

EARNINGS PRESENTATION 2Q21

» Investor Relations

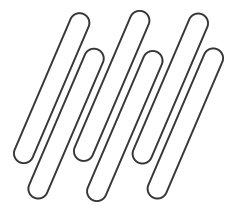
Dennis Herszkowicz
CEO

Gilsomar Maia
CFO/ IRO

Juliano Tubino
Strategy and New
Businesses
Executive Officer

Sérgio Sérgio
IR Head

◀ 2021/ August

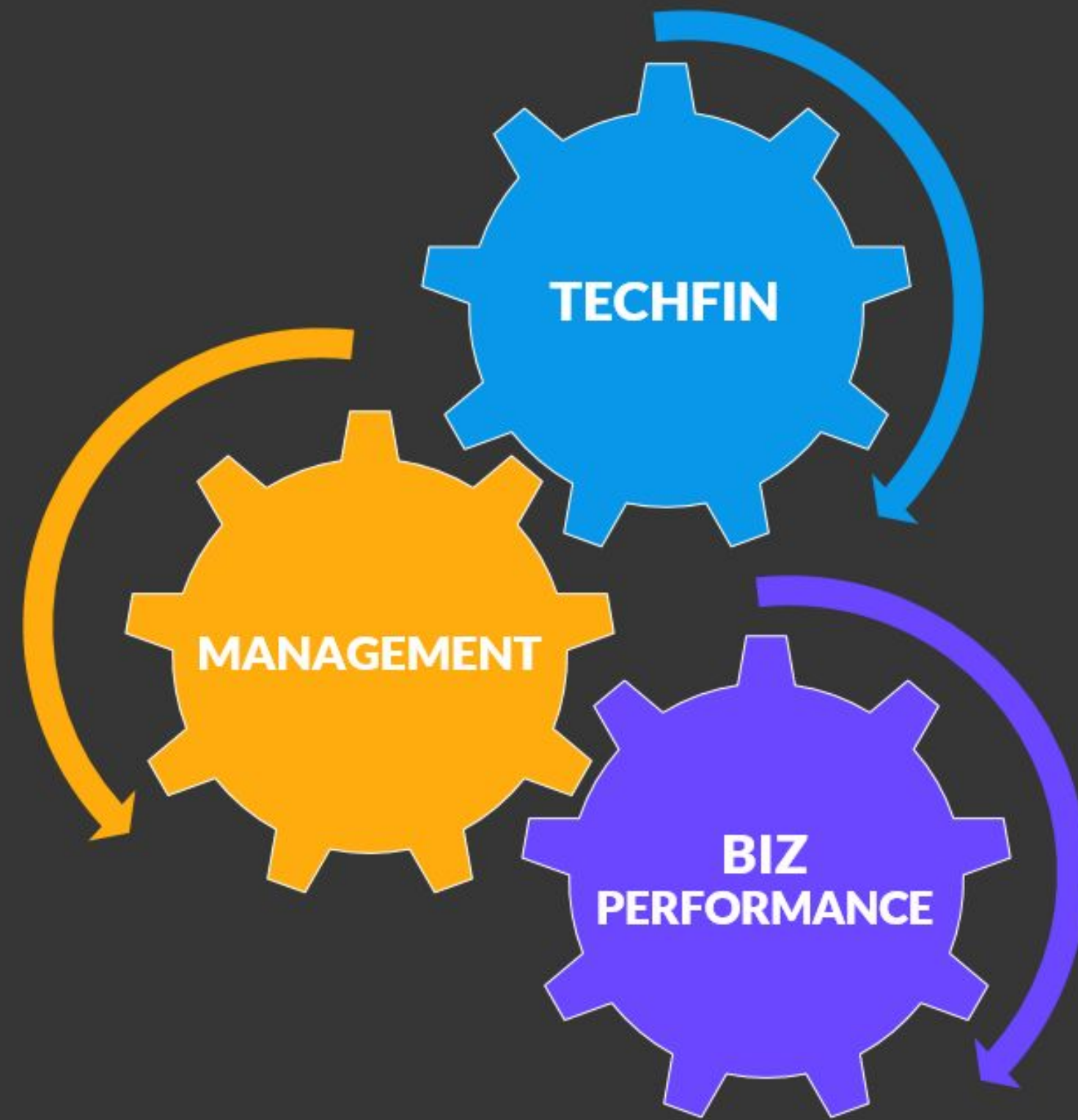
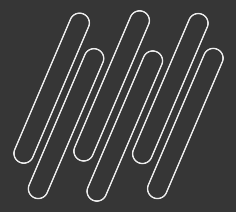


LEGAL NOTICE



All information contained in this presentation and any statements that may be made during this conference call connected to TOTVS' business prospects, projections, and operating and financial goals are based on beliefs and assumptions of the Company's Executive Board of Officers, as well as information currently available. Forward-looking statements are not any guarantee of performance. They involve risks, uncertainties and assumptions as they refer to future events and, hence, depend on circumstances that may occur or not. Investors should understand that general economic conditions, industry conditions, and other operating factors could also affect the future results of TOTVS and could lead those results to differ materially from those mentioned in such forward-looking statements.





B2B SOLUTIONS ECOSYSTEM, **FAR BEYOND ERP...**

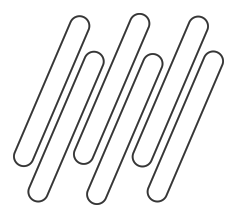
The advance of vaccination against Covid-19 is the news that we have all been waiting for. It has allowed the first signs of normalization of activities. With everyone's efforts, we hope to be approaching the end of this very difficult time.

This was a quarter of many advances in the execution of our strategy of building a B2B solutions ecosystem, which goes beyond ERP, expanding our addressable market and increasing our take rate. And, once again, we kept the healthy and rare balance between growth and profitability, staying within the Rule of 40.

TOTVS
IS SYNONYMOUS WITH
PRODUCTIVITY

01

Financial & Operational Highlights



CONSOLIDATED RESULTS

TOTVS reached **46%** in **RULE OF 40**¹ with **BALANCE** between **GROWTH** and **PROFITABILITY**

CONSOLIDATED REVENUE

R\$763 million

+22% vs 2Q20

SAAS REVENUE OF
MANAGEMENT

R\$207 million

+26% vs 2Q20

BIZ PERFORM
RECURRING REVENUE

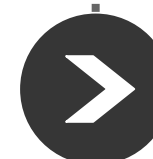
R\$57 million²

+50%² vs 2Q20

CREDIT PRODUCTION

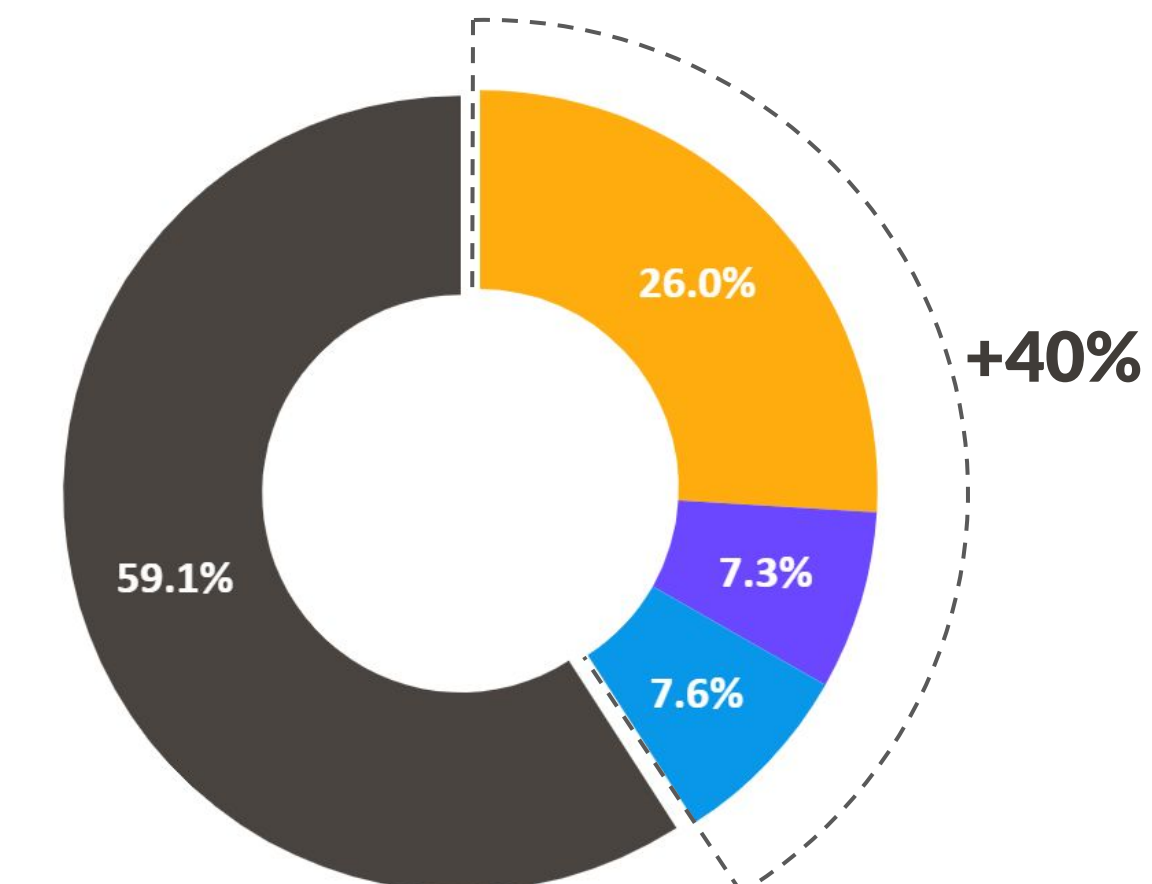
+R\$2.4 billion

+93% vs 2Q20

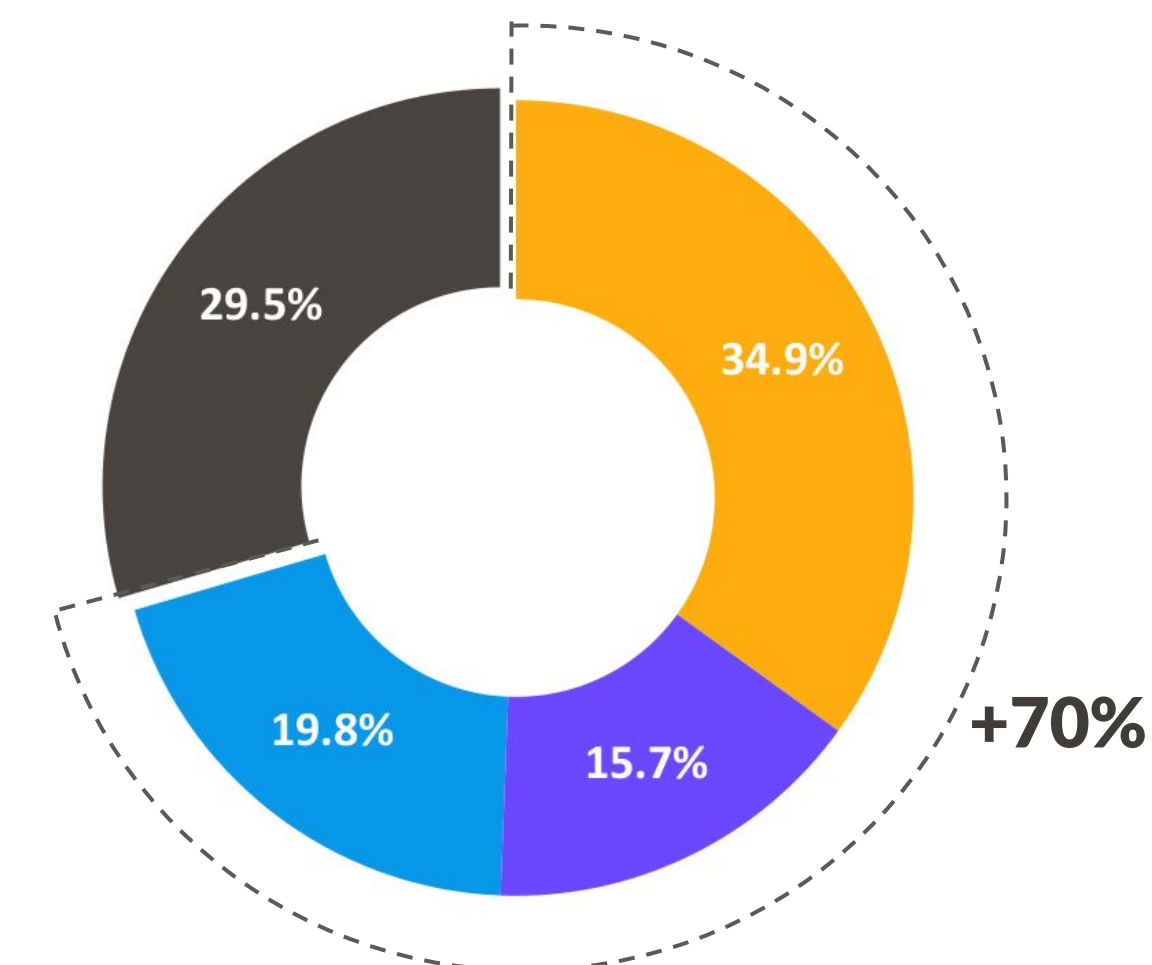


PRO FORMA REVENUE³

2Q21



2Q21 vs 2Q20
Growth

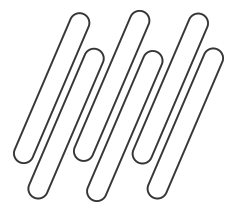


● SaaS Management ● Biz Performance ● Techfin ● Others Management

¹ Rule of 40 is reached when the sum of YoY Revenue growth and EBITDA Margin results in 40% or more

² Considers the unaudited results of RD Station from Jan/20-May/21 and Tail Target from Jan/20-Dec/20

³ Considers the unaudited results of Supplier from Jan-Apr/20, RD Station from Jan/20-May/21 and Tail Target from Jan-Dec/20



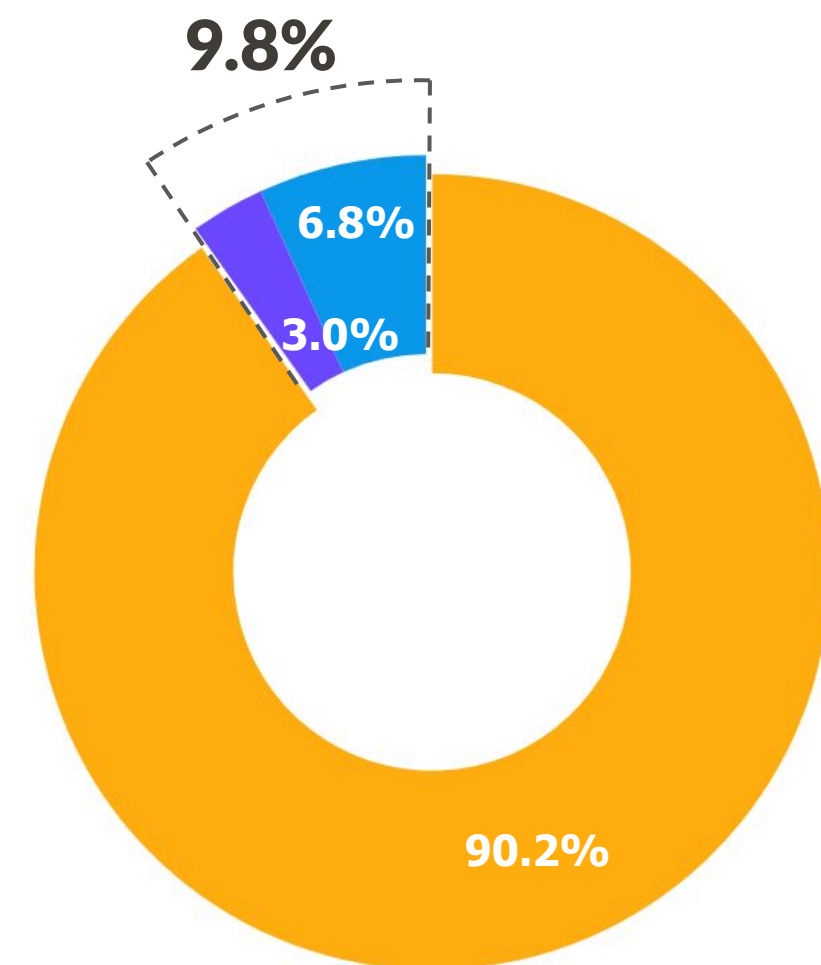
FINANCIAL & OPERATIONAL HIGHLIGHTS

Adjusted EBITDA

The 34% growth in EBITDA was driven by the increase in the Consolidated Contribution Margin. Highlight for **Business Performance** and **Techfin** which **combined accounted** for 9.8% of the quarter's contribution margin and **32% of year-on-year growth**.

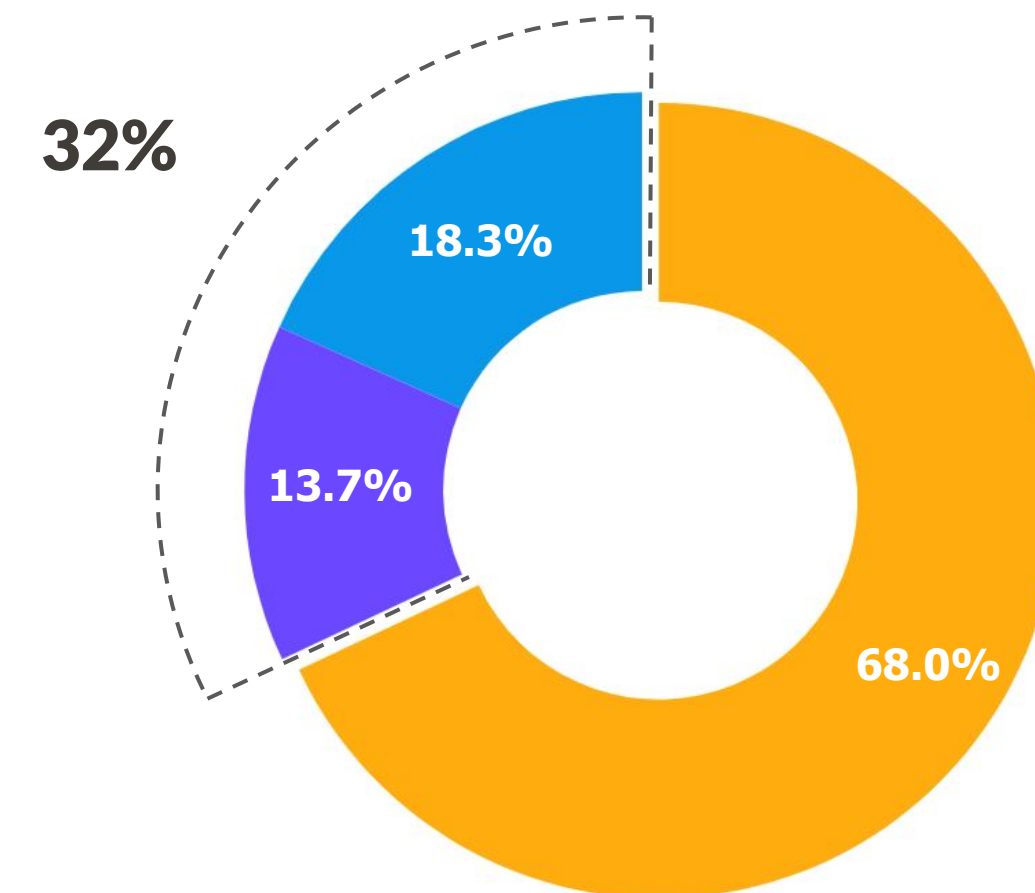
CONTRIBUTION MARGIN

2Q21 Composition

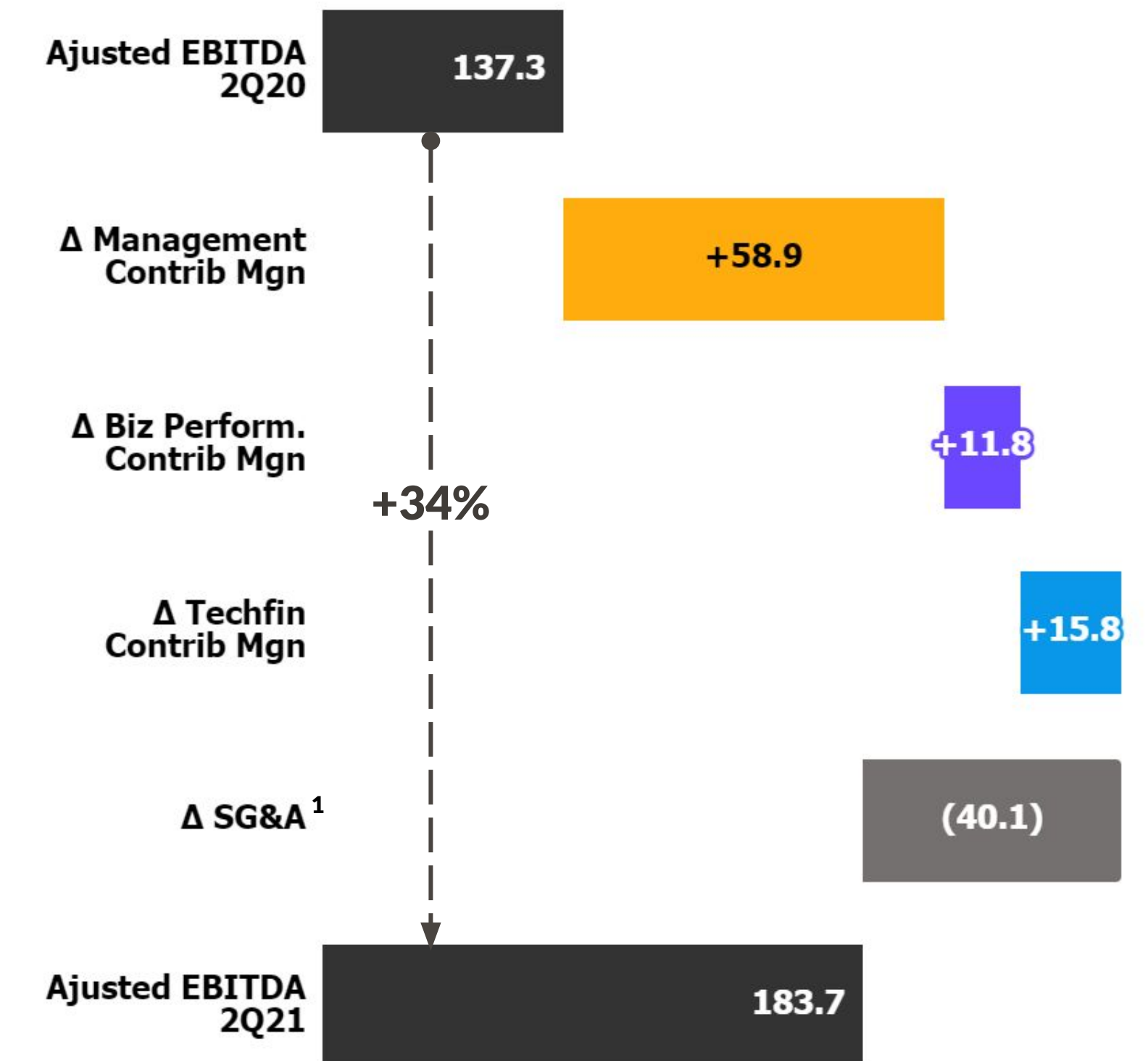


Management Biz Performance Techfin

YoY Growth



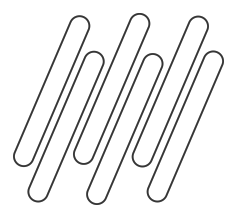
Adjusted EBITDA 2Q21 vs. 2Q20



¹ Sales, General, Administrative and Others Expenses

02

3-Dimensional Ecosystem



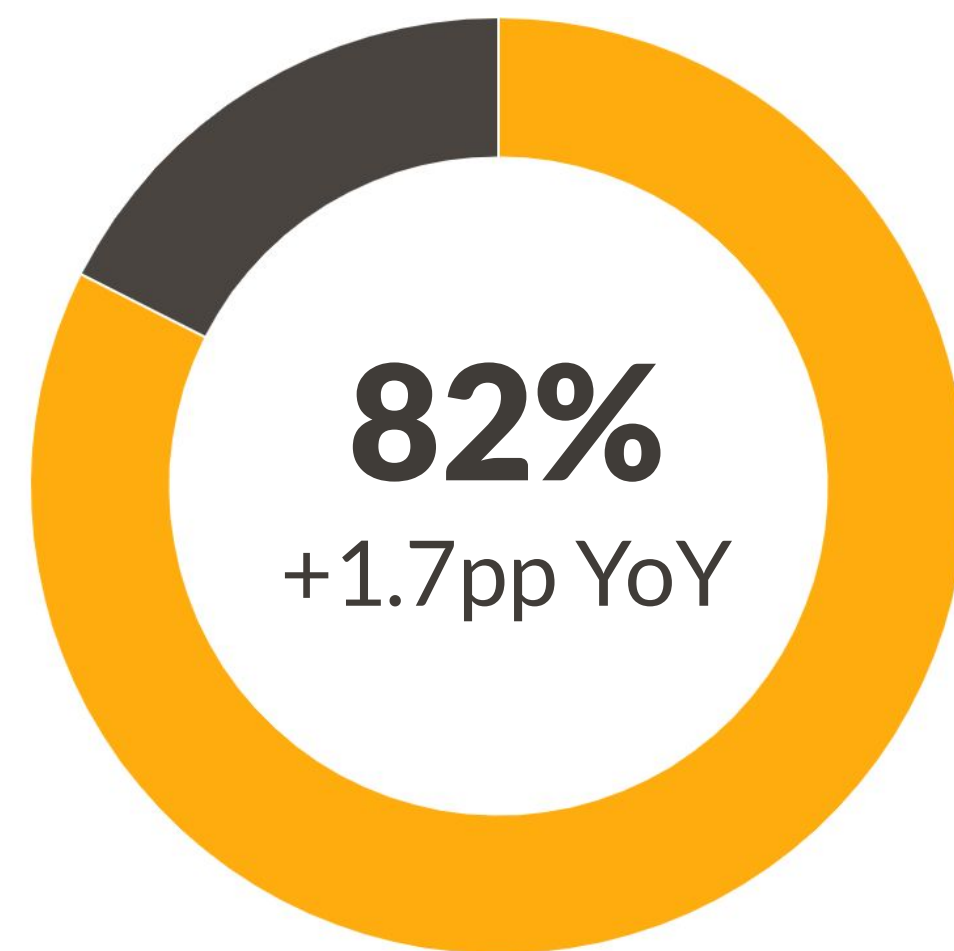
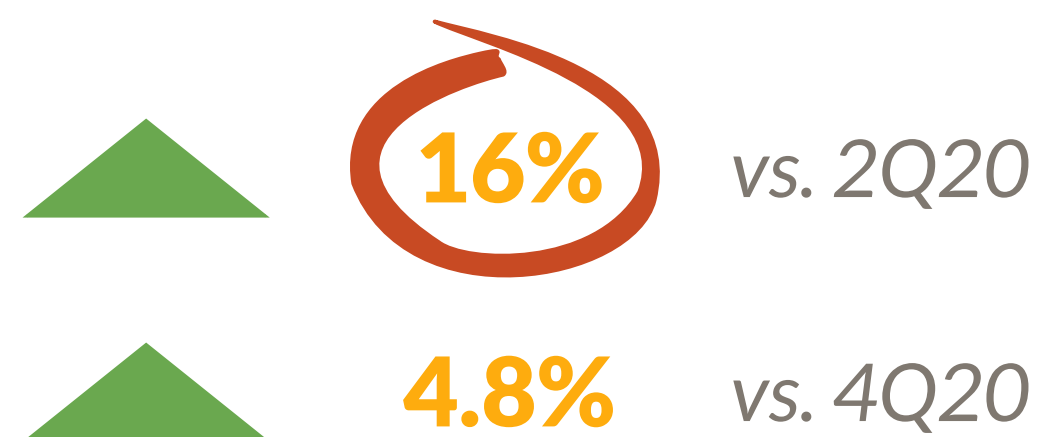
3-DIMENSIONAL ECOSYSTEM - MANAGEMENT



Management

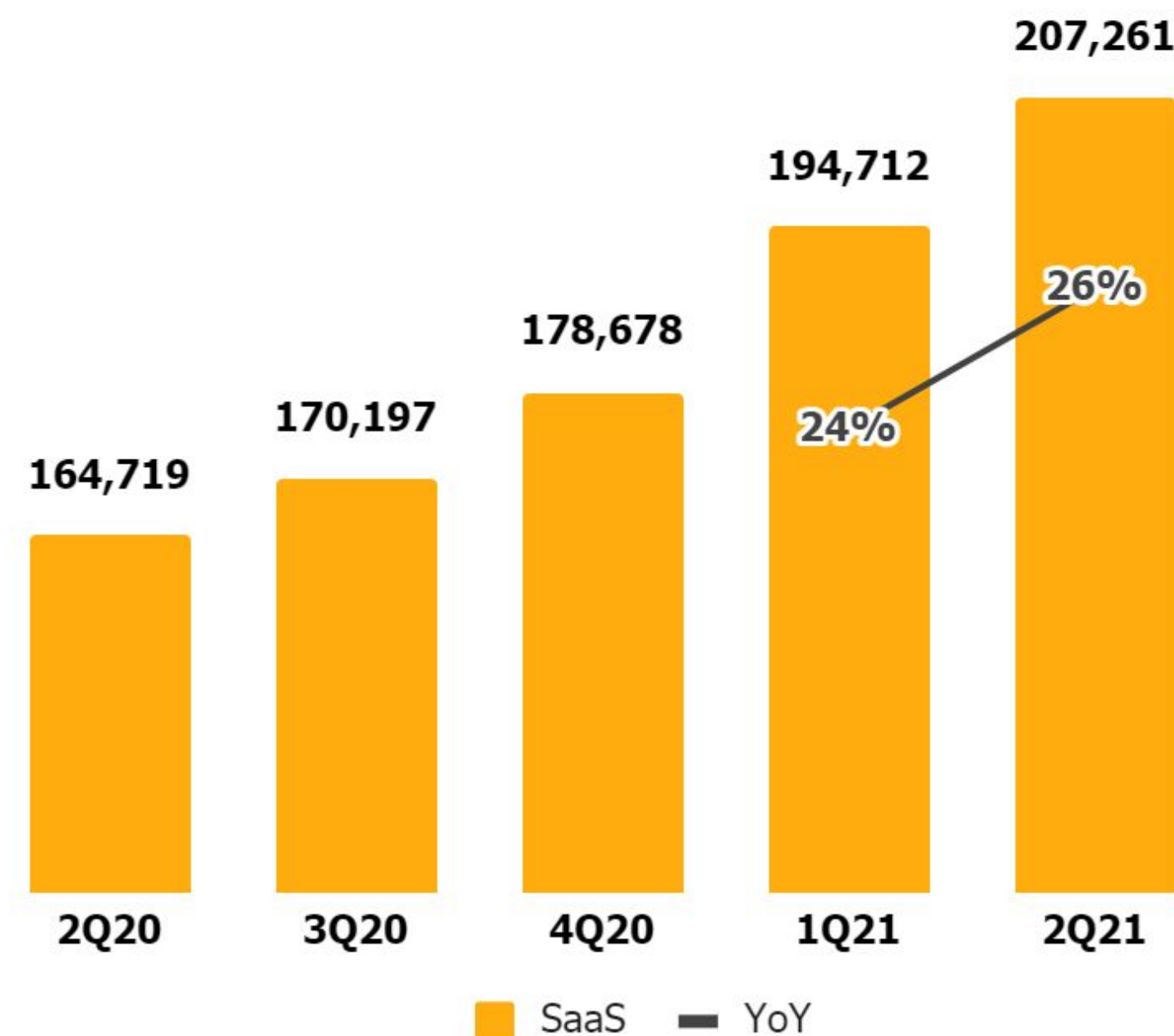
Acceleration of Recurring Revenue boosted Management Revenue (+13% vs. 2Q20) which reached **R\$679 million in 2Q21**

R\$560 million
MANAGEMENT RECURRING



 % of Recurring Revenue vs. Management Revenue

SAAS - MANAGEMENT

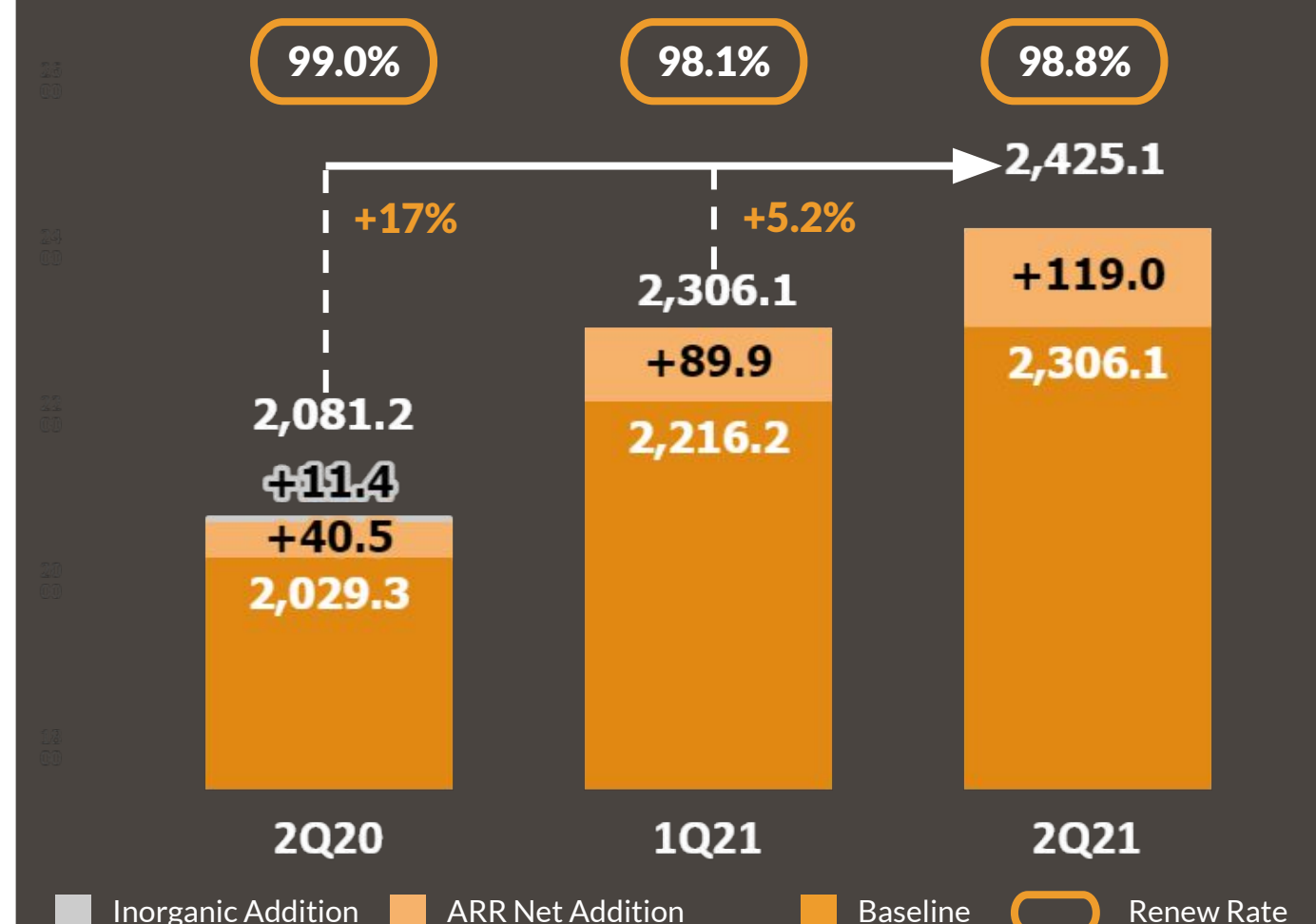


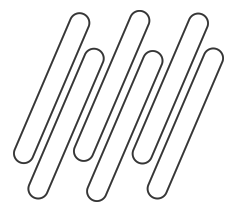
Quarter Highlights

Cloud Expansion

Cloud revenue increased **35% YoY** and TOTVS added a new availability zone in the Northeast, which added to the zone in the Southeast, provides lower latency and performance, and seeks to accelerate the cloud adoption process of more than 40 thousand Management's clients in Brazil

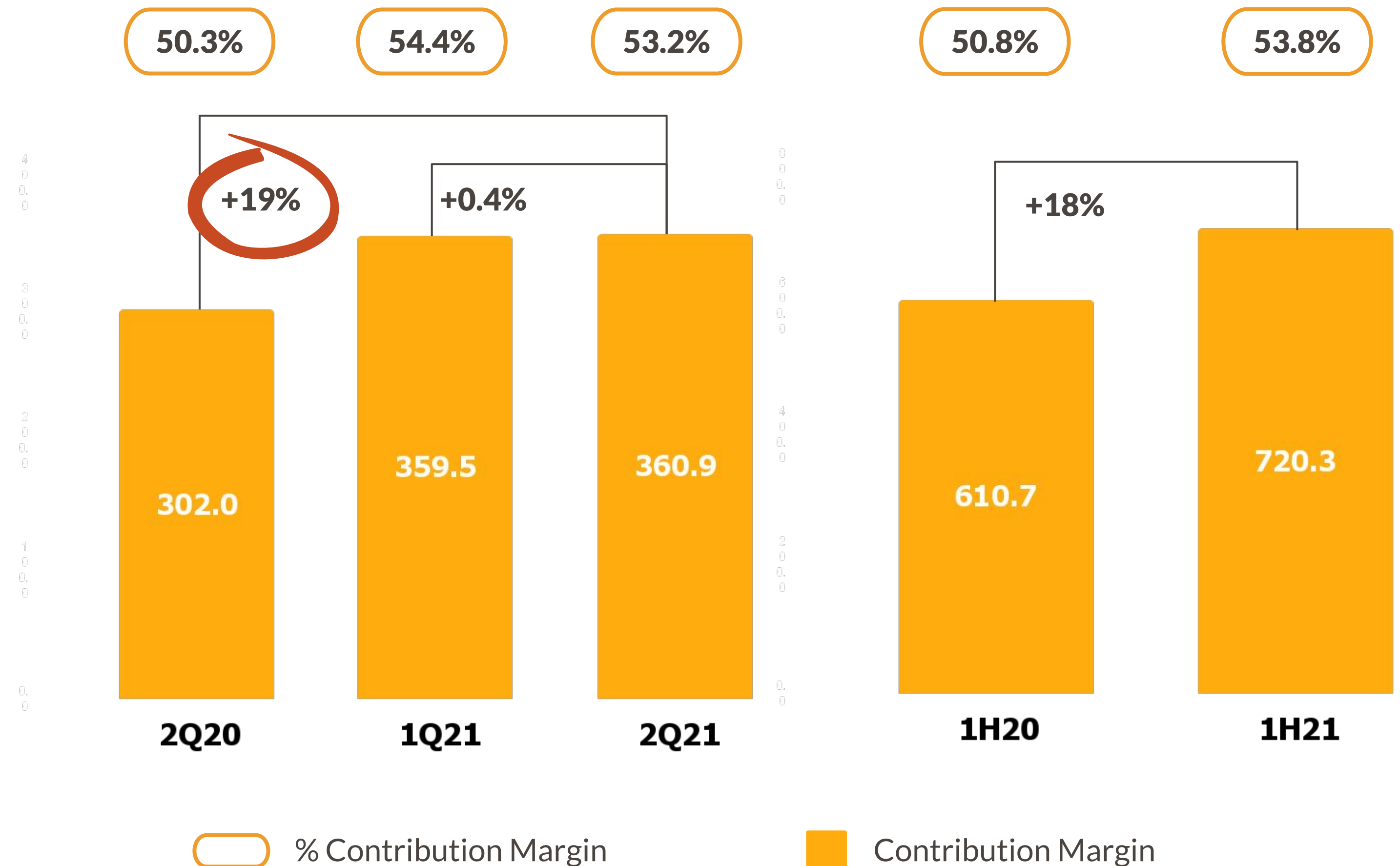
ARR - historical record in Net Addition

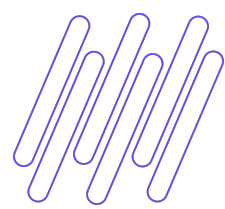




CONTRIBUTION MARGIN

YoY growth of 290 bps in the quarter and 300 bps in the semester driven by the increase in Recurring and reduction in the Provision for Expected Credit Losses





3-DIMENSIONAL ECOSYSTEM - BUSINESS PERFORMANCE

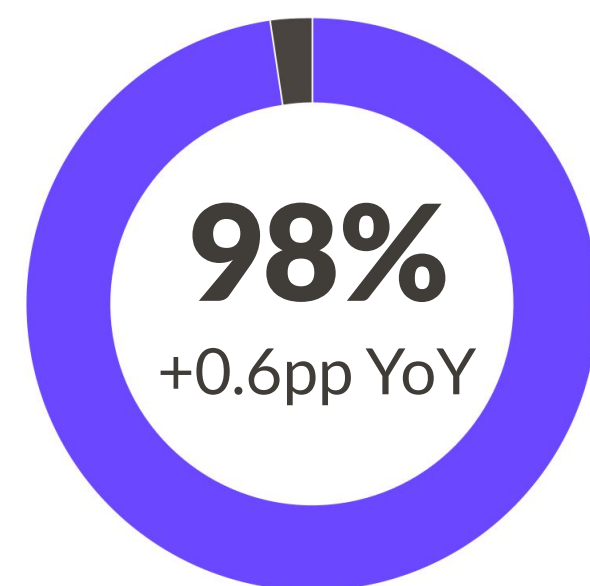
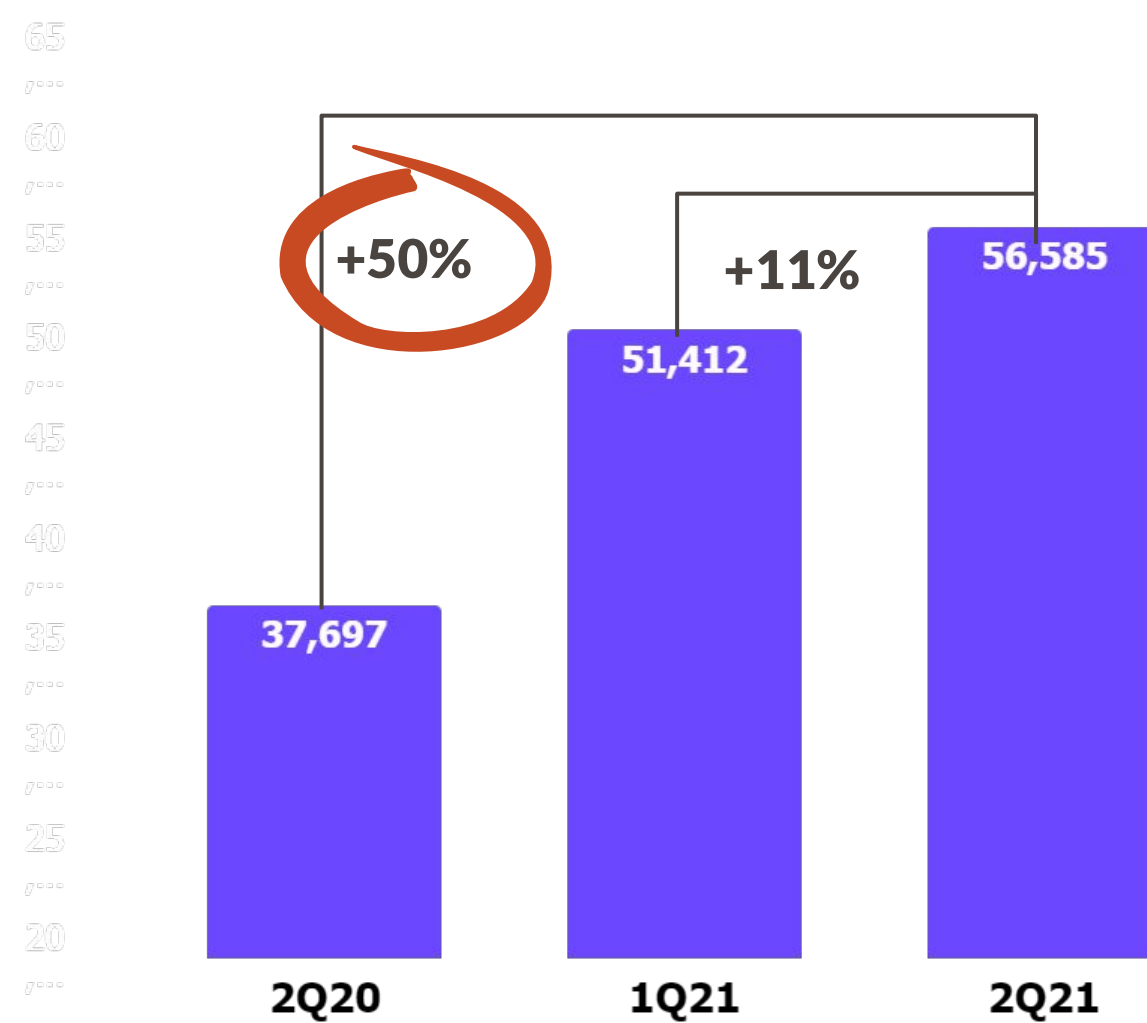
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Business Performance

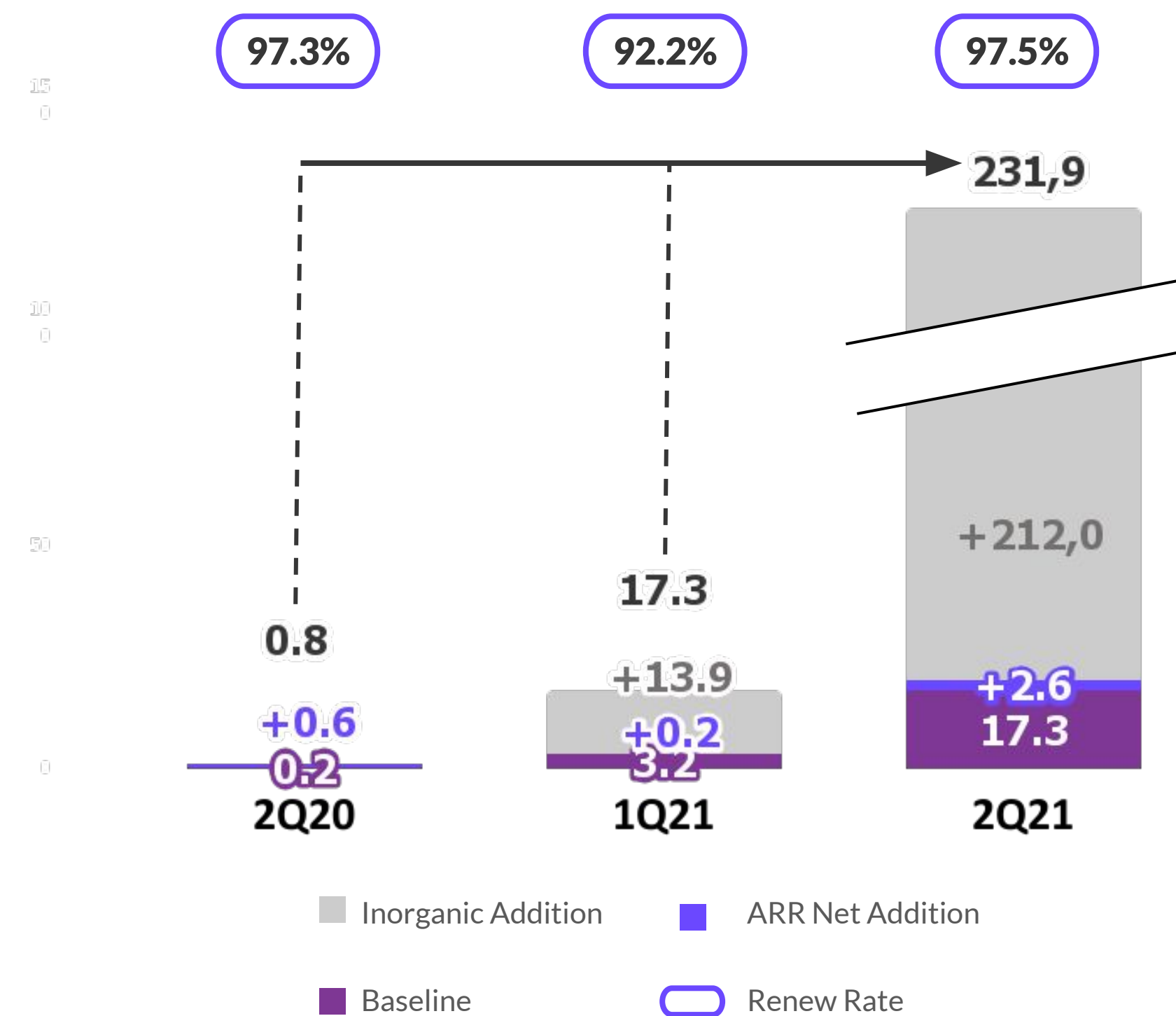
RD Station represented >90% of Business Performance ARR

RECURRING¹



% of Recurring Revenue vs. Biz Performance Revenue

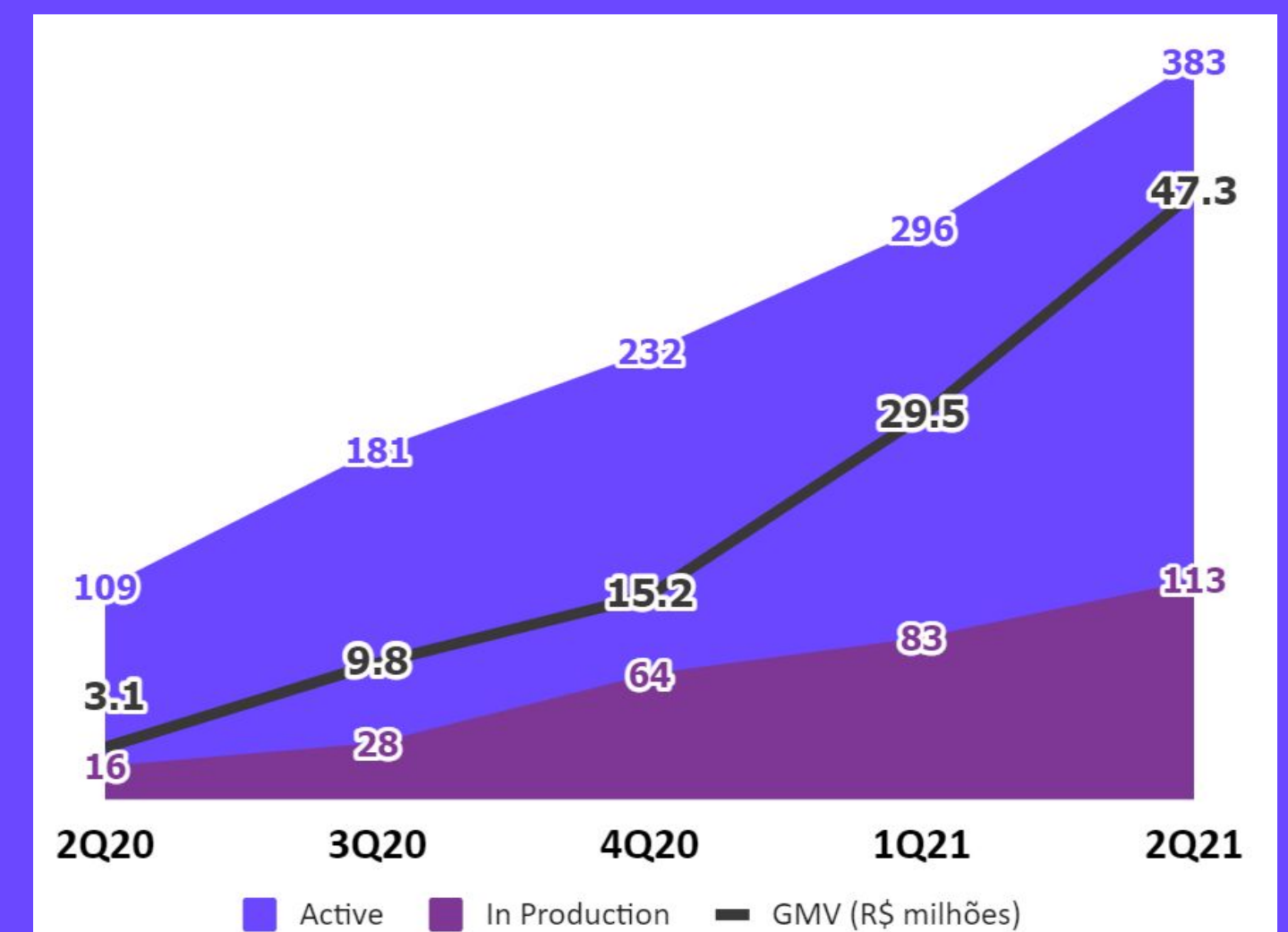
ARR - Annualized Recurring Revenue



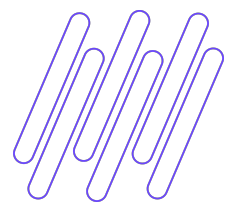
Quarter Highlights

Digital Commerce Clients (TOTVS & VTEX)

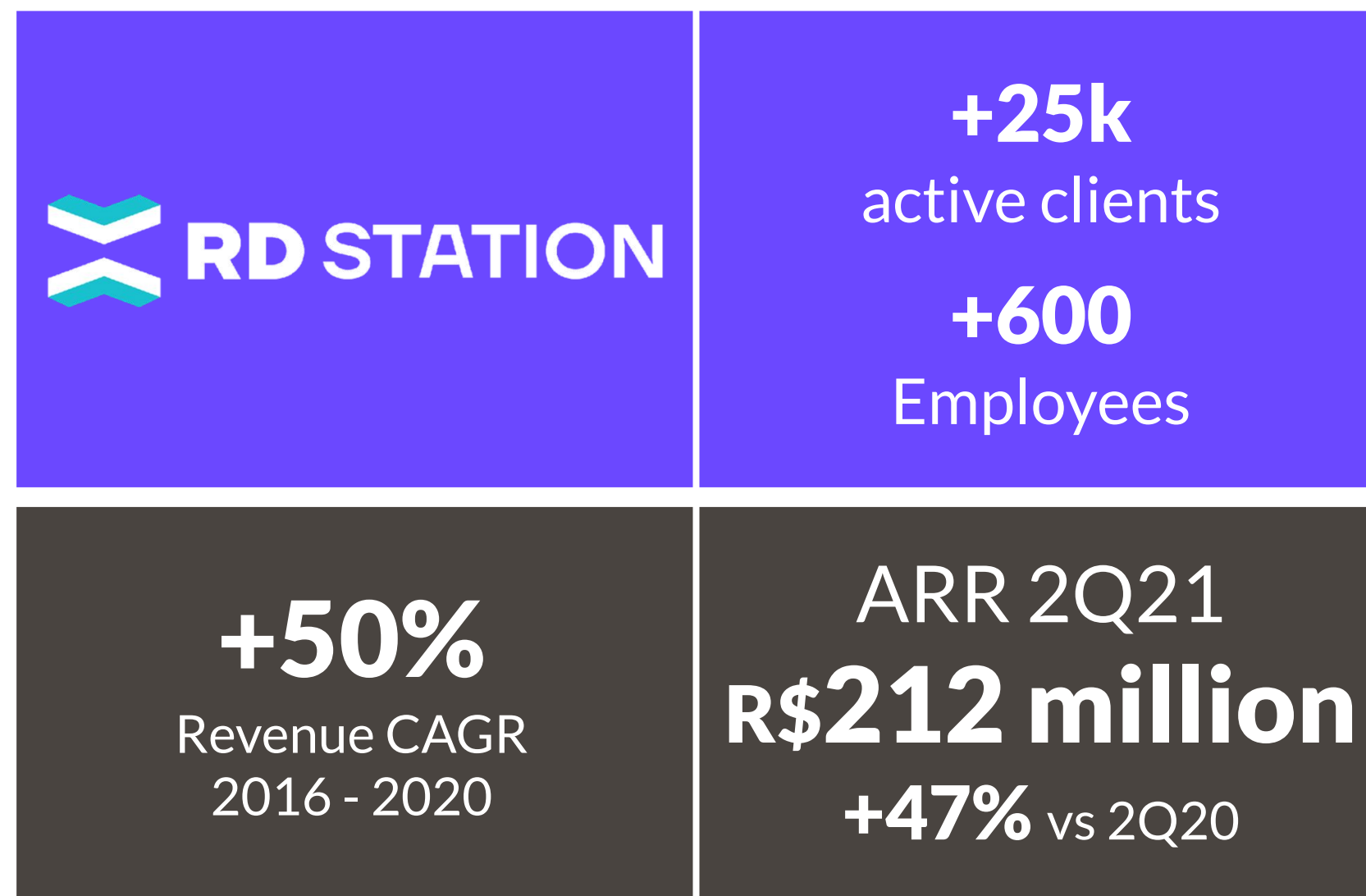
Strong evolution of the Digital Commerce business with growth of 251% in number of customers year on year, and the number of customers in production already generating GMV (Gross Merchandise Volume) multiplied by 7



¹ Considers the unaudited results of RD Station from Jan/20-May/21 and Tail Target from Jan/20-Dec/20

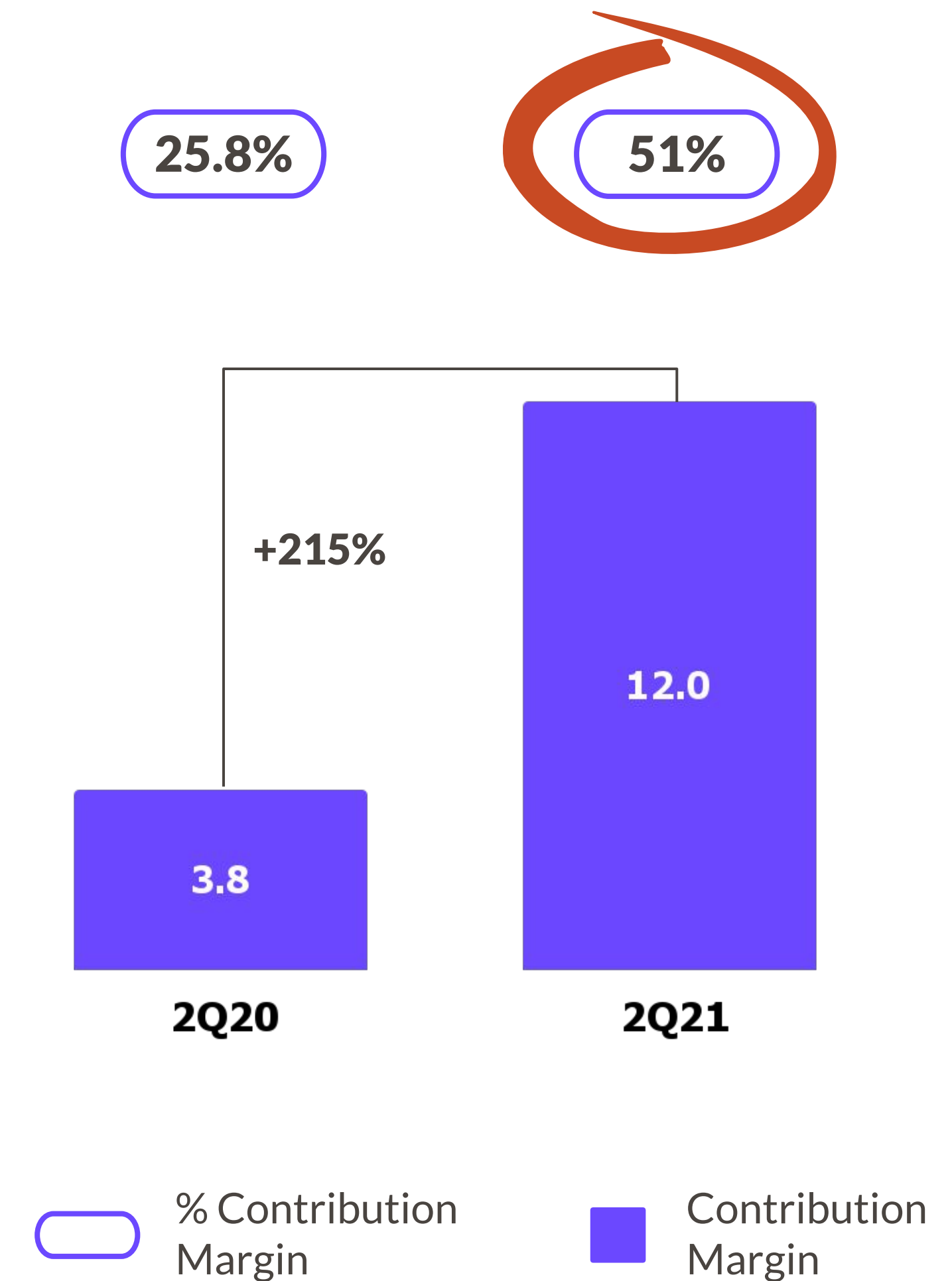


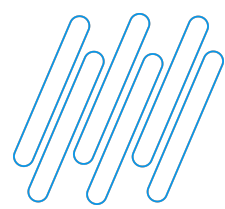
RD Station Acquisition Conclusion



CONTRIBUTION MARGIN

The Biz Performance dimension already presents a contribution margin with only 2.2 pp below the Management dimension





3-DIMENSIONAL ECOSYSTEM - TECHFIN

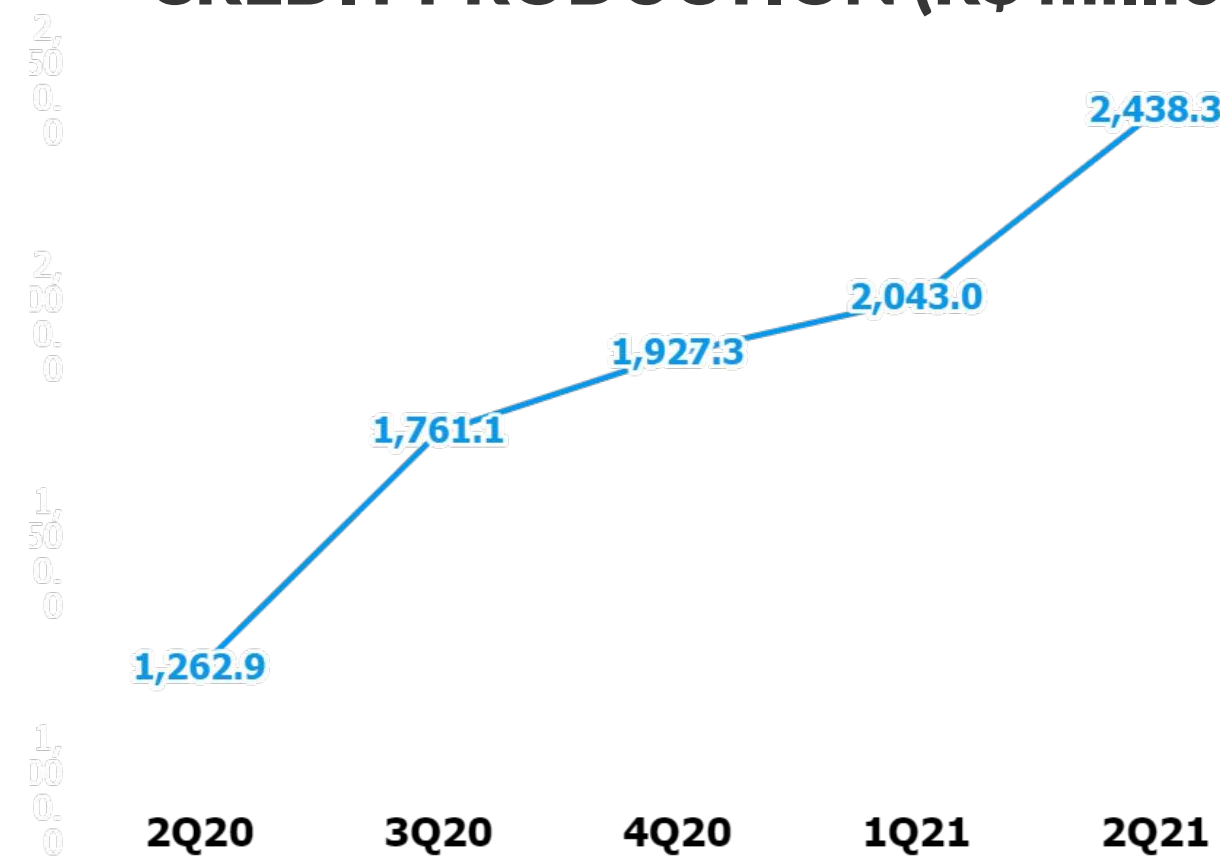
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Techfin

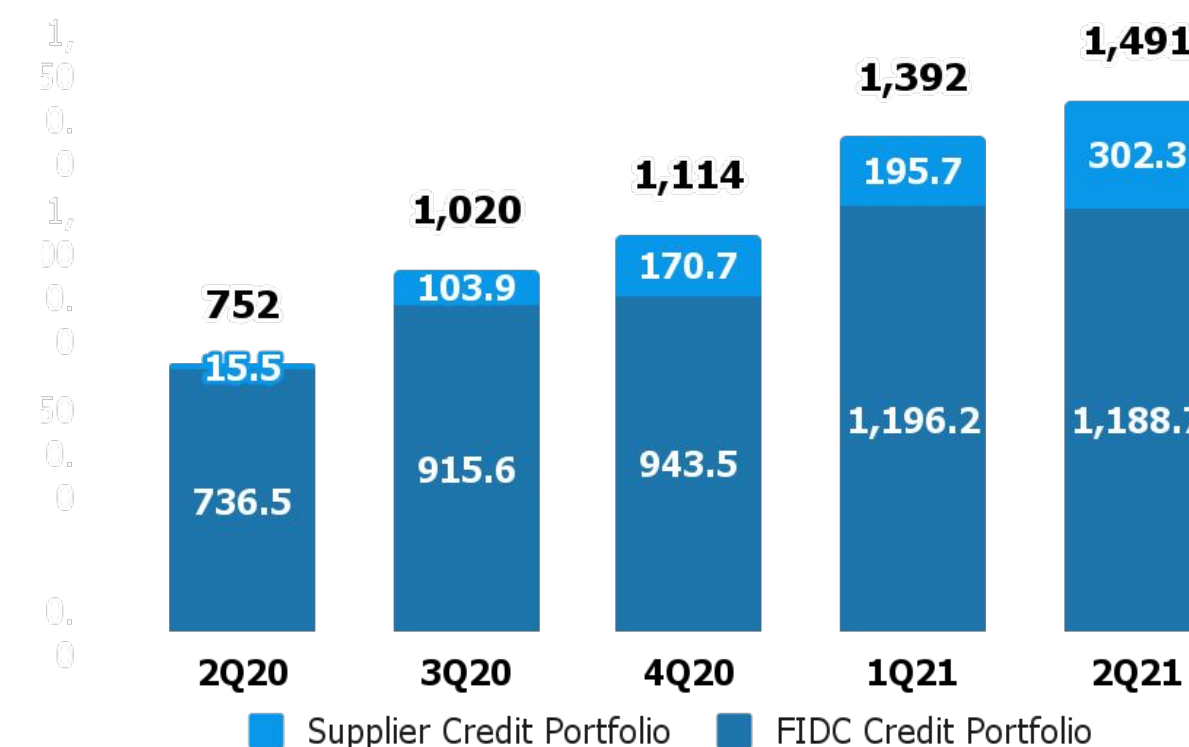
New Historical Record in Credit Production (+93% vs 2Q20)
Highest Credit Portfolio position
New Products Activated Clients +136% vs 2Q20

CREDIT PRODUCTION (R\$ million)

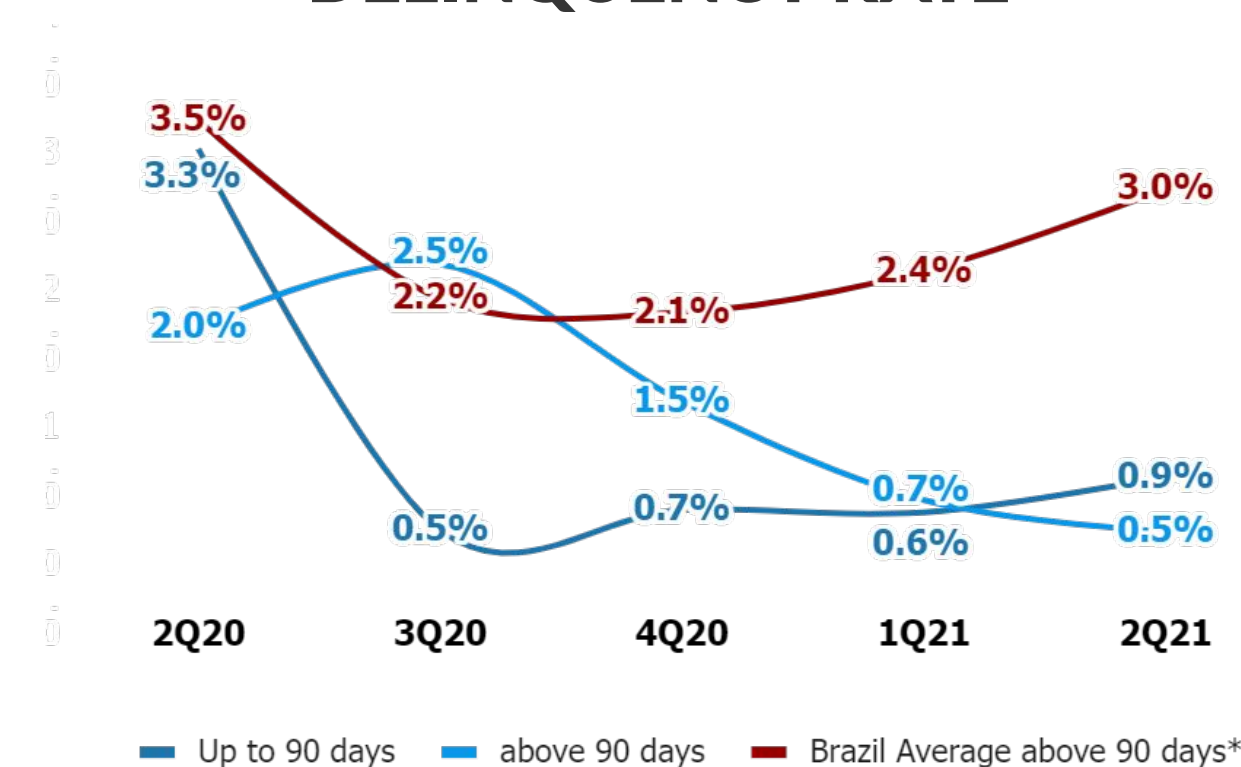


Techfin Revenue
R\$61 million
+9.6% vs. 1Q21

CREDIT PORTFOLIO (R\$ million)



DELINQUENCY RATE



*Source: Banco Central do Brasil (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito) > tabelas.xls > Tabela 27 > MPMe

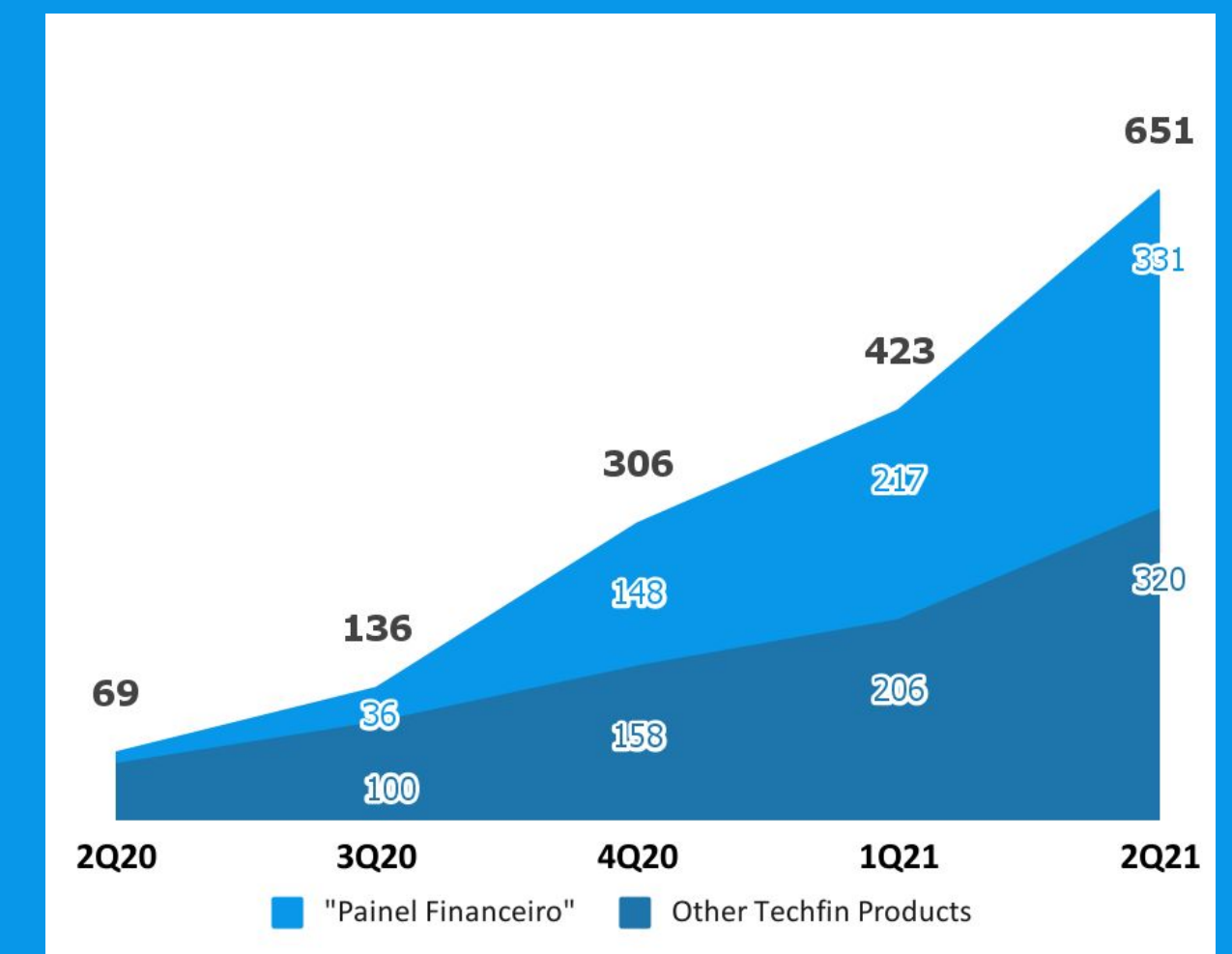


Quarter Highlights

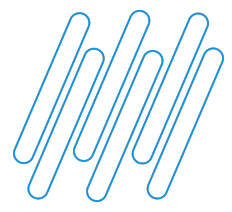
TOTVS + Supplier Integration

- + 2 "TOTVS Mais Negócios" Affiliates, totaling 5 in production
- 32% of prospecting affiliates originated from TOTVS' client base
- R\$2.2 million in "Mais Negócios", "Antecipa" and "Mais Prazo" revenue, +100% vs 1Q21
- 9x YoY Activated Clients of New Products

Activated Techfin Clients (New Products¹)



1 "Consignado" (Payroll loan), "EduConnectPAY", "Mais Prazo", "Antecipa", "Pagamento Instantâneo" and "Painel Financeiro" products



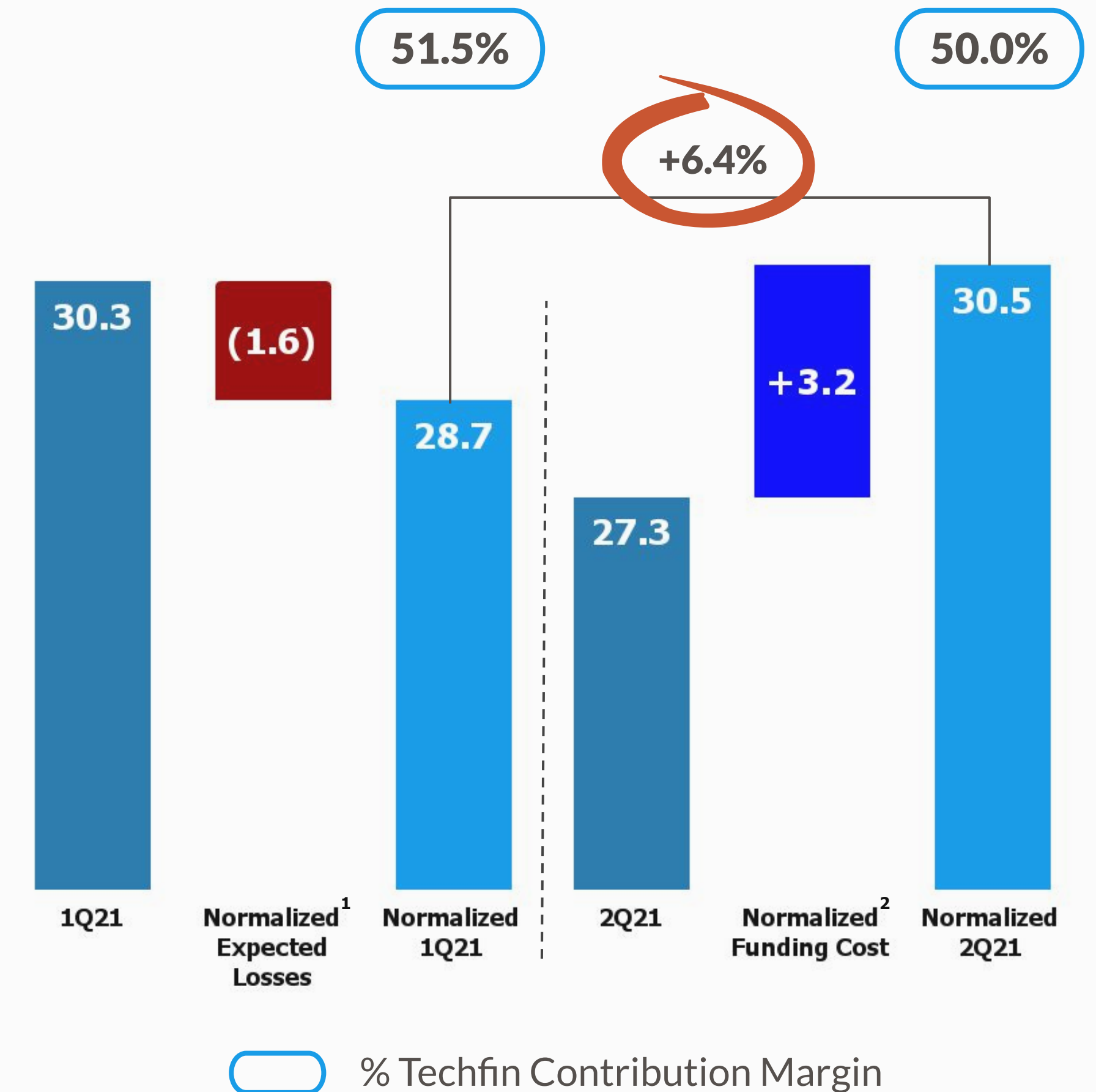
CONTRIBUTION MARGIN

Normalized Contribution Margin grew 6.4% (2Q21 vs 1Q21)



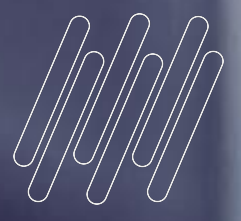
ROE LTM
56%
39.2 pp YoY

Provision for Expected Losses / Credit Production
0.17%
22 bps below 2Q20
R\$2.3 million > 1T21
(level close to the historical average)



¹ The Normalization of the Provision for Expected Credit Loss in 1Q21 consists of considering this line at the same level of 0.17% of Credit Production in 2Q21.

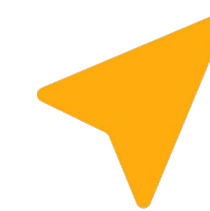
² The Normalization of Funding Cost consists of transferring the Selic increase to the cost, in the same term in which it is transferred to revenue.



03

ESG

ADVANCES IN ESG AGENDA



Data Privacy Policy Release

The document is aligned with the LGPD and reflects the TOTVS Group's commitment to security in the services provided and transparency in the treatment of data



Annual ESG Reports Release

Annual Integrated Report and Diversity and Inclusion E-book launch, presenting our main initiatives promoting positive change through the connection of business, people and technology



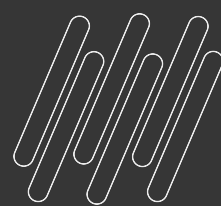
Institutional Investor Ranking Recognition

TOTVS is elected best Company in the LatAm TMT sector and wins first place in the categories Best CEO, CFO, IR Professional and ESG

SCAN AND ACCESS



Annual Integrated Report and
Diversity and Inclusion Ebook



FINAL REMARKS

**Just like in a tennis match, we are
and always will be in motion**

We will continue on this growth journey, either organically, via M&A, which continues with a large and diversified pipeline, or still looking for creative ways to unlock value, such as the creation of “Dimensa”, which was only the most recent practical example of this



MANAGEMENT

Recurring Revenue has reached almost 3 years of growth in the 2-digit range, even with our undisputed leadership in the Brazilian ERP market, which reinforces that this market is far from maturity



BUSINESS PERFORMANCE

With the acquisition closing of RD Station, we took an effective step in structuring this dimension that has a high potential for generating value. We are going to bet heavily on the wide GMV generating strategy and take rate increasing



TECHFIN

We are just starting our journey at Techfin. The achievements reached so far are just the beginning. There is much more to come. Our goal is to revolutionize the offering of financial services, expanding our portfolio with personalized and more competitive products to help companies overcome their business challenges, using the power of technology for this

THANK YOU



Investors Relations

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- Technology + Knowledge are our DNA.
- The Customers' success is our success.
- We value good professionals who are good people.



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