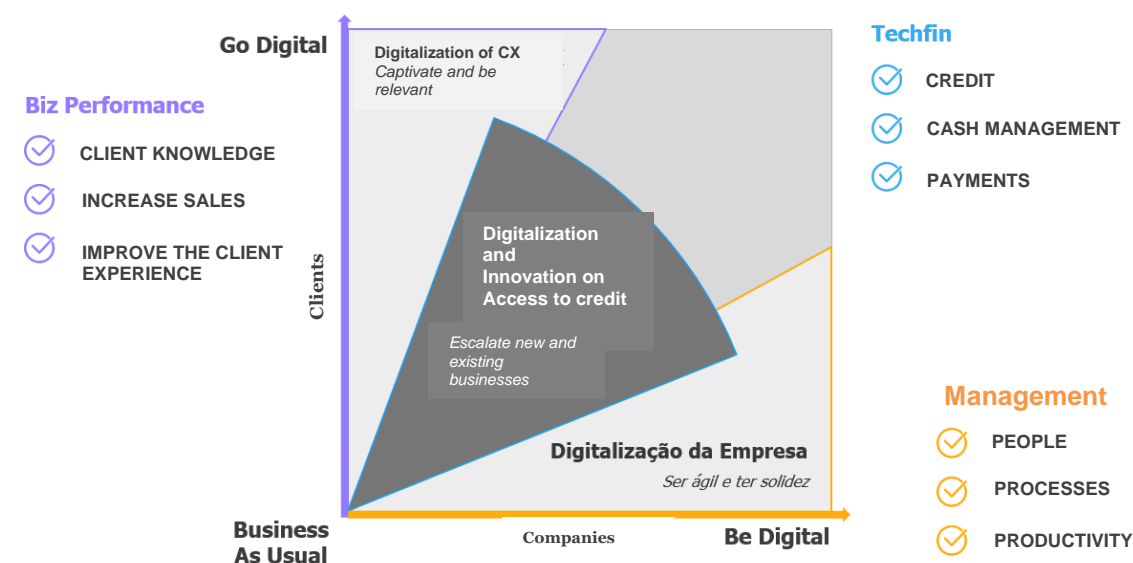
7.1 - Description of the major activities of the issuer and its subsidiaries

Overview

We are one of the largest technology and software companies in Latin America, according to the “*Software Market Share Enterprise Application 2020*” study, issued by Gartner. With solutions that go far beyond traditional management software (“ERP”), we have been helping companies of all sizes for 38 years to leverage their productivity, competitiveness, and digital services. We have an installed base of approximately 65,000 customers and clients, operating mainly in Brazil and with a presence in over 40 countries. Currently, about one-third of the companies listed on B3 are clients of the Company (active companies listed on B3 that have common and/or preferred shares).

Our purpose is to “simplify the business world”, and that’s why we develop, sell, and implement technological tools and platforms with specialized solutions and value-added services to speed up the digitalization journey of our clients and customers, distributed in 12 strategic market segments. We are transforming the competitive landscape by creating a unique digital ecosystem based on three strategic segments (“3D”): (i) Management - with our portfolio of open platforms and solutions, connected and customizable for ERP, HR, and Verticals; (ii) Techfin - expanding, simplifying and making access to credit and other financial services cheaper; and (iii) Business Performance - building a portfolio of digital tools that boost our clients’ competitiveness, performance, and sales. This new business model has helped to significantly expand the size of our addressable market, opening up a wide range of new operating possibilities. The image below summarizes the Company’s vision in relation to the 3D ecosystem.

Our Business Model | 3D Ecosystem



In the Management segment, our portfolio includes management software, solutions for the human resources area, from payroll to human capital management, and vertical solutions for



a number of market segments. According to Gartner, we are absolute leaders in this segment and one of the three biggest players in Latin America, delivering the strength required to support the digitalization of our clients and customers. This segment continues to expand, with over 30% of new SaaS subscriptions coming from new clients/customers ("*New Names*"), which shows that this market is still far from mature.

One of our main differentials is our integrated sales and distribution model, based on our own units and franchises, allowing for presence, proximity, and an agile and efficient service to our clients and customers. In Brazil, we have 6 branches, 52 franchised territories, and 8 development centers. In addition, we have 5 branches abroad (Argentina, Colombia, United States, Mexico and Portugal), besides 2 development centers (United States and Mexico). Our sales operation is based on the multichannel concept – over 70% of lead origination takes place through digital channels, and the same is true for over 90% of implementation processes and over 80% of support processes.

In the Techfin segment, we are just at the beginning of the journey aimed at transforming the Company into the main financial platform for SMBs, facilitating access to financial services through integrated credit and payment solutions based on Big Data. The acquisition of Supplier at the end of 2019 was the great catalyst for our performance in credit origination and distribution through affiliated suppliers, an activity with potential for *cross-selling* with our client/customer base in the Management segment. During this period, we also launched 7 new Techfin solution offers and integrated them into our sales channels, adding specialists in our branches and franchised channels. In the 12 months prior to June 30, 2021, we reached credit production of R\$8.2 billion, with a record growth of 93% in production in the second quarter of 2021 compared with the same period in 2020. At the same time, we achieved a default rate of more than 90 days at just 0.5%, about 250 bps below the Brazilian average.

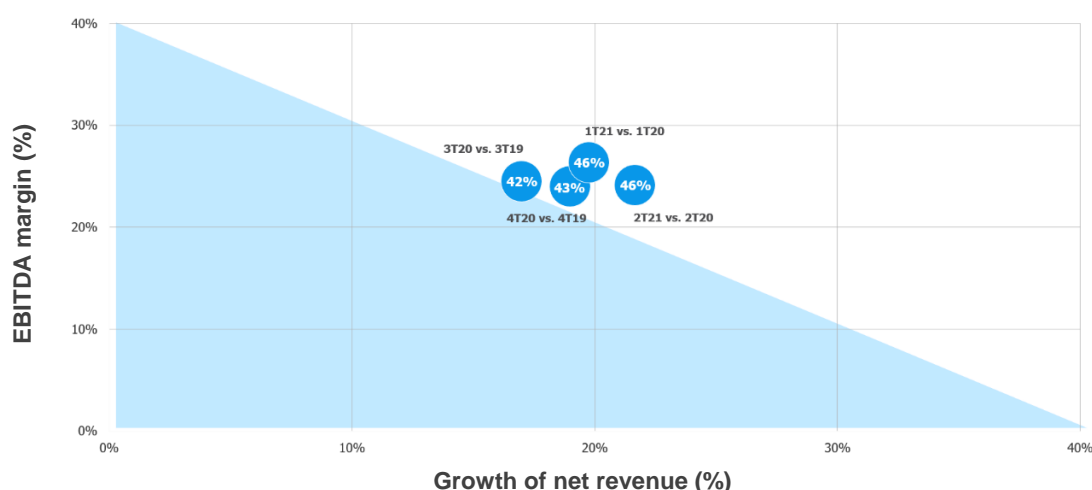
In the Business Performance segment, we offer a broad portfolio focused on helping our clients to increase their sales and become more competitive in their business segments. In March 2021, we acquired RD Station, the main digital marketing automation tool in the market, expanding the relevance of our Business Performance solutions offer. Complementarily, our *digital commerce* and omni-channel solutions help to leverage our clients' *online* sales and supply chain integration through full channel integration. In this segment, the revenue for the second quarter of 2021 increased 50% compared with the same period of 2020, considering the unaudited revenue of RD Station from January 2020 to May 2021 and Tail Target from January to December 2020, with recurring revenue representing 98% of the segment's total.

As a result of our strategic transformation, in May 2019 we carried out a subsequent share offering, raising the amount of R\$1,067 billion to speed up investments within a period of up to 3 years. A little over 2 years later, we have made acquisitions with a total amount of approximately R\$3 billion - including Supplier, Consinco, Wealth Systems, Tail and RD Station, aimed at expanding into new Techfin and Business Performance markets and strengthening



our business in Management. We introduced a series of new products and SaaS solutions in Management, which together with Techfin and Business Performance solutions, considering the unaudited revenue of DR Station from January 2020 to May 2021, from Tail Target from January to December 2020 and from Supplier from January to May 2020 accounted for over 40% of the revenue mix and over 70% of the year-over-year revenue growth for the second quarter of 2021, and the period between the second quarter of 2019 and the second quarter of 2021 the amount of our recurring revenue and transactional revenue grew 50.1%.

In recent quarters, the Company performed within the so-called *Rule of 40*, which identifies companies with high potential to generate value those capable of reaching 40% or more in the sum between EBITDA Margin and Net Revenue growth. In the comparison between the second quarter of 2021 and the second quarter of 2020, we reached the mark of 45.7%. The image below shows the *Rule of 40* results for the last four quarters.



In addition, in January 2020 the Company's shares were included in the IBOV index, as well as the MSCI indices in December 2020, and the IBrX 50 of B3 as of 2021, making the Company the first technology company to appear in the most important stock indexes in the Brazilian market. This achievement reflects the Company's leadership position and recognition of the moment it is going through, because of our strategy, operational performance, and level of corporate governance.

In order to keep pace with change and transformation, we held our *kick-off* event and our sales convention in late January 2021, and the keyword that permeated all discussions was: speed. Escalating, digitizing, and cloudifying were also fundamental words that show the path we are following. We are working to maintain and expand the Company's relevance to its clients and customers, helping Brazilian companies of all sizes and segments to achieve the efficiency and productivity sought by everyone.

The table below shows, for the periods showed, the main consolidated financial and operating indicators of the Company:



Stated in millions of Reals/BRL (except percentages)	Six-month period ended June 30,		Fiscal year ended on December 31,		
	2021	2020	2020	2019	2018
Total net revenue	1,483.6	1,228,8	2,596.1	2,282.1	2,111.2
Net revenue from Recurring Software ⁽¹⁾	1,122.0	955.2	1,954.1	1,729.2	1,547.2
Net Profit	159.3	119.5	295.0	210.6	60.6
Adjusted EBITDA ⁽²⁾	372.4	263.8	587.9	470.7	347.4
Renewal Fee ⁽³⁾	98.4%	98.7%	98,5%	98.3%	97.9%
<p>⁽¹⁾ Comprises software subscription, technical support, and technological evolution. For more details on Net Revenue from Recurring Software.</p> <p>⁽²⁾ Adjusted EBITDA is a non-accounting measure prepared by us that corresponds to EBITDA adjusted by the net loss from the discontinued operation, by expenses with M&A transactions, earn-out adjustments at fair value, and by the tax credit, which, in our vision, are not part of the normal operations of the business and/or distort the analysis of our performance. For more details on Adjusted EBITDA, please see section 3.2 of this Reference Form.</p> <p>⁽³⁾ Renewal Rate represents the percentage of clients/customers that remained in the recurring base at the end of the period, compared with the base at the beginning of the period, using the Net Revenue from Recurring Software as a reference.</p>					

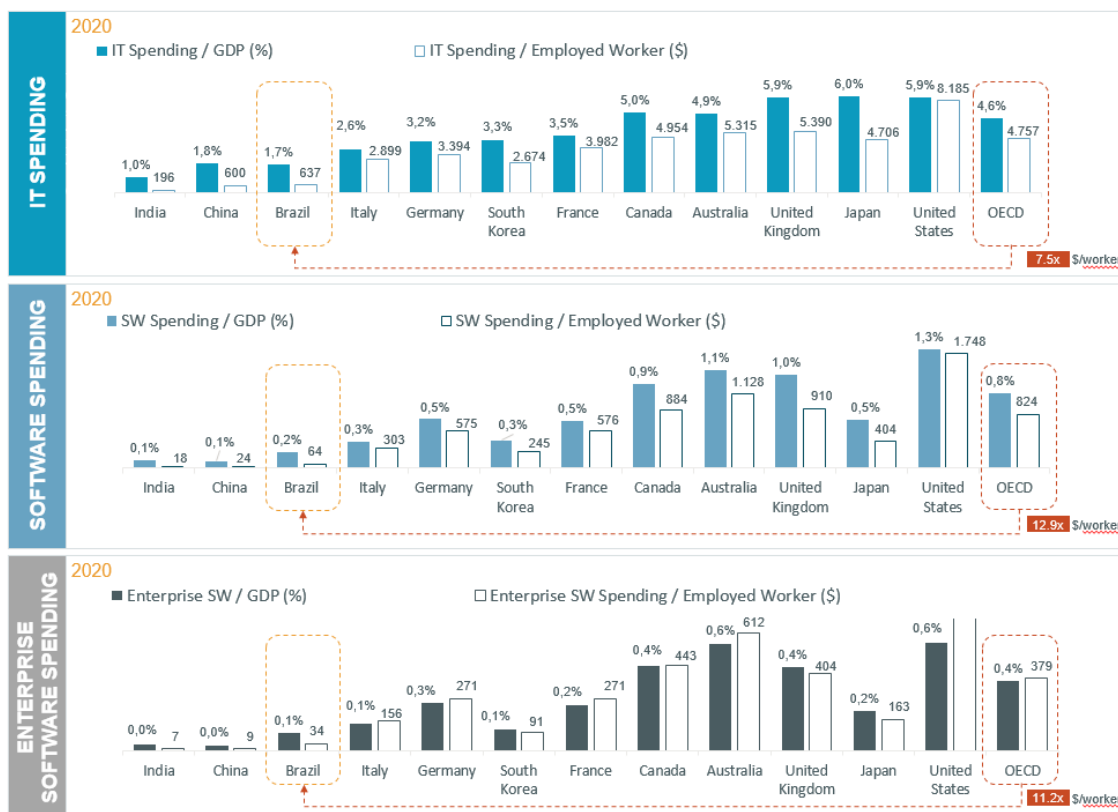
Market Opportunities

Software Market in Brazil (Management and Business Performance)

According to Gartner's *Market DataBook* study published in December 2020, Brazil was among the 12 largest IT markets in the world, with expenditures of approximately 62 billion dollars, of which 5 billion dollars represent investments in *software*. However, investment in IT and *software* in Brazil is still relatively lower than in more developed countries and in most major IT markets. Based on information from the World Bank, Brazil concentrates approximately 3% of the global workforce and 2.5% of the global GDP; however, expenditures on *software* represent around 1% of global expenditures, showing that the Brazilian market for *software* is not yet mature and still has a lot of room for growth. The

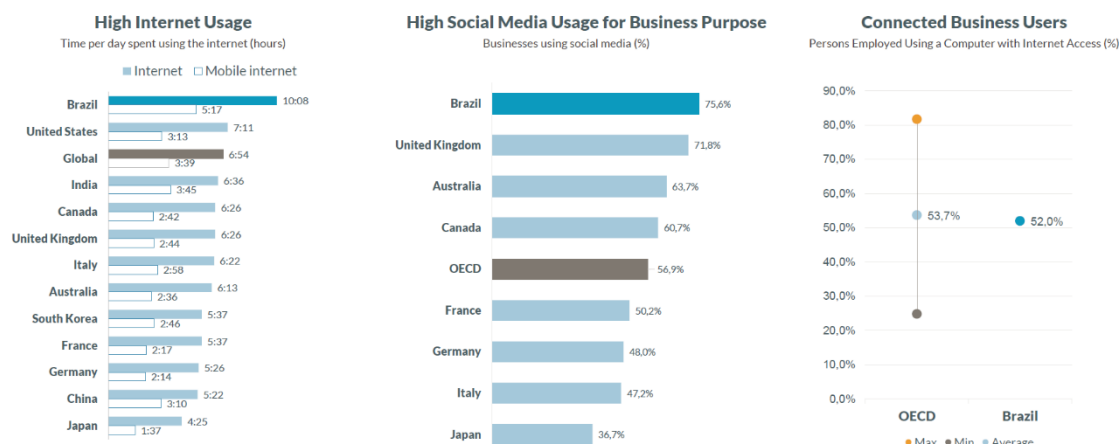


graphs below show such a difference compared with other countries and the average of countries making part of Organization for Economic Cooperation and Development (OECD):



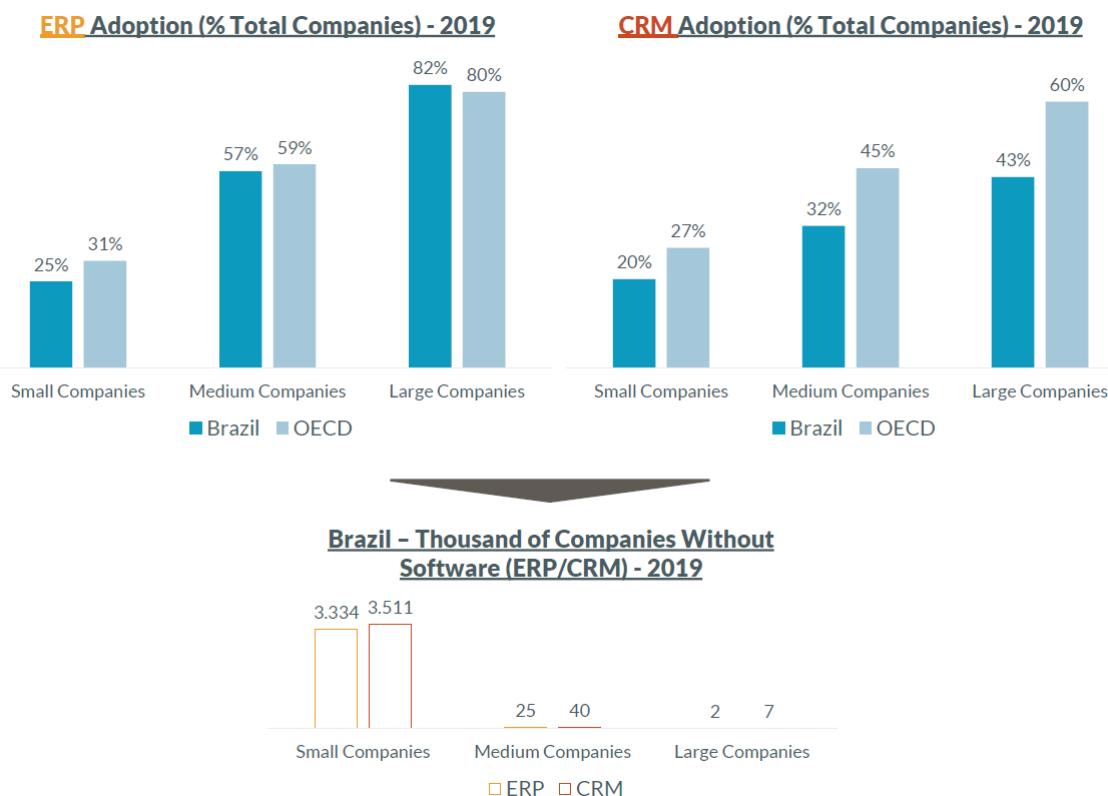
Sources: World Bank, OECD, TOTVS

Despite the use of IT and *software* being relatively low when compared to more developed countries, Brazil already has elements that point out good prospects for the growth of IT investment in the future. According to a survey by Hootsuite and data from the OECD, the population of Brazil has high levels of consumption of internet services, and use of social media for business purposes, being at the top of the ranking among developed countries, the world average and the average of the countries of the OECD, as shown in the graphs below:



Sources: Hootsuite 2021, OECD 2019

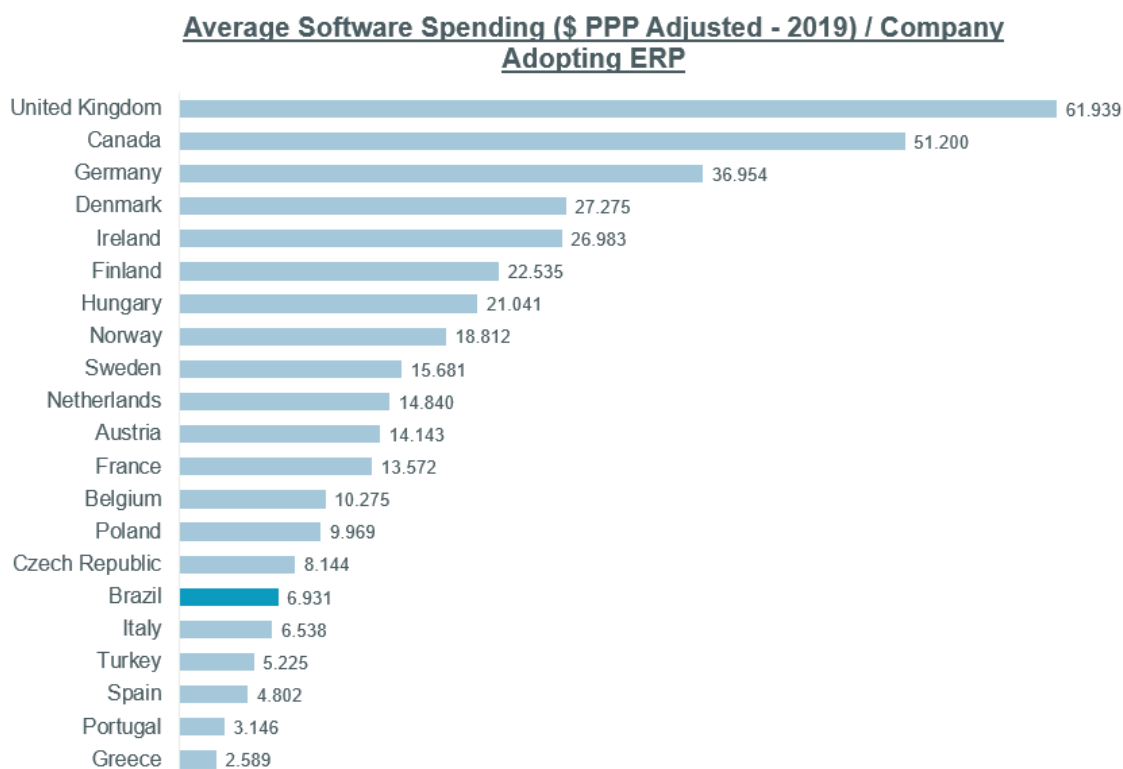
The Company believes that there are 3 key drivers of growth in the *software* market in Brazil. The first driver is low market penetration. Statistics from the Regional Center for Studies for the Development of the Information Society (CETIC) and the OECD on the level of use of ERP and CRM in Brazil and worldwide show that the Brazilian market has, in general, less penetration than countries of the OECD. Penetration data in Brazil combined with IBGE data indicate an estimate of the volume of companies (over 3 million) that do not yet adopt *software* (ERP/CRM) in their operations.



Sources: CETIC (TIC Empresas 2019), OECD statistics, IBGE

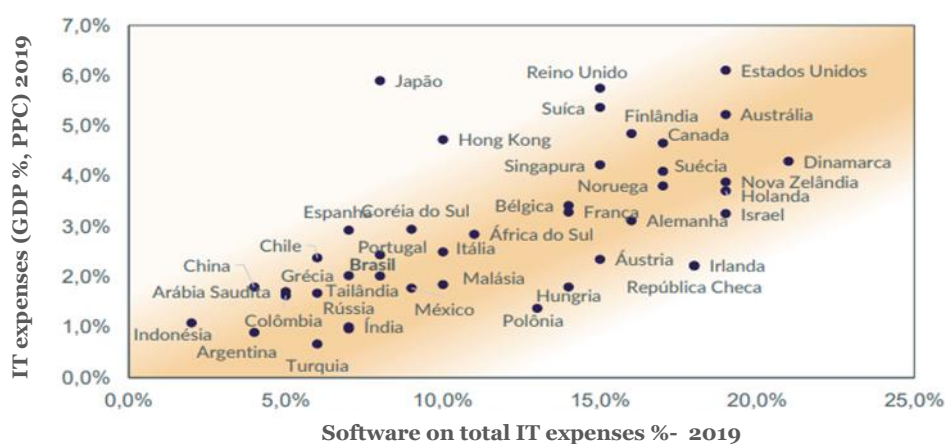


The **second driver** is a higher potential use in an already penetrated market. Even companies that already use ERP in Brazil spend less on *software* than the average company in many OECD countries.



Sources: World Bank, reviews from TOTVS

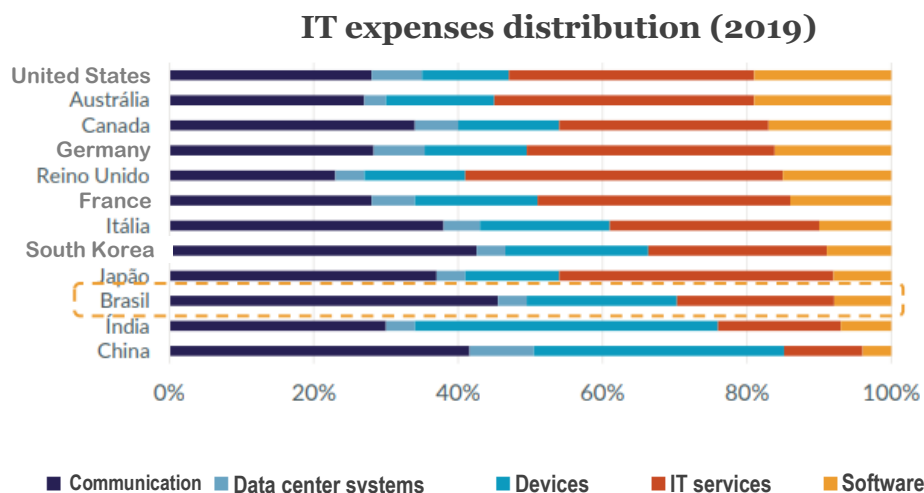
The **third driver** is the potential share of *software* in IT spending. Data show a positive correlation between IT spending and the relevance of *software* on the Total IT Spending in each country, that is, as countries mature and start to invest more in IT, the investment in *software* becomes more representative out of total IT spending.





Sources: World Bank, reviews by TOTVS

In Brazil, there is a low share of spending in *software* in terms of the total IT spending compared with other leading IT markets, which shows a high potential for expanding *software* investments in Brazil.



Sources: World Bank, reviews by TOTVS

Techfin market in Brazil

The Brazilian corporate credit market (PJ), despite still being a market highly concentrated in the major banks (Caixa Econômica Federal, Banco do Brasil, Itaú Unibanco, Santander and Bradesco), which currently account for 71% of the entire portfolio of companies in 2021, have been observing a significant drop in this concentration year after year.

Regulatory changes to increase competition in this market, the emergence and growth of new technologies, among other factors, have opened space for the performance and growth of new *players* exploring market niches in which traditional *players* cannot explore with quality and/or have high costs.

This outlook creates an opportunity for the Company to operate in the Techfin segment, without forgetting our technology DNA as a *software* company. The Company positions itself as *Techfin* rather than *FinTech*, to offer solutions to simplify, increase access, and lower the cost of financial products, including payment and credit solutions for its clients and customers. Our Techfin segment can leverage: (i) our expertise and *know-how* of digital and technological solutions, (ii) our ability to collect and analyze high volumes of data, (iii) our ability to launch new products to adapt to users' needs, (iv) our robust distribution platform in all regions of Brazil, (v) our access to a broad base of recurring customers throughout the production chain and (vi) our brand, that is well established. These solutions can even be offered in partnerships with *players* in the financial sector, whether consolidated or new entrants, who have complementary knowledge such as product expertise, knowledge of the regulatory environment and customer risk analysis.

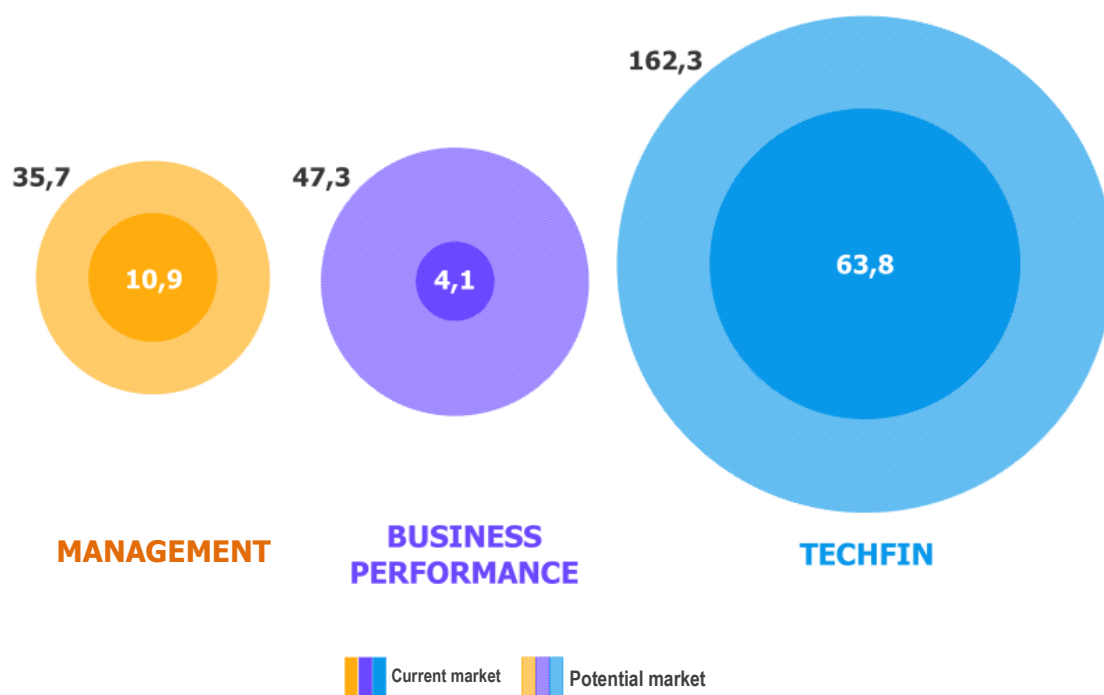


Moreover, access to a broad client/customer base whose operations are mediated and supported by the Company's systems, combined with a trend of digitization of companies and pressure for efficiency gains and increased results, creates an opportunity for the Company to develop solutions to increase the performance of its clients/customers based on the analysis of their data, including, for example, measures to increase sales in certain situations or better manage company resources.

Total Addressable Market - Potential 3D Ecosystem

The Company estimates that there is an addressable software market potential for the Company in Brazil of approximately R\$83 billion, divided into: (1) R\$35.7 billion in the Management market; (2) R\$47.3 billion from the Business Performance market, both when Brazilian companies reach an IT maturity level observed in OECD countries. That potential can be exploited in different ways, whether through *upselling*, *cross-selling*, or operating within a non-penetrated market.

In the Techfin segment, the Company estimates that there is an addressable market potential of R\$162.3 billion, when all companies in Brazil take out credit according to the average onerous level of debts of those that already do so today. This potential can be exploited through our strategy of becoming a single credit and payments platform for our small- and medium-sized clients.



Source: IDC and reviews by TOTVS



The opportunities shown here, combined with the positive trajectory of the IT sector, which has shown a growth history above the average of the Brazilian economy, reinforce our view that the Brazilian market is an important source of growth and opportunity for the Company. In addition, the size of the new markets and their growth potential show that the Company does not need to be dominant in them for the growth coming from the new segments to be relevant.

Our Strengths and Competitive Advantages

Leadership position and brand

We are a leading Brazilian multinational company in the ERP market in Brazil with a 46% *market share*, according to Gartner's "*Software Market Share Enterprise Application 2020*" study. We estimate that our clients' aggregate revenue represents approximately R\$2.7 trillion.

We are the 25th most valuable brand in Brazil according to the Interbrand ranking in 2020, being the only technology brand present in this ranking, which we believe is a valuable asset in attracting new clients/customers, as well as to attract the best and most innovative professionals of the software and technology industry. The Company was the only Brazilian IT company present in the ranking "The 2018 Global Innovation 1000 study" annually released by the consulting firm Strategy & Co., bound to PwC.

Our leadership position allows us broad access to the various market segments in which we operate and enables us to offer a variety of products vertically to new and existing customers of all sizes, including *cross-selling* opportunities. We also believe that our strong reputation has the ability to bring together excellent professionals, partners and customers around us, in an open ecosystem, capable of monitoring and integrating the evolution of current demands and anticipating future trends.

Distribution platform

The Company is present throughout the entire Brazilian territory and has clients in 41 countries. This broad capillarity is the result of our expansion strategy through branches, channels and exclusive franchises, which began in the 1990s and which allows us to always be close to our clients/customers, better understand their business, the particularities of the region where they operate, and to earn their trust.

We believe that our distribution platform is a strong differential, with a local and digital presence that is able of serving companies of all sizes.

In the management segment, our distribution strategy follows the size of clients as follows:

- (i) In large corporations (over 500 employees), we have a specialized division with qualified professionals in each industry in which we operate, offering not only specialized service, but support and consultancy.



- (ii) In the segment of small and medium business (10 to 500 employees), we have 5 own units and 52 franchised territories. We believe that this capillarity of the sales force provides us with unique knowledge of our clients' needs, besides optimized business and implementation costs. Our franchisees act exclusively and are remunerated not only for the sales made but also for the Net Revenues from Recurring Software, which we believe motivates these franchisees to maintain a high degree of alignment with our interests, in particular the maintenance of the long-term relationship with our clients and customers.
- (iii) In serving small businesses (less than 10 employees), we operate in a system of multiple channels through partners, resellers and distributors, which allows us to reach all regions and large centers in Brazil.

In addition, TOTVS Store allows us to establish a digital interaction channel with our clients/customers, especially for cloud applications.

In the Business Performance segment, our focus is *cross-selling* with clients in the Management segment, through specialized teams, fully integrated with current sales teams, using *digital commerce* and omnichannel tools. In addition, we have, for our digital marketing solutions, a vast ecosystem of partner marketing agencies that promote and recommend our solutions.

In the Techfin segment, we also have specialized teams that support the *cross-selling* of our Techfin solutions that are just at the beginning of the integration journey with the current sales teams, already bringing results above expectations. In addition, for our Supplier credit solution (which will be explored in more detail later on) the distribution and contracting of credit is carried out through our clients, which we call affiliates, who use our digital credit card service to sell more to their customers.

Broad, diverse, and flexible portfolio

Our portfolio encompasses a complete horizontal offer, with Management solutions, including ERP, HR, Verticals and Innovation Platforms; Techfin; and Business Performance, including data intelligence, *digital commerce*, omni channeling, digital marketing, and CRM. We believe that our solutions are broad, diverse, and flexible, dealing with and meeting the needs of all our clients/customers in the most diverse verticals of 12 business segments (agribusiness, construction and projects, distribution, educational, financial services, hospitality and tourism, legal, logistics, manufacturing, healthcare, services, and retail).

We serve companies of all sizes, with solutions available in *cloud* or *on-premises*. Our solutions are scalable and modular and can be easily configured to allow specific functionality for different business segments and sizes with consistent integration.

Business model with a history of growth and profitability

Our key business model comprises offering and developing, with constant innovation, reliable and efficient ERP systems for the secure processing of corporate information, constituting a



very relevant tool for our clients in managing their business, in which we believe we have deep expertise.

Our business model has a customer-focused approach, broad product portfolio, an after-sales team that includes specialists with expertise in promoting *cross-sell and upsell sales*, as well as centralized implementation and maintenance teams. We provide our clients with more simplicity and ease in contracting and using our solutions through various business modalities, which adapt to the client's reality according to their stage of maturity. This allows us to support our clients' evolution, positioning ourselves as a long-term partner and expanding our services and *cross-selling* throughout the life cycle of this partnership.

Such business flexibility allows us to grow with our clients, supporting long-term relationships. At the end of June 30, 2021, we had reached the R\$2.7 *billion Annual¹ Recurring Revenue* (ARR) mark, with a renewal rate of 98.4%. We believe that these factors, combined with a relationship model based on a recurring agreement (monthly payment with automatic annual renewal), make our business predictable and profitable.

In addition, between 2018 and 2020 we achieved a growth of more than 20% in the ratio between Recurring Revenue and R&D expenses, demonstrating an increasing efficiency in the development and maintenance of new solutions.

History of Acquisitions (M&A)

We believe that we have a solid capacity and track record in identifying, negotiating and integrating acquisitions over more than 20 years, which have generated value for the Company with the creation of significant synergies.

Since 2006, we have acquired more than 25 companies that have strengthened from our core business to the entry into new operating segments. Our executives have experience both in the acquisition process and in the integration of new companies, which leverages the potential of synergies to be extracted, with a focus on increasing *cross-selling*, reducing *churn*, increasing services and solutions offered, cutting costs, with an improved governance and sales expansion with the use of the TOTVS brand. Significant examples of our ability to integrate are the acquisitions of RM and Datasul, both transformational for the Company because of their size at the time of acquisition.

Skilled and experienced team of executive officers

We believe that our managers' strong experience and deep knowledge are decisive competitive advantages in our dynamic market. Our management is currently composed of a young, engaged and experienced team in the technology sector with, on average, 18 years of professional experience, of which approximately 9 years, on average, were dedicated only to the Company. These highly skilled professionals play a central role in the growth of our

¹The Annualized Recurring Revenue is the metric responsible for estimating the amount to be received by your company in the next year from subscriptions.



business, creating a culture of operational excellence, transparency and efficiency, and high standards of governance and ethics.

In 2019 we completed the Company's challenging succession process, preserving the legacy of the company's founder, who continues to support the Company as Chairman of the Board. We continue with the same premise that has accompanied us since the beginning of our trajectory: innovation, entrepreneurship and determination; betting on technology as a lever for the country's competitiveness and productivity; and working daily to offer the best solutions and experiences, increasingly digital, to our clients and customers. The experience and skills of our executives will be key to identifying growth opportunities, executing acquisitions, successfully integrating acquired assets, and implementing the strategy described below.

Besides being listed in the highest governance level of B3, the special segment of the Novo Mercado, we are a company with widespread capital (*true corporation*) and 6 out of 7 of our members of the Board of Directors are independent and highly qualified. Our Audit Committee is composed of independent members of our Board of Directors and an external member, to whom our internal audit team reports directly.

Commitment to the ESG agenda

Environmental

We work collaboratively to engage all our teams in TOTVS' ESG Agenda, in line with the United Nations Sustainable Development Goals (SDGs). Our goal is to reduce our carbon footprint and that of our clients and customers. We develop reverse logistics measures for IT assets and implement a management model for the conscious use of natural resources and reduction of waste in our operations. Our headquarters have partial photovoltaic generation, and 98% of the energy we consume comes from renewable sources. More than 90% of our furniture is donated to social institutions after the depreciation period.

Social

The Company's pillars of social action are based on diversity and inclusion, data security and privacy, professional education, and customer satisfaction. We generate more than 8,000 direct jobs and investments over R\$1 billion in human capital, and our talent retention rate is 95%. We have already granted more than 30,000 places for our employees to attend distance learning courses. We are supporters of the Social Opportunities Institute, created in 1998 with our support, to educate low-income youth in professional training programs.

Governance

Besides being listed in the highest governance level of B3, the special segment of the Novo Mercado, we are a company with widespread capital (*true corporation*) and 6 out of 7 of our members of the Board of Directors are independent and highly qualified. Our Audit Committee is composed of independent members of our Board of Directors and an external member, to whom our internal audit team reports directly. Our Compensation Policy was



approved at the Meeting with over 97% approval. In addition, the Company complies with the best anti-corruption practices, maintaining a transparent risk management policy.

Growth strategy

Strengthening our core business

Our growth strategy is based on strengthening our Management business focusing continuously on offering solutions marketed and implemented in a simple and agile way through a capillary and digital distribution and business network and on the development of deep and long-lasting relationships with a diversified client base.

In addition, we completed our transition to an SaaS-based business model (*Software as a Service*), allowing users to connect and use cloud-based applications, which increases our recurring income with a loyal customer base.

Considering that some solutions have an estimated penetration below 5% in our current customer base, such as SFA - *Sales Force Automation* and BI - *Business Intelligence*, we believe there is a great opportunity for growth through the increase in the offer and penetration of our vertical solutions, with great potential for generating *cross-selling* for our current and future clients.

Expansion into new markets

Our expansion into new markets (Techfin and Business Performance) is based on the competitive advantage of being already present in almost every segment of our clients' value chain, which allows us to offer new customized and flexible solutions that help our clients to sell more (Business Performance) and to increase the financial efficiency of our clients (Techfin).

As part of this strategy, the Company's Techfin segment's main goal is to simplify, expand, and make our clients' access to credit and other financial services cheaper, including through partnerships with financial institutions. With this, we seek to add even more value to the chains already served by our Management solutions, which are leaders in Brazil, offering, for example, credit solutions to sectors as diverse as education, health, HR, and factories.

The Business Performance segment has as its main goal to help our clients increase their sales and become more competitive in their business segments, through solutions focused on digital marketing, *digital commerce*, sales and customer experience.

Acceleration by Acquisition

We believe acquisitions are a powerful lever for performing our strategy of strengthening our position in the Management business segment and expanding into new markets (Techfin and Business Performance). We constantly assess possible strategic acquisitions based on 4 major pillars:

1. ERP/HR - strengthening and defending our Management business with the addition of horizontal solutions and client base;



2. Vertical Solutions - deepening our performance seeking leadership in business segments;
3. Cross Solutions - acquiring targets that add new agnostic and scalable products to our portfolio in order to leverage our *cross-selling capability*; and
4. New markets - increasing our potentially accessible market (Techfin and Business Performance).

Our pipeline of potential acquisition targets is constantly updated in view of the dynamism of the information technology market. Targets are assessed according to their fit in at least one of the four pillars of the pipeline, availability of the asset for trading and estimated value consistent with the levels practiced by the market. We currently have more than 10 potential acquisitions mapped, with *Enterprise Value* between R\$50 million and R\$3 billion.

On May 9, 2019, the Company disclosed a Material Fact reporting the execution of the agreement with VTEX SA ("**VTEX**") for: (i) the creation of a *joint venture* focused on the development and distribution of *software* solutions for e-commerce for companies in the Brazilian market; and (ii) sale to VTEX of the entire interest held by the Company in the capital of CIASHOP SA ("**CIASHOP**"), representing 70.47% of the capital of CIASHOP, for the amount of R\$21,175,000 (twenty-one one million one hundred and seventy-five thousand Reals), subject to adjustments, to be paid at the closing of the transaction. The total amount attributed to CIASHOP was R\$30,048,966.08 (thirty million forty-eight thousand, nine hundred and sixty-six Reals and eight cents).

On October 24, 2019 the Company disclosed the completion of the sale of its Brazilian *hardware* operations, through the subsidiary Bematech Hardware Ltda. to ELGIN S.A. for the amount of R\$ 25,000,000 which is subject to a possible price adjustment to be determined under the terms set forth in the contract that governs such transaction. On November 6, 2019, the sale of Bematech International Corporation (BIC) to Reason Capital Group LLC. was completed, pursuant to an agreement executed on July 2, 2019, for the amount of US\$4.4 million - corresponding to R\$ 17,528, after adjustments set forth in the agreement, of which US\$1.5 million - corresponding to R\$5,988 - were retained as collateral and shall be released by November 5, 2022.

On October 28, 2019 the Company announced the acquisition of 88.8% of the share capital of Supplier, a company focused on B2B credit between customers and suppliers, for the amount of R\$ 455.2 million. Mauro Wulkan and Eduardo Wagner, founders of such acquired company, remain as managers and shareholders, holding 11.2% of its share capital. On April 30, 2020 the Company announced that such transaction had been completed.

Supplier accelerated the Company's Techfin strategy and started its journey at the Company on the Fintech model, combining the origination, definition, and use of credit policy and approval, which is assigned to participants in the financial system, currently a Receivables' Investment Fund (so-called "FIDC"), which carry the portfolio and credit risk. With such model, Supplier's investment and net equity risk are essentially limited to its subordinated shares of said FIDC, preserving Supplier's financial spread in the transaction.



The Company aims at taking Supplier to the Techfin model, expanding to its customers' supply chains, enabling B2B credit in recurring relationships between clients, customers and suppliers and providing a frictionless experience to those involved, through the integration of management systems in Supplier platform and the use of artificial intelligence and big data for the continuous evolution of its credit algorithms.

On December 27, 2019 the Company announced the acquisition of 100% of the shares of Consinco S.A. for the amount of R\$ 197 million, paid on the closing of the transaction carried out on January 30, 2020. In addition, a supplementary purchase price of up to R\$ 55 million may be paid, subject to the achievement of targets set for Consinco for years 2020 and 2021 and the fulfillment of other conditions. Consinco is the leading provider of management systems for supermarkets and self-service wholesalers (wholesale, i.e. wholesale and retail) in the Brazilian market. With such move, the Company is increasing its presence in the retail segment and consolidating its leadership position in the vertical segment of supermarkets, the end of a long value chain that also enables the generation of significant synergies through the offering of financial services solutions, such as B2B credit, from the Techfin division.

On April 8, 2020, the Company entered into a Purchase Agreement to acquire shares representing 100% of Wealth Systems' capital stock for the amount of R\$27 million, subject to adjustments, of which R\$16.7 million were paid in cash to sellers and R\$ 10.3 million will be paid in February 2021. Founded 19 years ago, Wealth Systems operates in the *software* market providing CRM (Customer Relationship Management) and SFA (Sales Force Automation) solutions in Latin America, with more than 250 associates and more than 450 clients and customers in different sectors of the economy, with major customers especially in the agribusiness, manufacturing, and distribution industries. Wealth Systems was already a partner of the Company with its CRM (Master CRM) and SFA (Master Sales) solutions.

On December 19, 2020, the Company acquired 100% of the capital stock of Tail Target Tecnologia de Informação Ltda. for the amount of R\$32,000,000, the payments of which were distributed as follows: (i) R\$7,800 thousand were paid in cash; (ii) R\$3,506,000 referring to installments withheld to comply with conditions provided for in the agreement; and (iii) R\$20,000,000 to be paid upon achievement of goals set for Tail for the years 2021 and 2022. Tail is a provider of a data intelligence platform that provides insights to clients and customers through real-time monitoring of the behavior of a wide audience on the Internet aiming at optimizing their clients' sales.

On March 9, 2021 the Company announced the execution of a sale and purchase agreement for the acquisition of shares representing 92% of the capital stock of RD Gestão e Sistemas S.A. ("RD Station") for the amount of R\$1,861 million, subject to adjustments, to be paid at the closing of such transaction. On May 31, 2021, such transaction was completed after the fulfillment of all the conditions precedent set forth in the Agreement for the Sale and Purchase of Shares and Other Covenants executed by and between the parties, including, but not limited to the approval of the Brazilian Antitrust Agency (CADE), which issued its favorable opinion for such transaction to be completed.



7.1-A - Semi-public corporation

(a) public interest that justified its creation

Not applicable. The Company is not a semi-public corporation.

(b) performance of the issuer in compliance with public policies, including universalization targets

Not applicable. The Company is not a semi-public corporation.

(c) pricing process and rules applicable to fee setting

Not applicable. The Company is not a semi-public corporation.



7.2 - Information on operating segments

(a) products and services sold

The Company delivers productivity through the digitalization of business, going far beyond ERP, offering management *software*, financial services, business performance solutions, technological platforms, as well as consulting services for companies of all sizes, with direct sales customers or through an exclusive franchise network.

The acquisition of RD Station consolidated the emergence of the Business Performance segment and was a definitive step in the construction of an ecosystem of B2B technologies, which goes beyond ERP. This strategy aims to expand the *addressable market*, *take rate* and, finally, increase client/customer loyalty, through the advancement of value chains, leading a journey of digitalization aimed at exponentializing the Company's operations.

Therefore, as of May 31, 2021, we started to present the Company's financial and operating results divided into 3 operating segments. Below, we have a brief description of each of them:

- **Management**: is the segment where data and integrations are generated. Therefore, it is the base that makes the other segments of the ecosystem feasible. It includes: (i) ERP solutions; (ii) HR solutions for the management and development of human capital and payroll processing; (iii) specialized solutions for 12 economic segments; and (iv) and solutions aimed at micro and small businesses.
- **Business Performance**: is the segment that aims to leverage the results, performance and relationship of our clients' different business areas. It consolidates the digital marketing platform, consisting of RD Station and Tail Target; and sales support solutions, comprising the E-commerce suite (including the JV with VTex) and OMS (Omnichannel).
- **Techfin**: is the segment that seeks to simplify, expand and make access to B2B financial services cheaper, through the intensive use of digitalization and Big Data. Currently, it is composed of credit solutions, including: Supplier and new products (Advance, Payroll, More Business, More Deadline, Financial Panel and EduConnect Pay).

(b) revenue from the segment and its share in the Company's net revenue

As of May 31, 2021, with the completion of the acquisition of RD Station, the Company started to evaluate its results according to the revenue generating units of the business segments presented below:

- **Management**: it represents the Company's *software* business focused on business management, including all ERP, HR and Vertical solutions.



- **Business Performance:** composed of solutions aimed at generating opportunities and converting customer sales, such as sales, digital marketing and *customer experience*.
- **Techfin:** it includes the business of providing financial services, such as technology products aimed at financial services (eg Financial Panel), partnerships (eg payroll-deductible credit), products that have some degree of credit risk and/or definition and/or application of credit policies (for example, the "Supplier Card", "Anticipa" and "Mais Prazo" products). In this segment, income from the subordinated share of the FIDC is also consolidated, to which the Supplier assigns the originated credits.

In the six-month period ended June 30, 2021 and 2020 and in the fiscal years of December 31, 2020, 2019 and 2018, such operating segments had the following share in the total net revenue:

Stated in thousands of Real/BRL	Six-month period ended on June 30,				Fiscal year ended on December 31,			
	2021	AV (%)	2020 ⁽ⁱⁱ⁾	AV (%)	2020 ⁽ⁱⁱ⁾	AV (%)	2019 ⁽ⁱ⁾	2018 ⁽ⁱ⁾
Management	1,339,119	90,3%	1,201,615	97.8%	2,464,625	94,9%	2,282,124	2,111,160
Business Performance	27,954	1.9%	226	0.0%	2,029	0.1%	-	-
Techfin	116,558	7.9%	26,976	2.2%	129,423	5.0%	-	-
Total net revenue	1,483,631	100.0%	1,228,817	100.0%	2,596,077	100.0%	2,282,124	2,111,160

⁽ⁱ⁾ In 2019 and 2018, the Company held only the Management business segment, named in 2019 as Technology and in 2018 as *software*.

⁽ⁱⁱ⁾ In 2020 the company had only two business segments Management, named in 2020 as Technology and Techfin, named in 2020 as Credit Products – Supplier.

(c) profit or loss resulting from the segment and its share in the Company's net income

To assess the performance of each business segment, the Company uses the non-accounting contribution margin metric that consist of Gross Profit discounted from Research and Development expenses and from Allowance for Expected Losses expenses. This level of contribution margin concentration is observed in the Company's net income.

In the six-month period ended June 30, 2021 and 2020 and in the fiscal years of December 31, 2020, 2019 and 2018, such operating segments had the following share in the contribution margin:

In thousands of BRL	Six-month period ended June 30,		Fiscal year ended on December 31,		
	2021	2020	2020	2019 ⁽¹⁾	2018 ⁽¹⁾
Management operating segment					
Total net revenue	1,339,119	1,201,615	2,464,625	2,282,124	2,111,160
Gross Profit	962,368	846,616	1,730,157	1,538,269	1,371,950
Research and Development	(232,530)	(210,804)	(425,262)	(397,824)	(382,078)



Allowance for expected loss	(9,522)	(25,083)	(38,996)	(28,434)	(36,992)
Contribution Margin	720,316	610,729	1,265,89	1,112,01	952,880
Contribution Margin %	53.8%	50.8%	51.4%	48.7%	45.1%
<u>Business Performance operating segment</u>					
Total net revenue	27,954	226	2,029	-	-
Gross Profit	17,786	226	1,888	-	-
Research and Development	(3,930)	-	-	-	-
Allowance for expected loss	(336)	(3)	(39)	-	-
Contribution Margin	13,520	223	1,849	-	-
Contribution Margin %	48.4%	98.7%	91.1%	0.0%	0.0%
<u>Techfin operating segment</u>					
Total net revenue	116,558	26,976	129,423	-	-
Gross Profit	73,835	17,419	87,328	-	-
Research and Development	(10,322)	(1,217)	(6,086)	-	-
Allowance for expected loss	(5,910)	(4,904)	(4,821)	-	-
Contribution Margin	57,603	11,298	76,421	-	-
Contribution Margin %	49.4%	41.9%	59.0%	0.0%	0.0%
<u>Consolidated</u>					
Total net revenue	1,483,631	1,228,817	2,596,07	2,282,12	2,111,16
Gross Profit	1,053,989	864,261	1,819,37	1,538,26	1,371,95
Research and Development	(246,782)	(212,021)	(431,348)	(397,824)	(382,078)
Allowance for expected loss	(15,768)	(29,990)	(43,856)	(28,434)	(36,992)
Contribution Margin	791,439	622,250	1,344,16	1,112,01	952,880
Contribution Margin %	53.3%	50.6%	51.8%	48.7%	45.1%

Stated in thousands of Real/BRL	Six-month period ended on June 30,				Fiscal year ended on December 31,			
	2021	AV (%)	2020 ⁽ⁱⁱ⁾	AV (%)	2020 ⁽ⁱⁱ⁾	AV (%)	2019 ⁽ⁱ⁾	2018 ⁽ⁱ⁾
Management	720,316	91.0%	610,729	98.1%	1,265,899	94.2%	1,112,011	952,880
Business Performance	13,520	1.7%	223	0.0%	1,849	0.1%	-	-
Techfin	57,603	7.3%	11,298	1.8%	76,421	5.7%	-	-
Contribution Margin	791,439	100.0%	622,250	100.0%	1,344,169	100.0%	1,112,011	952,880

⁽ⁱ⁾ In 2019 and 2018, the Company held only the Management business segment, named in 2019 as Technology and in 2018 as *software*.

⁽ⁱⁱ⁾ In 2020 the Company had only two business segments Management, named in 2020 as Technology and Techfin, named in 2020 as Credit Products – Supplier.



7.3 - Information on products and services related to the operating segments

(a) characteristics of the production process

Products offered by the Company

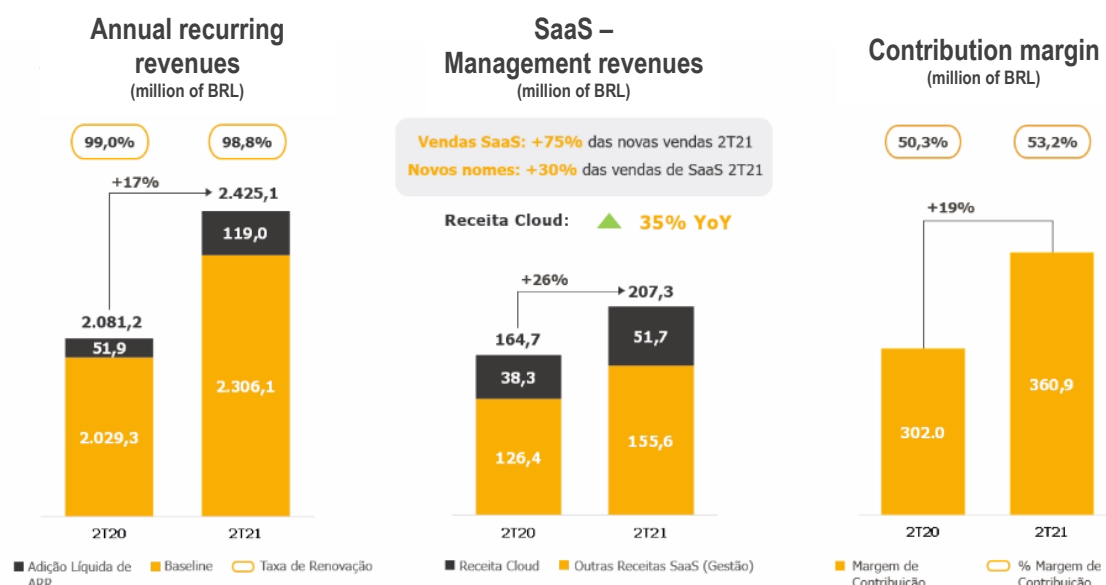
1. MANAGEMENT PORTFOLIO

Our *software* portfolio includes offerings in 5 layers: (i) the ERP solution for *back-office operations*, which includes the general processes of a business operation such as marketing, agreements, administrative and financial activities, among others, and the HR solution; (ii) *software* solutions specialized in the client's business vertical, hence fully oriented to the challenges of the 12 segments in which the Company operates; (iii) innovation platforms, which represent evolutions of the management system, with a more open architecture that can be integrated to APPs and designed with premises of productivity, collaboration, management and relationship, and robust intelligence and data analysis capacity; (iv) solutions for micro and small businesses with tailored solutions for micro companies; and (v) portfolio of services that comprise our software implementation, *cloud*, business education, and consulting services.



Image: Management Portfolio

In the Management segment, at the end of the quarter ended on June 30, 2021, the Company achieved the results below compared with the previous year, the highlight of which was the recurring revenue that reached R\$560 million and 82% of the total Management revenue in the period:



Source: Company

1.1 ERP solutions

The business management system (ERP, or *Enterprise Resource Planning*) is the basis of all business operations, which allows easy and reliable access to a company's data in real time, anytime and anywhere, integrating and facilitating communication between different departments, such as sales, finance, inventory and human resources, and enabling greater control and management of all processes of an organization. From data collected by an ERP and its corresponding analysis, it is possible to carry out in-depth diagnoses, which can help managers make more appropriate decisions for greater efficiency and productivity, cost reduction, growth, profitability and increased competitiveness of the company.

ERP TOTVS is in constant technological development to offer more and more functionalities and benefits for businesses, following the dynamics and accelerated changes in the market, ensuring compliance with business and tax rules and information security.

TOTVS *Back-office*: the *back-office* ERP comprises the essential and complementary processes for management, integrating solutions oriented according to the specialty served, in a productivity and collaboration platform. This module comprises from the administrative and financial *back-office*, with full compliance with legislation, to the critical modules to put into operation any type of industry, such as engineering, inventory and costs, besides production planning and control.

The Brazilian tax legislation is one of the largest and most complex in the world, which subjects companies to the need to keep up with this scenario that is constantly being updated. The difficulty in maintaining the strategic management of tax and fiscal risks is increased daily with a calendar full of obligations and distinct deadlines to comply with them throughout the large Brazilian national territory, besides the



need for investment in professionals, *software*, data storage, consulting, outsourcing, lawyers and legal expenses.

The means of the tax authorities to ensure compliance with tax rules gain strength every year. The entire history and operational process practiced by the taxpayer is under the watchful eyes of the tax authorities. In possession of electronic documents (NF-e, NFS-e, NFC-e, e-Social Events, EFD Reinf, etc.), monthly bookkeeping (GIAS STATE, SINTEGRA, EFD ICMS IPI, EFD Contributions, Periodicals and Non-Periodics e-Social and also EFD Reinf, Bloco K, etc.) and annual bookkeeping (SPED Contabil, ECF, DIRF, RAIS, etc.) the tax authorities use its tax expertise for the most diverse purposes in order to monitor tax information.

Tax obligations are part of everyday life for all companies, regardless of size and segment of activity. Understanding the Brazilian tax scenario is an extremely complex task that requires time, knowledge and constant updating.

TOTVS HR: The Company has complete solutions to meet the processes that make up the Human Resources suite, providing companies with a simple and agile management and development of human capital in all processes, such as: support for legal requirements and processing of sheets payment, benefits management, control of employees' working hours, workforce planning, talent attraction and retention, training management, competency management and monitoring of results through indicators and action plans and setting strategic goals.

1.2 - Verticalized Solutions

Information Technology (IT) is a sector with extremely high added value and has the potential to contribute decisively to sustaining new development cycles in Brazil, impacting positively – and in a comprehensive way – all production chains. In this sense, the Company focused its operations on 12 economic segments, a strategy that allowed it to incorporate the best skills into its portfolio, make its products more specialized and also increasingly integrate the production chain of its end-to-end customers, such as, for example, the Supply Chain that groups the Agribusiness, Manufacturing, and Logistics segments.

The Company structures its teams with specialized professionals for each of the 12 business segments of its clients, thus maximizing the benefits of specialization. Accordingly, we started offering even more specific solutions, not only for our clients but also for our clients' customers. This means that, for example, when we develop a tool for a university, we try to understand the needs not only of professionals from that educational institution, but also of its customers, that is, students.

Integrated with back-office systems, *the* structuring of verticalized *software* in each sector responds to the challenges of the client's core business and aims to consolidate solutions and business processes by sector in which the economy operates, optimizing development, updating and innovation of the solutions. This allows the solutions offered by the Company to meet the basic needs of companies, related to routine *back-office* operations, such as



accounts payable, accounts receivable, tax and human relations processes, to the needs related to the core business of the companies, such as controlling students in a university, controlling inventories in a manufacturing company, or managing works in a construction company.

In this sense, the Company's portfolio is organized into specialized business solutions for the following 12 segments of the economy:

- **AGRIBUSINESS**

The Company has specialized solutions for the agribusiness segment that cover the value chain of the following subsegments: Processing and Sales of Agricultural Commodities, Crop Production, and Bioenergy. Our goal is to enable greater traceability of production, better financial and economic management, and total planning and control within processes that are peculiar to agribusiness, ranging from agricultural planning to harvesting and manufacturing, considering best management practices in precision agriculture and granular identification where the cost and operating income bottlenecks are found, which can contribute to achieve a better performance.

- **MANUFACTURING**

In the current scenario of digital transformation, our value proposition is to make feasible that manufacturing processes become lighter by simplifying and digitalizing processes. We invest in mobility and automation solutions to ensure greater speed and accuracy in shop floor records, increase efficiency, improve productivity, and reduce costs. We provide a modern advanced production planning solution to support synchronization and sequencing of the supply chain and facilitate the incorporation of Industry 4.0 concepts. We develop offers for eight major specialties: Metal-Mechanics & Plastics, Durable Goods, Consumer Goods, Chemicals and Recycling, Extractivism & Processing, Paper & Cellulose, Textiles & Clothing and Capital Goods, enabling an increasingly sustainable manufacturing with technological innovation and development of products combined with environmental preservation.

- **LOGISTICS**

The Company offers specific solutions for the Logistics segment, which meets the challenges of the most varied subsegments, among them, carriers, logistics operators, ports and bonded areas, manufacturing, distributors, retail, etc. In this segment, we aim to ensure balanced inventories, reduced order processing cycle time, lower operating costs, increased service level with greater customer satisfaction and loyalty, accurate and reliable information flow for purchasing management, transport management, fiscal management and invoicing and on-time deliveries with full visibility of the logistics operation.

- **RETAIL**

In retail, the following sub-segments are served: Management of Vehicle Dealers, Franchise Chains, Drugstores, Supermarkets, Fashion, Food Service and Food, Supermarkets,



Magazines and Department Stores and Construction Materials. Our solutions aim to offer complete management for a retailer, from the automation of administrative processes to the completion of the sale at the POS - Point of Sale (*checkout*), including store management, credit management, mobility, e- *commerce*, inventory management, pricing, RFID, grid and assortment management, with information security and integrated solutions.

- **DISTRIBUTION**

Solutions that serve different types of operation, from the distribution of primary inputs to the wholesaler distributing the most diverse types of products, such as grocery, cold cuts, cosmetics, hygiene and cleaning, construction material, pharmaceuticals, chemicals and auto parts. Our solutions are designed according to the stages of the production chain, and aim to automate everything from the purchase of goods, the receipt and storage of products, through the sale, separation, shipment, billing, cargo adjustment, treasury, financial until the tax and accounting operations of the company.

- **SERVICE PROVIDERS**

The Company offers specific solutions for the following sub-segments: Security and Cleaning Service Providers, Equipment Rental, BPO, IT and Telecom, passenger transportation. We aim to contribute so that clients and customers can ensure control of operations by optimizing the allocation of resources and consequently increasing their productivity, generating sustainable value for their customers by offering quality services for the longevity of their relationships, and offering a helping hand qualified work for the provision of its services.

- **CONSTRUCTION & PROJECTS**

The Company offers specific solutions for the subsegments of Developers and Real Estate Market. Our value proposition in this segment is to offer mobility and full integration of data for the management of the construction site, enabling the proper planning of projects, with consistent budgeting and accurate monitoring of contracts and supply of materials inherent to their performance.

- **EDUCATION**

The Company offers specialized solutions for the Basic Education, Higher Education, and Continuing Education sub-segments. Our goal is to allow the educational institution to digitalize and optimize all its educational management processes such as attracting new students, enrollment, evaluation and attendance management, academic collection management, receivables management, relationship with the academic community, certification and diploma. In addition, we want to help schools achieve greater student and family retention and satisfaction in providing educational services.

- **HOSPITALITY AND TOURISM**

The Company offers solutions specially developed from processes peculiar to hotels, inns, and resorts. Our purpose is to ensure that managers can have a complete view, with easy and agile access to the main operating and administrative processes that are part of the



hotels' daily routines. Through the solutions offered it is possible to access the check-in, check-out, governance, and booking search operations at any time and from any place, in addition to showing all the key hotel management indicators, such as the occupancy rate, average prices per night, real-time revenue, REVPAR (hosting revenue per available room) among others, for mobile devices.

- **LEGAL DEPARTMENT**

The Company understands the reality of the legal services chain and contributes so that the law firms and legal departments of companies have more flexibility and speed, and are constantly updated, through scalable and specialized solutions that control operations, reduce costs, improve the relationship with the customer and contribute to the achievement of new demands. The proposal for this segment is to allow those responsible for the legal departments to fully manage the procedural and administrative activity; accessible and mobile management for quality relationships with partner offices; and for legal offices, the definitive management to sustain the operation with specialized *back-office*, and ease of operation and scalability.

- **HEALTHCARE**

The Company develops specific solutions for the healthcare segment, serving clinical centers and physicians' offices, medical cooperatives, hospitals of all sizes, and also in the healthcare and self-management plan operators market. We seek to offer our clients improved clinical performance, improved compliance and generation of sustainable financial results, supporting their business with reliable and interoperable data and information for correct decision-making, from procedure authorization processes and collections, to the appropriate transfer of resources to providers, through the disallowance control to compliance with sector regulations, ensuring speed and quality in patient care.

- **FINANCIAL SERVICES**

The Company offers specialized solutions for all types of financial institutions such as banks and financial institutions, credit unions, investment funds, supplementary pension funds, brokerages and insurance companies, encompassing its investment, credit, cards and core banking areas, from the business to accounting and operational, passing through management, compliance, and market controls. Our purpose is to allow clients the reliability of financial operations, accuracy in financial calculations, efficiency in the credit granting processes with the reduction of risk and sending the required information to the legal authorities.

1.3 – Innovation Platform Solutions

For the Company, ERP is its main business and, like the world, it is constantly changing: evolving from systems to open, connected, and customizable platforms. The Company currently has 2 innovation platforms available to clients, which integrate with their management portfolio, leveraging backoffice solutions and specialized *software* in the most



varied segments of clients, thus adding greater value to their operations. Such two platforms are the following ones:

- **TOTVS Carol Data and Artificial Intelligence Platform:** TOTVS Carol is the Company's data and artificial intelligence platform that facilitates data processing to implement artificial intelligence algorithms. It is the cognitive intelligence of the Company's solutions. It allows us to improve data ownership in organizations and expand the analysis capacity and speed of decision making in a business environment with an increasing volume of information, it also facilitates the implementation of AI products, with a virtual assistant, answering questions and offering business insights. It uses *Deep Learning* and *Machine Learning* techniques to promote the transformation of the management of companies and their results, in a simple, assertive way and with robust ranking of business data and information, so that they can take advantage of the opportunities generated by the digital economy based on data, sharing and collaboration. It also has as a strong characteristic its infinite capacity for learning, as its API ("*Application Programming Interface*") is open, which allows any person or company to teach it new skills and create others application models based on the Carol platform.
- **Fluig Productivity and Collaboration Platform:** the Fluig platform aims at unifying systems, digitalizing, simplifying the processes, and exponentializing companies' productivity, in a more fluid and intuitive experience. Launched in 2013, the TOTVS Fluig Platform is the evolution of productivity and collaboration solutions combined into a single platform, which enables creating and making feasible companies' innovation projects regardless of their legacy systems. This solution has a collaborative communication interface and storage of all its content in the cloud. Mobility is one of the main characteristics of Fluig, including a series of applications that revolutionize the company, such as Approval, where company decisions can be made with a single touch. Among its resources, the platform includes modeling and process management tools (BPM - *Business Process Management*), layout and portals creation (*WCM - Web Content management*), document management (GED), and identity management. In 2020, the Company launched the TOTVS Fluig No-Code, an offer that democratizes access to technology in companies, enabling the creation of digital platforms without requiring users to know how to program. With it, anyone in a company can create different solutions without any help from the IT area, through a system designed so that the user can only choose and drag the components he/she needs for a project.
- **Master CRM and Master Sales Platform:** platform focused on commercial intelligence that enables clients and customers to understand where they are positioned in the market and to structure a performance strategy aimed at increasing the productivity of their sales team, retaining customers and improving their market share through the analysis of data systematized and made available via *dashboards* of strategic sales indicators, such as sales percentages, projections, targets, average profitability, sales history, payment history, product mix offer. TOTVS *MasterSales* is a disruptive, flexible application offered in the cloud, under the SaaS (Software as a Service) service



model, accessible by companies of any size. It allows the improvement and automation of the entire sales team and its strategy, from demand generation to after-sales, in addition to greater sales predictability, management of leads, pipeline of negotiation processes, generation of forms for satisfaction surveys, price surveys, records of interactions and all the services provided to customers, among other benefits.

- **TOTVS Analytics Data and Analysis Platform (by GoodData):** a *business analytics* solution that presents data in a structured way, consolidating company information in dynamic and intuitive *dashboards* that allow a very agile management of indicators and results, providing safe decision-making. The tool is available 100% in the cloud, which does not require infrastructure expenses. It offers indicators and reports in a single location, in a practical and agile way, without the need to access several different sources, already being integrated with TOTVS ERP, with over 300 reports and indicators ready and available.

1.4 - Solutions for Micro and Small Businesses

With the line of tailored solutions for small businesses, the Company meets the challenges of running a business efficiently and at low cost. These offers are aimed at clients/customers who are looking for cutting-edge technology, simple and quick implementation, up-to-date legislation and a credible supplier. Below, we highlight our solutions and segments served:

- **Eleve Sales:** full Point of Sale (POS) for clients and compliant with tax laws. It offers the Smart Card Machine (so-called "Maquininha Inteligente") for the small store or street sales that works as a cash front system directly on the device screen, making it possible to control inventory and sales on a daily basis and receive payments from major cards and flags accepted in the market. Another solution is the "Full Point of Sale" (in Portuguese, "Frente de Caixa Completa"), intended to larger stores and sales at the counter, which allows a fast and high-quality service, and also features inventory control, cash closing and compliance with tax laws.
- **Eleve Management:** Financial Management aimed at service providers and resellers whose system allows full financial control, issuing of invoices, and monitoring service orders, with a powerful feature of accounts payable, receivable, everything available in the cloud, with direct access by cell phones and/or tablets. It allows the monitoring and control of cash flow with ease, in addition to control of purchases and inventory management.
- **Manufacturing** – It integrates the main areas of the company, streamlining the flow of information, enabling quick access to the data necessary for management.
- **Retail** – Full automation for the point of sale in the micro and small business market. This solution includes management systems and equipment, all integrated and with an affordable investment, simplifies the delivery of tax obligations, in addition to being hosted in the cloud, which simplifies purchase and installation.



- **Healthcare** – TOTVS solution for medical offices and clinics, which provides agility and efficiency in clinical and financial administration.
- **Services** - a solution that allows cash flow control taking into account purchase and sales orders, control of service orders, with allocation of resources and products, control of inputs and outputs by cost center and result center, and control of expenses and income by financial category.

1.5 - Service Provision Portfolio

- **Software Implementation:** The Company's implementation team implements only the solutions that are marketed by the company through the TOTVS implementation methodology, which provides the guidelines, methods, standards and steps to be followed from the beginning of the services to the quality controls after its implementation. The Company's own units and franchises follow the implementation methodology in all locations, using the same task execution techniques and the same tools to perform the tasks related to the implementation of TOTVS'S *software* solutions.
- **Cloud Computing:** offer for hosting TOTVS solutions in its own or third-party Datacenter, with a full range of added services, such as: preparation of the environment; infrastructure availability; *hardware* (servers); operational system; database; application *software*; management of the technological environment; backup management and monitoring; and server monitoring.
- **Business Education:** Educational solutions that use environments to do exercises in the cloud, content and infrastructure for knowledge management, professional training in person and at a distance. They are aimed at clients and institutions that need intensive processes of knowledge propagation and certification, centrally or geographically dispersed.
- **Consulting:** TOTVS Consulting is a strategic consulting team in business management and information technology, which operates throughout the Brazilian territory, from bases in the cities of Sao Paulo, Rio de Janeiro, Belo Horizonte and Brasília.

2. TECHFIN PORTFOLIO

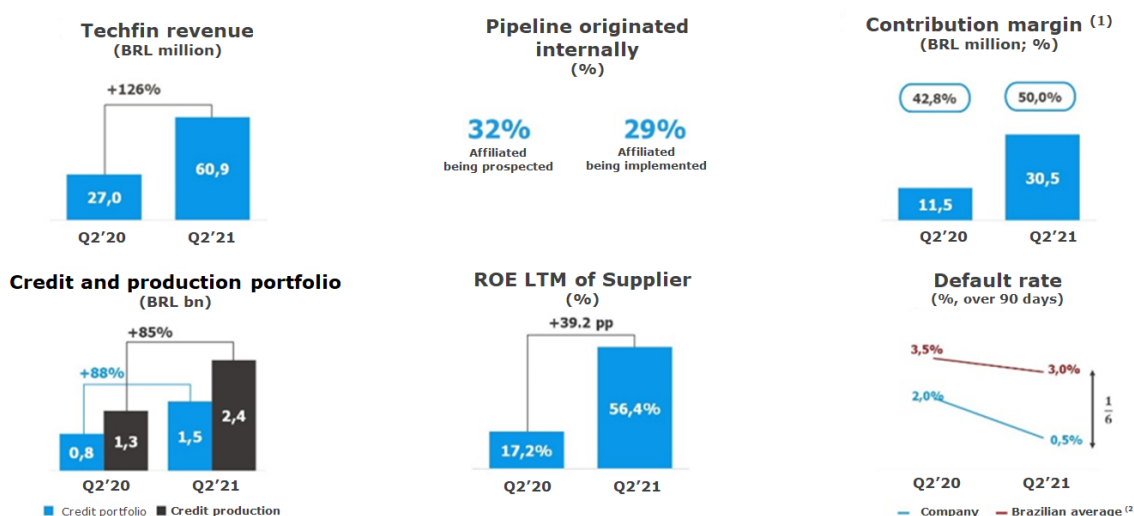
Our Techfin portfolio includes technology and innovation to expand, simplify, and make cheaper companies' access to financial services. We offer smart and custom-made financial services, according to the profile of each company and the needs of the clients businesses' financial journey, expanding the options to purchase inputs and better conditions to pay expenses. On the other side of the cycle, companies can sell in a simpler and more integrated way, while receiving more quickly and efficiently.

Our offers are structured in order to maximize the advantage of technology, which transforms complex and bureaucratic processes into simple actions, enabling easy access to financial services. They are divided into 3 categories: (i) Credit, offering simple, accessible and



personalized solutions that facilitate access to credit for companies and their employees; (ii) Payments, integrated solutions to POS and PIX (Instant Payment); besides solutions for educational institutions for online payments that simplify and generate efficiency to facilitate payment operations, (iii) Services, offering a financial management platform that allows, automatically and integrated with the ERP, access to financial indicators and of cash flow. In August 2021, we surpassed the milestone of 1,000 customers with contracts signed at Techfin.

Considering the Techfin operating segment, at the end of the quarter ended on June 30, 2021, the Company presented the following results compared with the previous year:



Source: Company

Notes: (1) Contribution Margin represents Normalized Contribution Margin (Contribution Margin + Financing Costs). Normalization of Financing Costs in Q2/21 consists of transferring the increase in the SELIC rate to cost, in the same term in which it is transferred to revenue; (2) Source: Central Bank of Brazil, (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito)>tabelas.xls > Table 27 > MPMe.

Credit

- **TOTVS Antecipa:** A solution to prepay the Company's receivables that is integrated with the TOTVS *back-office solution*. It is a more modern and different way of contracting, financing, and accessing accounts receivable, by easily viewing invoices from the portfolio that are open, and selecting those to be financed earlier, with the possibility of approving and releasing the financial resource on the same day, automatic reconciliation, without bureaucracy or complex processes. With this solution, companies can keep positive cash flow and ensure more working capital.
- **TOTVS Mais Negócios (TOTVS More Businesses):** our clients and customers are able to create new payment plans in their TOTVS ERP in a simple and quick way. Sales



made under these plans use the previously approved limit, ensuring that our clients/customers will receive the amount of those sales in advance, and still offer extended payment terms to their customers. All in an integrated way, without credit risk and without recurring default.

- **TOTVS Mais Prazo (TOTVS Extended Time Term):** Platform for granting extended time terms and installment plans for suppliers to pay their bills. Everything is 100% digital, done in a few clicks, with no bureaucracy. A solution designed to help our customers secure cash on hand and keep their accounts up to date.
- **TOTVS Consignado:** an innovative solution that simplifies the management of private payroll loans for employees, as it automates all stages of the human resources department, from contract creation to registration of payroll deductions. In addition, it simplifies the simulation, contracting, and monitoring of the request, the statement and credit balance by employees themselves.

Payments

- **TOTVS Instant Payment:** This is a complete solution for receiving payment via the so-called PIX, a new payment method from the Central Bank of Brazil. This product allows companies to receive PIX quickly, simply, and at a low cost by offering lower rates than traditional payment methods. The receipt takes place in an account already held by companies, without the need to negotiate with financial institutions. Companies also have available automatic sales reconciliation.
- **EduConnectPAY:** A new way to receive payments for educational institutions. A solution that allows you to receive monthly payments and other services via credit card, allowing digital negotiations and the possibility of activating recurring payments. Everything 100% integrated with ERP, with automatic reconciliation, anti-fraud, and recurrence. This means more convenience for parents and students, and less default for schools and universities.
- **TOTVS Digital Payment:** A solution created to allow companies to offer new means of digital payments to their customers, such as PIX and digital wallets, without the need to adhere to different systems and machines. With it, it is possible to carry out unified management of portfolios, reduce costs of administration fees, and receive money on time, in the company's account, without having to wait for clearing or settlement.

Services

- **TOTVS Financial Panel:** a Platform created to help the financial area to have a complete view of cash flow, accounts payable, accounts receivable and performance indicators in real time; in addition to reviewing custom periods and anticipating trends. In addition, it has a native integration with TOTVS Antecipa, allowing the Company's customer to request prepayment of receivables in a few clicks. All in a simple, secure, and transparent way.

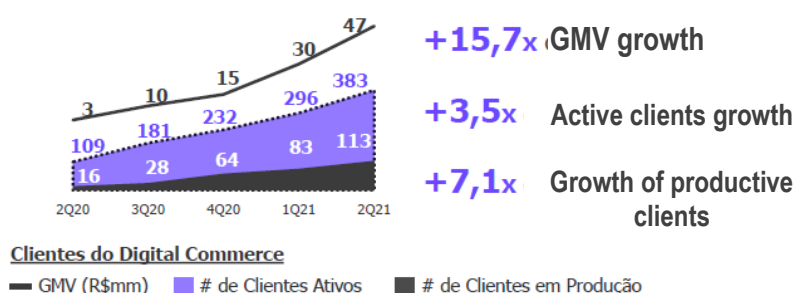


3. BUSINESS PERFORMANCE PORTFOLIO

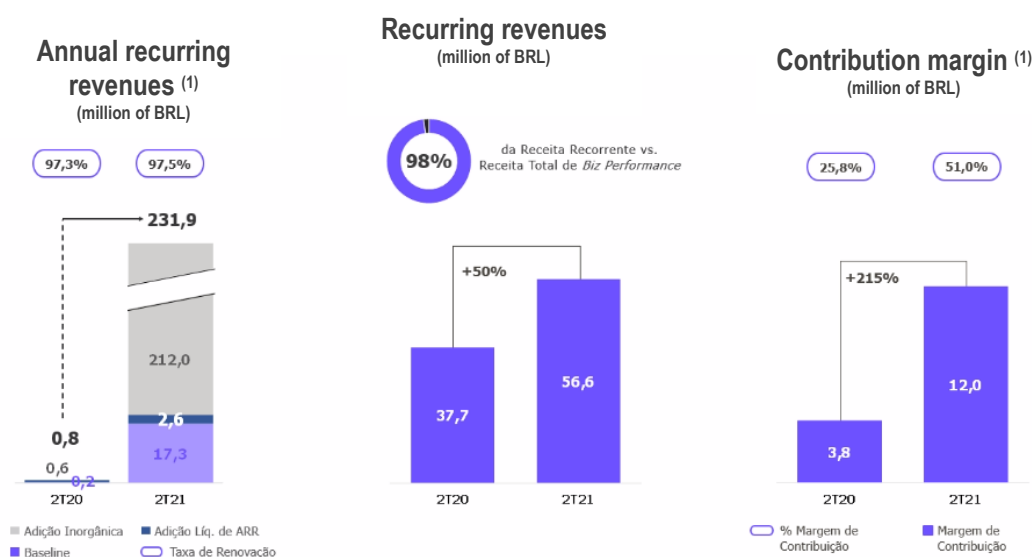
As regards Business Performance, we offer a broad portfolio focused on helping our clients to increase their sales and become more competitive in their business segments.

Considering the last quarters, the Company presented the following results in its Business Performance segment:

Portfolio and Distribution | Digital commerce



Source: TOTVS



Source: Company/ Notes: (1) considering RD Station's unaudited revenue from January 2020 to May 2021 and Tail Target from January to December 2020

- **Data Intelligence (Tail):** Solutions that aim to optimize the results of companies with CDP (*Customer Data Platform*) for managing consumer data, DMP (*Data Management Platform*) for activating audiences in digital media and CMP (*Consent Management Platform*) to obtain consent to collect cookies on the companies' websites.



- **Digital Commerce (VTEX):** Integrated solutions service focused on sales, with the options of (i) *Digital Commerce*: promotions and clustered content management; and (ii) Site Editor, B2B Commerce: structuring of approval and quotation flow, buyer data, sales cycles and product *and* marketplace suggestions, with automatic inventory synchronization and a unified commerce platform.
- **Omnichannel (Moddo):** OMS (*Operation Management System*) for omnichannel management, control of orders for digital channels that physical stores will serve and integration of stocks (with Dashboards for monitoring sales in all channels). It is a native connector with other TOTVS and VTEX solutions.
- **Digital Marketing and CRM (RD Station):** RD Station Marketing is a software that aims to improve campaigns, nutrition of *Leads* and generate qualified business opportunities to achieve more results. RD Station CRM is a business process control platform, with sales funnel and activity alerts.

Research and Development

The Company seeks to meet the market's demand for *software* and services, which is reflected in the continuous effort of its research and development department to develop cutting-edge *software* and services.

The main goals of the Technology and Development areas are:

- Improving the technical foundation of its *software*, allowing greater efficiency in the development of solutions;
- Adopting new technologies and assessing their impact;
- Implementing technological alternatives that keep the operation of its products protected and safeguarded;
- Constantly improving concepts, functionality and usability of *software products*;
- Development of special products for clients/customers;
- Constantly searching for new development methodologies, seeking agility and quality in *software*;
- Integrating third-party tools; and
- Constantly assessing new organizational models and their applicability.

The Company also invests in the development of new products, aiming to access new markets. In order to identify which products should be developed, the Company conducts constant market research, aiming to identify business segments that need specific solutions, and the development of solutions aimed at these segments. The research also aims to analyze, together with the sales channels, which would be the potential segments that made the expansion of the business volume feasible.



Modularization has also been key to the Company's growth strategies to encourage the development of applications that run its core solutions by internal and external developers (small *software*, application developers and technology *startups*).

Currently, the Company's structures focused on research, development and innovation activities are:

R&D CENTERS – Specialized in the 12 strategic segments in which the Company operates, the centers have specialists who understand the specific needs and challenges of each segment, translating them into innovative solutions aligned with our clients' *core* business. Each center is structured with teams specialized in product and development, support, service and relationship, services (implementation, among others).

UX LABS - UX Lab is the Company's User Experience Laboratory, located in Sao Paulo, SP (Brazil), bringing together in its space of approximately 200 sq. m a team of researchers and designers exclusively dedicated to exploring opportunities for innovation, market trends and improving the experience of using our solutions and services through constant research, validation with clients and customers, and collaboration. At the Lab, projects are conducted using the *Design Thinking* approach, and involve sympathy, collaboration and creativity, aiming at discovering new solutions based on our clients' and customers' needs, constantly improving processes, revising the interfaces and the navigability of our products, the unification of the identity and unique experience of our solutions, and the dissemination of the culture of Design to associates, clients and customers.

IDEXO - This is the front of open innovation and connection with *startups* at the Company. It has over 80 *startups* that serve the 12 segments of the economy in which the company operates, such as: HR, Education, Logistics, Hospitality, and Health, among others. iDEXO allows the Company to expand its portfolio offering to the market. Just for us to have an idea, over 360 clients/customers of the company have already had their business challenges solved by a community *startup*, generating innovation, cost reduction, and process optimization for everyone involved: the Company, clients/customers, and *startups*. Learn more at: www.idexo.com.br

TOTVS LABS USA - Innovation Center located in Raleigh (North Carolina, United States of America), close to Research Triangle Park (RTP), the largest scientific research park in the USA and in a region with a thriving technological environment and a great supply of talent, which is focused on creating disruptive solutions in line with the most modern technology trends related to Big Data, Mobile, Social Media, and *Cloud*. TOTVS Labs also works to find new business models and *startups*, establishing strategic partnerships and transferring knowledge to other business units of the Company. The main technologies worked at the Labs involve Artificial Intelligence, Computer Vision, Natural Language Processing, *Machine learning*, and UX Design.

Agile Development



Connected to the main global trends in software development, the Company has been significantly developing in agile processes and tools, implementing the agile *software* development process in all segments of the Company in the *software* development teams (Innovation, Maintenance, and Testing) of the Company's products.

The initiative represented a relevant break in the *software* development process as it radically transformed the way we think and develop our products, generating important reflections not only on our processes, tools and technologies, but also on the people involved and their corresponding roles, who became more integrated and more decisive in the quality of the final product, regardless of their hierarchical level or activity during the creative process. It is based on this principle that we integrate all the professionals from the Innovation, Maintenance and Testing teams, end-to-end.

In the agile model, with integrated teams, we built a highly collaborative process of professionals with an interdisciplinary vision who are dedicated to developing the best solution, with greater freedom of creation. Also, we have been doing more planning on everything that will be developed, which allows the product's purposes to be better absorbed with the deployment to the *squads*, generating a more consistent process, mitigating the chance of errors and reworking, resulting in products and deliveries with higher quality and more added value to the end client/customer.

Over the years, the Company has solidified its leadership position in the ERP *software* market in the medium and small business segments. Investments in research and development, which totaled more than R\$1.2 billion in the last 3 years until the period ended June 30, 2021, as shown in the table below, were essential for the Company to stand out from the competition, by bringing innovative solutions, in proprietary technology, and provide added services.

<i>(in thousands of BRL, except %)</i>	Period ended June 30,	Fiscal years ended December 31,		
	2021	2020	2019	2018
Net revenue from software	1,368,468	2,467,959	2,282,124	2,111,160
Research and development expenses	(246,782)	(431,348)	(397,824)	(382,078)
% of Net revenue from software	-18.0%	-17.5%	-17.4%	-18.1%

Components used to prepare integrated management *software* offers

The integrated management *software* solutions described in [section 7.2](#) are formed from the integration of components from product lines of different technological platforms according



to the origin of their development: Protheus Line, Logix, RM, Datasul, Financial Services, among others acquired by the Company and incorporated into its portfolio.

Technological platforms used

TOTVS Platform is the Company's technological platform that supports the development of TOTVS *software* solutions, as well as solutions associated with management, business and collaboration.

Historically, the Company has been developing the TOTVS Platform to guarantee its technological independence, offering its own development languages and execution environments, which support current *software* developers and offer new functionalities and facilities for *software* solutions. This ranges from platform and operating system options, to the choice of databases and processing models and load distribution between execution environments. This strategy allowed the Company to become one of the few *software* companies in the world that has this type of technology.

Currently, the Company meets the various infrastructure requirements for applications, both in the "on premises" model, and cloud platform. TOTVS Platform is the Company's response to the needs of Platform as a Service (*PaaS - Platform as a Service*) and serves as the basis for offering Solutions as a Service (*SaaS - Software as a Service*), and is complemented by value-added offers for the needs of Infrastructure as a Service (*IaaS - Infrastructure as a Service*).

The Company uses the following programming languages: ADVPL (today, TL++) is applied to the Protheus product line, while 4GL is used in the Logix line. TOTVS Platform infrastructure is responsible for the compatibility and adaptability of the Company's solutions to different operating systems, databases, architectures and network topologies.

The Company believes that it is the only company from Latin America that has developed a middleware, called TOTVS Platform. This middleware is also used by member companies. The middleware used by the Company guarantees independence from (i) interface; (ii) technological platform; (iii) topology (physical installation and communication of computers adopted by the company); (iv) connection (communication between computers) and (v) database, preserving its clients/customers from any conflicts with the operating platforms used by them. In addition, the domain of middleware allows the Company and its clients/customers to compose the set of *hardware*, operating system, network system and database system most suited to their preferences, technical needs and investment capacity.

The components of the RM line are developed using Microsoft and Borland technology, and the development platform adopted is Microsoft's .NET platform. This platform allows us a greater exposure to the technologies made available by the Market.

In the Datasul line, the components are developed using Progress, Java (J2EE) and also TOTVS Platform technologies, both in terms of language and platform.

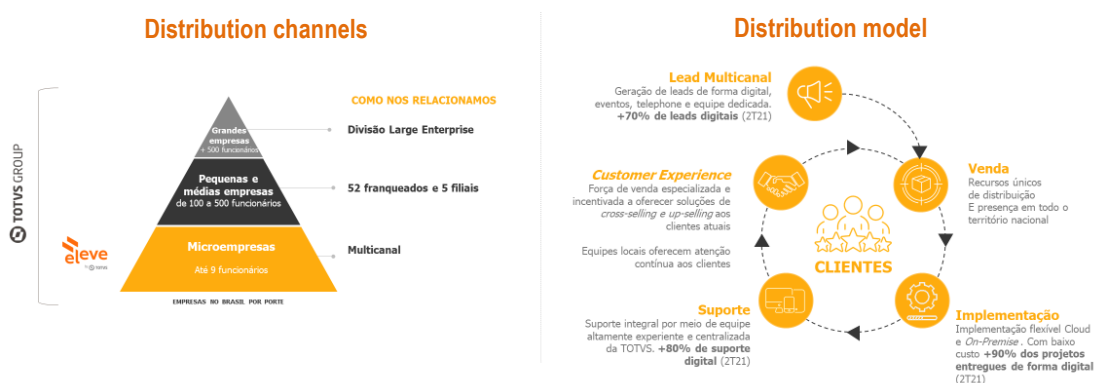


(b) characteristics of the distribution process

The Company also uses a different strategy in each operating segment for the distribution of solutions, in addition to a joint marketing strategy and alliances and partnerships, which will be discussed below:

1. Management Distribution

The Company's solid distribution in the management segment has been supported by its national franchise model, making it possible to implement a comprehensive and personalized system for the sale of solutions to small- and medium-sized companies.



1.1 Strategy for Large-sized Clients

The Company has its own structure for service and relationship with large clients and in expansion and digitalization processes or changes in the business model. Our structure offers an advisory service through a team of professionals specialized in different business segments and skilled in making their digital journey feasible.

Client service has specialized professionals and is tailor-made, ranging from prospecting, preparation of offers, design of offers and products, to the implementation method and post-implementation service structure.

1.2 Strategy for Small- and Medium-sized Clients

The Company licenses and subscribes to its *software* through a combination of sales via direct channels (own units, subsidiaries or branches) and indirect (franchises, representations, authorized resellers and business agents), with the franchise being the main indirect channel. The relationship with indirect sales channels increases the Company's market penetration, whether in the domestic or international market.

On a consolidated basis, the Company has the following channels for service and relationship with its clients:

- **Owned units:** The Company has 5 units of its own in Brazil (Brasília, Belo Horizonte, Rio de Janeiro, Recife and São Paulo cities) and in the international market it has units in Argentina, Colombia, the United States of America, and Mexico.



- **Franchises:** the Company has 52 franchised territories in Brazil and several channels in Latin America.

Franchises are exclusive distribution channels and are based on the so-called STF - TOTVS Franchise System. Such STF franchise system defines geographic regions of operation for each franchise, in which exclusivity is given by economic sector (segment). In the regions in which they operate, franchises carry out prospecting for the sale of solutions, demonstration of solutions (pre-sales, sales and after-sales) and negotiation of sales conditions (within limits pre-defined by the Company), besides the provision of training, implementation and adaptation services to the clients' needs (customizations), in view of its local presence and proximity to every client.

Franchises receive a commission percentage for license revenues, with a differentiated commission for franchises that also receive commissions on subscription and maintenance revenue generated by clients based in the territories where they operate, besides directly billing the service performed.

The Company's own units are a reference for the franchisees' operational, sales, and technical activities. The Company maintains a franchise control, monitoring and coordination department, which provides support to the franchises and monitors their operating activities, development of commercial, administrative and marketing strategies. The franchises' activities are also controlled by satisfaction surveys carried out with clients served by all of the Company's sales agents.

1.3 Strategy for Micro and Small Businesses

Resellers (TOTVS): the Company has a multi-channel strategy dedicated mainly to sales to the microenterprise market in the *software* products. In the case of larger resellers, direct invoicing is carried out besides their logistics to this reseller, while for medium and small resellers, invoicing and logistics are carried out by one of their distributors.

2. Business Performance Distribution

In the Business Performance operating segment, the Company's focus is on *cross-selling* with clients in the Management segment, through specialized teams, fully integrated with the current sales teams (franchises and branches), using *digital commerce* and omnichannel tools.

Moreover, it has, for digital marketing and CRM solutions, a wide ecosystem of partner marketing agencies that aims to deliver success to customers through our solutions, gaining productivity, generating leads and relationships with clients. Another strategy related to these solutions is the *up-sell* through *Product Led Growth* (PLG) in which clients/customers start by testing the solutions for free or simplified versions at attractive prices and, as they advance in the features and use of the products, they can *upgrade* versions by the tool itself, without the need for interaction with sales teams.

3. Techfin Distribution



In the Techfin segment, the Company also has specialized teams that support the *cross-selling* of solutions that are just at the beginning of the integration journey with the current sales teams.

As regards Supplier's credit solution, the credit distribution and contracting strategy is carried out through our clients, which we call affiliates. The Company makes available to our affiliates' customers, after their integration and credit analysis, a virtual *white label* credit card, that is, with the affiliate's brand, with a pre-established credit limit. In this way, our affiliates carry out the distribution of credit through their customers, with the advantage of increasing their sales volume and receiving cash at no risk.

4. Marketing

In 2020, the efforts of the Marketing area were aimed at positioning on innovation, technology, and complete business solutions for each of the twelve segments that represent the main sectors of the economy, in addition to generating opportunities for selling *software*.

We also highlight the continuity of the brand building work, with the strengthening of the communication strategy going beyond the traditional audience of technology professionals("Far beyond ERP") , but also adding a new universe of business, marketing and sales managers, who become potential buyers of the Techfin and Business Performance solutions that the Company has been developing. One of the main hallmarks of this strategy is the campaign called "TOTVS believes in a Brazil that GETS THINGS DONE". Such campaign aims at highlighting the Company's journey as one of the Brazilian companies that believe and invest in Brazil and that are a reference in their sectors.

In addition, as our *hardware* operations were discontinued as of January 2020, the solution for micro and small businesses formerly known as Bemacash was renamed, and now it is ELEVE. Such new brand arrived with the purpose of reinforcing our commitment to set a higher standard of micro and small businesses' management, offering an agnostic software solution, that is, usable in any type of device, so that entrepreneurs can perform a more efficient management of their businesses.

5. Alliances and Partnerships

The Company invests heavily in strategic alliances and partnerships with the major and most renowned global companies in the technology industry, and also in other segments related to the Company's businesses and markets. The strategy is to expand the Company's capacity of developing the market and providing new offers with external innovation, seeking to deliver to clients and customers the technology and business solutions required to support its value chain and increase efficiency and profitability.

The formalization of such strategic alliances and partnerships aims at: (i) promoting the exchange of technology between companies, allowing the Company to have access to the



cutting-edge technology developed by such allies and partners; (ii) developing joint actions of marketing, dissemination and business generation; (iii) expanding the portfolio of offers and solutions; and (iv) taking advantage of the existing synergy between the Company's products and brands and those of its partners; (v) expanding the use of the Company's technology to other companies, partners, clients or customers.

The business nature of the Company's strategic alliances are the technology solutions, and are represented especially by global companies such as Microsoft, Progress, and Oracle, among others. In addition to such strategic alliances, the Company also adopts the partnership model as a way of leveraging businesses and reducing the product development cycle.

The key partnerships are companies that: (1) have a business solution that strengthens the Company's value proposition in the market it operates, preferably one that can be integrated with TOTVS solutions; or (2) develop business solutions using TOTVS technology by using the ADVPL language and Fluig technology.

Such partnerships are formed with companies operating in market sectors that, directly or indirectly, can bring benefits to the Company, either through the dissemination of its products and services, by simply indicating the Company's brands to its clients and customers, or by the fact that the products and services offered by such companies generate value for the Company's products and services, in the segments in which they do not compete.

Besides leveraging the current partnerships in the ecosystem, the Company has made new strategic partnerships such as Mercado Livre (one of the leading marketplace in Brazil according to the 2021 Ebit Survey), reinforcing the omnichannel strategy and an increasingly integrated and fluid experience for the end customer, BMI (Blue Management Institute) a reference in strategy, culture, and leadership for organizations, and Creditas, with the purpose of democratizing and making cheaper the access to private payroll-deductible loans one of the pillars of Techfin's strategy.

(c) characteristics of the operating markets

i. The *Software* Market

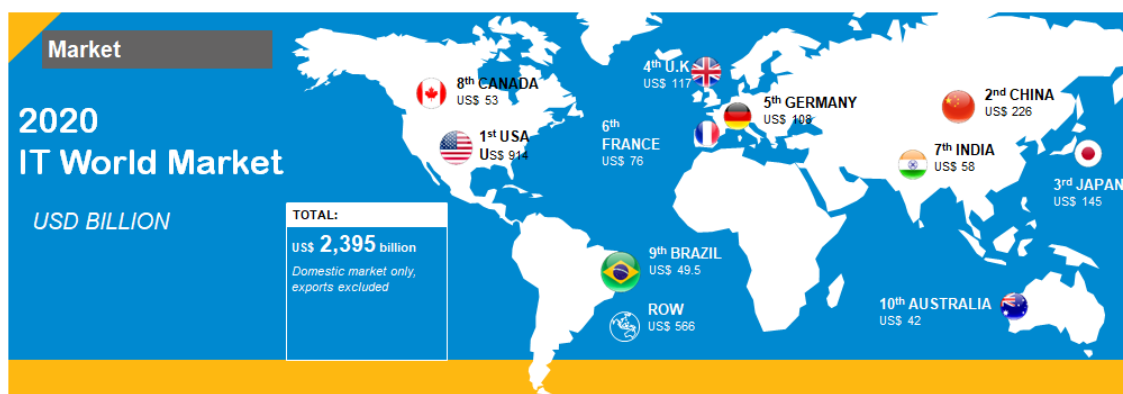
Worldwide

Information technology has been applied to optimize business processes, bringing vast benefits to companies of all sizes, in practically all sectors all over the world. The automation of business processes, especially with the use of computer equipment and programs, has been reducing inefficiency and increasing productivity in all globalized economic segments. Several classes of *software* applications have been developed to optimize the efficiency of certain business aspects of a business, using the automation of sales, marketing, manufacturing, distribution, customer support, accounting, financial management, human resources, and other tasks until then left to manual processing. For example, human resource management *software* is currently used in the storage and maintenance of employee records,

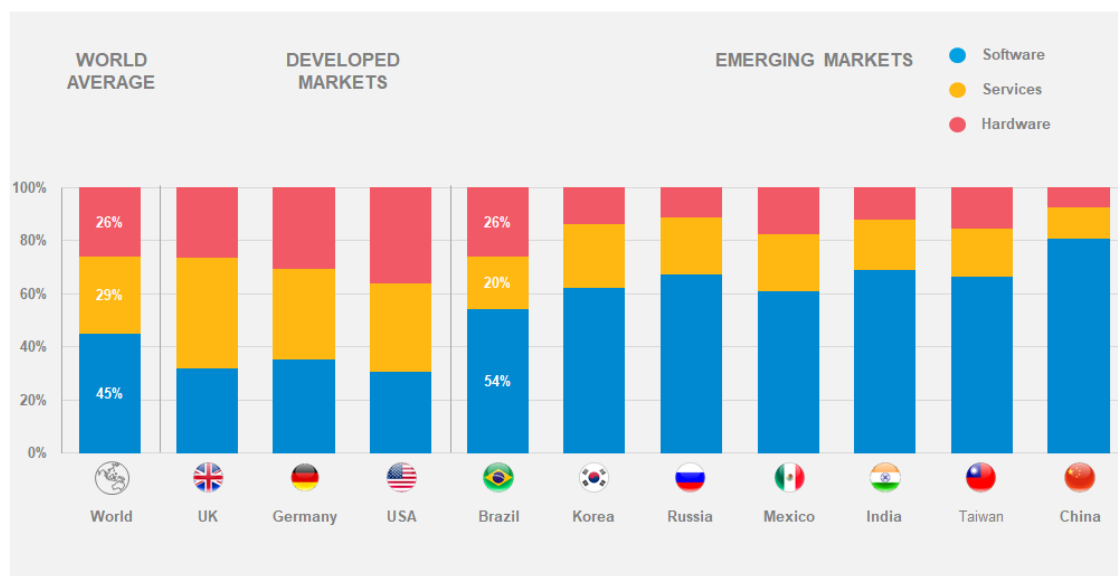


facilitating the management of payroll and benefits, as well as issuing tax reports and statements, besides tasks that, although routine and exhaustive, are essential for companies. Over time, these distinct categories of *software* applications have been integrated into “integrated systems” (suites) to further facilitate business operations by sharing information across multiple functionalities. The two main classes of integrated systems of integrated business management *software* are ERP and CRM. As a rule, integrated ERP systems are aimed at administrative or back-office functions, such as the management of human and financial resources, while integrated CRM systems are aimed at functions involving direct relationship with the customer, or *front-office*, such as sales, marketing and customer support.

According to IDC, in 2020, the global IT market reached US\$2,395 billion, with the *software* segment representing 26% of that market. In the same year, Brazil was the 9th country with the largest IT market with a total size of US\$49.5 billion, representing 2.1% of the world market.



The distribution observed in the global market is a greater representation of *software* and services in the total IT market in developed countries versus emerging countries. Among the emerging countries, Brazil has a reality closer to developed countries and the global average.



In 2020, the world production of IT had a growth of 2.5%, while in Brazil the growth reached 22.9% reaching US\$ 50.7 billion (including exports).

Companies are increasingly investing in technology to increase efficiency, productivity, quality of customer relationships and ability for innovation, and the Company captures this movement as an opportunity to leverage its unique position as the largest ERP *player* in Brazil.

Over the past few years, the Company has launched five complementary ERP platforms: fluig (Management, Productivity, and Collaboration), Carol (Artificial Intelligence), TOTVS Analytics (Business Intelligence), and TOTVS CRM, all of them developed with an agnostic approach - that is, ready to integrate TOTVS solutions with others on the market, expanding the addressable market beyond the Company's client base . The Company has also been making progress in the construction of an ecosystem of solutions beyond the segment of (i) Management – with a portfolio of open, connected, and customizable ERP, HR, and Vertical solutions and platforms; that also encompasses (ii) Techfin, with products of credit, payments, and services; and (iii) Business Performance, with sales and performance solutions.

With this ecosystem, the Company's current addressable market has expanded substantially, reaching up to R\$78 billion, divided into: (1) R\$11 billion in the Management market, (2) R\$4 billion in the Business Performance market; and (3) R\$63 billion from the Techfin market.

Latin America

According to IDC, the IT market in Latin America reached US\$112 billion in 2020, with Brazil as the protagonist with a 44% share while the second largest market is Mexico with 20%. The substantial difference in size and maturity of the IT market in Brazil compared to other countries in Latin America has been the driver for expansion in this market.



Brazil

The Brazilian information technology market has boomed in recent years.

According to IDC, the IT market in Brazil reached US\$50.7 billion in 2020 (including exports) which represented a growth of 22.9% compared to the previous year. The *software* sector was responsible for US\$13.2 billion representing a growth of 28.7% compared to 2019.

The Brazilian *software* market is more concentrated in the southeastern region of the country. According to IDC, in the same year, the region represented 65% of this market, followed by the southern region with 14%, the mid-west with 12%, the northeastern region with 7%, and the northern region with 2%.

Integrated business management *software*, known as ERP, has been asserting themselves as indispensable tools for business administration. More particularly, the SaaS (Software *as a Service*) model has been gaining significant market share when compared to the traditional license purchase model.

History of the Software Sector in Brazil

During the 1980s and early 1990s, Brazil adopted a market reserve legislation, which set forth different rules for *hardware* and *software* created/manufactured by Brazilian and foreign companies, in an attempt to create a domestic computer industry. The market reserve, in fact, proved to be harmful to the development of computer equipment in Brazil, as the *hardware* produced in Brazil was restricted and technologically outdated, besides being very expensive compared to the *hardware* made in other countries. With *software*, market reserve was not harmful, favoring competition between domestic and foreign products. The development of the domestic *software* industry took place through technological partnerships with providers of basic *software*, operating systems, network systems and databases, in order to prepare for the end of the market reserve. The result is that, whether due to its creative capacity or the ease of assimilating new technologies by the Brazilian public, Brazilian *software* has become an international reference in some areas, such as banking automation and the use of the Internet for the most diverse types of relationship and, currently, the country is technologically independent in several areas of software development.

In 1993, an important measure was taken by the Brazilian government regarding the *software* industry: the implementation of the SOFTEX 2000 program- a Domestic Software Export Program, which aimed to facilitate the entry of Brazilian companies in the international software market through incentives to exports. Such Program was coordinated by the CNPq (National Board for Scientific and Technological Development), with the participation and representation of Brazilian *software* companies, being financed by the government and by the United Nations Development Program. The Program achieved, from 1993 to 2001, among others, the following results:



- Implementation of Quality Systems in companies, introduction of Product Assessment Methods, induction of the adoption of international software quality standards; more than 100 Brazilian *software* companies with ISO 9000 quality management systems in place;
- Creation of specific financing lines for *software* - more than R\$ 74 million in 52 companies;
- Creation of a network with 32 agents, materializing 23 Software Development Complexes throughout Brazil;
- Implementation of a network with 19 Incubators bound to the main universities in Brazil;
- Contribution to the creation of 73 thousand direct qualified jobs.

The Association for the Promotion of Brazilian Software Excellence (Softex) has developed into a Civil Social Organization of Public Interest (OSCIP) that performs the Federal Government's public policies for the IT sector. The actions developed by the entity aim to promote the improvement of the competitiveness of the Brazilian Industry of Software and IT Services (IBSS) and the qualification of human resources. Since 1996, Softex has been the manager of the Brazilian Software Excellence Program, of the Ministry of Science, Technology, Innovation and Communications.

The Softex System currently benefits approximately 6,000 companies in 13 states of Brazil through its network of 23 agents that act together with the private sector, the public sector and schools to foster technology. Softex lists as its guidelines:

1. Implementation of best practices in *software* development
2. Training of human resources for the sector
3. Leveraging financial resources from public and private sources
4. Production and dissemination of qualified information about the Brazilian Software and IT Services Industry
5. Entrepreneurship and innovation.
6. Formulation of policies of interest for the sector both in Brazil and abroad
7. Creation and development of business opportunities both in Brazil and abroad

History of Techfin Sector in Brazil

Financial services are a sector with high barriers to entry and traditionally intended for large *players*. Historically, consumer inertia has helped larger financial institutions, specifically banks, retain their customers with little concern for competition. With the advent of technology, several barriers to entry were broken down.

Fintechs *played* a key disruptive role across the entire chain: customers who were used to physical distribution, writing checks or signing bank accounts to make payments, were now



able to complete transactions in a matter of seconds. The *cashback* and profitable offers that emerged added another layer of factor to the entire customer experience, revolutionizing the market.

In Brazil, the *first* Fintechs emerged in the country in 2013, already bringing innovative, low-cost models with digital distribution, totally focused on reshaping the customer experience. With the emergence of these *startups*, focused on the financial market, ABFintechs was also created, an association created to meet the demands of these companies, being responsible for representing the interests of *Fintechs*, acting as an mediator with the government and regulatory bodies and, mainly, generating business so that associates are strengthened and can prosper in their activities.

Growth was rapid, besides heavily influenced by new regulations. Between 2014 and 2018 alone, over 670 emerged and currently there are more than 1,150 Fintechs operating in Brazil, according to data from the *Inside Fintech* study by the open innovation consultancy Distrito.

More recently, a new aspect has emerged to stir the access to credit and other financial services. Techfins are the next step in an evolution started a few years ago by Fintechs. While Fintechs use the original financial system and improve their technology, Techfins seek to rebuild the system with technology. The Techfins movement has emerged as technology companies that take a step further into the world of finance by creating innovative, modernized finance with a focus on technology, data and their customer base.

The term Techfin was first used by the founder of the Alibaba group to refer to Ant Financial (Alibaba's financial initiative that operationalizes the Alipay payment system) at an event in 2016. The term refers to technology companies that have found a better way to provide financial products after understanding what their customers really need.

In Brazil, the Company, which since 2019 had already been on the path to offer financial products, became the first Brazilian Techfin. Leveraging its data expertise and broad technology platform, the company began offering financial services that could be added to its family of business management products.

ii. participation in each of the markets

The Company holds a 46% *market share* in the ERP market in Brazil, according to the study "*Software Market Share Enterprise Application 2020*", published by Gartner in June 2021, and in Latin America it is one of the three largest *players* in the region with over 27% market share. In the same period, the 2nd *player* in Brazil held a 24.1% share. According to Gartner's method, market share is calculated from the perspective of revenue representativeness, and *market share* is calculated in dollars.

In the Management segment, which includes ERP, vertical, HR and other *back-office* solutions, the Company has a *market share* of 19.4% in Brazil in 2020, according to IDC data

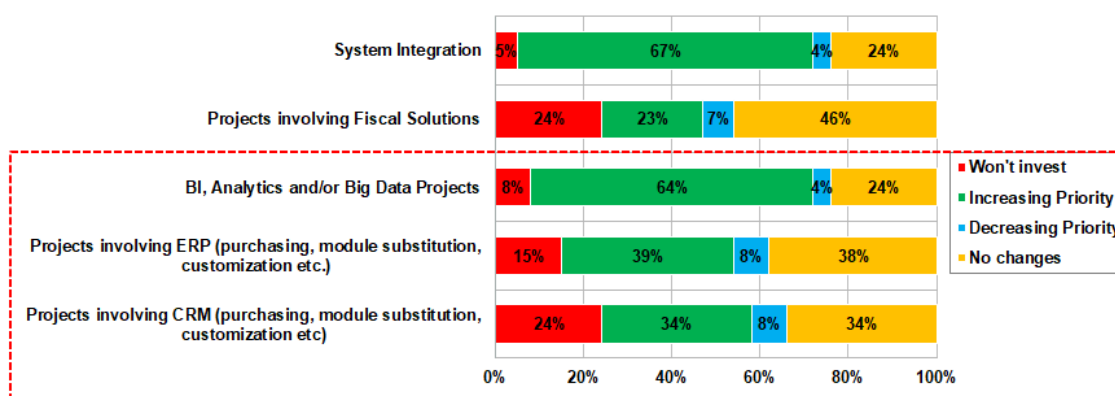


from the *Software Tracker* 2020H2 report, considering the current addressable market of R\$11 billion.

In the Business Performance segment, which includes sales and marketing solutions, among others, the Company's *market share* is 4.5% considering our revenue and the unaudited revenue of the DR Station from January 2020 to May 2021 and the Tail Target from January to December 2020, and the current addressable market of R\$4 billion.

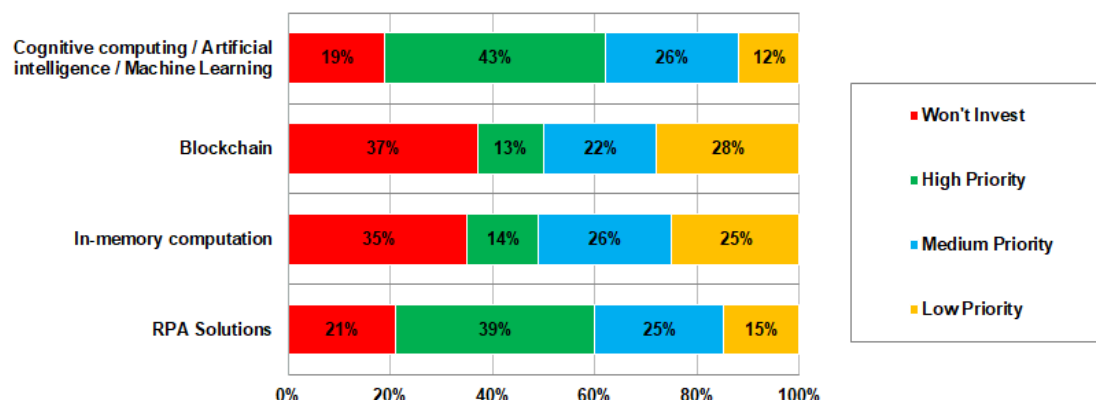
Finally, in the Techfin segment, the Company has a 0.3% *market share* considering our revenue and Supplier's unaudited revenue from January to May 2020, and the current total addressable market size of R\$64 billion, referring to financial income from B2B credit operations and payroll-deductible loans in Brazil.

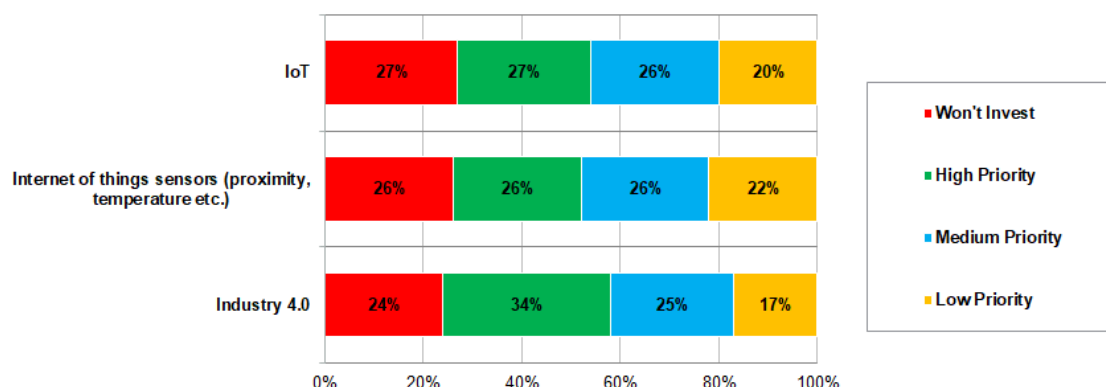
These business segments have great growth potential as they become a priority for the Company's investment, both through investment in already established segments and in new technologies. BI and CRM have gained greater priority in recent years, but ERP is still a central focus for investment in Brazil.



Source: IT4CIO (IT Investment Trends, 2020)

Regarding new technologies, Artificial Intelligence, RPA and IoT (*Internet of Things*) stand out as the key investment intentions of companies.





Source: IT4CIO (IT Investment Trends, 2020)

iii. Market Competition Conditions

As the market changes and the Company expands its markets, it starts to compete with new *players* that were not part of its traditional battleground before.

Increasingly, companies from different segments such as Fintechs, *marketplaces*, banks, software providers, among others, are seen expanding their markets, advancing in the value chain and entering each other's markets to build their own ecosystems, offering more services to its clients and customers.

Another important factor in the competitive scenario is the advance in the consumption of *software* as a service (SaaS). *Software* subscription helped democratize the use of this type of solution by smaller companies that previously did not use *software*. This phenomenon has opened space for the emergence of new "SaaS Native" providers with simpler solutions aimed at serving this type of clients and customers.

The business application *software* and Techfin markets have large, medium and small companies as clients and customers. Each of these segments may have different needs and maturity stages and consequently produce unique characteristics regarding competitive conditions.

The Company offers solutions for all sizes of companies.

(d) occasional seasonality

The information technology industry, especially *software*, does not have relevant seasonality.



(e) main inputs and raw materials, stating:

(i) description of the relationships kept with suppliers, including whether they are subject to government control or regulation, required by the public bodies and the corresponding applicable legislation

The Company's development activity is focused on its own team of professionals. However, the Company has suppliers and development partners for some of the *software* it sells, in addition to database suppliers that are resold to clients/customers and technology platform providers, and there is no government control or regulation on such relationships.

(ii) possible dependence on few suppliers

The Company uses third-party technology to develop part of its *software* and technology components, in particular those of the RM and EMS Datasul product line, which are based on Microsoft's .Net and Progress platform, respectively. For further information, please see section 7.3.a "Technological platforms used".

(iii) possible volatility in their prices

Historically, the prices of the Company's *software* and services have not shown significant volatility.



7.4 - Customers/clients responsible for over 10% of total net revenue

(a) total amount of revenue from clients/customers

There are no clients that, individually, represent over 10% of the Company's total net revenue.

(b) operating segments affected by revenues from clients/customers

There are no clients that, individually, represent over 10% of the Company's total net revenue.



7.5 - Relevant effects of state regulation on activities

(a) need for government licenses/permits to exercise activities, and history of relationship with the public administration to get such authorizations

The Finance Departments of several Brazilian states require the Company to apply for and get government approvals or permits to market certain *software* products (tax applications and the Electronic Consumer Invoice), pursuant to acts and covenants set forth by the Brazilian Ministry of Finance through COTEPE - Permanent Technical Board of the Ministry of Finance. Tax equipment is approved according to such rules, and tax applications are certified by registered institutes. There are also state decrees and ordinances that regulate actions in the Brazilian states.

Situations similar to the one described in the paragraph above also occur in the introduction of other technologies, for example the ECF of the Agreement ICMS 09/09, which is mandatory in the State of Santa Catarina. It is worth stressing that the so-called NFC-e (digital invoice issued to consumers) is adopted in the vast majority of the Brazilian territory, with the exception of the states of Sao Paulo, Santa Catarina and Ceará.

Regulation on the Protection of Personal Data

Although sectorial norms and laws had already regulated issues relating to privacy and data protection in Brazil, in August 2018, with the enactment of Law No. 13.709/2018, the General Law for the Protection of Personal Data ("LGPD"), practices connected to the processing of personal data became regulated in a general and broader way by a system of rules on the subject that affects all sectors of the economy.

The scope of such LGPD law covers all personal data processing activities, both in physical and digital media, and extends to individuals and public and private entities, regardless of the country where they are headquartered or where the data is hosted, provided that (i) the processing of personal data takes place in Brazil; (ii) the personal data processing activity should offer or provide goods or services to or process data of individuals located in Brazil; or (iii) the personal data subject to the processing have been collected in Brazil.

Such LGPD authorized the creation of the National Data Protection Authority ("ANPD"), the authority responsible for ensuring compliance with data protection standards in Brazil, exercising the functions of (i) investigation, comprising the power to request information from controllers and personal data operators; (ii) execution, in cases of non-compliance with the law, through an administrative process; and (iii) education, with the responsibility of promoting knowledge about data protection and information security measures in Brazil.

In addition to ANPD, other agencies of the Public Authorities, such as the Federal Public Prosecution Service and consumer protection agencies, already have a history of acting on the subject even before the LGPD coming into effect, especially in cases of security incidents that result in inappropriate access to personal data, exercising supervisory function based on



the LGPD, being competent to apply, however, only the penalties provided for in the Consumer Defense Code or in the Brazilian Civil Rights Framework for the Internet (aka "Marco Civil da Internet").

In this sense, it is worth clarifying that the LGPD entered into force on September 18, 2020, and its administrative sanctions (art. 52, 53 and 54), under the exclusive competence of ANPD, had their effectiveness postponed to August 1, 2021 pursuant to Law No. 14.010/2020.

However, besides the administrative sanctions set forth by LGPD, failure to comply with any provisions set forth in the LGPD has the following risks: (i) the filing of lawsuits, individual or collective, claiming compensation for damages arising from violations, based not only on the LGPD but on the sparse and sectorial data protection legislation still in force; and (ii) the application of the penalties provided for in the Consumer Defense Code and the Brazilian Civil Rights Framework for the Internet by some government agencies, such as consumer protection.

Regarding the LGPD's administrative sanctions, if the Company does not comply with its provisions, it will be subject to (i) a warning, determining a deadline implementing corrective measures; (ii) the infraction will be publicly disclosed after it has been duly investigated and confirmed; the incident is required to be publicly disclosed; (iii) blocking of the personal data corresponding to the infringement until its regularization; (d) deletion of personal data corresponding to the infringement; (iv) daily or simple fine, limited to up to 2% (two percent) of the turnover of the company, group or conglomerate in Brazil in its last fiscal year, excluding taxes, limited to a total of BRL 50,000,000 (fifty million Reals) per infraction; (v) partial suspension of the operation of the database to which the infringement refers for a maximum period of 6 (six) months, extendable for an equal period, until the regularization of the processing activity by the controller, in case of recurrence; (vi) suspension of the activity of processing personal data to which the infringement refers for a maximum period of 6 (six) months, extendable for an equal period, in case of recurrence; (vii) partial or total prohibition of exercising activities connected to data processing.

Therefore, the Company must comply with the provisions of current and applicable legislation regarding data protection in order to ensure compliance with legal requirements and minimize risk situations, such as unavailability of the service or unauthorized use of personal information, as any non-compliance with the legislation applicable to the protection of personal data, information security and other government regulations in the information technology sector, currently, may also result in other sanctions, indemnities and loss of client/customer confidence in the security of services, adversely affecting the Company.

Based on this regulatory data protection scenario, the Company is in line with the new provisions and obligations of the LGPD and has already appointed its Supervisor/DPO (*Data Protection Officer*), prepared Privacy Policies in order to ensure transparency to the holders of the processed data, structured service channel for data subjects, among other measures to comply with LGPD law.



(b) issuer's environmental policy and costs incurred in complying with environmental regulation and, if applicable, other environmental practices, including accession to and compliance with international environmental protection standards

For *software* and services activities, the Company is currently not subject to any environmental regulation, hence it does not have an environmental policy. In May 2014 the Company adhered to the United Nations (UN) Global Compact, an initiative planned for companies committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption.

As of the closing date of this Reference Form, the Company had not yet adhered to international environmental protection standards.

(c) dependence on patents, brands, licenses, concessions, franchises, royalty agreements relevant to the development of activities

The Company uses third-party technology in the development of certain components, as mentioned in section 7.3.e.ii. For additional information on the topic, see Section 9.1 of this Reference Form.

Software: The copyright of certain *software* is born with its creation, regardless of being registered with the competent authorities, according to provisions, pursuant to the terms of the Software Law (Law 9609/98) and the Copyright Law (Law 9610/98) of Brazil. In this sense, it is worth stressing that the Brazilian agency currently responsible for carrying out the registration of *software* is the National Institute of Industrial Property (INPI), pursuant to Decree No. 2558/98.

As mentioned above, the registration of *software*, although not mandatory, ends up working as an important tool to prove to the Judiciary who developed a certain software, and can be very useful as a evidence of authorship in lawsuits dealing with unfair competition, unauthorized copies, piracy, etc.

In addition, aiming at guaranteeing exclusive rights of development, use, and sale of a *software*, the interested party must prove its authorship; therefore, its registration with the INPI is of great importance. The protection of rights connected to computer programs is ensured for a period of 50 years, under the Brazilian Software Law, counting from the 1st day of January of the year subsequent to that of its publication or, in its absence, of its creation.

Finally, it is worth highlighting that the Company's Legal department is responsible for registering *software* with the INPI. For this purpose, the Company's internal area that needs to register *software*, calls the legal department. The legal area collects all the information and mediates the registration process with the INPI, using the services of specialized third parties. For more information about the Company's intellectual property assets, please refer to section 9.1(b) of this Reference Form.



7.6 - Relevant income from abroad

(a) revenue from clients and customers assigned to the issuer's home country and its share in the issuer's total net revenue

In the period ended June 30, 2021, net revenue earned in Brazil (the issuer's home country) represented 96.8% of the Company's net revenue.

(b) revenue from clients and customers assigned to each foreign country and its share in the issuer's total net revenue

In the period ended June 30, 2021, net revenue earned outside Brazil represented 0.4% of the Company's net revenue.

(c) total revenue from foreign countries and its share in the issuer's total net revenue

In the period ended June 30, 2021, net revenue earned outside Brazil represented approximately 2.8% of the Company's net revenue, being concentrated in a large part of total revenue outside Brazil in Argentina and Mexico.



7.7 - Effects of foreign regulation on activities

Considering that net revenue earned outside Brazil represented 3.2% of net revenue in the period ended June 30, 2021, as mentioned in section 7.6, the Company understands that there are no relevant effects on its activities arising from foreign regulation.



7.8 - Social and environmental policies

(a) whether the issuer discloses social and environmental information

(i) Does the Company publish a sustainability report or similar document?

Since 2016, the Company has presented its Integrated Report that provides unified information on the Company's economic, social and environmental results. It also publishes since 2014 the Progress Report of the UN Global Compact. Currently, such publications are not audited.

(ii) Does it have a social and environmental responsibility policy?

The Company is committed to protecting the environment, as provided for in the Company's Code of Ethics and Conduct, which can be found on the Company's investor relations website (<http://ri.totvs.com/>). Since 2014, the Company has been a signatory of the United Nations Global Compact (UN) and annually discloses its results and progress in the themes making part of such commitment undertaken, reaffirming the commitment to align our business decisions, our products, services and operations anchored in the guarantee of human rights, promoting the diversity and inclusion agenda, establishing good working relationships, respecting and preserving the environment, and eliminating corruption in all its forms and instances.

In 2020, as part of the development of the ESG Agenda (*Environmental, Social, and Governance*) we disclosed in December the Sustainability Policy, which reflects the purpose and vision of the TOTVS Group on how its businesses can positively influence and affect its ecosystem by connecting businesses, people, and technology that has sustainability as a value proposition. Such document reflects our commitment to a business agenda based on integrating economic, environmental, social, governance, and relationship aspects with its ecosystem and brings internal governance to address this topic, which is led by the Governance Committee and the engagement of the Board of Directors.

(b) the method followed in preparing this information

The Company adopts the *Global Reporting Initiative* (GRI) methodology, the Integrated Reporting guidelines of the *International Integrated Reporting Council* (IRRC), the 10 Principles of the Global Compact, and the UN Sustainable Development Goals (SDGs).

(c) whether this information is audited or reviewed by an independent entity

Social and environmental information is not audited by an independent entity.

(d) the Internet address or page where this information can be found

Versions of the Integrated Report for the years 2018, 2019 and 2020 are available at CVM (<http://www.cvm.gov.br/>) and on the Company's Investor Relations website (<https://ri.totvs.com/>, in the "ESG" section). The publications of the Company's UN Global



Compact Progress Report can be accessed directly on the UN portal (<https://www.unglobalcompact.org/>).

(e) whether the report takes into account the Sustainable Development Goals (SDGs) set forth by the UN and what are the material SDGs for the Company's business;

The report takes into account the UN SDGs. The material SDGs for the Company's business prioritized through the Materiality process consider the potential contribution of your business to achieving the Sustainable Development Goals (SDGs).



MATERIALITY 2021 - SDGs PRIORITIZED BY TOTVS

4 HIGH-QUALITY EDUCATION

Ensuring inclusive, equitable, high-quality education while promoting lifelong learning opportunities for everyone

5 GENDER EQUALITY

Achieving gender equality and empowering all women and girls

8 DECENT WORK AND ECONOMIC GROWTH

Promoting sustained, inclusive, and sustainable economic growth, besides productive employment and decent work for everyone

9 INDUSTRY, INNOVATION, AND INFRASTRUCTURE

Building resilient infrastructures, promoting inclusive and sustainable industrialization, and fostering innovation

10 REDUCTION OF INEQUALITIES

Reducing inequalities within and between countries

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensuring sustainable consumption and production standards

17 PARTNERSHIPS AND MEANS OF IMPLEMENTATION

Strengthening the means of implementation and revitalize the global partnership for sustainable development

f. if the issuer does not publish an annual, sustainability or integrated report that takes into account the SDGs, explain the reason.

Not applicable, as the report takes into account the SDGs.



Other initiatives

Private Social Investment: Social Opportunity Institute (IOS)

Founded in 1998 as an initiative of employees of the then Microsiga, today known as TOTVS, the Social Opportunity Institute (IOS) was established with the purpose of providing access to technology for socially vulnerable youth and people with disabilities through professional training programs the main focus of which is to employ qualified professionals in entry positions in companies.

IOS is a non-profit organization that offers free professional training in business management and information technology, with practices in Digital Education, Citizenship, Sustainability, Mathematics, Communication and Expression, *Soft Skills*, in addition to psychosocial monitoring with a multidisciplinary team (psychologists, social workers, and educational psychologists). The Institute's target audience is socially vulnerable young people aged 15 to 29 and People with Disabilities from 16 years of age, 90% of whom come from public schools, 55% women and 59% blacks, expanding social inclusion to people belonging to minorities.

Over its 23 years of existence, IOS has expanded its operations in the State of Sao Paulo (to the countryside, besides expansion to the Greater Sao Paulo city), besides being present in the states of Minas Gerais, Santa Catarina, Rio de Janeiro and Rio Grande do Sul. During this period, more than 39,000 students attended the Institute. Every year, over 2 thousand young people are trained and, out of such, on average 1,000 become employees of partner companies from different segments and by the Company, generating a strong direct social impact in over 4 thousand people per cycle.

In 2020, which was an atypical year caused by the COVID-19 pandemic, IOS faced the challenge of digitalizing all its courses and continuing to promote opportunities for professionalizing educational training for its beneficiaries. Through the support of the Company and its Employees in a campaign held in July 2020, we managed to collect and make available to students 1187 food vouchers in the amount of R\$140 each, and 613 internet SIM cards to provide access to online classes for students who do not have an internet connection. The Company has also made available essential items for compliance with protocols in hybrid classrooms, such as face masks, alcohol gel, thermometers, and sanitizing mats.

Even so, IOS received 1,424,000 students, 813 of whom got their first job through the Institute's direct efforts with partner companies, including the Company itself. According to studies carried out by the Institute, in 2020 there was an average increase of 49% in family income when a graduate student starts his/her first job, a percentage that has been increasing each year, reflecting the growing role of young people as protagonists in their family, as well as reinforcing the social impact generated by the Institute for the development of Brazil.



The Company centralizes its strategic social investment in IOS and today is the main sponsor of the Institute, which also has the support of other partner companies. IOS has all the structure and support to prepare students and direct them to the labor market, besides supporting compliance with the Apprenticeship Law and the Quotas System Law for People with Disabilities, developing the talents of today in the future's economy.

The Social Opportunity Institute is audited every year by PwC, reports annually using the GRI (Global Reporting Institute) standard, has certification by the DOAR Institute and, just like the Company, is a signatory of the Brazil Network of UN Global Compact. In 2019, IOS won the seal as one of the 100 Best NGOs to Donate in Brazil and in 2020 the Seal of Diversity and Human Rights, from the City Hall of Sao Paulo.

More information about the IOS is available on the Institute's website: www.ios.org.br

ESG (Environmental, Social and Governance) Working Group

In 2018, the Company carried out a consultation process with its key *stakeholders* to determine the priority topics relevant for the Company, according to the characteristics of its businesses. This process was supplemented by the Company in 2019 by the creation of the ESG Working Group. Such WG held seven meetings during 2019, in which the action plans that make up the Company's ESG Agenda were established. For the construction, prioritization and validation of the Agenda, the UN Sustainable Development Goals (SDGs) were considered. Based on the Company's activities and impacts on society, the following SDGs were prioritized:

Goal 4. Ensuring inclusive, equitable, high-quality education while promoting lifelong learning opportunities for everyone

Goal 5. Achieving gender equality and empower all women and girls

Goal 8. Promoting sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

Goal 12. Ensuring sustainable consumption and production patterns

Goal 17. Strengthening the means of implementation and revitalize the global partnership for sustainable development

Based on such references, priority action plans were determined, which consider the challenges, opportunities, and feasibility of each action. The Company's ESG Agenda, developed in 2019, reflects, besides its sustainable development commitments, the Company's vision of how its businesses can positively influence society, both as an employer and a social agent. The priority themes also reflect how technology can represent a key element in expanding access to knowledge and innovation.

The ESG Working Group counted on over 50 representatives from over 35 different areas and from various hierarchical levels of the company who, taking part very actively, discussed,



improved and determined the key elements of sustainability for the Company in the coming years.

Diversity and Inclusion

In line with the market, over the past few years the Company has carried out actions that seek to promote diversity and strengthen the inclusion of its associates. Good practices for hiring People with Disabilities, young apprentices and other minor groups in our society have been highlighted and shared in business and government forums on the subject.

In 2019, the Company started the process of identifying the strategic axes with which it is expected to work in the coming years, with a view of the market and adaptation to the Company's culture. In this context, a specific area was set within HR to assess and develop internal actions on the topic. This agenda is also part of the Company's sustainability agenda, in synergy with the SDG Sustainable Development Goal 5, which sets as goal promoting gender equality within the United Nations 2030 Agenda.

In our ecosystem, the Company reinforced the role of women and other minority groups in technology and entrepreneurship at external events, having hosted some initiatives such as the "*Conecta Empreendedoras*" conference that was created by the *Mulheres do Brasil* (Brazilian Women) Group, the "Structural Racism" course from Luis Gama Institute, and the initiative called "JUNTOS NA TI (TOGETHER ON IT) - LGBTI+ Edition", where it offered a logic and programming workshop for 50 young people interested in working in the technology area.

For the internal public, in November the company organized the TOTVS Festival of Social Impact, an event which theme was highlighted through specific panels and lectures related to Women in IT, entrepreneurship in ghettos, digital accessibility and technology for the common well-being.

Such initiatives were part of the process of building the Diversity and Inclusion Program that the Company launched in the first quarter of 2020. To this end, the company also carried out an internal, confidential, classified, and non-mandatory survey (with the support of external consultants) to understand Employees' perception as regards this topic in the Company and hence to develop the best strategies and axes that will guide the Program and related policies. The focus of such Program in 2020 was gender equality, seeking to expand women in leadership positions in the Company while increasing the number of women hired for TECH functions.



Public Commitments

Global Compact of the United Nations (UN)

In 2014 the Company adhered to the United Nations (UN) Global Compact, an initiative planned for companies committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption. With more than 12,000 participating companies and *stakeholders* in over 145 countries, the UN Global Compact is the largest joint corporate positioning initiative in social and environmental responsibility in the world.

The Company takes part in UN Global Compact working groups, including the statement of the ten universal Principles derived from the Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.

Business Pact For Compliance and Against Corruption

In the same year, the Company joined the Ethos Institute's Business Pact for Compliance and Against Corruption, whose mission is to mobilize, raise awareness and help companies manage their businesses in a sustainable and socially responsible manner. This covenant sets forth a set of guidelines and procedures that comply with the policies adopted in relation to compliance and anti-corruption systems.

Partnerships and Engagement with Ecosystem and Segment Entities

Campaign "TOTVERS QUE FAZEM" (TOTVERS WHO GETS THINGS DONE): in response to the worsening of the health crisis resulting from the COVID-19 pandemic in Brazil, the Company, attentive and in accordance with its principles related to corporate social responsibility, has developed and implemented the 'TOTVERS QUE FAZEM' campaign, which consisted of the collection of financial donations made by the Employees and the Company itself to help maintain the training of IOS students. The amount collected enabled the donation of 1,187 food vouchers to all active students of all IOS Units and 1,850 data packages that were distributed in the 2nd semester 2020 and 1st semester 2021.

Compliance Week: with the purpose of promoting a culture of compliance in the Company and generating reflection about fighting corruption and its impact on companies and society, the Company held the Compliance Week in a 100% virtual format. Among the initiatives of such Compliance Week, the Live under the title "Corporate Compliance: roles and risks for organizations and individuals" stands out, as well as awareness-raising pills and a cultural contest on topics related to ethics.

My Chance Program: In partnership with the Sao Paulo Government's Economic Development Department, the Company held the first edition of the Basic ERP Support Course' offered at 08 ETECs (Technical Schools of the State of Sao Paulo) spread throughout the State of Sao Paulo, and a total of 123 students completed the course and graduated. The



program aims to increase the employability and professional qualification of young people from the State of Sao Paulo, besides building company-school content in line with the demands of the labor market. The Company trained the faculty to disseminate the course content to young people throughout the State of Sao Paulo and also provided a classroom environment so that students could learn by doing, with the purpose of expanding a generation's access to technology training and education. An initiative called 'Showcase of Talents' was also created, based on our TOTVS University, which contains videos of most of the students who graduated showing what they learned as a kind of digital résumé. TOTVS leaders, Franchises, and clients/customers will have access to such database, and thus we will achieve that graduates are absorbed by the technology labor market and be part of the solution to the problem of shortage of skilled labor in the industry.

Workshops ITC Trails: in partnership with Brasscom and the Economic Development Department of the Government of Sao Paulo, the Company took part in the construction of the student profile for the new IT trails at Centro Paula Souza (a state school that provides technical and university courses in IT). Carried out in the format of a workshop, the Company's participation took place aimed at supporting this government entity in updating the profile of professionals that the job market currently demands. The areas of Institutional and Governmental Relations (RIG), Attraction and Selection (HR), Devs (IT), Corporate University (HR), Information Security (IT), and Infrastructure and Computer Networks (IT) took part of it on behalf of the Company.

Double Taxation on *Software*: a decision made by the Brazilian Supreme Court (STF) put an end to a discussion that had dragged on before the Judiciary for the last 20 years, providing greater legal certainty to the private sector. On February 25, the STF Supreme Court decided that the ISS (service tax), and not the ICMS tax (Tax on Sales of Goods and Some Services), is the tax that must be levied on *software* licensing transactions, regardless of the type of sale. Through a technique called "modulation of effects", the decision rendered by the Supreme Court in the joint judgment of lawsuits known as ADI 5659 and ADI 1945 sought to provide for, in a satisfactory manner, legal certainty for the players involved in those discussions, projecting its effects not only on future periods of time but also on periods of time prior to such judgment. The Company took part in the judgment through Brasscom and contributed to the discussion and reasoning that aided the decision-making by the Supreme Court of Brazil. According to the criteria determined by the Supreme Court, this decision acknowledges the validity of tax payments made by companies in this industry in periods prior to the date of such judgment, whether payment of ISS or ICMS taxes, thus protecting taxpayers from new charges for the same transaction. Therefore, the Supreme Court of Brazil made it impossible both the retroactive collection by the Brazilian States and municipalities, as well as any attempts by taxpayers to recover taxes paid in the past.

Data Protection: the Company held several lives and events to disseminate information and spread content about the General Data Protection Law of Brazil (LGPD), good practices for the preservation and security of personal and corporate data, as well as disclosed trends in the political environment and actions for Employees, franchises, and the market in general.



Thus, the Company showed its enormous diligence to comply with the legislation and serve as a reference for other companies and civil society to be acquainted with the importance of this subject for the entire country.

The Company also works in partnership with civil society organizations in the following initiatives:

CNI's Innovation Indicators Working Group: a group led by Laércio Cosentino aimed at creating innovation indicators for Brazil in order to understand the current status of this environment in the country compared with developed countries such as the USA, China, and 15 European countries, besides providing data and subsidies for the creation or improvement of public policies that enable progress in this agenda.

2020 Abes Software Conference: an event organized by the Association of Brazilian Software Companies (Abes) that proposed to debate ways of repositioning businesses considering the social and economic changes, especially due to the Covid-19 pandemic. The event took place fully in a digital format on September 28, 29, and 30, 2020. The Company was one of the sponsors, and our Techfin Executive Officer, Eduardo Neuber, gave an exclusive talk about the Company's techfin strategy. The final numbers of the event were: 721 participants from 323 companies and had relevant media coverage.

Brasscom TecForum Lives: this event opens space for dialogue between public and private agents, motivating them to reflect on technology, public policies, and digital government to achieve a Digital, Connected, and Innovative Brazil. In 2020 the format was changed and the event was held fully online. The Company took part in the panel 'Taxation for the Digital Economy', represented by Ariela Zanetta Simoni (Leader of the RIG area - Institutional and Government Relations).



7.9 - Other relevant information

Besides the information disclosed in this item 7, it is worth noticing that the Company is always on the lookout for organic growth opportunities through the acquisition or strategic business partnerships within its operating segments in the regular course of its business and is continually analyzing potential operations or business partnerships that add value to its shareholders.

On the date of this Reference Form, the Company is considering to enter into strategic partnerships with certain financial institutions with the purpose of offering, distributing and marketing financial, banking, investment, foreign exchange, insurance, financial advisory, credit (including card) products and services of credit), anticipation and insurance/social security in general to the Company's clients and customers; to date, no definitive or binding documents have been signed by the Company and any interested third parties, and there is, at this time, it is not possible to estimate the completion of such strategic partnerships.



8.1 - Extraordinary businesses

Hardware Operations - On October 24, 2019 the Company announced the completion of the sale of its Brazilian *hardware* operations, through the subsidiary Bematech Hardware Ltda. to ELGIN S.A. for the amount of R\$25,000, which is subject to a possible price adjustment to be determined under the terms set forth in the contract that governs such transaction.

On November 6, 2019, the sale of Bematech International Corporation (BIC) to Reason Capital Group LLC. was completed, pursuant to an agreement executed on July 2, 2019, for the amount of US\$4.4 million - corresponding to R\$ 17,528, after adjustments set forth in the agreement, of which US\$1.5 million - corresponding to R\$5,988 - were retained as collateral and shall be released by November 5, 2022.

With the acquisition of Supplier, that was completed on April 30, 2020, the Company started the business of financial services in the Company itself, issuing and managing credit cards, including credit analysis and intermediation of financing requests in its businesses.

The Techfin segment includes the businesses of the Supplier group that involve, in addition to origination, the assumption of some degree of credit risk and/or the determination and/or application of credit policies, such as the "Supplier Card" products, "Antecipa" and "Mais Prazo", as well as technology products aimed at financial services (e.g., Financial Panel), partnerships (e.g., payroll-deductible loans).

Supplier holds subordinated shares of a securitization fund called Credit Rights Investment Fund ("**Supplier FIDC**") that buys, sells, and securitizes its own or third-party credit rights, which is being consolidated in the group's financial statements, in compliance with CPC36(R3)/ IFRS 10. Legally speaking, Supplier's FIDC is an investment fund authorized by the Brazilian National Monetary Council that is specifically designed as an investment vehicle for investment in Brazilian credit receivables.

Because of the consolidation of Supplier's FIDC, the senior and mezzanine shares are accounted for as a financial liability under the caption "Senior and mezzanine shares", and the remuneration for the valuation of shares to the benefit of the holders of the senior and mezzanine shares is recorded as the cost of the transaction.

On May 31, 2021, the Company completed the acquisition of RD, having also consolidated the emergence of the Business Performance segment and this was a final step in building an ecosystem of B2B technologies. This strategy aims to expand the *addressable market*, *take rate* and, finally, increase client/customer loyalty, through the advancement of value chains, leading a journey of digitalization aimed at escalating the Company's operations.



8.2 - Significant changes in the way the issuer conducts business

There were no significant changes in the conduct of the Company's business.



8.3 - Relevant agreements entered into by the issuer and its subsidiaries not directly related to their operating activities

There are no relevant contracts entered into by the Company and/or its subsidiaries that are not directly related to their operating activities.



8.4 - Other relevant information – Special businesses

The Company did not find any other relevant information connected to this section.



9.1 - Relevant non-current assets - other

The Company does not have non-current assets relevant to the development of its activities.



9.1 - Relevant non-current assets / 9.1.a - Fixed assets

Justification for not completing the table:

The Company does not have fixed assets relevant to the development of its activities.



9.1 - Relevant non-current assets / 9.1.b - Intangible assets

Type of asset	Asset Description	Duration	Events that can cause the loss of rights	Consequence of loss of rights
Brands	"YMF - AMPLIS" 827245890	Oct. 30, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"YMF - AMPLIS" 827082673	Jul. 20, 2030	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY ZERO ONE" 907445900	Nov. 29, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY ZERO ONE" 907446183	Mar. 12, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY ZERO ONE" 907446361	Nov. 29, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY ZERO ONE" 907446604	Mar. 27, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY ZERO ONE" 907446655	Nov. 29, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"ECOFLUIG" 910715459	Apr. 10, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"ECOFLUIG" 910715505	Apr. 10, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"ECOFLUIG" 910715629	Apr. 10, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"ECOFLUIG" 910715718	Apr. 10, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"ECOFLUIG" 910715793	Apr. 10, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"AMPLIS" 827245904	Oct. 30, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"BOARDS" 913834700	Jan. 29, 2029	As shown in section 9.2.	As shown in section 9.2.



Brands	"BOARDS" 913835366	Jan. 29, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"CAROL" 912947675	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"CAROL" 912947837	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"CAROL" 912985305	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"DATASUL" 914028413	Feb. 19, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"DATASUL" 914028421	Feb. 19, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY01" 907900682	May 15, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY01" 907900755	Jan. 10, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY01" 907900828	Jan. 10, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY01" 907900968	Jan. 10, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530650	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530668	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530684	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530692	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530706	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530714	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530722	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"CAROL" 912985321	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.



Brands	"PROTHEUS" 909537577	Nov. 14, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"PROTHEUS" 909538115	Feb. 19, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"CAROL" 912985330	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"CAROL" 912985356	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"YMF" 821050486	30/04/2022	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 830574476	Jan. 15, 2023	As shown in section 9.2.	As shown in section 9.2.
Brands	"ELEVE" 917711190	Dec. 29, 2030	As shown in section 9.2.	As shown in section 9.2.
Brands	"ELEVE" 918071585	Apr. 7, 2030	As shown in section 9.2.	As shown in section 9.2.
Brands	"ELEVE" Request 918071712	N/A	As shown in section 9.2.	As shown in section 9.2.
Brands	"DATASUL" 823404838	Jul. 3, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"ELEVE" 918812569	Jul. 21, 2030	As shown in section 9.2.	As shown in section 9.2.
Brands	"ELEVE" Order 918812720	N/A	As shown in section 9.2.	As shown in section 9.2.
Brands	"DATASUL" 810871432	Nov. 1, 2023	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY01" 907900550	Jan. 10, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530625 1	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"RM" 819925772	Sep. 8, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"RM" 821482076	08/07/2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 827375743	Oct. 16, 2027	As shown in section 9.2.	As shown in section 9.2.



Brands	"TOTVS" 830574468	Jan. 21, 2024	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" Order 830574484	N/A	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 830574492	Jan. 15, 2023	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 830574506	Oct. 4, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 840754558	Sep. 27, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 840754566	Sep. 27, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" Order 840754574	N/A	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 840754582	Oct. 6, 2030	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" Order 840754590	N/A	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 840754604	Sep. 24, 2030	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 840754612	Sep. 27, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 840754655	Sep. 27, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 840754663 2	Sep. 27, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"ELEVE BY TOTVS" 918071860	Apr. 7, 2030	As shown in section 9.2.	As shown in section 9.2.
Brands	"ELEVE BY TOTVS" Order 918072000	N/A	As shown in section 9.2.	As shown in section 9.2.
Brands	SISJURI 823346935	Feb. 13, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	VIRTUAL EGM 914573055	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	VIRTUAL EGM 825805872	June. 12, 2027	As shown in section 9.2.	As shown in section 9.2.



Brands	VITRINE.NET 901824062	Apr. 16, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	PC INFORMÁTICA 827756429	Mar. 11, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	PC SISTEMAS 827755546	Mar. 11, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"RM SISTEMAS" 819925780	Sep. 8, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"RM SISTEMAS" 824073908	May 12, 2025	As shown in section 9.2.	As shown in section 9.2.
Brands	"RM SISTEMAS" 824073916	May 12, 2025	As shown in section 9.2.	As shown in section 9.2.
Domain name:	totvs.com.br	Apr. 27, 2029	As shown in section 9.2.	As shown in section 9.2.
Internet domain name	elevesaude.com.br	Oct. 10, 2024	As shown in section 9.2.	As shown in section 9.2.
Internet domain name	raiseyoursales.com.br	Oct. 10, 2024	As shown in section 9.2.	As shown in section 9.2.
Licenses	"PROTHEUS"	Jan. 1st, 2042	As shown in section 9.2.	As shown in section 9.2.
Licenses	"PROTHEUS 10" 09865-0	Jan. 1st, 2060	As shown in section 9.2.	As shown in section 9.2.
Licenses	"PROTHEUS V 12" BR 51 2015 000911 7	Jan. 1st, 2065	As shown in section 9.2.	As shown in section 9.2.



9.1 - Relevant non-current assets / 9.1.c - Interests in companies

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
CONSINCO S.A.	39.010.418/0001-15	-	Subsidiary	Brazil	SP	Ribeirão Preto	Provider of management systems for the supermarket and self-service wholesalers (wholesale) vertical in the Brazilian market, with a portfolio of "end-to-end" solutions, i.e., support from <i>back-office</i> routines, with ERP, to the <i>front office</i> , with the POS (Point of Sale/ Cashier).	100.000000
Jun 30, 2021	34.049870%	0.000000	3,264,453.37					
Dec. 31, 2020	100.000000	0	0					
Dec. 31, 2019	0	0	0					
Dec. 31, 2018	0	0	0					

Reasons for acquiring and maintaining shareholding

Strengthening its presence in the retail segment with specialized solutions for the supermarket and wholesalers vertical in the Brazilian market

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of	State of the	City of headquarters	Description of activities performed	Issuer's share (%)
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Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)	headquarters	headquarters	Amount (Reals)		
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)			Amount (Reals)		
RD Gestão e Sistemas S.A	13.021.784/0001-86	-	Subsidiary	Brazil	SC	Florianópolis	Development and maintenance of <i>software</i> and systems; consulting in <i>software</i> and systems implementation; consultancy and management in digital marketing processes; Training in professional and managerial development; teaching activities and professional education courses; activities for organizing and promoting business and professional events, conferences and exhibitions.	92.040000%
Jun 30, 2021	100.00000 %	0.000000	-					
Dec. 31, 2020	0.000000	0.000000	0.000000					
Dec. 31, 2019	0.000000	0	0.000000					
Dec. 31, 2018	0.000000	0	0.000000					

Reasons for acquiring and maintaining shareholding



Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		

This acquisition represents a final step in solidifying the Business Performance segment, which is critical in the strategy of building an ecosystem of B2B technologies, also comprising the Management and Techfin segments

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		

Soluções em Software e Serviços TTS Ltda	07.363.764/0001-90	-	Subsidiary	Brazil	PE	Recife	Provision of consultancy, advisory and development services for computerized systems (<i>software</i>); exploitation of rights to use its own or third-party computerized systems and the provision of data processing, business management and administration services and sub-licensing of the TOTVS brand, being able to import and export goods and services related to its activity.	100.000000
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Jun 30, 2021	2.726030%	0.000000	8,333,200.88					
Dec. 31, 2020	1890191.000000	0.000000	0.00	Market Value				
Dec. 31, 2019	251.464239	0.000000	0.00	Book value	Jun 30, 2021	276,593,640.15		



Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
Dec. 31, 2018	10.720386	0.000000	0.00					

Reasons for acquiring and maintaining shareholding

Maintaining a distribution channel in the region is part of the Company's strategy of channel solidification and presence in territories considered strategic for the Company.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Supplier Participações S.A.	12.057.680/0001-69	0.000000	Subsidiary	Brazil	SP	São Paulo	Supplier's operations are dedicated to enabling B2B credit in recurring relationships between clients/customers and suppliers, especially in the manufacturing and distribution chains. Using the virtual B2B "private label" concept, SUPPLIER is responsible for the origination, determination, and application of the credit policy and approval, which is assigned to financial system participants that carry the portfolio and the credit risk.	88.750000
Jun 30, 2021	24.445810%	0.000000	1,547,000.00					
Dec. 31, 2020	100.000000	0.000000	0.000000					
Dec. 31, 2019	0.000000	0.000000	0.000000					

Market Value

Book value

Jun 30, 2021

76,206,980.59



Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
Dec. 31, 2018	0.000000	0.000000	0.000000					

Reasons for acquiring and maintaining shareholding

Strengthening the Techfin business segment in order to simplify, expand, and make our customers' access to credit and other financial services cheaper through technology.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
TFS Soluções em Software S.A.	27.231.185/0001-00	-	Subsidiary	Brazil	SP	São Paulo	Data processing, application service providers, and internet hosting services; information technology consultancy, technical support, maintenance, and other information technology services and business management consultancy activities, except for specific technical consultancy.	100.000000
Jun 30, 2021	31.019960%	0.000000	6,057,944.75					
Dec. 31, 2020	2.484247	0.000000	25,008,000.00					
Dec. 31, 2019	0.979445	0.000000	25,590,000.00					
				Market Value				
				Book value	Jun 30, 2021	40,698,494.78		



Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
Dec. 31, 2018	3656.821026	0.000000	0.000000					

Reasons for acquiring and maintaining shareholding

Company established in March 2017 for future separation of certain *software* operations

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
TOTVS Argentina S.A.	00,000,000/000-00		Subsidiary	Argentina		-	Consulting in information technology; Technical support, maintenance and other information technology services	100.000000
Jun 30, 2021	6,239290%	0.000000	-					
Dec. 31, 2020	223.350391	0.000000	0.00					
Dec. 31, 2019	-26.138850	0.000000	0.00					
Dec. 31, 2018	8.715398	0.000000	0.00					

Reasons for acquiring and maintaining shareholding

Maintaining a distribution channel in the region is part of the Company's strategy of channel solidification and presence in territories considered strategic for the Company.



Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
TOTVS Hospitality Ltd.	09.131.273/0001-40	-	Subsidiary	Brazil	RJ (Brazil)	Rio de Janeiro	Development of specialized <i>software</i> solutions for hotels, inns, and resorts.	74.200000
Jun 30, 2021	14.844570%	0.000000	-					
Dec. 31, 2020	20.216396	0.000000	0.00					
Dec. 31, 2019	34.426046	0.000000	0.00					
Dec. 31, 2018	70.882325	0.000000	0.00					

Reasons for acquiring and maintaining shareholding

Positioning in the hotel segment with solutions specially developed from the peculiar processes of hotels, inns and resorts.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
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Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
TOTVS Incorporation	00.000.000/0000-00	-	Subsidiary	United States		-	Consulting in information technology; Technical support, maintenance and other information technology services	100.000000
Jun 30, 2021	-1.913320%	0.000000	-					
Dec. 31, 2020	21.912087	0.000000	0.00					
Dec. 31, 2019	5.047897	0.000000	0.00					
Dec. 31, 2018	20.449491	0.000000	0.00					

Reasons for acquiring and maintaining shareholding

Acquisition of companies that present synergy with the Company, aiming to complement the portfolio of information technology solutions and maintenance of a research and development center for information technology solutions in the United States of America.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		



Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
TOTVS Large Enterprise Tecnologia S.A.	82.373.077/0001-71	418-9	Subsidiary	Brazil	SP	São Paulo	Sales, Implementation, and Consulting Support	100.000000
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
Jun 30, 2021	356.072760	0.000000	11,321,664,70					
Dec. 31, 2020	8.053201	0.000000	0.00					
Dec. 31, 2019	-0.691009	0.000000	0.00					
Dec. 31, 2018	-9.811996	0.000000	0.00					

Reasons for acquiring and maintaining shareholding

Specialized and highly-skilled service per segment, developing activities of sales, implementation, specialized services, and consultancy support aimed at large companies.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
TOTVS México S.A. de CV	00.000.000/0000-00	-	subsidiary or affiliated company	Mexico		-	Innovation, creation, development and updating of programs; sale of <i>software</i> and <i>hardware</i> , with the possibility of importing its own and third-party goods and services related to the IT activity; provision of general services relating to	100.000000



Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		

							consultancy on management processes and models; grant third parties rights to use, market, and sell services	
Jun 30, 2021	-58.542890%	0.000000	-					
Dec. 31, 2020	83.063115	0.000000	0.00					
Dec. 31, 2019	-24.446666	0.000000	0.00					
Dec. 31, 2018	-16.465643	0.000000	0.00					

Reasons for acquiring and maintaining shareholding

Positioning in the micro and small business segment with tailored management and sales solutions.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
TOTVS Serviços de Desenvolvimento e Consultoria em TI Ltda. (Eleve)	30.011.940/0001-47	-	Subsidiary	Brazil	RS	Porto Alegre	A company that develops management, customization, and technical support systems, the primary products of which are aimed at the sales process and financial management of micro and small businesses	100.000000
Jun 30, 2021	19.214270%	0.000000	93,139.33					



Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
Dec. 31, 2020	100.000000	0.000000	0.00	Market Value				
Dec. 31, 2019	0.000000	0.000000	0.00	Book value	Jun 30, 2021	444,713.73		
Dec. 31, 2018	0.000000	0.000000	0.00					

Reasons for acquiring and maintaining shareholding

Positioning in the micro and small business segment with tailored management and sales solutions

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
TOTVS Tecnologia em Software de Gestão Ltda.	07.577.599/0001-70	-	Subsidiary	Brazil	DF	Brasília	Advisory and development services for computerized systems (<i>software</i>); exploitation of rights to use its own or third-party computerized systems and the provision of data processing, business management and administration services and sub-licensing of the TOTVS brand, being able to import and export goods and services related to its activity.	100.000000



Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
Jun 30, 2021	2.980680	0.000000	26,597,861.87	Market Value				
Dec. 31, 2020	307.976496	0.000000	44,500,000.00					
Dec. 31, 2019	-7.131657	0.000000	8,000,000.00		Jun 30, 2021	559,849,669.05		
Dec. 31, 2018	3.457301	0.000000	11,361,000.00					

Reasons for acquiring and maintaining shareholding

Maintaining a distribution channel in the region is part of the Company's strategy of channel solidification and presence in territories considered strategic for the Company.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)		Date	Amount (Reals)		
VT Comércio Digital S.A.	15.760.400/0001-72	-	Subsidiary	Brazil	SP	São Paulo	Participation in other companies as a shareholder, quotaholder or under any other legal form.	50.000000
Jun 30, 2021	340.77680%	0.000000	408,960.02	Market Value				
Dec. 31, 2020	156.934307	0.000000	0.00					



Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	Book value - variation %	Market value - variation %	Amount of dividends received (Reals)	Date		Amount (Reals)		
Dec. 31, 2019	-94.466095	0.000000	151,000.00	Book value	Jun 30, 2021	1,552,771.17		
Dec. 31, 2018	-52.287096	0.000000	0.00					

Reasons for acquiring and maintaining shareholding

Selective investments in companies having technology solutions that are synergistic to the Company's business



9.2 - Other relevant information

As of June 30, 2021, the Company had more than 230 trademark registrations in Brazil and 193 registrations abroad.

Moreover, the Company has approximately 37 patent applications from the National Institute of Industrial Property in Brazil and 7 patent applications abroad.

BRANDS

Events that may cause the loss of trademark rights

Pursuant to article 142 of Law No. 92.79, of 1996, i.e., the Brazilian Industrial Property Law, certain events may lead to the loss of rights over the trademark, among which we highlight: the expiration of the term of effectiveness without a request for extension having been made within the due period; the waiver, in whole or in part, by the holder; forfeiture, at the request of any person with a legitimate interest if, after 5 years from the date the registration was granted, the use of the trademark has not started in Brazil, or if the use has been interrupted for more than 5 years. Still at the administrative level, the registration may be declared null by the National Institute of Intellectual Property of Brazil (INPI) whether automatically or by any person's request upon a claim made by a third party or by a person with legitimate interest, upon a request for nullity submitted within 180 days from the registration being granted, if it is shown that the registration at issue has been granted in disagreement with the Intellectual Property Law. In addition, the nullity of a trademark registration can be declared by a court of law, through a lawsuit for nullity of the trademark registration filed by such INPI (Brazilian Patent and Trademark Office) or by any person having legitimate interest. The term for filing such a lawsuit is five (5) years counting from the date on which the trademark registration has been granted.

Consequence of loss of trademark rights

The suppression of trademark rights implies the loss of the exclusive right to trademarks, leading, for example, to the impossibility of preventing third parties from using identical or similar trademarks or brands to refer to equal, similar, or alike products or services, as the sign at issue returns to the public domain. Such a situation could even impair communication between the Company and its target audience. Any license or trademark in progress of being granted is also no longer valid, impacting the ability to receive the corresponding royalties. If any unregistered use results in a violation of third parties' rights, the holder of such brand used is subject to legal and civil lawsuits, which may result in a court decision determining that the corresponding trademark, use is halted, in addition to search and seizure of products, payment of compensation and/or refraining from using the brand by the Company.

Events that may cause the loss of rights on trademarks deposited but not registered

If a particular trademark filed but not registered yet does not meet the formal and/or merit requirements, the application for registration thereof may be rejected by the National Institute of Intellectual Property (INPI), which is the agency responsible for deciding on the registration



of trademarks in Brazil. The INPI may reject an official registration request or upon opposition from third parties, if it considers such a claim to be valid

Consequence of loss of rights on trademarks deposited but not registered

The loss of rights to brands deposited but not registered leads to the cessation of any expectation of rights on such trademarks. Depending on the grounds for the loss of the right - for example, in the case of a violation of the previous right held by a third party - the Company may be subject to legal and criminal lawsuits, for misuse of the trademark and violation of the third parties' rights, which may include convictions regarding the payment of compensation and/or refraining from using the brand by the Company, and even search and seizure of products. In addition, the Company will not be able to prevent third parties from using identical or similar brands to refer to equal, similar, competing, or similar products and/or services.

PATENTS

The Company's intellectual property assets consist, in the patent area, of 01 (one) patent application in co-ownership with SENAI, which is an "LEVELED PROGRAMMING ELECTRONIC PLATFORM", pending analysis by the INPI.

INPI is the Brazilian federal agency responsible for granting and registering patents in Brazil. During the administrative procedure of patent application with INPI, the applicant enjoys an expectation of right that will be ratified if the patent is eventually granted. The patent will be granted if the invention has features like novelty, inventive activity, and industrial application. Such requirements will be determined by the INPI examiners, who will be able to make new requirements throughout their analysis and that will result in the granting or denying the application. The patent application may also be challenged by third parties through subsidies to the examination or even after the patent having been granted, through an application for administrative nullity.

Events that can cause the loss of rights

Many events can lead to the loss of rights for a patent application pending, such as: (i) failure to comply with formal and technical requirements; (ii) absence of an appeal against the denied patent application; (iii) failure to pay the corresponding fees due upon the patent is granted; (iv) absence of request to unarchive in case a patent application is archived due to lack of application to examine; (v) absence of a request for restore the patent application in case it is archived because the annual fee was not paid.

The granting of a patent gives its holder a real right (patent) over an intangible asset (invention), which consists of the temporary monopoly of economic exploitation on an invention and the consequent right to prevent its use by third parties during the effective term of the patent. The annual fees will be due until the end of the effective term of the patent, and the lack of payment thereof may cause the cessation of the patent right in case it is not restored on time.

**Consequence of loss of rights**

Any manufacture, export, sale, display, or offer for sale, stock, concealment or reception, for economic purposes, of a product or process protected by a patent or utility model, without the corresponding holder's consent represents a crime against patent laws, subjecting offenders to court sanctions both of criminal and civil nature having as purpose abstaining from using and compensating for the violation.



10.1 - General financial and equity conditions

The financial information contained in sections 10.1 to 10.9 of this Form is originated from our consolidated interim financial information for the six-month periods ended June 30, 2021 and 2020, which were prepared under CPC 21(R1) and the standard international IAS 34 - *Interim Financial Reporting*, issued by the *International Accounting Standards Board* (IASB) and the Company's consolidated financial statements for the fiscal years ended December 31, 2020, 2019 and 2018, prepared under accounting practices adopted in Brazil and with international financial reporting standards (IFRS) issued by the *International Accounting Standards Board* (IASB).

On January 1st, 2019, the new standard that governs the accounting treatment of Leasing Operations [IFRS 16/CPC 06 (R2)] issued by IASB and CPC [Brazilian Committee of Accounting Standards], respectively, became effective. To implement such standard, the Company adopted the modified retrospective approach. As a result, the financial information as of December 31, 2018 were not adjusted to reflect the adoption of IFRS 16/CPC 06(R2) and, therefore, some financial information are not comparable with the accounting information for the six-month periods ended June 30 2021 and 2020 and fiscal years ended December 31, 2020 and 2019, which reflect the effects of the adoption of such standard. For more information on IFRS 16/CPC 06(R2), please see section 10.4 of this Reference Form.

The Officers' analysis clarifying the results obtained and the reasons for the fluctuation in the amounts of the Company's equity accounts constitute an opinion on the impacts or effects of the data presented in the financial statements on the Company's equity and financial situation. The Company's Board of Executive Officers cannot guarantee that the financial situation and results achieved in the past will happen again in the future.

The terms "HA" and "VA" in the columns of certain tables in item 10 generally mean "Horizontal Analysis" and "Vertical Analysis", respectively.

(a) Comments by Executive Officers on the general financial and equity conditions

We present below information about our financial and equity structure for the periods pointed out below:

(in thousands of Reals, except %)	On June 30,	On December 31,		
	2021	2020	2019	2018
Shareholders' Equity	2,723,213	2,604,166	2,478,409	1,288,220
Current assets	3,175,682	2,831,973	2,004,275	1,020,134
Net debt (Net Cash) ⁽¹⁾	2,078,289	129,096	(1,087,480)	25,860

⁽¹⁾ Net Debt (Net Cash) corresponds to the sum of the balances of loans and financing, debentures, senior and mezzanine shares, current and non-current, deducted from the balances of cash and cash equivalents and financial investments, current and non-current. Net Debt (Net Cash) is not a measure of financial performance recognized by accounting practices adopted in Brazil or by the *International Financial Reporting Standards - IFRS issued*



by the International Accounting Standards Board ("IASB"), and it does not have a standard meaning. Other companies can account for their Net Debt (Net Cash) differently, so it is not possible to make a comparison between disclosures.

The Company's Board of Executive Officers understands that it has sufficient financial and equity conditions to (i) implement its business plan and (ii) comply with its short and long-term financial obligations. Furthermore, the Board of Executive Officers believes that the Company's cash generation is sufficient to finance its activities and cover its need for funds to carry out its business plan.

On June 30, 2021, the Company's current assets were R\$3,175,682 thousand, and was R\$451,730 thousand higher than current liabilities, which were R\$2,723,952 thousand, representing a current liquidity ratio of 1.2. On December 31, 2020, the Company's current assets were R\$2,831,973 thousand, and was R\$791,942 thousand higher than current liabilities, which were R\$2,040,031 thousand, representing a current liquidity ratio of 1.4. As of December 31, 2019, the current liquidity ratio was 2.8 and as of December 31, 2018, it was 1.4.

As of June 30, 2021, December 31, 2020, 2019 and 2018, the Indebtedness/Adjusted EBITDA LTM Ratio was 3.0, 0.2, (2.3) and 0.1, respectively. This variation is mainly due to the issuance of debentures in the amount of R\$1,500,000 thousand in May 2021.

On June 30, 2021, the Company's Net Debt was affected by the issuance of simple debentures, not convertible into shares, in the total amount of R\$1,500,000 thousand, maturing in 2024, and this resource was used to acquire shares representing 92% of the capital of RD Gestão e Sistemas SA ("RD"), in the amount of R\$1,861,000 thousand, of which R\$1,829,713 thousand was paid in cash at the closing of the transaction.

On April 30, 2020, the Company acquired Supplier Participações SA ("Supplier"). Supplier is a company focused on B2B credit and development of solutions for the relationship between customers/clients and suppliers. In addition, with the acquisition of Supplier, the Company started the business of financial services, issuing and managing credit cards, including credit analysis and intermediation of financing requests in its businesses. Supplier holds subordinated shares of a securitization fund called "*Fundo de Investimento em Direitos Creditórios*" [Credit Rights Investment Fund] ("Supplier FIDC"), which buys, sells, and securitizes its own or third-party credit rights, which is being consolidated in the Company's financial statements. As a result of the consolidation, the obligations with the senior and mezzanine shares and the financial investments became part of the Company's Net Debt.

On January 1, 2019, the Company's Net Cash was affected by the recognition of leasing liabilities (current and non-current) in the amount of R\$236,820 thousand originated from adopting the new accounting standard related to IFRS 16. In addition, the Net Cash was positively affected by the subsequent share offering made over the year 2019, which managed to raise R\$1,066.5 million.

In 2018, the Company had a significant advance in its financial position, with an increase in operating cash flow. Thus, the Net Debt had a sharp reduction.



The Board of Executive Directors emphasizes that the growth of the Company's Indebtedness/Adjusted EBITDA LTM Ratio was planned following the strategy of strengthening the Management, Techfin and Business Performance segments, always aiming at the exponential growth of the Company's Net Recurring Software Revenue, which had a growth of 17.5% on June 30, 2021 compared to the same period of the previous year and 13% on December 31, 2020 when compared to December 31, 2019.

(b) comments by the Executive Officers on the capital structure.

The Executive Board of Directors believes that the Company's capital structure is adequate to meet the demands and needs of the operations and to continue performing its growth plan, either through organic expansion or through new acquisitions, as it finances its operations through its own capital and third-party resources. The Company issues common shares only; therefore, there are no redeemable shares.

The Company presented, on June 30, 2021 and December 31, 2020, 2019 and 2018, a balanced capital structure between its own and third-party capital, and consistent, in the view of the Board of Executive Officers, with the Company's activities, in the proportion presented in the table below:

(in R\$ thousands, except %)	On June 30,	On December 31,		
	2021	2020	2019	2018
Third-party capital (current and non-current liabilities)	4,879,986	2,542,240	1,057,518	1,103,057
Own capital (shareholders' equity)	2,723,213	2,604,166	2,478,409	1,288,220
Total capital (third parties + own capital)	7,603,199	5,146,406	3,535,927	2,391,277
Portion of third-party funds ⁽¹⁾	64.2%	49.4%	29.9%	46.1%
Portion of its own capital ⁽²⁾	35.8%	50.6%	70.1%	53.9%

⁽¹⁾ Represents the percentage of Third-Party Capital on the Company's Total Capital.
⁽²⁾ Represents the percentage of its own capital on the Company's Total Capital.

(c) Executive Officers' comments regarding the ability to pay in relation to the financial commitments assumed.

On June 30, 2021, the Company's Gross Debt was R\$3,168,644 thousand, of which R\$1,481,311 thousand, or 46.7%, are in current liabilities and R\$1,687,333 thousand, or 53.3% in non-current liabilities.

The Company has been fully capable of paying its financial commitments undertaken, since its operations are cash-generating and the financing granted to customers/clients are essentially in the short term.



Most liabilities and receivables result from sales and allowance of software implementation services, which are provided in the countries where they are sold.

With the acquisition of Supplier in 2020, the Company started the business of financial services, issuing and managing credit cards, including credit analysis and intermediation of financing requests in its businesses. In addition, as a result of the consolidation of Supplier FIDC, the senior and mezzanine shares are accounted for as a financial liability on the item "Senior and mezzanine shares" and make up the Company's Gross Debt.

The Company maintains a conservative profile of financial investment and currently has no operations in risk markets and/or derivatives.

The table below shows the key financial indicators connected to our payment capacity:

(R\$ thousands, except %)	Six months ended June 30,	Year ended December 31,		
	2021	2020	2019	2018
Net Profit	159,288	294,959	210,648	60,643
Gross Debt ⁽¹⁾	3,168,644	1,336,137	450,676	478,659
Net Debt (Net Cash) ⁽²⁾	2,078,289	129,096	(1,087,480)	25,860
Adjusted EBITDA ⁽³⁾	696,504	587,937	470,706	347,428
Indebtedness/Adjusted EBITDA LTM Ratio ⁽⁴⁾	3.0	0.2	(2.3)	0.1
Current liquidity ratio ⁽⁵⁾	1.2	1.4	2.8	1.4
General liquidity ratio ⁽⁶⁾	0.7	1.3	2.2	1.2

⁽¹⁾ The Gross Debt corresponds to the sum of the balances of loans and financing, debentures and senior and mezzanine shares, current and non-current. The Gross Debt is not a measure of financial performance recognized by the accounting practices adopted in Brazil or by the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board ("IASB"), and it does not have a standard meaning. Other companies can calculate their Gross Debt differently, so it is not possible to make a comparison between disclosures.

⁽²⁾ The Net Debt (Net Cash) corresponds to the sum of the balances of loans and financing, debentures and senior and mezzanine shares, current and non-current, deducted from the balances of cash and cash equivalents and financial investments, current and non-current. The Net Debt (Net Cash) is not a measure of financial performance recognized by the accounting practices adopted in Brazil or by the International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board ("IASB"), and it does not have a standard meaning. Other companies can calculate their Net Debt (Net Cash) differently, so it is not possible to make a comparison between the disclosures.

⁽³⁾ The Adjusted EBITDA is a non-accounting measure prepared by the Company consisting in the EBITDA, calculated in accordance with CVM Instruction 527, adjusted: by the net profit (loss) from the discontinued operation, expenses with M&A transactions, adjustment of earn-out at fair value and tax credit. The Adjusted EBITDA is not a measure recognized by the Accounting Practices Adopted in Brazil or by the International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB); they do not represent cash flow for the periods presented and should not be considered as a substitute for net profit (loss), as an indicator of operating performance or as a substitute for cash flow as an indicator of the Company's liquidity or the basis for the distribution of dividends. The Adjusted EBITDA



does not have a standard meaning and may not be comparable to measures with similar securities provided by other companies.

(4) The Indebtedness/Adjusted EBITDA LTM Ratio corresponds to the ratio of the Net Debt (Net Cash) division at the end of the year by the Adjusted EBITDA of the same year.

(5) The current liquidity ratio corresponds to the ratio resulting from the division of current assets by current liabilities.

(6). The general liquidity ratio corresponds to the division ratio of: (i) the result from the sum of current and non-current assets (except investment, fixed assets and intangibles); by (ii) the result of the sum of current liabilities and non-current liabilities.

In the six months ended June 30, 2021 and in the last three years, the Company has been taking different measures in order to maintain and expand its business plan, as listed below:

2021: The Company issued simple debentures, non-convertible into shares, in the amount of R\$1,500,000, resulting in an increase in Gross Debt. The Indebtedness/Adjusted EBITDA LTM Ratio on June 30, 2021 was 3.0 and the current liquidity ratio was 1.2. The General Liquidity Ratio on June 30, 2021 closed at 0.7, affected mainly by the issuance of debentures maturing in the long term and reaffirms the Company's ability to meet its long-term commitments, considering its operating cash generation.

2020: The Company issued simple debentures, non-convertible into shares, in the amount of R\$200 million preventively in the face of the COVID-19 pandemic, which were redeemed in advance on August 10, 2020. The increase in the Net Debt is mainly due to the financial liabilities of the senior and mezzanine shares of Supplier FIDC. The Indebtedness/Adjusted EBITDA LTM Ratio on December 31, 2020 was 0.2 and the current liquidity ratio was 1.4, the same level as in 2018. The General Liquidity Ratio on December 31, 2020 closed at 1.3 demonstrating the Company's ability to meet its long-term commitments.

2019: The Company did not contract new financing in 2019. The Net Cash is the result of the recognition of financial lease liabilities resulting from the adoption of the new IFRS 16/CPC 06 (R2) accounting standard, added to the raising of funds obtained in the follow-on carried out in May 2019, which increased the cash balance for the year. The Indebtedness/Adjusted EBITDA LTM Ratio on December 31, 2019 was (2.3) and the Current Liquidity Ratio was 2.8, while the General Liquidity Ratio rose to 2.2 on December 31, 2019, demonstrating the Company's ability to meet its long-term commitments.

2018: The Company did not contract any relevant new financing in 2018. The Indebtedness/Adjusted EBITDA LTM Ratio on December 31, 2018 was 0.1 and the Current Liquidity Ratio was 1.4, pointing out the maintenance of the Company's financial health to honor its short-term obligations.

(d) financing sources used for working capital and investments in non-current assets

On the date of this Reference Form, the main sources of financing for working capital and investment in the Company's non-current assets were the cash generated through its operating activities and the use of third-party financing represented by the issuance of debentures, as



described in section 10.1(f) below, as well as the net proceeds earned by the Company with primary public offerings for the distribution of shares, as described in section 18.9 of this Reference Form.

(e) financing sources for working capital and investments in non-current assets intended to cover liquidity deficiencies

For now, the Company understands that it has no liquidity deficiencies. If there is a need to seek financing sources for working capital or non-current assets, the Company may: (i) seek lines of loans and financing with private banks, or (ii) issue debt securities, such as debentures.

It is also worth mentioning that the Company, despite understanding that it does not have any liquidity deficiencies, has pre-approved lines with private banks that can be accessed in the very short term.

(f) indebtedness levels and characteristics of such debts

On June 30, 2021, the Company's Gross Debt reached the total amount of R\$3,168,644 thousand, while its Net Debt was R\$2,078,289 thousand, representing an increase of 137% in its indebtedness and an increase of 1,510% on its Net Debt when compared to the Net Debt on December 31, 2020.

On December 31, 2020, the Company's Gross Debt reached the total amount of R\$1,336,137 thousand, while the Net Debt was R\$129,096 thousand, representing an increase of 196% in its indebtedness when compared to the total indebtedness in December 31, 2019 and an increase of 112% in the Net Debt.

On December 31, 2019, the Company's Gross Debt reached the total amount of R\$450,676 thousand, while its Net Cash was R\$1,087,480 thousand, representing a reduction of 6% in its total indebtedness and a variation of 4,305% in its Net Cash when compared to the total indebtedness and the Net Debt on December 31, 2018.

On December 31, 2018, the Company's Gross Debt reached the total amount of R\$478,659 thousand, while its Net Debt was R\$25,860 thousand.

i. relevant loan and financing agreements

The loans and financing taken by the Company, as well as the balance of each one at the end of every period, are shown in the table below:

(in thousands of Reals, unless otherwise stated)	Financial charges	On June 30, 2021	On December 31,		
			2020	2019	2018
Finance leasing	5.53% to 17.24%	244,992	223,525	241,340	42,189
BNDES PROSOFT	TJLP+1.5% to 1.52% p.a.	-	-	3,232	137,940



BNDES PSI	3.5% to 4.0% p.a.	-	-	2,227	18,224
BNDES Inovação	TJLP + 0.52% p.a.	-	-	888	2,404
BNDES Social	TJLP p.a.	-	-	-	714
Working capital	CDI + 1.9% p.a.	102,988	100,740	-	-
Collateral accounts and others		-	785	16	-
Loans and financing		347,980	325,050	247,703	201,471
Current Liabilities		155,331	146,806	55,623	166,154
Non-Current Liabilities		192,649	178,244	192,080	35,317

<i>(in thousands of Reals, unless otherwise stated)</i>				On June 30,	On December 31,		
Issuance	Debentures	Annual Financial Charges	Unit price in Real	2021	2020	2019	2018
Single Series	200,000	105.95% of CDI rate	1.00	-	-	202,973	203,431
Single Series	1,500,000	100% of CDI rate + 1.90% Spread	1.00	1,497,677	-	-	-
Premium for non-conversion of 2008 debentures				-	-	-	73,757
Total				1,497,677	-	202,973	277,188
Current Liabilities				2,993	-	202,973	77,319
Non-Current Liabilities				1,494,684	-	-	199,869

The amounts of loans and financing and debentures recorded in non-current liabilities at the end of each period have the following maturity schedule:



(In thousands of Reais)	On June 30, 2021	On December 31,		
		2020	2019	2018
2021		-	-	219,452
2022	397,875	-	192,080	15,734
2023	421,402	41,761	-	-
2024	795,117	37,895	-	-
2025 on	72,939	33,751	-	-
Loans and financing and debentures (Non-Current Liabilities)	1,687,333	178,244	192,080	235,186

Lease Agreements: The Company and its subsidiaries have several finance lease agreements with contracted terms varying between 3 and 10 years connected to the purchase of electronic equipment, rents, and facilities of the Company's units with interest rates between 7.82% and 9.24% for rented equipment and vehicles, and 2.00% to 10.89% for property lease agreements.

Working Capital 2020: On October 21, 2020, the subsidiary Supplier Administradora raised R\$100,000 thousand for working capital from Banco ABC Brasil with maturity on July 20, 2021, which was renewed for maturity on April 18, 2022. The amount contracted will be subject to 100% of the CDI rate plus a rate of 1.9% per year, based on 360 days.

Debentures issued in 2021: On May 21, 2021, the Company issued 1,500,000 simple debentures, non-convertible into shares, in a single series, under a firm placement guarantee, with a unit face value of R\$1 thousand, in the total amount of R\$1.5 billion, with final maturity on May 21, 2024. As of the Date of Issuance, the Debentures will be entitled to remuneration equivalent to 100% of the CDI rate plus a surcharge (spread) equivalent to one point ninety percent (1.90%).

ii. other long-term relations with financial institutions

On the date of this Reference Form, the Company has no other long-term relations with financial institutions.

iii. degree of subordination between the Company's debts

In case of bankruptcy proceedings, the subordination between the obligations recorded in the liabilities will occur in accordance with Law No. 11,101/2005: (i) employment claims; (ii) secured claims up to the limit of the value of the recorded asset; (iii) tax liabilities; (iv) claims with special privileges as provided for in Law No. 11,101/2005; (v) claims with special privileges as provided for in Law No. 11,101/2005; (vi) unsecured claims; (vii) fines and pecuniary penalties; and (viii) subordinated claims.

None of the financial debts of the Company and its subsidiaries existing on June 30, 2021 have a specific contractual subordination clause, so that there is no preferred relation between them.



Thus, the degree of subordination between the financial debts of the Company and its subsidiaries follows what is determined in the laws in force and in the guarantees provided.

iv. restrictions imposed on the Company, especially regarding indebtedness limits and taking of new debts, distribution of dividends, disposal of assets, issuance of new securities and transfer of corporate control, as well as whether the issuer has been complying with these restrictions.

Working Capital 2020: The Supplier Administradora contract that raised R\$100,000 thousand for working capital with Banco ABC Brasil due on July 20, 2021 has an early maturity clause in the event of default, bankruptcy or title protest with over R\$10,000 thousand, in addition to other allowances set forth in the contract.

Debentures issued in 2021: The debentures have early maturity clauses ("covenants") normally applicable to these types of operations related to compliance with economic-financial indexes. The financial index applied to this deed derives from the coefficient of dividing the Net Debt by the Adjusted EBITDA, excluding the operation of subsidiaries of the Supplier group, which must be equal to or less than 4 times.

There are no other open restrictions as of June 30, 2021, since the loans raised with BNDES and the issuance of Debentures were settled as mentioned in section f (i).

(g) limits on the use of contracted financing and percentages already used

On June 30, 2021, the Company had R\$3,168,644 thousand in loans and financing taken, including debentures, current and non-current, and leasing (current and non-current).

On June 30, 2021, the Company, through its subsidiary Supplier Participações, negotiated a working capital of R\$50,000 thousand, which was contracted in July 2021, with no other financing agreements whose disbursement has not been fully disbursed.

(h) significant changes in each item of the financial statements

The figures and analyzes presented below derive from the revised interim accounting information for the six months ended June 30, 2021 and the Company's audited consolidated financial statements for the years ended December 31, 2020, 2019 and 2018, respectively.

We present below the key income descriptions:

Net Revenues

The revenues are recognized when there is an agreement with the customer/client, performance obligations are identified, the transaction price is measurable and reliably allocated, and when the control of goods or services is transferred to the customer/client. The revenues are shown net of taxes, returns, rebates, and discounts, when applicable. The Company and its subsidiaries separate the revenues into Net Recurring Software Revenue, Net Non-Recurring Software Revenue and credit product revenue as follows:

Net Recurring Software Revenue



The Net Recurring Software Revenue comprises: (i) software subscription, in which customers/clients have access to the software on multiple devices simultaneously in its latest version; (ii) maintenance, including technical support and technology evolution; and (iii) services, including cloud computing and customer/client service. All of these services are sold separately.

The Net Recurring Software Revenue is recognized on a monthly basis in the income statement over time, as the services are provided, from the date the services and software are made available to the customer/client and all other revenue recognition criteria are met.

Net Non-Recurring Software Revenue

The Net Non-Recurring Software Revenue comprises: (i) license fees, which transfer to the customer/client the right to use the software for an indefinite period of time; and (ii) software implementation and customization services, consulting and training services.

(i) A license fee is recognized at a given time when all risks and benefits connected to such license are transferred to the buyer upon availability of the software and the amount can be measured reliably, as well as it is probable that the economic benefits will be generated in favor of the Company.

(ii) The revenues from implementation and customization services represent a performance obligation different from other services and are billed separately and recognized over time as costs are incurred connected to the total expected costs, performed according to the schedule of performance and when there is a valid expectation of being received from customers/clients. Billed revenues that do not meet the recognition criteria are not part of the balances of the corresponding revenue accounts and accounts receivable. Revenues from consulting and training services are recognized when the services are provided.

Revenue from services of credit products

The revenues from credit products are recognized as described below:

- (i) The factoring of receivables is recognized at the time they are factored, when the risks and benefits are transferred to Supplier Administradora.
- (ii) The management fees are recognized at the amount of the consideration received or receivable, being recognized upon the service performance. The transaction price is defined individually for every partner according to the agreement executed between the parties.

The revenues are subject to the following taxes and contributions, at the following basic rates:

- Software revenues are subject to rates of 0.65% for PIS and 3.0% for COFINS. We adopt the non-cumulative regime for some revenues, being possible to discount credits earned on purchases and other expenses, which include the rates of 1.5% for PIS and 7.6% for COFINS;
- Tax on services (ISS) at rates ranging from 2% to 5%;
- Social Security Contribution on Gross Revenue (CPRB) of 4.5% for software revenues.



- Software costs: Software costs primarily comprise compensation paid to consulting and support personnel and include costs of acquisition of database and the price of licenses paid to third parties, in the case of resold software.
- Costs of Credit Products: the costs of credit products are mainly composed of remuneration for senior and mezzanine shareholders and cost of raising credit rights.
- Research and development: Research and development expenses incurred by the software development area connected to new products or technology innovations of existing software, which do not meet the capitalization criteria, are recorded as expenses for the year in which they are incurred and are shown separately from sales costs as operating expenses. In addition, the Company capitalizes development expenses, provided the criteria of CPC 04 (R1)/ IAS 38 are met.
- Selling and marketing: the selling expenses correspond to personnel expenses at the company's own units and expenses with commission paid to the Company's franchise network. The vast majority of marketing expenses correspond to the advertising of the Company's brand.
- General and Administrative Expenses: General and administrative expenses are incurred in managing and supporting operational activities. Company's main general and administrative expenses are personnel costs and allowance for contingencies.
- Financial Result: the financial result is the difference between financial revenues and expenses. The key groups constituting the financial result are interest on loans and financing, and income from financial investments.
- Current and Deferred Income Tax and Social Contribution: the allowance for income tax and social contribution is connected to the taxable profit for the years, with retail rates of 25% for IRPJ (companies' income tax) and 9% for CSLL (social contribution on net profit). The Company's effective rate is composed of current and deferred income tax and social contribution according to the best accounting practices.



INCOME STATEMENT

COMPARISON BETWEEN THE SIX MONTHS ENDED JUNE 30, 2021 AND JUNE 30, 2020

(in R\$ thousands, except %)	Six months ended June 30, 2021	AV (%)	Six months ended June 30, 2020	AV (%)	AH (%)
Software revenue	1,368,468	92.2%	1,202,153	97.8%	13.8%
Revenue from credit product services	115,163	7.8%	26,664	2.2%	331.90%
Total Net Revenue	1,483,631	100.0%	1,228,817	100.0%	20.7%
Cost of software	(388,909)	(26.2%)	(354,999)	(28.9%)	9.6%
Cost of credit products	(40,733)	(2.7%)	(9,557)	(0.8%)	326.2%
Gross Profit	1,053,989	71.0%	864,261	70.3%	22.0%
Operating revenues (expenses)	(798,369)	(53.8%)	(691,911)	(56.3%)	15.5%
Research and development	(246,782)	(16.6%)	(212,021)	(17.3%)	16.4%
Selling and marketing expenses	(267,512)	(18.0%)	(221,297)	(18.0%)	20.9%
General and administrative expenses	(163,794)	(11.0%)	(137,946)	(11.2%)	18.7%
Depreciation and amortization	(119,073)	(8.0%)	(91,446)	(7.4%)	30.2%
Allowance for expected loss	(15,768)	(1.1%)	(29,990)	(2.4%)	(47.4%)
Other operating revenues	14,560	1.0%	789	0.1%	1745.4%
Operating profit before financial effects and equity method	255,620	17.2%	172,350	14.0%	48.0%
Financial Result					
Financial revenues	21,527	1.5%	32,157	2.6%	(33.1%)
Financial expenses	(41,925)	(2.8%)	(26,315)	(2.1%)	59.3%
Result of equity method	(564)	0.0%	-	0.0%	0.0%
Earnings before tax from continuing operations	234,658	15.8%	178,192	14.5%	31.7%
Current income tax and social security contribution	(84,931)	(5.7%)	(38,210)	(3.1%)	122.3%
Deferred income tax and social contribution	9,561	0.6%	(19,045)	(1.5%)	(150.2%)
Income tax and social contribution	(75,370)	(5.1%)	(57,255)	(4.7%)	31.6%



Net profit from continuing operations	159,288	10.7%	120,937	9.8%	31.7%
Net loss from discontinued operation	-	0.0%	(1,436)	(0.1%)	(100.0%)
Net profit for the period	159,288	10.7%	119,501	9.7%	33.3%

Comments regarding the Company's consolidated financial and operating performance for the six months ended June 30, 2021 and June 30, 2020.

Total Net Revenue

In the six months ended June 30, 2021, the Company's net revenue increased by 20.7% or R\$ 254,814 thousand, from R\$1,228,817 thousand in the six months ended June 30, 2020, to R\$1,483,631 thousand in the six months ended June 30, 2021. This increase was due to the growth in the Net Recurring Software Revenue of R\$166,794 thousand or 17.5% when compared to the same period of the previous year, mainly driven by signings for new customers/clients and cross/up sell in customers/clients in the base of SaaS offerings and the contractual inflation adjustments for the period and the increased rate of customer/client renewal. Additionally, the acquisition of RD in 2021 contributed to increase the net revenue by R\$18,040 thousand and Credit Products by R\$88,499 thousand resulting from the acquisition of Supplier as of May 2020.

Costs of software and credit products

The Company's costs of software and credit products in the six months ended June 30, 2021 totaled R\$429,642 thousand, an increase of 17.9% compared to the six months ended June 30, 2020, in the amount of R\$364,556 thousand. The increase in cost is mainly related to the costs of credit products of R\$31,176 thousand arising from the acquisition of Supplier as of May 2020. The cost of software increased by R\$33,910 thousand or 9.6%, especially in service costs of R\$16,544 thousand due to the resumption of demand in some segments most affected by the pandemic.

Operating revenues (expenses)

- **Research and Development** - In the six months ended June 30, 2021, the Company's research and development expense increased 16.4% or R\$34,761 thousand, from R\$212,021 thousand in the six months ended June 30 2020, to R\$246,782 thousand in the six months ended June 30, 2021. In the six months ended June 30, 2021, the Research and Development (R&D) expenses accounted for 22.0% of the Net Recurring Software Revenue or R\$246,782 thousand, compared to 22.2% in the six months ended June 30, 2020 or R\$212,021 thousand, confirming the gains in scale and efficiency, as a result of the use of insights generated by the analysis of the telemetry of our solutions, and continues to invest in the modernization of the portfolio and in quality improvement, aiming to leverage the new avenues for growth and increase efficiency in resource allocation. In this context, some of the projects developed during the first half of 2021 met the capitalization criteria and totaled R\$10,211 thousand.



- **Selling and Marketing Expenses** – In the six months ended June 30, 2021, the Company's selling and marketing expenses increased by 20.9% or R\$46,215 thousand, from R\$221,297 thousand in the six months ended June 30, 2020 to R\$267,512 thousand in the six months ended June 30, 2021. In the six months ended June 30, 2021, the Selling and Marketing Expenses accounted for 18.0% of Total Net Revenue, the same level compared to the six months ended June 30, 2020. The 20.9% growth between the periods presented in this topic is mainly explained by the impact that the beginning of the pandemic had on variable compensation, commissions and marketing investment in the 2Q20, in addition to the consolidation of the results of Wealth Systems, Supplier, Tail and RD Station.
- **General and Administrative Expenses** - This group's expenses increased from R\$137,946 thousand in the six months ended June 30, 2020 to R\$163,794 thousand in the six months ended June 30, 2021, totaling an increase of 18.7%. This increase is due to the combination: (i) extraordinary expenses with M&A transactions in the amount of R\$7,786 thousand and (ii) consolidation of the RD result in 2021 and the acquired Consinco, Wealth Systems and Supplier in 2020, which resulted in an increase by R\$16,447 thousand.
- **Depreciation and Amortization Expenses** - In the six months ended June 30, 2021, the Company's depreciation and amortization expenses increased by 30.2% or R\$27,627 thousand, from R\$91,446 thousand in the six months ended June 30, 2020 to R\$119,073 thousand in the six months ended June 30, 2021. This increase is explained by the maintenance of the Company's assets and investments in electronic equipment. The amortization expenses also increased by 55.5% on June 30, 2021 compared to the same period of the previous year, essentially due to the beginning of the amortization of intangible assets arising from the acquisitions of Wealth Systems, Supplier and Tail.
- **Allowance for Expected Loss** – In the six months ended June 30, 2021, the Company's allowance for expected loss decreased by 47.4% or R\$14,222 thousand, from R\$29,990 thousand in the six months ended June 30 2020 to R\$15,768 thousand in the six months ended June 30, 2021. In the result for the six months ended June 30, 2021, the Allowance for Expected Loss (former PCLD) represented 1.1% of the Total Net Revenue, versus 2.4% earned in the six months ended June 30, 2020.
- **Other Operating Revenues** – In the period-to-period comparison, other operating revenues grew by 1,745.4% or R\$13,771 thousand, from R\$789 thousand in the six months ended June 30, 2020 to R\$14,560 thousand in the six months ended June 30, 2021. This line was affected: (i) R\$8,718 thousand in revenue from tax credit; and (ii) R\$834 thousand referring to the review and update of the earn-out amounts of M&A transactions, causing an increase of R\$13,771 thousand compared to the six months ended June 30, 2020.

Financial Result - In the six months ended June 30, 2021, the Company's financial result decreased by 449.2% or R\$26,240 thousand, from a revenue of R\$5,842 thousand in the six



months ended June 30, 2020 to an expense of R\$20,398 thousand in the six months ended June 30, 2021. The main items that affected the Financial Result were the reduction in Financial Revenues due to the reduction in the average volume of cash invested, as a result of the acquisitions carried out throughout 2020 and 2021 and the increase in Financial Expenses due to the increase in interest expenses due to the issuance of debentures, which took place in May 2021, and the fundraising carried out by Supplier in the 2nd quarter of 2021.

Income Tax and Social Contribution – In the six months ended June 30, 2021, the Income Tax and Social Contribution expense closed at R\$75,370 thousand compared to R\$57,255 thousand in the six months ended June 30, 2020, an increase of R\$18,115 thousand or 31.6% in line with the increase in Earnings before taxes. The effective rate of Income Tax and Social Contribution remained stable at 32.1%, confirmed by the evolution of R&D projects, framed in the tax incentive rules, and by the reduction in the Effect of Subsidiaries with Differentiated Rates in the period.

Net Profit from continuing operation

The Net Profit from the Company's continuing operation for the six months ended June 30, 2021 totaled R\$159,288 thousand, an increase of R\$38,351 thousand, or 31.7% compared to the six months ended June 30, 2020, which totaled R\$120,937 thousand. In general, the increase in net profit from continuing operation is a result of the increase in the Net Recurring Software Revenue and management of expenses for the period, in addition to the consolidation of RD as of June 2021.

Net Profit for the period

The net profit for the six months ended June 30, 2021 increased by 33.3% or R\$39,787 thousand, from R\$119,501 thousand in the six months ended June 30, 2020 to R\$159,288 thousand in the six months ended June 30, 2021. This increase is related to the increase in the net loss from continuing operation.

COMPARISON BETWEEN THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

(in R\$ thousands, except %)	Years ended December 31,			Vertical Analysis			Horizontal Analysis	
	2020	2019	2018	2020	2019	2018	20 vs. 19	19 vs. 18
Software revenue	2,467,959	2,282,124	2,111,160	95.1%	100.0%	100.0%	8.1%	8.1%
Revenue from credit product services	128,118	-	-	4.9%	-	-	100.00%	-
Total Net Revenue	2,596,077	2,282,124	2,111,160	100.0%	100.0%	100.0%	13.8%	8.1%
Cost of software	(734,770)	(743,855)	(739,210)	(28.3%)	(32.6%)	(35.0%)	(1.2%)	0.6%
Cost of credit products	(41,934)	-	-	(1.6%)	-	-	100.00%	-
Gross Profit	1,819,373	1,538,269	1,371,950	70.1%	67.4%	65.0%	18.3%	12.1%
Operating revenues (expenses)								
Research and development	(431,348)	(397,824)	(382,078)	(16.6%)	(17.4%)	(18.1%)	8.4%	4.1%
Selling and marketing expenses	(474,373)	(423,997)	(386,150)	(18.3%)	(18.6%)	(18.3%)	11.9%	9.8%



General and administrative expenses	(299,990)	(239,791)	(228,165)	(11.6%)	(10.5%)	(10.8%)	25.1%	5.1%
Depreciation and amortization	(204,587)	(147,033)	(122,291)	(7.9%)	(6.4%)	(5.8%)	39.1%	20.2%
Allowance for expected loss	(43,856)	(28,434)	(36,992)	(1.7%)	(1.2%)	(1.8%)	54.2%	(23.1%)
Other net operating (expenses)/revenues	28,613	24,262	9,381	1.1%	1.1%	0.4%	17.9%	158.6%
Earnings before financial effects and equity method	393,832	325,452	225,655	15.2%	14.3%	10.7%	21.0%	44.2%
Financial result								
Financial revenues	47,344	69,312	37,895	1.8%	3.0%	1.8%	(31.7%)	82.9%
Financial expenses	(58,778)	(70,489)	(78,357)	(2.3%)	(3.1%)	(3.7%)	(16.6%)	(10.0%)
Result of equity method	(294)	(248)	(517)	-	-	-	18.5%	(52.0%)
Earnings before income tax and social contribution	382,104	324,027	184,676	14.7%	14.2%	8.7%	17.9%	75.5%
Current income tax and social contribution	(80,919)	(54,628)	(41,978)	(3.1%)	(2.4%)	(2.0%)	48.1%	30.1%
Deferred income tax and social contribution	(5,149)	(15,483)	(4,963)	(0.2%)	(0.7%)	(0.2%)	(66.7%)	212.0%
Income tax and social contribution	(86,068)	(70,111)	(46,941)	(3.3%)	(3.1%)	(2.2%)	22.8%	49.4%
Net profit from continuing operation	296,036	253,916	137,735	11.4%	11.1%	6.5%	16.6%	84.4%
Net loss from discontinued operation	(1,077)	(43,268)	(77,092)	0.0%	(1.9%)	(3.7%)	(97.5%)	43.9%
Net profit for the period	294,959	210,648	60,643	11.4%	9.2%	2.9%	40.0%	247.4%

Comments regarding the Company's consolidated financial and operating performance between the years ended December 31, 2020 and 2019:

Total Net Revenue

In the year ended December 31, 2020, the Company's total net revenue increased by 13.8% or R\$ 313,953 thousand, from R\$2,282,124 thousand in the year ended December 31, 2019 to R\$2,596,077 thousand in the year ended December 31, 2020. This growth was driven by the better performance of the Net Recurring Software Revenue, which increased R\$224.875 thousand or 13.0% year over year, the main reasons for that are: (i) the growth in sales, net of churn, especially in the SaaS model, which represented 65% of new sales in the Q4/20; (ii) the high Renewal Rate of customers/clients during the year (above 98.5%); (iii) the adjustments of contracts with inflation rates higher than those applied in the same period of 2019; and (iv) the consolidation of Consinco's and Wealth Systems' results. As a highlight of the year 2020, we emphasize the acceleration of cloud sales, the revenue of which grew 27% in the year, in addition to the revenue from credit products of the Supplier group.

Costs of software and credit products

The Company's costs in the year ended December 31, 2020 totaled R\$776,704 thousand, an increase of 4.4% compared to the year ended December 31, 2019. Disregarding the growth



from Supplier (which is inorganic), the Company continued to improve its operational efficiency, making use of the remote working model to gain more productivity. The software costs decreased by 1.2% year-over-year in the year 2020. The drop in Non-Recurring Revenue from Services (as this revenue line has a lower margin level), the exponential increase in remote deployment, which reached a level close to 90%, in addition to the greater share of recurring revenues from sales of cloud solutions are some of the factors that have ensured the maximization of software cost efficiency.

As of April 30, 2020, the Company started to consolidate costs of credit products as a result of the acquisition of Supplier, and in 2019 such costs were not reflected on the financial statements.

Expenses

- **Research and Development** - In the year ended December 31, 2020, the Company's research and development expense increased by 8.4% or R\$33,524 thousand, from R\$397,824 thousand in the year ended December 31, 2019 to R\$ 431,348 thousand in the year ended December 31, 2020. Accumulated results in 2020 show that the Research and Development (R&D) expenses represented 21.9% of Net Recurring Software Revenue, compared to 23.0% in 2019, confirming the gain in scale and efficiency, as a result of the increasingly intense use of insights generated by the telemetry analysis of our solutions, enabling a quick reallocation of resources to take advantage of opportunities and continuous investment in innovation, breadth, quality, and digitalization of our portfolio. In this context, some of the projects developed over 2020, with clear prospects of return in the medium/long term, met the capitalization criteria and totaled R\$18,959 thousand.
- **Selling and Marketing Expenses** – In the year ended December 31, 2020, the Company's selling and marketing expenses increased by 11.9% or R\$ 50,376 thousand, from R\$423,997 thousand in the year ended December 31, 2019 to R\$ 474,373 thousand in the year ended December 31, 2020. In the annual comparison, the Selling and Marketing Expenses expanded by 20 basis points when comparing 2020 versus 2019, going from 18.6% to 18.3% of the Total Net Revenue. This growth is the result: (i) of the increase in the share of franchises in the total sales mix; (ii) of the consolidation of Consinco and Wealth Systems' results in the amount of R\$8,265 thousand throughout the year.
- **General and Administrative Expenses** – In the year ended December 31, 2020, the Company's general and administrative expenses increased by 25.1% or R\$ 60,199 thousand, from R\$239,791 thousand in the year ended December 31, 2019 to R\$299,990 thousand in the year ended December 31, 2020. In 2020, the greater representation of this group of expenses, which increased from 10.5% in 2019 to 11.6% in 2020 of the Total Net Revenue, is due to the combination of: (i) the increase in the allowance for bonuses and for the long-term incentive plan (ILP); and (ii) the consolidation of the results of Consinco, Wealth Systems and Supplier in the amount of R\$45,276 thousand.



- Depreciation and Amortization** – In the year ended December 31, 2020, the Company's depreciation and amortization expense increased by 39.1% or R\$ 57,554 thousand, from R\$147,033 thousand in the year ended December 31, 2019 to R\$ 204,587 thousand, in the year ended December 31, 2020. This increase is explained by: (i) consolidation of Consinco, Wealth Systems, and Supplier results; (ii) greater depreciation with electronic processing equipment, due to the increase in installed capacity. The amortization expenses also increased year-over-year due to the beginning of the amortization of intangibles arising from the acquisitions of Consinco, Wealth Systems and Supplier, and by the increase in amortization of the right of use properties due to contractual updates.
- Allowance for Expected Loss** - In the year ended December 31, 2020, the Company's expense with the allowance for expected loss increased by 54.2% or R\$15,422 thousand, from R\$28,434 thousand in the year ended December 31, 2019 to R\$43,856 thousand in the year ended December 31, 2020. In the year's result, the Allowance for Expected Loss (former PCLD) represented 1.7% of Total Net Revenue, versus the 1.2% earned in 2019. In the Technology segment, this increase was a reflection of the increase in the average term of the receivables portfolio, whether due to the business practices adopted that extended the average term of securities to become due, or in view of the volume of securities due, especially in sectors most impacted by the Covid-19 pandemic throughout 2020. For the Credit Products segment we can see that the portfolio loss rate is still below the historic low average of this indicator in the period, reinforcing the flexibility and resilience of Supplier's business model, besides its efficient management in granting credit.
- Other Net Operating (Expenses)/Revenues** - In the year ended December 31, 2020, the Company's other net operating (expenses)/revenues increased by 17.9% or R\$4,351 thousand, from R\$24,262 thousand in the year ended December 31, 2019 to R\$28,613 thousand in the year ended December 31, 2020. In 2020, this line was affected by the reversal of obligations for investment acquisitions as a result of the annual review and update of the earn-out amounts of M&A transactions in the amount of R\$25,526 thousand versus the impacts of 2019 by the reversal of the earn-out allowance of R\$3,732 thousand connected to the acquisition of equity interest in RJ Participações, in addition to the positive effect of R\$11,698 thousand from the sale of Ciashop to VTex.

Financial Result - With the exception of the equity method result, in the year ended December 31, 2020, the Company's financial result increased by 871.5% or R\$10,257 thousand, from an expense of R\$1,177 thousand in the year ended December 31, 2019 to an expense of R\$11,434 thousand in the year ended December 31, 2020. In the year-over-year comparison, the main items affecting the Financial Result were: (i) reduction in the average cash invested, as a result of the acquisitions made over 2020, together with the reduction in the Selic rate; and (ii) reduction, in Q4/20, of the adjustment to present value arising from the earn-out of acquisitions.



Income Tax and Social Contribution - In the year ended December 31, 2020, the Company's income tax and social contribution increased by 22.8% or R\$15,957 thousand, from R\$70,111 thousand in the year ended December 31, 2019 to R\$86,068 thousand in the year ended December 31, 2020. This increase is mainly explained by the tax benefit on expenses incurred in the subsequent issuance of shares (follow-on) in 2019, in addition to the R&D projects that made the Effective Rate grow by 90 basis points.

Net Profit for the year from continuing operation

The Net Profit in the year for the Company's continuing operation related to the year ended December 31, 2020 totaled R\$296,036 thousand, an increase of R\$42,120 thousand, or 16.6% compared to 2019. In general, the increase in the net profit from continuing operation is the result of the increase in the Net Recurring Software Revenue, the consolidation of Consinco, Wealth System, and Supplier results, and discipline in the management of the Company's costs and expenses.

Net Loss for the year from discontinued operation

The Net Loss in the year for the Company's discontinued operation in the year ended December 31, 2020 totaled R\$1,077 thousand, a reduction of R\$42,191 thousand, or 97.5% compared to the same period of 2019. This increase refers to the amounts for closing the operation of Bematech Asia.

New profit of the year

The net profit for the year ended December 31, 2020 increased by 40.0% or R\$84,311 thousand, from R\$210,648 thousand in the year ended in 2019 to R\$294,959 thousand in the year ended December 31, 2020. This increase is related to the increase in the continuing operation of R\$42,120 thousand and the reduction in the loss from the discontinued operation.

Comments regarding the Company's consolidated financial and operating performance between the years ended December 31, 2019 and 2018:

Total Net Revenue

The Company's Total Net Revenue, comprising net revenue from software, totaled R\$2,282,124 thousand in the year ended December 31, 2019, an increase of R\$170,964 thousand, or 8.1% compared to the previous year. Such growth is mainly due to the acceleration of the Net Recurring Software Revenue, which grew by 2 digits in all quarters of 2019, closing the year with an increase of 11.8% compared to 2018 and reaching a share of 75.8% in the Net Revenue of the year.

Costs

The Company's cost of software for the year ended December 31, 2019 was R\$743,855 thousand, a growth of R\$4,645 thousand, or 0.6% compared to the year ended December 31, 2018 that closed the year in R\$739,210 thousand. The evolution of the Total Net Revenue and the maintenance of cost levels caused the Gross Margin to expand by 240 base points, reaching 67.4%.



Expenses

- **Research and Development** - In the year ended December 31, 2019, the Company's research and development expense increased by 4.1% or R\$15,746 thousand, from R\$382,078 thousand in the year ended December 31, 2018 to R\$397,824 thousand in the year ended December 31, 2019. This topic reflects especially the greater efficiency in the allocation of investments in R&D and the higher level of investments made in 2018 related to changes in the tax laws of that period. This efficiency gain in the allocation of investments can be seen in the annual comparison, as such these expenses dropped from 18.1% in the 2018 Net Software Revenue to 17.4% in the 2019 Net Software Revenue. Such reduction is even more relevant when considering: (i) the higher level of bonus allowance due to targets achieved in the year; (ii) the increased allowance related to the Long-Term Incentive Plan (ILP) based on shares; (iii) the establishment of the Techfin team.
- **Selling and Marketing Expenses** – In the year ended December 31, 2019, the Company's selling and marketing expenses increased by 9.8% or R\$37,847 thousand, from R\$386,150 thousand in the year ended December 31, 2018 to R\$423,997 thousand in the year ended December 31, 2019. When comparing 2019 vs. 2018, the increase in the representation of this topic over the Revenue was only 30 base points, reaching 18.6% of the Total Net Revenue, mainly due to: (i) the increase in sales volume through franchises; (ii) the impact of R\$2,136 thousand in expenses with terminations.
- **General and Administrative Expenses** - In the year ended December 31, 2019, the Company's general and administrative expenses increased by 5.1% or R\$11,626 thousand, from R\$228,165 thousand in the year ended December 31, 2018 to R\$239,791 thousand in the year ended December 31, 2019. In 2019, as a percentage of the Revenue, these expenses decreased by 40 base points compared to 2018 figures, negatively affected by: (i) R\$2,201 thousand in expenses with M&As in the period; (ii) R\$1,931 thousand of expenses with personnel termination; (iii) increase in the allowance for bonuses; and (iv) allowance to grant shares carried out in Q219, according to the Long-Term Incentive Plan (ILP).
- **Depreciation and Amortization** - In the year ended December 31, 2019, the Company's depreciation and amortization expense increased by 20.2% or R\$24,742 thousand, from R\$122,291 thousand in the year ended December 31, 2018 to R\$147,033 thousand in the year ended December 31, 2019. The depreciation expenses grew by 84.0% compared to 2018, mainly due to the impact of the application of IFRS 16 in the period. On the other hand, the amortization expenses decreased in the annual comparison due to the end of assets amortization arising from acquisitions made in previous years.
- **Allowance for Expected Loss** – In the year ended December 31, 2019, the Company's expense with the allowance for expected loss decreased by 23.1% or R\$8,558 thousand, from R\$36,992 thousand in the year ended December 31, 2018 to R\$28,434 thousand in the year ended December 31, 2019. In the annual comparison,



it decreased by 23.1% compared to 2018, reaching 1.2% of the Revenue. Such decreased levels in this allowance result from the reduction in the churn and the general level of default in our customer/client base, which in part can also be accounted for the increased share of recurrence in the Company's Revenue.

- **Other Net Operating (Expenses)/Revenues** - In the year ended December 31, 2019, the Company's other net operating (expenses)/revenues increased by 158.6% or R\$14,881 thousand, from R\$9,381 thousand in the year ended December 31, 2018 to R\$24,262 thousand in the year ended December 31, 2019. This topic was affected in 2019 by the reversal of the earn-out allowance of R\$3,732 thousand, related to the acquisition of equity interest in RJ Participações, in addition to the positive effect of R\$11,658 thousand from the sale of Ciashop to VTex.

Financial Result – With the exception of the equity method result, in the year ended December 31, 2019, the Company's financial result changed from an expense of R\$40,462 thousand in the year ended December 31, 2018 to an expense of R\$1,177 thousand in the year ended December 31, 2019, a reduction of 97.1% in the financial expense. This reduction was mostly affected by: (i) the increase in Financial Revenue resulting from the investment of funds from the follow-on and cash generation; and (ii) reduction in the gross indebtedness, partially offset by financial expenses resulting from the application of IFRS 16 on lease agreements maintained by the Company.

Income Tax and Social Contribution - In the year ended December 31, 2019, the Company's income tax and social contribution increased by 49.4% or R\$23,170 thousand, from R\$46,941 thousand in the year ended December 31, 2018 to R\$70,111 thousand in the year ended December 31, 2019. In the annual comparison, the higher volume of Interest on the Shareholders' Equity, together with expenses with the issuance of shares, led to a total effective rate 380 base points lower than that ascertained in 2018.

Net Profit for the year from continuing operation

The Net Profit in the year for the Company's continuing operation related to the year ended December 31, 2019 totaled R\$253,916 thousand, an increase of R\$116,181 thousand, or 84.4% compared to 2018, which totaled R\$137,735 thousand. In general, such increase reflects the better operating performance as detailed in the previous topics.

Net Loss for the year from discontinued operation

The Net Loss in the year for the Company's discontinued operation, related to the year ended December 31, 2019, totaled R\$43,268 thousand, an increase of R\$33,824 thousand compared to the year ended December 31, 2018, totaling R\$77,092 thousand. The main impact arises from the allowance for recoverable amounts from the sale of assets from hardware operations in the amount of R\$48,800 thousand, or R\$32,208 thousand net of taxes.

Net profit of the year

The net profit for the year ended December 31, 2019 had an increase of 247.4% or R\$150,005 thousand, from R\$60,643 thousand in the year ended in 2018 to R\$210,648 thousand in the



year ended December 31, 2019. This increase is related to the increase in the continuing operation of R\$116,181 thousand and the reduction in the loss from the discontinued operation.



BALANCE SHEET

COMPARISON BETWEEN FIGURES OF BALANCE SHEET ACCOUNTS ON JUNE 30, 2021 AND DECEMBER 31, 2020

(in R\$ thousands, except %)	On June 30, 2021	AV (%)	On December 31, 2020	AV (%)	AH (%)
Current Assets					
Cash and Cash Equivalents	802,260	10.6%	1,027,733	20.0%	(21.9%)
Financial investments	288,095	3.8%	179,308	3.5%	60.7%
Investment Guarantees	9,067	0.1%	10,012	0.2%	(9.4%)
Accounts receivable from customers/clients	1,922,045	25.3%	1,497,229	29.1%	28.4%
Taxes recoverable	54,389	0.7%	38,092	0.7%	42.8%
Other assets	99,826	1.3%	79,599	1.5%	25.4%
Total Current Assets	3,175,682	41.8%	2,831,973	55.0%	12.1%
Non-Current Assets					
Investment Guarantees	34,388	0.5%	1,116	0.0%	2981.4%
Financial assets	89,297	1.2%	92,770	1.8%	(3.7%)
Accounts receivable from customers/clients	60,881	0.8%	64,012	1.2%	(4.9%)
Deferred Income Tax and Social Contribution	111,701	1.5%	100,535	2.0%	11.1%
Escrow deposits with courts of law	44,032	0.6%	43,972	0.9%	0.1%
Other assets	82,469	1.1%	57,928	1.1%	42.4%
Investments	2,797	0.0%	3,476	0.1%	(19.5%)
Fixed Assets	390,855	5.1%	364,447	7.1%	7.2%
Intangibles	3,611,097	47.5%	1,586,177	30.8%	127.7%
Total Non-Current Assets	4,427,517	58.2%	2,314,433	45.0%	91.3%
Total Assets	7,603,199	100.0 %	5,146,406	100.0%	47.7%
Current Liabilities					
Social and labor obligations	329,679	4.3%	211,603	4.1%	55.8%
Suppliers	107,722	1.4%	99,305	1.9%	8.5%
Tax obligations	78,420	1.0%	74,558	1.4%	5.2%
Loans and financing	155,331	2.0%	146,806	2.9%	5.8%
Debentures	2,993	0.0%	-	0.0%	0.0%
Commissions payable	61,816	0.8%	53,795	1.0%	14.9%



Dividends payable	1,040	0.0%	57,687	1.1%	(98.2%)
Obligations for acquisition of investments	160,230	2.1%	44,781	0.9%	257.8%
Transfer to partners	432,463	5.7%	328,817	6.4%	31.5%
Senior and mezzanine shares	1,322,987	17.4%	1,011,087	19.6%	30.8%
Other liabilities	71,271	0.9%	11,592	0.2%	514.8%
Total Current Liabilities	2,723,952	35.8%	2,040,031	39.6%	33.5%
Non-Current Liabilities					
Loans and financing	192,649	2.5%	178,244	3.5%	8.1%
Debentures	1,494,684	19.7%	-	0.0%	0.0%
Allowance for contingencies related to legal proceedings	125,914	1.7%	125,818	2.4%	0.1%
Obligations for acquisition of investments	269,699	3.5%	163,419	3.2%	65.0%
Other liabilities	73,088	1.0%	34,728	0.7%	110.5%
Total Non-Current Liabilities	2,156,034	28.4%	502,209	9.8%	329.3%
Shareholders' Equity					
Capital Stock	1,519,412	20.0%	1,382,509	26.9%	9.9%
Treasury shares	(133,303)	(1.8%)	(148,537)	(2.9%)	(10.3%)
Capital reserves	894,758	11.8%	894,824	17.4%	0.0%
Retained earnings	404,254	5.3%	381,869	7.4%	(35.9%)
Other comprehensive income	38,092	0.5%	42,541	0.8%	(10.5%)
Proposed dividends	-	-	50,960	1.0%	-
Total Shareholders' Equity	2,723,213	35.8%	2,604,166	50.6%	4.6%
Total Liabilities and Shareholders' Equity					
	7,603,199	100.0 %	5,146,406	100.0%	47.7%

Comments regarding the Company's balance sheet as of June 30, 2021 and December 31, 2020.

Current Assets

The current assets represented 41.8% of Total Assets on June 30, 2021, an increase of 12.1% on June 30, 2021, compared to December 31, 2020, mainly affected by the growth in accounts receivable from 28.4% at R\$424,816 thousand especially (i) increase of R\$399,865 thousand in credits due to the increase in Supplier's credit production; (ii) an increase of R\$108,787 thousand in Financial Investments due to the higher volume of fundraising, in order to meet the increase in production, which led to an increase in the position of Financial Investments in the FIDC.



Non-Current Assets

The 91.3% increase in non-current assets on June 30, 2021 compared to December 31, 2020 is due to the 127.7% growth in Intangibles, because of the goodwill generated by the acquisition of RD in May 2021 in the amount of R\$1,781,585 thousand.

Current Liabilities

The 33.5% increase in current liabilities in the six months ended June 30, 2021 compared to December 31, 2020 is mainly due to (i) an increase in senior and mezzanine shares by R\$311,900 thousand resulting from the higher volume of fundraising from the FIDC Supplier; (ii) R\$115,449 thousand increase in obligations for acquisition of investments arising from the transfer from long-term to short-term earn-out by Consinco and Supplier; and (iii) Labor obligations in the amount of R\$118,076 thousand as a result of the allowance for the 13th salary and vacation pay for the period and their corresponding charges, in addition to the consolidation of RD balances.

Non-Current Liabilities

The increase of 329.3% in non-current liabilities in the six months ended June 30, 2021 in relation to December 31, 2020 is explained mainly by the issuance of debentures in May 2021, whose balance in the long term was R\$1,494,684 thousand and for the remaining call option value of RD shares registered in the entry Obligations for acquisition of investments.

Shareholders' Equity

The shareholders' equity increased by 4.6% in line in the six months ended June 30, 2021 in relation to December 31, 2020, basically due to the profits assessed in the period.

COMPARISON BETWEEN FIGURES OF BALANCE SHEET ACCOUNTS IN THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	On December 31,			Vertical Analysis			Horizontal Analysis	
	2020	2019	2018	2020	2019	2018	20 v. 19	19 v. 18
Current Assets								
Cash and Cash Equivalents	1,027,733	1,538,156	452,799	20.0%	43.5%	18.9%	(33.2%)	239.7%
Financial Investments	179,308	-	-	3.5%			0.0%	
Investment Guarantees	10,012	25,278	44,909	0.2%	0.7%	1.9%	(60.4%)	(43.7%)
Accounts receivable from customers / clients	1,497,229	350,995	385,538	29.1%	9.9%	16.1%	326.6%	(9.0%)
Inventory	-	-	41,531	0.0%	0.0%	1.7%	0.0%	(100.0%)
Taxes recoverable	38,092	29,662	38,817	0.7%	0.8%	1.6%	28.4%	(23.6%)
Other assets	79,599	60,184	56,540	1.5%	1.7%	2.4%	32.3%	6.4%
Total Current Assets	2,831,973	2,004,275	1,020,134	55.0%	56.7%	42.7%	41.3%	96.5%
Non-Current Assets								
Investment Guarantees	1,116	1,987	5,334	0.0%	0.1%	0.2%	(43.8%)	(62.7%)



Financial assets	92,770	71,955	69,171	1.8%	2.0%	2.9%	28.9%	4.0%
Accounts receivable from customers / clients	64,012	31,627	19,890	1.2%	0.9%	0.8%	102.4%	59.0%
Taxes recoverable	-	-	236	0.0%	0.0%	0.0%	0.0%	(100.0%)
Deferred Income Tax and Social Contribution	100,535	100,380	125,124	2.0%	2.8%	5.2%	0.2%	(19.8%)
Escrow deposits with courts of law	43,972	65,059	65,965	0.9%	1.8%	2.8%	(32.4%)	(1.4%)
Other assets	57,928	57,395	26,340	1.1%	1.6%	1.1%	0.9%	117.9%
Investments	3,476	3,120	3,129	0.1%	0.1%	0.1%	11.4%	(0.3%)
Fixed assets	364,447	389,432	198,826	7.1%	11.0%	8.3%	(6.4%)	95.9%
Intangibles	1,586,177	810,697	857,128	30.8%	22.9%	35.8%	95.7%	(5.4%)
Total Non-Current Assets	2,314,433	1,531,652	1,371,143	45.0%	43.3%	57.3%	51.1%	11.7%
Total Assets	5,146,406	3,535,927	2,391,277	100.0%	100.0%	100.0%	45.5%	47.9%

(in R\$ thousands, except %)	On December 31,			Vertical Analysis			Horizontal Analysis	
	2020	2019	2018	2020	2019	2018	20 v. 19	19 v. 18
Current Liabilities								
Social and labor obligations	211,603	193,472	174,874	4.1%	5.5%	7.3%	9.4%	10.6%
Suppliers	99,305	63,821	113,907	1.9%	1.8%	4.8%	55.6%	(44.0%)
Tax obligations	74,558	55,203	47,466	1.4%	1.6%	2.0%	35.1%	16.3%
Loans and financing	146,806	55,623	166,154	2.9%	1.6%	6.9%	163.9%	(66.5%)
Debentures	-	202,973	77,319	0.0%	5.7%	3.2%	(100.0%)	162.5%
Commissions payable	53,795	46,035	43,166	1.0%	1.3%	1.8%	16.9%	6.6%
Dividends payable	57,687	44,579	13,902	1.1%	1.3%	0.6%	29.4%	220.7%
Obligations for acquisition of investments	44,781	32,554	59,597	0.9%	0.9%	2.5%	37.6%	(45.4%)
Transfer to partners	328,817	-	-	6.4%			0.0%	
Senior and mezzanine shares	1,011,087	-	-	19.6%			0.0%	
Other liabilities	11,592	11,292	13,227	0.2%	0.3%	0.6%	2.7%	(14.6%)
Total Current Liabilities	2,040,031	705,552	709,612	39.6%	20.0%	29.7%	189.1%	(0.6%)
Non-Current Liabilities								
Loans and financing	178,244	192,080	35,317	3.5%	5.4%	1.5%	(7.2%)	443.9%
Debentures	-	-	199,869	0.0%	0.0%	8.4%	0.0%	0.0%



Allowance for contingencies related to legal proceedings	125,818	131,521	127,792	2.4%	3.7%	5.3%	(4.3%)	2.9%
Obligations for acquisition of investments	163,419	10,758	15,464	3.2%	0.3%	0.6%	1419.0%	(30.4%)
Other liabilities	34,728	17,607	15,003	0.7%	0.5%	0.6%	97.2%	17.4%
Total Non-Current Liabilities	502,209	351,966	393,445	9.8%	10.0%	16.5%	42.7%	(10.5%)
Shareholders' Equity								
Capital stock	1,382,509	1,382,509	1,041,229	26.9%	39.1%	43.5%	0.0%	32.8%
Treasury shares	(148,537)	(62,531)	(70,026)	(2.9%)	(1.8%)	(2.9%)	137.5%	(10.7%)
Capital reserves	894,824	875,979	169,907	17.4%	24.8%	7.1%	2.2%	415.6%
Other comprehensive income	42,541	22,051	20,704	0.8%	0.6%	0.9%	92.9%	6.5%
Retained earnings	381,869	234,389	125,228	7.4%	6.6%	5.2%	62.9%	87.2%
Proposed additional dividends	50,960	24,817	-	1.0%	0.7%	0.0%	105.3%	0.0%
Non-controlling shareholders' equity	-	1,195	1,178	0.0%	0.0%	0.0%	(100.0%)	1.4%
Total Shareholders' Equity	2,604,166	2,478,409	1,288,220	50.6%	70.1%	53.9%	5.1%	92.4%
Total Liabilities and Shareholders' Equity	5,146,406	3,535,927	2,391,277	100.0%	100.0%	100.0%	45.5%	47.9%

Comments regarding the Company's consolidated balance sheet for the years ended December 31, 2020 and 2019:

Currents Assets

It accounted for 55.0% of Total Assets in the year ended December 31, 2020, an increase of 41.3% compared to the year ended December 31, 2019, mainly affected by the 326.6% growth in Accounts receivable from customers/clients in relation to 2019, resulting from the consolidation of credits from the operation of credit products arising from the acquisition of Supplier, which represented R\$1,112,151 thousand or 71.2% of the Company's consolidated



accounts receivable from customers/clients on December 31, 2020, in addition to the consolidation of Supplier's Financial Investments in the amount of R\$179,308 thousand.

Non-Currents Assets

The 51.1% increase in noncurrent assets is due to the 95.7% growth in Intangibles, as a result of the acquisitions of equity interests of Consinco S.A., Supplier Participações, Wealth Systems and Tail Target during the year 2020. These business combinations generated a goodwill of R\$479,889 thousand and intangibles for the allocation of the price paid in the amount of R\$347,662 thousand. Also within non-current assets, there was an increase of 102.4% or R\$32,385 thousand in long-term accounts receivable due to the higher number of installments in the sale of software licenses and implementation services.

Current Liabilities

The 189.1% increase in current liabilities in the year ended December 31, 2020 is due to the consolidation of the companies acquired in 2020, mainly due to the consolidation of financial liabilities referring to "Senior and mezzanine shares" in the amount of R\$1,011,087 thousand and "Transfer to partners" in the amount of R\$328,817 thousand, arising from the acquisition of Supplier Participações on April 30, 2020. The increase in short-term loans and financing is due to the raising of working capital in the amount of R\$100,740 thousand through the subsidiary Supplier Participações.

Non-Current Liabilities

The 42.7% increase in noncurrent liabilities is explained by the increase of R\$152,661 thousand in the line of obligation for acquisition of investments originated from the acquisitions of Consinco S.A., Supplier Participações, Wealth Systems and Tail Target.

Shareholders' Equity

The shareholders' equity ended the year of December 31, 2020 at R\$2,604,166 thousand, an increase of 5.1% or R\$125,757 thousand, compared to the shareholders' equity of R\$2,478,409 thousand for the year ended December 31, 2019. The main variations are related to the Profit Reserve arising from the result for the year minus the interim distributions of Interest on the Shareholders' Equity (JSCP) and the repurchase of 5,100,900 shares issued by the Company, to cover the share-based Incentive and Retention Plan, which resulted in an increase of R\$86,006 thousand in the Treasury Shares item. In other comprehensive income, the increase of R\$20,490 thousand or 92.9% is a result of the exchange variation resulting from the translation of the balance sheet of subsidiaries abroad.

Comments regarding the Company's consolidated balance sheet as of December 31, 2019 and 2018:

Current Assets

It represented 56.7% of Total Assets in the year ended December 31, 2019, an increase of 96.5% compared to the year ended December 31, 2018, mainly impacted by the 239.7%



growth in Cash and cash equivalents in relation to 2018, as a result of the fundraising in the follow-on, which took place in May 2019.

Non-Current Assets

Even with the 11.7% increase in non-current assets, affected mainly by the increase in fixed assets due to IFRS 16, the non-current assets increased from 57.3% of Total Assets on December 31, 2018 to 43.3% in the year ended December 31, 2019, due to the significant increase in current assets resulting from the fundraising on the follow-on as mentioned above.

Current Liabilities

The 0.6% reduction in Current Liabilities, from 29.7% of Total Liabilities in the year ended December 31, 2018 to 20.0% in the year ended December 31, 2019, is the result of the payment of obligations for the acquisition of investments and a lower volume of suppliers, offset by the transfer of the balance of Debentures from non-current liabilities to current liabilities, taking into account their maturity within 12 months.

Non-Current Liabilities

The reduction of 10.5% in non-current liabilities, from 16.5% in the year ended December 31, 2018 to 10.0% on total liabilities in the year ended December 31, 2019, is explained mainly by the payment of obligations for the acquisition of investment and transfer of debentures for the short term, offset by the recognition of liabilities for leasing arising from the adoption of the accounting standard CPC 06 (R2). This accounting standard sets forth a new accounting model for leasing, since, on the date the lease starts, the lessee recognizes a lease liability to make payments (increasing the Gross Debt) and an asset representing the right to use the underlying asset during the leasing term.

Shareholders' Equity

The growth of 92.4% in Shareholders' Equity is a consequence of fundraising on the follow-on, in addition to the net income ascertained in the year ended in 2019.



CASH FLOWS

COMPARISON BETWEEN THE CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(in R\$ thousands, except %)	Six months ended June 30, 2021	Six months ended June 30, 2020
Net cash generated by operating activities	33,899	307,908
Net cash used in investment activities	(1,898,640)	(426,086)
Net cash generated by (used in) financing activities	1,639,268	(156,051)
(Reduction) of cash and cash equivalents	(225,473)	(274,229)

Analysis of the main variations for the six months ended June 30, 2021 and 2020

Net cash generated by operating activities

The net cash generated by operating activities in the six months ended June 30, 2021 was R\$33,899 thousand, showing a decrease in the amount of R\$274,009 thousand, or 89.0% compared to the six months ended June 30, 2020, due to: (i) the increase in accounts receivable from customers/clients, in particular Supplier's credit portfolio, reflected in the Working Capital Variation line; and (ii) increase in income tax and social contribution paid in the period.

Net cash used in investment activities

The net cash used in investment activities in the six months ended June 30, 2021 was R\$1,898,640 thousand, an increase in the amount of R\$1,472,554 thousand, or 345.6% compared to the six months ended June 30, 2020, basically due to the cash payment for the acquisition of RD in May 2021 in the amount of R\$1,705,031 thousand.

Net cash generated by (used in) financing activities

The net cash generated by financing activities in the six months ended June 30, 2021 was R\$1,639,268 thousand or 1,150.5% compared to the six months ended June 30, 2020, mainly affected by the issuance of the debentures in the amount of R\$1,500,000 thousand. In the six months ended June 30, 2021, the amount of R\$107,607 thousand was paid in dividends and interest on the shareholders' equity, R\$39,081 thousand more than in the same period of the previous year.



COMPARISON BETWEEN THE CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(in R\$ thousands, except %)	Year ended December 31, 2020	Year ended December 31, 2019
Net cash generated by operating activities	371,742	345,299
Net cash used in investment activities	(355,761)	(36,881)
Net cash generated by (used in) financing activities	(526,404)	776,939
Increase (Reduction) of cash and cash equivalents	(510,423)	1,085,357

Analysis of the main variations referring to the year ended December 31, 2020 compared to the year ended December 31, 2019

Net cash generated by operating activities

The net cash generated by operating activities in the year ended December 31, 2020 was R\$371,742 thousand, showing an increase in the amount of R\$26,443 thousand, or 7.7% compared to the year ended December 31, 2019, due to the increase in the net profit adjusted for non-cash items by R\$128,764 thousand and the lower volume of interest paid in 2020, especially for the payment of the non-conversion premium of debentures. Such effects, which increased the cash generated by operating activities, were partially offset by the increase in the credit rights of Supplier Participações.

Net cash used in investment activities

The net cash used in investment activities in the year ended December 31, 2020 was R\$355,761 thousand, an increase in the amount of R\$318,880 thousand, or 864.6% compared to the year ended December 31, 2019, basically due to the amount paid for the acquisition of equity interest in the companies Consinco, Wealth Systems, Supplier and Tail throughout 2020, totaling R\$329,016 thousand, which amount is net of the cash acquired from these companies.

Net cash generated by (used in) financing activities

The net cash used in financing activities in the year ended December 31, 2020 was R\$526,404 thousand, showing a reduction in the amount of R\$1,303,343 thousand, or 167.8% compared to the year ended December 31, 2019, mainly affected by the payment of the principal amount of debentures of R\$400,000 thousand of debentures in 2020 regarding the debentures issued in 2017 and 2020, besides the payment of R\$108,228 thousand of dividends and interest on net equity.



COMPARISON BETWEEN THE CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(in R\$ thousands, except %)	Year ended December 31, 2019	Year ended December 31, 2018
Net cash generated by operating activities	345,299	417,838
Net cash used in investment activities	(36,881)	(94,044)
Net cash generated by (used in) financing activities	776,939	(258,164)
Increase of cash and cash equivalents	1,085,357	65,630

Analysis of the main variations referring to the year ended December 31, 2019 compared to the year ended December 31, 2018

Net cash generated by operating activities

The net cash generated by operating activities in the year ended December 31, 2019 was R\$345,299 thousand, a decrease of R\$ 72,539 thousand, or 17.4% compared to the year ended December 31, 2018, due to the increase of working capital needs, in view of the higher level of offset of tax credits in 2018, because of the payment of labor obligations with extraordinary costs of personnel termination and the higher volume of interests paid, especially for the payment of the non-conversion premium of debentures.

Net cash used in investment activities

The net cash used in investment activities in the year ended December 31, 2019 was R\$36,881 thousand, showing a reduction in the amount of R\$57,163 thousand, or 60.8% compared to the year ended December 31, 2018, due to the amounts received from the sale of Ciashop and the hardware operation in 2019.

Net cash generated by (used in) financing activities

The net cash generated by financing activities in the year ended December 31, 2019 was R\$776,939 thousand, showing an increase in the amount of R\$1,035,103 thousand compared to the year ended December 31, 2018, mainly as a result of the follow-on fundraising.



10.2 - Operating and financial income

(a) results of the Company's operations

(i) Description of any important revenue components

The software revenue recognition criteria did not undergo significant changes that could compromise its comparability in the six months ended June 30, 2021 and in the years ended December 31, 2020, 2019 and 2018.

In 2018, the Company adopted a new standard for presenting its financial and operating performance. The change in format was due to the separation of Software results from Hardware ones, aiming at presenting the performance of the software business more clearly, since the Company intended to divest its Hardware operations, which took place in 2019.

On April 30, 2020, with the acquisition of Supplier, a company focused on B2B credit and developing solutions for the relationship between customers/clients and suppliers, the Company started the business of financial services, issuing and managing credit cards, including credit analysis and intermediation of financing requests in its businesses, starting to present a new segment of revenue connected to the operation of Credit Products.

Further details on revenue recognition are available in section 10.1.h of this Reference Form.

(ii) factors that materially affected operating results

The main factors that impacted the Company's operating results in the years ended December 31, 2020, 2019 and 2018 and in the six months ended June 30, 2021 were:

- (i) Change of strategy in the hardware business:** the change of strategy in the hardware operation made the Bemacash solution (which changed its name to Eleve from 2020 on) to become agnostic (i.e., able to operate on various devices) combined with the migration of the TEF (Electronic transfer of funds) structure for the software operation, resulted in an allowance for impairment for hardware operation in the amount of R\$87.0 million, impacting the 35% reduction in net profit during the year 2018. After the transfers of the abovementioned operations, in 2019 the Company sold its hardware operations.
- (ii) Credit Product:** the acquisition of Supplier on April 30, 2020 made a new segment to be created within the Company's operations, called "Credit Products" (see section 10.3 b of this Reference Form for further details on the acquisition). The Company then started the business of financial services, issuing and managing credit cards, including credit analysis and intermediation of financing requests in its businesses. The Supplier holds subordinated shares of a securitization fund called "*Fundo de Investimento em Direitos Creditórios*" (Credit Rights Investment Fund) ("**Supplier FIDC**"), which buys, sells, and securitizes its own or third-party credit rights.
- (iii) Economic activity:** the decreased level of activity in the Brazilian economy observed in the past few years has been directly affecting clients' appetite to invest in



software solutions, often postponing their decision. In such a scenario, new clients end up asking for a greater extension in the payment term, in addition to sales conditions below the historical average that the Company has practiced in recent years, thus impacting the average ticket. Brazil still has a modest degree of investment in technologies, especially by small- and medium-sized companies, which represent more than 98% of the local economy, but it has been showing signs of improvement in digitalization in recent years. This, combined with the strong demand for credit for business expansion, which grew 29% in 2020 according to the Neurotech Demand for Credit Index (INDC), at a time when the Covid-19 pandemic imposes additional challenges on everyone, end up bringing innumerable opportunities for growth, increased productivity and competitiveness.

- (iv) Investments in research and development:** one of the Company's business leverage pillars is innovation in new solutions and technologies. Even in a scenario of economic downturn, the Company has been keeping high investments in research and development. Research expenses in the six months ended June 30, 2021 and in the years ended December 31, 2020, 2019 and 2018, represent 18.0%, 17.5%, 17.4%, and 18.1% of the net revenue from software for those years, respectively; and
- (v) Tax benefits:** The Company makes use of tax incentives that help the Company in its investments in innovation and best practices in employability, collaborating with the excellence in its products and stability in the number of its staff. The Company takes part in the so-called "Lei do Bem" (Brazilian law that grants tax benefits for companies investing in R&D for innovative technology), which helps the development of products that contribute to better meeting customer/client needs and developing Brazil's innovation agenda. On the other hand, lower payroll and staff costs help the organization keep jobs and skilled labor. We do not guarantee the continuity in the use of these benefits because they are granted by the federal government and depend on the government's decision to keep them;
- (vi) Adoption of the IFRS 16:** On January 1, 2019, the new standard that governs the accounting treatment of Leasing Operations (IFRS 16/ CPC 06(R2)) issued by the IASB and CPC [Brazilian Committee of Accounting Standards], respectively, became effective. To implement such standard, the Company adopted the modified retrospective method. As a result, the financial information as of December 31, 2018 was not adjusted to reflect the adoption of IFRS 16/CPC 06 (R2) and, therefore, cannot be compared with the financial information as of December 31, 2019, which reflect the effects of adopting such newer standard. Such IFRS-16/CPC06 (R6) sets forth a new accounting model for leasing, through which on the date the lease starts, the lessee recognizes a lease liability to make payments (increasing the Gross Debt) and an asset representing the right to use the underlying asset during the leasing term. Accordingly, interest expenses on the leasing liability and the expense for depreciation of the right to use the asset will be recognized in the result, instead of the previous system through which lease expenses were recognized in the Company's operating result.



(b) revenue variations due to changes in prices, exchange rates, inflation, changes in volumes and introduction of new products and services

The Net Recurring Software Revenue, which represented 82% of the Company's Net Software Revenue in the six months ended June 30, 2021 (79.5% in the same six months ended June 30, 2020) was indexed by the IGP-M rate (General Market Price Index) and by the IPC-A rate, being updated according to the "anniversary" of each contract executed with customers/clients.

Regarding the economic indices that directly affect the Company's business, on June 30, 2021, the IPCA closed the 12-month accumulated at 8.35% while the IGP-M remains accelerated and remained at 35.75% in the accumulated of 12 months.

In 2020, the IGP-M had a strong monthly variation during the year and closed with an accumulated increase of 23.14%, while the IPCA was 4.52%, 0.21 percentage points above the 4.31% recorded in 2019. In terms of monetary policy, the Selic rate ended the year at 2%. Despite the challenges faced in the economic environment, the structural changes that have been bringing interest rates to the lowest levels in history have boosted the Brazilian capital market, which is undergoing a strong transformation and capitalized on an opportunity with the crisis: the number of investing individuals exceeded the mark of more than 3.2 million (an increase of more than 2 million in the year), with highlights for the diversification of investments and the participation of the younger segments of the population and women in the period.

In 2019, the IGP-M index closed with an accumulated increase of 7.3%, while the IPCA remained at 4.31%, 0.56 percentage points above the 3.75% recorded in 2018. As for monetary policy, the Selic rate started the year at 6.5%, going through four reductions that led it to end the year at the historic low figure of 4.5%. Such a scenario boosted the great demand for variable rate investments, which positively impacted the market of securities, with the Ibovespa rate breaking consecutive historical records in 2019 and reaching 115 thousand points, which represented a growth of 31.6% compared to 2018. According to data released by the United Nations Conference on Trade and Development (UNCTAD), Brazil was the 4th destination that most attracted foreign investments in the year, reaching the mark of US\$ 75 billion in 2019, against US\$ 60 billion in 2018: an increase of 25% in the period.

(c) impact of inflation, changes in prices of key inputs and products, exchange rate and interest rates on the operating result and financial result of the Company, where relevant

The Company's operating result may be affected by economic changes, especially with regard to the Brazilian short- and long-term interest rate, inflation index, and exchange rate policy. However, from the historical point of view, such changes have had their effect mitigated for the Company due to the dispersion of its installed client base, composed of companies of practically all sizes and sectors of the Brazilian economy.

Several services used by the Company have their values updated based on the variation of the Brazilian inflation rates known as IGP-M or IPC-A, including personnel expenses (salaries,



charges, and benefits), in addition to other expenses, such as travel, communication, and rent, which are also influenced by such inflation rates. However, such an impact is mitigated as the Net revenues from Recurring Software are also indexed by inflation (IGP-M and IPCA).

The variation in interest rates in Brazil may indirectly influence the Company's operating results, as any increase in such rates may lead to a retraction in technology investments made by current clients and potential clients. Thus, it is not possible to dimension the real impact of the variation in interest rates on the Company's operating result, but it is worth mentioning that, historically, in periods when the benchmark SELIC rate rose, the Company did not fail to record growth in sales.

In terms of financial results, the Company, through its subsidiary Supplier, maintains a loan for working capital bound to the Interbank Deposit Certificate (CDI) and it was exposed to financing from BNDES credit facilities, bound to the long-term interest rate (TJLP), which remained net during the fiscal years 2019 and 2020. Debentures issued in 2021 are bound to the CDI variation. In the six-month period ended June 30, 2021, interest incurred related to loans, financing and debentures represented 35.1% of financial expense, compared to 40.5% in the fiscal year ended December 31, 2020, 65.6 % in the fiscal year ended December 31, 2019 and 67.3% in the fiscal year ended December 31, 2018.

The Company's debt is exposed to the following indicators in each period stated below:

Transaction	Risk	Indicators
BNDES financing bound to TJLP rate	TJLP rate	TJLP + 0.52% at 1.52% pa
Debentures (2017)	CDI	105.95% of CDI rate
Debentures (2020)	CDI	CDI + 2.65% pa
Debentures (2021)	CDI	100% of CDI rate + 1.90%
Working capital	CDI	CDI + 1.90% pa

The Company has financial investment policies that require investments to focus on low-risk securities and investments in first-tier financial entities and are substantially remunerated based on percentages of the Interbank Deposit Certificate (CDI) variation. Financial income from such investments, which are pegged to interest rates, represented 68.5% in the six-month period ended on June 30, 2021, while in the fiscal year ended December 31, 2020 represented 72.1% of financial revenue, and 87.9% in the fiscal year ended December 31, 2019, and 68.6% in the fiscal year ended December 31, 2018.

In addition, revenues of some subsidiaries that operate internationally are exposed to exchange rate risk arising from exposures in certain currencies such as the Dollar of the United States of America (USD), Argentine Peso (ARS), Mexican Peso (MXN), Chilean Peso (CLP), and Colombian Peso (COP). The Company endeavors efforts so that its net exposure is maintained at an acceptable level in accordance with the policies and limits determined by Management.



10.3 - Events with significant, occurred, and expected effects on the financial statements

(a) introduction or disposal of operating segment

Aiming at expanding the Company's strategic focus on *software* operations, the Management sold its *hardware* operations in 2019. The result of the said sale of its *hardware* operations generated a net loss of R\$44,946 thousand recorded under the account "Loss from discontinued operations".

The result of the *hardware* operation was classified as a discontinued operation, pursuant to IFRS 05/ CPC 31, disclosed in a separate line on the Company's income statement on December 31, 2020, 2019, and 2018 on a comparative basis.

On April 30, 2020, the Company acquired the control of Supplier, a B2B credit operation company, especially in the relationship between customers and suppliers. Supplier, in turn, has subordinated shares of the Supplier FIDC fund, which is being consolidated in the group's financial statements. As a result, the management monitoring of the performance of this new business, the Company introduced the presentation of financial and operating results for this new segment called Techfin.

The Techfin segment includes the businesses of the Supplier group that involve, besides origination, the assumption of some degree of credit risk and/or the determination and/or application of credit policies, such as the "Supplier Card" products, "Antecipa" and "Mais Termo", as well as technology products aimed at financial services (e.g., Financial Panel), partnerships (e.g., payroll-deductible loans). In this segment, the results obtained from the Supplier FIDC's subordinated shares are also consolidated, to which the company Supplier Administradora currently assigns the originated credits.

On May 31, 2021, the Company completed the acquisition of RD, having also consolidated the emergence of the Business Performance segment and this was a final step in building an ecosystem of B2B technologies. This strategy aims to expand the addressable market, *take rate* and, finally, increase client/customer loyalty, through the advancement of value chains, leading a journey of digitalization aimed at exponentializing the Company's operations.

Aiming at contributing to achieve its strategic purposes, the Company constantly assesses investment and divestment opportunities. The main transactions carried out by Company are shown in paragraph b. of this section.

(b) constitution, acquisition or disposal of equity interest

The key mergers, acquisitions, and disposals made by the Company in the last 3 years are listed below, in chronological order:

2021

RD Station - On March 9, 2021, the Company announced the execution of a purchase and sale agreement for the acquisition of shares representing 92% of the capital stock of RD Gestão



e Sistemas S.A. ("**RD Station**") for the amount of R\$1,861,000 thousand. The transaction was completed on May 31, 2021.

2020

Neolog - on January 28, 2020 the Company acquired the remaining 40% interest in the capital of the subsidiary Neolog for the amount of R\$ 7,120 thousand, with the put option being exercised by the selling shareholder.

Acquisition of Consinco - On January 30, 2020, the Company, through its subsidiary Soluções em Software e Serviços TTS Ltda., acquired 100% of the capital stock of Consinco S.A., a corporation that provides management systems for vertical operations of supermarkets and wholesalers in the Brazilian market, under the agreement executed on December 27, 2019, for an approximate amount of R\$240,636 thousand, of which R\$197,000 thousand were paid on the date of the transaction. The transaction provided for a price update after the acquisition that resulted in an amount received of R\$5,624 thousand, totaling R\$191,376 thousand. In addition, the agreement provides for the payment of a complementary purchase price of up to R\$55,000 thousand, with the estimated fair value at the acquisition date being R\$49,260 thousand, subject to the achievement of goals determined for the acquired company for the years 2020 and 2021 and the compliance with other conditions, to be paid in 2021 and 2022, respectively.

Acquisition of Wealth Systems - On April 8, 2020, the Company, through its subsidiary TOTVS Large, acquired 100% of the capital stock of Wealth Systems Ltda. for the amount of R\$27,000 thousand, of which R\$11,750 thousand were paid in cash to the sellers and the rest will be paid in the fiscal year 2023 upon the achievement of performance goals determined for Wealth Systems. The residual amount less the price adjustment provided for in the agreement upon the acquisition date was R\$2,994 thousand.

Acquisition of Supplier - On April 30, 2020, after the fulfillment of all conditions precedent, the Company completed the acquisition of 88.75% of the capital stock of Supplier Participações, through its subsidiary TOTVS Tecnologia em Software de Gestão Ltda., a company focused on B2B credit between customers and suppliers, for the amount of R\$458,405 thousand. The transaction started on October 28, 2019 and was approved by CADE (the Brazilian Antitrust Agency) in December 2019.

In addition, the transaction also provides for the option to buy and sell the remaining portion of Supplier Participações, which may be exercised from 2022 to 2026. The exercise price of such options will be measured based on multiples calculated by Supplier's performance for each year. Considering that the option to buy and sell additional interest issued in favor of non-controlling shareholders was agreed to together with a business combination, the fair value of the obligation was recognized and recorded under the caption "Obligations for acquisition of investments".

Supplier, pursuant to CPC36 (R3) / IFRS 10, consolidates Supplier FIDC which is legally an investment fund authorized by the Brazilian Monetary Council and specifically designed as an investment vehicle for investment in Brazilian credit receivables. Because of the consolidation



of Supplier's FIDC, the senior and mezzanine shares are accounted for as a financial liability under the caption "Senior and mezzanine shares", and the remuneration for the valuation of shares to the benefit of the holders of the senior and mezzanine shares is recorded as the cost of the transaction.

Acquisition of Tail - On December 19, 2020, the Company, through its subsidiary TOTVS Large, acquired 100% of the capital stock of Tail Target Tecnologia de Informação Ltda. for the amount of R\$32,000 thousand, and the payments of which were distributed as follows: (i) R\$7,800 thousand were paid in cash; (ii) R 4,073 thousand referring to installments retained to comply with conditions set forth in the agreement; and (iii) R\$20,000 thousand to be paid upon reaching the goals set for Tail to achieve for the years 2021 and 2022, whose fair value on the acquisition date was R\$11,600 thousand.

Tail is a provider of a data intelligence platform that provides insights to clients and customers through real-time monitoring of the behavior of a wide audience on the Internet aiming at optimizing their clients' sales.

2019

Ciashop - On May 9, 2019, the Company entered into an agreement to sell 70.47% of the interests it held in Ciashop's capital stock to VTEX S.A. for the amount of R\$21,175 thousand. This transaction was completed on July 31, 2019, after being approved by the Brazilian antitrust authorities. The net gain from the sale of Ciashop was recorded under the entry "Other operating income and expenses" on the income statement.

Hardware Operations - On October 24, 2019, the Company announced the completion of the sale of its Brazilian *hardware* operations, through the subsidiary Bematech Hardware Ltda. to ELGIN S.A. for the amount of R\$25,000 thousand, received in full in the fiscal year 2020.

On November 6, 2019 the sale of Bematech International Corporation (BIC) to Reason Capital Group LLC. was completed, pursuant to an agreement executed on July 2, 2019 for the amount of US\$ 4.4 million - corresponding to R\$ 17,528 thousand, after adjustments set forth in the agreement, of which US\$ 1.5 million - corresponding to R\$ 5,988 thousand - were retained as collateral and shall be released by November 5, 2022.

2018

RJ Participações : on May 9, 2018, the subsidiary Bematech S.A. (currently known as TOTVS Large) exercised an additional purchase option of an additional 20% of the capital stock of RJ Participações, reaching a share of 80%. The amount for such acquisition was R\$9,880 thousand, of which R\$4,350 thousand was paid on the date the option was exercised, and the remainder was paid over the fiscal year 2019. In such same transaction the option to buy and sell the remaining 20% interest was extended to 2021 to be measured based on the performance metrics of 2020. As the initial contract to acquire RJ Participações had already provided for the purchase and sale options of the remaining stake, the Company consolidates 100% of its results and maintains an estimate of the payment under the liability account as "Investment acquisition obligations". During the fiscal year 2019, the amount of R\$ 3,732



thousand related to the earnout of the acquisition of RJ Participações was reversed because the goals set forth in the stake acquisition agreement were not achieved.

Passlack: on August 1, 2018, the subsidiary TFS Soluções em Software Ltda. acquired and merged Passlack Consultoria em Informática Ltda., a company focused on development and support for the Financial Services segment for R\$8,200 thousand. Passlack's net assets were acquired according to the shareholders' equity appraisal report, approved at a partners' meeting together with the corresponding acquisition protocol and justification.

(c) unusual events or operations

On December 4, 2019 the Company informed in a Notice to the Market that the Lease Agreement executed on October 16, 2013 between the Company and the corporation VIP VII - Empreendimentos e Participações S.A., the purpose of which is to lease the property in which the headquarters of the Company is installed was no longer a contract with a Related Party, in view of the change in the corporate structure of VIP VII, according to a material fact disclosed by the securities brokers Credit Suisse Hedging-Griffo, as the managing institution of CSHG Real Estate - Fundo de Investimento Imobiliário - FII, on the same date.



10.4 - Material changes in accounting practices - Qualifications and emphases in the auditor's report

(a) significant changes in accounting practices

On January 1, 2019 the new accounting standard issued by IASB (*International Accounting Standards Board*) and CPC (Brazilian Committee of Accounting Standards) came into effect:

Such IFRS-16/CPC06 - It sets forth a new accounting model for leasing, through which on the date the lease starts, the lessee recognizes a lease liability to make payments (increasing the Gross Debt) and an asset representing the right to use the underlying asset during the leasing term. Accordingly, interest expenses on the leasing liability and the expense for depreciation of the right to use the asset will be recognized in the operating result, instead of the previous system through which lease expenses were recognized in the Company's operating result.

There were no changes to the accounting standard in 2020 that impacted the Company's financial statements.

(b) significant effects of amendments in accounting practices

On January 1, 2019, the adoption of IFRS 16/ CPC 06 (R2) resulted in increased fixed assets of R\$236,820 thousand and a leasing liability (current and non-current) and other non-current liabilities in the amount of R\$236,820 thousand. As part of the recognition of the right to use real estate assets for the contracted period, the Company reversed the deferred amount from the grace period applied to some lease agreements which resulted in an increase of Shareholders' Equity of R\$ 4,276 thousand.

(c) exceptions and emphases in the auditor's report

The Company has no history of restrictions and/or emphases present in the opinions issued by its independent auditors.



10.5 - Critical accounting policies

The key accounting practices adopted by the Company are described in the Financial Information for fiscal years ended December 31, 2020, 2019, and 2018 available on the Company's Investor Relations website and on the website of the Brazilian Securities and Exchange Commission (www.cvm.gov.br).

The preparation of financial statements requires the use of certain critical accounting estimates, as well as judgments by the Company's Management in the process of implementation of the accounting policies of the Company and its subsidiaries.

Judgments

In the process of applying the consolidated accounting policies, the Management made the following judgments that may have a significant effect on the amounts recognized in the individual and consolidated financial statements:

- (i) Judgments connected to the identification of performance obligations for *software* sales, which include license fee, monthly *software* service, and implementation/customization services that can have material effects on the recognition of contract revenue with clients. The Company concluded that such performance obligations are different since they are sold separately, because the implementation and customization services are also offered by other suppliers.
- (ii) The Company sets forth the leasing time term as a contractual term that cannot be cancelled, together with the periods included in any renewal option to the extent that such renewal is deemed as reasonably certain and with periods covered by an option to terminate the agreement to the extent that it is also assessed as reasonably certain.

Estimates and assumptions

The estimates and assumptions that present a significant risk and that require a higher level of judgment and complexity for the Company's financial statements are the following:

- (i) Allowance for expected losses from accounts receivable - the Company and its subsidiaries use a provision matrix based on the historical loss rates observed by the group to calculate the expected credit loss. The assessment of the correlation between observed historical loss rates, expected economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in expected economic conditions and circumstances. The historical experience of credit loss of the Company and its subsidiaries and the forecast of economic conditions may also not represent the client's real standard in the future.
- (ii) Recoverable value of tangible and intangible assets, including goodwill - an impairment loss exists when the book value of an asset or cash-generating unit exceeds its recoverable value, which is the higher of the net fair value of the sales expenses and the value in use.
- (iii) Deferred taxes - Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that there will be taxable income available to allow the use of



said losses. Significant management's judgment is required to determine the value of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, along with future tax planning strategies.

(iv) Provision for contingencies connected to lawsuits - The likelihood of loss includes the assessment of the available evidence, the hierarchy of laws, the available case law, the most recent court decisions and their relevance in the legal system, as well as their assessment by external lawyers. Provisions are reviewed and adjusted to take into account changes in circumstances, such as applicable prescription periods, conclusions of tax inspections or additional exposures found based on new matters or court decisions.

(v) Revenue from non-recurring services - the recognition of revenue from *software* implementation and customization services requires the use of estimates in the projection of total costs required to fulfill the performance obligation under agreements with clients. The Company periodically reassesses such estimates and replans the contractual margins whenever necessary.

The settlement of transactions involving such estimates may result in amounts significantly different from those recorded in the financial statements due to uncertainties inherent to the estimation process. The Company reviews its estimates at least once a year.



10.6 - Material entries not acknowledged in the financial statements

(a) the assets and liabilities held by the Company, directly or indirectly, that do not appear in its balance sheet (*off-balance sheet items*)

(i) operating leases, assets and liabilities

There are no relevant items of this nature not evidenced in the Interim Financial Information as of June 30, 2021 and in the Financial Statements as of December 31, 2020 and 2019.

For the Financial Statements of the fiscal years ended on December 31, 2018, the Company presented the contract with VIP VII - Empreendimentos e Participações Ltda., for the construction and lease of the new headquarters, the purpose of which was to integrate the Company's facilities in the city of São Paulo for a minimum period of 10 years from the delivery date that took place in 2017.

(ii) portfolios of receivables written off over which the organization maintains risks and responsibilities, showing their corresponding liabilities

There are no relevant items of this nature not shown in the financial statements.

(iii) contracts for the future purchase and sale of products or services

There are no relevant items of this nature not shown in the financial statements.

(iv) unfinished construction contracts

There are no relevant items of this nature not shown in the financial statements.

(v) contracts for future financing receivables

There are no relevant items of this nature not shown in the financial statements.

(b) other items not shown in the financial statements

Not applicable.



10.7 - Entries not acknowledged in the financial statements

(a) how such items change or may change revenues, expenses, operating results, financial expenses or other items in the issuer's financial statements

There are no relevant items of this nature not shown in the financial statements.

(b) nature and purpose of the transaction

There are no relevant items of this nature not shown in the financial statements.

(c) nature and amount of obligations assumed and rights generated in favor of the issuer as a result of the operation

There are no relevant items of this nature not shown in the financial statements.



10.8 - Business Plan

(a) investments, including:

(i) quantitative and qualitative description of ongoing investments and planned investments

The Company keeps its strategy of seeking inorganic growth through mergers and acquisitions of companies that develop management *software* or companies that can expand the Company's value-added service offerings, in the Brazilian and/or in the global market. However, it is worth stressing that due to the COVID-19 pandemic that had its first effects during the first half of 2020, the Company believes that such investments can be reevaluated in order to preserve the liquidity of its businesses.

Research and Development (R&D) is another relevant segment in the investment plan, because of its strategic importance for the economic sector in which the Company operates. Such investments allow us to offer solutions that are more and more adherent to the needs of clients and add technological innovations that provide greater productivity for the users of our solutions.

Expenses with R&D in the Financial Statements in the six-month period ended June 30, 2021 and June 30, 2020, and in the fiscal years ended December 31, 2020, 2019 and 2018 were R\$246,782 thousand, R\$212,021 thousand, R\$431,348 thousand, R\$397,824 thousand and R\$382,078 thousand, respectively.

The main initiatives in the Company's R&D investment line in the six-month period ended June 30, 2021 and June 30, 2020, and in the last three years, were aimed at facilitating our clients' access to financial services in a manner more technological, agile, and economical (Techfin), Artificial Intelligence (AI), and compliance with new regulations:

- Projects aimed at expanding, simplifying, and making cheaper our clients' access to financial services through the new front of Techfin. In 2020, the products "TOTVS Antecipa" and "TOTVS Mais Prazo" were launched.
- Such are Projects aimed at bringing innovation to the financial market, generating better operational results for users of *financial service* tools.
- Investments in project to meet the needs of the manufacturing markets, integrating the various solutions with agility and always seeking the best practices of industry 4.0.
- Projects focused on platform integration and productivity aim at facilitating the management and use of cloud infrastructure.
- Research and development applied to promote efficiency gains and best practices in the management of carriers, logistics operators, ports, and bonded areas and warehouses.
- Research and development aimed at adding innovations to the retail segment, seeking to bring new and better experiences to users and clients of these solutions.



- Investments in an artificial intelligence project that will promote innovation, efficiency, and performance gains in the various solutions developed by the Company in several segments.

(ii) investment financing sources

Investments in R&D are financed by resources generated by the Company's operating activities and Debentures (see section 10.1.f). In addition to the resources generated in operating activities, mergers and acquisitions of companies can also be made feasible through structured transactions involving both own and third-party resources according to the magnitude of the transaction.

(iii) relevant ongoing divestments and planned divestments

Currently, the Company has no relevant and/or planned divestments.

(b) provided it has already been disclosed, list the acquisition of blueprints, equipment, patents or other assets that should materially influence the Company's productive capacity

Not applicable.

(c) new products and services

(i) description of ongoing researches already disclosed

Not applicable.

(ii) total amounts spent on research to develop new products or services

Not applicable.

(iii) projects under development already disclosed

Not applicable.

(iv) total amounts spent on the development of new products or services

Total R&D expenses represented 18.0%, 17.5%, 17.4%, and 18.1% of the Company's net *software* revenue for the six-month period ended June 30, 2021 and the years ended December 31, 2020, 2019, and 2018, respectively.



10.9 - Other factors with relevant influence

Analysis of the COVID-19 impacts on the Company's activities

The COVID-19 pandemic negatively affected the global economy, disrupted consumer spending and global supply chains, and created significant volatility and impact on financial markets both in Brazil and worldwide. On March 11, 2020, the World Health Organization (WHO) declared a pandemic state because of the global dissemination of COVID-19. Such spread has created significant macroeconomic uncertainties, volatility and disruption, including in Brazil. In response to the spread of COVID-19, as of March 2020, governments around the world, including Brazilian authorities, have implemented policies aimed at preventing or delaying the spread of the disease, such as restricting circulation and social isolation. Many of these policies are in effect and may remain in effect for a significant period of time. These policies influenced the behavior of the Company's customers, who adopted measures of social distancing in part of their operations, with part of the team being allocated to work from their homes.

Due to the significant increase in COVID-19 cases in Brazil, together with the measures adopted to contain the outbreak and preserve the well-being and health of its employees, resulted in the temporary closure of the Company's offices as of March 2020, in line with the measures taken by government agencies which recommend social distancing and isolation.

The Company monitors the impacts resulting from the COVID-19 pandemic and has been taking preventive and mitigating measures in line with the guidelines set forth by the health authorities regarding the safety of its participants (**Employees**) and the continuity of its operations.

Among the measures adopted by the Company, the following ones stand out:

- (i) Creation of a Crisis Committee that developed several actions for its ecosystem during such period, promoting social responsibility with the sector, society, and employees;
- (ii) Adoption of the remote work practice (aka *home office*) for all its units, as well as the implementation of the possibility of gradual and voluntary return of Employees who do not declare themselves to be in any risk group, under safe conditions, based on official health guidelines in force in every city in which we have units;
- (iii) Suspension of international travel and restriction of domestic travel;
- (iv) Implementation, with our health care company, of a 24-hour telephone service to support all Employees;
- (v) Even more austere monitoring of accounts receivable during the pandemic, which despite the increase in the provision for expected loss in Q2'20, the Company has observed an improvement both in the timely payment by clients and customers and a reduction of estimated losses;
- (vi) Layoffs or initiatives to reduce wages and work hours were not adopted by the Company;



- (vii) The Company's operations were kept, even in this sudden new model of remote work, both in terms of service and support for our clients and customers.
- (viii) Creation of a specific online page, in which all the Company 's *stakeholders* were able to follow up the developments of the pandemic and the actions taken on products and services so that our clients and customers could adapt to the scenario, such as, for example, changes in tax and labor obligations;
- (ix) More than 30 thousand free online training places were made available to customers and other persons interested in taking courses on products and services provided by the Company; and
- (x) The Company took part in the development of the Minimum Return Protocol to business activities promoted by Brasscom (Brazilian Association of Information and Communication Technology Companies).

Because of the uncertainty of the outcome of this pandemic, considering that COVID-19 continues to affect global economic activity for an indefinite period, including because of mandatory stoppages requested by government authorities, the Company's Management carried out studies considering the potential impacts on future results of operations, in the future cash flows or financial condition of the Company and understands that they are subject to change, depending on future events. However, given the current scenario, in line with the requirements of the Brazilian Securities and Exchange Commission ("**CVM**"), the Company's Management analyzed any impacts on its estimates, judgments and assumptions that could impact the continuity of the business, recoverability of its financial and non-financial assets and affect the measurement of certain accounting estimates that could impact the individual and consolidated financial statements for the fiscal year ended December 31, 2020 and the interim financial information for the six-month period ended June 30, 2021.



11.1 - Published projections and assumptions

The Company does not have public financial projections.



11.2 - Monitoring and changes to published projections

The Company does not have public financial projections.



12.1 - Description of the administrative structure

(a) duties of the board of directors and of the permanent bodies and committees that report to it

As provided for in the Company's Bylaws, approved at the Extraordinary General Meeting held on April 20, 2021 (the "**Bylaws**";), the Board of Directors is responsible for:

- (i) setting forth the general guidance of the Company's business;
- (ii) electing and dismissing the Company's executive officers and determining their duties;
- (iii) calling the General Meeting, when deemed applicable, or pursuant to Article 132 of the Brazilian Corporations Act;
- (iv) supervising the management of the Executive Officers, and examining, at any time, the Company's books and papers, requesting information about contracts executed or in the way of being executed, and any other actions;
- (v) choosing and dismissing the Company's independent auditors;
- (vi) providing a prior opinion on the Management Report and the accounts of the Executive Officers and resolving on their submission to the General Meeting;
- (vii) approving the annual and multiannual budgets of the Company, its controlled and affiliated companies, the strategic plans, the expansion projects and investment programs of the Company, as well as following its performance;
- (viii) resolving on the opening, closing and modification of branches of the Company abroad;
- (ix) authorizing the issuance of Company's shares and subscription bonuses, within the Company's authorized capital limit;
- (x) resolving on the Company's purchase of its own shares to be held in treasury and/or for later cancellation or sale;
- (xi) resolving on the granting of stock options or share subscription to its Managers and Employees, as well as to the managers and employees of other companies directly or indirectly controlled by the Company, without preemptive rights for any shareholders under the plans approved at General Meetings, after considering the People and Compensation Committee Report;
- (xii) submitting to the Annual General Meeting a proposal for allocation of the fiscal years' net profit;
- (xiii) distributing among the Executive Officers, individually, the portion of the overall annual compensation of the Managers established by the General Meeting, after considering the People and Compensation Committee Report;
- (xiv) resolving on any deals or agreements between (a) the Company and its controlled companies (except for wholly-owned controlled companies) and (b) between the Company or its controlled companies (whether wholly owned or not) and any of their Managers and/or shareholders (including companies directly or indirectly controlled by said managers and/or shareholders, or by any third parties related to them);



- (xv) resolving on the issue for public distribution of any debt securities or bonds, including promissory notes, regardless of their amount;
- (xvi) resolving on the subscription, acquisition, sale or encumbrance by the Company, of shares or any securities issued by any company controlled by the Company or its affiliate;
- (xvii) resolving on the Company's participation in other companies, as well as on any interests in other undertakings, including through a consortium or a partnership;
- (xviii) deciding on the payment or credit of interest on equity to shareholders, according to applicable laws;
- (xix) deciding on the distribution of interim dividends, including to the account of retained earnings or profit reserves existing in the last annual or semi-annual balance sheet;
- (xx) resolving on the assignment or transfer to a third party, by any means, of intellectual or industrial rights of the Company and/or of a company directly or indirectly controlled by it, except for a remunerated licensing made by the Company in the ordinary course of business;
- (xxi) authorizing the following transactions the amount of which is higher than five percent (5%) of the amount of the subscribed capital, which will be considered for every separate transaction or a set of related transactions: (a) the acquisition by the Company of assets of another company, including subsidiaries or affiliates; (b) the sale of fixed assets, (c) the provision of guarantees of any nature by the Company; (d) the granting of loans to any third party; (e) investment in expansion and improvement projects that are not included in the Company's annual budget; (f) the contracting of long- or short-term debt operations; and (g) the execution of any long-term agreements (having an effective term longer than one year);
- (xxii) giving its favorable or unfavorable opinion regarding any public offer of shares that has as object the shares of the Company, through prior informed opinion, issued within 15 days of publication of the notice of public offering acquisition of shares, which should address at least (a) the convenience and opportunity of the public offer for the acquisition of shares and the interest of the Company and of all shareholders, including in relation to the price and potential impacts on the liquidity of shares (b) strategic plans disclosed by the issuer in relation to the Company, (c) alternatives to the acceptance of supply public acquisition of shares available in the market; (d) the economic value of the Company; and (e) other items which the Board deems appropriate, as well as information required by applicable rules established by the CVM; and
- (xxiii) giving its opinion on the terms and conditions of corporate reorganizations, capital increases and other transactions that originate a change in control, and documenting if they assure fair and equitable treatment to the company's shareholders.

The Board of Directors has its own Charter, which also applies to the Advisory Committees, under the terms approved at the Board of Directors' Meeting held on August 29, 2017, as subsequently amended on June 10, 2020, filed at the headquarters of the Company and available on the Company's Investor Relations website (<https://ri.totvs.com/esg/estatuto-politicas-e-regimento/>), which governs its operation, subject to the provisions of the Bylaws and legislation in force ("**Internal Regulation**"). Besides the duties provided for in the Company's Bylaws, the Internal Regulation sets for the following responsibilities for the Board of Directors:



- (i) to define business strategies, considering the impacts of the Company's activities on society and on the environment, aiming at the organization's perpetuity and the creation of value in the long term;
- (ii) monitor the Company's operations and periodically assess its exposure to risks and the effectiveness of risk management systems, internal controls and the integrity/compliance system, according to the previously approved policy;
- (iii) determine the Company's values and ethical principles and ensure the integrity of the corporate culture and the maintenance of the Company's transparency in its relationship with all interested parties;
- (iv) assessing and submitting to the General Meeting, biannually, who the independent directors are, as well as pointing out and justifying any circumstances that may compromise their independence;
- (v) periodically review the corporate governance system, with a view to improving it;
- (vi) set mechanisms for assessing the performance of the Board and its Committees, as collegiate bodies, and also of the Chairperson of the Board and the Directors, individually considered, and the Corporate Governance Department;
- (vii) periodically assess the scope and need of the Committees, in order to ensure that everyone has an effective role, deciding on the constitution of new Committees, besides those provided for in the Bylaws, and working groups for their advice, establishing their composition and corresponding responsibilities, appointment of its members, budget when necessary, and term of office; and
- (viii) approve the levels of responsibility of the Company's executive officers and attorneys.

Audit Committee

As provided for in the Company's Bylaws, the Audit Committee, created by resolution approved at the Extraordinary General Meeting held on April 5, 2018, has the following responsibilities, among other ones as set forth in the Internal Regulations and the corresponding applicable standards - which must report and recommend to the Board of Directors:

- (i) providing its opinion on the hiring and terminating independent audit services;
- (ii) reviewing the quarterly information, interim and yearly financial statements;
- (iii) monitoring the activities of the Company's internal audit and internal controls area;
- (iv) evaluating and monitoring the Corporation's risk exposures;
- (v) examining, assessing, and monitoring the Company's internal policies, including the Policy on Transactions between Related Parties, and recommending to the management any corrections or improvements thereto;
- (vi) assessing whether the Company has the means to receive and deal with information on noncompliance with legal and regulatory provisions applicable to the Company, as well as internal regulations and codes, and also laying down specific procedures to protect the provider and the confidentiality of information; and
- (vii) giving opinions on proposals by management bodies to be submitted to the Shareholders Meeting, related to change in capital, issue of debentures or subscription warrants, investment plans and/or capital budgets, distribution of dividends, transformation, merger, consolidation or spin-off, tax issues, and structured finance operations.



As provided for in the Bylaws, the Audit Committee must be composed of at least 3 (three) members, the majority of whom are Directors, all of them being independent, and at least 1 (one) of them must have recognized experience in corporate accounting matters. The coordinator of the Audit Committee must attend the Company's Annual General Meeting, making him/herself available to provide clarifications and information to shareholders. The Composition of the Audit Committee is available at <https://ri.totvs.com/esg/administracao-e-comites/comite-de-auditoria/>, described in section 12.6 of this Form

The Audit Committee has an Internal Charter approved at the Board of Directors' Meeting held on June 10, 2020, filed at the Company's headquarters and available on the Company's Investor Relations website (<https://ri.totvs.com/esg/estatuto-politicas-e-regimento/>), which governs the functioning, structure, organization, duties and responsibilities of the Audit Committee, in compliance with the provisions of the Bylaws and the legislation in force.

The Audit Committee is responsible for recommending the approval of the Company's Internal Audit Regulation, approved at the Board of Directors' Meeting held on May 4, 2018, dated and made public on May 15, 2018, as subsequently adjusted on June 10 2020, filed at the Company's headquarters and available on the Company's Investor Relations website (<https://ri.totvs.com/esg/estatuto-politicas-e-regimento/>). Pursuant to such regulation, the Audit Executive Officer is responsible for the effective management of the internal audit activity under the regulation, adherence to the profession's code of ethics, standards, annual planning and any other work developed by the area, budget management of the department and internal resources. In addition, the Audit Executive Officer will report, functionally, to the Audit Committee, reporting directly to the Board of Directors and, administratively, to the Company's CFO. The Audit Committee will also approve all decisions related to the performance review, appointment or dismissal of the Audit Executive, as well as the approval and annual adjustment of the Audit Executive Officer's compensation. Annually, the Company's Audit Executive Officer must submit an Internal Audit plan to the Audit Committee for review and approval. The Audit Executive Officer must develop and maintain a quality assurance and improvement program that includes all aspects of the internal audit activity. The quality assurance program is made up of internal and external assessments. The processes and tools used in the internal assessment may include supervisory verification and audit engagement review, checklist, clients' feedback, selective peer reviews, time recording systems and other metrics.

People and Compensation Committee

As provided for in the Company's Bylaws, the People and Compensation Committee will perform advisory functions and will assist the Board of Directors in determining the compensation and other benefits and payments to be received in any capacity from the Company by Officers and Board Members. The People and Compensation Committee, among other duties provided for in its Charter, is responsible for:

- (i) submitting to the Board of Directors a proposal for the distribution of the annual global compensation to Executive Officers and Directors based on best practices observed in the information technology market, as well as to monitor the payment of such compensation and, in the event that it does not follow the best practices in the information technology market, report it to the Board of Directors;
- (ii) providing an opinion on the granting of a stock option or subscription to the Company's Management and Employees;



- (iii) providing an opinion on the profit-sharing of the Company's Officers and Employees;
- (iv) following up the preparation and implementation of a succession plan for the Company's executive officers with the purpose of ensuring that the management can count on professionals to hire or promote, whose professional experience and skills contribute to good performance and the preservation of the Company's value, keeping such plan always up to date for periodic monitoring by the Board, and the succession plan of the Chief Executive Officer will be followed up by the Board Chairperson; and
- (v) following up the annual assessment process of the Company's executive officers based on the verification of the achievement of their performance, financial and non-financial goals (including environmental, social, and governance aspects), in line with the Company's ethical values and principles.

As set forth in the Bylaws, the People and Compensation Committee must be composed of at least 3 (three) members, all Directors, and at least 2 (two) of them must be independent members. The composition of the People and Remuneration Committee is available at <https://ri.totvs.com/esg/administracao-e-comites/comite-de-gente-e-remun/>

The People and Compensation Committee has an Internal Charter approved at the Board of Directors' Meeting held on March 11, 2019, as subsequently updated, filed at the Company's headquarters and available on the Company's Investor Relations website (<https://ri.totvs.com/esg/estatuto-politicas-e-regimento/>), which governs the operation of the People and Remuneration Committee, subject to the provisions of the Bylaws and the legislation in force.<

Strategy Committee

As provided for in the Internal Regulations approved at the Board of Directors' Meeting held on March 11, 2019, as subsequently updated, the Strategy Committee is responsible for:

- (i) analyze and discuss topics that make the construction of the Vision of the Future / Strategic Planning feasible and assess the Company's actual capacity to deliver them;
- (ii) assess the Board of Executive Officers's proposals to perform the Vision of the Future / Strategic Planning;
- (iii) assess the Board's proposals on possible mergers and acquisitions ("M&As") to perform the Vision of the Future / Strategic Planning;
- (iv) issue an opinion on the Board of Executive Officers' proposals and address them to the Board;
- (v) monitor the evolution of the Board of Executive Officers' proposals by the Board of Directors and suggest course corrections if necessary;
- (vi) address the status of the Board of Executive Officers's proposals before the Board; and
- (vii) carry out the self-assessment of its activities and identify possibilities for improvement in the way it operates.

The Strategy Committee composition is available at <https://ri.totvs.com/esg/administracao-e-comites/comite-de-estrategia/>.

Governance and Nomination Committee



As provided for in the Company's Bylaws, among other duties provided for in the Internal Regulations, the Governance and Nomination Committee is responsible for:

- (i) recommending and monitoring the adoption of good corporate governance practices, as well as the effectiveness of its processes, recommending updates and improvements whenever necessary;
- (ii) setting the channels and processes for interaction between the Company's long-term shareholders and the Board of Directors, especially with regard to issues of strategy, governance, compensation, succession, and formation of the Board of Directors;
- (iii) selecting and nominating to the Board of Directors people who, having met the legal requirements and the needs of the Company, and having heard the relevant interested parties, could be candidates to make up the slates to be approved by the Board of Directors – or individually – for submission for election by the Shareholders Meeting;
- (iv) selecting and recommending to the Board of Directors people who, having met the legal requirements and the needs of the Company, could be nominated to the Board of Directors' Advisory Committees;
- (v) selecting and nominating to the Board of Directors people for the position of Director to fill up vacancies;
- (vi) selecting and nominating to the Board of Directors persons to compose the Company's Supervisory Board (Fiscal Council), if established;
- (vii) supporting the Chairman of the Board of Directors in organizing a formal and periodical performance assessment process of the Board of Directors and the Directors, to be conducted annually;
- (viii) ensuring the existence, effectiveness and implementation of an executive succession plan and monitor its execution with the People and Compensation Committee;
- (ix) expressing its opinion on the disclosure of the Company's governance practices, including in the Reference Form and Management Proposal for the Shareholders Meeting;
- (x) providing an opinion on the participation of people related to the Company as a member of Boards of Directors, Advisory Committees to the Board of Directors, and Fiscal Councils (Supervisory Boards) of other companies, both publicly and privately held; and
- (xi) supporting the Board of Directors to screen candidates for directors as to their ability to act as an independent member.

As provided for in the Bylaws, the Governance and Nomination Committee will be composed of at least 3 (three) members, all of whom must be Directors, with at least 2 (two) Independent Directors. The Governance and Nomination Committee composition is available at <https://ri.totvs.com/esg/administracao-e-comites/comite-de-gov-e-indicacao/>.

The Governance and Nomination Committee has an Internal Charter approved at the Board of Directors' Meeting held on March 11, 2019, filed at the Company's headquarters and available on the Company's Investor Relations website (<https://ri.totvs.com/esg/estatuto-politicas-e-regimento/>), which governs the operation of the Governance and Nomination Committee, subject to the provisions of the Bylaws and the legislation in force.



For information on how the Company's Board of Directors assesses the work of the independent auditors, please refer to section 2.3 of this Reference Form.

(b) in relation to the members of the board of executive officers, their individual duties and authority

Pursuant to Article 19, subparagraph (ii) of the Company's Bylaws and as approved by the Board of Directors' Meeting held on April 26, 2019, the Executive Officers will have the following duties:

Chief Executive Officer:

Perform and enforce the resolutions of the General Meetings; preferably represent the Company at the Meetings or other corporate acts of companies in which the Company participates, pursuant to paragraph 1, item (iii), of article 26 of the Company's Bylaws; propose, without exclusivity of initiative, the duties concerning functions of each Vice President and Executive Officer at the time of their corresponding election; answer to the Board of Directors for all activities of the organization; set long-term plans, strategies, and policies. Manage the activities of the Vice Presidents; convene and preside over board meetings; recommend, to the Board, the replacement of any executive officer in cases of absence or temporary impediment of the latter; recommend, to the Board of Directors, the replacement of any executive officer in the event of his/her vacancy; respond for the growth strategy, people management and profitability of the organization; lead the organization to perform the strategy determined for the Company.

Chief Administrative and Financial Vice President:

Determine, plan and direct the activities that involve support to the Company's business comprised by the Shared Services Center areas; Supplies, Facilities, Planning and Controllershship, Legal, Risks, Compliance, Market Intelligence, Corporate PMO and Mergers and Acquisitions and Internal Controls; analyze the accounting records of the transactions in which the Company takes part; control the fulfillment of financial commitments regarding legal, administrative, budgetary, fiscal and contractual requirements of the operations; represent the Company in the Audit Committee; manage the activities related to the management of the Company's funds and assets, investing financial resources.

Investor Relations Officer:

Determine, plan and direct investor relations activities; practice the actions of the Investor Relations Officer and promote the disclosure of information to the securities market, under the rules issued by the Brazilian Securities Commission (CVM); maintain and present improvements in relations and communications between the organization and the investing public, shareholders and professionals in the financial area; plan the communication of the Company's relationship with the domestic and/or international capital markets; monitor changes and trends in the investment market and determine the more suitable action strategies; prepare financial reports to be reported to shareholders, the public, investors and financial professionals; maintain relationships with banking and investment communities and also establish relationships with investors.

Vice President of Strategy and New Business:

Responsible for Institutional Marketing, Business Models and Distributions, Partnerships, and Customer Experience. Determine and guarantee the performance of the Digital strategy and performance model; recommend strategic alliances for business and operation development, model



and processes; determine, plan and direct all Marketing activities, as well as the development of policies, programs and budgets; generate business opportunities, and for business strategy; and suggest and monitor the development of the Company's new business and/or product fronts.

Advising the Strategy Committee on strategic decisions involving technological issues on Micro and Small Businesses and Financial Services. Responsible for the Micro and Small Business and Financial Services segments of the Company. Determine, plan, and direct strategies involving technological and segmentation issues to generate a better offer and *software* development; design and develop segmented solutions for external customers; suggest and monitor the Company's new systems; plan and direct the provision of support services and technical and non-technical assistance provided to clients and customers.

Vice President of Business for Segments:

Advise the Strategy Committee on strategic decisions involving technology issues; be responsible for the Supply Chain, Healthcare, Professional Services and Retail and Distribution segments; define, plan and direct strategies involving IT and segmentation to generate better *software* supply and development; design and develop segmented solutions for external clients; suggest new systems and monitor them; plan and direct support and technical/non-technical services for clients/customers.

Vice President of Platforms:

Advise the Strategy Committee on strategic decisions involving technology; promote integration across platforms and ensure development of technology; coordinate the activities of Platform Directors; answer for platforms under their responsibility with strategies to support *software* delivery and development improvements; suggest new Company systems and monitor them; plan, organize and direct the activities of the Company's production units; plan, organize and direct technical/non-technical customer support and services. Determine, plan and direct the Company's operating strategy for research and development, *software* architecture and infrastructure, *Cloud Computing*, Data Center and Security and improvement of technologies used by the Company to ensure competitiveness of new products and solutions aligned with market trends and complexities associated with business and technology.

Vice President of Customer Service and Relationship:

Plan, determine, and coordinate systems sales and/or deployment services in relation to current customers' and future prospects' accounts; coordinate and supervise sales for business generation in the context of goals set by the management. Plan, organize and direct activities that involve the Company's customer service and relationships; monitor and manage indicators tracking their services; participate in decisions on product pricing and new products; lead the sales force to reach volume sales targets for the organization's products, including long-term plans, goals and strategies.

As provided for in article 30 of the Bylaws, the Board of Executive Officers holds all the powers to carry out the acts required for the Company's normal operation and for fulfilling its business purpose, however special they may be, including waiver of rights, negotiation and agreement, subject to any applicable legal or statutory provisions. It shall be responsible for managing the Company's business, particularly. It is responsible for managing the Company's businesses, especially:

- (i) Complying with and causing the compliance with the Bylaws and the resolutions of the Board of Directors and the General Meeting;



- (ii) Annually submit to the appreciation of the Board of Directors, the Management Report and the accounts of the Board of Executive Officers, supported by the independent auditors' report, as well as the proposal for allocation of income found out in the previous fiscal year;
- (iii) Proposing to the Board of Directors the annual and multiannual budgets of the Company, its controlled and affiliated companies, as well as the Company's strategic plans, expansion projects and investment projects;
- (iv) Deciding on any matter that is not of exclusive responsibility of the General Meeting or the Board of Directors; and
- (v) Resolving on opening, changing and closing branches, warehouses, offices and any other facilities or units in Brazil.

As provided in the Bylaws, the Company will always be represented by 2 (two) members of the Board of Executive Officers, or else by 1 (one) member of the Board of Executive Officers and 1 (one) attorney, or 2 (two) attorneys, within the limits of their corresponding terms of office.

The Company's Board of Executive Officers does not have its own internal regulations approved by the Board of Directors.

(c) date of establishment of the fiscal council (aka supervisory board), if it is not permanent

Pursuant to Law 6.404/76 (the "Brazilian **Corporations Act**"), the Supervisory Board (aka fiscal council) is a corporate body that acts independently of the Company's management. The key responsibilities of the Fiscal Council are to supervise the management members' activities and review the Company's financial statements, reporting its opinion to the shareholders.

At the Company, the Fiscal Council (aka Supervisory Board) is a non-permanent body and can be established in any fiscal year if so required by shareholders representing at least 2% of common shares, under CVM Instruction No. 324/00.

The Annual General Meeting held on April 20, 2021 decided to establish the Fiscal Council, for which three sitting members and three alternates were elected for a term of office of one (1) year, ending at the 2022 Annual General Meeting.

The Charter of the Fiscal Council ("**Regulation of the Fiscal Council**") was approved at a Meeting of the Fiscal Council held on June 8, 2021.

Pursuant to art. 5 of the Statute of the Fiscal Council, the Fiscal Council has its powers set forth in the Brazilian Corporations Act, in the Company's Bylaws, and also in other applicable legal and regulatory rules, having the following duties:

- (i) supervise, through any of its members, the actions of management members, and verify the compliance with their legal and statutory duties;
- (ii) give an opinion on the annual management report, including in its opinion supplementary information deemed necessary or useful for the resolution of the General Meeting;
- (iii) to give opinions on the proposals made by the management bodies to be submitted to the General Meeting connected to any amendments to the capital stock, issue of debentures or



subscription warrants, investment plans or capital budgets, distribution of dividends and/or interests on net equity, transformation, incorporation, merger, or split-up;

- (iv) complaint, by any of its members, to the management bodies and, if they do not take the required steps to protect the Company's interests, to the General Meeting, any errors, frauds, or crimes found and suggest useful measures to the Company;
- (v) call the Annual General Meeting if the management bodies delay for over one month this calling, and call the special meeting whenever there are serious or urgent matters, including the agenda of the meetings regarding the matters deemed necessary;
- (vi) review every quarter the interim balance sheets and other financial statements periodically prepared by the Company;
- (vii) review the annual financial statements and issue an opinion thereon;
- (viii) to request the Company's Independent Auditors for clarifications or information that it deems necessary, and the finding of specific facts;
- (ix) perform such responsibilities during a liquidation, bearing in mind the special provisions that govern it.
- (x) assess the internal regulations that discipline the operational rules for its functioning.

(d) performance evaluation mechanisms of the board of directors and of each body or committee that reports to it

As provided for in the Internal Regulations of the Board of Directors and the Advisory Committees, approved at the Board of Directors' Meeting held on June 10, 2020, as subsequently adjusted:

- (a) The Board of Directors is responsible for setting mechanisms for assessing the performance of the Board and its Committees, as collegiate bodies, and also of the Chairperson of the Board and the directors, individually considered, and the Corporate Governance Department.
- (b) The chairperson of the Board of Directors is responsible for leading - with the cooperation of the Corporate Governance Department, and according to the recommendations of the Governance and Nomination Committee - a structured and formal process for assessing the Board and its Committees, as collegiate bodies, the chairperson of the Board, the Board members considered individually, and the Corporate Governance Department, and the results of the Board's assessment will be disclosed to all Board members.
- (c) The Governance and Nominating Committee is responsible for supporting the Chairman of the Board of Directors in organizing the performance assessment of the Board of Directors and its Directors, which shall be carried out every year.
- (d) The People and Compensation Committee shall follow up the annual assessment process of the Company's executive officers based on the verification of the achievement of their performance, financial and non-financial goals (including environmental, social, and governance aspects), in line with the Company's ethical values and principles.

In 2017, the Company implemented, after approval by said Internal Regulation, a formal and annual process for assessing the performance of the Board of Directors and its Committees, as collegiate



bodies, the chairperson of the Board of Directors, the Directors, individually considered, and the Corporate Governance Department.

The Development Trail for members of the Board of Directors and Advisory Committees is a program created aimed at raising the level of knowledge about the Company's business, besides providing updating and improvement in particularly relevant topics such as governance, technology, and innovation.

The assessment procedure carried out by the Company in 2020 was answered by the Directors and carried out through an application developed by the Company itself, whose questions are related to the following topics: self-assessment; strategic aspects; general dynamics of the Board and its meetings; performance of the Committees, the Corporate Governance Area, and the Chairperson of the Board; as well as evaluation among the Directors themselves. The results of such assessment were presented by the Governance and Nomination Committee during the Board of Directors meeting held on December 15, 2020.

The Board has defined action plans for points identified in this process, the implementation of which will be carried out by the corresponding Advisory Committees and reported to the Board, with the support of the Corporate Governance Department. In addition, the Chairperson of the Board met individually with the directors to provide them with feedback on the assessment.

The result of such assessment was considered an improvement of the Board as a collegiate throughout 2020, which shows the dedication of the directors in the search for constant innovation and based on our Company's strategic vision, with the main goal of, together with the Board of Directors, continue on the successful journey of TOTVS Group.



12.2 - Standards, policies, and practices relating to general meetings

(a) deadlines to call meetings

The Company's General Meeting will be called within the legal term with the availability of the documents referred to in CVM Instruction No. 481/09. In addition, the Company's General Meeting that may decide on the delisting of the Company as a publicly held company, or its delisting from the Novo Mercado shall be called at least thirty (30) days in advance.

The Company does not adopt a differentiated practice with regard to notice periods. Article 124, §1, subparagraph II of Law No. 6.404/76, as amended, determines that General Meetings must be called at least 21 (twenty-one) calendar days in advance on first call and with 8 (eight) calendar days in advance on second call.

(b) responsibilities

The General Meeting, in addition to the other duties provided for by law, must:

- (i) Elect and remove the Board of Directors' members;
- (ii) Determine the global compensation for the members of the Board of Directors and Board of Executive Officers, as well as the members of the Supervisory Board (Fiscal Council), if established;
- (iii) Amend the Bylaws;
- (iv) Decide on the dissolution, liquidation, merger, split-up, spin-off or acquisition of the Company, or of any company belonging to the Company;
- (v) Assign share bonuses and deciding on possible splits or reverse splits of shares;
- (vi) Approve plans for granting of stock options or share subscription to its Managers and Employees, as well to the managers and employees of other companies directly or indirectly controlled by the Company;
- (vii) Resolve, in accordance with proposal submitted by the management on the allocation of profit for the year and dividend distribution;
- (viii) Elect the liquidator, as well as the Supervisory Board (aka Fiscal Council) which will operate during the winding-up period;
- (ix) Resolve on the delisting from the Novo Mercado of B3;
- (x) Waive from conducting a public offer to acquire shares as a prerequisite to delist from the Novo Mercado;
- (xi) Resolve on the cancellation of the registration as a publicly-held corporation with the CVM, subject to the provisions of Article 45, (ii), of the Company's Bylaws; and
- (xii) Report to the Board of Directors.

The resolution referred to in item "x" above shall be taken by a majority of votes of the shareholders holding the Company's outstanding shares present at the meeting, blank votes not being counted. If established on the first call, the Meeting must be attended by shareholders representing at least 2/3 (two thirds) of the total outstanding shares; and, on the second call, it can be established with any number of shareholders holding outstanding shares.



c. addresses (physical or electronic) where the documents related to the General Meeting should be available to shareholders for analysis

The Company makes the documents related to the General Meeting available in the following places:

E-mail

Company's Investor Relations Website (ri.totvs.com)

CVM website (www.cvm.gov.br)

Physical address

Avenida Braz Leme, 1000 - Casa Verde district – Sao Paulo, SP – Brazil

(d) identification and management of conflict of interest

The Company does not adopt any different practice in relation to the provisions of corporate law and/or CVM regulations.

(e) request of powers of attorney by the management to exercise voting rights

The Company does not make a public request for power of attorney. Shareholders must present, at least 48 (forty-eight) hours in advance, a power of attorney with notarized signature of the grantor.

(f) formalities necessary for the acceptance of proxy instruments granted by shareholders, informing whether the issuer accepts powers of attorney granted by shareholders by electronic means

Pursuant to Art.10, §5 of the Company's Bylaws, the shareholders must submit, at least 48 (forty-eight) hours in advance, besides their identification documents and/or relevant corporate acts that prove the legal representation, as the case may be: (i) proof issued by the bookkeeping entity, no later than 5 (five) days before the date of the General Meeting; (ii) the power of attorney with the grantor's signature certified/notarized; and/or (iii) as regards those shareholders taking part in the fungible custody of registered shares, a statement showing the corresponding shareholding, issued by the competent body.

The Company accepts powers of attorney granted by electronic means, produced using the digital certification process provided by ICP-Brasil, pursuant to Provisional Measure 2200/01.

(g) formalities required for the acceptance of remote voting form, when sent directly to the Company, informing whether the issuer requires or waives signature certification by a notary public, notarization and consularization

Shareholders who choose to exercise their voting rights at a distance must forward the following documents by sending them directly to the Company at Avenida Braz Leme, 1000 - Casa Verde district, City of Sao Paulo, State of Sao Paulo, Brazil or via email to ri@totvs.com.br, to the attention of the Investor Relations Department: (i) a hard copy or digital copy of the voting ballot related to the general meeting, duly filled in, initialed, and signed; and (ii) simple copy of the following documents:

For individuals:

- Identification document with photo of the shareholder;



For companies and organizations:

- The most recent version of the Company's bylaws or restated articles of incorporation, in addition to corporate documents able to prove the legal status of such shareholder; and
- Identification document with photo of the corresponding legal representative.

For investment funds:

- The most recent restated regulation of such fund;
- Bylaws or articles of association of its administrator or manager, as the case may be, pursuant to the corresponding fund's voting policy and corporate documents that prove the powers of representation; and
- Identification document with photo of the corresponding legal representative.

As regards the documents pointed out in paragraphs "i" and "ii" above, the Company requests, as the case may be, that the representative's signature on them are certified true and correct by a notary public, and then consularized (except for other alternative procedures eventually admitted due to international agreements, treaties, or conventions).

Distance voting ballots accompanied of the corresponding documentation will only be considered if received by the Company in full order, up to seven (7) days before the date of the meeting. Pursuant to Article 21-U of CVM Instruction 481/09, the Company will inform every shareholder if the documents received are sufficient for the vote to be considered valid, or else it will inform the shareholder of procedures and deadlines for eventual rectification or resubmission, if necessary.

(h) electronic system for receiving the remote voting or remote participation

At present, the Company does not provide an electronic system for receiving remote voting ballots or remote participation in meetings.

(i) instructions for the shareholder or group of shareholders to add proposals for resolutions, slates or candidates for members of the board of directors and the fiscal council in the remote voting ballot

If a shareholder wishes to include proposals for deliberation, slates or candidates for membership of the board of directors or fiscal council on the remote voting ballot, these proposals shall be submitted by mail to this address: Avenida Braz Leme, 1000 - Casa Verde, São Paulo, State of São Paulo, Brazil, together with the relevant documents for the proposal, or sent to this electronic address: ri@totvs.com.br, by the final dates determined under current regulations.

(j) maintenance of forums and pages on the world wide web intended to receive and share comments from shareholders on the agenda of the meetings

The Company does not maintain forums and pages on the internet with the purpose of receiving and sharing shareholders' comments on the agendas of the meetings.



(k) other information necessary for remote participation and for the exercise of remote voting rights

The Company does not transmit live video and/or audio of the meetings. Shareholders holding shares issued by the Company deposited in a central securities depository may transmit their voting instructions to fill in the distance voting ballot through their corresponding custody agents, if they provide such kind of service.

The collection and transmission of voting instructions can also be carried out by Banco Itaú, the Company's stock bookkeeping agent, through an electronic platform. For that purpose, the shareholder must register on the Itaú Securities Services Assembleia Digital website (<https://www.italau.com.br/securitiesservices/assembleia-digital/>).



12.3 - Standards, policies, and practices relating to the Board of Directors

(a) number of meetings held in the last fiscal year

As provided for in article 18 of the Company's Bylaws, the Board of Directors ordinarily meets at least 6 (six) times a year and, extraordinarily, whenever called by the Chairperson or by a majority of its members. The Board of Directors meetings may be held via conference call, videoconference or by any other means of communication that allows for the identification of the member and the simultaneous communication with all other persons attending the meeting. In the last fiscal year, 25 (twenty-five) meetings were held, 9 (nine) of them ordinary and 16 (sixteen) extraordinary meetings

(b) If any, the provisions of the shareholders' agreement that place restrictions or conditions on the exercise of voting rights of board members

There is no shareholders' agreement.

(c) rules for identification and management of conflicts of interest

As set forth in the Bylaws, members of the Board of Directors cannot have access to information or attend meetings of the Board of Directors related to matters in which they have or represent an interesting conflicting with the interests of the Company.

Under the provisions of the Internal Regulation of the Board of Directors and the Advisory Committees, in case of a conflict of interest or private interest of one of the members of the Board in relation to a given matter to be decided, it is the duty of the member of the Board to report, in a timely manner, such fact to the other members.

In case any member of the Board of Directors who may have a potential private benefit or conflict of interests connected to any decision to be made, does not report his/her own potential benefit or conflict of interests, any other member of the Board of Directors who is aware of such situation could report such fact. The non-voluntary statement by that member of the Board will be considered a violation of the Internal Regulation, if those particular benefits or conflict of interests are eventually confirmed.

As soon as the conflict of interest or private benefit is identified, the person involved will withdraw him/herself from the discussions and deliberations, and must withdraw temporarily from the meeting until the end of the matter, but may, prior to his/her withdrawal, provide information and further details, explain reasons and settle any doubts from the Board.

The reporting of a conflict of interest situation or private benefit must be added to the minutes of the Board of Directors' meeting.

The authority of the Board on the subject of conflict of interests does not prevent the authority of the General Meeting as set forth by the law.

(d) policy for nomination and filling positions in the board of directors

As an integral part of such nomination process and to fill positions in the Board of Directors, the Company has a Governance and Nomination Committee, which is an advisory body to the Board of Directors, the duties of which are provided for in article 25 of the Bylaws and in article 45 of the Internal Regulation of the Board of Directors.



On December 15, 2020, the Board of Directors approved the Nomination Policy (**"Nomination Policy"**) for the Board of Directors, its Advisory Committees and the Statutory Board, made public on December 15, 2020, in which the process and minimum requirements for nominating members to the Board, Committees and Statutory Board of the Company are set out.

As provided for in the Nomination Policy, the Board of Directors must be composed considering the diversity of academic background, professional experiences, behaviors, cultural aspects, age and gender, as well as the complementarity of skills, enabling the Company to benefit from the plurality of arguments in the search for business strategies and a decision-making process with greater quality and safety.

The nomination of Board members must be in line with the Company's best interest and comply with the following criteria:

- (i) the positions of chair of the Board of Directors and Chief Executive Officer (or principal executive) must not be held by the same person;
- (ii) Company executives (officers and managers, except the CEO) must not be members of the Board;
- (iii) have an unblemished reputation; anyone who (a) holds positions in companies that may be considered competitors of the Company; or (b) has or represents an interest conflicting with the Company's interests cannot be elected, except at the Shareholders' Meeting;
- (iv) highly-qualified professionals, with outstanding professional, technical and academic experience, compatible with the position for which they are being nominated, and knowledgeable in relation to best corporate governance practices and experience of a wide range of matters such as finance, sustainability, information technology and data security;
- (v) alignment with and commitment to the Company's principles, values and culture, and to its Code of Ethics and Conduct (aka CODEC);
- (vi) strategic vision and understanding of the business; and
- (vii) sufficient availability of time to adequately dedicate themselves to the role and responsibility undertaken.



12.4 - Description of the arbitration clause for conflict resolution through arbitration

As set forth in chapter VIII of the Bylaws, the Company, its shareholders, managers and member and deputy members of the audit board, if any, agree to settle, by means of arbitration, before the Market Arbitration Chamber (Câmara de Arbitragem do Mercado), under its regulation, any and all controversies that might arise among them, either related to, or arising from, their condition as issuer, shareholders, managers and audit board members, especially, arising from the provisions stated in Law 6,385/76, Law 6.404/76, in Company's Bylaws, rules issued by the Brazilian Monetary Council, Central Bank of Brazil or the Securities and Exchange Commission of Brazil, as well as the other rules applicable to the capital markets operation in general, addition to those contained in The Novo Mercado Regulation, other regulations of B3 - Brasil, Bolsa, Balcão, and the Listing Agreement for Novo Mercado.

Without prejudice to the validity of an arbitration clause, the request of emergency measures by the parties to the Judiciary, where applicable, shall observe the provisions stated in the Arbitration Regulation of the Market Chamber of Arbitration.



12.5 / 12.6 - Composition of management and fiscal council, and members' professional background

Name	Date of birth	Administrative body	Elected on	Term of office	Number of consecutive terms of office
CPF [Tax Id.] #	Profession	Elective position held	Invested with office on:	He was elected by the controller	Percentage of attendance at meetings
Other positions and functions performed in the Company					
Dennis Herszkowicz	Nov. 6, 1974	He is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	2
165.783.068-38	Advertising Executive	10 - Chief Executive Officer (CEO)	April 20, 2021	No	0.00%
Mr. Dennis Herszkowicz is Member of the Strategy Committee					
Gilsomar Maia Sebastião	Dec. 6, 1975	He is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	6
174.189.288-07	2008 – Bachelor of Accounting Sciences	12 - Investor Relations Officer	April 20, 2021	No	0.00%
Mr. Gilsomar Maia Sebastião is Administrative and Financial Vice President and Investor Relations Officer					
Gustavo Dutra Bastos	Mar. 19, 1976	He is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	6
026.942.416-46	Business Administrator	11 - Vice President Officer / Superintendent	April 20, 2021	No	0.00%
Mr. Gustavo Dutra Bastos is Vice President of Platforms					
Marcelo Eduardo Sant'anna Cosentino	Jan. 6, 1983	He is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	5
306.743.308-46	Business Administrator	11 - Vice President Officer / Superintendent	April 20, 2021	No	0.00%
Mr. Marcelo Eduardo Sant'anna Cosentino is Business Vice President for Segments					



Name	Date of birth	Administrative body	Elected on	Term of office	Number of consecutive terms of office
CPF [Tax Id.] #	Profession	Elective position held	Invested with office on:	He was elected by the controller	Percentage of attendance at meetings
Other positions and functions performed in the Company					
Julian Tubino	Aug. 5, 1974	He is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	1
254.357.978-88	Bachelor of Computer Science	11 - Vice President Officer / Superintendent	April 20, 2021	No	0.00%
Mr. Juliano Tubino is Vice President of Strategy and New Business					
Alexandre Haddad Apendino	Dec. 8, 1979	He is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	2
292.459.418-92	Business Administrator	19 - Other Executive Officers	April 20, 2021	No	0.00%
Mr. Alexandre Haddad Apendino is Vice President of Customer Service and Relationship					
Izabel Cristina Branco	Jun. 24, 1976	She is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	1
182.468.118-60	Administrator	11 - Vice President Officer / Superintendent	April 20, 2021	No	0.00%
Ms. Izabel Cristina Branco, Vice President, Human Relations Officer.					
Guilherme Stocco Filho	July 1, 1974	He is part of the Board of Directors only	April 27, 2020	AGM 2022	2
176.649.438-25	Business Administrator	27 - Board of Directors Independent (Sitting)	Apr. 30, 2020	No	95.00%
Mr. Guilherme Stocco Filho is Member of the Strategy Committee					
Gilberto Mifano	Nov. 11, 1949	He is part of the Board of Directors only	April 27, 2020	AGM 2022	3
566.164.738-72	Business Administrator	27 - Board of Directors Independent (Sitting)	Apr. 30, 2020	No	100.00%
Mr. Gilberto Mifano is Coordinator of Audit Committee, and a Member of the Governance and Nomination Committee					



Name	Date of birth	Administrative body	Elected on	Term of office	Number of consecutive terms of office
CPF [Tax Id.] #	Profession	Elective position held	Invested with office on:	He was elected by the controller	Percentage of attendance at meetings
Other positions and functions performed in the Company					
Maria Leticia de Freitas Costa	Mar. 27, 1960	She is part of the Board of Directors only	April 27, 2020	AGM 2022	3
050.932.788-58	Production Engineer	25 - Vice-Chairman of the Board of Directors Independent	Apr. 30, 2020	No	95.00%
Ms. Maria Letícia de Freitas Costa is Coordinator of the Strategy Committee					
Mauro Gentile Rodrigues da Cunha	Nov. 6, 1971	He is part of the Board of Directors only	April 27, 2020	AGM 2022	3
004.275.077-66	Consultant	27 - Board of Directors Independent (Sitting)	Apr. 30, 2020	No	95.00%
Mr. Mauro Gentile Rodrigues da Cunha is Member of the Audit Committee and Member of the People and Compensation Committee					
Sylvia de Souza Leão Wanderley	Mar. 9, 1962	She is part of the Board of Directors only	April 27, 2020	AGM 2022	2
731.199.977-49	Business Administrator	27 - Board of Directors Independent (Sitting)	Apr. 30, 2020	No	100.00%
Ms. Sylvia de Souza Leão Wanderley is the Coordinator of the People and Compensation Committee					
Laércio José de Lucena Cosentino	Aug. 11, 1960	20 - Chairman of the Board of Directors	April 27, 2020	AGM 2022	2
032.737.678-39	Electrical Engineer	Chairman of the Board of Directors	Apr. 30, 2020	No	100.00%
Mr. Laércio José de Lucena Cosentino is Member of the Governance and Nomination Committee and Member of the Strategy Committee					
Eduardo Mazzilli de Vassimon	Oct. 7, 1958	He is part of the Board of Directors only	April 27, 2020	AGM 2022	2



Name	Date of birth	Administrative body	Elected on	Term of office	Number of consecutive terms of office
CPF [Tax Id.] #	Profession	Elective position held	Invested with office on:	He was elected by the controller	Percentage of attendance at meetings
Other positions and functions performed in the Company					
033.540.748-09	Economist	22 - Board of Directors (Sitting member)	Apr. 30, 2020	No	100.00%
Mr. Eduardo Mazzilli de Vassimon is Coordinator of the Governance and Nomination Committee and Member of the People and Compensation Committee					
Luiz Carlos Nannini	Jan. 2, 1960	Fiscal Council (aka Supervisory Board)	April 20, 2021	AGM 2022	0
038.563.538-95	Audit	45 - C.F. (Sitting member) Elected by Minor. Ordinary Holders	April 20, 2021	No	00.00%
Mr. Luiz Carlos Nannini is a sitting member of the Fiscal Council.					
Luiz Gotardo Furlan	Jul. 10, 1984	Fiscal Council (aka Supervisory Board)	April 20, 2021	AGM 2022	0
329.669.418-80	Director	45 - C.F. (Sitting member) Elected by Minor. Ordinary Holders	April 20, 2021	No	00.00%
Mr. Luiz Gotardo Furlan is a sitting member of the Fiscal Council					
Sergio Citeroni	May 30, 1958	Fiscal Council	April 20, 2021	AGM 2022	0
042.300.688-67	Accountant	48 - C.F. (Deputy member) Elected by Minor.Ordinary Holders	April 20, 2021	No	00.00%
Monica Hojaij Carvalho Molina	Jul. 5, 1969	Fiscal Council	April 20, 2021	AGM 2022	0
137.295.488-08	Director	48 - C.F. (Deputy member) Elected by Minor.Ordinary Holders	April 20, 2021	No	00.00%
Ms. Monica Hojaij Carvalho Molina is deputy member for Mr. Luiz Gotardo Furlan in the position of member of the Fiscal Council					



Name	Date of birth	Administrative body	Elected on	Term of office	Number of consecutive terms of office
CPF [Tax Id.] #	Profession	Elective position held	Invested with office on:	He was elected by the controller	Percentage of attendance at meetings
Other positions and functions performed in the Company					
Tiago Curi Isaac	Jun. 16, 1982	Fiscal Council	April 20, 2021	AGM 2022	0
303.612.048-33	Director	48 - C.F. (Deputy member) Elected by Minor.Ordinary Holders	April 20, 2021	No	00.00%
Mr. Tiago Curi Isaac is a deputy member for Mr. Fernando Heitor Bastista Vaccari in the position of member of the Fiscal Council					
Fernando Heitor Batista Vaccari	Nov. 23, 1979	Fiscal Council (aka Supervisory Board)	April 20, 2021	AGM 2022	0
287.308.218-60	Director	45 - C.F. (Sitting member) Elected by Minor. Ordinary Holders	April 20, 2021	No	00.00%
Mr. Fernando Heitor Batista Vaccari is a sitting member of the Fiscal Council					

Professional background / Statement of any convictions
Dennis Herszkowicz - 165.783.068-38
Mr. Dennis Herszkowicz was, between 2003 and 2018, partner and Statutory Director of Linx SA, who held several Vice President positions, besides having been a Member of the Board of Directors from 2011 to 2014. Between 2012 and 2017, he was <i>Chief Financial Officer</i> and Investor Relations Officer, being responsible for the IPO in 2013 and the follow-on in 2016, besides conducting 20 acquisitions in the period. Between 2017 and 2018 he was Executive Vice President of New Markets, a Business Unit focused on <i>FinTech</i> . Prior to Linx, he was General Director of DeRemate.com in Brazil, founder and CEO of Gibraltar.com, besides stints at Unilever and Credicard S.A. Graduated in Advertising and Marketing from ESPM. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.



Professional background / Statement of any convictions
<p>Gilsomar Maia Sebastião - 174.189.288-07</p> <p>Over the past 5 years, Mr. Maia served as Vice President, Planning Director, Corporate Finance Director, Investor Relations Director, and Mergers and Acquisitions Director at the Company. Previously, he was the Company's Process and Risk Manager between 2006 and 2007. He made a career at Ernst & Young Auditores Independentes as an audit manager, where he worked on external audit projects between 1996 and 2004. He graduated in Accounting from Universidade Mackenzie in 2000 and has an MBA in Capital Markets from FIECAFI. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.</p>
<p>Gustavo Dutra Bastos - 026.942.416-46</p> <p>Mr. Bastos is currently the Company's Vice President of Platforms. For over 25 years working in companies in the IT segment operating in the <i>software</i> and associated services market, Mr. Bastos has been with the company for almost 20 years and has already been responsible for pre-sales, offers, projects and <i>software</i> services, the latter until 2012. In 2013, he played an important role in structuring the Technical Service and Quality areas, becoming responsible for the Company's product areas. He has technical training in Industrial Informatics from the Federal Center for Technological Education of Minas Gerais (CEFET/MG) and graduated in Business Administration from UFMG – Federal University of Minas Gerais, in 2000. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.</p>
<p>Marcelo Eduardo Sant'anna Cosentino - 306.743.308-46</p> <p>Mr. Cosentino joined the Company in 2001 and has worked in various areas, such as information technology, product development, alliances, new businesses, corporate planning and development of the Company's products. Over the past three years, he was responsible for the Company's international expansion, participating in the main M&A processes carried out over the years. He currently serves as Vice President of Business for Segments. He graduated in business administration from the Pontifical Catholic University (PUC-SP) in 2005 and holds an MBA from the Kellogg School of Management (USA). In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.</p>
<p>Juliano Tubino - 254.357.978-88</p> <p>Mr. Tubino serves as the Company's Vice President of Business and Digital Strategy. Previously, he served as Director at Accenture Digital, Netshoes, Microsoft and Amazon, accumulating experience in Marketing, Sales, Innovation and Digital Marketing. Mr. Juliano Tubino has a degree in Computer Science from Universidade Presbiteriana Mackenzie and a specialization in Business Administration and Marketing from Kellogg Executive Education (USA). In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.</p>



Professional background / Statement of any convictions
<p>Alexandre Haddad Apendino - 292.459.418-92</p> <p>Over the past 5 years, Mr. Apendino served as the Company's Executive Director of Customer Service and Relationship, having joined the Company in 2013 as a sales and channel manager, and later assuming the commercial areas of <i>Cloud</i> and <i>Analytics</i> (GoodData). Previously, he developed his career at SAP and Oracle, and has more than 18 years of experience in the Sales and Channel Management field, always focusing on small and medium-sized companies (SMB). Mr. Apendino graduated in Business Administration from Universidade Presbiteriana Mackenzie in 2001, holds an Executive MBA and Corporate MBA from INSPER and specialization in "Effective Sales Management" from Wharton University (USA). In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.</p>
<p>Izabel Cristina Branco - 182.468.118-60</p> <p>Ms. Izabel Cristina Branco is Vice President, Human Relations Officer. With over 20 years of experience in business management and human resources, customer segmentation, marketing and strategic communication, Ms. Izabel has worked at Via Varejo as Executive Director of Human Resources and Management for the last 4 years. Between 2014 and 2015 she was the Customer Value Superintendent at SulAmérica Seguros. Previously, she developed her career in companies such as Banco Santander, Banco Real and Banco Itaú. Ms. Izabel has a degree in Translation and Interpreting from Ibero Americana and a postgraduate degree in Business Administration from FGV and in Marketing from ESPM. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.</p>
<p>Guilherme Stocco Filho - 176.649.438-25</p> <p>Mr. Stocco has extensive background in creating digital businesses and business transformation with over 20 years of experience. Responsible for successful projects at Banco Digital (Original Bank), Venture Capital (Domo Invest), Mobile and E-commerce (Buscapé), Internet Platforms (Microsoft), and Advertising (TeRespondo). Currently, he is a member of the Board of Directors of the Company, Banco Original and Grupo Soma. Keynote speaker on Trends and Innovation, with over 120 lectures in Brazil, LATAM, Canada, United States, Denmark and United Kingdom. Bachelor in Business Administration from Fundação Armando Alvares Penteado - FAAP University in 1997, with an MBA in Management from Insper in 2010; postgraduate in Marketing Management from FAAP in 2007 and Marketing certificate from Berkeley, University of California, USA, in 1996. Key contributions for the Company: Digital Business Management; Innovative Vision in Technology; and Entrepreneurship. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.</p>
<p>Gilberto Mifano - 566.164.738-72</p> <p>Mr. Mifano holds a degree in Business Administration from the São Paulo School of Business Administration of the Getúlio Vargas Foundation University (1972). Currently, besides being an Independent Director and a member of the Audit and Governance Committees of the Company, Mr. Gilberto is an Independent Director and coordinator of the Audit Committee of Cielo S.A.,</p>



Professional background / Statement of any convictions
<p>Independent Director and member of the Audit and Risk Management and Finance Committee of Natura S.A., Independent Director of Construtora Pacaembu S.A., Advisory Director of Pragma Gestão de Patrimônio Ltda, Deliberative Director of RAPS – Political Action Network for Sustainability, Fiscal Counselor of the Arapyaú Institute of Education and Sustainable Development and Fiscal Counselor of CIEB – Innovation Center for Brazilian Education. Previously, between 2014 and 2019, he was an Independent Board Member of Ambar S/A. until 2017, Independent Director of Baterias Moura S/A until 2014; and Member of the Fiscal Council of Instituto Natura until 2017, and Independent Member of the Sustainability and Governance Committee of Banco Santander Brasil S/A until 2016. Key Contributions for the Company: Corporate Governance; Finance; and Business Management. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.</p>
<p>Maria Leticia de Freitas Costa - 050.932.788-58</p>
<p>Ms. Freitas Costa has a degree in Production Engineering from the Polytechnic School of the University of São Paulo and an MBA from the Samuel Curtis Johnson School of Management at Cornell University, USA. She is currently a partner at Prada Assessoria Empresarial and Board Member of Localiza S.A., Mapfre, and Embraer. She is also the Coordinator of the Strategy Committee at Votorantim Cimentos. Ms. Freitas Costa worked at Insper University between 2010 and 2015. From 2001 to 2010, Ms. Freitas Costa served as CEO of Booz Allen Hamilton operations (today known as Strategy&). She has also served as a Board Member of Sadia, Gafisa, Technip, and Marcopolo, in addition to being a member of the Board Committee at the corporations Votorantim Industrial, Votorantim Metais, CBA, and Bematech. Key Contributions for the Company: Strategic Planning; Management; and Business Vision. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, said administrator is not considered a politically exposed person.</p>
<p>Mauro Gentile Rodrigues da Cunha - 004.275.077-66</p>
<p>Mr. Mauro Rodrigues da Cunha has a degree in Economics from the Pontifical Catholic University of Rio de Janeiro and an MBA from the University of Chicago. He has over 25 years of experience in capital markets and corporate governance. He served from 2012 to 2019 as CEO of AMEC - Association of Securities and Exchange Investors. Prior to that, he worked at several asset management corporations and financial institutions, including Mauá Investimentos, Franklin Templeton (Brazil), Bradesco Templeton, Investidor Profissional, among other ones. He was also Chairman of the Board of Directors of IBGC - Brazilian Institute of Corporate Governance. Today he is also a member of the Board of Directors and Coordinator of the Audit Committee of Eletrobrás – Centrais Elétricas Brasileiras, member of the Board of Directors and Coordinator of the Audit Committee of brMalls Participações, and member of the Board of Directors of Klabin. Key Contributions for the Company: Securities and Exchange Market; Corporate governance; and Corporate Finance. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.</p>
<p>Sylvia de Souza Leão Wanderley - 731.199.977-49</p>
<p>Ms. Sylvia Leão worked for over 30 years in the retail market, having worked at Walmart Brasil (1995-2000), Grupo Pão de Açúcar (2000 to 2012), and Carrefour (2015 to 2018), where she held positions as Vice President in the areas of Marketing, Sales, Operations, and Human Resources. She also served as Vice President of Marketing and Innovation at BRF from 2013 to 2014. She is currently Member of the Board of Directors of the Company, Grupo Baumgart, Sodimac Brasil, a company of Grupo Falabella, VIVARA and RaiaDrogasil. Graduated in Social Communication, with an Executive MBA in Administration from COPPEAD- UFRJ University, and specialization courses from MIT - Massachusetts Institute of Technology (USA), Sloan School of Management, and Fundação Dom Cabral. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities</p>



Professional background / Statement of any convictions
and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, said administrator is not considered a politically exposed person.
Laércio José de Lucena Cosentino - 032.737.678-39
Mr. Cosentino is the founder and chairman of the Board of Directors of the Company, the largest technology company in Brazil. Graduated in Electrotechnical Engineering from the Polytechnic School of the University of São Paulo (USP), his career and history were consolidated in the IT sector especially by founding the Company in 1983. The Company is an absolute leader in Brazil, being present in 41 countries. Laércio Cosentino is a member of the Decision-making Board of the Brazilian Association of Information and Communication Technology Companies (Brasscom), a member of the Consulting Board of Cristália, chairman of the Board of Mendelics, Board Member of Brain4care, among other activities. Key Contributions for the Company: Entrepreneurship; Human Capital Strategy in Technology; Innovative Vision in Technology; and a renowned businessman in the technology sector and in Brazil. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.
Eduardo Mazzilli de Vassimon - 033.540.748-09
Mr. Vassimon holds a degree of Bachelor in Economics from the School of Economics of the University of São Paulo - USP, and also a degree in Business Administration from Fundação Getúlio Vargas University, both completed in 1980, besides two postgraduate degrees from EAESP/FGV University (Brazil) and École des Hautes Études Commerciales - France, both in 1982. Since April 2019, he has been Chairman of the Board of Directors of Votorantim S/A and since 2015, he has been a member of the Board of Directors of B3 - Brasil, Bolsa, Balcão. He was CEO of Itaú BBA bank and General Director of the Wholesale Area of Itaú-Unibanco bank from 2016 to 2018; Executive Vice President, CFO and CRO of Itaú Unibanco S.A. from 2015 to 2016; Executive Vice President and CRO of Itaú Unibanco S.A. from 2013 to 2015; Member of the Board of Directors - Banco Itaú BBA S.A. from 2003 to 2015; Member of Santos Futebol Clube soccer team from 2009 to 2013; Managing partner of Fundo Pitanga ("Venture Capital") from 2011 to 2013; and Vice-President of Fundação Bienal de São Paulo from 2009 to 2013. Key contributions for the Company: Business Management; Securities exchange market; and Corporate Governance. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.
Luiz Carlos Nannini - 038.563.538-95
Mr. Luiz Carlos Nannini has a Bachelor of Science degree in Accounting, having taken several specialization courses in Brazil and abroad, including a leadership course at Harvard. He is currently a member of the Audit Committee of different companies, such as Banco Santander and Subsidiaries and Grupo Eletrobrás. With more than 30 years of experience in conducting independent audit and due diligence, he served, until December 2019, as chairman of the Fiscal Councils of Comgás, Cosan S/A and Cosan Logística. Previously, for 32 years he served as a partner at Ernst & Young, working on independent audit projects in large companies of the financial, industrial, service, and retail segments, as well as banks and investment funds.
Luiz Gotardo Furlan - 329.669.418-80
Mr. Luiz Gotardo Furlan has a degree in Business Administration from Fundação Getúlio Vargas (FGV), in addition to MBAs from the London Business School and Columbia University. He has also taken courses for financial markets and systems, such as CEA and Power BI, with the corresponding certificates. He is currently CFO of Trinus Co. From 2017 to 2021 he served as Vice



Professional background / Statement of any convictions
<p>President of the Board of Directors of Necton, where he has also been a partner since 2009, focusing on the areas of wealth management, home broker, marketing, and fund management. Previously, he had also worked at Bain & Company and Maersk Line.</p>
<p>Sergio Citeroni - 042.300.688-67</p> <p>Mr. Sergio Citeroni has a bachelor's degree in Business Administration and Bachelor of Sciences degree in Accounting from Universidade Presbiteriana Mackenzie, with a Master's degree in Accounting and Actuarial Sciences from the Pontifical Catholic University (PUC) of Sao Paulo. He has also passed the Leadership Development Program at Harvard University. He is currently a member of audit committees and supervisory boards (aka fiscal councils) of several companies, such as CVC (Novo Mercado), Cia do Governo do Estado de Sao Paulo (CPSEC), Banco da Amazonia bank (BASA), and Cia. Brasileira de Alumínio (CBA). He is also a professor at FGV and FIEPACFI, in finance, auditing and governance courses. Previously, from 1995 to 2018, he served as an auditing partner at Ernst & Young Auditores Independentes S/S, where he collaborated with various management and technical responsibilities, taking part in a number of projects involving large domestic and international clients and several executive committees.</p>
<p>Monica Hojaij Carvalho Molina - 137.295.488-08</p> <p>Ms. Mônica Hojaij Carvalho has a degree in Business Administration from FEA/USP, with a postgraduate degree in Marketing from ESPM. She is also a co-author and professor of a course at Insper. With double certification from IBGC, she has held a seat on the Omni Group's Advisory Board since May 2018 and, since 2013, she has served as a managing partner at Condere, focusing on the areas of strategy and M&A. She also held the position of deputy member of the Supervisory Board of the following publicly held companies: BRF, Sonae Sierra, Mahle Metal Leve, SLC Agrícola, Lojas Americanas and Tegma Logística. With over 20 years of professional experience, she has a history of holding the position of statutory executive officer in medium- and large-sized companies of different segments, such as agribusiness (Louis Dreyfus Group, Bertin), telecom, and technology (BellSouth Intl, Datasul, Bematech, CSU) and white goods (Whirlpool).</p>
<p>Tiago Curi Isaac - 303.612.048-33</p> <p>Mr. Tiago Curi Isaac has a degree in Business Administration from Faculdade Trevisan, in addition to specialization courses on competitive strategy and on board of directors. He is currently a member of the Board of Directors of Banco BANESE, DGH Foods and BBM Logística. He is also a professor at the Brazilian Institute of Corporate Governance – IBGC. From 2018 to 2019 he served on the Board of Directors of the Brazilian Association of Listed Companies - ABRASCA, as an advisory board member of the Brazilian Association of Venture Capital and Private Equity - ABVCAP. In the last decade, he was the person in charge of the stock exchange market area at B3, where he led the areas of listed companies, IPOs, and investment banks and coordinated the approval of the standards of the current regulation in force governing the Novo Mercado stock exchange. Previously, he had worked as an executive in the Strategy and M&A area at Bunge, in addition to being a consultant at Deloitte.</p>
<p>Fernando Heitor Batista Vaccari - 287.308.218-60</p> <p>Mr. Fernando Heitor B. Vaccari has a degree in Business Administration from the Pontifical Catholic University of São Paulo, with a postgraduate degree in finance and management from Insper. He is currently CFO at Mar Capital, Compliance Director at Mar Gestão de Recursos, Advisor at GJP Hotels and member of the Advisory Board at Afesu. Between 2010 and 2018, he served as a member of the Board of Directors and of the Finance Committee of CVC Brasil. Previously, he worked as <i>head</i> of planning at the Company, executive manager at LC-EH and CFO at GJP Hotéis and GJP Participações.</p>



12.7 / 12.8 - Composition of committees

Name	Committee type	Office held	Profession	Elected on	Term of office	Percentage attendance meetings	of at
CPF [Tax Id.] #	Description other committees	Description other positions held	Date of birth	Invested with office on:	Number of consecutive terms of office		
Other positions and functions performed in the Company							
Gilberto Mifano	Audit Committee	Other	Company management member	Apr. 30, 2020	AGM 2022	100%	
566.164.738-72		Coordinator	Nov. 11, 1949	Apr. 30, 2020	3		
Member of the Board of Directors, Coordinator of the Audit Committee, and Member of the Governance and Nomination Committee							
Mauro Gentile Rodrigues da Cunha	Audit Committee	Member of the Committee (Sitting member)	Consultant	Apr. 30, 2020	AGM 2022	100%	
004.275.077-66		-	Nov. 6, 1971	Apr. 30, 2020	3		
Member of the Board of Directors, Member of the Audit Committee and the People and Compensation Committee							
Lavínia Moraes de Almeida Nogueira Junqueira	Audit Committee	Member of the Committee (Sitting member)	Lawyer	Apr. 30, 2020	AGM 2022	100%	
269.993.118-70	-	-	May 31, 1976	Apr. 30, 2020	0		
-							
Dennis Herszkowicz	Other Committees	Member of the Committee (Sitting member)	Advertising Executive	Apr. 30, 2020	AGM 2022	100%	



Name	Committee type	Office held	Profession	Elected on	Term of office	Percentage attendance of meetings
CPF [Tax Id.] #	Description other committees	Description other positions held	Date of birth	Invested with office on:	Number of consecutive terms of office	
Other positions and functions performed in the Company						
165.783.068-38	Strategy Committee	-	Dec. 8, 1974	Apr. 30, 2020	2	
Chief Executive Officer						
Eduardo Mazzilli de Vassimon	Other Committees	Other	Economist	Apr. 30, 2020	AGM 2022	100%
033.540.748-09	Governance and Nomination Committee	Coordinator	Oct. 7, 1958	Apr. 30, 2020	2	
Member of the Board of Directors, Coordinator of the Governance and Nomination Committee and Member of the People and Compensation Committee						
Guilherme Stocco Filho	Other Committees	Member of the Committee (Sitting member)	Business Administrator	Apr. 30, 2020	AGM 2022	100%
176.649.438-25	Strategy Committee	-	July 1, 1974	Apr. 30, 2020	2	
Member of the Board of Directors and the Strategy Committee						
Laércio José de Lucena Cosentino	Other Committees	Member of the Committee (Sitting member)	Electrical Engineer	Apr. 30, 2020	AGM 2022	100%
032.737.678-39	Strategy Committee	-	Aug. 11, 1960	Apr. 30, 2020	2	
Chairman of the Board of Directors, Member of the Strategy Committee and of the Governance and Nomination Committee.						
Maria Letícia de Freitas Costa	Other Committees	Other	Production Engineer	Apr. 30, 2020	AGM 2022	100%
050.932.788-58	Strategy Committee	Coordinator	Mar. 27, 1960	Apr. 30, 2020	3	



Name	Committee type	Office held	Profession	Elected on	Term of office	Percentage attendance of meetings
CPF [Tax Id.] #	Description other committees	Description other positions held	Date of birth	Invested with office on:	Number of consecutive terms of office	
Other positions and functions performed in the Company						
Vice President of the Board of Directors and Coordinator of the Strategy Committee						
Sylvia de Souza Leão Wanderley	Other Committees	Other	Business Administrator	Apr. 30, 2020	AGM 2022	100%
731.199.977-49	People and Compensation Committee	Coordinator	Mar. 9, 1962	Apr. 30, 2020	2	
Member of the Board of Directors and Coordinator of the People and Compensation Committee						

Professional background / Statement of any convictions
<p>Gilberto Mifano - 566.164.738-72</p> <p>Mr. Mifano holds a degree in Business Administration from the São Paulo School of Business Administration of the Getúlio Vargas Foundation University (1972). Currently, besides being an Independent Director and a member of the Audit and Governance Committees of the Company, Mr. Gilberto is an Independent Director and coordinator of the Audit Committee of Cielo S.A., Independent Director and member of the Audit and Risk Management and Finance Committee of Natura S.A., Independent Director of Construtora Pacaembu S.A., Advisory Director of Pragma Gestão de Patrimônio Ltda, Deliberative Director of RAPS – Political Action Network for Sustainability, Fiscal Counselor of the Arapyaú Institute of Education and Sustainable Development and Fiscal Counselor of CIEB – Innovation Center for Brazilian Education. Previously, between 2014 and 2019, he was an Independent Board Member of Ambar S/A. until 2017, Independent Director of Baterias Moura S/A until 2014; and Member of the Fiscal Council of Instituto Natura until 2017, and Independent Member of the Sustainability and Governance Committee of Banco Santander Brasil S/A until 2016. Key Contributions for the Company: Corporate Governance; Finance; and Business Management. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.</p>
<p>Mauro Gentile Rodrigues da Cunha - 004.275.077-66</p> <p>Mr. Mauro Rodrigues da Cunha has a degree in Economics from the Pontifical Catholic University of Rio de Janeiro and an MBA from the University of Chicago. He has over 25 years of experience in capital markets and corporate governance. He served from 2012 to 2019 as CEO of AMEC - Association of Securities and Exchange Investors. Prior to that, he worked at several asset management corporations and financial institutions, including Mauá Investimentos, Franklin Templeton (Brazil), Bradesco Templeton, Investidor Profissional, among other ones. He was also Chairman of the Board of Directors of IBGC - Brazilian Institute of Corporate Governance. Today he is also a member of the Board of Directors and Coordinator of the Audit Committee of</p>



Professional background / Statement of any convictions
<p>Eletrobrás – Centrais Elétricas Brasileiras, member of the Board of Directors and Coordinator of the Audit Committee of brMalls Participações, and member of the Board of Directors of Klabin. Key Contributions for the Company: Securities and Exchange Market; Corporate governance; and Corporate Finance. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.</p>
<p>Lavinia Moraes de Almeida Nogueira Junqueira - 269.993.118-70</p>
<p>Ms. Lavinia Junqueira is a lawyer in Sao Paulo, graduated in law from the University of Sao Paulo and has a master's degree in economics from the Pontifical Catholic University of Sao Paulo. She is a Certified Public Accountant (CPA), consultant to the Audit, Risk Management and Finance Committee of Natura & Co Holding S.A., a member of the Fiscal Council (Supervisory Board) of Instituto Natura and has previously served as a member of Banco Pine's Audit Committee. She has significant experience in executive roles in the financial market and in legal, compliance and risk management areas. Main Contributions to the Company: Corporate Finance, Legal Intelligence and Corporate Governance. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Yes, she is deemed as an Independent Member according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by the Company's Bylaws.</p>
<p>Dennis Herszkowicz - 165.783.068-38</p>
<p>Mr. Dennis Herszkowicz was, between 2003 and 2018, partner and Statutory Director of Linx SA, who held several Vice President positions, besides having been a Member of the Board of Directors from 2011 to 2014. Between 2012 and 2017, he was <i>Chief Financial Officer</i> and Investor Relations Officer, being responsible for the IPO in 2013 and the follow-on in 2016, besides conducting 20 acquisitions in the period. Between 2017 and 2018 he was Executive Vice President of New Markets, a Business Unit focused on <i>FinTech</i>. Prior to Linx, he was General Director of DeRemate.com in Brazil, founder and CEO of Gibraltar.com, besides stints at Unilever and Credicard S.A. Graduated in Advertising and Marketing from ESPM. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.</p>
<p>Eduardo Mazzilli de Vassimon - 033.540.748-09</p>
<p>Mr. Vassimon holds a degree of Bachelor in Economics from the School of Economics of the University of São Paulo - USP, and also a degree in Business Administration from Fundação Getúlio Vargas University, both completed in 1980, besides two postgraduate degrees from EAESP/FGV University (Brazil) and École des Hautes Études Commerciales - France, both in 1982. Since April 2019, he has been Chairman of the Board of Directors of Votorantim S/A and since 2015, he has been a member of the Board of Directors of B3 - Brasil, Bolsa, Balcão. He was CEO of Itaú BBA bank and General Director of the Wholesale Area of Itaú-Unibanco bank from 2016 to 2018; Executive Vice President, CFO and CRO of Itaú Unibanco S.A. from 2015 to 2016; Executive Vice President and CRO of Itaú Unibanco S.A. from 2013 to 2015; Member of the Board of Directors - Banco Itaú BBA S.A. from 2003 to 2015; Member of Santos Futebol Clube soccer team from 2009 to 2013; Managing partner of Fundo Pitanga ("Venture Capital") from 2011 to 2013; and Vice-President of Fundação Bienal de São Paulo from 2009 to 2013. Key contributions for the Company: Business Management; Securities exchange market; and Corporate Governance. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court</p>



Professional background / Statement of any convictions
judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.
Guilherme Stocco Filho - 176.649.438-25
Mr. Stocco has extensive background in creating digital businesses and business transformation with over 20 years of experience. Responsible for successful projects at Banco Digital (Original Bank), Venture Capital (Domo Invest), Mobile and E-commerce (Buscapé), Internet Platforms (Microsoft), and Advertising (TeRespondo). Currently, he is a member of the Board of Directors of the Company, Banco Original and Grupo Soma. Keynote speaker on Trends and Innovation, with over 120 lectures in Brazil, LATAM, Canada, United States, Denmark and United Kingdom. Bachelor in Business Administration from Fundação Armando Alvares Penteado - FAAP University in 1997, with an MBA in Management from Insper in 2010; postgraduate in Marketing Management from FAAP in 2007 and Marketing certificate from Berkeley, University of California, USA, in 1996. Key contributions for the Company: Digital Business Management; Innovative Vision in Technology; and Entrepreneurship. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.
Laércio José de Lucena Cosentino - 032.737.678-39
Mr. Cosentino is the founder and chairman of the Board of Directors of the Company, the largest technology company in Brazil. Graduated in Electrotechnical Engineering from the Polytechnic School of the University of São Paulo (USP), his career and history were consolidated in the IT sector especially by founding the Company in 1983. The Company is an absolute leader in Brazil, being present in 41 countries. Laércio Cosentino is a member of the Decision-making Board of the Brazilian Association of Information and Communication Technology Companies (Brasscom), a member of the Consulting Board of Cristália, chairman of the Board of Mendelics, Board Member of Brain4care, among other activities. Key Contributions for the Company: Entrepreneurship; Human Capital Strategy in Technology; Innovative Vision in Technology; and a renowned businessman in the technology sector and in Brazil. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.
Maria Letícia de Freitas Costa - 050.932.788-58
Ms. Freitas Costa has a degree in Production Engineering from the Polytechnic School of the University of São Paulo and an MBA from the Samuel Curtis Johnson School of Management at Cornell University, USA. She is currently a partner at Prada Assessoria Empresarial and Board Member of Localiza S.A., Mapfre, and Embraer. She is also the Coordinator of the Strategy Committee at Votorantim Cimentos. Ms. Freitas Costa worked at Insper University between 2010 and 2015. From 2001 to 2010, Ms. Freitas Costa served as CEO of Booz Allen Hamilton operations (today known as Strategy&). She has also served as a Board Member of Sadia, Gafisa, Technip, and Marcopolo, in addition to being a member of the Board Committee at the corporations Votorantim Industrial, Votorantim Metais, CBA, and Bematech. Key Contributions for the Company: Strategic Planning; Management; and Business Vision. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business



Professional background / Statement of any convictions
activity. Furthermore, said administrator is not considered a politically exposed person.
Sylvia de Souza Leão Wanderley - 731.199.977-49
Ms. Sylvia Leão worked for over 30 years in the retail market, having worked at Walmart Brasil (1995-2000), Grupo Pão de Açúcar (2000 to 2012), and Carrefour (2015 to 2018), where she held positions as Vice President in the areas of Marketing, Sales, Operations, and Human Resources. She also served as Vice President of Marketing and Innovation at BRF from 2013 to 2014. She is currently Member of the Board of Directors of the Company, Grupo Baumgart, Sodimac Brasil, a company of Grupo Falabella, VIVARA and RaiaDrogasil. Graduated in Social Communication, with an Executive MBA in Administration from COPPEAD- UFRJ University, and specialization courses from MIT - Massachusetts Institute of Technology (USA), Sloan School of Management, and Fundação Dom Cabral. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, said administrator is not considered a politically exposed person.



12.9 - Existence of a marital relationship, common-law marriage, or kinship up to the 2nd degree related to the issuer's administrators, subsidiaries, and controlling companies

Name	CPF [Tax Id.] #	Corporate name of the issuer, subsidiary, or controlling company	Tax Id. (CNPJ)	Type of kinship or relationship with the administrator of the issuer or subsidiary
Position				
<u>Administrator of the issuer or subsidiary</u>	306.743.308-46	TOTVS S.A.	53.113.791/0001-22	Son or Daughter (1st degree by consanguinity)
Marcelo Eduardo Sant'anna Cosentino Vice President of Business for Segments				
<u>Related person</u>	032.737.678-39	TOTVS S.A.	53.113.791/0001-22	
Laércio José de Lucena Cosentino Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee				

Remark:

There is no marital relationship, common-law marriage, or kinship up to the second degree between the other Directors and (a) the other members of the Company's Management; (b) the managers of subsidiaries, direct or indirect, of the Company; (c) the direct or indirect controlling shareholders of the Company or its direct or indirect subsidiaries; or (d) the managers of the Company's direct and indirect parent companies.



12.10 - Relationships of subordination, service provision, or control between Management members and subsidiaries, controlling companies, and other

Fiscal year ended Dec. 31, 2020

Identification	CPF/CNPJ (tax id. No.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
<u>Issuer's Director</u> Laércio José de Lucena Cosentino Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Debtor.
<u>Related person</u> VIP IV Empreendimentos e Participações Ltda. Shareholder	07.951.381/0001-33		
<u>Remark:</u> Property Lease Agreement, with TOTVS S.A. as lessor, and such related party as lessee			
<u>Issuer's Director</u> Laércio José de Lucena Cosentino Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Provision of services	Supplier
<u>Related person</u> Inovalli Administração de Obras, Engenharia e Empreendimentos Imobiliários Ltda.	05.127.830/0001-06		



Identification	CPF/CNPJ (tax id. No.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
Company controlled by a person related to the administrator			
Remark:			
Company controlled by a person related to the administrator			
Issuer's Director	163.678.040-72	Control	Supplier
Ricardo Baldin Member of the Audit Committee			
Related person	22.637.635/0001-37		
RMB Assessoria e Consultoria Contábil Shareholder			
Remark:			
Consulting services agreement, with TOTVS S.A. as a contracting company and the related person as a contractor, having as purpose to take part in the Audit Committee as an external consultant			
Issuer's Director	254.357.978-88	Control	Client
Julian Tubino Vice President of Strategy and New Business			
Related person	29.000.088/0001-23		
Startup Brewing Indústria e Comércio de Bebidas Ltda. Director holding shares in the company			
Remark:			
Director holding shares in the company			



Identification	CPF/CNPJ (tax id. No.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
<u>Issuer's Director</u> Laércio José de Lucena Cosentino Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Indirect Subsidiary
<u>Related person</u> Instituto da Oportunidade Social Director holding shares in the company	02.449.283/0001-89		
<u>Remark:</u> Director holding shares in the company			
<u>Issuer's Director</u> Marcelo Eduardo Sant'anna Cosentino Vice President of Business for Segments	306.743.308-46	Control	Supplier
<u>Related person</u> GoodData Corporation Joint Venture of TOTVS	208898777		
<u>Remark:</u> Joint Venture of TOTVS			

Fiscal year ended Dec. 31, 2019



Identification	CPF/CNPJ (tax id. No.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
<u>Issuer's Director</u> Laércio José de Lucena Cosentino Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Supplier
<u>Related person</u> VIP VII Empreendimentos e Participações Ltda. Shareholder	11.284.022/0001-47		
<u>Remark:</u> Property Lease Agreement, with TOTVS S.A. as lessor, and such related party as lessee, which is no longer a related party according to the Notice to the Market disclosed by the Company on December 4, 2019.			
<u>Issuer's Director</u> Laércio José de Lucena Cosentino Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Provision of services	Supplier
<u>Related person</u> Inovalli Administração de Obras, Engenharia e Empreendimentos Imobiliários Ltda. Company controlled by a person related to the administrator	05.127.830/0001-06		
<u>Remark:</u>			



Identification	CPF/CNPJ (tax id. No.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
Agreement to carry out the implementation of the interior design of the new headquarters of TOTVS S.A.			
<u>Issuer's Director</u>	032.737.678-39	Provision of Services	Supplier
Laércio José de Lucena Cosentino Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee			
<u>Related person</u>	09.346.601/0001-25		
B3 S.A. - Brasil, Bolsa, Balcão (major Brazilian stock exchange) Member of the Board of Directors (position terminated on April 29, 2019)			
<u>Remark:</u> Annual fee payment			

Fiscal year ended Dec. 31, 2018

Identification	CPF/CNPJ (tax id. No.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
<u>Issuer's Director</u>	176.649.438-25	Control	Supplier
Guilherme Stocco Filho			



Identification	CPF/CNPJ (tax id. No.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
Member of the Board of Directors and the Strategy Committee			
<u>Related person</u>	20.673.070/0001-18		
Red Mind Consultoria, Participações e Administradora de Bens e Serviços LTDA – EPP			
Shareholder			
<u>Remark:</u>			
Consulting services agreement, with TOTVS S.A. as a contracting company and the related person as a contractor, having as purpose to take part in the Strategy Committee as an external consultant, which was terminated upon the election of Mr. Guilherme Stocco Filho as a member of the Board of Directors at the General Shareholders' Meeting held on April 5, 2018.			
<u>Issuer's Director</u>	032.737.678-39	Provision of services	Supplier
Laércio José de Lucena Cosentino			
Chairman of the Board of Directors, Coordinator of the Governance and Nomination Committee, Member of the Strategy Committee			
<u>Related person</u>	05.127.830/0001-06		
Inovalli Administração de Obras, Engenharia e Empreendimentos Imobiliários Ltda.			
Company controlled by a person related to the administrator			
<u>Remark:</u>			
Agreement to carry out the implementation of the interior design of the new headquarters of TOTVS S.A.			



Identification	CPF/CNPJ (tax id. No.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
<u>Issuer's Director</u> Laércio José de Lucena Cosentino Chairman of the Board of Directors, Coordinator of the Governance and Nomination Committee, and Member of the Strategy Committee	032.737.678-39	Provision of Services	Supplier
<u>Related person</u> B3 S.A. - Brasil, Bolsa, Balcão (major Brazilian stock exchange) Member of the Board of Directors (position terminated on April 29, 2019)	09.346.601/0001-25		
<u>Remark:</u> Annual fee payment			
<u>Issuer's Director</u> Laércio José de Lucena Cosentino Chairman of the Board of Directors, Coordinator of the Governance and Nomination Committee, and Member of the Strategy Committee	032.737.678-39	Provision of Services	Supplier
<u>Related person</u> BRASSCOM - ASSOCIACAO BRASILEIRA DAS EMP Member of the Deliberative Board	06.244.855/0001-44		
<u>Remark:</u> Annual Membership Contribution			



Identification	CPF/CNPJ (tax id. No.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
<u>Issuer's Director</u> Laércio José de Lucena Cosentino Chairman of the Board of Directors, Coordinator of the Governance and Nomination Committee, and Member of the Strategy Committee	032.737.678-39	Control	Supplier
<u>Related person</u> VIP IV Empreendimentos e Participações Ltda. Shareholder	07.951.381/0001-33		
<u>Remark:</u> Property Lease Agreement, with TOTVS S.A. as lessor, and such related party as lessee			
<u>Issuer's Director</u> Laércio José de Lucena Cosentino Chairman of the Board of Directors, Coordinator of the Governance and Nomination Committee, and Member of the Strategy Committee	032.737.678-39	Control	Supplier
<u>Related person</u> VIP VII - Empreendimentos e Participações Ltda. Shareholder	11.284.022/0001-47		
<u>Remark:</u> Property Lease Agreement, with TOTVS S.A. as lessor, and such related party as lessee			



12.11 - Agreements, including insurance policies, for payment or reimbursement of expenses paid by management members

The Company and its subsidiaries keep in full force a civil liability insurance policy for members of the Management - D&O world class, which provides for the payment or reimbursement of expenses borne by directors and officers, resulting from the compensation for damages caused to third parties or to the Company.

The current policy number 087372021010310000581 (insurance policy registered with SUSEP under number 15414.901229/2017-25), executed with the insurance company AIG SEGUROS BRASIL SA, is effective and in force until July 1st, 2022 and has a maximum indemnity limit of R\$100 million (one hundred million Reals).

In spite of being covered by the current D&O policy executed in Brazil, the officers and directors of operations in Mexico, Argentina and the United States of America are also covered by a local policy issued in each country, with a coverage amount of USD1,000,000 (one million US dollars), aiming at speed up the reimbursement of expenses arising from any claims.

On April 20, 2021, the Company's Shareholders approved that Article 55 was added to the Bylaws, to provide for the possibility of entering into an indemnity agreement with its Directors and external members of the Audit Committee, without prejudice to the D&O policies. The conditions and limitations will be timely determined in a specific document, under the terms of §2 of the referred Article.



12.12 - Other relevant information

Annual and Extraordinary General Meeting

The Company discloses below information regarding the meetings held in the last 3 (three) fiscal years and in the current fiscal year:

Event	Key subjects	Date	Call notice	Quorum
Annual and Extraordinary Meeting	(i) take the management accounts, examine, discuss and vote on the Company's financial statements for the fiscal year ended December 31, 2020; (ii) resolve on the capital budget for the purposes of article 196 of Law 6,404/76; (iii) resolve on the allocation of net income for the year and on the distribution of dividends; (iv) set the annual global compensation of the members of the Board of Directors and Executive Board for the fiscal year 2021; (v) approve the Share-Based Incentive Plan; (vi) approve the capital increase by capitalizing the balance of the profit retention reserve, without issuing new shares; (vii) amendment to the Bylaws	April 20, 2021	Established on 1st call	AGM 72.44% EGM 72.24%
Annual and Extraordinary General Meeting	(i) take the management accounts, examine, discuss and vote on the Company's financial statements for the fiscal year ended December 31, 2019; (ii) resolve on the capital budget for the purposes of article 196 of Law 6,404/76; (iii) resolve on the allocation of net income for the year and on the distribution of dividends; (iv) approve the number of members to compose the Board of Directors; (v) elect the members of the Board of Directors; (vi) set the annual global compensation of the members of the Board of Directors and Board of Executive Officers for the fiscal year 2020; (vii) resolve on the proposed split of all shares issued by the Company, in the proportion of three common shares for each share of the same type existing on the date of the resolution, without changing the capital stock, with the consequent amendment of Article 5 of the Company's Bylaws; and (viii) restate the Company's Bylaws,	April 27, 2020	Established on 1st call	AGM 67.75% and EGM 72.15%
Extraordinary General Meeting	Resolve on the proposal to change the authorization limit for capital increase regardless of statutory amendment, with the consequent amendment of article 6 and the restatement of the Company's Bylaws	May 16, 2019	Established on 1st call	EGM 52.99%
Annual and Extraordinary General Meeting	(i) take the management accounts, examine, discuss and vote on the Company's financial statements for the fiscal year ended December 31, 2018; (ii) resolve on the capital budget for the purposes of article 196 of Law 6,404/76; (iii) resolve on the allocation of net income for the year; (iv) elect a member to hold the vacant position of the Company's Board of Directors and complete the unified term that will end at the Annual General Meeting of 2020; (v) set the annual	April 18, 2019	Established on 1st call	AGM 71.11% and EGM 73.06%



	global compensation of the members of the Board of Directors and Board of Executive Officers for the fiscal year 2019; and (vi) Approve the inclusion of sections 3.5.2 and 4.2 in the current Share-based Incentive and Retention Plan approved at the shareholders' meeting held on December 15, 2015 and amended at the shareholders' meeting held on April 5, 2018			
Annual and Extraordinary General Meeting	(i) take the management accounts, examine, discuss and vote on the Company's financial statements for the fiscal year ended December 31, 2017; (ii) resolve on the capital budget for the purposes of article 196 of Law 6,404/76; (iii) resolve on the allocation of net income for the year and on the distribution of dividends; (iv) to approve the number of members to compose the Board of Directors, subject to the provisions of paragraph 3 of article 16 of the Company's Bylaws; (v) resolve on the election of the members of the Board of Directors; (vi) set the annual global compensation of the members of the Board of Directors and Executive Board for the fiscal year 2018; (vii) resolve on the proposed capital increase through the capitalization of the profit retention reserve, with the consequent amendment to the caput of Article 5 of the Company's Bylaws; (viii) approve the amendment and restatement of the Company's Bylaws; (ix) to approve the amendment to the current Share-based Incentive and Retention Plan approved at the shareholders' meeting held on December 15, 2015 ("Incentive Plan"); and (x) to approve the granting of restricted shares to the Company's key executives within the scope of the Incentive Plan, pursuant to the Management Proposal.	April 5, 2018	Established on 1st call	85.12%

At the Annual and Extraordinary General Meeting of the current fiscal year, held on April 20, 2021, the Company's Management approved, among other topics, the following matters: the capital budget, the proposal for the global remuneration of the Management and the change in the limit of the authorized capital for the performance of the Company's business plan, the distribution of dividends in the amount of R\$50,960 thousand (R\$0.08976 per share), the new Share-Based Incentive Plan, which, among other points, addresses the main opportunities to develop the model aiming at adapting to the best market practices and international standards.

Complementing section 12.5/6 / and 12.7/8

The Company has an immersion process for new members of the Board of Directors and Advisory Committees, in which every member has access to the organizational structure, market positioning, strategy vision and review of the Company's key strategic projects. Such process lasts approximately one day and is preferably carried out before the first time the new member attends a Board and/or Committee meeting.



Moreover, the Company clarifies that all employees took part in the training on the Code of Ethics and Conduct. In addition, we inform that the board of executive officers must attend such training every year.

For more information on the assessment process of the Board of Directors, Committees, Board of Executive Officers, and members of each of these bodies, please see section 12.1 (d) of this Reference Form.



13.1 - Description of the compensation policy or practice, including the non-statutory board of executive officers

(a) purposes of the compensation policy or practice, providing information about whether the compensation policy has been formally approved, the body responsible for its approval, the date of approval and, if the issuer discloses the policy, provide the addresses on the Internet where the document can be accessed.

The Company has a Human Relations and Compensation Policy, approved on June 10, 2020 by the Board of Directors. The Policy aims to set forth the guidelines and responsibilities to be observed in the Company's people management process, at all stages of its People Management Cycle. This includes compensation models, aimed at providing executives with adequate incentives in relation to long-term performance that are competitive and aligned with market practices and international standards that enhance the attraction and retention of professionals, increasing the medium and long-term alignment between interests of executives and shareholders.

Such Human Relations Management and Compensation Policy is available on the Company's Investor Relations website (<https://ri.totvs.com/ptb/estatutos-politicas-e-regimentos>) and on the CVM website.

(b) composition of compensation payable

(i) description of the different items of the compensation and the purpose of each one of them

Executive Officers

The composition of the compensation of the Statutory and Non-Statutory Board of Executive Officers has variable short and long-term incentives based on performance, in addition to a fixed base salary, as detailed below.

Fixed Compensation: it is connected to the amount received every month by the professional, with the purpose of compensating him/her for the duties and responsibilities inherent to the position held.

Variable Compensation:

- *Short-term incentive (Semi-annual bonus):* it refers to the variable amounts received every six months by professionals with the purpose of rewarding them for their individual results and for the overall results of the Company and of each separate business. The semiannual bonus is bound to global financial indicators for each business and to individual performance depending on the achievement of objective performance metrics that include a combination of (strategic and operational) measures with financial and non-financial content.
- *Long-term incentive (Stock Plan):* it refers to the amount of the restricted common shares issued by the Company delivered to eligible participants based on individual performance, strictly under the terms and conditions set forth in the Share-Based Incentive and Retention Plan in force as approved by the General Meeting on December 15, 2015 and amended on April 5, 2018 and April 18, 2019, with the purposes of: (i) increasing the medium- and long-term alignment between the interests of executives and shareholders, expanding the sense of ownership and commitment of participants; (ii) strengthen incentives for the participants' long-term permanence and stability within the context of a publicly held company; (iii) serve as a fundamental tool for retaining and attracting talent in an industry that suffers from global



competition and pays above the average were compared with other sectors; and (iv) to encourage an increase in the Company's long-term performance. The number of shares to be granted annually to each participant is based on the assessment of individual performance measured based on the "9 Box" method, which considers the effective deliveries of each executive throughout the fiscal year, adherence to the critical competencies of the Company and the future potential of contribution to the Company. The assessments are carried out by the leader of each executive officer, with subsequent calibration by a collegiate composed of: (i) the Statutory Board, in the case of assessing non-statutory officers; (ii) by the People and Compensation Committee; and (iii) by the Board of Directors, in the case of assessing statutory officers. The number of restricted shares to be granted to each nominated participant is recommended by the People and Compensation Committee and deliberated by the Board of Directors.

Benefits: the set of benefits granted to executives, such as health plan, dental plan, meal vouchers, private pension, life insurance, car, and fuel vouchers. The benefits package aims to be in line with the best market practices by adopting the most prevalent types of benefits in the market. Such a set of benefits is the same for all executives; however, there may be differences in the amounts of benefits granted depending on the position and the region in which each officer works.

Board of Directors

The compensation of the members of the Board of Directors comprises a fixed monthly compensation with the aim of compensating the directors for the duties and responsibilities related to the position held and according to market practices.

Since 2019, the compensation of the Chairperson of the Board of Directors is also composed of a variable portion of the Long-Term Incentive (share plan), based on performance, under the terms and conditions set forth in the Share-Based Incentive and Retention Plan currently in force, approved by the General Meeting on December 15, 2015 and amended on April 5, 2018 and April 18, 2019. The granting of Restricted Shares is subject to the fulfillment of predetermined long-term targets that reflect the assertiveness of the contribution and performance to the Company's medium- and long-term strategy with the purpose of generating value for shareholders. In addition, the Chairman of the Board of Directors is also eligible for the following benefits: life insurance, medical plan, dental plan, and vehicle with driver. These forms of compensation are intended to recognize the differentiated role that the Chairperson of the Board plays in the Company and in the market, since he/she was elected to this position on November 26, 2018 and is considered similar to the role of a Chairperson with extended functions, which includes, among others, targets with three-year cycles connected to the Company's strategy, long-term performance, and institutional, besides mentoring by the CEO.

Audit Committee, People and Compensation Committee, Governance and Nomination Committee, and Strategy Committee

The Company's committees are advisory bodies composed of members of the Board of Directors, external members and the Company's Board of Executive Officers. According to the main market practices, the members of the Board of Directors who are part of the committees receive a fixed monthly compensation in addition to the compensation they are entitled to as directors of the Company, with the purpose of rewarding them for the dedication of their work in the committees. External members also receive fixed monthly compensation for their participation in committees. The members of the Company's Board of Executive Officers, on the other hand, do not receive additional compensation for their participation in committees, when it takes place.



(ii) what is the proportion of each element in the total compensation

The tables below show the proportion of each element in the total compensation of each body in relation to the last three fiscal years:

Fiscal year ended on December 31, 2020				
% related to the total compensation				
	Base Salary	Variable Compensation	Share-based compensation	Total
Board of Directors	64%	31%	5%	100%
Executive Officers	27%	67%	5%	99%
Fiscal Council (aka Supervisory Board)	0%	0%	0%	0%

Fiscal year ended on December 31, 2019				
% related to the total compensation				
	Base Salary	Variable Compensation	Share-based compensation	Total
Board of Directors	82%	14%	4%	100%
Executive Officers	29%	60%	11%	100%
Fiscal Council (aka Supervisory Board)	0%	0%	0%	0%

Fiscal year ended on December 31, 2018				
% related to the total compensation				
	Base Salary	Variable Compensation	Share-based compensation	Total
Board of Directors	100%	0%	0%	100%
Executive Officers	58%	37%	5%	100%
Fiscal Council (aka Supervisory Board)	0%	0%	0%	0%

*Applicable to the Chairman of the Board of Directors only

The increase in the ratio of variable compensation compared with fixed compensation over the years aligns appropriately the compensation strategy with the purpose of boosting the Company's future performance.

Audit Committee, People and Compensation Committee, Governance and Nomination Committee, and Strategy Committee

As shown in item (i) above, the committee members' compensation is 100% composed of fixed compensation.

(iii) method of calculating and updating each compensation element



The calculation and update methods used for each item of management compensation are shown below:

Statutory and Non-Statutory Board of Executive Officers

- *Fixed Compensation:* the fixed compensation, which is paid in thirteen (13) monthly installments to the Statutory Board of Executive Officers, can be updated every year at the sole discretion of the Board of Directors, as suggested by the People and Compensation Committee, which assesses the Officer's performance in his/her activities and compliance with the goals set. The fixed compensation can also be updated according to official inflation indices and comparative market reviews carried out by expert consultants, considering the best market practices.

Short-term incentive: the semiannual bonus pool to be distributed to executive officers depends on the achievement of targets of the Company's EBITDA and Recurring Software Net Revenue, as well as the contribution margin and the Net Revenue from Recurring Software of the business or the expenses of each Board of Executive Officers, as determined for the period by the Board of Directors. If any of such indicators does not reach a minimum of 90% of the target set for the period, there will be no bonus payment for the corresponding period. If the goals are reached between 90% and 99%, the pool will suffer a proportional reduction between 50% and 95%. If the target is reached or exceeded, the semiannual bonus pool may be distributed in full.

Once the bonus pool applicable for each semester has been determined, the individual bonus is weighted according to the achievement of the individual goals of each officer, which reflect the numbers set of the Company's financial goals, productivity, and strategic priorities, measured through financial indicators (such as Recurring Software Net Revenue growth, operating costs and expenses), efficiency and projects (bound to the Company's growth in the Management, Techfin and Business Performance segments), customer satisfaction (NPS) and indicators related to people (such as talent retention, engagement index). The table below exemplifies the calculation method:



Distribution pool: defined in the budget, it is equal to one% of the EBITDA

Trigger to perform the payment of the program at TOTVS:

EBITDA (80%) and Recurring Revenue (20%) TOTVS
 minimum 90%, i.e.: <90% = 0%; => 90% and < 100% = between 50% and 99%; => 100% = 100%

Trigger to perform the payment of the program in each area:

Contribution margin (CM) and Recurring Revenue of the business or expenses of corporate areas
 minimum 90%, i.e.: <90% = 0%; => 90% and < 100% = between 50% and 99%; => 100% = 100%

Determination of the Target Agreement of Managers / Executive Officers, replicated for the teams:

- Finances
- Strategic Project
- People
- Areas

Metrics to determine quantitative targets:

Between 90% and 110% of target achievement, equal to 50% and 150% of the bonus

Metrics to determine project targets:

- a) Program, Project, Subproject: 0%, 25%, 50%, 75% or 100%
- b) Delivery: 0%, 100%
- c) KPIs: In accordance with financial metrics

Periodicity of payment

1st Half:
 Payment in September

2nd half:
 Payment in March

In case the second half offsets any non-achievement (< 90%) or achievement in part (between 90% and 99%) of the first half, and the total target of the year is achieved, an additional 50% of the pool related to the first half is guaranteed when the payment of the second half is calculated.

The targets of each officer are determined individually according to their area of expertise. The targets of the Statutory Officers can only be changed during the year for extraordinary reasons and any adjustments must be evaluated by the People and Compensation Committee and approved by the Board of Directors, as applicable.

The earning potential of the short-term incentive per semester is pegged to a multiple of the monthly base salary defined by career level, at the sole discretion of the Board of Directors, as suggested by the People and Compensation Committee, which assesses the competitive position of this item compensation against the market, according to the best market practices.

- *Long-term incentive (share plan):* assisted by the People and Compensation Committee, the Board of Directors approves the members of the board of executive officers who may take part in the Plan and receive restricted shares issued by the Company based on performance, subject to the terms and conditions of the Plan. The number of shares to be granted to each officer is determined by the Board of Directors, based on the assessment of individual performance, considering the best market practices, measured based on the "9 Box" method that considers the effective deliveries of each executive to the throughout the fiscal year, adherence to the Company's essential competences and the future potential of contribution to the Company. According to the 9 box method, each Director is placed in a matrix with 9 squares, in which (i) the X axis (50% weight) represents result indicators bound to the individual quantitative targets set for the year (indicators such as EBITDA, Revenue, Cost, among other) that measures the effective performance of the Officer; (ii) Y axis (50% weight) measures adherence to strategic business competencies (such as Operational Excellence, Innovation for Results, and Focus on Client Success, among other, and the potential that the officer has, according to the determined succession plan, to



undertake greater challenges. As a result of the assessment, the executive can receive a range between 0% and 133% of the number of reference actions for his/her career level. The result is submitted to the People and Compensation Committee to be reviewed, and to the Board of Directors' final resolution. The Board of Directors, in the best interest of the Company and its shareholders, may terminate or suspend the Plan, or even review his/her conditions, provided, however, that it does not change the corresponding basic principles, especially the maximum limits for the transfer of restricted shares as approved by the general meeting. The general meeting may also approve a new incentive plan based on the Company's shares, also to allow the acquisition of shares that exceed the maximum limits approved in the plan then in force.

- *Benefits:* the analysis of the benefit package is reviewed every year in view of the market practices found with the help of consultants specialized in the matter.

Board of Directors

The fixed compensation, which is paid 12 times per year, is reviewed every year in view of the market practices identified by expert consultants, and is also submitted annually to the approval of the Company's shareholders.

The variable compensation based on shares, applicable to the chairperson of the Board of Directors, is managed by the Company's Board of Directors, with the support of the People and Compensation Committee, both bodies composed of 100% (one hundred percent) of independent members, not having any relationship with the organization or acting in any operation or business that has a conflict of interest with the Company. These bodies have broad powers to determine the number of restricted shares to be granted to the chairperson of the Board of Directors, subject to the plan's quantitative limit, submitting the proposal to the General Shareholders' Meeting. The Board of Directors also discusses and reviews every year the institutional and business goals pegged to each concession, making them, at the same time, challenging and achievable. The chairman of the Board of Directors does not participate in discussions within the scope of the People and Compensation Committee, nor in discussions and resolutions in the Board of Directors that deal with their own compensation.

The benefits applicable to the Chairman of the Board of Directors are calculated and adjusted in the same manner as those applicable to the Board of Executive Officers.

Audit Committee, People and Compensation Committee, Governance and Nomination Committee, and Strategy Committee

The adequacy of fixed compensation and the compensation for participation in committees of directors and external members is reviewed every year in view of market practices determined by specialized consultants, and the corresponding amounts are annually submitted to shareholders' approval.

(iv) reasons that justify how the compensation is composed

Statutory and Non-Statutory Board of Executive Officers

The determined compensation components aim to ensure parity with market practices and international standards, representing the strategy of attracting and keeping qualified professionals, as well as the sustainability of the Company's business, combining fixed monthly compensation with semiannual variable compensation (short term) and with the stock plan (long term), providing executives with suitable incentives in relation to the Company's long-term performance. The variable compensation strategy bound to the Company's results aims at ensuring greater engagement,



sense of ownership by the officers, encouragement to contribute with the Company's future performance, and greater alignment of interests with shareholders. At the same time, it also aims at guaranteeing retention, especially in a technology sector that suffers global competition for talents and that has been experiencing significant cost inflation and a shortage of human resources. We understand that a critical factor for the Company's success is the ability to attract and retain its main executives and talents, and their compensation is an essential part of that.

Board of Directors

The fixed compensation of the Board of Directors aims to ensure parity with market practices and international standards, representing the strategy of attracting and keeping qualified professionals, as well as the sustainability of the Company's business, providing directors with suitable forms of compensation in relation to the Company's long term performance.

It is worth mentioning that the current chairperson of the Board of Directors is the founder of the Company, having been holding the position of CEO for over 30 years. The level of knowledge, experience and representation the chairperson has about the Company and towards other *stakeholders* (clients, partners, public and private entities, etc.) is of great value to the Company, especially in these first years in the position of Chairperson of the Board of Directors. In this way, we understand that his position differs from the traditional position of a chairperson of the Board of Directors, as he has a distinct set of skills, experiences and knowledge that make his contributions to the Board and to the Company relevant to the organization's success. It is natural that over the next few years there will be an expected and desired adjustment of the role currently played, even reflecting its success in mentoring the CEO, and the Board of Directors, represented by all of its independent members, will annually assess the duties and, as a result, the proposal for the compensation of the chairperson of the Board of Directors, reflecting this scenario and through an analysis of the best market practices.

Among the key skills of the current chairperson of the Board of Directors are:

- i. Amplitude and depth of knowledge about the technology sector and the *software* market that allows him to play a role of reference towards *stakeholders*;
- ii. Solid interpersonal skills in institutional representation, articulation and influence in strategic negotiations;
- iii. Ability to navigate in great depth on highly complex topics related to the business and the sector, establishing a visionary leadership in building the Company's strategic direction;
- iv. Effectiveness in conducting Board discussions, encouraging engagement and seeking decisions; and
- v. Development and empowerment of the CEO.

The following current activities inherent to the position of chairperson of the Company's Board of Directors are worth highlighting:

- i. maintain relationships with shareholders for matters of governance and strategic guidelines;
- ii. represent the Company, whenever necessary, with the Government, domestic or international political entities, market entities, regulatory bodies, multilateral and/or international bodies, and international associations of which the Company is a member; and



iii. act as a spokesperson for the Board of Directors, being able to pronounce on institutional matters of the Company and matters related to the domestic and international securities markets.

We also understand that the practice of long-term incentives bound to performance metrics is in line with the best international practices and the role of the chairperson of the Board of ensuring the company's sustainability, without interfering with its supervisory functions of the Board of Directors and without presenting conflicts of interest. According to Korn Ferry's "Study of Boards of Directors 2020" around 80% of US companies practice LTIPs (ILP) as restricted shares for Board members, a practice that has been increasing year after year in the Brazilian market, and the Company, as a global technology organization, is one forerunner of this movement in Brazil.

Accordingly, in order to ensure its retention and dedication, in view of the duties of the chairperson of the Company's Board of Directors, as provided for in the Company's Board of Directors' Internal Regulation, the stock-based variable compensation strategy aims at ensuring greater alignment of interests with shareholders, and the granting of benefits aims at ensuring parity with market practices applicable to positions with similar responsibilities.

Audit Committee, People and Compensation Committee, Governance and Nomination Committee, and Strategy Committee

The compensation of directors and external members for taking part in committees aims at ensuring parity with market practices, representing the strategy of attracting and retaining qualified professionals, as well as the sustainability of the Company's businesses.

(v) unpaid members

All members of the Statutory and Non-Statutory Board of Executive Officers, Board of Directors, and advisory committees are paid, with the exception of the officers regarding their possible participation in advisory committees.

(c) key performance indicators taken into consideration in determining each element of compensation

The performance measures chosen by the Company to determine each of the short and long-term variable compensation elements of the Board of Directors and Statutory Board of Executive Officers are related to the specific business and sector in which the company operates and, especially, applicable to the main value drivers.

Statutory and Non-Statutory Board of Executive Officers

The key performance indicators used in determining the Short-Term Incentive are:

Program triggers: EBITDA and Net Revenue from Recurring Software of the Company, as well as contribution margin and Net Revenue from Recurring Software of each business or expenses of each Board of Executive Officers, as defined for the period by the Board of Directors.

Individual target agreements:

- Financial indicators, such as Net Revenue from Recurring Software, operating costs and expenses;



- Productivity, efficiency and strategic projects indicators pegged to the Company's growth in the Management, Techfin, and Business Performance markets;
- Customer satisfaction indicators (e.g., NPS); and
- Indicators related to people, such as talent retention and engagement index.

The performance indicators used by the Board of Directors to determine the number of shares to be granted under the Share Plan (Long-Term Incentive) is based on the "9Box" method, as described in section 13.1(b) (i) and (iii) and summarized in the table below:

results (50%)	1A On average 5% of the participants Deceleration of 33% of the ILP	2A On average 7.5% of the participants Acceleration of 10% of the ILP	3A On average 10% of the participants Acceleration of 133% of the ILP
	1B On average 5% of the participants 0% of the ILP	2B On average 45% of the participants 100% of the ILP	3B On average 7.5% of the participants Acceleration of 10% of the ILP
	1C On average 5% of the participants 0% of the ILP	2C On average 5% of the participants 0% of the ILP	3C On average 5% of the participants Deceleration of 33% of the ILP
	competencies (25%) + potential (25%)		

The same performance indicators used in the Short-Term Incentive and Long-Term Incentive are considered by the Board of Directors, as suggested by the People and Compensation Committee, to assess any adjustments to the fixed remuneration of each statutory officer.

There are no performance criteria bound to the granting of benefits, whose package is the same for all officers, and there may be differences in the values of benefits granted depending on the position and region in which the officer operates.

Board of Directors and Audit Committees, People and Compensation Committee, Governance and Nomination Committee, and Strategy Committee

The fixed compensation of members of the Board of Directors and committees is not based on performance indicators.

Aligned with the best market practices, the share-based compensation of the Chairman of the Board considers long-term performance indicators that have:

(i) quantitative content - targets bound to the business, assessing the assertiveness in the contribution and performance of the Company's medium and long-term strategy in order to generate value for the Company's shareholders, including absolute and relative indicators, such as long-term performance of the Company's share compared with the Ibovespa; and



(ii) qualitative content - targets bound to the CEO's succession, undertaking specific efforts aiming at positive and growing results in the succession process, strengthening as a sector and business leader in all aspects; to the institutional role played by the chairperson of the Board of Directors, working with entities in the technology sector, either on his own or in the leadership of the Institutional Relations area of the Company, with the aim of the Company being one of the reference companies in the construction of an ecosystem of growth and technological innovation in the country; and the assessment by the independent members of the Board of Directors of the quality of action for the proper functioning of the Board.

(d) how the remuneration is structured to reflect the growth of performance indicators

The compensation structure to reflect the development of performance indicators is detailed in section b. (iii).

(e) the way how the policy or practice of compensation is aligned with the issuer's interests in the short, medium and long term

The items comprising the compensation policy are determined with the purpose of attracting, retaining, engaging professionals, besides creating a feeling of ownership of the professionals towards the Company, balancing elements that have short-, medium- and long-term metrics as parameters. The implementation of the Stock-Based Incentive and Retention Plan has been increasing the relevance of the variable items in the total compensation composition, presented in Item b. (ii), which also contributes significantly to a higher level of alignment of long-term interests.

(f) existence of compensation supported by controlled subsidiaries, or direct or indirect controllers

There is no compensation of statutory administrators supported by subsidiaries, controlled companies or direct or indirect controllers in the Company.

(g) existence of any compensation or benefit bound to the occurrence of certain corporate event, such as the sale of issuer's corporate control

Agreements with statutory officers provides for the payment of indemnities to them exclusively if the removal of a director takes place after certain relevant corporate changes, such as changes in the Company's control; acquisitions and/or subscriptions by third parties of shares representing 20% of the Company's capital stock; corporate restructuring; or the resolution to dissolve the Company.

In addition, the Chief Executive Officer will be entitled to receive the equivalent to 100% of the annual global compensation for the proportional period remaining to 3 (three) years, if within such three-year period from November 2018: (i) a material corporate change occurs, and (ii) the Company terminates its agreement without a cause.

(h) practices and procedures adopted by the board of directors to determine the individual compensation of the board of directors and the board of executive officers, pointing out:

- (i) bodies and committees that participate in the decision-making process and how they participate**



The People and Compensation Committee is the department that provides the Board of Directors with support in the decision-making process bound to the preparation of the individual compensation proposal for the Board of Directors' and the Statutory Board of Executive Officers' members, by performing reviews of the best market practices and international standards. Both bodies are composed of 100% (one hundred percent) of independent members, not having any connection with the organization or acting in any operation or business that has a conflict of interest with the Company. The chairperson of the Board of Directors does not participate in discussions within the People and Compensation Committee nor in discussions and resolutions in the Board of Directors that deal with their own compensation.

(ii) criteria and methodology used to determine individual compensation, indicating whether studies are used to verify market practices, and, if so, the comparison criteria and scope of these studies

The criteria and methods used to set the individual compensation consider studies connected to the best market practices based on the results of surveys carried out by expert consultants, considering companies with a profile similar to that of the Company in size and structure.

(iii) frequency and form of assessment of the board of directors to adjust the compensation policy

Every year the People and Compensation Committee assesses the retention of the Company's talents, which includes the review of the need for adapting the compensation practices adopted, including benefits, to the standards practiced in the market and, particularly, to the information technology market. If such committee deems it necessary and/or appropriate, adjustments are recommended to the Board of Directors. In addition, officers' targets, the achievement of which is decisive to determine the amount to be paid by the Company as variable compensation and the amount of restricted shares to be granted to such officers, under the terms of the Share-based Compensation Plan, are reviewed on an annually basis and confirmed by the Company's Board of Directors.



13.2 - Total compensation of the board of directors, board of executive officers, and "fiscal council" (supervisory board)

Total compensation expected for the current fiscal year to end on December 31, 2021 - Annual amounts				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council (aka Supervisory Board)	Total
Total number of members	7.00	7.50	6	20.50
Number of paid members	7.00	7.50	3	17.50
Fixed annual compensation				
Salary or management fees	3,381,243.73	8,292,805.49	331,712.22	12,005,761.44
Direct and indirect benefits	380,699.23	1,495,195.59	0.00	1,875,894.82
Participation in committees	1,174,779.61	0.00	0.00	1,174,779.61
Other	0.00	0.00	0.00	0.00
Description of other fixed compensation				
Variable remuneration				
Bonus	0.00	5,723,800.27	0.00	5,723,800.27
Profit sharing	0.00	0.00	0.00	0.00
Attendance in meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Description of other variable compensation				
Post-employment	0.00	275,077.86	0.00	275,077.86
Termination of position	0.00	0.00	0.00	0.00
Stock-based, including options	4,487,100.00	25,076,560.30	0.00	29,563,660.30
Remark:	As provided for in the CIRCULAR LETTER/CVM/SEP/N o.01/2021, the number of members of the Board of Directors was calculated according to the annual average of the number of members of said body calculated monthly, with two decimal places.	As provided for in CIRCULAR LETTER/CVM/SEP/N o.°01/2021, the number of members of the Statutory Board of Executive Officers was calculated according to the annual average of the number of members of that body calculated monthly, with two decimal places.	N/A	
Total compensation	9,423,822.57	40,863,439.51	331,712.22	50,618,974.30

* The decision to establish the Fiscal Council was made at the Annual General Meeting held on April 20, 2021.



Total compensation for the fiscal year ended on December 31, 2020 - Annual amounts				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council (aka Supervisory Board)	Total
Total number of members	7.67	7.00	0.00	14.67
Number of paid members	7.67	7.00	0.00	14.67
Fixed annual compensation				
Salary or management fees	3,452,224.00	7,472,519.96	0.00	10,924,743.96
Direct and indirect benefits	369,311.15	1,238,120.80	0.00	1,607,431.95
Participation in committees	1,010,995.20	0.00	0.00	1,010,995.20
Other	0.00	0.00	0.00	0.00
Description of other fixed compensation				
Variable remuneration				
Bonus	0.00	3,579,074.14	0.00	3,579,074.14
Profit sharing	0.00	0.00	0.00	0.00
Attendance in meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Description of other variable compensation				
Post-employment	0.00	161,884.25	0.00	161,884.25
Termination of position	0.00	92,195.26	0.00	92,195.26
Stock-based, including options	2,139,000.00	15,025,297.32	0.00	17,164,297.32
Remark:	As provided for in the CIRCULAR LETTER/CVM/SEP/N o.01/2021, the number of members of the Board of Directors was calculated according to the annual average of the number of members of said body calculated monthly, with two decimal places.	As provided for in CIRCULAR LETTER/CVM/SEP/N o.01/2021, the number of members of the Statutory Board of Executive Officers was calculated according to the annual average of the number of members of that body calculated monthly, with two decimal places.	N/A	
Total compensation	6,971,530.35	27,569,091.73	0.00	34,540,622.08

*The Company did not have a Fiscal Council established as of Dec. 31, 2020.



Total compensation for the fiscal year ended on December 31, 2019 - Annual amounts				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council (aka Supervisory Board)	Total
Total number of members	8.75	6.50	0.00	15.25
Number of paid members	8.75	6.50	0.00	15.25
Fixed annual compensation				
Salary or management fees	3,667,777.50	6,397,958.01	0.00	10,065,735.51
Direct and indirect benefits	245,701.78	1,236,823.14	0.00	1,482,524.92
Participation in committees	956,214.90	0.00	0.00	956,214.90
Other	0.00	0.00	0.00	0.00
Description of other fixed compensation	0.00	0.00	0.00	0.00
Variable remuneration				
Bonus	0.00	5,334,000.00	0.00	5,334,000.00
Profit sharing	0.00	0.00	0.00	0.00
Attendance in meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Description of other variable compensation				
Post-employment	0.00	129,526.82	0.00	129,526.82
Termination of position	0.00	1,014,147.86	0.00	1,014,147.86
Stock-based, including options	769,600.00	7,803,629.42	0.00	8,573,229.42
Remark:	As provided for in CIRCULAR LETTER/CVM/SEP/N o.01/2021, the number of members of the Board of Directors was calculated according to the annual average of the number of members of that body calculated monthly, with two decimal places.	As provided for in CIRCULAR LETTER/CVM/SEP/N o.01/2021, the number of members of the Statutory Board of Executive Officers was calculated according to the annual average of the number of members of that body calculated monthly, with two decimal places.	N/A	
Total compensation	5,639,294.18	21,916,085.25	0.00	27,555,379.43

*The Company did not have a Fiscal Council established as of Dec. 31, 2019.



Total compensation for the fiscal year ended on December 31, 2018 - Annual amounts				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council (aka Supervisory Board)	Total
Total number of members	9.00	9.50	0.00	18.50
Number of paid members	8.17	9.50	0.00	17.67
Fixed annual compensation				
Salary or management fees	2,646,697.51	10,839,218.40	0.00	13,485,915.91
Direct and indirect benefits	0.00	880,442.93	0.00	880,442.93
Participation in committees	620,288.20	0.00	0.00	620,288.20
Other	0.00	0.00	0.00	0.00
Description of other fixed compensation				
Variable remuneration				
Bonus	0.00	3,160,896.96	0.00	3,160,896.96
Profit sharing	0.00	0.00	0.00	0.00
Attendance in meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Description of other variable compensation				
Post-employment	0.00	146,765.52	0.00	146,765.52
Termination of position	0.00	0.00	0.00	0.00
Stock-based, including options	0.00	3,724,983.56	0.00	3,724,983.56
Remark:	As provided for in CIRCULAR LETTER/CVM/SEP/No.01/2021, the number of members of the Board of Directors was calculated according to the annual average of the number of members of that body calculated monthly, with two decimal places.	As provided for in CIRCULAR LETTER/CVM/SEP/No.°01/2021, the number of members of the Statutory Board of Executive Officers was calculated according to the annual average of the number of members of that body calculated monthly, with two decimal places.	N/A	
Total compensation	3,266,985.71	18,752,307.37	0.00	22,019,293.08



*The Company did not have a Fiscal Council established as of Dec. 31, 2018.



13.3 - Variable compensation of the board of directors, board of executive officers, and fiscal council (supervisory board)

The tables below show information on the variable compensation of the Company's Board of Directors and Statutory Board of Executive Officers: (i) recognized in the income for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018, considering the number of members of each body to which variable remuneration was effectively allocated; and (ii) estimated for the current fiscal year.

Expected for December 31, 2021	Board of Directors	Statutory Board of Executive Officers	Fiscal Council (aka Supervisory Board)	Total
Total number of members	7.00	7.50	-	14.50
Number of paid members	7.00	7.50	-	14.50
Bonus				
Minimum amount set forth in the compensation plan	-	1,430,950.07	-	1,430,950.07
Maximum amount set forth in the compensation plan	-	5,723,800.27	-	5,723,800.27
Amount foreseen in the compensation plan - goals achieved	-	5,723,800.27	-	5,723,800.27
Profit Sharing				
Minimum amount set forth in the compensation plan	-	-	-	-
Maximum amount set forth in the compensation plan	-	-	-	-
Amount foreseen in the compensation plan - goals achieved	-	-	-	-

Dec. 31, 2020	Board of Directors	Statutory Board of Executive Officers	Fiscal Council (aka Supervisory Board)	Total
Total number of members	7.67	7.00	-	14.67
Number of paid members	7.67	7.00	-	14.67
Bonus				
Minimum amount set forth in the compensation plan	-	1,197,233.84	-	1,197,233.84
Maximum amount set forth in the compensation plan	-	4,788,935.36	-	4,788,935.36
Amount foreseen in the compensation	-	4,788,935.36	-	4,788,935.36



plan - goals achieved				
Amount effectively recognized in the financial result for the fiscal year	-	3,579,074.15	-	3,579,074.15
Profit Sharing				
Minimum amount set forth in the compensation plan	-	-	-	-
Maximum amount set forth in the compensation plan	-	-	-	-
Amount foreseen in the compensation plan - goals achieved	-	-	-	-
Amount effectively recognized in the financial result for the fiscal year	-	1,137,218	-	1,137,218

Dec. 31, 2019	Board of Directors	Statutory Board of Executive Officers	Fiscal Council (aka Supervisory Board)	Total
Total number of members	8.75	6.50	-	15.25
Number of paid members	8.75	6.50	-	15.25
Bonus				
Minimum amount set forth in the compensation plan	-	667,463.74	-	667,463.74
Maximum amount set forth in the compensation plan	-	8.009,565.88	-	8.009,565.88
Amount foreseen in the compensation plan - goals achieved	-	5,339,709.92	-	5,339,709.92
Amount effectively recognized in the financial result for the fiscal year	-	5,334,000.00	-	5,334,000.00
Profit Sharing				
Minimum amount set forth in the compensation plan	-	-	-	-
Maximum amount set forth in the compensation plan	-	-	-	-
Amount foreseen in the compensation plan - goals achieved	-	-	-	-
Amount effectively recognized in the	-	-	-	-



financial result for the fiscal year				
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Dec. 31, 2018	Board of Directors	Statutory Board of Executive Officers	Fiscal Council (aka Supervisory Board)	Total
Total number of members	9.0	9.50	0	18.50
Number of paid members	8.17	9.50	0	17.67
Bonus				
Minimum amount set forth in the compensation plan	-	972,841.94	-	972,841.94
Maximum amount set forth in the compensation plan	-	11,674,103.34	-	11,674,103.34
Amount foreseen in the compensation plan - goals achieved	-	7,782,735.56	-	7,782,735.56
Amount effectively recognized in the financial result for the fiscal year	-	3,160,896.96	-	3,160,896.96
Profit Sharing				
Minimum amount set forth in the compensation plan	-	-	-	-
Maximum amount set forth in the compensation plan	-	-	-	-
Amount foreseen in the compensation plan - goals achieved	-	-	-	-
Amount effectively recognized in the financial result for the fiscal year	-	-	-	-



13.4 - Share-based compensation plan for the board of directors and statutory board of executive officers

The Company currently has a compensation plan based on shares in force, which we will hereinafter refer to as "Plan 2", approved at the Meeting on December 15, 2015 and amended by the Meeting on April 5, 2018 and April 18, 2019. The 2021 granting proposal is based solely on the scope of this plan. The previous plan, which we will further call "Plan 1", approved at the Meeting held on November 29, 2012, has no new grants and its last years were completed in 2020.

The Company's Management approved a new Stock-Based Incentive Plan ("**New Plan**") at the Extraordinary General Meeting held on April 20, 2021. The Management aims at making grants under the New Plan from 2022 on, and cancel the Plan currently in force ("**Plan 2**"), without prejudice to the Company's compliance with the remaining obligations as regards the grants already made.

As approved at the Extraordinary General Meeting ("**EGM**") held on April 27, 2020, for comparative purposes, the amounts mentioned in plans "1" and "2", in the following items, consider the split of all shares of issue by the Company, in the proportion of one common share for three shares of the same type, without changing the capital stock.

DESCRIPTION OF PLAN 1

(a) general terms and conditions

The Company's Stock Option Plan ("**Plan 1**") is managed by the Board of Directors, which is exclusively responsible for:

- (i) determining the Beneficiaries of each type of option and eligibility for the Partner Program;
- (ii) determining the total number of options of each type subject of such granting, as well as the number of options of each type which each Beneficiary will be individually entitled to;
- (iii) determining performance-related goals to set forth criteria for choosing Beneficiaries, as well as determining the number of options to be granted to each Beneficiary;
- (iv) determining the form and payment term for the exercise price of such options;
- (v) changing the terms and conditions of the options granted in the event of any change in the applicable laws;
- (vi) proposing changes to the Plan to be submitted for approval by the Company's General Meeting;
- (vii) giving the Company's Board of Executive Officers consent to execute the Option Agreements with the Beneficiaries of the Plan, as well as the Share Subscription Agreements and any amendments, whenever necessary; and
- (viii) deciding the omitted cases, observing the general guidelines of the Plan and the applicable legal provisions.

The Plan is valid for a period of 60 months immediately after its approval by the Company's General Meeting, remaining in force until the expiration of the Exercise Period or Effective Period of the outstanding Options.

The main characteristics of Plan 1 are listed below:



- *Participants*: Directors, Officers, and employees of the Company who are members of the Company's Executive Committee, hold positions as Officers or Executive Officers, or are employees of the Company and its subsidiaries who, at the discretion of the Board of Directors, have stood out for contributing significantly to the performance of the Company, or whose hiring or retention is of vital importance for the good performance of the Company's plans and strategies;
- *Granting of Regular Options bound to the acquisition of shares*: to the beneficiary acquiring the Company's shares with funds corresponding to amounts received as profit-sharing distribution (PLR) in a given fiscal year and that undertakes to maintain them for the Lock-up period to receive options, options called Regular Options will be granted;
- *Vesting term ("Grace Period")*: the options will be mature 3 years from the date of granting the options;
- *Exercise period*: the options can be exercised by the participants within a maximum period of 2 years after the *vesting* period is exceeded, that is, up to 5 years from the granting;
- *Lock-up period on Shares to receive Regular Options*: for the shares acquired under Plan 2 to be entitled to receive Regular Options, they cannot be sold/transferred for a period of 2 years. In turn, those shares acquired as a result of exercising Regular Options are not subject to such rule forbidding them to be sold for 2 years;
- *Granting of Restricted Options bound to the acquisition of shares*: to the beneficiary acquiring TOTVS' shares by investing an amount corresponding to 100% of the amount received in a certain fiscal year as profit-sharing distribution (PLR), and that undertakes to keep them for the *Lock- up* period to receive Restricted Options, options called Restricted Options will be granted. Restricted Options are intended for approximately 20% of beneficiaries of Regular Options, which are part of the so-called "Partner Program";
- *Exercise of Restricted Options*: Restricted Options may be exercised upon proof of the exercise of Regular Options; and
- *Lock-up period on Shares resulting from the exercise of Restricted Options*: those shares acquired through the exercise of Restricted Options will not be able to be sold for the period of 1 year counted from the exercise.

(b) main purposes of the plan

The Option-based Incentive Plan ("**Plan 1**") had as purpose to set forth rules so that certain employees and managers of the company or other companies under its control ("**Beneficiaries**") can acquire shares issued by them by granting an Stock Option Purchase plan, aiming, thus, at aligning in the medium and long term the interests of the Beneficiaries with those of the shareholders, expanding the sense of ownership and the commitment of the officers through the concept of investment and risk, binding the granting of long-term incentives with the short-term result of the Company and the officer, and introducing the "Partner Program" concept, which reinforces the retention power of a selected strategic group.



(c) how the plan contributes to achieve such purposes

The Plan contributes to such purpose to the extent that it creates a bond between the compensation of eligible beneficiaries and the Company's performance, as the greater the benefit, the better the performance of the Company and its reflection in the appreciation of its share price.

Eligible people tend to become more motivated by the possibility of increasing their remuneration in the long run and to work in line with market and shareholders' expectations, trying to make decisions not only for their own benefit, but for the benefit of the organization as a whole.

d. how the plan fits into the issuer's compensation policy

The plan had as purpose to complement the remuneration of eligible beneficiaries, as it adds a long-term compensation element [for more information, see section 13.1 (b)], since the eligible beneficiary, to become holder of the Regular Options, must invest the percentage of the amount received in the exercise as Bonus/PLR (profit sharing distribution), net of income tax, which may be 50% or 100%. The percentage of the amount received in the fiscal year as Bonus/PLR invested will be considered as a criterion for determining the number of Regular Options to be granted by the Company to the Beneficiary, and to participate in the Partner Program and become holder of Restricted Options it must be of 100%.

The Plan also has the effect of retaining talent in an increasingly competitive market, in addition to creating incentives to provide greater motivation to beneficiaries.

e. how the plan aligns the interests of management members and the issuer in the short, medium, and long term

Plan 1 was part of the management compensation strategy, adding a long-term element in which the Beneficiary who wishes to exercise his options may exercise them for two years that will begin the day after the end of the Grace Period, considering that the exercise price of the Options will be the price at which Shares issued by the Company will be acquired.

The Options will be valid for a period of five years from the granting date, after which they will be extinguished.

Another important element is the one best described in section 13.4 (n), since the termination of the eligible beneficiary for cause will extinguish the options granted that have not yet been exercised by the date his/her termination, exceptions made with the specific approval by the Board of Directors. Accordingly, both the reservation of rights and the dismissal of the employee require, in different ways, that the professional behavior of the eligible persons is not opportunistic and is aimed at longer periods of time. This is because, in the short term, their remuneration will not be increased by the variable part composed of stock options and, in the medium term, a low level of performance by the employee may cause termination/severance or decrease in the Company's share price.

(f) maximum number of covered shares

The total number of Shares to be allotted to the Plan could not exceed 2.5% (two integers and five tenths per cent) of the Company's capital stock within four years (counted from the date of approval of the Plan by the Company's General Meeting).



For the purposes of such limit, all Options granted based on the Plan will be considered, as well as the Shares already acquired or subscribed by the corresponding Beneficiaries because of the Plan, whether they are in their possession or not.

In order to perform the exercise of Options granted observing the Plan requirements, the Company could issue new shares within the limit of authorized capital, excluding the preemptive right of the current shareholders of the Company, as allowed for by Article 171, paragraph 3, of Law 6,404 of December 15, 1976, as amended (Brazilian Corporations Act).

(g) maximum number of options to be granted

The total number of Shares to be allotted to the Plan could not exceed 2.5% (two integers and five tenths per cent) of the Company's capital stock within four years (counted from the date of approval of the Plan by the Company's General Meeting).

(h) conditions for share acquisition

For Regular Options, it is applicable the market price of the Share at the time of granting the Option, thus determined based on the average of the closing prices of the last five trading sessions prior to the Granting Date. The exercise price of the Restricted Options will be the fulfillment of the obligation to do, which consists of acquiring Shares issued by the Company with an investment of 100% of the amount received by the Beneficiary in the previous year as Bonus/PLR (profit sharing distribution), net of income tax, and by keeping the ownership of such Shares unchanged for the Lock-up Period.

(i) criteria for setting acquisition or exercise price

The strike price will be determined based on the unit value of the Company's shares and corresponds to the arithmetic average of their prices in the 5 trading sessions prior to the granting date.

(j) criteria for setting the exercise period

Regular Options may be exercised for up to 24 months after the Grace Period, established at 36 months, and Restricted Options may only be exercised after the Grace Period and upon proof of the exercise of Regular Options.

Only full batches of Options may be exercised, and fractional exercise of only part of a concession may not be performed.

(k) settlement method

The strike price must be paid in cash, upon subscription or purchase of the corresponding shares. The Company uses shares held in treasury to comply with the exercise of stock option rights.

(l) restrictions to transfer shares

The shares acquired for the beneficiary to be entitled to receive Regular Options will not be able to be sold/transferred for a period of 2 years. In turn, those shares acquired as a result of exercising Regular Options are not subject to such rule forbidding them to be sold for 2 years. Besides, shares acquired through the exercise of Restricted Options will remain forbidden to be sold for a period of 1 year from the exercise of the option.



(m) criteria and events that, when checked, will cause suspension, change or dismissal of the plan

The General Shareholders' Meeting is responsible for amending, suspending, or extinguishing the Plan, especially in the event of facts that imply a significant change in the economic scenario that could compromise the Company's financial situation.

The granting of Options under the Plan will not prevent the Company from engaging in transactions of sale/disposal of control and operations of corporate restructuring, such as transformation, acquisition, merger, and spin-off.

If the Company is dissolved, liquidated, or has its bankruptcy declared, the options will be automatically extinguished, and all effects thereof will cease to have effect for all legal purposes, without prejudice to any provision to the contrary provided for in the Plan.

(n) consequences in case the manager leaves the issuer's bodies, about his/her rights provided for in the share-based equity compensation plan

In the event the beneficiary leaves the Company for any reason, either at the initiative of the Beneficiary or at the initiative of the Company, with or without cause, the following rules will apply: (a) the Lock-up Period that applied to the Shares acquired directly through the investment of the Beneficiary's profit-sharing distribution (PLR) will cease to exist, and the Shares will be immediately released to be sold; (b) the Lock-up Period for Shares Acquired with Restricted Options will continue to flow normally; (c) Mature Options may be exercised for a period of three months from such date of the beneficiary's Termination, after which they will be extinguished; (d) Options still in the Grace Period will be extinguished. Any exceptions to this rule must be approved by the Company's People and Compensation Committee.

In any event of death, permanent disability or retirement of the beneficiary, the following rules will apply: (i) the Lock-up Period that applied to the Shares acquired directly through the investment of the Beneficiary's profit-sharing distribution (PLR) will cease to exist, and the Shares will be immediately released to be sold; (ii) the Lock-up Period for Shares acquired with Restricted Options will cease to exist; (iii) the Grace Period will be eliminated, and the Options may be exercised immediately, during the Option Exercise Period or the Effective Term of the Options.

DESCRIPTION OF PLAN 2

(a) general terms and conditions

The Stock-Based Incentive and Retention Plan approved at the Company's Extraordinary General Meeting held on December 15, 2015 was amended, as approved at the meetings held on April 5, 2018 and April 18, 2019 to improve its concepts, effectiveness, and simplicity, focusing on the central and most critical aspects.

Plan 2 is managed by the Company's Board of Directors, with the support of the People and Compensation Committee, which has the authority to manage it, having, among other, the required powers to, subject to the terms and conditions of Plan 2:

- (i) decide on any and all measures connected to the management of Plan 2, and to construe and apply the general rules provided for herein;
- (ii) select, from among the persons eligible to take part in Plan 2;



- (iii) determine the number of common shares issued by the Company that will be delivered to the Participant, strictly under the terms and conditions established in the Plan and in the contract ("Restricted Shares") to be granted to each Participant
- (iv) decide on the acquisition of Shares by the Company itself, as required;
- (v) approve the agreement to be entered into between the Company and each of the Participants;
- (vi) change the grace periods, as well as the other terms and conditions of the Agreement to the extent that the rights of the Participants arising from or connected to Plan 2 are not impaired, being excluded from such limitation any adaptations that may be performed by the Board of Directors due to changes made in the applicable legislation;
- (vii) review exceptional cases arising from or related to Plan 2; and
- (viii) settle doubts regarding the interpretation of the general rules set forth in the Plan and to address omitted cases.

No Participant will have any of the rights and privileges of a Company's shareholder, including to receive dividends, interest on own equity, and other earnings until the date of the effective transfer of the Restricted Shares.

Plan 2, as amended, came into force on the date of its approval by the Company's General Meeting held on April 18, 2019 and shall remain in force until December 14, 2025.

The main characteristics of Plan 2 are listed below:

- *Grace Period of the Regular Program:* means, as regards the Regular Program, the grace period of 3 (three) years from the date of granting of Restricted Shares, after which the Participant will acquire the right to become the holder of the Restricted Shares and the Company will be required to transfer the Restricted Shares to the Participant under the terms of the Agreement.
- *Grace Period of the Partners Program:* means, as regards the Partner Program, the grace period of 3 (three) years from the date of granting of Restricted Shares, after which the Participant will be entitled to become holder of the Restricted Shares and the Company will be required to transfer the Restricted Shares to the Participant under the terms of the agreement.
- *Regular Program:* means a part of Plan 2 composed of: (i) Executive Program - for which employees and managers of the Company and/or of the controlled companies or subsidiaries of the Company, who are considered executive officers of the Company, will be eligible based on assessment and performance; and (ii) Highlights of the Year Program - for which employees of the Company and/or of the Company's controlled or subsidiary companies who are not executive officers and are considered 'highlights of the year' based on assessment and performance will be eligible; all of them shall be appointed by the People and Compensation Committee and approved by the Company's Board of Directors, at its sole and exclusive discretion.
- *Partners Program:* means a part of Plan 2 to which they may be invited to join, as nominated by the People and Compensation Committee and election made by the Company's Board of Directors at its sole discretion, based on individual and corporate assessment methods and performance, potential, career plan, and degree of bond with the Company, certain



employees and managers of the Company and/or of the Company's controlled or subsidiary companies.

(b) main purposes of the plan

"Plan 2" has as purpose to: (i) set forth some rules so that Participants can receive Shares without having to pay a price for them; (ii) increase the alignment of interests of Participants in the medium and long term with the shareholders' interests, increasing the Participants' sense of ownership and commitment through the concepts of investment and risk; and (iii) strengthen the Participants' incentives for long-term permanence and stability, within the context of a publicly-held company.

(c) how the plan contributes to achieve such purposes

The granting of Restricted Shares within the scope of Plan 2 allows Participants to feel encouraged to become shareholders of the Company, based on meritocracy criteria, considering criteria of individual assessment and performance (9Box method), potential and bond with the Company and/or its subsidiaries or controlled companies, besides the Participant's impact on the present and future businesses of the Company. As a result, Participants will be encouraged to perform their activities to the best interest of the Company and, accordingly, of its shareholders, generating value for the Company. At the same time, the granting of Restricted Shares within the scope of Plan 2 is structured in a way to allow for the potential gains arising from the sale of such shares to be achieved, if applicable, in the long term, as determined by the Board of Directors, and if the Participant remains bound to the Company and/or to the Company's controlled or subsidiary companies, this will work to encourage his/her permanence, with the purpose of retaining the senior managers and employees of the Company and its controlled or subsidiary companies.

d. how the plan fits into the issuer's compensation policy

The focus on long-term variable compensation aims at following market practices and offering attractive packages that, in turn, care about the Company's interests in the most efficient way. The Plan aims at strengthening the focus on such form of compensation, offering the possibility of even more attractive returns, and on the other hand requiring a strong demonstration of commitment by the Participants in creating value for the Company and its shareholders.

e. how the plan aligns the interests of management members and the issuer in the short, medium, and long term

Through Plan 2, the Company seeks to stimulate improvement in its management, aiming at gains by commitment to long-term results. Improvement results and appreciation of shares issued by the Company, in turn, maximize the gains of Participants as investors together with the other shareholders of the Company.

In addition, the existence of grace periods makes Participants to commit to the constant appreciation of the Company in the short, medium, and long term.

(f) maximum number of covered shares

The maximum number of Restricted Shares to be granted to Participants under the Plan may not exceed Restricted Shares corresponding to 5.68% (five integers and sixty-eight hundredths percent) of the Company's total capital stock, being included in this limit the grants carried out under the Stock-based Incentive and Retention Plan approved at the General Meeting held on December 15,



2015. Such dilution is in line with the context of the industry in which the Company is inserted in Brazil, considering its size, equity structure, historical growth and future potential, financial condition, and historical payment practices for performance.

(g) maximum number of options to be granted

Not applicable, as the new plan does not include stock options.

(h) conditions for share acquisition

Regular Program. Participants will be entitled to receive the Regular Program Restricted Shares, and the Company will have the obligation to transfer such Regular Program Restricted Shares at the end of the Regular Program grace period, according to the procedures to be provided for in the Agreement, terms and conditions of the Plan.

Partners Program. As regards the Partners Program, Participants will be entitled to receive the Restricted Shares of the Partners Program, and the Company will have the obligation to transfer title to such Restricted Shares of the Partners Program at the end of the grace period of the Partner Program, provided, however, that the Participant has an amount corresponding to 12 (twelve) fixed monthly salaries invested in the Company's shares between the date of granting the Restricted Shares (date of execution of the Agreement) and the date of delivery of the Restricted Shares, continuously and uninterruptedly.

A Participant who does not keep such amount equivalent to 12 (twelve) fixed monthly salaries invested in the Company's shares, in a continuous and uninterrupted way, after the date of the effective delivery of the Restricted Shares will not be eligible for future granting of Restricted Shares of the Partners Program of the Company.

For current Participants in the Partners Program and for Participants eligible to the Partners Program in fiscal year 2018, the amount equivalent to 12 (twelve) fixed monthly salaries invested in Company shares may be reached by the corresponding Participant in up to 3 (three) years counted from the date of granting the Restricted Shares of the Partners Program for fiscal year 2018, or based on another criterion as may be set by the Board of Directors.

(i) criteria for setting acquisition or exercise price

This is not a stock option plan pursuant to Article 168, Paragraph 3 of the Brazilian Corporations Act, but instead, a compensation plan based on Restricted Shares that will be directly delivered to the Participants.

The reference price for calculating the number of Restricted Shares to be delivered under the Plan will correspond to the average closing price of the Company's shares in the thirty (30) trading sessions prior to the date of the effective delivery of Restricted Shares to the Participant, or to such another amount set under criteria determined by the Board of Directors that reflect the market value of the Shares.

(j) criteria for setting the exercise period

Not applicable. This is not a stock option plan pursuant to Article 168, Paragraph 3 of the Brazilian Corporations Act, but instead a compensation plan based on Restricted Shares that will be directly delivered to the Participants. After the grace period of 3 (three) years from the date of grant of the



restricted shares, the Participant will acquire the right to become the holder of the Restricted Shares and the Company will be required to transfer the Restricted Shares to the Participant.

(k) settlement method

Plan 2 has, among others, the purpose of granting Restricted Shares to certain Participants, without any financial consideration from them. The Company's obligation to transfer Restricted Shares under Plan 2 is: (i) subject to the execution of a Restricted Shares Granting Agreement and Other Covenants with each of the Participants; and (ii) subject to the continuation of the employment relationship and/or statutory bond, as the case may be, of each Participant with the Company until the end of the applicable grace periods.

Accordingly, once the requirements set forth in Plan 2 are met, the Participant will be entitled to receive such Restricted Shares, and the Company's management will be responsible for taking all necessary measures to formalize the corresponding transfer to him/her.

(l) restrictions to transfer shares

Subject to the continuation of the employment agreement and/or statutory bond, as the case may be, between the Participant and the Company and/or the Company's controlled or subsidiary companies until the end of the applicable grace period and the rules contained in each Agreement, the Restricted Shares will be transferred by the Company to the Participant within 30 (thirty) days from the end of the grace period, as applicable, as well as under the terms of the Agreement.

(m) criteria and events that, when checked, will cause suspension, change or dismissal of the plan

The Board of Directors, in the best interest of the Company and its shareholders, may terminate or suspend the Plan, or even review the conditions of Plan 2, provided, however, that it does not change the corresponding basic principles, especially the maximum limits for the transfer of Restricted Shares as approved by the General Meeting. The General Meeting may also approve a new incentive plan based on the Company's shares, also to allow the acquisition of shares that exceed the maximum limits approved in Plan 2.

The Board of Directors may also provide for particular treatment for special cases and situations during the term of Plan 2, provided, however, that the rights already granted to the Participants and the basic principles of Plan 2 are not affected. Such particular treatment will not constitute a precedent able to be claimed by other Participants.

(n) consequences in case the manager leaves the issuer's bodies, about his/her rights provided for in the share-based equity compensation plan

None of the Plan 2 provisions may be construed as constituting rights to Participants who are employees and/or statutory officer, as the case may be, in addition to those inherent to Restricted Shares, nor will any provision confer rights to the Participants regarding the guarantee to be maintained as an employee and/or statutory officer of the Company and/or with controlled companies or subsidiaries of the Company, or in any way will it interfere with the right of the Company, subject to the legal conditions and those arising from the employment agreement or management contract (in the case of statutory Participants not bound by an employment agreement), to terminate at any time the relationship with the Participant



In the event of any termination by the Participant on his/her own initiative at any time during the grace periods, the Participant will no longer be entitled to the right of receiving restricted shares. Notwithstanding, the Participant will retain his/her title to any restricted shares in the Regular Program and to Restricted Shares in the Partners Program that are already owned by him/her after the lapse of the grace periods.

In case of Termination of the Participant at the Company's initiative without a cause, the Participant will be entitled to receive half of the Restricted Shares if more than 2 (two) years of the applicable Grace Period have elapsed. The Participant will lose the right to receive all other Restricted Shares in the Regular Program and/or the Partners Program.

In the event of termination for cause of the Participant, the Participant will lose the right to receive all restricted shares that have not been transferred by the time of such termination, regardless of the program applicable to the Participant.

In the event of the Participant's death, disappearance, or permanent disability, all grace periods will be considered elapsed in advance, at the time of the Participant's death, disappearance, or disability.

DESCRIPTION OF THE NEW STOCK-BASED INCENTIVE PLAN ("NEW PLAN")

(a) general terms and conditions

The New Plan will be managed by the Company's People and Compensation Committee, with full authority to manage and construe it, having, among others, the authority necessary to:

- (i) approve the Programs provided for in the New Plan, as well as its corresponding regulation;
- (ii) decide on any and all measures connected to the management of the New Plan, and to construe and apply the general rules provided for herein;
- (iii) select, among the persons eligible to participate in the New Plan, those who will participate in it in a certain fiscal year or set forth the criteria for their determination;
- (iv) determine the number of Restricted Shares to be granted to each Participant;
- (v) approve the Agreement to be entered into between the Company and each of the Participants;
- (vi) amend the Program provisions as necessary towards the management of the New Plan, as well as to meet Company interests, as long as (a) such amendments do not violate the provisions of the New Plan or of the Programs; or (b) Participants' rights arising from or related to the New Plan are not harmed. This limitation excludes any adaptations that the Committee might perform in consequence of changes implemented in the law in force;
- (vii) review exceptional cases arising from or related to the New Plan; and
- (viii) settle doubts regarding the interpretation of the general rules set forth in the New Plan and to address omitted cases.

Decisions made by the People and Compensation Committee will have a binding nature on the Company and the Participants, if made in compliance with the New Plan, the respective Program or the applicable laws.



None of the Participants may become a member of the People and Compensation Committee, or attend discussions within its scope concerning the New Plan or any Program or Agreement. In case a Committee member is nominated to participate in any of the Programs, his/her adhesion will be conditioned on his/her prior resignation to the position of member of the People and Compensation Committee.

Further, none of the Participants may, in any other bodies of the Company management, attend discussions or vote for any matter in which the Participant has a potential interest as regards the New Plan, the Programs or any Agreement, as well as concerning his/her individual compensation within the scope of this Plan.

The Plan becomes effective on the date of its approval by the Company's General Meeting, and remains effective until December 14, 2025, the final term of effectiveness of the Stock-based Incentive and Retention Plan approved at the General Meeting held on December 15, 2015 and amended on April 5, 2018 and April 18, 2019, which will be superseded by the New Plan. The Agreements entered based on the Plan will remain in force until the obligations agreed therein are met, even if for such purpose the corresponding effectiveness extends beyond the final term of the effectiveness set forth for the Plan herein.

Below are the programs available in the New Plan:

"ILP Highlights Program" means the program, subject to the New Plan, for which the People and Compensation Committee may nominate participants, annually, at its sole discretion, based on an individual performance assessment, which adopts an objective method approved by the Board of Directors, and is informed to the corresponding Participants, which includes criteria such as results achieved, potential, and competencies, certain employees of the Company and/or controlled companies in non-executive positions (below the Executive Manager or other position that may replace him) who are considered, in the above-mentioned assessment, "Highlights of the Year". Although it is possible, there are no rules that require the Participant to be nominated every year to take part in this program.

"ILP Master Program" means the program, subject to the New Plan, for which the People and Compensation Committee may nominate annually, at its sole discretion, a selected group of individuals considered as key and critical to the Company, holding executive positions, meaning those Participants holding the position of executive manager or higher (or other positions that might replace them) to participate, whether employees or statutory Management members, based on an individual performance assessment, which adopts an objective methodology approved by the Board of Directors, and is informed to the corresponding Participants, including criteria like results, potential and competencies. To be entitled to the restricted shares subject matter of the grant, the Participant ought to meet the "stock ownership guideline", which sets forth the following obligations (i) at the final term of the three-year period after the date of grant, (ii) on the last day of May, August and November after the final term of said three-year period until the date of the actual delivery of the restricted shares by the Company, and (iii) on the date of the actual delivery of the restricted shares by the Company, prove he/she is the holder of the Company shares whose market value corresponds to twelve (12) monthly fixed gross salaries. In case the dates to prove the ownership of the shares referred to in the sentence above coincide with periods forbidding the negotiation of Company shares, the verification will be done on the second business day immediately after the date on which the period of the corresponding prohibition ends. In case



the Participant does not meet any of these conditions, he/she will not be entitled to receive the restricted shares at the end of the grace period. The Participant is the sole responsible for ensuring the compliance with these conditions, considering any variations in the value of his/her monthly fixed gross salary, as well as any variations in the market value of the Company's share. Although it is possible, there are no rules that require the Participant to be nominated every year to take part in this program.

"ILP Performance Program" means the program, subject to the New Plan, for which Company executives are eligible to participate annually, as nominated by the People and Compensation Committee at its sole discretion, meaning those Participants holding the position of executive manager or higher (or other positions that might replace them), whether employees or statutory Management members, based on the achievement of Company's internal and external long-term performance indicators established annually by the Board of Directors and informed to the Participants, and the individual performance assessment, which adopts an objective methodology approved by the Board of Directors, also informed to the respective Participants, including criteria like results, potential and competencies.

(b) main purposes of the plan

The New Plan aims to: (i) set forth some rules so that Participants can receive Shares without having to pay a price for them; (ii) increase the alignment of interests of Participants in the medium and long term with the shareholders' interests, increasing the Participants' sense of ownership and commitment through the concepts of investment and risk; and (iii) strengthen the Participants' incentives for long-term permanence and stability, within the context of a publicly-held company; and (iv) foster the increase in the Company's long-term performance, as determined through business indicators.

Each program provided for in the plan has its specific purposes: (i) ILP Performance Program - it aims at recognizing participants according to the Company's long-term performance (pay for performance), considering three-year cycles; (ii) ILP Master Program - it aims at retaining executive officers who are critical to the future of the Company (pay for stay), over a five-year time horizon; and (iii) the ILP Highlights Program - it aims at recognizing the organization's talents, including those holding non-executive positions, disseminating the culture of ownership.

(c) how the plan contributes to achieve such purposes

The granting of Restricted Shares seeks to allow Participants to be aligned with the Company and its shareholders and feel encouraged to become shareholders of the Company, as a consequence of the meritocracy applied by the Company, which considers criteria such as the individual performance, potential, and alignment with the skills and culture of the Company. As a result, Participants are encouraged to perform their activities in the best interest of the Company and, consequently, of its shareholders, generating value for the Company, because of the achievement of long-term goals, in the case of the ILP Performance Program, as well as the Participants investing in shares issued by the Company, in the case of the ILP Master Program, in order to bind to the Company's growth and, consequently, the appreciation of the shares issued by it, to the Participant's financial gain.

The new ILP plan addresses the main opportunities to improve the stock-based compensation model adopted by the Company in order to adapt to the best market practices and international standards by: (i) changing the mechanics thereof to define the number of shares through anchoring



in market positioning, enabling the financial stability of the plan over time and constant alignment to the market of the compensation package for executives; (ii) defining a specific message per program in line with the Company's strategic needs, without risk of overlapping and complexity; (iii) adding a share performance program (ILP Performance), generating a better balance if compared with programs focused on retention (ILP Master and ILP Destaques); and (iv) reviewing the existing metrics in the program, encouraging the future performance of the Company in line with shareholders' expectations, while looking at the individual performance of every Executive measured through the 9Box method.

d. how the plan fits into the issuer's compensation policy

The New Plan provides for the variable compensation mechanism that is in line with the Company's medium- and long-term interests, as it represents a relevant portion of the total compensation that is at risk for the Executives since it is totally bound to individual performance and, in the case of the ILP Performance Program, to the long-term performance of the Company, as shown in the previous topics

The focus on long-term variable compensation aims at following market practices and offering attractive packages that, in turn, care about the Company's interests in the most efficient way. The New Plan has as purpose to strengthen the focus on such form of compensation, offering the possibility of even more attractive returns, and on the other hand requiring a strong demonstration of commitment by the Participants in creating value for the Company and its shareholders, considering the long-term goals set for the IPL Performance Program.

The New Plan is part of the Company's long-term incentive policy, contributing to increase the compensation of the managers and employees of the Company, seeking to align the individual goals of such managers and employees with the Company's goals, since the Beneficiaries have an additional incentive to adopt behaviors that, in the long run, generate added value for the Company. In addition, in the case of the ILP Master Program, by requiring Participants to make their own investment in the Company's shares, it is understood that this strengthens the Participant's bond with the Company, as well as their feeling of being "owners".

The incentive is also based on the possibility of gains arising from the appreciation of the shares issued by the Company. In addition, the granting of shares, by offering the possibility of making gains only through the Beneficiary's long-term commitment, works as an instrument for attracting and retaining the Company's talents.

e. how the plan aligns the interests of management members and the issuer in the short, medium, and long term

The New Plan seeks to create a connection between the performance of the Participants and the Company's performance, including in the scope of choosing the group of them - based on the selection criteria of the Committee, measured through criteria such as result, potential, and competencies, which constitutes an incentive for employees and managers to seek both in the short term and in the long term to keep high performance and adopt actions that generate added value for the Company and are reflected in the appreciation of its shares in the market.

The New Plan aligns the interests of its beneficiaries with the interests of the Company's shareholders, as it allows managers and employees to become shareholders of the Company, encouraging efficient management, attracting and retaining highly-qualified professionals and generating growth and value for the Company.



The mechanisms that allow the alignment of the Beneficiaries' interests over time include, for example, (i) the grace periods for the effective transfer of Restricted Shares, varying between three and five years depending on the program, without the possibility of a partial transfer of shares over the grace period, (ii) the need to meet performance criteria for eligibility to the Plan Programs, as well as for determining the number of Restricted Shares to be granted to Participants, according to the rules applicable to each one of the Programs, (iii) the achievement of the Company's long-term indicators in the case of the ILP Performance Program by composing relative market metrics and customer-related metrics, and (iv) within the scope of the ILP Master Program, the need to acquire Company's shares, as the Participant's own investment.

(f) maximum number of covered shares

The maximum number of shares to be granted under the New Plan may not be, when added to the Restricted Stock granted under the Stock-based Incentive Plan approved by shareholders at meetings held on December 15, 2015, April 5, 2018 and April 18, 2019, higher than five point sixty-eight percent (5.68%) of the Company's capital stock which, on this date, totals 32,825,468 shares.

(g) maximum number of options to be granted

Not applicable, as the new plan does not include stock options.

(h) conditions for share acquisition

Vesting conditions will be applicable as per the Program the Participant is eligible to participate in. Nonetheless, it will be the People and Compensation Committee's responsibility, in compliance with each Program's selection criteria, to annually select Participants to each of the Programs.

Specifically for the ILP Master Program, in order to receive the Restricted Shares, the respective Participant must (i) by the end of a three-year period following the granting date, (ii) on the last day of the months of May, August and November after the end of the three-year period until the date the Company's restricted shares are actually delivered to the Participant, and (iii) on the date of the effective delivery of the Restricted Shares by the Company, prove that it holds shares in the Company the market value of which corresponds to 12 (twelve) gross monthly fixed salaries. In case the dates to prove the ownership of the shares referred to in the sentence above coincide with periods forbidding the negotiation of Company shares, the verification will be done on the second business day immediately after the date on which the period of the corresponding prohibition to the Restricted Shares ends. In case the Participant does not meet any of these conditions, he/she will not be entitled to receive the Restricted Shares at the end of the grace period.

Specifically for the ILP Performance Program, the number of Restricted Shares to be transferred to Participants after the 3 (year) grace period will vary between 70% and 130% depending on the achievement of long-term performance goals set and provided for in the corresponding agreements, with a focus on the proper balance between the impact of management and the return to shareholders. For the first granting, expected to take effect in the year 2022, the performance, for purposes of calculating the program, will be measured based on the combination of the following indicators:

Total Shareholder Return ("TSR") - Total Shareholder Return calculated in relation to the TSR of the companies that make up the IBRx-50 index. As a reference, this indicator shows the average price performance of the 50 most tradable and representative assets of the Brazilian stock market. The Company has been part of this index since 2021.



Evolution of Earnings per Share ("EPR") - a metric that measures the ratio between the Company's net profit from continuing operations and the number of shares that make up the Company's stock capital.

Client satisfaction, measured through the NPS (*Net Promoter Score*) indicator, whose purpose is to measure the degree of loyalty of the clients of companies that operate in any segment, bringing reflexes of client experience. This indicator is broadly used by most companies due to its simplicity, reliability and flexibility.

The performance indicators proposed for 2022 are strictly related to the company's business and the specific segment in which it operates, and are particularly applicable to the key value drivers of the Company. These three metrics together allow more complete monitoring of the company's performance.

Each of the Participants will enter into a Share Granting Agreement and other Covenants, as approved by the People and Compensation Committee, to be executed between the Company and each Participant within the scope of the respective Programs, which will provide for the granting of the corresponding Restricted Shares, as well as the terms and conditions for granting it (the **"Agreement"**).

The Company's obligation to transfer the Restricted Shares within the scope of the New Plan shall be subject to (i) the execution of an Agreement with each one of the Participants, (ii) the continuity of the employment and/or statutory relationship, as the case may be, of each Participant with the Company until the end of the applicable grace period, as detailed hereinbelow; (iii) meeting the performance targets set forth for the Participants, in the case of the ILP Performance Program, as described in the corresponding Agreements; (iv) meeting the stock ownership guidelines set forth in the ILP Master Program, and (v) any other conditions set forth in the corresponding Programs and Agreements.

The ILP Destaques Program will be subject to a three (3)-year grace period as from the signature of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Destaques Program.

The ILP Performance Program will be subject to a three (3)-year grace period as from the signature of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Performance Program.

The ILP Master Program will be subject to a five (5)-year grace period as from the signature of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Master Program.

Subject to the maximum limit of Restricted Shares that may be granted under the New Plan, and considering the number of Restricted Shares to be delivered to Participants under the Programs, the Committee may, in order to attract and retain certain key individuals of the Company and/or from companies controlled by the Company, at its sole discretion, use any remaining balance of Restricted Shares under the New Plan to make additional grants of Restricted Shares to Participants, in a limited number. Such additional grants will be subject to possible grace periods, Participant's termination rules, and other specific terms and conditions to be freely set forth by the People and Compensation Committee, as provided for in the corresponding Agreements. The grace period to be set by the Committee for this purpose will be at least 3 (three) years from the date of granting the Restricted Shares.



(i) criteria for setting acquisition or exercise price

The New Plan has, among others, the purpose of granting a long-term incentive to the Participants by granting Restricted Shares issued by the Company, without the payment of the strike price by the Participants. Therefore, it is not about a stock purchase option pursuant to art. 168, paragraph three of Act No. 6,404/76, but compensation consisting of stock granted to Participants.

Notwithstanding, the reference price per Restricted Share, for the purposes of the Plan, corresponds to the average closing quotation of the Company shares in the sixty (60) trading days prior to the date of grant or another value in accordance with criteria defined by the People and Compensation Committee and that reflects the market value of the Restricted Shares.

(j) criteria for setting the exercise period

The transfer of the Restricted Shares will be subject to a grace period of 3 to 5 years, as detailed in item “d” above. Participants will be entitled to receive the total Restricted Stock if they maintain a relationship with the Company until the end of the applicable grace period, according to the specific rules set forth under the New Plan, the Programs and the Agreements, particularly when the Participant leaves the Company (i) at their own initiative or is terminated for cause, in which case the Participant will no longer be entitled to receive Restricted Stock; (ii) at the Company’s initiative, without cause or by mutual agreement, in which case the Participant will be entitled to receive a portion of the Restricted Stock; (iii) upon their compulsory retirement; or (iv) upon their death, disappearance or permanent disability, in which case the Participant will be entitled to receive the Restricted Shares in full.

(k) settlement method

As mentioned in item “e” above, this is a long-term incentive consisting of granting stock issued by the Company to Participants, who do not give any financial consideration in return. Therefore, once the conditions set forth under the New Plan, the Programs and the related Agreement are met, the Participant will be entitled to receive Restricted Shares within sixty (60) days from the end of the grace period, and it will be the responsibility of the Company’s Management to take all measures required to formalize the transfer.

At its discretion, the Company may pay in cash the amount corresponding to the value of Restricted Shares the Participant is entitled to instead of delivering the Restricted Shares to the Participant. If the Company chooses to make a cash payment, the price per share will correspond corresponds to the average closing price of the Company shares in the sixty (60) trading days prior to the date of granting or another amount in accordance with criteria determined by the Committee and that reflects the market value of the Shares.

(l) restrictions to transfer shares

After the Restricted Shares are transferred to Participants, they may sell, transfer or otherwise dispose of it without any restriction.

(m) criteria and events that, when checked, will cause suspension, change or dismissal of the plan

In the interest of the Company and its shareholders, the People and Compensation Committee may either terminate or discontinue the New Plan, or even, revise the New Plan's conditions, provided



this does not change the corresponding basic principles, especially the maximum limits to transfer Restricted Shares as approved by the General Meeting.

The People and Compensation Committee may also give a certain treatment to special cases and situations while the Plan remains in effect. That includes deciding on the grant of additional Restricted Stock, provided that the rights already vested in Participants are not affected, and in compliance with the limit on the total number of Restricted Shares that may be granted under the New Plan.

Although it does not imply the extinction, suspension or alteration of the New Plan, it should be noted that in the event of either of the following events: (i) the acquisition of 30% or more of the shares representing the Company's capital stock by one shareholder or group of shareholders representing a common interest; or (ii) a corporate reorganization, including consolidation, acquisition, merger of shares, spin-off followed by the merger of the spin-off portion or any similar transaction resulting in the title of 30% or more of the shares representing the capital stock of the resulting company by one shareholder or group of shareholders representing a common interest. ("**Change of Control**") of the Company and in case the Participant is involuntarily severed from the Company, within 12 (twelve) months from the corresponding event, he/she will be entitled to receive the Restricted Shares in full, in accordance with the existing performance indicators and informed to the Participant upon the event in question. The provisions above apply after said twelve (12) months.

If the Company is dissolved, transformed, merged, taken over, spun off or restructured in such a manner that the Company is not the remaining company or, if it is the remaining company, ceases to have shares traded at the stock exchange, the Agreements in effect may, at the People and Compensation Committee's discretion: (i) be transferred to the succeeding company; or (ii) have its Grace Periods ended earlier, as applicable.

(n) consequences in case the manager leaves the issuer's bodies, about his/her rights provided for in the share-based equity compensation plan

In case of termination of the Participant at his/her own initiative or for cause at any moment during the grace periods, as applicable, the Participant will be no longer entitled to receive Restricted Shares. Notwithstanding, the Participant will preserve the right of ownership on any Restricted Shares belonging to him/her upon the termination, due to the elapse of the applicable grace periods.

In case of termination of the Participant at the Company's initiative, without cause, or upon mutual agreement, the Participant will be entitled to receive proportionally the Restricted Shares subject matter of the granting, in accordance with the time already elapsed of the applicable Grace Periods calculated until the actual date of Termination. As for the ILP Performance Program, the shares will be transferred only at the end of the respective Grace Period and subject to the determination of the performance goals set forth in the Agreement. For the purposes of proportionality, a full working month is considered as the one with at least 15 working days.

On the other hand, in case of compulsory retirement, the Participant will be entitled to receive in full the Restricted Shares that have been granted to him/her, with the early expiration of the Grace Periods then in force, except in the case of the ILP Performance Program, where the payment will become due and payable only at the end of the respective Grace Period and subject to the determination of the performance goals set forth in the Agreement.

In the event of Change of Control, if the Participant is terminated involuntarily from the Company, within twelve (12) months from said event, he/she will be entitled to receive the Restricted Shares



in full, in accordance with the existing performance indicators and informed to the Participant upon the event in question. The provisions above apply after said twelve (12) months.

The other cases of termination not provided for above will be provided for by the People and Compensation Committee.

In the event of death, disappearance or permanent disability of the Participant, all the grace periods will be deemed as expired earlier, upon the death, disappearance or declaration of disability of the Participant by the Brazilian National Social Security Institute. This will make him/her or his/her respective successors, as applicable, entitled to receive the Restricted Shares in full within one hundred and eighty (180) days from the event in question. In case of the ILP Performance Program, the determination of the performance indicators will be disregarded, and the number of Restricted Shares set forth in the Agreement will be transferred.

The Company maintains a full copy of the “New Plan” available on its Investor Relations website, which can be accessed through the link: <https://ri.totvs.com/esg/assembleias-e-reunioes>.



13.5 - Share-based compensation of the Board of Directors and Statutory Board of Executive Officers

The tables below show information on the stock-based compensation of the Board of Directors and the Company's Statutory Board of Executive Officers: (i) recognized in the results for the fiscal years ended on December 31, 2020, December 31, 2019 and December 31, 2018, considering the number of members of each body to which stock-based compensation was effectively attributed; and (ii) expected for the current fiscal year.

As informed in section 13.4, on April 27, 2020 the EGM approved the split-up of all shares issued by the Company, in the proportion of one common share to three shares of the same type, without changing the capital stock; the amounts mentioned herein already reflect such effect for all grants and concessions, for comparison purposes.

TABLES RELATING TO "PLAN 1":

Stock-based compensation - fiscal year ended on Dec. 31, 2018:		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	9.00	9.50
Number of paid members	-	9.50
Weighted average strike price:		
a. Outstanding options at the beginning of the fiscal year	-	12.58
b. Options lost during the fiscal year	-	-
c. Stock options exercised during the fiscal year	-	11.17
d. Stock options expired during the fiscal year	-	13.69
Potential dilution in case of exercise of all options granted	-	0.8%



Stock-based compensation - fiscal year ended on Dec. 31, 2019:		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	8.75	6.50
Number of paid members	-	5.00
Weighted average strike price:		
a. Outstanding options at the beginning of the fiscal year	-	11.28
b. Options lost during the fiscal year	-	-
c. Stock options exercised during the fiscal year	-	10.14
d. Stock options expired during the fiscal year	-	11.02
Potential dilution in case of exercise of all options granted	-	0.5%

Stock-based compensation - fiscal year ended on Dec. 31, 2020:		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	7.67	7.00
Number of paid members	-	5.00
Weighted average strike price:		
e. Outstanding options at the beginning of the fiscal year	-	11.87
f. Options lost during the fiscal year	-	-
g. Stock options exercised during the fiscal year	-	11.87
h. Stock options expired during the fiscal year	-	-
Potential dilution in case of exercise of all options granted	-	0.6%

For the current fiscal year (2021), there are no more options open under "Plan 1", as explained in section 13.4.

Information on each grant recognized in the financial result of the last 3 fiscal years and the current fiscal year:

TABLES REGARDING "PLAN 2":

STOCK-BASED COMPENSATION - FISCAL YEAR ENDED ON DEC. 31, 2018:



Granting (21) of restricted shares		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	9.00	9.50
Number of paid members	-	9.50
Grant date	-	May 4, 2018
Number of options granted	-	316,388
Term for options to become exercisable	-	3 years
Maximum period for exercising the options	-	June 4, 2021
Restricted term for the transfer of shares	-	n/a
Fair value of options on the date of each grant	-	9.84
Potential dilution in case of exercise of all options granted	9.00	0.06%

Granting (22) of restricted shares		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	9.00	9.50
Number of paid members	-	9.00
Grant date	-	May 4, 2018
Number of options granted	-	892,125
Term for options to become exercisable	-	3 years
Maximum period for exercising the options	-	June 4, 2021
Restricted term for the transfer of shares	-	n/a
Fair value of options on the date of each grant	-	9.84
Potential dilution in case of exercise of all options granted	9.00	0.15%



Granting (23) of restricted shares		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	9.00	9.50
Number of paid members	-	1.00
Grant date	-	Nov. 26, 2018
Number of options granted	-	73,035
Term for options to become exercisable	-	18 Months
Maximum period for exercising the options	-	06/26/2020
Restricted term for the transfer of shares	-	n/a
Fair value of options on the date of each grant	-	8.31
Potential dilution in case of exercise of all options granted	-	0.01%

Granting (24) of restricted shares		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	9.00	9.50
Number of paid members	-	1.00
Grant date	-	Nov. 26, 2018
Number of options granted	-	73,035
Term for options to become exercisable	-	6 months
Maximum period for exercising the options	-	06/26/2019
Restricted term for the transfer of shares	-	n/a
Fair value of options on the date of each grant	-	8.40
Potential dilution in case of exercise of all options granted	-	0.01%

STOCK-BASED COMPENSATION - FISCAL YEAR ENDED ON DEC. 31, 2019



Granting (25) of restricted shares		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	8.75	6.50
Number of paid members	1.00	6.00
Grant date	Apr. 26, 2019	Apr. 26, 2019
Number of options granted	270,000	567,375
Term for options to become exercisable	3 years	3 years
Maximum period for exercising the options	05/26/2022	05/26/2022
Restricted term for the transfer of shares	n/a	n/a
Fair value of options on the date of each grant	12.83	12.83
Potential dilution in case of exercise of all options granted	0.05%	0.1%

Granting (26) of restricted shares		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	8.75	6.50
Number of paid members	-	6.00
Grant date	-	April 26, 2019
Number of options granted	-	280,875
Term for options to become exercisable	-	3 years
Maximum period for exercising the options	-	May 26, 2022
Restricted term for the transfer of shares	-	n/a
Fair value of options on the date of each grant	-	12.83
Potential dilution in case of exercise of all options granted	-	0.05%

STOCK-BASED COMPENSATION - FISCAL YEAR ENDED ON DEC. 31, 2020



Granting (27) of restricted shares		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	7.67	7.00
Number of paid members	1.00	7.00
Date of grant	April 27, 2020	April 27, 2020
Number of options granted	270,000	827,625
Term for options to become exercisable	3 years	3 years
Maximum term for the options to be exercised	May 27, 2023	May 27, 2023
Restricted term for the transfer of shares	n/a	n/a
Fair value of options on the date of each grant	16.41	16.41
Potential dilution in case of exercise of all options granted	0.05%	0.14%

Granting (28) of restricted shares		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	7.67	7.00
Number of paid members	-	7.00
Grant date	-	April 27, 2020
Number of options granted	-	407,625
Term for options to become exercisable	-	3 years
Maximum period for exercising the options	-	May 27, 2023
Restricted term for the transfer of shares	-	n/a
Fair value of options on the date of each grant	-	16.41
Potential dilution in case of exercise of all options granted	-	0.07%



ESTIMATE OF THE STOCK-BASED COMPENSATION FOR THE FISCAL YEAR ENDED 2021 Granting (29) of restricted shares		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	7.00	7.50
Number of paid members	1.00	7.00
Grant date	May 5, 2021	May 5, 2021
Number of options granted	270,000	387,900
Term for options to become exercisable	3 years	3 years
Maximum period for exercising the options	June 5, 2024	June 5, 2024
Restricted term for the transfer of shares	n/a	n/a
Fair value of options on the date of each grant	To be determined	To be determined
Potential dilution in case of exercise of all options granted	0.05%	0.07%

Granting (30) of restricted shares		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	7.00	7.50
Number of paid members	-	7.00
Grant date	-	May 5, 2021
Number of options granted	-	787,050
Term for options to become exercisable	-	3 years
Maximum period for exercising the options	-	June 5, 2024
Restricted term for the transfer of shares	-	n/a
Fair value of options on the date of each grant	-	To be determined
Potential dilution in case of exercise of all options granted	-	0.13%

* The fair value of the shares is determined based on the market share value on the grant date, less the expected dividend for the grace period, since the beneficiaries are not entitled to receive it.



13.6 - Information on outstanding options held by the board of directors and the board of executive officers

The table below presents information on the outstanding shares of the Company's Board of Directors and Statutory Board of Executive Officers at the end of the previous fiscal year.

TABLE REGARDING "PLAN 2"

Corporate body	Statutory Board of Executive Officers	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers
Lending	21st grant	22nd grant	25th grant	25th grant	26th grant	27th grant	27th grant	28th grant
Number of Members	9.50	9.50	8.75	6.50	6.50	7.67	7.00	7.00
Number of paid members	6.00	6.00	1.00	6.00	6.00	1.00	7.00	7.00
Date of granting	May 4, 2018	May 4, 2018	Apr. 26, 2019	Apr. 26, 2019	Apr. 26, 2019	April 27, 2020	April 27, 2020	April 27, 2020
Outstanding shares								
Quantity	212,439	712,125	270,000	567,375	280,875	270,000	827,625	407,625
Grace period of shares	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Maximum term for transfer of shares	June 4, 2021	June 4, 2021	05/26/2022	05/26/2022	05/26/2022	May 27, 2023	May 27, 2023	May 27, 2023
Restricted term for the transfer of shares	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reference price of restricted shares	10.08	10.08	13.40	13.40	13.40	17.00	17.00	17.00
Fair value of shares at the last day of the fiscal year	9.84	9.84	12.83	12.83	12.83	16.41	16.41	16.41
Fair value of total shares at the last day of the fiscal year	2,090,399.76	7,007,310.00	3,463,200.00	7,277,530.00	3,602,690.00	4,430,700.00	13,581,326.25	6,689,126.25

As informed in section 13.4, on April 27, 2020 the EGM approved the split-up of all shares issued by the Company, in the proportion of one common share to three shares of the same type, without changing the capital stock; the amounts mentioned hereinabove already reflect such effect for all grants.



13.7 - Options exercised and delivered shares regarding the share-based compensation of the Board of Directors and statutory board of executive officers

The tables below show information on the options exercised and shares delivered concerning the stock-based compensation of the Board of Directors and the Company's Statutory Board of Executive Officers, in the fiscal years ended on December 31, 2020, December 31, 2019 and December 31 2018.

The options exercised refer to "Plan 1" and the shares delivered refer to "Plan 2".

Exercised options and delivered shares - fiscal year ended Dec. 31, 2020		
	Board of Directors	Statutory Board of Executive Officers
Number of Members	7.67	7.00
Number of paid members	-	6.00
Exercised Options		
Number of shares	-	91,785
Weighted average strike price	-	11.87
Difference between the exercise amount and the market value of shares connected to options exercised	-	8.41
Shares delivered		
Number of shares delivered	-	777,799
Weighted average acquisition price	-	13.11
Difference between the acquisition price and the market value of shares acquired	-	11.48

Exercised options and delivered shares - fiscal year ended Dec. 31, 2019		
	Board of Directors	Statutory Board of Executive Officers
Number of Members	8.75	6.50
Number of paid members	-	6.5
Exercised Options		
Number of shares	-	192,213
Weighted average strike price	-	10.14
Difference between the exercise amount and the market value of shares connected to options exercised	-	3.21



Shares delivered		
Number of shares delivered	-	424,296
Weighted average acquisition price	-	10.68
Difference between the acquisition price and the market value of shares acquired	-	1.91

Exercised options and delivered shares - fiscal year ended Dec. 31, 2018		
	Board of Directors	Statutory Board of Executive Officers
Number of Members	9.00	9.50
Number of paid members	-	7.00
Exercised Options		
Number of shares	-	56,919
Weighted average strike price	-	11.17
Difference between the exercise amount and the market value of shares connected to options exercised	-	0.28
Shares delivered		
Number of shares delivered	-	70,278
Weighted average acquisition price	-	10.68
Difference between the acquisition price and the market value of shares acquired	-	(1.97)

As informed in section 13.4, on April 27, 2020 the EGM approved the split-up of all shares issued by the Company, in the proportion of one common share to three shares of the same type, without changing the capital stock; the amounts mentioned hereinabove already reflect such effect for all grants, for comparison purposes.



13.8 - Information required to understand the data disclosed on sections 13.5 to 13.7 - Method of determining the amounts of shares and options

(a) pricing model

The price of the options issued under Plan 1 was determined using the “Black & Scholes” method, which sets the fair value considering the expected dividends, the expected volatility, the risk-free interest rate, and the maturity period.

The fair value of the Restricted Shares issued under Plan 2 is determined based on the market share value on the grant date, less the expected dividend for the grace period, since the beneficiaries are not entitled to receive it. According to CPC-10, such amount is deferred and amortized during the grace period.

(b) data and assumptions used in model of pricing, including weighted average price of shares, exercise price, expected volatility, option life period, expected dividends and interest risk-free rate

The data and assumptions used in the pricing model are shown in the table below. It is worth mentioning that the 2015 grant is connected to the granting of stock options, while the grants from 2018 on are connected to the granting of restricted shares:

TABLE FOR “PLAN 1”

	12th grant	14th grant
Date	Feb. 20, 2015	Apr. 2, 2015
Grant price	11.87	11.87
Expectation of dividends	2.60%	2.60%
Expectation of volatility	29.61%	29.61%
Risk-free interest rate	12.75%	13.00%
Maturity term	3 years	3 years
Fair value	R\$3.79	R\$4.04

TABLE FOR “PLAN 2”

Corporate body	Statutory Board of Executive Officers	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers
Lending	21st grant	22nd grant	25th grant	25th grant	26th grant	27th grant	27th grant	28th grant
Date	May 4, 2018	May 4, 2018	Apr. 26, 2019	Apr. 26, 2019	Apr. 26, 2019	April 27, 2020	Apr. 26, 2019	April 27, 2020
Reference price of restricted shares	10.08	10.08	13.40	13.40	13.40	17.00	17.00	17.00



Expectation of dividends	1.80%	1.80%	1.44%	1.44%	1.44%	1.17%	1.17%	1.17%
Expectation of volatility	NA	NA	NA	NA	NA	NA	NA	NA
Risk-free interest rate	NA	NA	NA	NA	NA	NA	NA	NA
Grace period of shares	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Fair value	R\$9.84	R\$9.84	R\$12.83	R\$12.83	R\$12.83	16.41	16.41	16.41

(c) method used and assumptions taken to incorporate expected effects of early exercise

The options granted have the *vesting period* rule of 3 years from the grant date, that is, the option can be exercised only within 3 to 5 years counted from the grant. Thus, the assumption used to incorporate the expected effects of early exercise of such options was to recognize the options on the financial result over 3 years. For restricted shares, the vesting period rule is also of 3 years, such date being counted from the delivery of said shares.

(d) manner of determination the expected volatility

The annualized volatility was determined by the standard deviation of the weekly price changes of the Company's stock traded on B3, adjusted by the distribution of dividends, over the three-year period up to the date of each grant.

(e) if any other option feature was incorporated in measurement of its fair value

No items other than those described in section 13.8 (a) were considered.



13.9 - Interests in shares, membership interests, and other convertible securities held by managers and serving members of the "fiscal council" (i.e., supervisory board) – per body

The table below shows the amount of securities directly held by the Company's managers on the closing date of the last fiscal year:

Corporate body	Securities issuing company	Dec. 31, 2020
Board of Directors	TOTVS S.A.	86,819.80
Statutory Board of Executive Officers	TOTVS S.A.	707,218
Fiscal Council* (Sup. Board)	TOTVS S.A.	-

* The decision to establish the Fiscal Council (aka Supervisory Board) was made at the Annual General Meeting held on April 20, 2021.

The chairperson of the Board of Directors and the Statutory Board of Executive Officers still have 3,548,064 restricted shares in the grace period of "Plan 2" for stock-based compensation, as shown in section 13.6.



13.10 - Information on pension plans for members of the board of directors and statutory executive officers

In addition to the contribution to social security (INSS), officers can voluntarily adhere to the Company's private pension plan. The basic contribution consists of monthly payments with their amount limited to the range between 2% to 5% of the monthly fixed compensation (base salary) of the officer and has a counterpart (deposit of equal amount) from the Company. In addition, voluntary monthly or sporadic contributions can be made, however, without the Company's counterpart. To be eligible to redeem the amount deposited by the Company, the officer must contribute to the program for at least 3 years, and the percentage to be redeemed will vary as shown in the table below:

Contribution time to the program	Percentage of the balance of the company's normal contributions
Up to 2 years and 11 months	-
From 3 years to 3 years and 11 months	30%
From 4 years to 4 years and 11 months	40%
From 5 years to 5 years and 11 months	50%
From 6 years to 6 years and 11 months	60%
From 7 years to 7 years and 11 months	70%
From 8 years to 8 years and 11 months	80%
From 9 years to 9 years and 11 months	90%
From 10 years on	100%

Please see below is a table with information on the pension plans in force granted to members of the board of directors and statutory executive officers:

	Board of Directors	Statutory Board of Executive Officers
Number of Members	8.75	6.50
Number of paid members	8.75	6.50
Plan name	N/A	TOTVS Private Pension Plan*
Number of managers who are eligible to retire	N/A	No executive is currently in progress of retiring
Conditions for early retirement	N/A	Early retirement is not possible
Updated accumulated amount of accrued contributions up to the end of the last fiscal year, discounting the portion related to contributions made directly by the managers	N/A	R\$1,655,826.70



	Board of Directors	Statutory Board of Executive Officers
Total accrued amount of contributions made during the last fiscal year, discounting the portion relating to contributions made directly by the managers	N/A	R\$161,884.25
Possibility of early redemption and conditions	N/A	The executive is entitled to redeem private pension contributions, however, such option will cancel the plan and the executive will not be allowed to return to the plan. The executive will be eligible to the company's contribution, according to the contribution time table

*The private pension plan does not include members of the Board of Directors



13.11 Maximum, minimum, and average individual compensation of the board of directors, the statutory board of executive officers, and the fiscal council (supervisory board)

The table below shows information on the maximum, minimum and average individual compensation of the Board of Directors and the Statutory Board of Executive Officers, considering the previous three fiscal years.

Annual amounts	Statutory Board of Executive Officers			Board of Directors			Fiscal Council (aka Supervisory Board)		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Total number of members	7.00	6.50	9.50	7.67	8.75	9.00	0	0	0
Number of paid members	7.00	6.50	9.50	7.67	8.75	8.17	0	0	0
Highest compensation amount (in Reals)	4,888,046.07	3,495,449.93	3,557,103.36	2,878,838.40	2,520,790.65	443,564.95	0	0	0
Lowest compensation amount (in Reals)	1,859,255.18	1,974,477.06	1,328,892.00	407,616.00	387,581.55	353,856.95	0	0	0
Average compensation amount (in Reals)	3,938,441.68	3,371,705.42	1,973,927.09	909,330.05	644,490.76	399,875.85	0	0	0



13.12 - Compensation or indemnity mechanisms for Management members in the event of removal from office or retirement

If the Company terminates the agreement with no cause within 12 (twelve) months after the date of a Material Corporate Change, the officer will be entitled to receive an indemnity equivalent to 18 (eighteen) monthly compensations in force at the time of termination, as well as will be entitled to receive all the amounts related to the Target Bonus Program.

The Company and its subsidiaries keep in full force a civil liability insurance policy for members of the Management - D&O world class, which provides for the payment or reimbursement of expenses borne by directors and officers, resulting from the compensation for damages caused to third parties or to the Company. The current policy number 087372021010310000581 (insurance policy registered with SUSEP under number 15414.901229/2017-25), executed with the insurance company **AIG SEGUROS BRASIL SA**, is effective and in force until July 1st, 2022 and has a maximum indemnity limit of R\$100.0 million (one hundred million Reals). Despite being covered by the current D&O policy contracted in Brazil, the directors and officers of operations in Mexico, Argentina and the USA are also covered by a local policy issued in each of those countries, with a coverage value of USD1.0 million, aiming at speeding up the reimbursement of expenses arising from possible losses.



13.13 - Percentage of total remuneration held by members of the management and members of the fiscal council (supervisory board) who are parties related to controllers

Not applicable. There is no direct or indirect controller in the Company.



13.14 - Compensation of members of the management and the fiscal council (supervisory board), ranged by body, received for any reason other than the position held

Mr. Guilherme Stocco Filho, independent member of the Board of Directors elected on April 27, 2020 received the total amount of R\$28,938 between the months of January and May 2018 for the provision of advisory services to the Strategy and Technology Committee ("CET"), acting as an external member of this Committee, as recommended by the Board of Directors and election held on April 27, 2017.

There are no other directors or officers in the Company who receive compensation for any reason other than the position they hold.



13.15 - Compensation of members of the management and the fiscal council (supervisory board) recognized in the result of direct or indirect controllers, of companies under common control and subsidiaries of the issuer.

There are no directors or officers in the Company that receive compensation through direct or indirect controllers, companies under common control, or subsidiaries of the issuer.



13.16 - Other relevant information

For comparative purposes, we first present the details of the global annual remuneration for the year 2020 and the Remuneration Proposal for the year 2021, approved at the Extraordinary General Meeting of April 20, 2021:

I - FISCAL YEAR 2020

At the Annual General Meeting held on April 27, 2020, a total compensation amount of up to R\$42,347,414.09 (forty-two million, three hundred and forty-seven thousand, four hundred and fourteen Reals and nine cents) was approved for the fiscal year 2020, encompassing Fixed, Variable (bonuses), benefits, and Stock-based Compensation. Out of the total amount approved, R\$34,540,622.08 (thirty-four million, five hundred and forty thousand, six hundred and twenty-two Reals and eight cents) were actually used for that purpose.

As stated in detail in the tables and graphs below, the actual use of an amount 18.44% (eighteen, point forty-four percent) below the limit approved was possible due to the following factors:

- (i) Book value referring to Stock-based Compensation, as a result of the granting of restricted shares in the 2020 grants with a price lower than that provided for in the Compensation Proposal due to the update of the average of the last 30 (thirty) sessions that preceded the preparation of the proposal and the effective grant date - the proposal was of R\$20.60 (twenty Reals and sixty cents) and the grants were made with the reference price of R\$17 (seventeen Reals);
- (ii) The new member of the Board of Executive Officers foreseen in the proposal for the second half of the year was not hired;
- (iii) Bonus below the estimated in the proposal due to the average level of achievement of goals by the Board;
- (iv) Adjustments in the contracts of benefits, such as medical and dental assistance, lower than the ones originally estimated; and
- (v) Individual adhesion of the Board of Executive Officers to the post-employment benefit connected to the private pension plan at a lower level than that provided for in the proposal.



PROPOSED AND PERFORMED NUMBERS IN 2020

	Proposed for 2020			Performed 2020		
	Board	Executive Officers	Total:	Board	Executive Officers	Total
Number of Members	7.67	7.50	15.17	7.67	7.00	14.67
Fixed annual compensation (FC)						
Salary or management fees	3,452,224.00	7,903,570.07	11,355,794.07	3,452,519.96	7,472,519.96	10,924,743.96
Direct and indirect benefits	395,558.64	1,417,346.03	1,812,904.67	369,311.15	1,238,120.80	1,607,431.95
Compensation for participation in Committees	1,044,979.20	0.00	1,044,979.20	1,010,995.20	0.00	1,010,995.20
Total FC	4,892,761.84	9,320,916.10	14,213,677.94	4,832,530.35	8,710,640.76	13,543,171.11
Variable compensation (VC)						
Bonus	0.00	5,083,735.43	5,083,735.43	0.00	3,579,074.14	13,543,171.11
Total Fix.C. + Var.C.	4,892,761.84	14,404,561.53	19,297,413.37	4,832,530.35	12,289,714.90	17,122,245.25
Other	0.00	364,780.15	364,780.15	0.00	161,884.25	161,884.25
Post-employment benefits	0.00	364,780.15	364,780.15	0.00	161,884.24	161,884.25
Benefits for termination of tenure	0.00	92,195.26	92,195.26	0.00	92,195.26	92,195.26
Total FC + VC + Other	0.00	5,540,710.84	5,540,710.84	0.00	3,833,153.65	3,833,153.65
Total FC + VC + Other	4,892,761.84	14,861,626.94	19,754,388.78			
Stock-based remuneration¹						
Accounting recognition - current year	1,240,400.00	5,674,830.00	6,915,230.00	984,600.00	4,504,545.00	5,489,145.00
Accounting recognition - previous years	1,154,400.00	14,523,395.31	14,677,795.31	1,154,400.00	10,520,752.35	11,675,152.35
Total share-based compensation	2,394,800.00	20,198,225.31	22,593,025.31	2,139,000.00	15,025,297.35	17,164,297.35
General Total	7,287,561.84	35,059,852.25	42,347,414.09	6,971,530.35	27,569,091.76	34,540,622.11

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

Note: the actual amounts in 2020 of the accounting recognition of previous years of stock-based compensation refers to R\$1,492,947.59 (one million, four hundred and ninety-two thousand, nine hundred and forty-seven Reals and fifty-nine cents), for the 2016 grants, R\$1,889,684.21 (one million, eight hundred and eighty-nine thousand, six hundred and eighty-four Reals and twenty-one cents) for the 2017 grants, R\$3,511,380.43 (three million, five hundred and eleven thousand, three hundred and eighty Reals and forty-three cents) for the 2018 grants, and R\$4,781,140.12 (four million, seven hundred and eighty-one thousand, one hundred and forty Reals and twelve cents) for the 2019 grants.

VARIATION BETWEEN PROPOSED AND PERFORMED NUMBERS IN 2020

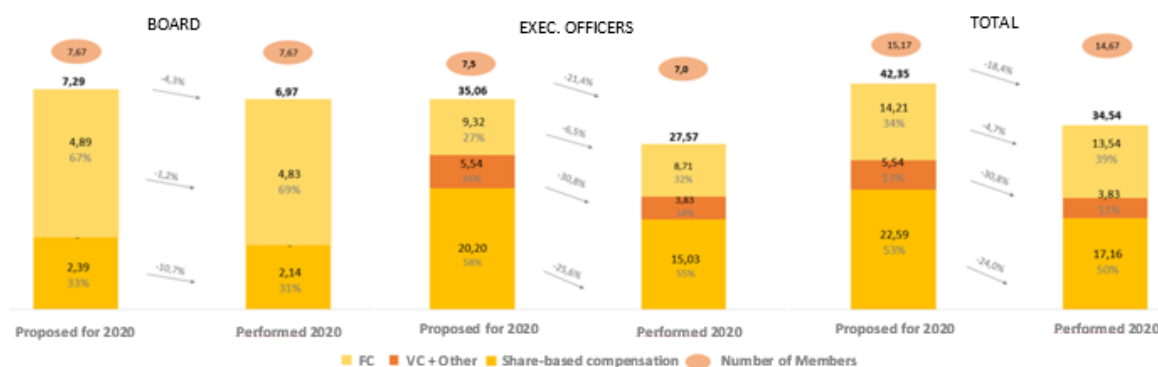
	Performed 2020 vs. Proposed 2020					
	Absolute variation			Percentage (%) change		
	Board	Executive Officers	Total	Board	Executive Officers	Total
Number of Members	0.00	-0.50	-0.50	0.00%	-6.67%	-3.30%
Fixed annual compensation (FC)						
Salary or management fees	0.00	-431,050.11	-431,050.11	0.00%	-5.45%	-3.80%
Direct and indirect benefits	-26,247.49	-179,225.23	-205,472.72	-6.64%	-12.65%	-11.33%



	Performed 2020 vs. Proposed 2020					
	Absolute variation			Percentage (%) change		
	Board	Executive Officers	Total	Board	Executive Officers	Total
Compensation for participation in Committees	-33,984.00	0.00	-33,984.00	-3.25%	-	-3.25%
Total FC	-60,231.49	-610,275.32	-670,506.83	-1.23%	-6.55%	-4.72%
Variable compensation (VC)						
Bonus	0.00	-1,504,661.29	-1,504,661.29	-	-29.60%	-29.60
Total Fix.C. + Var.C.	-60,231.49	-2,114,936.62	-2,175,168.12	-1.23%	-14.68%	-11.27
Other						
Post-employment benefits	0.00	-202,895.90	-202,895.90	-	-55.62%	-55.62%
Benefits for termination of tenure	0.00	0.00	0.00	-	0.00	0.00
Total FC + VC + Other	0.00	-1,707,557.19	-1,707,557.19	-	-30.82%	-30.82%
Total FC + VC + Other	-60,231.49	-2,317,832.52	-2,378,064.02	-1.23%	-15.60%	-12.04%
Stock-based remuneration¹						
Accounting recognition - current year	-255,800.00	-1,170,285.00	-1,426,085.00	-20.62%	-20.62%	-20.62%
Accounting recognition - previous years	0.00	-4,002,642.96	-4,002,642.96	0.00%	-27.56%	-25.53%
Total share-based compensation	-255,800.00	-5,172,927.96	-5,428,727.96	-10.68%	-25.61%	-24.03%
General Total	-316,031.49	-7,490,760.48	-7,806,791.98	-4.34%	-21.37%	-18.44%

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

PROPOSED AND PERFORMED NUMBERS IN 2020



II - FISCAL YEAR 2021

For 2021, the Company's Management informs that it has not made any changes to the compensation plan of the Board of Directors and Board of Executive Officers, be it to criteria of Fixed, Variable (Bonus), Benefits, or Stock-based Compensation.

A. Number of members:

Regarding the number of members of the Board of Directors and Statutory Board of Executive Officers for 2021, the Company's Management hereby proposes:

- (i) Maintaining the number of members of the Board of Directors; and
- (ii) The possibility of adding a member to the Board of Executive Officers over 2021.

B. Fixed and variable compensation and benefits:



For purposes of equalization with market practices, the Company's Management proposes for 2021:

- (i) Updating the amounts regarding the Fixed Compensation of the Board of Directors at an index equivalent to the inflation rate ascertained in the period;
- (ii) Updating the amounts referring to the Compensation for Taking Part in Committees for Coordinators of Committees in a rate higher than the inflation in the period, according to the practices observed in the market and the distinguished level of dedication of this role if compared to the other committee members. This item represents an additional 12.42% (twelve point forty-two percent) regarding the 2020 proposal in the line "Compensation for taking part in committees";
- (iii) Updating the amounts connected to the Fixed Compensation and Bonuses of the Vice-Presidents (Statutory Board of Executive Officers) at a rate equivalent to the inflation calculated in the period; and updating the amounts of the CEO's Fixed Compensation and Bonuses (Statutory Board of Executive Officers) at a rate higher than inflation, aiming at adapting to the standards practiced, especially, in the information technology market in Brazil. These items, taken together, represent an additional of 4.92% (four point ninety-two percent) in the salaries of the Statutory Board of Executive Officers and 12.59% (twelve point fifty-nine percent) in the bonuses payable (both compared to the 2020 proposal); and
- (iv) Updating the amounts of medical and dental assistance benefits provided to the Statutory Board of Executive Officers, according to the conditions provided for in the agreements in force with service providers.

As contained in the items above, the Company's Management proposes for 2021, under the terms of the Board of Directors' meeting held on March 12, 2021, an amount of up to R\$20,723,601.78 (twenty million, seven hundred and twenty-two thousand, six hundred and one Reals and seventy-eight cents) as fixed and variable compensation, plus benefits. This proposal brings an increase of 4.91% (four point ninety-one percent) compared to the amounts proposed for 2020, as shown in the tables and graphs below:

PROPOSAL FOR 2021 (Fixed Comp. + Var. Comp. + BENEFITS)

	Proposed 2021			Proposed for 2020			Performed 2020		
	Board	Executive Officers	Total	Board	Executive Officers	Total	Board	Executive Officers	Total
Number of Members	7.00	7.50	14.50	7.67	7.50	15.17	7.67	7.00	14.67
Fixed annual compensation (FC)									
Salary or management fees	3,381,243.72	8,292,805.49	11,674,049.22	3,452,224.00	7,903,570.07	11,355,794.07	3,452,224.00	7,472,519.96	10,924,743.96
Direct and indirect benefits	380,699.23	1,495,195.59	1,875,894.82	395,558.64	1,417,346.03	1,812,904.67	369,311.15	1,238,120.80	1,607,431.95
Compensation for participation in Committees	1,174,779.61	0.00	1,174,779.61	1,044,979.20	0.00	1,044,979.20	1,010,995.20	0.00	1,010,995.20
Total FC	4,936,722.57	9,788,001.08	14,724,723.65	4,892,761.84	9,320,916.10	14,213,677.94	4,832,530.35	8,710,640.76	13,543,171.11
Variable compensation (VC)									
Bonus	0.00	5,723,800.27	5,723,800.27	0.00	5,083,735.43	5,083,735.43	0.00	3,579,074.14	3,579,074.14
Total Fix.C. + Var.C.	4,936,722.57	15,511,801.35	20,448,523.92	4,892,761.84	14,404,651.53	19,297,413.37	4,832,530.35	12,289,714.90	17,122,245.25
Other									
Post-employment benefits	0.00	275,077.86	275,077.86	0.00	364,780.15	364,780.15	0.00	161,884.25	161,884.25
Benefits for termination of tenure	0.00	0.00	0.00	0.00	92,195.26	92,195.26	0.00	92,195.26	92,195.26



	Proposed 2021			Proposed for 2020			Performed 2020		
	Board	Executive Officers	Total	Board	Executive Officers	Total	Board	Executive Officers	Total
Total FC + VC + Other	0.00	5,998,878.13	5,998,878.13	0.00	5,540,710.84	5,540,710.84	0.00	3,833,153.65	3,833,153.65
Total FC + VC + Other	4,936,722.57	15,786,879.21	20,723,601.78	4,892,761.84	14,861,626.94	19,754,388.78	4,832,530.35	12,543,794.41	17,376,324.76

VARIATION BETWEEN 2021 PROPOSAL AND 2020 PROPOSAL (FC + VC + BENEFITS)

	Proposed 2021 vs. Proposed 2020					
	Absolute variation			Percentage (%) change		
	Board	Executive Officers	Total	Board	Executive Officers	Total
Number of Members	-0.67	0.00	-0.67	-8.70%	0.00%	-4.40%
Fixed annual compensation (FC)						
Salary or management fees	-70,980.28	389,235.43	318,255.15	-2.06%	4.92%	2.80%
Direct and indirect benefits	-14,859.41	77,849.56	62,990.15	-3.76%	5.49%	3.47%
Compensation for participation in Committees	129,800.41	0.00	129,800.41	12.42%	-	12.42%
Total FC	43,960.72	467,084.99	511,045.71	0.90%	5.01%	3.60%
Variable compensation (VC)						
Bonus	0.00	640,064.84	640,064.84	-	12.59%	12.59%
Total Fix.C. + Var.C.	43,960.72	1,107,149.83	1,151,110.55	0.90%	7.69%	5.97%
Other						
Post-employment benefits	0.00	-89,702.29	-89,702.29	-	-24.59%	-24.59%
Benefits for termination of tenure	0.00	-92,195.26	-92,195.26	-	-100.00%	-100.00%
Total FC + VC + Other	0.00	458,167.29	458,167.29	-	8.27%	8.27%
Total FC + VC + Other	43,960.72	925,252.28	969,213.00	0.90%	6.23%	4.91%

PROPOSAL FOR 2021 (Fixed Comp. + Var. Comp. + BENEFITS)



C. Stock-based Compensation:

The stock-based compensation recognized in each fiscal year and explained throughout this topic strictly follows the criteria corresponding to the maximum accounting estimates due to the accounting deferral set forth by the applicable legislation under the CPC 10 standard. The CPC 10 accounting standard, based on the international standard IFRS 2, aims at prescribing procedures for the recognition and disclosure of transactions with payment based on actions carried out by the Companies. To assist understanding thereof, according to CPC10 the cost of transactions settled with equity instruments must be measured based on the fair value on the date they were granted, using an appropriate valuation model. Such cost is recognized in stock-based compensation expenses together with the corresponding increase in shareholders' equity over the plan's grace period. For detailed information, please visit:



<http://www.cpc.org.br/CPC/Documentos-Emitidos/Pronunciamentos/Pronunciamento?Id=41>

As regards the year-over-year progress, the Stock-Based Compensation goes from the 2020 proposed value of R\$22,593,025.31 (twenty-two million, five hundred and ninety-three thousand, twenty-five Reals and thirty-one cents) to the 2021 proposal of R\$29,563,660.30 (twenty-nine million, five hundred and sixty-three thousand, six hundred and sixty Reals and thirty cents), as shown in the table below:

2021 PROPOSAL (STOCK-BASED COMPENSATION)

	Proposed 2021			Proposed for 2020			Performed 2020			Variation of proposed # 2021 vs. prop. 20
	Board	Executive Officers	Total	Board	Executive Officers	Total	Board	Executive Officers	Total	
Stock-based remuneration¹										
Accounting recognition - current year grants	1,855,800.00	8,075,823.00	9,931,230.00	1,240,400.00	5,674,830.00	6,915,230.00	984,600.00	4,504,545.00	5,489,145.00	3,016,393.00
Accounting recognition - previous years grants	2,631,300.00	17,000,737.30	19,623,037.30	1,154,400.00	14,523,395.31	15,677,795.31	1,154,400.00	10,520,752.35	11,675,152.35	3,954,241.99
Total share-based compensation	4,487,100.00	25,076,560.30	29,563,660.30	2,394,800.00	20,198,225.31	22,593,025.31	2,139,000.00	15,025,297.35	17,64,297.35	6,970,634.99
Total number of shares - current year grants	270,000.00	1,174,950.00	1,444,950.00	270,000.00	1,235,250.00	1,505,250.00	270,000.00	1,235,250.00	1,505,250.00	-60,300.00
Total number of shares - previous years grants	540,000.00	3,008,064.00	3,548,064.00	270,000.00	2,601,639.00	2,871,639.00	270,000.00	2,550,613.00	2,820,613.00	676,425.00
Total number of shares	810,000.00	4,183,014.00	4,993,014.00	540,000.00	3,836,889.00	4,376,889.00	540,000.00	3,785,863.00	4,325,863.00	616,125.00
Total economic par value - current year grants	8,351,100.00	36,341,204.00	44,692,304.00	5,581,800.00	25,536,735.00	31,118,535.00	4,430,700.00	20,270,453.00	24,701,153.00	13,573,769.00

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

Note 1: the amounts granted in previous years were approved by the competent bodies, in accordance with the Stock-Based Incentive and Retention Plans approved by the shareholders at General Meetings held, respectively, on December 15, 2015 that was amended on April 5, 2018 and April 18, 2019, having been, therefore, already granted to the beneficiaries.

Note 2: the total book economic value multiplies the total number of shares of the grants performed in the current year with the fair value of the shares.

This increase of R\$6,970,634.99 (six million, nine hundred and seventy thousand, six hundred and thirty-four Reals and ninety-nine cents) is explained by the following effects:

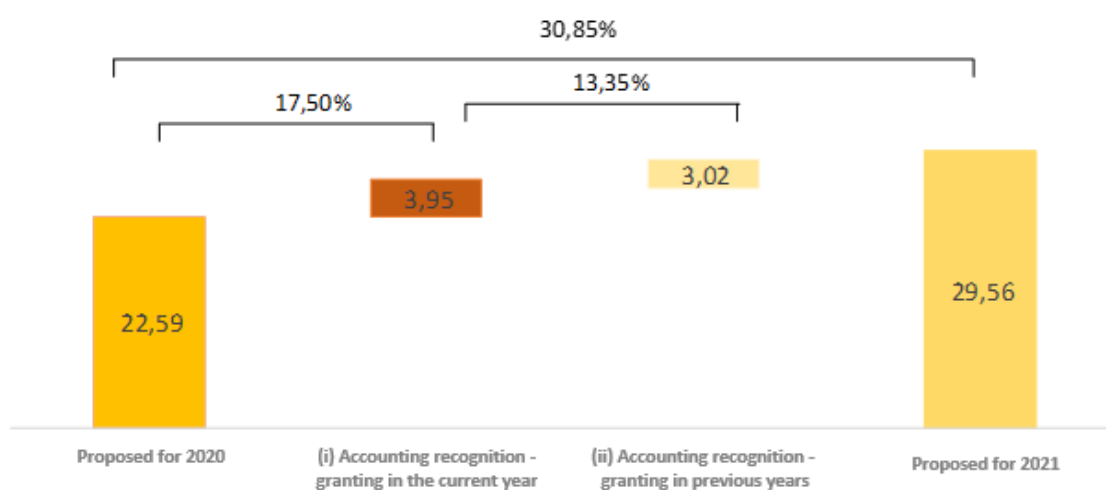
- (i) **Accounting recognition of amounts granted in previous years:** an estimated appreciation of approximately 214% (two hundred and fourteen percent), of the shares granted in 2018 that will be effectively delivered to the participants in 2021, with an impact on withheld taxes; more effect of the stacking of the last 3 grants, accumulating the grants performed in 2018 (4/36 in 2021), 2019 (12/36 in 2021), and 2020 (12/36 in 2021) together with the 2021 grant (8/36 in 2021), which end up increasing the total for the year at issue. These factors represent an impact of R\$3,954,241.99 (three million, nine hundred and fifty-four thousand, two hundred and forty-one Reals and ninety-nine cents).



- (ii) **Accounting recognition of grants performed in the current year:** an estimated appreciation of shares to be granted in 2021, in the range of 88% (eighty-eight percent), compared to the grant made in 2020; this represents an impact of R\$3,016,393 (three million, sixteen thousand, and three hundred and ninety-three Reals), even with the expected delivery of 60,300 (sixty thousand and three hundred) shares less in 2021.

Adding items (i) and (ii), the impact of 30.85% (thirty point eighty-five percent) represents the difference between the 2021 proposal and the 2020 proposal, as shown in the graph below:

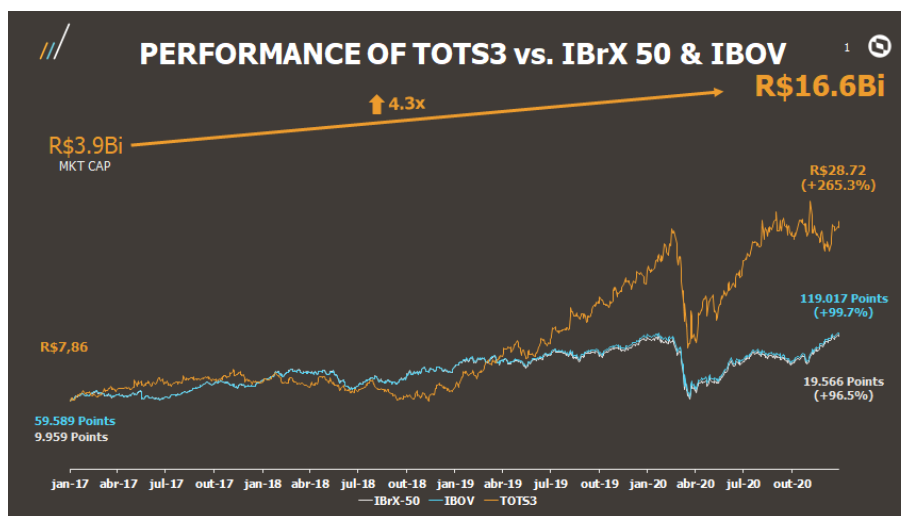
VARIATION BETWEEN 2021 PROPOSAL AND 2020 PROPOSAL
(STOCK-BASED COMPENSATION)



The aforementioned positive effects played, as expected, a critical role in aligning the interests both of shareholders and Management, given the appreciation of the Company's share value over the past few years. As shown in the graph below, we can see the high performance of TOTS3 against two important market indexes:

1. **Ibovespa:** the most important indicator of the average performance of the prices of shares traded on B3 (Brazil, Bolsa, Balcão), formed by the shares with the highest volume traded in recent months. Since 2020, the Company has been part of this index.
2. **IBrX50:** an indicator of the average price performance of the 50 most tradable and representative assets of the Brazilian stock market. The Company has been part of this index since 2021.

RELATIVE PERFORMANCE OF TOTS3 (IBRX 50 AND IBOV):



We explain below, in detail, the effects of changes in the amounts of stock-based compensation for the Board of Directors and Statutory Board of Executive Officers considering the accounting recognition of the grants for the current and previous years:

Accounting recognition of current year grants:

The Stock-Based Incentive and Retention Plan approved at the Extraordinary General Meeting held on December 15, 2015 and amended on April 5, 2018 and April 18, 2019 (the "**Plan**"), may cover up to 5.68% (five point sixty-eight percent) of the Company's Capital Stock, which currently represents 32,825,469 million shares in ten years, that is, an average of 3,282,547 shares per year.

For the fiscal year 2021, within the scope of the Plan, the Board of Directors intends to grant 1,444,950 (one million, four hundred and forty-four thousand, nine hundred and fifty) restricted shares to the Company's Management members, corresponding to 0.25% (zero point twenty-five percent) of the Capital Stock on this date, compared with 1,505,250 (one million, five hundred and five thousand, two hundred and fifty) shares (0.26% of the share capital on April 27, 2020) in 2020. For the purposes of this Proposal, to calculate the granting regarding year 2021 we have considered the average price of the 30 (thirty) trading sessions previous to the base date of March 15, 2021, which represents a nominal economic value of R\$44,692,303.50 (forty-four million, six hundred and ninety-two thousand, three hundred and three Reals and fifty cents), corresponding to R\$30.93 (thirty Reals and ninety-three cents) per share; emphasizing that the key factor to be considered at the time of the grant, scheduled for May 5, 2021, is the number of shares that will be granted, as this has already been determined. It is worth noticing that the effective economic value to be allocated to the granting for the fiscal year 2021 will consider the average price of the 30 (thirty) trading sessions prior to the granting date, as provided for in the Plan. Pursuant to the applicable laws and the characteristics of the Plan, according to the CPC 10 accounting standard, the accounting for this 2021 granting will take place over three years. As a result of the accounting deferral determined by the applicable legislation, the amount to be accounted for in the 2021 financial year regarding the 2021 grants will be up to R\$9,931,623 (nine million, nine hundred and thirty-one thousand, six hundred and twenty-three Reals), which corresponds to 8/36 of the economic value of R\$44,692,303.50 (forty-four million, six hundred and ninety-two thousand, three hundred and three Reals and fifty cents).

The table below shows the estimated effect of accounting for 2021 grants over the next few years:

STOCK-BASED COMPENSATION - 2021 GRANTS



Year	Amount accounted for	Hundredths
2021	R\$9,931,623.00	8/36
2022	R\$14,897,434.50	12/36
2023	R\$14,897,434.50	12/36
2024 *	R\$4,965,811.50	4/36
Total economic par value	R\$44,692,303.50	36/36

* Amounts may change according to the variation in the value of the restricted shares at the time of the effective delivery to the participants, impacting the withholding of taxes, in addition to any cancellations over time.

Accounting recognition of grants from previous years:

In addition to the amount of R\$9,931,623 (nine million, nine hundred and thirty-one thousand, six hundred and twenty-three Reals), as a result of what is determined in the applicable legislation (CPC 10), the amount allocated to stock-based compensation shall be increased by the amount of R\$19,632,037.30 (nineteen million, six hundred and thirty-two thousand, thirty-seven Reals and thirty cents), regarding the accounting recognition foreseen for the fiscal year 2021, regarding the accounting of the grants performed in previous years for the members of the Board of Directors and Executive Officers, due to the accounting deferral determined by the applicable legislation, as previously mentioned.

The amount referred to in the above paragraph refers to all granting made in previous years that were approved by the competent bodies, according to the Stock-Based Incentive and Retention Plans, approved by the shareholders at General Meetings held, respectively, on December 15, 2015 and amended on April 5, 2018 and April 18, 2019, being, therefore, a right already granted to the beneficiaries.

In the table below we exemplify the estimated effect over the years of the accounting of the grants made in 2018, 2019, and 2020 and which make up the amount of R\$19,632,037.30 (nineteen million, six hundred and thirty-two thousand, thirty-seven Reals and thirty cents) accounted for in the year 2021:

STOCK-BASED COMPENSATION - GRANTS FROM 2018 TO 2021

Year	2018 Granting		2019 Granting		2020 Granting		2021 Grants (proposal)		Total / year
	Amount (BRL) accounted for	Hundredths	Amount (BRL) accounted for	Hundredths	Amount (BRL) accounted for	Hundredths	Amount (BRL) accounted for	Hundredths	
2018	2,330,697.71	8/36	0.00	0/36	0.00	0/36	0.00	0/36	2,330,697.71
2019	3,641,557.17	12/36	3,187,426.75	8/36	0.00	0/36	0.00	0/36	6,828,983.92
2020	3,511,380.43	12/36	4,781,140.12	12/36	5,489,145.00	8/36	0.00	0/36	13,781,665.55
2021	6,617,179.70	4/36	4,781,140.12	12/36	8,233,717.48	12/36	9,931,623.00	8/36	29,563,660.30
2022	0.00	0/36	1,593,713.37	4/36	8,233,717.48	12/36	14,897,434.50	12/36	24,724,865.35



Year	2018 Granting		2019 Granting		2020 Granting		2021 Grants (proposal)		Total / year
	Amount (BRL) accounted for	Hundredths	Amount (BRL) accounted for	Hundredths	Amount (BRL) accounted for	Hundredths	Amount (BRL) accounted for	Hundredths	
2023	0.00	0/36	0.00	0/36	2,744,572.49	4/36	14,897,434.50	12/36	17,642,06.99
2024	0.00	0/36	0.00	0/36	0.00	0/36	4,965,811.50	4/36	4,965,811.50
Total economic par value	16,100,815.01	36/36	14,343,420.36	36/36	24,701,152.45	36/36	44,692,303.50	36/36	94,871,879.82

Note 1: the amount of R\$6,617,179.70 (six million, six hundred and seventeen thousand, one hundred and seventy-nine Reals and seventy cents) includes the impact of withholding taxes, as a result of the estimated appreciation of approximately 214% (two hundred and fourteen percent) of the shares granted in 2018 that will be effectively delivered to participants in 2021.

Note 2: future amounts may change according to the variation in the value of the restricted shares at the time of the effective delivery to the participants, impacting the withholding of taxes, in addition to any cancellations over time.

Conclusion:

Therefore, as explained in detail throughout this topic, the only three factors that determine stock-based compensation are the following ones:

- (i) the number of shares granted, and for the 2021 grants we intend to grant 60,300 (sixty thousand and three hundred) shares less than in 2020;
- (ii) the reference price of the shares granted, which corresponds to the average of the 30 trading sessions prior to the grant date, values that have been rising over the last few years, as a result of the appreciation of the Company's shares; and
- (iii) the stacking factor of grants over the years. In 2021 we estimate that the maximum stacking level will be reached, considering the combination of factors (i) and (ii), with the expectation that this level is maintained for the following years.

In the table below we detail items (i) and (ii) referring to each of the grants recognized in the 2021 fiscal year for the Company's Management members.

STOCK-BASED COMPENSATION - GRANTS FROM 2018 TO 2021

	2018 Granting	2019 Granting	2020 Granting	2021 Grants (proposal)
Grace period of shares	3 years			
Reference price of restricted shares	R\$10.08	R\$13.40	R\$17,00	R\$30.93 *
Net number of shares outstanding in the current fiscal year	924,564	1,118,250	1,505,520	1,444,950 **

* The reference price of the restricted shares to be allocated to the grants for the year 2021 will consider the average price of the 30 (thirty) trading sessions prior to the grant date, scheduled for May 5, 2021, as provided for in the Plan.



**** The number of shares is the key factor to be considered at the time of the grant, as this has already been determined.**

Note 1: Chairman of the Board of Directors eligible from 2019.

Note 2: the net number of shares outstanding in the current fiscal year already includes cancellations performed over time of the 2018 grants.

Dilution:

The accumulated net dilution of the Stock-Based Incentive and Retention Plan from the first grant made in 2016 until the last grant made in 2020, considering the effect of any cancellations made over time before the end of the grace period and considering all the participants benefited by such grants (Chairman of the Board, Statutory Board of Executive Officers, and other employees benefited), is 1.43% (one point forty-three percent), that is, an average of 0.287% (zero point two hundred and eighty-seven per percent) per year. Thus, to date, the Plan uses only 25.2% (twenty-five point two percent) of the maximum dilution allowed of 5.68% (five point sixty-eight percent) of the Company's capital stock during the effective term of the plan (10 years), even though 50% (fifty percent) of such effective term has already elapsed. We show this effect in the tables below, considering the accumulated dilution so far and the annual average as a reference:

ACCUMULATED DILUTION:

Accumulated dilution	Dilution %	# shares	Number of years
Maximum dilution allowed by the Plan	5.68%	32,825,469	10
Current net dilution *	1.43%	8,281,278	5
% already used	25.2%	25.2%	50.0%

ANNUAL AVERAGE DILUTION

Average Annual Dilution as a Reference	Dilution %	# shares	Number of years
Maximum dilution allowed by the Plan	0.568%	3,282,547	10
Current average net dilution *	0.287%	1,656,256	5
% already used	50.5%	50.5%	50.0%

Refers to Restricted Shares already granted to Participants, which may be in a grace period or expired

In the table below, we show the accumulated net dilution and average annual net dilution divided between the Board of Directors, Statutory Board of Executive Officers, and other employees benefited by grants of the Stock-Based Incentive and Retention Plan:

ACCUMULATED DILUTION AND ANNUAL AVERAGE, PER BODY:

Accumulated dilution*	Dilution %	# shares	Representativeness %	Average annual dilution	Number of years
Board of Directors	0.09%	540,000	6.52%	0.047%	2
Statutory Board of Exec. Officers	0.72%	4,129,905	49.87%	0.144%	5
Other	0.62%	3,611,373	43.61%	0.124%	5
Total	1.43%	8,281,278	100.00%	0.287%	5

* considering the grants made between 2016 and 2020

The proposed dilution for the 2021 grants follows the same level of dilution approved in the last two years for the Board of Directors and in the last three years for the Statutory Board of Executive Officers, not considering an increase for the year 2021, as shown in the table below:



ANNUAL DILUTION, PER BODY:

Year	Net dilution of granting per year		
	Board of Directors	Statutory Board of Exec. Officers	Total
2018	0.00%	0.19%	0.19%
2019	0.05%	0.15%	0.20%
2020	0.05%	0.21%	0.26%
Proposed 2021	0.05%	0.20%	0.25%

Note: to date, there have been no cancellations of shares of the 2019 and 2020 grants.

It is worth noticing that there were cancellations performed over the time of the 2018 grants, and the original dilution of such year was of 0.23% (zero point twenty-three percent). And for the year 2019, the level of 0.15% (zero point fifteen percent) of dilution is explained by the smaller number of Statutory Executive Officers at that time and by the first year of the CEO, who received a smaller number of shares.

We believe that the dilution of the Stock-based Incentive and Retention Plan is in line with the context of the industry in which the Company is inserted in Brazil, considering its size, equity structure, historical growth and future potential, financial condition, and historical payment practices for performance.

D. Global compensation of the Management members:

Depending on the provisions of items "A", "B" and "C" above, the proposal for the global amount of compensation for the Company's Management members for the fiscal year 2021 is up to R\$50,287,262.08 (fifty million, two hundred and eighty-seven thousand, two hundred and sixty-two Reals and eight cents), as shown in detail in the table and graphs below:

GLOBAL COMPENSATION OF MANAGEMENT MEMBERS:

	Proposed 2021			Proposed for 2020			Performed 2020		
	Board	Executive Officers	Total	Board	Executive Officers	Total	Board	Executive Officers	Total
Number of Members	7.00	7.50	14.50	7.67	7.50	15.17	7.67	7.00	14.67
Fixed annual compensation (FC)									
Salary or management fees	3,381,243.72	8,292,805.49	11,674,049.22	3,452,224.00	7,903,570.07	11,355,794.07	3,452,224.00	7,472,519.96	10,924,743.96
Direct and indirect benefits	380,699.23	1,495,195.59	1,875,894.82	395,558.64	1,417,346.03	1,812,904.67	369,311.15	1,238,120.80	1,607,431.95
Compensation for participation in Committees	1,174,779.61	0.00	1,174,779.61	1,044,979.20	0.00	1,044,979.20	1,010,995.20	0.00	1,010,995.20
Total FC	4,936,722.57	9,788,000.08	14,724,723.65	4,892,761.84	9,320,916.10	14,213,677.94	4,832,530.35	8,710,640.76	13,543,171.11
Variable compensation (VC)									
Bonus	0.00	5,723,800.27	5,723,800.27	0.00	5,083,735.43	5,083,735.43	0.00	3,579,074.14	3,579,074.14
Total Fix.C.	4,936,722.57	15,511,801.35	20,448,523.92	4,892,761.84	14,404,651.53	19,297,413.37	4,832,530.35	12,289,714.90	17,122,245.25



	Proposed 2021			Proposed for 2020			Performed 2020		
	Board	Executive Officers	Total	Board	Executive Officers	Total	Board	Executive Officers	Total
+ Var.C.	57	35	.92	84	53	37	5	90	25
Other									
Post-employment benefits	0.00	275,077.86	275,077.86	0.00	364,780.15	364,780.15	0.00	161,884.25	161,884.25
Benefits for termination of tenure	0.00	0.00	0.00	0.00	92,195.26	92,195.26	0.00	92,195.26	92,195.26
Total FC + VC + Other	0.00	5,998,878.13	5,998,878.13	0.00	5,540,710.84	5,540,710.84	0.00	3,833,153.65	3,833,153.65
Total FC + VC + Other	4,936,722.57	15,786,879.21	20,723,601.78	4,892,761.84	14,861,626.94	19,754,388.78	4,832,530.35	12,543,794.41	17,376,324.76
Stock-based remuneration¹									
Accounting recognition - current year grants	1,855,800.00	8,075,823.00	9,931,623.00	1,240,400.00	5,674,830.00	6,915,230.00	984,600.00	4,504,545.00	5,489,145.00
Accounting recognition - previous years grants	2,631,300.00	17,000,737.30	19,632,037.30	1,154,400.00	14,523,395.31	15,677,795.31	1,154,400.00	10,520,752.35	11,675,152.35
Total remuneration based in stocks	4,487,100.00	25,076,560.30	29,563,660.30	2,394,800.00	20,198,225.31	22,593,025.31	2,139,000.00	15,025,297.35	17,164,297.35
General Total	9,423,822.57	40,863,439.51	50,287,262.08	7,287,561.84	35,059,852.25	42,347,414.09	6,971,530.35	27,569,091.76	34,540,622.11

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

Note: the amounts granted in previous years were approved by the competent bodies, in accordance with the Stock-Based Incentive and Retention Plans approved by the shareholders at General Meetings held, respectively, on December 15, 2015 that was amended on April 5, 2018 and April 18, 2019, having been, therefore, already granted to the beneficiaries.

GLOBAL COMPENSATION OF MANAGEMENT MEMBERS:





The growth of 18.75% (eighteen point seventy-five percent) of the global compensation proposed for the year 2021, in comparison with the 2020 proposal, has its greatest absolute impact on the line "accounting recognition of stock-based compensation of previous years ", which, by itself, showed an increase of R\$3,954,241.99 (three million, nine hundred and fifty-four thousand, two hundred and forty-one Reals and ninety-nine cents), equivalent to an increase of 25.22% (twenty-five point twenty-two percent) year-over-year, as shown in the table below:

GLOBAL COMPENSATION OF THE MANAGEMENT MEMBERS - YEAR-OVER-YEAR VARIATION:

	Proposed 2021 vs. Proposed 2020					
	Absolute variation			Percentage (%) change		
	Board	Executive Officers	Total	Board	Executive Officers	Total
Number of Members	-0.67	0.00	-0.67	-8.70	0.00	-4.40
Fixed annual compensation (FC)						
Salary or management fees	-70,980.28	389,235.43	318,255.15	-2.06%	4.92%	2.80%
Direct and indirect benefits	-14,859.41	77,849.56	62,990.15	-3.76%	5.49%	3.47%
Compensation for participation in Committees	129,800.41	0.00	129,800.41	12.42%	-	12.42%
Total FC	43,960.72	467,084.99	511,045.71	0.90%	5.01%	3.60%
Variable compensation (VC)						
Bonus	0.00	640,064.84	640,064.84	-	12.59%	12.59%
Total Fix.C. + Var.C.	43,960.72	1,107,149.83	1,151,110.55	0.90%	7.69%	5.97%
Other						
Post-employment benefits	0.00	-89,702.29	-89,702.29	-	-24.59%	-24.59%
Benefits for termination of tenure	0.00	-92,195.26	-92,195.26	-	-100%	-100%
Total FC + VC + Other	0.00	458,167.29	458,167.29	-	8.27%	8.27%
Total FC + VC + Other	43,960.72	925,252.28	969,213.00	0.90%	6.23%	4.91%
Stock-based remuneration¹						
Accounting recognition - current year grants	615,400.00	2,400,993.00	3,016,393.00	49.61%	42.31%	43.62%
Accounting recognition - previous years grants	1,467,900.00	2,477,341.99	3,954,241.99	127.94%	17.06%	25.22%
Total share-based compensation	2,092,300.00	4,878,334.99	6,970,634.99	87.37%	24.15%	30.85%
General Total	2,136,260.72	5,803,587.26	7,939,847.99	29.31%	16.55%	18.75%

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

Thus, the total compensation growth for the current year (including the fixed, variable, other, and stock-based compensation items of the 2021 grant) is 14.94% (fourteen point ninety-four percent), as shown in the tables and graphs below:

GLOBAL COMPENSATION OF MANAGEMENT MEMBERS:

	Proposed 2021			Proposed for 2020			Performed 2020		
	Board	Executive Officers	Total	Board	Executive Officers	Total	Board	Executive Officers	Total
Total FC + VC + Other	4,936,722.57	15,786,879.21	20,723,601.78	4,892,761.84	14,861,626.94	19,754,388.78	4,832,530.35	12,543,794.41	17,376,324.76
Stock-based remuneration¹									
Accounting recognition - current year grants	1,855,800.00	8,075,823.00	9,931,623.00	1,240,400.00	5,674,830.00	6,915,230.00	984,600.00	4,504,545.00	5,489,145.00
Total compensation - current year	6,792,522.57	23,862,702.21	30,655,224.78	6,133,161.84	20,536,456.94	26,669,618.78	5,817,130.35	17,048,339.41	22,865,469.76



	Proposed 2021			Proposed for 2020			Performed 2020		
	Board	Executive Officers	Total	Board	Executive Officers	Total	Board	Executive Officers	Total
Stock-based remuneration¹									
Accounting recognition - previous years grants	2,631,300.00	17,000,737.30	19,632,037.30	1,154,400.00	14,523,395.31	15,677,795.31	1,154,400.00	10,520,752.35	11,675,152.35
General Total	9,423,822.57	40,863,439.51	50,287,262.08	7,287,561.84	35,059,852.25	42,347,414.09	6,971,530.35	27,569,091.76	34,540,622.11

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

GLOBAL COMPENSATION OF THE MANAGEMENT MEMBERS - YEAR-OVER-YEAR VARIATION:

	Proposed 2021 vs. Proposed 2020					
	Absolute variation			Percentage (%) change		
	Board	Executive Officers	Total	Board	Executive Officers	Total
Total FC + VC + Other	43,960.72	925,252.28	969,213.00	0.90%	6.23%	4.91%
Share-based compensation¹						
Accounting recognition. current year grants	615,400.00	2,400,993.00	3,016,393.00	49.61%	42.31%	43.62%
Total compensation - current year	659,360.72	3,326,245.27	3,985,606.00	10.75%	16.20%	14.94%
Share-based compensation¹						
Accounting recognition - previous years grants	1,476,900.00	2,477,341.99	3,954,241.99	127.94%	17.06%	25.22%
General Total	2,136,260.72	5,803,587.26	7,939,847.99	29.31%	16.55%	18.75%

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

GLOBAL COMPENSATION OF MANAGEMENT MEMBERS:



E. PROPORTION OF EACH ITEM IN THE TOTAL COMPENSATION

The increase in the ratio of variable compensation compared with fixed compensation over the years aligns appropriately the compensation strategy with the purpose of boosting the Company's future performance.



BOARD OF EXECUTIVE OFFICERS

Element of Compensation	2021	2020	2019	2018
Fixed	20%	27%	29%	58%
Variable	76%	67%	60%	37%
Benefits	4%	5%	11%	5%

BOARD OF DIRECTORS

Element of Compensation	2021	2020	2019	2018
Fixed	48%	64%	82%	100%
Variable*	48%	31%	14%	-
Benefits*	4%	5%	4%	-

*Applicable to the Chairman of the Board of Directors only

F. CONCLUSION:

We are convinced that the compensation proposal for 2021 is aligned with the Company's long-term and operational performance, as shown in the tables below, with the comparison of the main growth metrics of the previous year *versus* the growth of the proposed compensation of 2021 compared to the 2020 proposal:

KEY INDICATORS AND COMPARATIVE COMPENSATION

Index	2020	2019	Δ
Total Net Revenue*	2,596,077	2,282,124	13.8%
Net revenue from recurring software*	1,954,093	1,729,218	13.0%
Consolidated adjusted EBITDA *	589,717	469,742	25.5%
Adjusted and consolidated EBITDA margin	22.7%	20.6%	210 bp
TOTS3 share	28.72	21.52	33.5%
Ibovespa	119,017	115,645	2.9%
IBRX50	19,566	18,882	3.6%

* (Amounts stated in 000s of Real)

Compensation	Proposed 2021	Proposed for 2020	Δ
Total Fixed Compensation	14,724,724	14,213,678	3.6%
Total fixed + variable compensation + others	20,723,602	19,754,389	4.9%
Total compensation for current year ¹	30,655,225	26,669,619	14.9%
Share-based compensation - accounting recognition in previous years	19,632,037	15,677,795	25.2%
Total Global Compensation	50,287,262	42,347,414	18.7%



Proportion of total variable compensation over total global compensation ²	70%	60%	10 p.p.
Number of shares - 2021 granting	1,444,950	1,505,250	-4.0%
Dilution of granting in the year	0.25%	0.26%	-2.6%

¹ Fixed + variable + other compensation + share-based compensation for the current year

² Variable compensation includes bonus + share-based compensation for the current year



14.1 - Description of human resources

(a) number of employees (total, by groups based on the activity performed and by geographic location)

The Company presents below the number of employees of the Company and its subsidiaries, consolidated and by geographic location:

Number of employees				
(Per position)	Jun 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Brazil				
Service provision	3,736	3,676	3,347	3,778
Research and Development	2,491	2,542	2,236	2,382
Sales	869	734	639	695
Administrative / Others	933	914	749	950
Total	8,029	7,866	6,971	7,805

Number of employees				
(By geographic location)	Jun 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Brazil	7,784	7,612	6,716	7,529
Other Latin countries	236	239	242	221
United States of America	5	11	9	44
Europe	4	4	4	3
Asia	0	0	0	8
Total	8,029	7,866	6,971	7,805

(b) number of outsourced employees (total, by groups based on the activity performed and by geographic location)

The Company presents below the number of third parties hired by the Company and its subsidiaries, consolidated:

Number of outsourced employees				
	Jun 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Brazil				
Security, Concierge, and Cleaning	134	220	207	209



Number of outsourced employees				
	Jun 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Sales representatives	0	0	0	0
Other activities	59	59	54	77
TOTAL	193	279	261	286

Number of outsourced employees				
(By geographic location)	Jun 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
	193	279	261	286
TOTAL	193	279	261	286

(c) turnover rate

	Jun 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Turnover index (Turnover¹)	11.40%	16.54%	20.84%	22.21%

¹Turn-over = [(Admitted + Dismissed) / 2] / Active



14.2 - Relevant changes - Human Resources

The increase in the number of employees between 2019 and 2020 reflects the inorganic absorption of acquired companies (Consinco, Supplier, and Wealth Systems) in the TOTVS Consolidated.

Even in an unstable scenario of a pandemic in 2020, the Company had the lowest *turnover* rate in the last 3 years, standing out positively if compared with the average players in the *high-tech market*¹. This shows consistency in the company's actions in its talent retention plan.

The Company continues to focus on synergy in the Administrative areas, where it has been showing greater gains in operating efficiency in recent years, and integrating acquired companies.



14.3 - Description of the employee compensation policy

(a) Salary and variable compensation policy

The Company's compensation policy provides for compensation to be set in accordance with market standards for positions with similar activities and responsibilities, aiming to maintain the ability to attract and retain participants.

The compensation structure is approved by the People and Remuneration Committee and the required changes are taken for its analysis. The Company organizes positions within the same nature of function, according to hierarchy, strategic contribution, breadth, technical-professional maturity, complexity of attributions and inherent responsibility. Each position has its compensation determined according to the responsibilities and skills necessary for the performance of the function, with the total remuneration divided between fixed and variable.

Fixed remuneration refers to the amount received monthly by the participant, paid on the payroll, which aims to remunerate him for the attributions and responsibilities relevant to the position held, also known as "nominal salary".

Variable compensation refers to the amounts received periodically by the participant, rewarding them for their differentiated individual performance, for the results of their area of operation and/or for the overall results of the Company, and may be because of the achievement of goals, as set forth in the particular program.

(b) benefits policy

The Company offers certain benefits to its participants in order to provide them with a better quality of life, being one of the strategies to attract and retain professionals. Among the main benefits offered by the Company are: (i) membership of a health plan that provides medical, laboratory and hospital care to all participants and their direct dependents; (ii) dental plan for participants and direct dependents; and (iii) private pension program (predetermined contribution plan), in partnership with a financial institution, with part of the contribution made by the Company and part by the participant.

(c) characteristics of share-based compensation plans for employees who are not management members

I. beneficiary groups

The current and future employees and management members of the Company and/or of the Company's controlled or subsidiary companies appointed by the People and Compensation Committee and elected by the Board of Directors to participate in the Plan are eligible to participate in the Plan, pursuant to "Plan 2" referred to in section 13.4 of this form.

II. requirements for exercise

Not applicable, as the plan does not include stock options to be exercised, only restricted shares that will be delivered to participants under the terms and conditions set forth in the plan.

III. exercise prices

Not applicable, as the plan does not include stock options to be exercised, only restricted shares that will be delivered to participants under the terms and conditions set forth in the plan.



IV. exercise deadlines

Not applicable, as the plan does not include stock options to be exercised, only restricted shares that will be delivered to participants under the terms and conditions set forth in the plan.

V. number of shares committed by the plan

The total number of shares may not exceed 5.68% (five point sixty-eight percent) of the Company's capital stock, considering: (i) a period of 10 years from the date of approval of the plan; and (ii) restricted shares granted to managers and employees, pursuant to "Plan 2" referred to in section 13.4 of this form.



14.4 - Description of the relationship between the issuer and labor unions

The Company maintains a permanent negotiation process for the construction of solutions with Unions. We hold meetings to structure specific collective agreements, such as: profit-sharing distribution, employees' bank of work hours, among others, always seeking to meet the interests of all parties involved.

The Company's labor relations, both individual and collective, are carried out directly and based on respect and ethics, with a view to faithfully complying with the labor legislation currently in force. At the Company, all participants are covered by collective labor agreements.

In the last three fiscal years ended December 31, 2020, 2019 and 2018 there were no strikes by employees and/or associates.

To ensure compliance with current labor standards, the Company maintains in its structure a team focused on labor relations and negotiation with unions, always seeking the synergy of *stakeholders* to maintain a harmonic and friendly relationship between the parties.



14.5 - Other relevant information

There is no other relevant information besides that presented in the items above.



15.1 / 15.2 - Shareholder structure

SHAREHOLDER					
Shareholder's CPF/CNPJ	Nationality - State	Participates in a shareholders' agreement	Controlling shareholder	Last amended on	
Number of common shares (units)	Common shares %	Number of preferred shares (units)	Preferred shares %	Total number of shares (units)	Total shares %
Shareholder residing abroad	Name of the legal representative or proxy of a shareholder residing abroad			CPF/CNPJ of the legal representative or agent	
LC EH Participações e Empreendimentos S.A.					
02.986.755/0001-32	Brazilian	No	No	24/09/2021	
80,282,970	13.008%	0	0.000000%	80,282,970	13.008%
No	-			-	
Class of share	Number of shares	Share %			
Common shares	80,282,970	13.008%			
CONSTELLATION INVESTIMENTOS E PARTICIPAÇÕES LTDA.					
06.182.127/0001-55	United States	No	No	24/09/2021	
42,914,618	6.953%	0	0.000000%	42,914,618	6.953%
No	-			-	
Class of share	Number of shares	Share %			
shares	42,914,618	6.953%			
CANADA PENSION PLAN INVESTMENT BOARD BLACKROCK, INC					
-	Canada	No	No	24/09/2021	
32,754,201	5.307%	0	0.000000%	32,754,201	5.307%



SHAREHOLDER					
Shareholder's CPF/CNPJ	Nationality - State	Participates in a shareholders' agreement	Controlling shareholder	Last amended on	
Number of common shares (units)	Common shares %	Number of preferred shares (units)	Preferred shares %	Total number of shares (units)	Total shares %
Shareholder residing abroad	Name of the legal representative or proxy of a shareholder residing abroad			CPF/CNPJ of the legal representative or agent	
Yes	Tania Sztamfater Chocolat			278.583.348-16	
Class of share	Number of shares	Share %			
shares	32,754,201	5.307%			
GIC PRIVATE LIMITED					
-	United States	No	No	31/01/2022	
40,450,455	6.554%	0	0.000000%	40,450,455	6.554%
Yes	Citibank Distribuidora de Títulos e Valores Mobiliários S.A.			33.868.597/0001-40	
Class of share	Number of shares	Share %			
shares	40,450,455	6.554%			
LAÉRCIO JOSÉ DE LUCENA COSENTINO					
032.737.678-39	Brazilian	No	No	24/09/2021	
6,631,704	1.075%	0	0.000000%	6,631,704	1.075%
No	-			-	
Class of share	Number of shares	Share %			
shares	6,631,704	1.075%			
HG SENTA PUA FIA					
08.613.315/0001-16	Brazilian	No	No	24/09/2021	



SHAREHOLDER					
Shareholder's CPF/CNPJ	Nationality - State	Participates in a shareholders' agreement	Controlling shareholder	Last amended on	
Number of common shares (units)	Common shares %	Number of preferred shares (units)	Preferred shares %	Total number of shares (units)	Total shares %
Shareholder residing abroad	Name of the legal representative or proxy of a shareholder residing abroad			CPF/CNPJ of the legal representative or agent	
144,800	0.024%	0	0.000000%	144,800	0.024%
No	-			-	
Class of share	Number of shares	Share %			
shares	144,800	0.024%			
OTHER					
404,903,265	65.604%	0	0.000000%	404,903,265	65.604%
Class of share	Number of shares	Share %			
shares	404,903,265	65.604%			
TREASURY SHARES					
9,101,168	1.475%	0	0.000000%	9,101,168	1.475%
TOTAL					
617,183,181	100.000%	0	0.000000%	617,183,181	100.000%



15.3 - Distribution of capital

Date of last meeting / Date of last change	April 20, 2021
Number of individual shareholders (Units)	65,401
Number of corporate shareholders (Units)	480
Number of institutional investors (Units)	1,191

Outstanding Shares

Outstanding shares corresponding to all shares of the issuer with the exception of the shares held by the controlling shareholder, people bound to he/she/it, by the issuer's managers, and the shares held in treasury

Number of common shares (Units)	519,851,955	84.230%
Number of preferred shares (Units)	0	0.000%
Total	519,851,955	84.230%



15.4 - Organizational chart of shareholders and of the economic group

Shareholders

TOTVS S.A.

100.000%

13.008% LC EH Participações e Empreendimentos S/A (*)

6.953% Constellation Investimentos e Participações Ltda.

6.554% GIC Private Limited

5.307% Canada Pension Plan Investment Board

1.075% Laércio José de Lucena Cosentino

0.023% HG Senta Pua Fia (*)

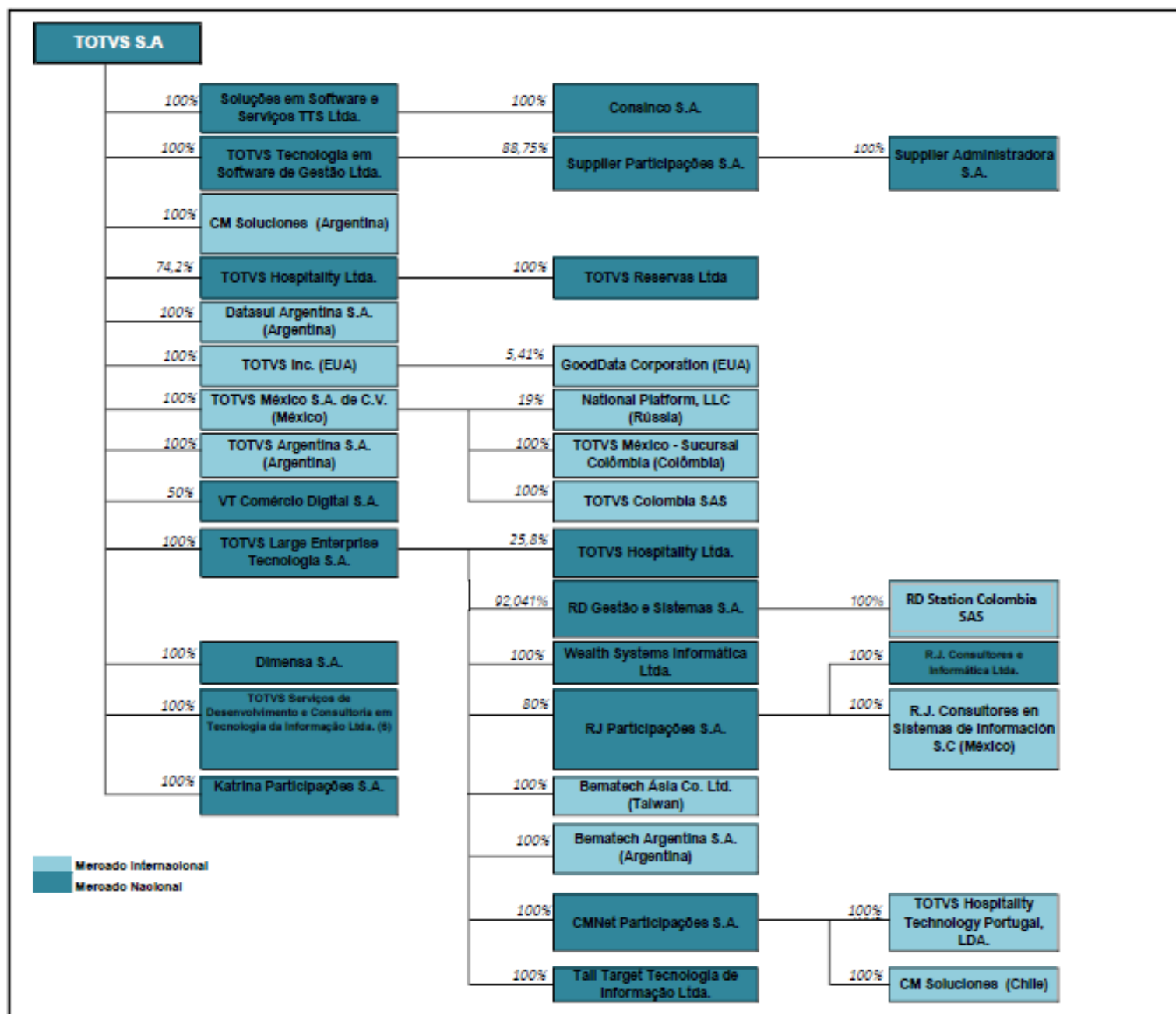
1.475% Treasury shares

65.604% Other (*free float*)

(*) Laércio José de Lucena Cosentino and Ernesto Haberkon hold interest in the "HG Senta Pua Fia" fund and "LC EH Participações e Empreendimentos S/A". Marcelo Eduardo Cosentino holds a position in the "HG Senta Pua Fia" fund.



Economic Group (Company's Organizational Chart on the date of this Reference Form)





15.5 - Shareholders' Agreement filed at the headquarters of the issuer or to which the controlling shareholder is a party

There are no shareholders' agreements of the Company filed at the Company's headquarters.



15.6 - Material changes in the holdings of the issuer's managers and members of the controlling group

Not applicable, since there is no control group in the Company.



15.7 - Main corporate events that occurred in the issuer, subsidiaries or affiliates 2021

a. transaction	Approval of the merger of Neolog Consultoria e Sistemas S.A. by the Company.
b. Key conditions of the transaction	<p>The Company holds 100% of Neolog's capital stock, with no minority shareholders, the results of which are already fully reflected on its financial statements. The purpose of the merger was to simplify the corporate structure and streamline operations, optimize administration and minimize expenses, without any effect on the Company's capital stock or shareholders' equity.</p> <p>(i) Neolog was succeeded by the Company in all its rights and obligations, pursuant to article 227 of Law 6,404/76, and the shares issued by Neolog were extinguished, pursuant to paragraph 1 of article 226 of Law no. 6,404/76, without the allocation of shares issued by the Company to replace shareholders' rights; (ii) In view that the stockholders' equity of Neolog, whose sole shareholder is the Company, is already fully reflected in the Company's stockholders' equity, as a result of the application of the equity method, there was no increase in the Company's capital or issuance of new shares as a result of the Merger of Neolog; (iii) Due to the characteristics of Neolog's Merger, the Company understood that it was not necessary to prepare the report referred to in article 264 of Law 6,404/76, which understanding is now ratified by the shareholders; (iv) Due to the facts above, there was no right of withdrawal as a result of the Merger of Neolog.</p>
c. companies involved	The Company, Neolog Consultoria e Sistemas S.A.
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The transaction was approved at the Extraordinary General Meeting held on April 20, 2021. See table in section 15.4.
f. mechanisms used to ensure equal treatment between shareholders	N/A

a. transaction	Acquisition by TOTVS Large Enterprise Tecnologia S.A. ("TOTVS Large") of shares representing 92% of the capital stock of RD GESTÃO E SISTEMAS S.A. ("RD Station").
b. Key conditions of the transaction	Acquisition for the amount of R\$1,861 million.



c. companies involved	The Company, TOTVS Large Enterprise Tecnologia S.A., and RD Station.
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The operation was carried out on March 9, 2021 and completed on May 31, 2021. See table in section 15.4.
f. mechanisms used to ensure equal treatment between shareholders	N/A

2020

a. transaction	Acquisition by TOTVS Tecnologia em Software de Gestão Ltda. of 88.8% of the capital stock of Supplier Participações S.A., holder of all the shares of Supplier Administradora De Cartões de Crédito S.A.
b. Key conditions of the transaction	Acquisition for the amount of R\$458.405 million (four hundred and fifty-eight million, four hundred and five thousand Reals), subject to adjustments, to be paid at the closing of the transaction. In addition, payment of a supplementary purchase price is also set forth, subject to the achievement of targets set for Supplier to achieve for years 2020 and 2021.
c. companies involved	The Company, TOTVS Tecnologia em Software de Gestão Ltda., Supplier Participações S.A., Supplier Administradora De Cartões de Créditos S.A.
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The operation was completed on April 30, 2020. See table in section 15.8.
f. mechanisms used to ensure equal treatment	N/A



between shareholders	
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a. transaction	Acquisition by Soluções em Software e Serviços TTS Ltda. ("TTS") of shares representing 100% of the share capital of CONSINCO S.A. ("CONSINCO")
b. Key conditions of the transaction	Acquisition for the amount of R\$197 million (one hundred and ninety-seven million Reals) paid to the sellers on the closing date of the transaction. In addition, the Agreement provides for the payment of a supplementary purchase price of up to R\$55 million (fifty-five million Reals) subject to the achievement of goals set for CONSINCO for the years 2020 and 2021 and the fulfillment of other conditions.
c. companies Involved	The Company, TTS, and CONSINCO
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The operation was completed on January 30, 2020. See table in section 15.8.
f. mechanisms used to ensure equal treatment between shareholders	N/A

a. transaction	Acquisition by TOTVS Large Enterprise Tecnologia S.A. ("TOTVS Large") of shares representing 100% of the capital stock of Wealth Systems Informática Ltda. ("WEALTH SYSTEMS")
b. Key conditions of the transaction	Acquisition for the amount of R\$27.0 million (twenty-seven million Reals), subject to adjustments, of which R\$11,750 million (eleven million, seven hundred and fifty thousand Reals) were paid in cash to the sellers and R\$10.3 million (ten million and three hundred thousand Reals) to be paid in February 2021. In addition, the payment of a variable supplementary purchase price was also provided for depending on the achievement of goals set for WEALTH SYSTEMS for the 2023 fiscal year.
c. companies Involved	The Company, TOTVS Large, and Wealth Systems
d. effects of the transaction on the Company's	There was no impact on the Company's shareholding structure as a result of this transaction.



shareholding structure	
e. corporate structure before and after such transaction	The operation was performed on April 8, 2020. See table in section 15.4.
f. mechanisms used to ensure equal treatment between shareholders	N/A

a. transaction	Acquisition by TOTVS Large Enterprise Tecnologia S.A. ("TOTVS Large") of shares representing 100% of the capital stock of Tail Target Tecnologia de Informação Ltda. ("TAIL")
b. Key conditions of the transaction	Acquisition for the amount of R\$42 million. In addition, the Agreement provides for the payment of a variable supplementary purchase price of up to R\$20 million, subject to the achievement of targets set for TAIL for the fiscal years 2021 and 2022 and the fulfillment of other conditions.
c. companies involved	Company, TOTVS Large, and Tail
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The operation performed out on December 21, 2020. See table in section 15.4.
f. mechanisms used to ensure equal treatment between shareholders	N/A

2019

a. transaction	Company's sale of the entire equity interests it held in Bematech Hardware Ltda.
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b. Key conditions of the transaction	Sale for the amount of R\$25,000,000 (twenty-five million Reals), subject to some adjustments, to be paid at the closing of such transaction.
c. companies Involved	The Company, Bematech S.A., and Bematech Hardware Ltda.
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The operation was completed on October 24, 2019. See table in section 15.4.
f. mechanisms used to ensure equal treatment between shareholders	N/A

a. transaction	Sale of the Company's entire interest held in Bematech International Corporation ("BIC")
b. Key conditions of the transaction	Sale for the amount of USD5,000,000 (five million dollars), subject to certain adjustments, pursuant to the terms of the SPA (Stock Purchase Agreement)
c. companies Involved	The Company, Bematech S.A., and Bematech International Corporation
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The operation was completed on November 6, 2019. See table in section 15.8.
f. mechanisms used to ensure equal treatment between shareholders	N/A



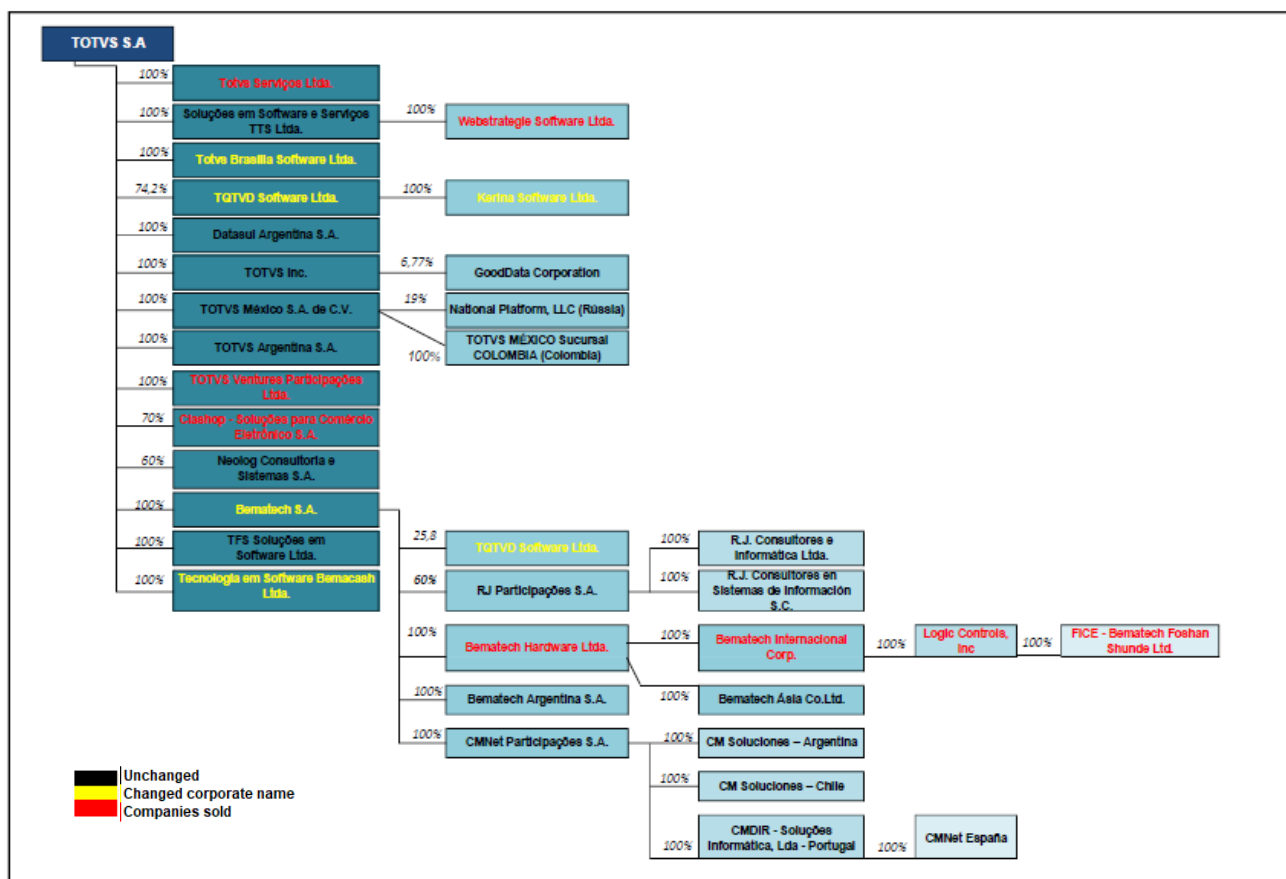
a. transaction	Sale of the Company's entire interests held in CIASHOP S.A.
b. Key conditions of the transaction	Sale for the amount of R\$21,175,000 (twenty-one million, one hundred and seventy-five thousand Reals), subject to adjustments, to be paid at the closing of the transaction.
c. companies Involved	The Company and Cia SHOP S.A.
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	this operation was completed on July 31, 2019. See table in section 15.8.
f. mechanisms used to ensure equal treatment between shareholders	N/A



15.8 - Other relevant information

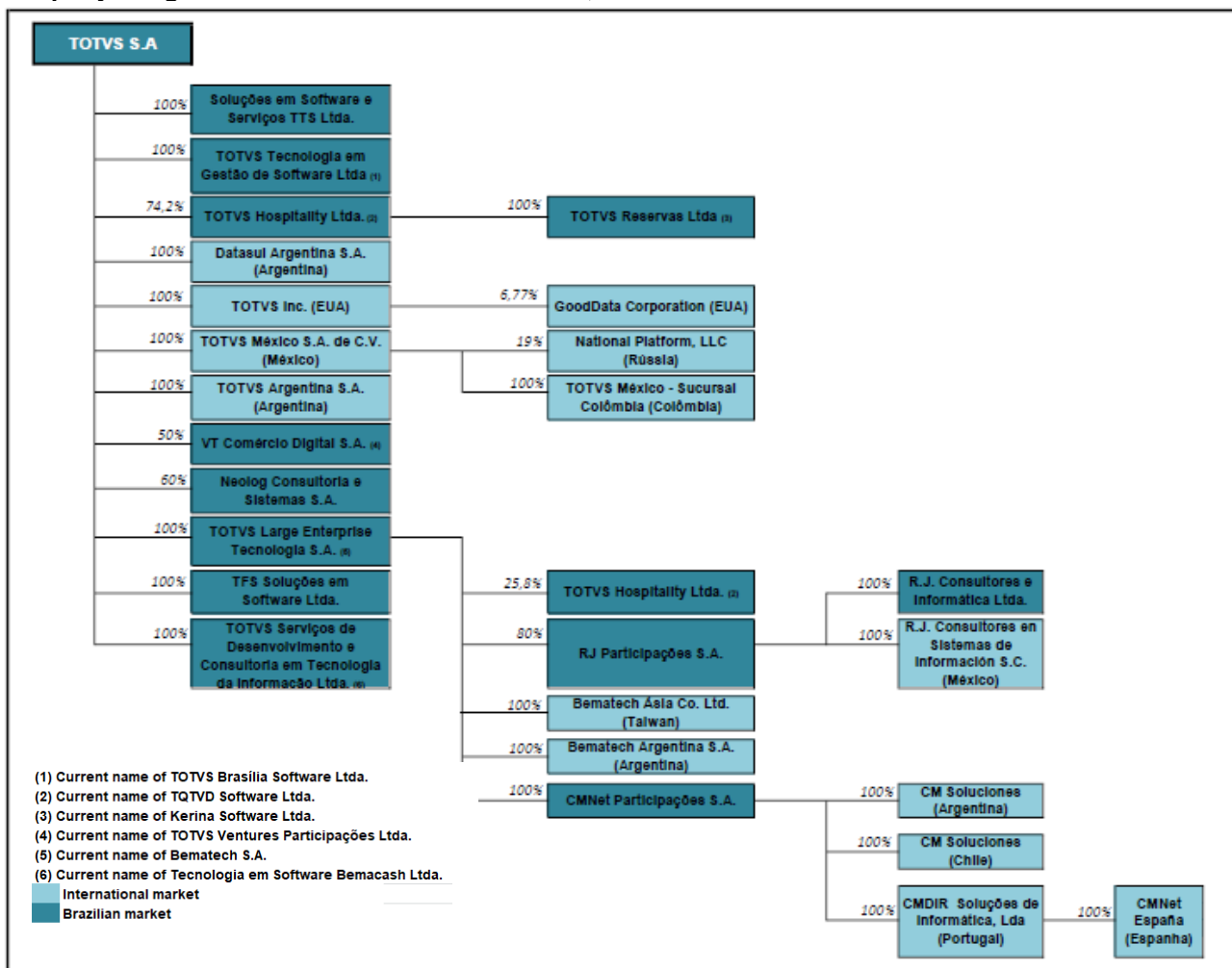
Complementing section 15.7, we submit below the company's organizational chart on December 31, 2018, December 31, 2019 and December 31, 2020, in order to show the corporate changes that took place over these fiscal years.

Company's organizational chart on December 31, 2018:



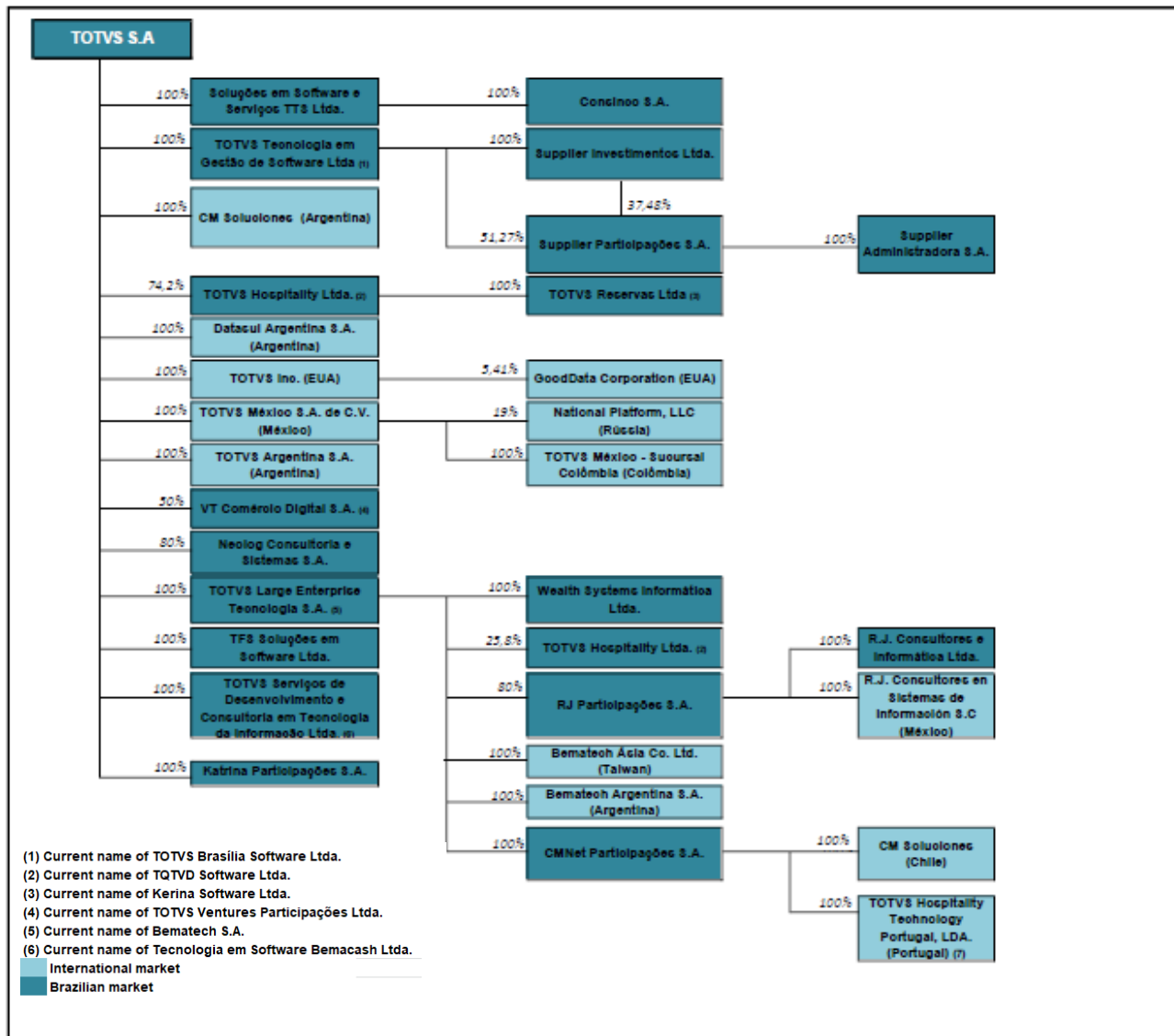


Company's organizational chart on December 31, 2019:





Company's organizational chart on December 31, 2020:





16.1. Description of the standards, policies, and practices of the issuer regarding transactions with related parties

Transactions with related parties are always carried out in compliance with the Brazilian Corporations Act and the best corporate governance practices, being contracted at usual market prices and conditions and, therefore, they do not generate any benefit or harm to the Company or any other parties. Moreover, the transactions performed by the Company, including those contracted with related parties, are always supported by due prior analysis of their conditions and the Company's legitimate interest in carrying them out. In this regard, the Company individually negotiates the agreements to be entered into with related parties, analyzing their terms regarding market conditions, as well as the particularities of each transaction (such as terms, amounts, compliance with quality standards, etc.). Individuals with no personal interests in the matters negotiated take part in these negotiations.

The Company has a policy on transactions with related parties ("**Policy on Transactions with Related Parties**") with all the procedures, principles, and method for approving transactions with related parties and managing situations of potential conflict of interests. Such policy was reviewed and approved by the Board of Directors on May 3, 2021, made public on May 12, 2021, and is available on the Company's Investor Relations website at (<https://ri.totvs.com/esg/estatuto-politicas-and-regimento/>).

Among the key points of this policy, the following ones stand out:

- Each key Management person (i) holding shares, membership interests, quotas, or other securities representing 20% (twenty percent) or more of the voting capital stock in an Organization, even if there is no Controlling relationship; or (ii) holding stock or exercising the power to participate in the financial, operational and/or strategic decisions of the corresponding Organization, even if there is no Controlling relationship. ("**Significant Influence**") must annually fill out a questionnaire aimed at collecting information on the parties related to it, pursuant to the provisions of said policy, and on any transactions between them and the Company of which it is aware, being responsible for reporting close family members and management members of their related organizations, if applicable.
- The Company's Compliance area will keep an updated record with the identification of individuals who have authority and responsibility for the planning, direction, and control of the activities of any organization of the Company, subsidiaries and/or its affiliates, directly or indirectly, as well as the members of the Board of Directors, Advisory Committees to the Board of Directors and the Statutory Board of any of the Company's companies, subsidiaries and/or its affiliates ("**Key Management People**"), or with Significant Influence, as well as related parties, which should be consulted by those responsible for transactions prior to their completion, to check if the corresponding transaction can be a transaction with a related party.
- The Key People of the Company's Management or with Significant Influence will be instructed, and be provide with periodical guidance, on the obligation to report to the Risk and Compliance Board about any potential transaction of the Company with a related party of which they may become aware.
- Any transaction that might be deemed as a transaction with a related party must be reported to the Compliance area, which is responsible for issuing an opinion, together with the Legal Department, to determine whether the transaction in fact is a Transaction with a Related Party under the procedures of said policy.



- Said transactions must be accompanied by the information necessary for their analysis, as well as evidence and opinion of the manager responsible for conducting the transaction that (a) there are clearly demonstrable reasons, from the point of view of the Company's business, for the transaction with the Related party, and (b) the transaction is carried out on terms at least equally favorable to the Company than those generally available in the market or those offered to, or by a third party unrelated to the Company, in equivalent circumstances, having also to take into account its monitoring cost by the Company.
- Any transaction with a related party must be submitted to the Board of Directors for approval, under the Company's Bylaws. For such purpose, the transaction must be previously submitted to the Company's Audit Committee, accompanied of the opinion of the Compliance area and the Legal Department, responsible for assessing whether the guidelines of said policy were complied with in the process findings on the transaction under analysis.
- Transactions with related parties shall be entered into in writing and their key characteristics and conditions must be specified, such as price, terms, guarantees, termination conditions, responsibility for paying taxes and obtaining permits and licenses, among others. These characteristics should also expressly include the possibility for the Company to terminate any transaction with related party of continuous nature, under conditions equivalent to those available in agreements with unrelated parties.
- The members of the Board of Directors or the Board of Directors itself, as well as the Audit Committee and its members, at their discretion, will have access to all documents of the transactions with related parties, including any technical opinions or opinions they have received.
- The Board of Directors shall determine the content and form of the information deemed necessary for its decision regarding a transaction with related party, which shall be made available together with the call for the meeting at which the transaction will be submitted for review.
- The Board of Directors may approve the transaction with a related party if it concludes, in good faith, that the transaction complies with Arm's-Length Conditions, as well as, at its discretion, condition the approval of the said transaction to the changes it deems necessary for the transaction to comply with Arm's-Length Conditions and in the interest of the Company.



16.2 - Information on transactions with related parties

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Supplier Administradora de Cartões de Crédito S.A.	July 15, 2020	98,173.39	7,565.44	87,128.88	Undetermined.	No	0.00
Relationship with the issuer	Agreement entered into between the Company and Supplier Administradora de Cartões de Crédito S.A., in which the Company indirectly holds 88.75% of the capital stock of Supplier Administradora de Cartões de Crédito S.A.						
Subject matter of the agreement	Software service agreements (licenses, support, and maintenance). The agreements in force are annually updated for inflation according to the IPCA rate variation.						
Collaterals and insurance	N/A						
Termination or end	The parties may terminate the agreement upon 90-day prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.						
Nature and purpose of operation	N/A						
Company's contractual status	Creditor	Please specify					



Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
VIP IV Empreendimentos e Participações Ltda.	August 5, 2019	5,081,819.52	2,462,260.68	-	10 years	No	0.000000
Relationship with the issuer	Agreement entered into between the Company and VIP IV Empreendimentos e Participações Ltda. (“VIP IV”), indirectly held by Laércio José de Lucena Cosentino, holder of 39.5% of VIP IV’s share capital.						
Subject matter of the agreement	Lease Agreement for the real property located at Av. Braz Leme, n.º 1793, Sao Paulo (SP, Brazil), for the lease of the Company's data center, with a constructed area of 422 sq. m, and the property located at Rua Sórora Angélica, 269, Casa Verde district, Sao Paulo (SP, Brazil), with a total building area of 1,722 sq. m. Contract readjustment for inflation is annually, according to the IGP-M rate variation in the period.						
Collaterals and insurance	N/A regarding guarantee. The Company is required to take out fire insurance for the real properties, at the updated value of each property.						
Termination or end	In case of breach of contract, a fine corresponding to three monthly rentals will be due and payable						
Nature and purpose of operation	Lease of the Company's datacenter.						
Company's contractual status	Debtor.		Please specify				



Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Inovalli S.A.	Aug. 14, 2020	211,308.87	-	211,308.87	Indefinite	No	0.00
Relationship with the issuer	Agreement entered into between the Company and Inovalli Administração de Obras, Engenharia e Empreendimentos Imobiliários Ltda., in which Laercio José de Lucena Cosentino directly owns 4% of the share capital and, indirectly, 96% through MCLC4 Participações e Empreendimentos Ltda.						
Subject matter of the agreement	Software service agreements (licenses, support, and maintenance), and Cloud rental. Agreements in force are readjusted annually according to the IGP-M rate variation.						
Collaterals and insurance	N/A						
Termination or end	The parties may terminate the agreement upon prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.						
Nature and purpose of operation	N/A						
Company's contractual status	Creditor		Please specify				



Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Instituto da Oportunidade Social	Feb. 19, 2018	15,933,494.07	-	15,933,494.07	Indefinite	No	0.000000
Relationship with the issuer	The Company is the main sponsor of the Social Opportunity Institute (IOS), in which it is responsible for funding more than 50% of its annual budget. In line with the decision by the Board of the Brazilian Securities and Exchange Commission, within the scope of Administrative Proceeding 19957.001316/2020-08, issued on July 7, 2020, when evaluating the nature of the partnership with IOS, we started to disclose the relationship with such non-profit organization as a transaction with a related party of the Company in the annual presentation of this Reference Form, and all contributions made were submitted to our Board of Directors to ratify its terms, as provided for in section 5.5 of our Policy on Transactions with Related Parties.						
Subject matter of the agreement	The funds contributed to IOS are made through sponsorships and donations, which may be made by granting financial resources, goods, and the right to use licenses and solutions developed and sold by the Company.						
Collaterals and insurance	N/A						
Termination or end	N/A						
Nature and purpose of operation	The Company, in line with its social strategy, has been voluntarily supporting IOS since its foundation in 1998, and centralizes its annual social investment in projects developed by IOS.						
Company's contractual status	Debtor.		Please specify				



Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
GoodData Corporation	June 11, 2015	34,999,157.38	-	2,369,442.95	Indefinite	No	0.000000
Relationship with the issuer	Agreements entered into between the Company and GoodData Corporation, in which the Company holds, through its subsidiary TOTVS, Inc., approximately 6.77% of the total capital stock of GoodData. TOTVS, Inc. is a party of GoodData's Stockholders' Voting Agreement, which entitles Totvs to nominate members to compose GoodData's Board. Based on the analyses of the shareholders' agreement, such transaction was identified as a transaction between related parties, so we started to disclose the relationship with this related party in the annual presentation of this Reference Form, and all contributions made were submitted to our Board of Directors to ratify its terms, as provided for in section 5.5 of our Policy on Transactions with Related Parties.						
Subject matter of the agreement	<i>Software</i> service agreements (licenses, support and maintenance) and distribution of the GoodData Platform. The supplier, after the first year of the agreement, reserves the right to change the amounts annually to reflect commercially reasonable price changes.						
Collaterals and insurance	N/A						
Termination or end	Automatic annual renewal, and the parties can terminate the agreement upon 30 days' notice with no penalty.						
Nature and purpose of operation	<i>Provision of software services and</i> distribution of the GoodData Platform						
Company's contractual status	Debtor.		Please specify				



Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Biosolvit Soluções em Biotecnologia S/A	Jan 1st, 2020	45,326.88	-	5,910.63	Indefinite	No	0.000000
Relationship with the issuer	Agreement entered into between the Company and Biosolvit Soluções em Biotecnologia S/A, where Laercio José de Lucena Cosentino indirectly holds 13.04% of the stock capital of Biosolvit through MCLC4 Participações e Empreendimentos Ltda.						
Subject matter of the agreement	Software service agreements (licenses, support, and maintenance), and Cloud rental. Agreements in force are readjusted annually according to the IGP-M rate variation.						
Collaterals and insurance	N/A						
Termination or end	The parties may terminate the agreement upon prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.						
Nature and purpose of operation	Provision of software services						
Company's contractual status	Creditor	Please specify					

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
BR-ME NEGOCIOS S.A.	January 28, 2021	7,588.53	-	1,669.48	Indefinite	No	0.000000



Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Relationship with the issuer	Agreement entered into between the Company and BR-ME Negócios SA, in which Laercio José de Lucena Cosentino indirectly holds 22% of the capital stock through MCLC4 Participações e Empreendimentos Ltda.						
Subject matter of the agreement	Software service agreement (TOTVS APP - Conector). The agreement in force is annually updated for inflation according to the variation of the IGP-M/FGV rate.						
Collaterals and insurance	N/A						
Termination or end	Automatic annual renewal, and the parties may terminate the agreement upon prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.						
Nature and purpose of operation	Provision of <i>software</i> services						
Company's contractual status	Creditor		Please specify				
Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
BR-ME NEGOCIOS S.A.	January 28, 2021	4,314.19	-	949.12	Indefinite	No	0.000000
Relationship with the issuer	Agreement entered into between VT COMERCIO DIGITAL S.A. and BR-ME Negócios SA, in which Laercio José de Lucena Cosentino indirectly holds 22% of the capital stock through MCLC4 Participações e Empreendimentos Ltda. The Company holds 50% of the capital of VT COMERCIO DIGITAL S.A.						



Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Subject matter of the agreement	Software Services Agreement (E-commerce Platform). The agreement in force is annually updated for inflation according to the variation of the IPCA/IBGE rate.						
Collaterals and insurance	N/A						
Termination or end	Automatic annual renewal, and the parties may terminate the agreement upon prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.						
Nature and purpose of operation	Provision of <i>software</i> services						
Company's contractual status	Creditor		Please specify				

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
SHIPAY TECNOLOGIA S/A	February 26, 2021	52,556.00	-	31,496.81	36 months	No	0.000000
Relationship with the issuer	Agreement entered into between the Company and SHIPAY TECNOLOGIA S/A, where Laercio José de Lucena Cosentino indirectly holds 59.93% of the capital stock through MCLC4 Participações e Empreendimentos Ltda.						
Subject matter of the agreement	Partnership agreement between TOTVS S.A. and SHIPAY TECNOLOGIA S/A for the sale of the "TOTVS Pagamento Digital" (digital payment) solution.						



Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Collaterals and insurance	N/A						
Termination or end	The Parties may terminate the agreement without cause, at any time, providing the other party with a notice 180 (one hundred and eighty) days in advance.						
Nature and purpose of operation	Software sales partnership agreement						
Company's contractual status	Debtor.		Please specify				



16.3 - Identification of the measures taken to tackle conflicts of interest and to show the strictly commutative nature (under the principles of fairness, good faith, and legal certainty) of the conditions agreed or the appropriate compensatory payment

The Company's Board of Directors has set forth, through the Policy on Transactions with Related Parties, guidelines and procedures to ensure that transactions between related parties and the Company or its subsidiaries are carried out in the best interest of the Company or its subsidiaries, as the case may be, and are based on principles of transparency and and commutative justice (i.e., agreements executed under principles of fairness, good faith, and legal certainty, through which both contracting parties are aware of their rights and obligations). Likewise, such policy aims at preventing and managing situations involving potential conflict of interests when transactions with such related parties are made.

To ensure that the protection mechanisms set forth in the policy regarding conflict of interest are effective, the policy provides for the possibility of reporting by anyone who has knowledge of a situation that may rank it as a Transaction with a Related Party, and the Compliance area is responsible, together with the Legal Department, for issuing an opinion to determine whether the transaction in fact is Transaction with a a Related Party subject to the procedures of such policy.

Further, in situations in which transactions with related parties require approval, the individual involved in the process of approval that has a potential private benefit or conflict of interests with the decision to be made shall declare him/herself unable, explaining its involvement in the transaction, and, if requested, providing details of the transaction and the parties involved. Such inability must appear on the minutes of the meeting of the corporate area responsible for making a decision on the transaction, and that individual shall move away from the discussions and decisions.

In the analysis, the Board of Directors and the Audit Committee must consider the following factors: (a) whether there are clearly demonstrable reasons, from the point of view of the Company's business, for the Transaction to be carried out with the Related Party; (b) if the transaction is carried out on terms at least equally favorable to the Company than those generally available on the market or those offered to or by a third party unrelated to the Company, in equivalent circumstances, taking into account the cost for the Company to monitor the transaction; (c) the results of assessments carried out or opinions issued by a specialized and independent company, if any; (d) whether or not a competitive process has been carried out for said contracting and its outcome; (e) the pricing method used and any other alternative forms of transaction pricing; (f) the extent of the related party's interest in the transaction, considering the amount of the transaction, the related party's financial situation, the direct or indirect nature of the related party's interest in the transaction and the ongoing or non-continuous nature of the transaction, among others aspects you consider relevant; and (g) if the transaction involves the sale of an asset, such asset shall be described, including the acquisition date and the book value or cost attributed.

In the process of approving Transactions with Related Parties, the Board of Directors and the Audit Committee must review the following information, in addition to other they may deem relevant for the analysis of a specific transaction: (a) the terms of the transaction; (b) the interest of the related party and the impact of the approval of the transaction on its dedication to the Company; (c) the existence of alternative transactions that do not involve Related Parties and that may serve the Company; (d) the purpose and timing of the transaction; (e) whether the Company is a party to the transaction and, if not, the nature of its participation; (f) information about potential counterparties to



the transaction; (g) the approximate financial amount of the transaction, as well as the value of the related party's interest; (h) description of any provisions or limitations imposed on the Company because of the execution of the transaction; (i) if the transaction involves any reputational risk for the Company; and (j) any other information that may be relevant to shareholders and investors, given the circumstances of the specific transaction.

For the lease agreement of the Company's headquarters, the process of analysis and selection of the real estate was carried out by an independent consultant. In addition, such consultants also conducted the financial negotiation process for the alternatives. The Company's Compensation and People Committee and the Audit Committee reviewed both the studies carried out by such consultants, and the Company's contractual protection clauses, in the event of non-compliance with the work execution schedule and/or technical specifications, and recommended the approval of the transaction by the Board of Directors.



16.4 - Other relevant information

The Company did not find any other relevant information connected to this section.



17.1 - General information on the capital stock

Date of authorization or approval	Capital amount (Reals)	Payment term	Number of common shares (Units)	Number of preferred shares (Units)	Total number of shares (Units)
Type of Capital	Paid-Up Capital				
September 21, 2021	2,962,584,687.27		617,183,181	0	617,183,181
Type of Capital	Issued share capital				
September 21, 2021	2,962,584,687.27		617,183,181	0	617,183,181
Type of Capital	Subscribed Capital				
September 21, 2021	2,962,584,687.27		617,183,181	0	617,183,181
Type of Capital	Authorized Capital				
September 21, 2021	4,000,000,000.00		617,183,181	0	617,183,181



17.2 - Increase in the capital stock

Date of resolution	Body that deliberated the increase	issue date	Total amount of the issue (Reals)	Type of increase	Common shares (Units)	Preferred shares (Units)	Total number of shares (Units)	Subscription/ Previous Capital	Issue price	Pricing factor
April 5, 2018	Board of Directors	April 5, 2018	51,387,796.01	No shares issued	0	0	0	0.000000	0.00	R\$ per Unit
Criteria for determining the issue price										
Form of paying in										
May 22, 2019	Board of Directors	May 28, 2019	341,280,000.00	public subscription	27,000,000	0	27,000,000	32.78776665	12.64	R\$ per Unit
Criteria for determining the issue price		<p>Take advantage of the price of R\$39.50 for the issuance, by the Company, of each common share in the Offer's context ("Price per Share"), which was fixed after the completion of the procedure for collecting investment intentions carried out exclusively with institutional investors ("Bookbuilding Procedure"), having as parameters: (i) the price of common shares issued by the Company on B3 S.A. – Brasil, Bolsa, Balcão ("B3"); and (ii) the indications of interest due to the quality and quantity of demand (by volume and price) for the shares. Pursuant to article 170, paragraph 1, item III, of the Brazilian Corporations Act, the choice of criteria for determining the Price per Share is justified because it was measured by carrying out the Bookbuilding Procedure and, therefore, not promoting the unjustified dilution of the Company's shareholders.</p> <p>Determine that, from the Price per Share, of BRL39.50: (i) BRL12.64 are allocated to the capital stock, totaling the amount of BRL341,280,000 and (ii) the balance of BRL26.66 per share, is intended to form of a capital reserve, pursuant to the provisions of subparagraph 'a' of §1 of Art. 182 of the Brazilian Corporations Act, totaling RBRL725,220,000.00</p>								
Form of paying in		Paid up in cash upon subscription in the Brazilian currency (R\$/ BRL).								
April 20, 2021	AEGM	April 20, 2021		136,903,622.84	0	0	0	0	0.000000	R\$ per Unit
Criteria for determining the issue price		Capitalization of the profit retention reserve resulting from the capital budget.								
Form of paying in		Paid up in cash upon subscription in the Brazilian currency (R\$/ BRL).								



September 21, 2021	Board of Directors	September 21, 2021	1,443,172,500,00	public subscription	39,270,000	0	39,270,000	0.949822	36.75	R\$ per Unit
Criteria for determining the issue price		The price of BRL36.75 for the issue, by the Company, of each common share in the context of the Offer ("Price per Share"), which was fixed after the completion of the procedure for collecting investment intentions carried out exclusively with investors institutional ("Bookbuilding Procedure"), having as parameters: (i) the quotation of common shares issued by the Company at B3 SA – Brasil, Bolsa, Balcão ("B3"); and (ii) the indications of interest due to the quality and quantity of demand (by volume and price) for the shares. Pursuant to article 170, paragraph 1, item III, of the Brazilian Corporation Law, the choice of criteria for determining the Price per Share is justified because it was measured by carrying out the Bookbuilding Procedure and, therefore, not promoting the unjustified dilution of the Company's shareholders.								
Form of paying in		Paid up in cash upon subscription in the Brazilian currency (R\$/ BRL).								



17.3 - Information on stock splits, reverse splits, and stock bonuses

Approval Date	Number of shares before the approval (Units)			Number of shares after the approval (Units)		
	Number of common shares	Number of preferred shares	Total number of shares	Number of common shares	Number of preferred shares	Total number of shares
Unfolding						
April 27, 2020	192,637,727	0	192,637,727	577,913,181	0	577,913,181



17.4 - Information on decrease in capital stock

Justification for not completing the table:

There was no capital reduction.



17.5 - Other relevant information

There is no other relevant information besides that presented in the items above.



18.1 - Rights of shares

Type of shares or CDA	Common
Tag Along	100.000000
Entitlement of dividends	<p>Pursuant to the Company's Bylaws, shareholders are entitled to a mandatory dividend that cannot be less than 25% of the Company's adjusted annual net income.</p> <p>Once this minimum percentage is guaranteed, the general meeting may decide on the distribution of dividends on account of pre-existing or accumulated profit reserves. Furthermore, the Board of Directors may decide on the distribution of dividends to be debited from the profit account determined in semiannual or interim balance sheets, as well as profit reserves existing in the last annual balance sheet.</p> <p>The Board of Directors may also pay or credit interest on equity, ad referendum of the annual general meeting that examines the financial statements relating to the fiscal year in which such interest was paid or credited.</p>
Voting right	Full
Convertibility	No
Right to capital reimbursement	Yes
Description of refund features	See section 18.12 of this Form
Restricted outstanding shares	No
Redeemable	No
Redemption option, and formula for calculating the redemption amount	
Conditions for changing the rights guaranteed by such securities	See section 18.12 of this Form
Other relevant characteristics	<p>The Company is listed on "Novo Mercado", the most advanced level of corporate governance of companies listed on the BM&FBOVESPA, and adopts practices that exceed the requirements of the legislation with reference to corporate governance and the rights of shareholders, according to the rules of the Novo Mercado Listing Regulation.</p>



18.2 - Description of any statutory standards that limit the voting rights of significant shareholders or that require them to carry out a public offering

Vote Limit

The Company's Bylaws do not set forth provisions that limit shareholders' voting rights. Nevertheless, there is provision for cases in which a public offering is mandatory, as listed below:

- The direct or indirect Disposal of the Company's ownership control (as set forth in Paragraph 1 of Article 42 of the Company's Bylaws), either through a single or successive operations, shall be contracted under either a suspensive or resolutive condition that the Ownership Control buyer be obliged to carry out a Public Tender Offer ("PTO") for the acquisition of shares owned by other shareholders, subject to any conditions and terms set forth in legislation in force and in the regulation in force and the Novo Mercado Regulation, so that such shareholders are entitled to a treatment equal to that of the Shareholder Controlling Seller.
- In the event the acquisition of control also subjects the Control Buyer to the obligation of carrying out a Public Tender Offer required pursuant to Article 43 of the Bylaws, the purchase price shall be the highest among those determined pursuant to Article 42 and Article 43, Paragraph 2 of the Company's Bylaws.
- Any person or shareholder who purchases or becomes the holder of shares issued by the Company, in a number equal to or higher than twenty percent (20%) of the total shares issued by the Company shall, within no longer than sixty (60) days counted from the acquisition date or the event giving rise to the ownership of shares in a number equal to or higher than twenty percent (20%) of the total shares issued by the Company, carry out or request the registration of, as the case may be, a Public Tender Offer of all shares issued by the Company, subject to the applicable CVM regulation, the Novo Mercado Regulation, other B3 regulations and the provisions of Article 43 of the Company's Bylaws.
- The PTO must be (i) addressed without distinction to all shareholders of the Company; (ii) carried out through an auction to be held at B3; (iii) launched at the price determined according to the provisions of Paragraph 2 of Article 43 of the Company's Bylaws; and (iv) paid in cash, in national currency, for the acquisition in the PTO of shares issued by the Company.
- The purchase price in the Public Tender Offer for each share issued by the Company may not be lower than the highest amount between (i) one hundred and twenty-five percent (125%) of the highest unit quotation reached for the shares issued by the Company during the twelve (12) month period prior to the Public Tender Offer in any stock exchange in which the Company's shares are traded; (ii) one hundred and twenty-five percent (125%) of the highest unit price paid by the Buying Shareholder, at any time, for a share or a share lot issued by the Company; (iii) the Economic Value determined in the appraisal report.
- Any shareholders who are holders of shares representing at least ten percent (10%) of capital stock may request a new appraisal report to be prepared in the same format as that referred to in item (iii) of Paragraph 2 of Article 43 of the Company's Bylaws, but by a different institution. (I) In case the new appraisal report determines a price per share lower than the one calculated as set forth in Paragraph 2 of Article 43 of the Company's Bylaws, the higher price shall prevail and the shareholders who requested the new appraisal report shall be fully liable for its costs proportionally to their interest in the Company's capital stock.



(II) In case the appraisal report as set forth in this Paragraph determines a price per share higher than that obtained as set forth in Paragraph 2 of Article 43 of the Bylaws, the Buyer may: (1) waive the Public Tender Offer and agree to dispose of the excess interest within three months counted from the acquisition, and any costs on the preparation of new appraisal report must be fully paid by the shareholders who requested its preparation, proportionally to their interest in the Company's capital stock; (2) carry out the Public Tender Offer for the price per share stated in the new appraisal report, and any costs on the preparation of the new appraisal report must be fully paid by the Company.

- Upon revision of the Public Tender Offer price, the following procedure shall be adopted:
 - (i) the request for a new appraisal report on the price per Company's share, based on the Economic Value, duly documented and supported by evidence showing the flaw or inaccuracy of the calculation methodology employed or the evaluation criterion adopted, shall be carried out within fifteen (15) days counted from the disclosure of the Public Tender Offer amount, and shall interrupt the registration process or, in case such registration is already granted, it shall interrupt the Public Tender Offer notice period, postponing the respective auction, and the Buying Shareholder shall arrange for the publication of a material fact reporting such postponement and the date stated for the holding of the Board of Directors' meeting which shall choose a specialized company to prepare the new appraisal report;
 - (ii) in case the Board of Directors decides that a new appraisal of the Company shall not be prepared, the registration process or the Public Tender Offer itself shall be resumed for the remaining period, as the case may be, and, for the latter, the Buying Shareholder shall arrange for the publication of a material fact with the new auction date;
 - (iii) in case the appraisal report determines an amount equal to or lower than the Public Tender Offer value obtained as set forth in Paragraph 2 of Article 43 of the Company's Bylaws, the registration process or the Public Tender Offer itself shall be resumed for the remaining period, as the case may be, and, for the latter, the Buying Shareholder shall arrange for the publication of a material fact with the new auction date;
 - (iv) in case the appraisal report determines an amount higher than the Public Tender Offer value obtained as set forth in Paragraph 2 of Article 43 of the Company's Bylaws, the Buying Shareholder shall publish, within five (5) days counted from the submission of the appraisal report, a material fact stating its position to maintain or waive the Public Tender Offer, by clarifying, for the first case, that it will resume the registration process, or of the Public Tender Offer itself for the remaining period, as the case may be, and, for the latter, the Buyer shall arrange for the publication of a material fact with the new auction date and the new price;
 - (v) the fifteen (15) day period referred to in item (i) of Paragraph 5 shall only start after the original appraisal report is delivered to CVM, or after it is made available as set forth in item (viii) of Paragraph 5 of Article 43 of the Company's Bylaws, if it comes first, and the Buying Shareholder shall publish a material fact reporting such delivery;
 - (vi) the Board of Directors' meeting resolving on a new appraisal shall nominate the institution in charge for the preparation of such appraisal report, approve the related fees, establish a period no longer than thirty (30) days for conclusion of services, and determine that the appraisal report be forwarded to the Company, for the attention of its Investor Relations Officer, to the stock exchange in which the auction is to be held, and to CVM, in addition to being sent to CVM electronic mail in the specific format determined by CVM;



(vii) the institution in charge for preparing the appraisal report shall also, on the same date it forwards the appraisal report to CVM, inform the intermediate institution operating in the Public Tender Offer, as set forth in Article 4, IV of CVM Instruction No. 361, of March 5, 2002 (“**CVM Instruction 361**”), the outcome of such appraisal, so that such institution and the Buying Shareholder adopt any applicable measures among those set forth in items (iii) and (iv) of Paragraph 5 of Article 43 of the Company's Bylaws;

(viii) the appraisal report will be available in the same places, and in the same format, as the appraisal report referred to in Article 8 of CVM Instruction 361;

(ix) the minutes of the Board of Directors' meeting shall necessarily state the names of the shareholders who requested the new appraisal, for effects of the possible application of the provision in Paragraph 3, (I) and (II.2) of Article 43 of the Bylaws.

- The PTO referred to in the caption will not exclude the possibility of another shareholder of the Company, or, if applicable, the Company itself, establishing a competing PTO, according to the terms of the applicable regulation.
- The Buyer shall be required to comply with any possible CVM requests or requirements, related to the Public Tender Offer, made based on and within the deadlines set forth in applicable regulation.
- In the event that the shareholder or person does not comply with the obligations imposed in the Bylaws, the Company's Board of Directors will call an Extraordinary General Meeting, in which the shareholder or person may not vote, to resolve on the suspension of the exercise of the rights of the shareholder or person which has not complied with any obligation imposed by this Article, as provided for in Article 120 of the Brazilian Corporations Act, without prejudice to the liability of the shareholder or person for damages caused to other shareholders as a result of any non-compliance with the obligations imposed by this Article.
- Any Shareholder or person acquiring or becoming the holder of other rights, including usufruct or trust, on the shares issued by the Company in a number equal to or higher than twenty percent (20%) of the total shares issued by the Company, shall be equally obliged to carry out or request the registration, as the case may be, of a Public Tender Offer, within no longer than sixty (60) days counted from the date of such purchase or the event which gave rise to the holding of such rights on shares in an amount equal to or higher than twenty percent (20%) of the total shares issued by the Company.
- The obligations stated in Article 254-A of the Brazilian Corporations Act and Article 42 of the Bylaws do not release the Buying Shareholder from complying with any obligations stated in the Bylaws, except for the provisions in Articles 50 and 51 of the Bylaws.
- The provision in this Article shall not apply in the event of a person becoming the holder of shares issued by the Company in a number higher than twenty percent (20%) of the total shares issued, arising from: (i) any legal succession, under the condition that the shareholder disposes of any excess shares within sixty (60) days counted from the material event; (ii) any amalgamation of another company by the Company; (iii) the merger of shares of another company by the Company; or (iv) the subscription of Company's shares, carried out at a single primary issue, which has been approved in a Company's Annual General Meeting called by its Board of Directors, and whose capital increase proposal has determined the issue price of shares based on the Economic Value obtained from a



valuation report on the Company conducted by a specialized company with proven experience in the evaluation of publicly held companies.

- For calculation of the percentage of twenty percent (20%) of the total shares issued by the Company described in the caption of Article 43 of the Company's Bylaws, any involuntary additions to ownership interest arising from the cancellation of treasury shares or decrease in the Company's capital stock with the cancellation of shares shall not be computed.
- If the CVM regulation determines the adoption of a calculation criterion for the acquisition price of each of the Company's shares in the OPA that results in an acquisition price that is higher than that determined pursuant to Paragraph 2 of Article 43 of the Company's Bylaws, the acquisition price calculated according to CVM regulations shall prevail in the PTO provided for in this article.
- Any change that limits the right of shareholders to carry out the PTO will require the shareholders who voted in favor of such change or exclusion in the resolution at the General Meeting to carry out the PTO provided for in this Article, subject to the provisions of Paragraph 3 of Article 10 of the Bylaws.
- The Public Tender Offer to be carried out by the Controlling Shareholder, or the Company for the delisting as a publicly held company must be conducted at a fair price, as per the applicable law and regulations.
- Any voluntary delisting from the Novo Mercado may occur (i) regardless of any public offering to acquire shares, if such is not required by the Company's General Meeting, pursuant to art. 12, of these Bylaws, or (ii) in the absence of such waiver, if preceded by a public offer to acquire shares that complies with the procedures set forth by CVM regulations for public offers to acquire shares to delist publicly held companies and the following requirements:
- If there is no Controlling Shareholder, in case the Company's delisting from Novo Mercado is decided so that the securities it has issued may be recorded for purposes of negotiation out of Novo Mercado, or because of a corporate reorganization operation, in which the company resulting from such reorganization does not have its securities cleared for negotiations at Novo Mercado within one hundred and twenty (120) days counted from the date of the General Meeting that approved said operation, such leaving is conditioned to performing a takeover bid under the same conditions set forth in article 45 above.
- Said General Meeting must determine the person(s) in charge of making the public takeover bid. If he/she(they) is(are) present at the meeting, he/she(they) ought to take the obligation to make such bid expressly.
- If the persons in charge of making the takeover bid are not selected, in a case of corporate reorganization operation in which the company resulting from such reorganization does not have its securities cleared for trading at Novo Mercado, the shareholders who vote for the corporate reorganization must make said bid/public offer.
- The public tender offer for the purposes envisaged in this Article will follow the procedures for holding a public tender offer for delisting as a publicly held company.
- If there is no Controlling Shareholder and B3 determines that the securities issued by the Company have their trading interrupted in the Novo Mercado in view of noncompliance with



the obligations stated in the Novo Mercado Regulation, the Board of Directors' chairperson shall call an Extraordinary General Meeting to replace the whole Board of Directors within two (2) days from such determination, and this period shall only compute the days in which the newspapers usually used by the Company are published.

- In the event of Company delisting from the Novo Mercado in view of any noncompliance with obligations stated in the Novo Mercado Regulation, that delisting shall be preceded by a Public Tender Offer, as provided in Article 45 of the Company's Bylaws and subject to the applicable law and regulations.
- The Controlling Shareholder must conduct the takeover bid or public offering as provided for in the caption of this article.
- In case there is no Controlling Shareholder and the delisting from Novo Mercado referred to in the caption results from a decision made by the General Meeting, the shareholders who have voted for the decision that entailed such non-compliance ought to make the takeover bid set forth in the caption.
- In case there is no Controlling Shareholder and the delisting from Novo Mercado referred to in the caption occurs as a result of an act of fact by the management, the Company's management members shall call the General Meeting of shareholders, the agenda of which would be how to solve the non-compliance with the obligations described in the Novo Mercado Regulation or, as the case may be, decide on the Company delisting from Novo Mercado.
- In case the General Meeting mentioned in Paragraph 3 above decides on the Company delisting from Novo Mercado, said General Meeting must select the person(s) in charge of making the takeover bid set forth in the caption, and if he/she(they) is(are) present at the Meeting, he/she(they) shall take the obligation to make such bid/offer expressly.
- The appraisal report of the Company to determine the fair price and/or the Economic Value, as applicable, shall be prepared by a specialized company, with proven experience and independence from the Company, its management and/or Controlling Shareholders. The appraisal report shall also comply with the requirements of Paragraph 1 of Article 8 of the Brazilian Corporations Act and include the obligation set forth in Paragraph 6 of the same Article 8.
- The establishment of a single OPA is provided for, aiming to fulfill more than one of the purposes provided for in this Chapter VII, in the Novo Mercado Regulation or in the regulation issued by the CVM, provided that it is possible to make the procedures of all OPA modalities compatible and there are no losses generated to the addressees of the offer and CVM authorization is obtained when required by the applicable law.
- The Company or the shareholders responsible for carrying out the OPA provided for in this Chapter VII, in the Novo Mercado Regulation or in the regulations issued by the CVM may ensure its effectiveness through any shareholder, third party and, as applicable, the Company. The Company or the shareholder, as the case may be, shall not be released from the obligation of completing the Public Tender Offer until it is completed in compliance with the applicable legislation.
- Any shareholder or third person who has subscribed and/or purchased shares issued by the Company in a number equal to, or higher than, eight percent (8%) of the Company's



corporate capital, and that is willing to purchase additional shares issued by the Company at the stock exchanges, shall be obliged to, prior to each new purchase, report its intention, in writing, to the Company, with at least three (3) business days in advance as of the date of the new purchase of shares, always subject to the provisions of the applicable legislation and CVM and B3 regulations.



18.3 - Description of exceptions and suspensive clauses relating to property or political rights provided for in the bylaws

The Brazilian Corporations Act grants the General Meeting the right to suspend the exercise of rights by the shareholder who fails to comply with an obligation imposed by law or by the Company's Bylaws, such suspension terminating immediately after the fulfillment of such obligation.

There are no suspensive statutory clauses relating to economic or political rights.



18.4 - Trading volume, and highest and lowest prices of securities traded

Last acc. statements, Jun. 30, 2021

Quarter	Securities	Type	Class	Market	Administrative entity	Financial volume traded (Reals/ BRL)	Highest price (Reals)	Lowest price (Reals)	Pricing factor	Average price (Reals)
Mar. 31, 2021	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	9,739,341,930	34.73	26.25	R\$ per Unit	29.75
Jun 30, 2021	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	8,048.709,070	37.88	28.73	R\$ per Unit	33.13

Fiscal year 12/31/2020

Quarter	Securities	Currency	Class	Market	Administrative entity	Financial volume traded (Reals/ BRL)	Highest price (Reals)	Lowest price (Reals)	Pricing factor	Average price (Reals)
03/31/2020	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	10,585,856,250	27.91	14.03	R\$ per Unit	22.52
06/30/2020	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	7,111,344,810	23.15	14.65	R\$ per Unit	19.79
Sep. 30, 2020	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	9,285,195,530	29.85	23.75	R\$ per Unit	27.01
Dec. 31, 2020	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	11,870,515,570	31.07	25.32	R\$ per Unit	27.51

Fiscal year as of Dec. 31, 2019

Quarter	Securities	Currency	Class	Market	Administrative entity	Financial volume traded (Reals/ BRL)	Highest price (Reals)	Lowest price (Reals)	Pricing factor	Average price (Reals)
03/31/2019	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	2,208,652,156	13.13	9.42	R\$ per Unit	11.38
06/30/2019	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	3,114,712.160	15.09	12.83	R\$ per Unit	13.91



09/30/2019	Shares	Common	Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	5,040,235,370	19.33	14.57	R\$ per Unit	17.22
Dec. 31, 2019	Shares	Common	Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	6,272,515,020	22.90	18.74	R\$ per Unit	20.80

Fiscal year as of Dec. 31, 2018

Quarter	Securities	Currency	Class	Market	Administrative entity	Financial volume traded (Reals/BRL)	Highest price (Reals)	Lowest price (Reals)	Pricing factor	Average price (Reals)
03/31/2018	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	879,869,170	9.95	7.92	R\$ per Unit	8.85
06/30/2018	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	709.732.443	10.38	7.93	R\$ per Unit	9.10
Sep. 30, 2018	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	858,553,101	10.69	8.83	R\$ per Unit	9.74
Dec. 31, 2018	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	779,167,786	11.22	9.58	R\$ per Unit	10.25



18.5 - Other securities issued in Brazil

Security	Debentures
Security details	3rd Issue of Simple Debentures – TOTVS S.A.
Date of issue	May 21, 2021
Expiration date	May 21, 2024
Quantity (units)	1,500,000
Global par value (R\$)	1.500.000.000,00
Outstanding debt balance on the closing date of the last fiscal year	1.500.000.000,00
Circulation restrictions	Yes
Details of restrictions	These debentures may only be traded between qualified investors, as set forth in section 9-B of CVM Instruction No. 539 of November 13, 2013, as amended (“ CVM Instruction 539 ”, and “ Qualified Investors ”) and after 90 (ninety) days from the date of each subscription or acquisition is performed by Professional Investors (as provided for below), pursuant to articles 13 and 15 of CVM Instruction 476, except in the event of a firm underwriting commitment to place such Debentures by the Coordinators at the time of subscription, pursuant to article 13, section II of CVM Instruction 476, and after the Issuer have complied with the requirements of article 17 of CVM Instruction 476, provided, however, that the debentures negotiation shall always observe the applicable legal and regulatory provisions. Without prejudice to the provisions set forth herein, the provisions of article 13 of CVM Instruction 476 are, on this date, suspended due to CVM Resolution No. 849 of March 31, 2020 (“ CVM Resolution 849 ”) , when, whether alternatively or cumulatively, (a) the acquirer is a professional investor; and (b) the security in question is issued by a company registered with the CVM.
Convertibility	No
Possibility of redemption	Yes
Redemption and calculation of its amount	TOTVS may, at its sole discretion, at any time, make an early redemption offer for all Debentures, addressed to all Debenture Holders, without distinction, one or more times, ensuring all Debenture Holders equal conditions whether to accept or not the redemption of the Debentures that they hold (“Early Redemption Offer”) , according to the terms and conditions previously provided for.
Conditions for changing the rights guaranteed by such securities	N/A
Other relevant features	<p>Optional Early Redemption: The Issuer may redeem all the Debentures in advance, at its sole discretion, at any time, including upon payment of the Face Value per Unit of the Debentures, plus the Remuneration, calculated <i>pro rata temporis</i>, from the Payment Date or from the immediately preceding Remuneration Payment Date, as the case may be, until the date of its effective payment) Amount of the Optional Early Redemption) and premium, as applicable, under the terms described in the table in the Indenture.</p> <p>The debentures will mature on May 21, 2024 and may be redeemed in advance, at the sole discretion of the Company.</p>



Security type	Debentures
Security details	2nd Issue of Simple Debentures - TOTVS
Date of issue	April 22, 2020
Expiration date	April 22, 2021
Quantity (units)	200,000
Global par value (R\$)	200,000,000
Outstanding debt balance on the closing date of the last fiscal year	0.00
Restrictions to be outstanding	Yes
Details of restrictions	These debentures may only be traded between Qualified Investors, as set forth in section 9-B of CVM Instruction No. 539, and after 90 (ninety) days from the date of each subscription or acquisition is performed by Professional Investors (as provided for below), pursuant to articles 13 and 15 of CVM Instruction 476, except in the event of a firm underwriting commitment to place such Debentures by the Coordinators at the time of subscription, pursuant to article 13, section II of CVM Instruction 476, and after the Issuer have complied with the requirements of article 17 of CVM Instruction 476, provided, however, that the debentures negotiation shall always observe the applicable legal and regulatory provisions. Without prejudice to the provisions set forth herein, the provisions of article 13 of CVM Instruction 476 are, on this date, suspended due to CVM Resolution No. 849, when, whether alternatively or cumulatively, (a) the acquirer is a professional investor; and (b) the security in question is issued by a company registered with the CVM.
Convertibility	No
Possibility of redemption	Yes
Redemption and calculation of its amount	The Company may, at its sole discretion, at any time, make an early redemption offer for all Debentures, addressed to all Debenture Holders, without distinction, one or more times, ensuring all Debenture Holders equal conditions whether to accept or not the redemption of the Debentures that they hold ("Early Redemption Offer"), according to the terms and conditions previously provided for.
Conditions for changing the rights guaranteed by such securities	N/A
Other relevant characteristics	<p>Optional Early Redemption: the Issuer may redeem all Debentures in advance, at its sole discretion, at any time, as of July 22, 2020, including upon payment of the Debentures' Face Value per Unit, plus Remuneration, calculated <i>pro rata temporis</i> from the Date of First Payment to the date of its actual payment ("Debt Balance"), plus a flat redemption premium levied on the Debt Balance corresponding to 0.10% (ten hundredths percent) ("Optional Early Redemption").</p> <p>Note: as per the Notice to the Market ("Early redemption of simple non-convertible debentures") disclosed on August 5, 2020, the debentures were redeemed in advance.</p> <p>On August 10, 2020 the Company redeemed all debentures in the amount of R\$203,219,000. The debentures would mature on April 22, 2021, and the optional early redemption occurred, under the terms of the 2nd Issue, upon payment of the debit balance of the face value per unit and compensatory interest rate corresponding to 100.0% of the accumulated variation of the daily average rates of DI (Interbank Deposits), based on 252 working days, plus a spread equivalent to 2.65% per year calculated <i>pro rata temporis</i> from the date of payment of the debentures up to the date of the effective payment, plus a premium corresponding to 0.10%.</p>



Security type	Debentures
Security details	2nd Issue of Simple Debentures - TOTVS
Date of issue	09/15/2017
Expiration date	09/15/2020
Quantity (units)	200,000
Global par value (R\$)	200,000,000
Outstanding debt balance on the closing date of the last fiscal year	0.00
Restrictions to be outstanding	Yes
Details of restrictions	Debentures may only be traded between qualified investors, as defined in article 9-B of CVM Instruction No. 539, of November 13, 2013, as amended, and after 90 days from the date of each subscription or acquisition by investors professionals, pursuant to articles 13 and 15 of CVM Instruction 476.
Convertibility	No
Possibility of redemption	Yes
Redemption and calculation of its amount	The Company may, at its sole discretion, carry out, at any time, an early redemption offer of the debentures, with the consequent cancellation of such debentures, which will be addressed to all debenture holders, without distinction, ensuring equal conditions to all debenture holders, to accept or not an early redemption of the debentures they hold, pursuant to the terms and conditions set forth.
Conditions for changing the rights guaranteed by such securities	N/A
Other relevant features	<p>Optional Acquisition: the issuer may, at any time and at its sole discretion, acquire debentures, subject to the provisions of article 55, paragraph 3, of the Brazilian Corporations Act and the trading restrictions provided for in CVM Instruction 476. The debentures acquired by the issuer may be cancelled, placed on the market again or remain in the Issuer's treasury, and such fact must be included in the management report and in the financial statements; Other characteristics of the debentures, the issue and the Offering: the other characteristics of the debentures, the issue and the offer are described in the indenture, the RCA and other documents relevant to them.</p> <p>The debentures matured on September 15, 2020 and were settled in the amount of R\$202,838,000.</p>



18.5-A – Holders of each type of security in item 18.5.

Security type	Individuals	Companies and organizations	Institutional Investors
Debentures	0	0	4



18.6 - Brazilian markets in which securities are admitted to trading

The Company's common shares are listed for trading in Brazil. Specifically, the Company's shares are traded on B3 – Brasil, Bolsa, Balcão, under the ticker code “TOTS3”, in the category with the highest level of corporate governance, the so-called “Novo Mercado”. The debentures issued by the Company are traded on B3 and CETIP under the trading codes TOTS11 and TOTS12.



18.7 - Information on the class and type of security admitted to trading in foreign markets

Justification for not completing the table:

There are no securities admitted to trading on foreign markets.



18.8 - Securities issued abroad

Justification for not completing the table:

There are no securities issued abroad



18.9 - Public offerings made by the issuer or by third parties, including controlling shareholders, affiliates and subsidiaries, related to the issuer's securities

1st Issue of Debentures

On September 15, 2017, the Company issued 200,000 simple debentures, not convertible into shares, in a single series, under a firm underwriting commitment, with a face value per unit of R\$1 thousand, in the total amount of R\$200,000 thousand, and final maturity on September 15, 2020. As of the issue date, the Debentures will be entitled to remuneration equivalent to 105% of the CDI. For more information on the 1st Issue of Debentures, please see section 18.5 of this Reference Form.

2nd Issue of Debentures

On April 22, 2020, the Company issued 200,000 simple debentures, not convertible into shares, in a single series, under a firm underwriting commitment, with a face value per unit of R\$1 thousand, in the total amount of R\$200,000 thousand, and final maturity on April 22, 2021. As of the Date of Issue, the Debentures will be entitled to a remuneration equivalent to 100% of the CDI rate, plus a spread equal to 2.65% (two integers and sixty-five hundredths percent). For more information on the 2nd Issue of Debentures, please see section 18.5 of this Reference Form.

3rd Issue of Debentures

On May 21, 2021, the Company issued 1,500,000 simple debentures, not convertible into shares, in a single series, under a firm placement guarantee regime, with a unit face value of R\$1 thousand, in the total amount of R\$1.5 billion, with final maturity on May 21, 2024. As of the Issue Date, the Debentures will be entitled to remuneration equivalent to 100% of the CDI plus a spread equivalent to 1.90% (one whole and ninety hundredths percent). For more information on the 3rd Issue of Debentures, please see section 18.5 of this Reference Form.

Primary Public Offering with Restricted Placement Efforts, 2019

At a meeting of the Company's Board of Directors held on May 9, 2019, a public offering was approved for primary distribution with restricted placement efforts of common, registered, book-entry shares, with no par value, free and clear from any liens or encumbrances, issued by the Company. ("**Restricted Offer**"). On May 22, 2019, the price per share of R\$39.50 ("Price per Share") was approved, given that the Restricted Offer totaled the amount of R\$1,066,500,000.

Primary Public Offering with Restricted Placement Efforts, 2021

In September 13, 2021, the Company's Board of Directors approved a primary public offering for the distribution with restricted placement efforts of 39,270,000 common, registered, book-entry shares, with no par value, all free and clear of any liens or encumbrances, issued by the Company, with restricted placement efforts, in accordance with CVM Instruction No. 476, dated January 16, 2009, as amended, within the authorized capital limit provided for in the Company's Bylaws, at the price of R\$36.75 per share, totaling R\$1,443,172,500.00.



18.10 - Allocation of resources from public offerings

1st Issue of Debentures

(a) how the resources resulting from the offer were used

The funds raised with the 1st public issue of debentures were fully used for working capital, investments within the scope of the Issuer's corporate purpose and/or prepayment of debts.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, since the resources were used according to the application proposal.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, since the resources were used according to the application proposal.

2nd Issue of Debentures

(a) how the resources resulting from the offer were used

The funds raised with the 2nd public issue of debentures will be fully used for scheduled settlement of R\$200,000 thousand corresponding to the 1st (first) issue of debentures by the Company, which will mature on September 15, 2020, and to get prepared to pay the amount of R\$ 458,405 thousand for the acquisition of shares corresponding to 88.8% of the capital stock of SUPPLIER PARTICIPAÇÕES S.A.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

3rd Issue of Debentures

(a) how the resources resulting from the offer were used

The funds raised with the 3rd public issue of debentures will be fully used to achieve the Company's Strategic Plan and the Company's corporate purpose.



(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

2019 Primary Public Offering with Restricted Placement Efforts

(a) how the resources resulting from the offer were used

Considering the Price per Share, the net proceeds from the Offer, after deducting commissions and expenses, total R\$ 1,037 million. For more detailed information on the fees and expenses of the Offer, please see the topic “Costs of the Offering” above.

We intend to invest all the net resources obtained through the Offering in potential acquisitions of companies that may contribute to the performance of our strategy of strengthening the core business and expanding into new markets, with any remaining net resources being used to reinforce the Company's capital stock.

Our pipeline of potential acquisition targets (with more than ten targets mapped) is constantly updated in view of the dynamics of the information technology market. Such targets are evaluated according to the fit with the Company's strategy, availability of the asset for trading, and estimated value in line with the levels practiced in the market, and on this date our estimated value per transaction is in the range between R\$ 50 million and R\$ 3 billion. For more details on our acquisition strategies, please see section “7.1. Description of the Key Activities of the Issuer and its Subsidiaries” in this Reference Form.

As of this date, there is still no defined position about which companies will be acquired by the Company and how long such potential negotiations will take to be concluded.

The destination of resources from the Offer will be influenced by the future conditions of the markets in which the Company operates, as well as by the investment opportunities found by the Company, in addition to other factors that cannot be anticipated. While the abovementioned investments are not made, in the regular course of the Company's businesses, the funds raised in the Offering may be invested in financial investments that the Company's management believes to be within the scope of its investment policy, aiming at preserving the Company's capital and investments with a high-liquidity profile, such as public debt securities and fixed income financial investments contracted or issued by leading financial institutions, which may include the Coordinators.

The allocation of funds described above is based on analysis, estimates, and current perspectives on future events and trends. Changes in market conditions and the timing of allocating funds may compel the Company to review the allocation of the net proceeds from the Offering on the moment they will be actually used, with a view to the best interest of the Company. The use of the funds raised with the Offering depends on several factors that the Company cannot guarantee will come



to fruition, among which, the behavior of the market in which the Company operates, the Company's ability to continue its regular activities and develop new projects.

If the proceeds from the Offering are not sufficient to fund the Destination of Funds as described above, the Company may seek additional funds, including through financial entities, by contracting loans or direct financing, making offering of securities and of other securities that represent debt in the local and international markets, or even through another public offering of shares issued by the Company. The way how such funds will be raised will be determined by the Company at the time of the corresponding fund raising, depending also on market conditions.

For information on the impact of net resources earned by the Company as a result of the Offering on the Company's equity position, please see the "Capitalization" section below.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, since the resources were used according to the proposal.

2021 Primary Public Offering with Restricted Placement Efforts

(a) how the resources resulting from the offer were used

The funds obtained within the scope of the public offering with restricted efforts to place common shares issued by the Company are intended to be used, especially, in potential acquisitions of companies that may contribute to the execution of the Company's strategy and construction of a ecosystem based in 3 dimensions (Management, Techfin and Business Performance), and any remaining net resources will be used to reinforce the Company's capital and to achieve its corporate purpose.

As of the date of this Reference Form, there is still no defined position on which companies will be acquired by the Company or how long such potential negotiations will take to be finalized.

The allocation of proceeds from the Offering will be influenced by the future conditions of the markets in which the Company operates, as well as by the investment opportunities identified by the Company, in addition to other factors that cannot be anticipated. As long as the investments described above are not made, in the regular course of the Company's business, the funds raised in the Offer may be invested in financial investments that the Company's management believes to be within its investment policy, aiming at the preservation of the capital and investments of the Company with a high liquidity profile, such as public debt securities and fixed income financial investments contracted or issued by prime financial institutions, which may include the Coordinators.

The allocation of funds described above is based on current analyses, estimates and perspectives on future events and trends. Changes in market conditions and the timing of the allocation of funds may oblige the Company to review the allocation of the Offer's net proceeds upon their effective use, aiming at the Company's best interest. The application of the funds raised with the Offer depend



on several factors that the Company cannot guarantee will materialize, among which, the behavior of the market in which the Company operates, the ability to continue the regular activities of the Company, to develop new projects.

If the proceeds from the Offering are not sufficient to fund the Use of Resources described above, the Company may seek additional resources, including through financial institutions, by contracting loans or direct financing, carrying out an offer of representative bonds and securities of debt in the local and international markets or even through another public offering of shares issued by the Company. The way to obtain these funds will be defined by the Company at the time of the respective funding, depending on market conditions.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, since the resources were used according to the proposal.



18.11 - Description of takeover bids made by the issuer relating to shares issued by third parties

There are no takeover bids made by the Company.



18.12 - Other relevant information

Public Offering with Restricted Placement Efforts

At a Meeting of the Company's Board of Directors held on September 13, 2021, the holding of a public offering for primary distribution was approved with restricted efforts to place common shares, all registered, book-entry and without par value, free and clear of any encumbrances or liens issued by the Company ("**Shares**" and "**Restricted Offer**", respectively). The number of Shares initially offered under the Restricted Offer may be increased due to the possibility of placing the Additional Shares (as defined below).

The Restricted Offer will consist of the primary public distribution of, initially, 39,270,000 Shares to be issued by the Company, with restricted placement efforts, to be carried out in the Federative Republic of Brazil ("**Brazil**"), in an unorganized over-the-counter market, *in the terms of the "Private Instrument of Placement Agreement, Coordination and Firm Guarantee for the Settlement of Shares Issued by TOTVS S.A."* to be entered into between the Company and the Offering Coordinators (as defined below) ("**Placement Agreement**"), pursuant to **Law nº 6,385, of December 7, 1976, as amended ("Securities Market Law")** and in accordance with the procedures of CVM Instruction 476, of the "**ANBIMA Code of Regulation and Best Practices for Structuring, Coordination and Distribution of Public Offerings of Securities and Public Offerings for the Acquisition of Securities**" currently in force ("**ANBIMA Code**"), of Circular Letter 087/2014-DP, issued by B3 on November 28, 2014 ("**Circular Letter 87/2014**") and other applicable legal provisions, including the Novo Mercado Regulation of B3 ("**Novo Mercado Regulation**"), under the coordination of Banco BTG Pactual S.A. ("**BTG Pactual**" or "**Leading Coordinator**"), of the Banco Itaú BBA S.A. ("**Itaú BBA**"), Banco Morgan Stanley S.A. ("**Morgan Stanley**"), Citigroup Global Markets Brasil Corretora de Câmbio, Títulos e Valores Mobiliários SA ("**Citi**"), Banco Santander (Brasil) S.A. ("**Santander**"), and UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. ("**UBS BB**" and, together with the Leading Coordinator, Itaú BBA, Morgan Stanley, Citi, and Santander, the "**Offering Coordinators**").

Simultaneously, within the scope of the Restricted Offering, efforts will be made to place the Shares abroad by BTG Pactual US Capital LLC, by Itaú BBA USA Securities, Inc., by Morgan Stanley & Co. LLC, Citigroup Global Markets Inc., Santander Investment Securities Inc. and UBS Securities LLC (collectively, the "**International Placement Agents**") pursuant to the *Placement Facilitation Agreement* to be entered into between the Company and the International Placement Agents ("**International Placement Agreement**"): (i) in the United States of America ("**United States**"), exclusively for *qualified institutional buyers*, resident and domiciled in the United States, as defined in *Rule 144A*, edited by the *US Securities and Exchange Commission ("SEC")* in transactions exempt from registration, provided for in the *US Securities Act of 1933*, as amended ("**Securities Act**") and in regulations issued under the *Securities Act*, as well as under the terms of any other US federal and state securities rules; and (ii) in countries other than the United States and Brazil, for investors incorporated in accordance with the legislation in force in the country of domicile of each investor and who are considered non-residents or domiciled in the United States or not incorporated in accordance with the laws of that country (*Non US Persons*), based on *Regulation S*, issued by the SEC under the *Securities Act* and observing the applicable legislation in the country of domicile of each investor (the investors described in items (i) and (ii), jointly "**Foreign Investors**", and, together with Local Institutional Investors, "**Professional Investors**") and in both cases provided that such Foreign Investors invest in Brazil in accordance with the investment mechanisms regulated by the National Monetary Council ("**CMN**"), by the Central Bank of Brazil ("**BACEN**") and/or CVM, pursuant to Law No. 4.131, of September 3, 1962, as amended or CMN Resolution No. 4,373, of September 29 September 2014, as amended and CVM Resolution No. 13, of November 18, 2020,



without the need, therefore, to request and obtain registration of distribution and placement of Shares in an agency or regulatory body of the capital market of another country, including before the SEC.

Up to the date of completion of the *Bookbuilding* Procedure (as defined below), including such date, the number of Shares initially offered may, at the Company's discretion, in common agreement with the Offer Coordinators, be increased by up to 65%, that is, in up to 25,525,500 new common shares issued by the Company, under the same conditions and at the same price as the Shares initially offered, which will be intended to meet any excess demand that may be verified at the time the Price is fixed per Share (as defined below) ("**Additional Shares**").

The Shares (considering the Additional Shares) will be placed under a firm settlement guarantee regime to be provided by the Offering Coordinators, individually and not jointly, according to the individual limits and other provisions set forth in the Distribution Agreement. The Shares that are the subject of placement efforts abroad by the International Placement Agents, with Foreign Investors, must be subscribed and paid in Brazil with the Offering Coordinators, in the national currency, pursuant to article 19, paragraph 4, of the Securities Market Law.

There will be no procedure to stabilize the price of Shares under the Restricted Offer and, consequently, the price of Shares in B3's secondary market may fluctuate significantly after the placement of Shares (considering the Additional Shares).

The Restricted Offer is automatically exempted from the registration of public distribution by CVM, which is dealt with in Article 19 of the Securities Market Law, and pursuant to Article 6 of CVM Instruction 476, and is therefore not subject to analysis of the CVM's prior opinion. The Restricted Offer was not and will not be subject to prior analysis by CVM, ANBIMA or any regulatory or self-regulatory entity. However, after sending the notice of termination of the Offer to CVM, as provided for in article 8 and Annex 8 of CVM Instruction 476, the Restricted Offer will be registered with ANBIMA, pursuant to article 16, item II, of the ANBIMA Code.

Shares may not be tendered or sold in the United States without registration or exemption from registration under the Securities Act. The Company and the Offer Coordinators did not carry out any registration of the Restricted Offer or the Shares in Brazil, in the United States or in any agency or regulatory body of the capital market of any country.

Restrictions on Share Trading (Lock-up)

The Company, certain shareholders of the Company, the members of the Board of Directors and the Company's Executive Officers, by means of the Placement Agreement and the International Placement Agreement for a period of 90 days, by means of the corresponding *Lock-up* Instruments, undertake to before the Offer Coordinators and the International Placement Agents, during the *Lock-up* Period, not to: (i) issue, offer, sell, contract the sale, contract the purchase or subscription, pledge, lend, grant any rights, warrants or call or put options, make any short sale or otherwise encumber or dispose of the Securities Subject to the *Lock-up*; (ii) carry out any hedging transaction or other transaction or transaction designated to, or that may reasonably lead to, or result in, a sale, loan, encumbrance or other form of disposition (either by each of the Persons Subject to Restrictions on Transfer of Securities or by third parties), or transfer of any of the economic benefits of ownership, in whole or in part, directly or indirectly, of the Securities Subject to *Lock-up*, regardless of whether any of the above transactions (or instruments provided for therein) are settled upon delivery of Lock-up Securities or any other securities, in cash or otherwise; or (iii) publicly disclose the intention to carry out any of the transactions or actions set forth in items (i) to (iii) above.



The signatories of the Lock-up Agreements may transfer common shares (i) acquired in market transactions carried out after the execution of the Placement Agreement, (ii) as a gift, provided that prior to any transfer, the recipient agrees in writing with the agents to be bound by the terms set forth in the Lock-up Agreements, and such signatory confirms that he/she is in compliance with the terms of these Lock-up Agreements as of the date hereof; (iii) as provisions for any fund for the direct or indirect benefit of the signatory and/or the signatory's direct family, provided that prior to any transfer, such fund agrees in writing with the Coordinators to be bound by the terms of the Lock-up agreements and the undersigned confirms that he/she is in compliance with the terms of the Lock-up Agreement; (iv) with the prior written consent of the agents; or (v) if the undersigned is a legal entity, for any of its affiliates provided that prior to such transfer, the transferee agrees in writing with the agents to be bound by the terms of the Lock-up Agreement, and the undersigned confirms that complies with the terms of the Lock-Up Agreement; provided that any transfer, sale, or distribution provided for in cases (ii) or (iii) does not involve an onerous sale; provided, in addition, that no deposit by any party (giver, grantee, assignor or assignee) under Brazilian law or other applicable law is required or made voluntarily in connection with any transfer, disposition or distribution set forth in items (ii) or (iii) (other than a deposit made after the Lock-up period ends).

The sale or perception of a possible sale of a substantial volume of shares may adversely affect the trading value of the common shares issued by the Company.

Price Per Share

In the context of the Restricted Offer, the Price per Share will be fixed after completion of the Bookbuilding Procedure.

The choice of the criterion for setting the Price per Share is justified, pursuant to article 170, paragraph 1, item III, of the Brazilian Corporations Act, as the market price of the Shares (considering the Additional Shares) to be distributed will be measured based on (a) the quotation of the Company's common shares on B3; and (b) the indications of interest because of the quality and quantity of demand (by volume and price) for the Shares (considering the Additional Shares), collected from Professional Investors during the Bookbuilding Procedure, therefore not promoting unjustified dilution of the current shareholders of the Company.

The closing quotation of Shares on B3 on September 10, 2021 was R\$38.20, which merely points out the Price per Share, which may vary upwards or downwards depending on the conclusion of the Bookbuilding Procedure. Based on this referenced Price per Share, the total amount of the Restricted Offering, without considering the placement of the Additional Shares, would be R\$1,500,114,000 and, considering the placement of the Additional Shares, would be R\$2,475,188,100.

The Price per Share will not serve to determine the price that will prevail in the market after the conclusion of the Restricted Offer, and may change upwards or downwards after completion of the Bookbuilding Procedure.

Investors' demands will be considered in the Bookbuilding Procedure according to the distribution plan previously agreed between the Company and the Offering Coordinators, pursuant to the Distribution Agreement and the International Placement Agreement, and that are in accordance with the purposes of the Company in carrying out the Restricted Offer.

Shareholders who participate exclusively in the Priority Offer and who do not participate in the Institutional Offer will not participate in the Bookbuilding Procedure and, therefore, will not participate in the process of determining the Price per Share.



The participation of Related Parties in the process of setting the Price per Share may be accepted, through their participation in the Bookbuilding Procedure up to a maximum limit of 20% of the Shares initially offered (without considering the Additional Shares). If there is an excess of demand that exceeds one third the number of Shares initially offered (not considering the Additional Shares), the placement of Shares to Professional Investors who are Related Parties within the scope of the Institutional Offering will be prohibited, with the investment intentions being carried out by Professional Investors who are Related Parties automatically canceled.

The participation of Professional Investors who are Related Parties in the Bookbuilding Procedure may adversely impact the formation of the Price per Share. Investment in Shares by Professional Investors who are Related Parties may reduce the liquidity of common shares issued by the Company in the secondary market, especially if the priority placement of Shares to Shareholders is considered.

Investments made by the persons mentioned in article 48 of CVM Instruction 400 for hedging of operations with derivatives contracted with third parties, having the shares issued by the Company as a reference, including total *return swap* operations, are allowed in the form of article 48 of the CVM Instruction 400 and investments made by Related Parties under the Restricted Offering for the purposes of article 55 of CVM Instruction 400 will not be considered, provided that such third parties: (i) are not Related Parties; or (ii) that fall within the other exceptions provided for in article 48, item II of CVM Instruction 400.

Distribution costs

The commissions and expenses for independent auditors, lawyers, consultants, translations and publicity related to the Offer, as described below, will be paid exclusively by the Company, pursuant to the Placement Agreement and the International Placement Agreement.

The table below shows the commissions and expenses of the Offer, assuming the placement of all Shares to be issued by the Company (not considering the Additional Shares) under the Restricted Offer:

Commissions and Expenses	Total amount (R\$)⁽¹⁾	% in relation to the Total Offer Amount⁽²⁾	Unit cost per Share (BRL)⁽²⁾
Offer commissions			
Coordination commission ⁽³⁾	4,500,342.00	0.30%	0.11
Placement commission ⁽⁴⁾	13,501,026.00	0.90%	0.34
Firm Settlement Guarantee commission ⁽⁵⁾	4,500,342.00	0.30%	0.11
Incentive commission ⁽⁶⁾	7,500,570.00	0.50%	0.19
Total commissions	30,002,280.00	2.00%	0.76
Offer expenses⁽⁷⁾			
Taxes, Fees, and other withholdings	3,204,449.39	0.21%	0.08
Registration Fee with B3.....	592,304.03	0.04%	0.02
Registration Fee with ANBIMA	44,178.36	0.00%	0.00
Total expenses with fees payable	3,840,931.77	0.26%	0.10
Expenses with Lawyers ⁽⁸⁾	2,968,400.00	0.20%	0.08
Expenses with Independent Auditors.....	3,486,889.21	0.23%	0.09
Other Expenses ⁽⁹⁾	327,264.13	0.02%	0.01
Total, other expenses.....	6,782,553.34	0.45%	0.17
Total Expenses	10,623,485.11	0.71%	0.27
Total Commissions and Expenses.....	40,625,765.11	2.71%	1.03

⁽¹⁾ Based on the Price per Share of R\$38.20, corresponding to the closing quotation of the common shares issued by the Company at B3 on September 10, 2021, this amount merely points out the Price per Share and may change to a higher or lower price after completion of the Bookbuilding Procedure.

⁽²⁾ The amounts and percentages presented reflect rounding adjustments and, therefore, the totals presented may not correspond to the arithmetic sum of the numbers that precede them.



- (3) Corresponds to 20% of the Basic Remuneration, that is, without considering the Incentive Commission to be paid to the Offer Coordinators for services provided by the Offer coordination.
- (4) Corresponds to 60% of the Basic Remuneration, that is, without considering the Incentive Commission to be paid to the Offer Coordinators in relation to the services for placing the Shares within the scope of the Offer.
- (5) Corresponds to 20% of the Base Remuneration, ie without considering the Incentive Fee, to be paid to the Offer Coordinators for the provision of the Firm Settlement Guarantee.
- (6) The Incentive Commission, as described in the Placement Agreement, is a strictly discretionary part of the remuneration payable to the Offering Coordinators and will be paid at the sole discretion of the Company, using as a parameter its perception of the result of the Offering. The Incentive Commission is limited to 0.50% of the proceeds from placing the Offer.
- (7) Estimated expenses of the Offering undertaken by the Company.
- (8) Estimated expenses of the Company's legal advisors, the Offering Coordinators, and International Placement Agents for Brazilian law and United States law.
- (9) Including estimated costs with presentation to investors (*roadshow*).

The table below shows the commissions and expenses of the Offer, assuming the placement of all Shares to be issued by the Company (not considering the Additional Shares) within the scope of the Restricted Offer:

	Total amount (R\$) ⁽¹⁾	% in relation to the Total Offer Amount ⁽²⁾	Unit cost per Share (BRL) ⁽²⁾
Commissions and Expenses			
Offer commissions			
Coordination commission ⁽³⁾	7,425,564.30	0.30%	0.11
Placement commission ⁽⁴⁾	22,276,692.90	0.90%	0.34
Firm Settlement Guarantee commission ⁽⁵⁾	7,425,564.30	0.30%	0.11
Incentive commission ⁽⁶⁾	12,375,940.50	0.50%	0.19
Total commissions	49,503,762.00	2.00%	0.76
Offer expenses⁽⁷⁾			
Taxes, Fees, and other withholdings	5,287,341.49	0.21%	0.08
Registration Fee with B3	933,579.97	0.04%	0.01
Registration Fee with ANBIMA	72,894.29	0.00%	0.00
Total expenses with fees payable	6,293,815.74	0.25%	0.10
Expenses with Lawyers ⁽⁸⁾	2,968,400.00	0.12%	0.05
Expenses with Independent Auditors	3,486,889.21	0.14%	0.05
Other Expenses ⁽⁹⁾	327,264.13	0.01%	0.01
Total, other expenses	6,782,553.34	0.27%	0.10
Total Expenses	13,076,369.08	0.53%	0.20
Total Commissions and Expenses	62,580,131.08	2.53%	0.97

- (1) Based on the Price per Share of R\$38.20, corresponding to the closing quotation of the common shares issued by the Company at B3 on September 10, 2021, this amount merely points out the Price per Share and may change to a higher or lower price after completion of the Bookbuilding Procedure.
- (2) The amounts and percentages presented reflect rounding adjustments and, therefore, the totals presented may not correspond to the arithmetic sum of the numbers that precede them.
- (3) Corresponds to 20% of the Basic Remuneration, that is, without considering the Incentive Commission to be paid to the Offer Coordinators for services provided by the Offer coordination.
- (4) Corresponds to 60% of the Basic Remuneration, that is, without considering the Incentive Commission to be paid to the Offer Coordinators in relation to the services for placing the Shares within the scope of the Offer.
- (5) Corresponds to 20% of the Base Remuneration, ie without considering the Incentive Fee, to be paid to the Offer Coordinators for the provision of the Firm Settlement Guarantee.
- (6) The Incentive Commission, as described in the Placement Agreement, is a strictly discretionary part of the remuneration payable to the Offering Coordinators and will be paid at the sole discretion of the Company, using as a parameter its perception of the result of the Offering. The Incentive Commission is limited to 0.50% of the proceeds from placing the Offer.
- (7) Estimated expenses of the Offering undertaken by the Company.
- (8) Estimated expenses of the Company's legal advisors, the Offering Coordinators, and International Placement Agents for Brazilian law and United States law.
- (9) Including estimated costs with presentation to investors (*roadshow*).

Within the context of the Offer, there is no other remuneration owed by the Company to the Offer Coordinators or International Placement Agents other than the remuneration described above, and there is no other type of remuneration that depends on the Price per Share.

Allocation of Funds

Based on the Price per Share of R\$38.20, which is the closing price of the common shares issued by the Company at B3 on September 10, 2021, this amount being a mere reference, which will be determined after the completion of the Bookbuilding Procedure, the Company estimates that the net proceeds from the Offer, after deducting commissions and expenses, will be approximately



R\$1,459,488.23 thousand (not considering the placement of Additional Shares) and R\$2,412,607.97 thousand (considering the placement of Additional Shares).

The Company intends to invest all the net proceeds raised through the Offer particularly in potential acquisitions of companies that may contribute to the performance of the Company's strategy and the construction of a technology ecosystem in 3 segments (Management, Techfin, and Business Performance), and any remaining net resources will be used to reinforce the Company's capital and to achieve its corporate purpose.

The destination of resources from the Offer will be influenced by the future conditions of the markets in which the Company operates, as well as by the investment opportunities found by the Company, in addition to other factors that cannot be anticipated. While the abovementioned investments are not made, in the regular course of the Company's businesses, the funds raised in the Offering may be invested in financial investments that the Company's management believes to be within the scope of its investment policy, aiming at preserving the Company's capital and investments with a high-liquidity profile, such as public debt securities and fixed income financial investments contracted or issued by leading financial institutions, which may include the Offer Coordinators.

The allocation of funds described above is based on analysis, estimates, and current perspectives on future events and trends. Changes in market conditions and the timing of allocating funds may compel the Company to review the allocation of the net proceeds from the Offering on the moment they will be actually used, with a view to the best interest of the Company. The use of the funds raised with the Offering depends on several factors that the Company cannot guarantee will come to fruition, among which, the behavior of the market in which the Company operates, the Company's ability to continue its regular activities and develop new projects.

If the proceeds from the Offering are not sufficient to fund the Destination of Funds as described above, the Company may seek additional funds, including through financial entities, by contracting loans or direct financing, making offering of securities and of other securities that represent debt in the local and international markets, or even through another public offering of shares issued by the Company. The way how such funds will be raised will be determined by the Company at the time of the corresponding fund raising, depending also on market conditions.

An increase or decrease of R\$1.00 in the Price per Share, which is the closing price of the shares issued by the Company on B3 on September 10, 2021, amount that is merely a reference, which will be finally determined after the completion of the *Bookbuilding* Procedure, would increase or decrease, as the case may be, the net funds raised by the Company in the Offering by (i) R\$38,386 thousand, without considering the placement of Additional Shares; or (ii) R\$63,337, considering the placement of all Additional Shares.

Capitalization

The table below shows the Company's total capitalization, comprising Debentures (current and non-current) and its shareholders' equity as of June 30, 2021, showing: (i) the history status on that date; (ii) the position adjusted to consider the receipt of net resources estimated at R\$1,459,488.23 thousand to be received by the Company under the Offer, after deducting the expenses, costs, taxes and commissions related to the Offer, without considering the placement of the Additional Shares; and (iii) the position adjusted to consider the receipt of net resources estimated at R\$2,412,607.97 thousand to be received by the Company under the Offer, after deducting the expenses, costs, taxes and commissions related to the Offer, considering the placement of Additional Shares. For further



information, please see sections "3. Selected financial information", "10. Comments from Executive Officers", and "18. Securities" of this Reference Form.

The information below, referring to the "Actual numbers" column, was taken from the Company's consolidated quarterly information contained in the Quarterly Information Form (ITR) for the six-month period ended June 30, 2021. Investors should read the table below together with sections "3. Selected financial information", "10. Comments from Executive Officers" of this Reference Form, as well as our consolidated quarterly information, which are made an integral part hereof by reference to the "Preliminary Memorandum of Public Offering of Primary Distribution with Restricted Efforts of Common Shares Issued by TOTVS S.A." (the "**Memorandum**").

	On June 30, 2021		
	Effective on June 30, 2021	Adjusted after the Base Offer ⁽¹⁾	Adjusted after the Base Offer + Additional Shares ⁽²⁾
		(in thousands of R\$)	
Loans and financing (current) ..	155,331	155,331	155,331
Debentures (current).....	2,993	2,993	2,993
Loans and financing (non-current)	192,649	192,649	192,649
Debentures (non-current)	1,494,684	1,494,684	1,494,684
Total stockholders' equity	2,723,213	4,182,701	5,135,821
Total capitalization⁽³⁾	4,568,870	6,028,358	6,981,478

⁽¹⁾ Adjusted to reflect the receipt of net proceeds from the Offer, estimated at R\$1,459,488.23 thousand, without considering the placement of Additional Shares, based on the Price per Share of R\$38.20, which is the price of closing of the Company's shares in B3 on September 10, 2021, and after deducting commissions and expenses estimated as due under the Offer in the amount of R\$40,625.76 thousand.

⁽²⁾ Considering the placement of all Additional Shares, to reflect the receipt of net proceeds from the Offer, estimated at R\$2,412,607.97 thousand, based on the Price per Share of R\$38.20, which is the closing price of the Company's shares in B3 on September 10, 2021, and after deducting commissions and expenses estimated as due under the Offer in the amount of R\$ R\$62,580.13 thousand.

⁽³⁾ Total capitalization corresponds to the sum of the consolidated balances of loans and financing, debentures (current and non-current) and shareholders' equity on the abovementioned dates.

An increase (decrease) of R\$1.00 in the Price per Share, as estimated in the Memorandum, would increase (decrease) the value of the Company's stockholders' equity by R\$38,386 thousand, not considering the Additional Shares. Considering the Additional Shares, such increase (decrease) would be R\$63,337 thousand. The amount of the Company's stockholders' equity after completion of the Offering and resulting adjustments is also subject to adjustments arising from changes in the Price per Share, as well as the general terms and conditions of the Offering, which will only be known after completion of the Bookbuilding Procedure .

Except for the above, there have been no relevant changes in the Company's capitalization since June 30, 2021

Dilution

Shareholders who choose not to participate in the Offer or exercise their Preemptive Right by subscribing a number of Shares lower than their Proportional Subscription Limit, as well as investors who will participate in the Offer, will suffer an immediate dilution of their investment.

On June 30, 2021, the Company's stockholders' equity amount was R\$2,723,213 thousand and the book value per common share issued by the Company, on the same date, was R\$4.71. This book value represents the total book value of our stockholders' equity divided by the total number of common shares issued by the Company on June 30, 2021, excluding treasury shares, which is the same on the date of the Memorandum.

After considering the placement of Shares (considering the placement of all Additional Shares), at the Price per Share of R\$38.20, which is the closing price of the common shares issued by the



Company at B3 on September 10, 2021, stressing that these amounts are merely a reference, which will be determined after the completion of the Bookbuilding Procedure and after deducting the estimated commissions and expenses of the Offer, the Company's stockholders' equity on June 30, 2021 would be (i) R\$4,182,701.23 thousand, representing an amount of R\$6.78 per common share issued by the Company, without considering the placement of Additional Shares; or (ii) R\$5,135,820.97 thousand, representing an amount of R\$7.99 per common share issued by the Company, considering the placement of all Additional Shares. This would mean an immediate increase in the value of shareholders' equity per common share issued by the Company to existing shareholders of (i) R\$2.06, without considering the placement of Additional Shares; or (ii) R\$3.28, considering the placement of Additional Shares, and an immediate dilution in the value of equity per common share issued by the Company for new investors and Shareholders subscribing Shares under the Offer of (i) R\$31.42, without considering the placement of Additional Shares; or (ii) R\$30.21, considering the placement of Additional Shares. This dilution represents the difference between the Price per Share and the book value per common share issued by the Company immediately after the Offer. For more information on distribution fees and Offer expenses, see the "Offer Costs" section of the Memorandum.

The table below shows the dilution per Share, based on the Company's stockholders' equity as of June 30, 2021 and considering the impacts of the Offering:

	After the offering ⁽¹⁾	After the Offer ⁽²⁾
	<i>(BRL, except percentages)</i>	
Price per Share.....	38.20	38.20
Book value per Share as of June 30, 2021 ⁽³⁾	4.71	4.71
Book value per share as of June 30, 2021 adjusted to reflect the Offer ⁽³⁾	6.78	7.99
Increase in net book value per share as of June 30, 2021 for current shareholders	2.06	3.28
Dilution of book value per share to new investors ⁽⁴⁾	31.42	30.21
Percentage of immediate dilution resulting from the Offer⁽⁵⁾	82.26%	79.08%

⁽¹⁾ Without considering the placement of Additional Shares.

⁽²⁾ Considering the placement of all Additional Shares.

⁽³⁾ Book value per share, excluding treasury shares.

⁽⁴⁾ For the purposes set forth herein, this dilution represents the difference between the Price per Share to be paid by investors and the net asset value per common share issued by the Company immediately after the Offer is completed.

⁽⁵⁾ The calculation of the percentage dilution for new investors is made by dividing the amount of dilution for new investors by the Price per Share.

The Price per Share to be paid by investors under Offer is not related to the book equity value of the Shares issued by the Company and will be set based on the investment intentions expressed by Institutional Investors, considering the quality of demand (by volume and price) on the Bookbuilding Procedure.

An increase or decrease of R\$1.00 in the Price per Share, as estimated in the Memorandum, would result in an increase or decrease, without considering the Additional Shares, in the book value per share issued by the Company, after the Offer and deducting commissions and expenses related to the Offer, of (i) R\$6.71 per Share, not considering the placement of Additional Shares; or (ii) R\$7.89 per Share, considering the placement of Additional Shares. The Company's net book equity value after completion of the Offer is also subject to adjustments arising from changes in the Price per Share, as well as the general terms and conditions of the Offering, which will only be known after the completion of the Bookbuilding Procedure.

Stock Option Plans

The Company currently has a stock-based compensation plan in force ("Plan 2"), approved at the Meeting held on December 15, 2015 and amended by the Meetings held on April 5, 2018 and April 18, 2019. The 2021 granting proposal is based under the scope of this Plan 2 only. The previous



plan ("Plan 1"), approved at the Meeting held on November 29, 2012, has no new grants and its last fiscal years were completed in 2020.

The Company's Management approved a new Stock-Based Incentive Plan ("New Plan") at the Extraordinary General Meeting held on April 20, 2021. The Company's Management aims at making the grants under the New Plan from 2022 on, then cancel the Plan 2 currently in force, without prejudice to the Company's compliance with the remaining obligations as regards the grants already made.

In addition to the above, there is no other relevant information regarding this item 18.

Plan 1

Pursuant to its provisions, management members and employees of the Company who are members of the Company's Executive Committee, hold positions of Executive Officers or Managers, or are employees of the Company and its subsidiaries who, at the discretion of the Board of Directors, have distinguished themselves for contributing significantly to the Company's performance, or whose hiring or retention is critical for the successful performance of the Company's plans and strategies, are eligible to receive options to purchase shares issued by the Company under Plan 1. The total number of Shares to be allotted to Plan 1 could not exceed 2.5% of the Company's capital stock within four years (counted from the date of approval of Plan 1 by the Company's General Meeting).

Plan 2

According to its provisions, employees and management members of the Company who are considered key executives of the Company, nominated by the Board of Directors to participate in Plan 2, are eligible to receive options to purchase shares issued by the Company under Plan 2. Plan 2, as amended, entered into force on the date of its approval by the Company's General Meeting on April 18, 2019 and shall remain in force until December 14, 2025. The maximum number of shares to be granted to participants under Plan 2 may not exceed 5.68% of the Company's total capital stock, including in this limit the grants made under the approved Stock-based Incentive and Retention Plan at the General Meeting on December 15, 2015.

New Plan

According to its provisions, employees and management members of the Company and its subsidiaries who are considered eligible under each of the Company's programs (ILP Highlights/Destaques Program, the ILP Performance Program, and the ILP Master Program), excluding the members of the Company's People and Compensation Committee, who may be nominated annually by the aforementioned Committee to participate in the Novo Plan, are eligible to receive options to purchase shares issued by the Company under the terms of the New Plan. The maximum number of shares that may be granted under the New Plano may not exceed, when added to the shares delivered under the terms of Plan 2, 5.68% of the Company's capital stock, which corresponds, on the date of this Memorandum, to 32,825,468 shares.

Under the terms provided for in Plan 1, Plan 2, and the New Plan (together, the "Plans"), shares held in treasury or that may be acquired by the Company for such purpose, will be used for liquidation of restricted shares under the Plans subject to the applicable regulations. Alternatively, the Company may choose to pay the restricted shares under the Plans in cash, observing the price criteria set forth in the corresponding Plans. Thus, the delivery of shares issued by the Company under the Plans will not affect the dilution of potential investors within the scope of the Offer.



History of the Share Issue Price

Over the past five years, the Company performed the following capital increases:

Date	Transaction	Amount	Price Per Share
April 20, 2021	Increase in the capital stock without issuing shares	R\$136,903,622.84	N/A
May 22, 2019	Capital increase through public subscription	R\$341,280,000.00	R\$12.64
April 5, 2018	Increase in the capital stock without issuing shares	R\$51,387,796.01	N/A
April 20, 2017	Increase in the capital stock without issuing shares	R\$448,466,498.84	N/A



19.1 - Information on the issuer's share buyback plans

Deliberation date	Repurchase period	Reserves and available profits (in Reals/BRL)	Currency	Class	Expected number (in Units)	Outst. rel. %	Qty. acquired, approved (Units)	Average weighted price	Pricing factor	acquired %
Other features										
March 6, 2020	Mar. 9, 2020 to Aug. 3, 2020	875,978,627.78	Common	-	9,000,000	1.854360	5,100,900	18.57	R\$ per Unit	56.676666
Purpose: Company's acquisition of shares to face the Incentive and Retention Plan based on Company Shares, as approved at the Extraordinary General Meeting held on December 15, 2015 and amended at the Extraordinary General Meeting held on April 5, 2018, which may also held in treasury, canceled, and/or subsequently sold. Financial institutions that will act as intermediaries: BTG Pactual Corretora de Valores S.A. (BTG Pactual CTVM S.A.), with Brazilian Tax Id. (CNPJ) number 43.815.158/0001-22, headquartered in the city and State of Sao Paulo, Brazil, at Avenida Brigadeiro Faria Lima, 3477, 14th floor (part), Zip code (CEP) 04538-133, and ITAÚ Corretora de Valores SA, with Brazilian Tax Id. (CNPJ) number 61.194.353/0001-64, headquartered in the city and State of Sao Paulo, Brazil, at Avenida Brigadeiro Faria Lima, 3500, 3rd floor, Zip code (CEP) 04538-132. The Board of Directors' Meeting held on August 3, 2020 approved the early termination of the Company's Share Buyback Program ("Buyback Program"), originally scheduled to end on September 9, 2020, as per the Material Fact disclosed on March 6, 2020. Pursuant to such Buyback Program, the Company acquired on the stock exchange, at market prices, a total of 5,100,900 common shares issued by the Company, which may be used to support the Stock-Based Incentive and Retention Plan of the Company, which may also be held in treasury, sold, or canceled pursuant to the law.										



19.2 - Movement of securities held in treasury

Fiscal year as of June 30, 2021

Type of share	Preferred share class	Description of securities	Pricing factor
Common share			R\$ per Unit
Movement	Quantity (units)	Weighted average price of acquisition/sale (Reals/BRL)	
Opening balance	10,153,586	-	
Acquired shares	0	10.86	
Assigned shares	1,041,352	-	
Cancelled shares	0	-	
Closing balance	9,112,234	-	
List of outstanding securities	1.57675%		

Fiscal year as of December 31, 2020

Type of share	Preferred share class	Description of securities	Pricing factor
Common share			R\$ per Unit
Movement	Quantity (units)	Weighted average price of acquisition/sale (Reals/BRL)	
Opening balance	5,856,357	-	
Acquired shares	5,100,900	18.57	
Assigned shares	803,671	10.86	
Cancelled shares	0	-	
Closing balance	10,153,586	-	
List of outstanding securities	0%		

Fiscal year as of Dec. 31, 2019

Type of share	Preferred share class	Description of securities	Pricing factor
Common share			R\$ per Unit
Movement	Quantity (units)	Weighted average price of acquisition/sale (Reals/BRL)	
Opening balance	2,186,091	-	
Acquired shares	0	0.00	
Assigned shares	233,972	33.72	
Cancelled shares	0	-	
Closing balance	1,952,119	-	
List of outstanding securities	0%		

Fiscal year as of Dec. 31, 2018



Type of share	Preferred share class	Description of securities	Pricing factor
Common shares			R\$ per Unit
Movement	Quantity (units)	Weighted average price of acquisition/sale (Reals/BRL)	
Opening balance	2,231,967	-	
Acquired shares	0	0.00	
Assigned shares	45,876	27.84	
Cancelled shares	0	-	
Closing balance	2,186,091	-	
List of outstanding securities	0%		



19.3 - Other information Relevant – repurchase / treasury

The Company did not use financial instruments with different purposes of equity protection (hedge) involving the change in the prices of shares issued, including regarding transactions associated with instruments such as “Total Equity Return Swap” or similar transactions.



20.1 - Information on the securities trading policy

Approval Date	Oct. 31, 2019
Body responsible for approval	Board of Directors
Position and/or function	It applies to the TOTVS Group (Headquarters, Own Units, Branches, and Subsidiaries), and must be observed by the Controlling shareholders, executive officers, members of the board of directors and of the Fiscal Council (aka Supervisory Board), and members of any other bodies with technical functions created by the Bylaws, and by whom that, because of his/her position in the Controllers, in the Subsidiaries or in the Affiliates of the Company, has or may have access to any (i) decision of the Controllers; (ii) resolution of the general meeting or of the Directors; or (iii) any other administrative, technical, business or economic-financial act occurred or related to the Company's business that may influence: (a) the price of the Company's securities; (b) any investors' decision to buy, sell or hold their securities; or (c) any investors' decision to exercise any rights held by the holder of the Company's securities or those pegged to them (" Material Information ").
Main features and places to consult	The Trading Policy has as purpose to guide and set forth standards for trading securities issued by the Company and derivatives referenced therein, to be observed by Related Parties pursuant to the legislation in force and the regulations of the Brazilian Securities Commission (CVM), and in compliance with the provisions of the Novo Mercado Listing Regulation, the Company's Bylaws, the Code of Conduct and the Company's Disclosure Policy. It is available (i) on the Company's Investor Relations website (http://ri.totvs.com.br); and (ii) on the CVM website (www.cvm.gov.br).
Prohibition periods and description of inspection procedures	Pursuant to CVM regulations and the Trading Policy, the trading, directly or indirectly, of Securities by the Company is prohibited in the following cases: (a) prior to the disclosure to the market of any Relevant Information that occurs in the Company's business that comes to its knowledge; (b) in periods when, by virtue of a communication from the Investor Relations Officer, who will not be required to justify it, there is a determination of prohibition of trading (even if such a notice is not sent, the Related Parties and their Related Parties remain subject to the prohibitions imposed by this Trading Policy, if they are aware of any Material Information not yet disclosed). In this case, any determination of the Investor Relations Officer must be kept confidential by the Related Parties; (c) whenever the acquisition or sale of the Company's shares by the Company itself, its Subsidiaries, Affiliates or other company under common control is in progress; (d) whenever there is the intention to promote the acquisition, spin-off, merger, transformation or relevant corporate restructuring; (e) in the context of a public offering for the distribution of Securities, until the publication of the notice of the closing of the distribution, with Securities issued by the Company; and (f) within 15 calendar days prior to the disclosure and/or publication, as applicable, of the quarterly information (ITR) or the Company's standardized annual financial statements (DFP). It is forbidden to trade, whether directly or indirectly, Securities by management members and persons related to them who leave the Company's management before the public disclosure of a business or fact initiated during their management period that constitutes Material Information, and this prohibition is extended for a period six months after they leave the Company. In the cases provided for in items (a) and (d) even after the



disclosure of the Material Information, the prohibition of trading will continue to prevail, if it may - at the Company's discretion - interfere in the conditions of trading with Securities that could cause loss for the Company itself or for its shareholders, and such additional restriction must be informed by the Investor Relations Officer. The prohibition referred to in item (c) above applies to transactions with the Company's shares carried out by Related Parties, exclusively on the dates on which the Company itself trades or informs the Accredited Brokers that it will trade with shares issued by the Company. For this purpose, the Accredited Brokers are instructed by the Company's Investor Relations Officer not to register transactions on such dates. The Company shall instruct Accredited Brokers not to register transactions within 15) days prior to the disclosure or publication of the periodic information or financial statements referred to in item (f) above.



20.2 - Other material information

The rules of the Trading Policy also apply in cases where the trading by the Related Parties is for their direct and/or indirect benefit, through the use, for example, of: (i) the spouse; (ii) any dependents; and (iv) companies controlled by the Management Members, members of the Fiscal Council (aka Supervisory Board), and members of the bodies with technical or advisory functions of the Company.

The Investor Relations Officer may, at any time, request the Accredited Brokers to submit the history of the Related Parties trading with Securities in order to investigate any violations of the Trading Policy.

Related Parties must ensure that the provisions of this Trading Policy are also complied with and observed by anyone under their influence, including Subsidiaries, Affiliates, exclusive investment funds or whose trading decisions of the manager may be directly influenced by them, as well as by the people connected to them.

The prohibitions provided for in the items of the Trading Policy will not apply to Related Parties or to the Company itself in the following cases: (i) except with regard to the prohibition provided for in item (f), which remains in this case, to transactions with treasury shares, through private negotiation, connected to the exercise of the call option under the stock option plan approved by the Company's General Meeting, or in the case of the granting of shares to Management Members, employees, or service providers as part of remuneration previously approved at the General Meeting; (ii) negotiations carried out by non-exclusive investment funds and whose decisions cannot be influenced by Related Parties; or (iii) when transactions with Securities are performed in accordance with Individual Investment Plans (as defined in the Trading Policy), provided that all requirements described therein are observed.

Without prejudice to the applicable sanctions under the legislation in force to be applied by the competent authorities in case of violation of the terms and procedures set forth in this Trading Policy, the Related Parties that may violate any of the provisions set forth in this Trading Policy hereby undertake to compensate the Company and/or the Related Parties, in full and without any limitation, for every and any losses that the Company and/or the Related Parties may incur and that are resulting, whether directly or indirectly, from such noncompliance, and the Company may, at its sole discretion, adopt any corrective measures and/or disciplinary sanctions against violators.

The provisions of the Trading Policy do not eliminate the responsibility, arising from legal and regulatory provisions, attributed to third parties not directly connected to the Company and who are aware of Material Information and come to trade in Securities.



21.1 - Description of internal standards, regulations, or procedures related to the disclosure of information

The Company has a Material Information Disclosure Policy ("**Disclosure Policy**"), approved at the Board of Directors' meeting held on December 18, 2019.

The purpose of the Disclosure Policy is to set forth the rules that must be observed by the Investor Relations Officer and other Related Parties, as defined below, regarding the disclosure of Material Information and the maintenance of confidentiality of Material Information that have not yet disclosed by the Company to the public and the market in general.

For the purposes of the Disclosure Policy, the following expressions are defined:

- **"Material Fact or Act", "Inside Information" or "Material Information"**: any (i) decision of the Controlling Shareholders; (ii) resolution of the general meeting or of the Management Members; or (iii) any other act or fact of a political, administrative, technical, business or economic-financial nature occurred or related to the Company's business that may significantly influence: (a) the price of securities issued by the Company or pegged to them; (b) investors' decision to buy, sell or hold these securities; or (c) decision of investors to exercise any rights inherent to the condition of holder of securities issued by the Company or referenced to them. An example list of situations that can be deemed as Material Information can be found in the sole paragraph, article 2, of CVM Resolution 44.
- **"Related Parties": the Company, its Controlling Shareholders, Management** Members, members of the Fiscal Council (Supervisory Board), members of any bodies with technical or advisory functions created by statutory provision, the Company's Subsidiaries and Affiliates, and whoever, because of their position, function or status in the Controlling Shareholder, in the Subsidiaries or in the Affiliates, has or may have access to a Material Fact or Act. Related Persons, for purposes of the Disclosure Policy, shall also be considered as other persons expressly appointed by the Investor Relations Officer, at his sole discretion, including employees, collaborators or other shareholders of the Company and/or its Subsidiaries or Affiliates, who have or may come to have access to a Material Act or Fact.

It is the responsibility of the Company's Investor Relations Officer to investigate concrete situations that may arise in the course of the Company's operations, always considering their materiality, sector specificity, concreteness or strategic importance, in order to verify whether or not such situations are a Material Fact or Act.

Moreover, the Company has an identity controlling system that manages access to material information contained in its management systems, document and content collaboration platforms and internal communities, with the purpose of preventing access to material information by non-related parties.

Related Parties must keep the confidentiality of Material Information that has not yet been disclosed, to which they have access because of their position or function, until such Material Information is disclosed to the public. They must also ensure that their subordinates and third parties they trust also do so.

Related Parties must not discuss Material Information in public places. Likewise, Related Parties shall only deal with matters connected to the Material Information with those who need to know about such Material Information.



The Disclosure Policy prohibits Related Parties from providing or commenting on the media, by any means of communication, including the internet or social media, any Privileged Information to which they have had access because of the position or function they hold until its disclosure to the public, as well as making any public statement regarding news published by the press on matters dealt with at meetings of the management bodies, committees, or any administrative unit of the Company that have not been the subject of a previous official public statement by the Investor Relations Officer.

If any Management Member intends to comment in the means of communication mentioned in the previous item, any information to which they have had access and there is any question about their qualification as confidential, the Investor Relations Officer must be notified beforehand so that he/she can assess whether the information is a Material Fact and must be simultaneously disclosed to the market.

If any Related Party becomes aware that a Material Information that has not yet been released to the public has escaped the Company's control, or that a Material Fact or Act that has not yet been disclosed may have generated atypical fluctuation in the quotation, price or quantity of the Securities traded, such Related Party must immediately report such facts to the Company, directly to the Investor Relations Officer.

For further details on the Material Information Disclosure Policy, see section 21.2 below.



21.2 - Description of the policy for disclosing material facts or acts, and procedures related to maintaining the confidentiality of material information not disclosed

The Disclosure Policy has as purpose to set forth the rules to be observed regarding the disclosure of Material Information and the maintenance under secrecy any Material Information not yet disclosed by the Company to the public and to the market in general. This Disclosure Policy was prepared pursuant to the regulations of the Brazilian Securities Commission (CVM). They must undergo training on the Disclosure Policy, followed by an assessment (80% of success must be obtained for approval), and virtually sign the Term of Adhesion to the Disclosure Policy, becoming Related Parties for the purposes set forth herein.

The obligations provided for in the Policy are and must be complied with by: (i) Management Members, controlling shareholders, members of the Fiscal Council (Supervisory Board), members of any bodies with technical or advisory functions in the Company created by statutory provision; (ii) employees and executives with access to the Company's material information; (iii) anyone who, because of their position, function or status in the Company, in its parent companies, in its subsidiaries and in affiliated companies, becomes aware of information relating to a material fact or act about the Company; and (iv) by Persons Related to those covered in items (i) to (iii).

The Company's Investor Relations Officer is responsible for, in addition to those duties provided for by law or by CVM, by the Bylaws or by the Company's Board of Directors:

- (i) disclosing and reporting to CVM and to the Stock Exchanges, immediately after becoming aware of it, any Material Fact or Act occurred or connected to the Corporation businesses that may be deemed a Material Information; and
- (ii) ensure the wide and immediate dissemination of Material Information simultaneously on Stock Exchanges, as well as to the investing public in general.

Material Information to be reported to CVM and the Stock Exchanges must be made immediately by means of a written document, describing in details the acts and/or facts occurred, pointing out, whenever possible, the amounts involved and providing other clarifications.

Material Information must be disclosed to the public through (i) the internet page of the Valor Econômico news portal (www.valor.com.br/fatosrelevantes); (ii) the Company's internet page (<http://ri.totvs.com.br>); (iii) CVM's Periodic and Occasional Information submission system (IPE System); and (iv) the internet page of the stock exchanges where the Company's securities are admitted for trading.

Notwithstanding the disclosure of Material Information through the aforementioned communication channels, any Material Information may also be published in newspapers of wide circulation commonly used by the Company, containing a summarized description of the Material Information, provided that such disclosure includes an Internet address containing the complete description of such Material Information, at least identical to the text submitted to the CVM, Stock Markets and other entities, as applicable.

Whenever any Material Information is disclosed through any means of communication, including disclosure to the press or during meetings of class entities, investors, analysts or selected audiences, either in Brazil or abroad, such Material Information shall be simultaneously disclosed to the CVM, the Stock Markets, and investors in general.



Any Related Party who becomes aware of facts or acts that may constitute Material Information must immediately notify the Investor Relations Officer in order to ensure its immediate disclosure, or directly to CVM, if the Investor Relations Officer refrains from disclosing them in spite of his/her duty.

It is the responsibility of the Company's Investor Relations Officer to investigate concrete situations that may arise in the course of the Company's operations, always considering their materiality, sector specificity, concreteness or strategic importance, in order to verify whether or not such situations are a Material Fact or Act.

Any Material Information shall, whenever possible, be disclosed before the beginning or after the closing of the business on the Stock Exchanges; however, preferably after the closing of the business where the Securities are traded. If the Stock Exchanges are not operating simultaneously, such disclosure will be made observing the opening hours of the Stock Exchange located in Brazil in which the Company is primarily listed.

Facts or acts that constitute Material Information may not need to be disclosed if their disclosure could put the Company's legitimate interests at risk.

The Company may decide to submit to CVM any issue regarding the disclosure to the public of any Material Information that could put at risk a legitimate interest of the Company.

Whenever any Material Information not yet disclosed to the public may go beyond the Company's control, or if a Material Information has not yet been disclosed, in case it is found that an atypical fluctuation took place on quotations or prices or on the traded amount of Securities, the Investor Relations Officer shall take the due steps so that such Material Information is immediately disclosed to CVM, to the Stock Exchanges and to the market in general.



21.3 - Management members responsible for implementing, maintaining, assessing, and supervising the information disclosure policy

All relevant and pertinent information to this item was disclosed in the previous items.



21.4 - Other relevant information

Facts or acts that constitute Material Information may not need to be disclosed if their disclosure could put the Company's legitimate interests at risk.

The Company may choose to submit to CVM any issue regarding the disclosure of any Material Information that could put at risk a legitimate interest of the Company.