



# EARNINGS RELEASE 2Q21

**VIDEO CONFERENCE – PORTUGUESE: August 05, 2021, 11h00 (Brasília)**

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or on our website [ri.totvs.com](http://ri.totvs.com)

**VIDEO CONFERENCE – ENGLISH (Simultaneous Translation): August 05, 2021, 11h00 (Brasília)**

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# 2Q21 EARNINGS RELEASE

**São Paulo, August 4<sup>th</sup>, 2021** - TOTVS S.A. (B3: TOTS3), the leader in the development of business solutions in Brazil, announces today its results for the Second Quarter of 2021 (2Q21). The Company's consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil and in line with the International Financial Reporting Standards (IFRS).

## TOTVS REACHES 46% IN THE "RULE OF 40"

- Another quarter with a balance between growth and profitability, with an increase of 22% in Total Net Revenue and Adjusted EBITDA Margin of 24.1%, adding up to 46% (Rule of 40), an increase of 13 pp YoY
- Acceleration of organic recurring Management revenue growth to 16%, driven by new SaaS signings (sales production) growth of 68% YoY
- Building consolidation of the 3-Dimensional Ecosystem, which goes beyond ERP, with Business Performance and Techfin revenues already representing about 15%<sup>1</sup> of the quarter consolidated pro forma revenue

### CONSOLIDATED REVENUE

**R\$763 million**  
+22% vs 2Q20

### SaaS MANAGEMENT REVENUE

**R\$207 million**  
+26% vs 2Q20

### BIZ PERFORMANCE RECURRING REVENUE

**R\$57 million<sup>1</sup>**  
+50%<sup>1</sup> vs 2Q20

### CREDIT PRODUCTION

**+R\$2,4 billion**  
+93% vs 2Q20

## MESSAGE FROM THE MANAGEMENT

The reduction in serious hospitalizations and deaths, as a result of advances in vaccination against Covid-19, is the news we were all waiting for. It has allowed the first signs of normalization of activities. With everyone's efforts, we are approaching the end of this very difficult period.

Again, 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.

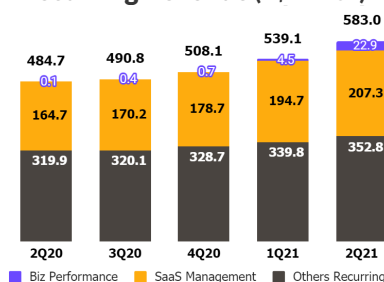
As planned 2 years ago, we currently have several locomotives that drive our growth. The Techfin and Biz Performance dimensions already represent 15% of Total Revenue. The strong growth in these 2 dimensions, added to the new acceleration of SaaS Revenue in Management, meant that these revenue lines already represented more than 70% of TOTVS' growth.

With this, 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 also reinforces that this market is far from mature ([TOTVS Day](#)).

We will continue on this journey of growth. We see a bright future and huge opportunities. TOTVS is a great beneficiary of the economy's digitization, even in the Management dimension, something that seems to us, is still little understood and recognized by the market.

The final message we want to leave is that, just like in a tennis game, we are and always will be on the move; whether organically, via M&A, which continues with a large and diversified pipeline, or still looking for creative ways to unlock value. The creation of "Dimensa<sup>3</sup>" was only the most recent practical example of this.

### Recurring Revenue (R\$ million)



### Consolidated ARR

**R\$2.7 billion**

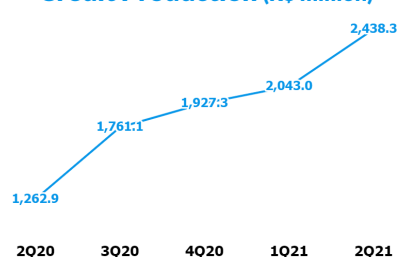
### Organic Addition Record

**R\$+122 million**

**98.6%**

Consolidated  
Renew Rate

### Credit Production (R\$ million)



### Credit Portfolio

**R\$1.5 billion**

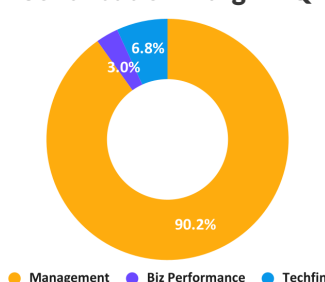
+98% vs 2Q20

### Delinquency >90 days

**0.5%**

250 points below  
the Brazilian average<sup>2</sup>

### Contribution Margin 2Q21



### Adjusted EBITDA

**R\$184 million**

+34% vs 2Q20

### Cash Earnings<sup>4</sup>

**R\$91 million**

+28% vs 2Q20

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

<sup>3</sup> New TFS brand, part of the transaction with B3, according to the Material Fact "Partnership between TOTVS and B3" of 07/12/2021

<sup>2</sup> Source: Brazil Central Bank ([www.bcb.gov.br/estatisticas/estatisticasmonetariascredito](http://www.bcb.gov.br/estatisticas/estatisticasmonetariascredito))

<sup>4</sup> Net Income without the effects of expenses with amortization of intangibles arising from acquisitions



## RECENT EVENTS

### Ecosystem far beyond ERP...



#### TOTVS and B3 join forces to create Dimensa

***This partnership will enable the new company to become one of the largest providers of B2B technology solutions for the financial sector***

Dimensa (new brand of TFS) is a subsidiary of TOTVS resulting from the carve-out of the operation of Management solutions for the Financial Services segment, in which it has a prominent position, with a team of 400 people and 2020 net revenue of approximately R\$140 million.

With a primary contribution of R\$600 million from B3<sup>1</sup>, new management, autonomy and focus, Dimensa will expand its capacity to invest in innovation of solutions and client services portfolio, through organic developments, partnerships

and acquisitions, with the goal of being the leading B2B technology provider for the financial sector.

This first carve-out of an operation with high growth potential and the need for focus and autonomy is an example of the alternative paths that TOTVS has been taking to unlock value.

1 The closing of this transaction depends on regulatory approvals and the verification of other conditions usual for this type of business.

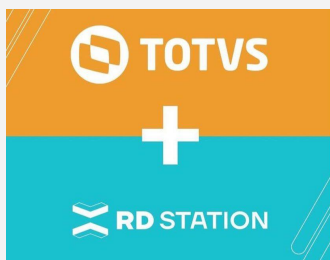
#### TOTVS expands Cloud availability zones

***Inauguration of the new availability zone in the Northeast aims to accelerate the cloud adoption process of more than 40 thousands Management's clients in Brazil***

As part of the plan to facilitate and accelerate the cloud adoption process by its clients, TOTVS inaugurated in this second quarter another availability zone, located in Ceará and dedicated to clients in the north and northeast regions of Brazil.

During this year, other new zones are planned to expand capacity, as well as better regional coverage, providing clients with lower latency and optimized performance. The outcome is a more streamlined user experience and greater availability of data access.

The new zones are implemented on structures that adopt sustainable practices, with ISO14001A certification, which reinforces the Company's commitment to the ESG pillars.



#### RD Station acquisition closing

***Once all conditions were met, including the approval by CADE (the Brazilian Antitrust Agency), TOTVS announced the transaction conclusion on May 31<sup>st</sup>***

An important milestone in consolidating the Business Performance dimension. With the conclusion of the acquisition process, this quarter, the RD Station results for the month of June were consolidated into TOTVS' earnings for 2Q21, as explained in the following sections of this document: "Consolidated Results by Business" and "Business Performance Contribution Margin".

More information is available on the CVM website ([www.cvm.gov.br](http://www.cvm.gov.br)) and on the TOTVS IR website: [click here](#).



# ESG (Environmental, Social and Governance)

## Data Privacy Policy Release

**The document reflects the commitment to safety in the services provided related to the Clients data treatment**

In line with the LGPD (Brazilian General Data Protection Law), the TOTVS Group's priority is transparency in which it treats the holders' personal data, protecting, preserving and respecting privacy and their rights. We adopt the best business practices and ethical conduct, aiming at maintaining and evolving the level of compliance in the processes related to the protection of personal data to meet the needs of the clients, partners, suppliers and employees of TOTVS Group. To read the Policy, [click here](#).



## Advances in the ESG Agenda

**Actions taken reinforce our commitment to strengthening the ESG Agenda and the continuous search for expanding the value generated and perceived by our strategic audiences**

Guided by the philosophy of transparency and best global practices, the Company released the fifth edition of the Integrated Report, a voluntary annual report based on the guidelines of the Global Report Initiative (GRI) and the International Integrated Reporting Council (IIRC). One of the highlights of this edition was the carrying out of a materiality survey, which involved the engagement of several stakeholders, to be used by Management in prioritizing the TOTVS' ESG Agenda topics for the next biennium. The full document is available on the IR website ([ri.totvs.com/en](http://ri.totvs.com/en)) in the ESG > Sustainability Reports section, or [click here](#).

Also, as part of its commitment to the UN Global Compact and contribution to achieving the Sustainable Development Goals (SDGs), TOTVS released its E-book on Diversity and Inclusion special report, presenting the main projects and developments on the topic, particularly related to SDG 5, which deals with Gender Equality. To read the document, [click here](#).

## Interest on Equity

**TOTVS announces payment of interest on equity related to 1H21**

On July 30, 2021, the Board of Directors decided for the distribution of Interest on Equity related to the first half of 2021 (1H21) in the amount of R\$51,193 thousands, corresponding to R\$0.09 per share, which will be paid on October 22, 2021 to the shareholders holding shares of the Company on August 04, 2021.



## Issue of Debentures

**TOTVS announced its 3rd (third) Issue of simple and non-convertible Debentures**

The total amount of the issue will be R\$1.5 billion and the debentures will have a unit face value of R\$1,000. The debentures issue is intended to raise funds to be used in the achievement of the Company's strategic plan and corporate purpose.

The general conditions and terms of the issue can be found on the CVM website ([www.cvm.gov.br](http://www.cvm.gov.br)) and on the TOTVS IR [website](#)

## TOTVS is voted best Company in the TMT sector by Institutional Investor's ranking "The Latam Executive Team 2021"

**The company is a reference in the 8 categories of the general rankings and the midcap category, with highlights for the recognition of Best CEO, CFO and IR Professional**

Among the 8 categories in the General and MidCap rankings in the Technology, Media and Telecommunications sector, TOTVS was recognized in all of them, highlighting the first place positions for Best CEO (General and Midcap), Best CFO (Midcap), Best IR Professional (General and Midcap), Best Investor Relations Team (Midcap), Best ESG (General and Midcap), and in terms of IR Program (General and Midcap), Investor/ Analyst Day Event (General and Midcap) and Crisis Management amid Covid-19 (Midcap). To read more, [click here](#).



# FINANCIAL AND OPERATIONAL HIGHLIGHTS

	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
<b>Rule of 40*</b>	<b>45.7%</b>	<b>33.1%</b>	<b>1260 bp</b>	<b>46.0%</b>	<b>-30 bp</b>	<b>45.9%</b>	<b>30.5%</b>	<b>1540 bp</b>
<b>Growth (in R\$ thousand)</b>								
<b>Net Revenue</b>	<b>763,375</b>	<b>627,399</b>	<b>21.7%</b>	<b>720,256</b>	<b>6.0%</b>	<b>1,483,631</b>	<b>1,228,817</b>	<b>20.7%</b>
Consolidated Recurring Revenue	582,975	484,704	20.3%	539,065	8.1%	1,122,040	955,246	17.5%
% Consolidated Recurring Revenue	76.4%	77.3%	-90 bp	74.8%	160 bp	75.6%	77.7%	-210 bp
% Biz Perform. + Techfin Revenue	11.1%	4.3%	680 bp	8.3%	280 bp	9.7%	2.2%	750 bp
Consolidated ARR	2,657,038	2,082,000	27.6%	2,323,380	14.4%	n/a	n/a	-
Organic Consolidated ARR Addition	121,654	41,100	196.0%	90,145	35.0%	211,799	96,300	119.9%
Consolidated SaaS Revenue	229,216	164,886	39.0%	199,346	15.0%	428,563	321,959	33.1%
Biz Performance Recurring Revenue**	56,585	37,697	50.1%	51,412	10.1%	107,997	74,218	45.5%
Credit Production	2,438,294	1,262,908	93.1%	2,043,016	19.3%	4,481,310	2,902,291	54.4%
<b>Profitability (in R\$ thousand)</b>								
<b>EBITDA Margin</b>	<b>24.1%</b>	<b>21.9%</b>	<b>220 bp</b>	<b>26.3%</b>	<b>-220 bp</b>	<b>25.1%</b>	<b>21.5%</b>	<b>360 bp</b>
Adjusted EBITDA	183,738	137,337	33.8%	189,189	(2.9%)	372,928	264,200	41.2%
Cash Earnings***	91,183	71,283	27.9%	96,684	(5.7%)	187,867	138,824	35.3%
Cash Earnings Margin	11.9%	11.4%	50 bp	13.4%	-150 bp	12.7%	11.3%	140 bp
Operating Cash Flow	102,356	154,261	(33.6%)	182,561	(43.9%)	284,917	264,030	7.9%
Operating Cash Flow / Adj. EBITDA	55.7%	112.3%	-5660 bp	96.5%	-4080 bp	76.4%	99.9%	-2350 bp
Supplier LTM ROE	56.4%	17.2%	3920 bp	43.1%	1330 bp	n/a	n/a	-
<b>Stock Market</b>								
<b>TOTS3 (in R\$)</b>	<b>37.65</b>	<b>23.15</b>	<b>62.6%</b>	<b>27.87</b>	<b>35.1%</b>	<b>n/a</b>	<b>n/a</b>	<b>-</b>
ADTV 30 (in R\$ thousand)	125,746	108,770	15.6%	176,367	(28.7%)	n/a	n/a	-
IBOV (pts)	126,802	95,056	33.4%	115,419	9.9%	n/a	n/a	-
IBrX 50 (pts)	21,349	15,529	37.5%	19,234	11.0%	n/a	n/a	-

\* % Revenue Growth (+) % EBITDA Margin

\*\* Includes unaudited results from jan-dec/20 of Tail and from jan/20-may/21 of RD Station, for comparative purposes only

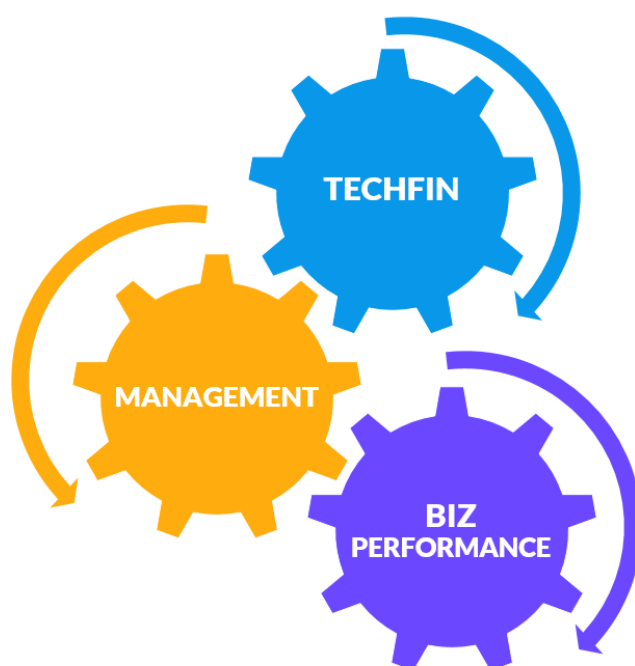
\*\*\* Net Income without the effects of expenses with amortization of intangibles arising from acquisitions



# 3-DIMENSIONAL ECOSYSTEM NEW DISCLOSURE STANDARD

The acquisition of RD Station consolidated the birth of the Business Performance dimension and was a definitive step in the construction of a B2B technologies ecosystem, which goes beyond ERP. This strategy aims to expand the addressable market, take rate and, finally, increase customer loyalty, through the advancement of value chains, leading a journey of digitization aimed at exponentializing TOTVS' operations.

As of this quarter, with the consolidation of RD Station's June results, we have a new disclosure standard, in which we will present TOTVS' financial and operating results segregated by the different dimensions. Below, we have a brief description of each Business Dimension.



## DESCRIPTION AND COMPOSITION OF THE BUSINESS DIMENSIONS:

**Management:** is the dimension where data and integrations are generated. Therefore, it is the basis that makes the other dimensions of the ecosystem viable. It includes: (i) ERP solutions; (ii) HR solutions for the human capital management and development and payroll processing; a(iii) specialized solutions for 12 economic segments; and (iv) solutions aimed at micro and small businesses.

**Business Performance:** dimension that aims to leverage the results, performance and relationship of the different business areas of our clients. 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:** dimension that seeks to simplify, expand and make access to B2B financial services cheaper, through the intensive use of digitization and big data. Currently, it is composed of credit solutions, including: Supplier and new products ("Antecipa", "Consignado", "Mais Negócios", "Mais Prazo", "Painel Financeiro" and "EduConnect Pay").



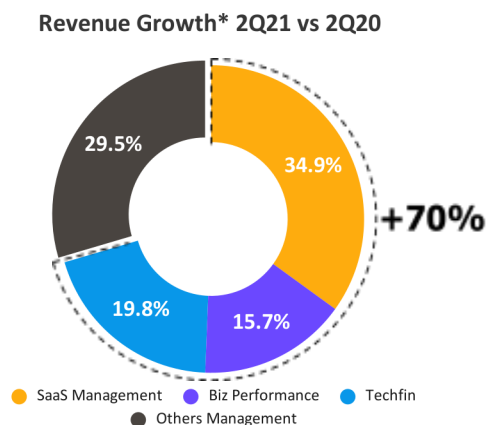
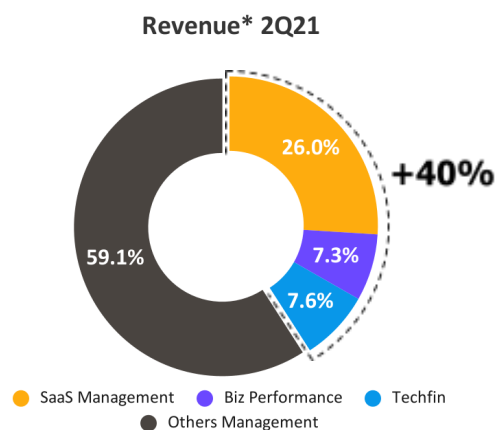
# FINANCIAL AND OPERATIONAL RESULTS

The results presented in this section include the RD Station's June 2021 consolidated results. The results of 2Q20 and 1H20 reconciled between the previous view, with Technology and Credit Products segments, and the 3 new business dimensions are available in Annex VIII.

## CONSOLIDATED RESULTS BY BUSINESS:

Consolidated Result (in R\$ thousand)	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
<b>Consolidated Net Revenue</b>	<b>763,375</b>	<b>627,399</b>	<b>21.7%</b>	<b>720,256</b>	<b>6.0%</b>	<b>1,483,631</b>	<b>1,228,817</b>	<b>20.7%</b>
Management Revenue	678,854	600,254	13.1%	660,265	2.8%	1,339,119	1,201,615	11.4%
Business Performance Revenue	23,577	176	>999%	4,377	438.7%	27,954	226	>999%
Techfin Revenue	60,944	26,969	126.0%	55,614	9.6%	116,558	26,976	332.1%
<b>Consolidated Contribution Margin</b>	<b>400,213</b>	<b>313,702</b>	<b>27.6%</b>	<b>391,226</b>	<b>2.3%</b>	<b>791,439</b>	<b>622,250</b>	<b>27.2%</b>
Management Contribution Margin	360,853	301,982	19.5%	359,463	0.4%	720,316	610,729	17.9%
Biz Performance Contribution Margin	12,021	173	>999%	1,499	701.9%	13,520	223	>999%
Techfin Contribution Margin	27,339	11,547	136.8%	30,264	(9.7%)	57,603	11,298	409.9%
<b>% Consolidated Contribution Margin</b>	<b>52.4%</b>	<b>50.0%</b>	<b>240 bp</b>	<b>54.3%</b>	<b>-190 bp</b>	<b>53.3%</b>	<b>50.6%</b>	<b>270 bp</b>
% Management Contribution Margin	53.2%	50.3%	290 bp	54.4%	-120 bp	53.8%	50.8%	300 bp
% Biz Performance Contribution Margin	51.0%	98.3%	-4730 bp	34.2%	1680 bp	48.4%	98.7%	-5030 bp
% Techfin Contribution Margin	44.9%	42.8%	210 bp	54.4%	-950 bp	49.4%	41.9%	750 bp

## ECOSYSTEM CONTRIBUTION TO REVENUE GROWTH



The success in building the ecosystem and new growth avenues for the Company can be seen in the charts above, where new businesses Revenues (Techfin and Business Performance), added to the Management SaaS Revenue, accounted for 41% of total Revenue and 70% of Revenue growth. Therefore, the new avenues are already a fundamental reality in the acceleration of TOTVS' growth.

\* Management Revenue, plus Business Performance pro forma Revenue (Appendix VII) and Techfin pro forma Revenue (Appendix VII)



# Management Dimension Results

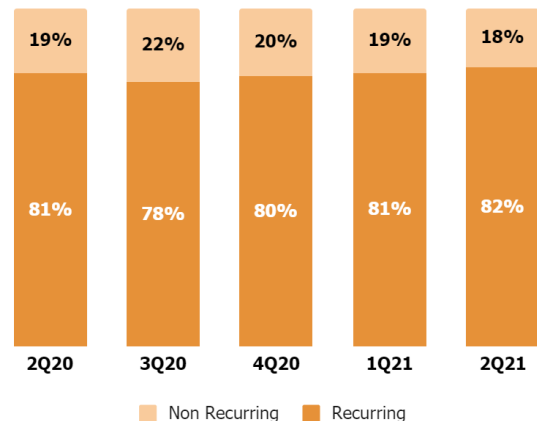
The Management Dimension is mainly composed by the view previously known as “Technology Result” until 1Q21, excluding solutions that became part of the Business Performance dimension and Techfin's new products.

Management Result (in R\$ thousand)	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
<b>Net Revenue</b>	<b>678,854</b>	<b>600,254</b>	<b>13.1%</b>	<b>660,265</b>	<b>2.8%</b>	<b>1,339,119</b>	<b>1,201,615</b>	<b>11.4%</b>
Recurring	559,861	484,537	15.5%	534,431	4.8%	1,094,292	955,022	14.6%
Non Recurring	118,993	115,717	2.8%	125,834	(5.4%)	244,827	246,593	(0.7%)
License	46,419	47,069	(1.4%)	59,122	(21.5%)	105,541	105,349	0.2%
Services	72,574	68,648	5.7%	66,712	8.8%	139,286	141,244	(1.4%)
Costs	(193,869)	(173,577)	11.7%	(182,882)	6.0%	(376,751)	(354,999)	6.1%
<b>Gross Profit</b>	<b>484,985</b>	<b>426,677</b>	<b>13.7%</b>	<b>477,383</b>	<b>1.6%</b>	<b>962,368</b>	<b>846,616</b>	<b>13.7%</b>
Gross Margin	71.4%	71.1%	30 bp	72.3%	-90 bp	71.9%	70.5%	140 bp
Research and Development	(119,466)	(105,162)	13.6%	(113,064)	5.7%	(232,530)	(210,804)	10.3%
Provision for Expected Credit Losses	(4,666)	(19,533)	(76.1%)	(4,856)	(3.9%)	(9,522)	(25,083)	(62.0%)
<b>Management Contribution Margin</b>	<b>360,853</b>	<b>301,982</b>	<b>19.5%</b>	<b>359,463</b>	<b>0.4%</b>	<b>720,316</b>	<b>610,729</b>	<b>17.9%</b>
% Management Contribution Margin	53.2%	50.3%	290 bp	54.4%	-120 bp	53.8%	50.8%	300 bp

## Net Revenue

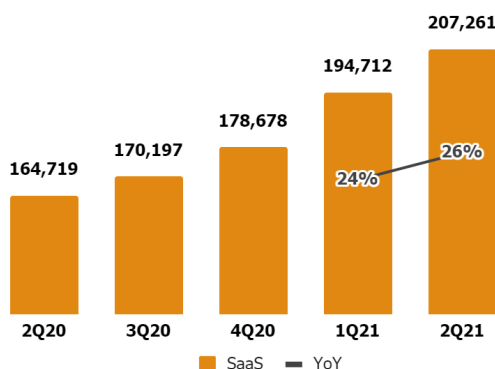
Management Net Revenue has accelerated its year-over-year growth, reaching a level of 13% compared to 10% in 1Q21, even without the seasonal revenue from the corporate model, present in the previous quarter. This acceleration was mainly driven by the 16% growth in Recurring Revenue, which surpassed the record of 81% of Management Net Revenue reached in 1Q21. The Manufacturing, Distribution, Construction and Agribusiness industry-sectors were the ones that most contributed to this progress, with growths above 20%.

Compared to 1Q21, the 2.8% increase in Management Net Revenue was possible by the 4.8% growth in Recurring Revenue, more than offsetting the 5.4% reduction in Non-Recurring Revenue, especially License Revenue that reached R\$17.8 million in the previous quarter, seasonally driven by the corporate model.



## Recurring Revenue

### Management SaaS Revenue (R\$ thousands)

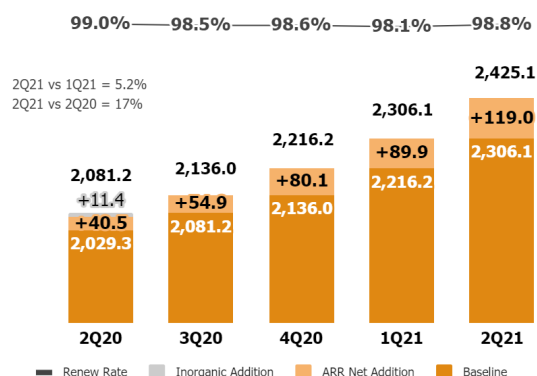


Recurring Revenue has demonstrated new acceleration year-over-year, reaching 16% growth, driven by SaaS, which has increased 26% over 2Q20. Cloud, once again, was highlighted in SaaS, showing a growth of 35% in the same period, while SaaS new signings (sales production) continue to increase, with a 1.4% growth over 1Q21 and 68% over 2Q20, with the Agribusiness, Distribution and Retail segments as the highlights.



The year-over-year organic growth of Recurring Revenue showed new evolution, from 12% in 1Q21 to 15% in 2Q21. This reflects: (i) the continuous acceleration of ARR, driven by signings for new clients and cross/up-sell to existing clients, mainly of SaaS offers; (ii) the contractual inflation adjustments in the period; and (iii) client renew rate increase as demonstrated in the chart on the right.

ARR had a 17% growth when compared to 2Q20, generating a new organic Net Addition historical record of R\$119.0 million, which surpasses by 194% the same metric of 2Q20 and 32% in 1Q21.



## Non-Recurring Revenue

Non-Recurring Revenues presented an increase of 2.8% in 2Q21, when compared to 2Q20, especially due to the 5.7% growth in Services Revenue, impacted by the beginning of the pandemic in the same period of last year.

In the quarter-on-quarter comparison, the 5.4% reduction is explained by the 21% drop in the License line, which had a seasonal effect of R\$17.8 million in incremental license from the corporate model in the previous quarter, 1Q21. The 8.8% growth in Services Revenue is explained by the increase of 2 business days in the period and the resumption of demand in some sectors most impacted by the pandemic in previous quarters.

## Gross Margin

The Gross Margin from Management reached 71% in the quarter, 30 basis points better than the 2Q20 margin, despite the 5.7% growth in non-recurring services Revenue. This improvement in the margin is a reflection of: (i) the scalability of the TOTVS recurrence model; (ii) continuous advances in product quality, with continuous increases in NPS and consequently lower demand for support; and (iii) maintenance of remote deployment levels, which were above 95% in the quarter. Compared to the previous quarter, the 90 basis points reduction in Gross Margin is mainly explained by the reduction in License Revenue, as explained in the previous section.

## Research and Development

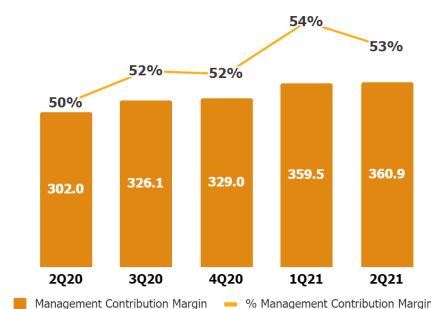
Research and Development (R&D) expenses reduced their share in Recurring Revenue by 40 basis points against 2Q20, reaching 21%, the same level as in 1Q21. It is worth reminding that TOTVS continues to invest in portfolio modernization, and in the increase in quality, aiming to leverage new growth avenues and increase efficiency in resource allocation. An example of this is the generation of Recurring Revenue per R&D headcount, which grew 9.3% when compared to 2Q20 and 3.4% against 1Q21.

## Provision for Expected Credit Losses

The Provision for Expected Credit Losses (former allowance for doubtful accounts) represented 0.7% of Management Revenue in the quarter, below the last quarter's ratio and proving that a business model based on Recurring Revenue, combined with a fragmented and diversified clients base, and more resilient than the market average, allows lower delinquency levels.

## Management Contribution Margin

In 2Q21, the Management Contribution Margin grew 290 basis points when compared to the same period of the previous year, as a result of the 30 basis points increase in Gross Margin and the 76% reduction in the Provision for Expected Credit Loss in the period. When compared to 1Q21, the 130 basis points drop is mainly explained by the Gross Margin reduction, due to the seasonality of License Revenue from the corporate model as mentioned above.





## Business Performance Dimension Results

As explained at the beginning of the Consolidated Results by Business section, the Business Performance view represents the business solutions focused on helping clients to sell more, through sales, marketing and client experience processes. Reminding that we are consolidating the RD Station results from June 2021 only.

It is worth noting that 100% of the Recurring Revenue of this business is in the SaaS model.

Biz Performance Result (in R\$ thousand)	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
<b>Net Revenue</b>	<b>23,577</b>	<b>176</b>	<b>&gt;999%</b>	<b>4,377</b>	<b>438.7%</b>	<b>27,954</b>	<b>226</b>	<b>&gt;999%</b>
Recurring	22,945	134	>999%	4,512	408.5%	27,457	184	>999%
Non Recurring	632	42	>999%	(135)	(568.1%)	497	42	>999%
Costs	(7,484)	-	-	(2,684)	178.8%	(10,168)	-	-
<b>Gross Profit</b>	<b>16,093</b>	<b>176</b>	<b>&gt;999%</b>	<b>1,693</b>	<b>850.6%</b>	<b>17,786</b>	<b>226</b>	<b>&gt;999%</b>
<i>Gross Margin</i>	<i>68.3%</i>	<i>100.0%</i>	<i>-3170 bp</i>	<i>38.7%</i>	<i>2960 bp</i>	<i>63.6%</i>	<i>100.0%</i>	<i>-3640 bp</i>
Research and Development	(3,930)	-	-	-	-	(3,930)	-	-
Provision for Expected Credit Losses	(142)	(3)	>999%	(194)	(26.8%)	(336)	(3)	>999%
<b>Biz Performance Contribution Margin</b>	<b>12,021</b>	<b>173</b>	<b>&gt;999%</b>	<b>1,499</b>	<b>701.9%</b>	<b>13,520</b>	<b>223</b>	<b>&gt;999%</b>
<i>% Biz Performance Contribution Margin</i>	<i>51.0%</i>	<i>98.3%</i>	<i>-4730 bp</i>	<i>34.2%</i>	<i>1680 bp</i>	<i>48.4%</i>	<i>98.7%</i>	<i>-5030 bp</i>

For purposes of historical comparison, we present below the Business Performance results, considering the Tail Target results corresponding to the months of April to June 2020 and the RD Station results of June 2020. Additionally, Appendix VII of this document provides a quarterly view of the total Business Performance results for 2020 and the first half of 2021.

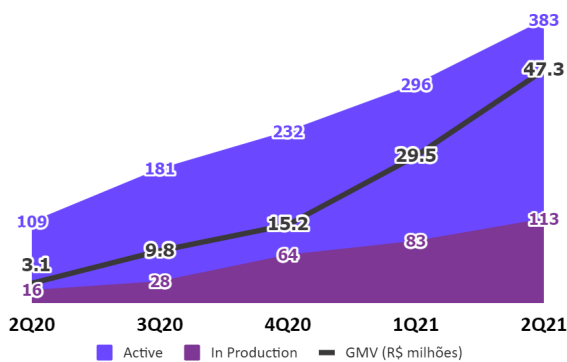
Biz Performance Result (in R\$ thousand)	2Q21	2Q20*	Δ
<b>Net Revenue</b>	<b>23,577</b>	<b>14,791</b>	<b>59.4%</b>
Recurring	22,945	14,351	59.9%
Non Recurring	632	440	43.6%
Costs	(7,484)	(6,208)	20.6%
<b>Gross Profit</b>	<b>16,093</b>	<b>8,583</b>	<b>87.5%</b>
<i>Gross Margin</i>	<i>68.3%</i>	<i>58.0%</i>	<i>1030 bp</i>
Research and Development	(3,930)	(3,340)	17.7%
Provision for Expected Credit Losses	(142)	(1,426)	(90.0%)
<b>Biz Performance Contribution Margin</b>	<b>12,021</b>	<b>3,817</b>	<b>214.9%</b>
<i>Biz Performance Contribution Margin</i>	<i>51.0%</i>	<i>25.8%</i>	<i>2520 bp</i>

\* Includes the month of Jun / 20 of RD Station and Apr-Jun / 20 of Tail, for comparison purposes only, which were not consolidated in the Company's results for that quarter



## Net Revenue

### Digital Commerce Clients (TOTVS & VTEX)



were the addition of new clients, up-sell, driven by the PLG (Product Led Growth) strategy, and cross-sell.

Also noteworthy is the strong evolution of the Digital Commerce business. In the chart above, we see a 251% growth in the number of clients year on year. The number of customers in production (which are already generating GMV - Gross Merchandise Volume) was multiplied by 7. The annualized GMV has already reached R\$189 million, an increase of 1,426% versus 2Q20. Here we see a wide avenue of growth.

## Gross Margin

The Business Performance Gross Margin increased 1,030 basis points in 2Q21 when compared to 2Q20, demonstrating the scalability of the SaaS model of these business solutions, which are mostly lite and require little support and service levels.

## Research and Development

The Business Performance Research and Development (R&D) expenses increased 18% in 2Q21 compared to 2Q20, especially due to the increase of investments, aimed at building and evolving products and platforms in this new market. However, the investments in R&D ended the quarter representing 17% of Recurring Revenue compared to 23% in 2Q20, which means an advance in the operation's efficiency and scalability.

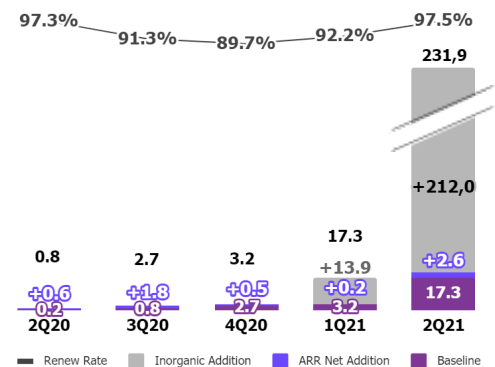
## Provision for Expected Credit Losses

The reason for the reduction in the Provision for Expected Credit Losses to 0.6% of the Net Revenue is a higher provision for this line in 2Q20, impacted by the beginning of the pandemic.

## Business Performance Contribution Margin

The Business Performance Contribution Margin ended 2Q21 at 51% and presented, in the comparable view, a growth of 2,520 basis points when compared to 2Q20. In the pro forma view, as shown in Appendix VII, this margin was 53%, 1,860 basis points above the same period of the previous year, proving the business scalability and that it is possible to associate relevant growth with profitability.

The Business Performance Net Revenue in the quarter (which consolidates only the month of June, 2021 of RD Station) grew 59%, an important acceleration, since, in the view presented in Appendix VII (which considers the pro forma numbers for the entire quarter), the Net Revenue grew 49%. As we can see in the chart below, RD Station's Annual Recurring Revenue (ARR) represents more than 90% of the total dimension. As of the next quarter, it will be possible to observe the ARR organic addition of all operations together, but it is worth noting that the ARR organic addition of RD Station alone in the quarter was R\$16.9 million. The main elements for this performance





## Techfin Dimension Results

As explained at the beginning of the Consolidated Results by Business section, the Techfin dimension aims to simplify, expand and cheapen access to B2B financial services and includes the businesses of Supplier and new products ("Antecipa", "Consignado", "Painel Financeiro", "EduConnect PAY", "TOTVS Pagamento Instantâneo", "Mais Negócios" e "Mais Prazo") and we continue to work on increasing that portfolio. In this way, we started to consolidate all Techfin's efforts in this section. This means that we have 2 operations at different times of development: Supplier, with almost 2 decades of life, solid growth and profitability; and New Techfin Products, with a little more than 1 year of life, total focus on investment in building a portfolio and a customer base, for subsequent search for revenue and profitability.

Techfin Results (in R\$ thousand)	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
<b>Techfin Revenue</b>	<b>60,944</b>	<b>26,969</b>	<b>126.0%</b>	<b>55,614</b>	<b>9.6%</b>	<b>116,558</b>	<b>26,976</b>	<b>332.1%</b>
Funding Cost	(18,305)	(7,469)	145.1%	(14,164)	29.2%	(32,469)	(7,469)	334.7%
<b>Net Funding Revenue</b>	<b>42,639</b>	<b>19,500</b>	<b>118.7%</b>	<b>41,450</b>	<b>2.9%</b>	<b>84,089</b>	<b>19,507</b>	<b>331.1%</b>
Operational Costs	(5,385)	(2,088)	157.9%	(4,869)	10.6%	(10,254)	(2,088)	391.1%
<b>Gross Profit</b>	<b>37,254</b>	<b>17,412</b>	<b>114.0%</b>	<b>36,581</b>	<b>1.8%</b>	<b>73,835</b>	<b>17,419</b>	<b>323.9%</b>
Research and Development	(5,823)	(970)	500.3%	(4,499)	29.4%	(10,322)	(1,217)	748.2%
Provision for Expected Credit Losses	(4,092)	(4,895)	(16.4%)	(1,818)	125.1%	(5,910)	(4,904)	20.5%
<b>Techfin Contribution Margin</b>	<b>27,339</b>	<b>11,547</b>	<b>136.8%</b>	<b>30,264</b>	<b>(9.7%)</b>	<b>57,603</b>	<b>11,298</b>	<b>409.9%</b>
% Techfin Contribution Margin	44.9%	42.8%	210 bp	54.4%	-950 bp	49.4%	41.9%	750 bp
% Net Funding Revenue Contrib. Margin	64.1%	59.2%	490 bp	73.0%	-890 bp	68.5%	57.9%	1060 bp

For comparison purposes, we present Techfin results in Appendix VII added to the unaudited results of Supplier for the months of January to June, 2020.

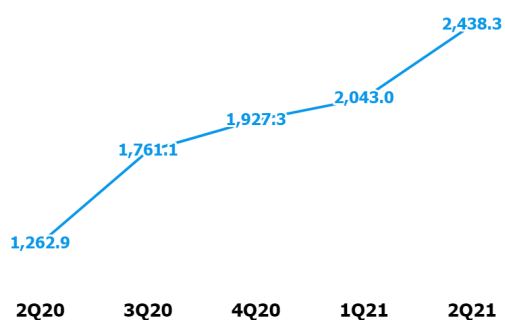
We also present below the results of Credit Products - Supplier in line with the result pattern released since 2Q20. As of this quarter, we will also present the concept of Net Funding Revenue, as well as the Contributions and EBITDA Margins on this revenue. This is a format commonly used in the financial market that allows a more accurate credit business monitoring and, therefore, is the main profitability metric that the managers use in their management.

Cred. Products - Supplier (in R\$ thousand)	2Q21	may-jun/20	Δ	1Q21	Δ	1H21	may-jun/20	Δ
<b>Credit Products Revenue</b>	<b>60,225</b>	<b>26,664</b>	<b>125.9%</b>	<b>54,939</b>	<b>9.6%</b>	<b>115,164</b>	<b>26,664</b>	<b>331.9%</b>
Funding Cost	(18,305)	(7,469)	145.1%	(14,164)	29.2%	(32,469)	(7,469)	334.7%
<b>Net Funding Cost Revenue</b>	<b>41,920</b>	<b>19,195</b>	<b>118.4%</b>	<b>40,775</b>	<b>2.8%</b>	<b>82,695</b>	<b>19,195</b>	<b>330.8%</b>
Operational Costs	(4,151)	(2,088)	98.8%	(4,113)	0.9%	(8,264)	(2,088)	295.8%
<b>Gross Profit</b>	<b>37,769</b>	<b>17,107</b>	<b>120.8%</b>	<b>36,662</b>	<b>3.0%</b>	<b>74,431</b>	<b>17,107</b>	<b>335.1%</b>
Research and Development	(2,789)	(703)	296.7%	(2,333)	19.5%	(5,122)	(703)	628.6%
Provision for Expected Credit Losses	(4,093)	(4,903)	(16.5%)	(1,828)	123.9%	(5,921)	(4,903)	20.8%
<b>Supplier Contribution Margin</b>	<b>30,887</b>	<b>11,501</b>	<b>168.6%</b>	<b>32,501</b>	<b>(5.0%)</b>	<b>63,388</b>	<b>11,501</b>	<b>451.2%</b>
Commercial and Marketing Expenses	(4,949)	(2,298)	115.4%	(5,597)	(11.6%)	(10,546)	(2,298)	358.9%
General and Administrative Expenses	(13,892)	(8,890)	56.3%	(11,936)	16.4%	(25,828)	(8,890)	190.5%
Other Net Revenues (Expenses)	503	(1)	<(999%)	691	(27.2%)	1,194	(1)	<(999%)
<b>EBITDA</b>	<b>12,549</b>	<b>312</b>	<b>&gt;999%</b>	<b>15,659</b>	<b>(19.9%)</b>	<b>28,208</b>	<b>312</b>	<b>&gt;999%</b>
EBITDA Margin	20.8%	1.2%	1960 bp	28.5%	-770 bp	24.5%	1.2%	2330 bp
Net Funding Revenue EBITDA Margin	29.9%	1.6%	2830 bp	38.4%	-850 bp	34.1%	1.6%	3250 bp



## Techfin Revenue

### Supplier Credit Production (R\$ MN)

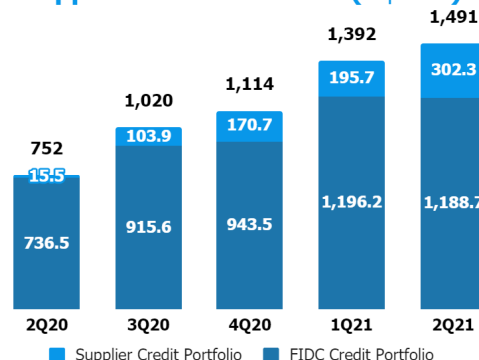


Credit Products Revenue maintained its growth acceleration trend, with an increase of 126% over 2Q20 and 9.6% over 1Q21. This performance was positively influenced by Credit Production, which reached a new record of R\$2.4 billion in the quarter, 93% higher than in 2Q20, boosted by the Steel Industry, Civil Construction and IT Equipment sectors, as well as the high Selic rate. On the other hand, this performance was negatively influenced by the seasonal effect of the Agribusiness off-season, since the Agribusiness credit portfolio typically has a longer average term,

generating revenue for a longer period of time.

In this context, the overall average term of the Credit Portfolio decreased by 9% compared to the first quarter, which explains why the quarter-on-quarter growth of the portfolio was lower than the growth in Credit Production.

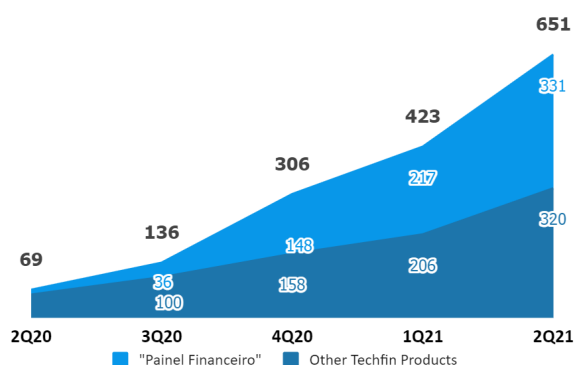
### Supplier Credit Portfolio (R\$ MN)



The integration between TOTVS and Supplier, through clients in production, coming from the TOTVS client base with the products: "TOTVS Antecipa", "TOTVS Mais Prazo", and "TOTVS Mais Negócios", continues to advance, generating

R\$2.2 million in Credit Products Revenue in the quarter against R\$1.1 million in the previous quarter, an increase of 100% in the period. TOTVS Mais Negócios product, in particular, added 2 more affiliates in the quarter, totaling 5 affiliates in production and represented 32% of prospecting affiliates and 29% of those under implementation.

### Activated Techfin Clients - New Products



Techfin's other revenues, excluding Supplier's Credit Products, represented 1.2% of the total of this business dimension and grew 136% when compared to 2Q20. We remind that the "Painel Financeiro" (Financial Cockpit) product continues to be freely granted as part of cross-selling Techfin strategy. We understand that, especially in this start-up, the main metric is the growth in the

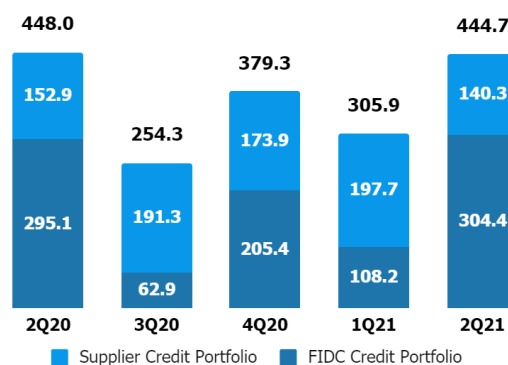
number of customers who started using our new Techfin solutions ("Consignado", "EduConnect PAY", "Mais Prazo", "Antecipa", "Pagamento Instantâneo" and "Painel Financeiro"). As shown in the chart on the left, this number was multiplied by 9 in the year-over-year comparison.

## Net Funding Revenue

As of this quarter, we will highlight the Funding Cost from other costs that constitute the Operating Cost. The Funding Cost is made up by the remuneration of FIDC (Securitization Fund) senior and mezzanine quotas.

In this quarter, the FIDC obtained a greater volume of funding, with the purpose of supplying the increase in production, which led to an increase in the FIDC cash position, as shown in the chart. The increase in the funding volume, combined with the 0.75 p.p. increase in the Selic rate in each of the last three Copom (brazilian monetary policy committee) meetings (march, may and june), led to a 29% increase in Funding Cost.

### Supplier Cash Position





In addition to this Funding Cost increase, the average term of the portfolio creates a temporal mismatch in the pass-through of Selic rate increase into the Credit Production, since the revenue recognized reflects a portfolio originated in previous months, impacting revenue and, as a consequence, the Contribution Margin, as discussed below in the section "Techfin's Contribution Margin". When the Selic adjustment effect is excluded, Net Funding Revenue increases 10% compared to 1Q21.

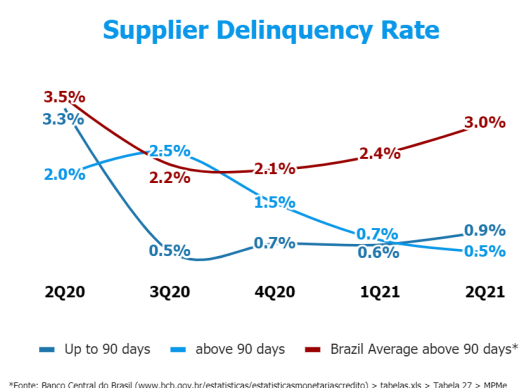
## Operating Costs

Techfin's Operating Costs, which include expenses related to the credit insurance premium and the support structure of Techfin's technology products, were raised by 11% when compared to 1Q21, especially due to the structuring of the support team for the new "TOTVS Antecipa" and "Painel Financeiro" solutions, among others.

## Research and Development

Techfin's Research and Development expenses represent expenses related to the innovation and maintenance structure. This line now represents 9.6% of Techfin's Revenue in 2Q21 against 8.1% in 1Q21, reflecting the increase in investments to implement the strategy of developing solutions in this business dimension, such as "TOTVS Mais Negócios" and "TOTVS Mais Prazo" products.

## Provision for Expected Credit Losses



The Provision for Expected Credit Losses ended the quarter representing 0.17% of the Credit Production, 22 basis points lower compared to 2Q20 and 8 basis points higher than 1Q21. This behavior reflects a return to levels closer to the historical 0.2% of the pre-pandemic period, since, as mentioned in the previous quarters release, this line was positively impacted by the reversal of provisions made especially at the beginning of the pandemic, when default levels reached their peak, as shown in the chart on the left.

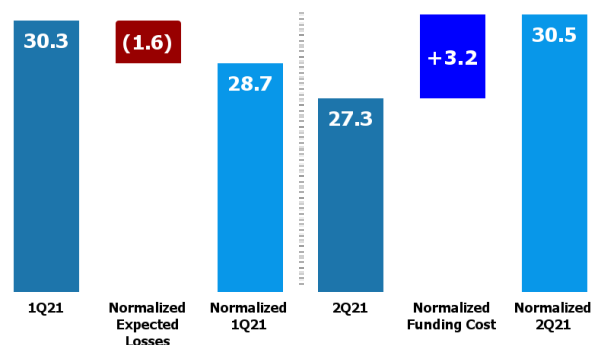
In the same chart, we can see that, even with a new advance in credit production, the Default Percentage maintained the trend shown as of 3Q20, remaining below the levels observed before the pandemic.

The same behavior is observed in delinquency levels above 90 days, which remained below pre-pandemic levels, even upon the increase in the average delinquency in Brazil, reinforcing the flexibility and resilience of the business model, and its efficient management in credit granting.

## Techfin Contribution Margin

Techfin Contribution Margin calculated on Net Funding Revenue ended the quarter at 64%, 890 basis points below compared to 1Q21, mainly explained due to the effect of the Selic increase in the Funding Cost and the return of the Provision for Expected Credit Losses to levels close to those before the pandemic. Normalizing the 1Q21 Credit Losses Provision to the same level of 0.17% of the Credit Production in 2Q21 and adjusting the temporary impact of the Selic increase on the Funding Cost, matching it to the revenue average term, the Techfin Contribution Margin would grow 6.4% in the quarter, instead of dropping 9.7%, as shown in the chart on the right.

### Contribution Margin 1Q21



It is also important to highlight that Supplier continues to increase the ROE ("return on equity"), accumulated in the last 12 months, increasing from 43% in 1Q21 to 56% in 2Q21.



# OTHER OPERATING EXPENSES

In R\$ thousand	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
<b>Sales and Marketing Expenses</b>	<b>(138,345)</b>	<b>(101,474)</b>	<b>36.3%</b>	<b>(129,167)</b>	<b>7.1%</b>	<b>(267,512)</b>	<b>(221,297)</b>	<b>20.9%</b>
<i>% of Net Total Revenue</i>	<i>-18.1%</i>	<i>-16.2%</i>	<i>-190 bp</i>	<i>-17.9%</i>	<i>-20 bp</i>	<i>-18.0%</i>	<i>-18.0%</i>	<i>0 bp</i>
<b>Adjusted Adm. and Other Expenses</b>	<b>(78,130)</b>	<b>(74,891)</b>	<b>4.3%</b>	<b>(72,870)</b>	<b>7.2%</b>	<b>(150,999)</b>	<b>(136,753)</b>	<b>10.4%</b>
<i>% of Net Total Revenue</i>	<i>-10.2%</i>	<i>-11.9%</i>	<i>170 bp</i>	<i>-10.1%</i>	<i>-10 bp</i>	<i>-10.2%</i>	<i>-11.1%</i>	<i>90 bp</i>
<b>Administrative and Other Expenses</b>	<b>(74,392)</b>	<b>(74,891)</b>	<b>(0.7%)</b>	<b>(74,842)</b>	<b>(0.6%)</b>	<b>(149,234)</b>	<b>(137,157)</b>	<b>8.8%</b>
General and Administrative Expenses	(82,108)	(58,351)	40.7%	(67,765)	21.2%	(149,873)	(108,270)	38.4%
Provision for Contingencies	(4,793)	(16,814)	(71.5%)	(9,128)	(47.5%)	(13,921)	(29,676)	(53.1%)
Other Net Revenues (Expenses)	12,509	274	>999%	2,051	509.9%	14,560	789	>999%
<b>Extraordinary Items</b>	<b>(3,738)</b>	<b>-</b>	<b>(0.7%)</b>	<b>1,972</b>	<b>(289.5%)</b>	<b>(1,765)</b>	<b>404</b>	<b>(537.3%)</b>
Earn-out Adjustment at Fair Value	(834)	-	-	-	-	(834)	-	-
Expenses with M&A Transactions	5,814	-	-	1,972	194.8%	7,786	404	>999%
Tax Credit	(8,718)	-	-	-	-	(8,718)	-	-

## Sales and Marketing Expenses

Sales and Marketing expenses represented 18% of Net Revenue in the quarter, 20 basis points higher compared to the previous quarter. This growth is explained by: (i) increase of R\$3.5 million in marketing expenses compared to 1Q21 due to the seasonality of investment in the last quarter and additional investments in digital media, TOTVS' new communication campaign and the Tech Meeting event; and (ii) the consolidation of RD Station in June 2021, where Sales and Marketing expenses represented 29% of revenue. These increases were partially offset by the reduction in the commissions line, due to the reduction in License Revenue in the period.

In the annual comparison, the growth of 190 basis points in the representativeness of this line is explained by the impact of the pandemic generated on variable compensation, commissions and marketing investments in 2Q20, in addition to the consolidation of Wealth Systems, Supplier, Tail and RD Station results.

## General and Administrative Expenses and Provision for Contingencies

The General and Administrative (G&A) expenses, excluding the extraordinary impacts of expenses with M&A transactions, represented 10% of Net Revenue, 90 basis points above the previous quarter, especially due the consolidation of the RD Station results, where this line represents 15% of Net Revenue.

The Provision for Contingencies line continues with a lower number of new claims, and recorded in the quarter an expense 47% lower than the previous quarter and below the historical average.

## Other Net Revenues (Expenses)

The Other Net Revenues (Expenses) line suffered in this quarter the extraordinary impact of: (i) R\$8.7 million in revenue from tax credits; (ii) R\$0.8 million related to the review and update of earn-out amounts for M&A transactions; and (iii) R\$0.5 million from the sale of fixed assets.



# CONSOLIDATED RESULTS

## EBITDA

In R\$ thousand	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
<b>Net Revenue</b>	<b>763,375</b>	<b>627,399</b>	<b>21.7%</b>	<b>720,256</b>	<b>6.0%</b>	<b>1,483,631</b>	<b>1,228,817</b>	<b>20.7%</b>
<b>Consolidated Contribution Margin</b>	<b>400,213</b>	<b>313,702</b>	<b>27.6%</b>	<b>391,226</b>	<b>2.3%</b>	<b>791,439</b>	<b>622,250</b>	<b>27.2%</b>
Management Contribution Margin	360,853	301,982	19.5%	359,463	0.4%	720,316	610,729	17.9%
Biz Performance Contribution Margin	12,021	173	>999%	1,499	701.9%	13,520	223	>999%
Techfin Contribution Margin	27,339	11,547	136.8%	30,264	(9.7%)	57,603	11,298	409.9%
Sales and Marketing Expenses	(138,345)	(101,474)	36.3%	(129,167)	7.1%	(267,512)	(221,297)	20.9%
Adjusted Adm. and Other Expenses	(78,130)	(74,891)	4.3%	(72,870)	7.2%	(150,999)	(136,753)	10.4%
<b>Adjusted EBITDA</b>	<b>183,738</b>	<b>137,337</b>	<b>33.8%</b>	<b>189,189</b>	<b>(2.9%)</b>	<b>372,928</b>	<b>264,200</b>	<b>41.2%</b>
<i>Adjusted EBITDA Margin</i>	<i>24.1%</i>	<i>21.9%</i>	<i>220 bp</i>	<i>26.3%</i>	<i>-220 bp</i>	<i>25.1%</i>	<i>21.5%</i>	<i>360 bp</i>

The Adjusted EBITDA Margin ended the quarter at 24.1%, 220 basis points above 2Q20, mainly driven by the increase in Management Contribution Margin, which was boosted by the growth in Recurring Revenue; and the increase in Techfin Contribution Margin, coming from the growth in Revenue and Credit Production.

When compared to 1Q21, the 220 basis points reduction is explained by the reduction in Management Licenses Revenue (explained by the corporate model seasonality) and the reduction in Techfin Contribution Margin due to the increase in the Selic Rate and the Provision for Expected Credit Losses in the quarter, explained above.

## Depreciation and Amortization Expenses

In R\$ thousand	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
Depreciation	(26,744)	(24,952)	7.2%	(26,103)	2.5%	(52,847)	(48,856)	8.2%
Amortization	(33,026)	(27,706)	19.2%	(33,200)	(0.5%)	(66,226)	(42,590)	55.5%
<b>Depreciation and Amortization</b>	<b>(59,770)</b>	<b>(52,658)</b>	<b>13.5%</b>	<b>(59,303)</b>	<b>0.8%</b>	<b>(119,073)</b>	<b>(91,446)</b>	<b>30.2%</b>

The increase in Depreciation expenses, compared to 1Q21, is mainly associated with the consolidation of RD Station results. The year-over-year growth in Depreciation and Amortization expenses is essentially due to the beginning of the Amortization of intangible assets arising from the acquisitions of Wealth Systems, Supplier and Tail, as mentioned in previous quarters. It is worth noting that the Amortization of intangible assets arising from the acquisition of RD Station will start in 3Q21.

## Financial Result

In R\$ thousand	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
Financial Revenues	13,103	15,193	(13.8%)	8,424	55.5%	21,527	32,157	(33.1%)
Financial Expenses	(25,672)	(15,553)	65.1%	(16,253)	58.0%	(41,925)	(26,315)	59.3%
<b>Financial Result</b>	<b>(12,569)</b>	<b>(360)</b>	<b>&gt;999%</b>	<b>(7,829)</b>	<b>60.5%</b>	<b>(20,398)</b>	<b>5,842</b>	<b>(449.2%)</b>

Financial Revenues grew 56% in 2Q21 compared to 1Q21, due to the increase in the average Interbank Deposit Certificate (CDI) for the period. When compared to 2Q20, the reduction in this line is mainly linked to the reduction in the average volume of cash invested, as a result of acquisitions made throughout 2020.

The 58% increase in Financial Expenses in 2Q21 compared to 1Q21 is mainly associated with interests on the recent issue of debentures, which occurred in May, and on the funding raised by Supplier in 2Q21. In the year-over-year comparison, the adjustment to present value of earn-outs from the 2020 acquisitions is the main factor associated with the growth of this line.



## Income Tax and Social Contribution

In R\$ thousand	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
<b>EBT</b>	<b>114,573</b>	<b>84,319</b>	<b>35.9%</b>	<b>120,085</b>	<b>(4.6%)</b>	<b>234,658</b>	<b>178,192</b>	<b>31.7%</b>
Taxes at combined rate (34%)	(38,955)	(28,668)	35.9%	(40,829)	(4.6%)	(79,784)	(60,585)	31.7%
Law 11,196/05 - R&D Incentive	5,421	5,119	5.9%	4,442	22.0%	9,863	7,442	32.5%
Interest on Equity	30	-	-	-	-	30	-	-
Effect of Different Taxation in Subsidiaries	(2,841)	(1,830)	55.2%	(3,559)	(20.2%)	(6,400)	(3,418)	87.2%
Management Bonus	(439)	(333)	31.8%	(466)	(5.8%)	(905)	(434)	108.5%
Government Subsidies	445	518	(14.1%)	781	(43.0%)	1,226	633	93.7%
Other	409	(795)	(151.4%)	191	114.1%	600	(893)	(167.2%)
<b>Income Tax and Social Contribution</b>	<b>(35,930)</b>	<b>(25,989)</b>	<b>38.3%</b>	<b>(39,440)</b>	<b>(8.9%)</b>	<b>(75,370)</b>	<b>(57,255)</b>	<b>31.6%</b>
Current Income Tax and Social Contribution	(32,183)	(29,913)	7.6%	(52,748)	(39.0%)	(84,931)	(38,210)	122.3%
Deferred Income Tax and Social Contribution	(3,747)	3,924	(195.5%)	13,308	(128.2%)	9,561	(19,045)	(150.2%)
% Current Effective Tax Rate	28.1%	35.5%	-740 bp	43.9%	-1580 bp	36.2%	21.4%	1480 bp
% Total Effective Tax Rate	31.4%	30.8%	60 bp	32.8%	-140 bp	32.1%	32.1%	0 bp

The Effective Tax Rate was 31.4% in the quarter, 140 basis points below 1Q21, which is explained by the evolution of R&D projects according to the tax incentive rules and by the reduction in the Effect of Subsidiaries with Differentiated Taxes in the period. When compared to 2Q20, the increase of 60 basis points in the Total Effective Tax Rate is explained by the increase in the Effect of Subsidiaries with Differentiated Taxes.

## Net Income and Cash Earnings

In R\$ thousand	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
<b>Adjusted EBITDA TOTVS</b>	<b>183,738</b>	<b>137,337</b>	<b>33.8%</b>	<b>189,189</b>	<b>(2.9%)</b>	<b>372,928</b>	<b>264,200</b>	<b>41.2%</b>
Adjusted EBITDA Margin	24.1%	21.9%	220 bp	26.3%	-220 bp	25.1%	21.5%	360 bp
Depreciation and Amortization	(59,770)	(52,658)	13.5%	(59,303)	0.8%	(119,073)	(91,446)	30.2%
Financial Results + Equity Pickup	(13,133)	(360)	>999%	(7,829)	67.7%	(20,962)	5,842	(458.8%)
Income Tax and Social Contribution	(35,930)	(25,989)	38.3%	(39,440)	(8.9%)	(75,370)	(57,255)	31.6%
Taxes on Extraordinary Items	1,271	-	-	(671)	(289.5%)	600	(137)	(537.3%)
<b>Adjusted Net Income</b>	<b>76,176</b>	<b>58,330</b>	<b>30.6%</b>	<b>81,947</b>	<b>(7.0%)</b>	<b>158,123</b>	<b>121,203</b>	<b>30.5%</b>
Adjusted Net Margin	10.0%	9.3%	70 bp	11.4%	-140 bp	10.7%	9.9%	80 bp
Net Effect of Amortization	15,006	12,953	15.9%	14,737	1.8%	29,744	17,621	68.8%
<b>Cash Earnings*</b>	<b>91,183</b>	<b>71,283</b>	<b>27.9%</b>	<b>96,684</b>	<b>(5.7%)</b>	<b>187,867</b>	<b>138,824</b>	<b>35.3%</b>
Cash Earnings Margin	11.9%	11.4%	50 bp	13.4%	-150 bp	12.7%	11.3%	12.1%

\*Net Income without the effects of expenses with amortization of intangibles arising from acquisitions

Year-over-year, the 28% growth in Cash Earnings for the quarter is explained by the 34% growth in Adjusted EBITDA. Compared to 1Q21, the 5.7% reduction in Cash Earnings is essentially explained by the 2.9% reduction in Adjusted EBITDA, associated with the 140 basis points increase in the Effective Tax Rate, as per explained above.



# CASH FLOW

Despite the accounting treatment of consolidating the FIDC when preparing the Consolidated Financial Statements, we believe that this is not the best way to monitor the evolution of the Company's financial position, mainly for the following reasons: (i) FIDC is an independent organization, with independent management, in which the subordinated quotas held by Supplier represent only about 4.5% of such fund's capital; and (ii) the credit risk is transferred to the fund when the credits are assigned by Supplier, whose risk is limited to the capital used in its subordinated quotas. Accordingly, FIDC's Cash (presented under the heading "Financial Investments") was excluded from TOTVS' Cash and Cash Equivalent consolidated balance in the tables below. In addition, we present in Appendix VI of this document a reconciliation between the Cash Flow without the effects of the FIDC consolidation and the Cash Flow Statement that is part of the quarterly Consolidated Financial Statements.

Without the effects of FIDC consolidation

In R\$ thousand	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
<b>EBT</b>	<b>114,573</b>	<b>84,319</b>	<b>35.9%</b>	<b>120,085</b>	<b>(4.6%)</b>	<b>234,658</b>	<b>178,192</b>	<b>31.7%</b>
Non-Cash Items	93,261	102,741	(9.2%)	85,051	9.7%	178,312	168,320	5.9%
Change in Working Capital	(105,478)	(32,799)	221.6%	(22,575)	367.2%	(128,053)	(82,482)	55.3%
Interest paid	(3,136)	(1,191)	163.3%	(3,675)	(14.7%)	(6,811)	(9,469)	(28.1%)
Income Tax and Social Cont. paid	(20,238)	(10,191)	98.6%	(48,327)	(58.1%)	(68,565)	(20,996)	226.6%
<b>Net Operating Cash Flow</b>	<b>78,982</b>	<b>142,879</b>	<b>(44.7%)</b>	<b>130,559</b>	<b>(39.5%)</b>	<b>209,541</b>	<b>233,565</b>	<b>(10.3%)</b>
Acquisition of Subsidiaries	(1,706,073)	(128,328)	>999%	(19,024)	>999%	(1,725,097)	(317,879)	442.7%
Fixed Assets	(12,472)	(6,076)	105.3%	(10,114)	23.3%	(22,586)	(15,147)	49.1%
Intangibles	(13,271)	(13,860)	(4.2%)	(10,435)	27.2%	(23,706)	(18,717)	26.7%
Franchises Loans	(18,166)	-	-	(2,996)	506.3%	(21,162)	-	-
<b>Net Cash used in Investing Act.</b>	<b>(1,749,982)</b>	<b>(148,264)</b>	<b>&gt;999%</b>	<b>(42,569)</b>	<b>&gt;999%</b>	<b>(1,792,551)</b>	<b>(351,743)</b>	<b>409.6%</b>
Increase (Decrease) Gross Debt	1,474,288	22,390	>999%	(9,340)	<(999%)	1,464,948	5,481	>999%
Shareholders Remuneration	(101,170)	(118,444)	(14.6%)	(6,437)	>999%	(107,607)	(161,532)	(33.4%)
<b>Net Cash used in Financing Act.</b>	<b>1,373,118</b>	<b>(96,054)</b>	<b>&lt;(999%)</b>	<b>(15,777)</b>	<b>&lt;(999%)</b>	<b>1,357,341</b>	<b>(156,051)</b>	<b>(969.8%)</b>
Incr. (Dec.) in Cash and Cash Eq.	(297,882)	(101,439)	193.7%	72,213	(512.5%)	(225,669)	(274,229)	(17.7%)
Cash and Equiv. Beginning of the Period	1,083,851	1,365,366	(20.6%)	1,011,638	7.1%	1,011,638	1,538,156	(34.2%)
<b>Cash and Equiv. End of the Period</b>	<b>785,969</b>	<b>1,263,927</b>	<b>(37.8%)</b>	<b>1,083,851</b>	<b>(27.5%)</b>	<b>785,969</b>	<b>1,263,927</b>	<b>(37.8%)</b>
<b>Free Cash Flow*</b>	<b>37,142</b>	<b>123,729</b>	<b>(70.0%)</b>	<b>109,440</b>	<b>(66.1%)</b>	<b>146,582</b>	<b>205,951</b>	<b>(28.8%)</b>

\* Net cash from operating activities (+) Net cash from investing activities (-) Interest paid net of income tax (-) Amounts paid in the acquisition of equity interests

In both year-on-year and quarter-on-quarter comparisons, the reduction in Free Cash Flow is mostly associated with: (i) the increase in accounts receivable from clientes, especially the Supplier Administrator's credit portfolio, reflected in the Variation of the Working Capital line; and (ii) loans made to some franchises, as part of the consolidation process they are going through, in order to gain more scale and investment capacity, including to participate in the distribution of Techfin and Business Performance solutions.

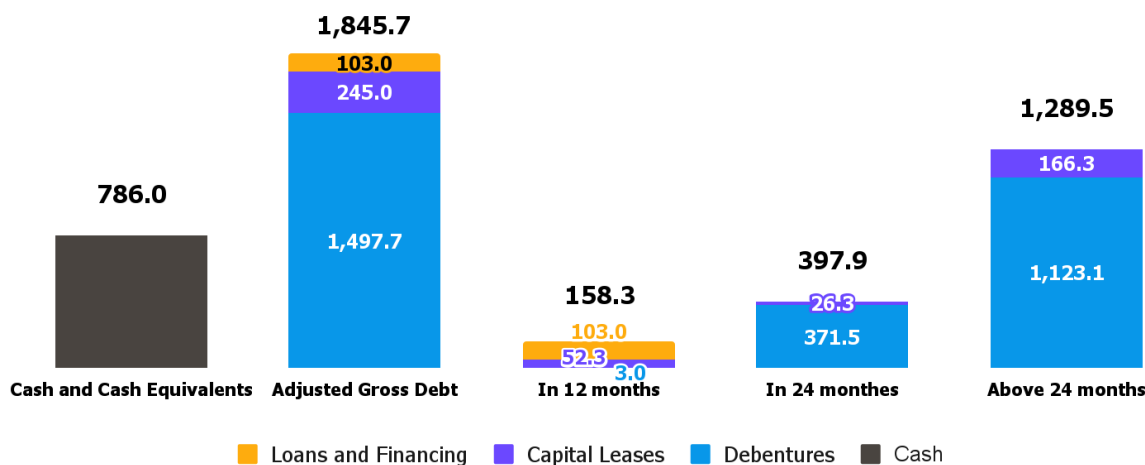


# GROSS AND NET DEBT

In addition to the assumptions already described in the “Cash Flow” section, we understand that the consolidation of FIDC effects also hinders the monitoring of the actual level of the Company's debts, since the senior and mezzanine shares are part of FIDC's equity and, therefore, they are not effectively payable by TOTVS. Accordingly, the balances of the senior and mezzanine shares were removed for the purpose of calculating Adjusted Gross and Net Debts, as shown below:

In R\$ thousand	2Q21	2Q20	Δ	1Q21	Δ
Loans and Financing	102,988	11,071	830.3%	101,704	1.3%
Capital Leases	244,992	237,062	3.3%	259,911	(5.7%)
Debentures	1,497,677	403,787	270.9%	-	-
Senior and Mezzanine Quota	1,322,987	989,865	33.7%	1,135,225	16.5%
<b>Gross Debt</b>	<b>3,168,644</b>	<b>1,641,785</b>	<b>93.0%</b>	<b>1,496,840</b>	<b>111.7%</b>
(-) Senior and Mezzanine Quota	(1,322,987)	(989,865)	33.7%	(1,135,225)	16.5%
<b>Adjusted Gross Debt</b>	<b>1,845,657</b>	<b>651,920</b>	<b>183.1%</b>	<b>361,615</b>	<b>410.4%</b>
(-) Cash and Cash Equivalents	(785,969)	(1,263,927)	(37.8%)	(1,083,851)	(27.5%)
<b>Adjusted Net Debt (Cash)</b>	<b>1,059,688</b>	<b>(612,007)</b>	<b>(273.1%)</b>	<b>(722,236)</b>	<b>(246.7%)</b>

Adjusted Gross Debt ended the quarter at R\$1,846 million, 410% above 1Q21, explained by the 3rd simple issue of debentures carried out in May, as reported in recent events. When compared to 2Q20, in addition to the issuance of debentures, the increase in Loans and Financing due to the R\$100.0 million raised by Supplier, for investment in senior FIDC quotas, contributed to the 183% growth.



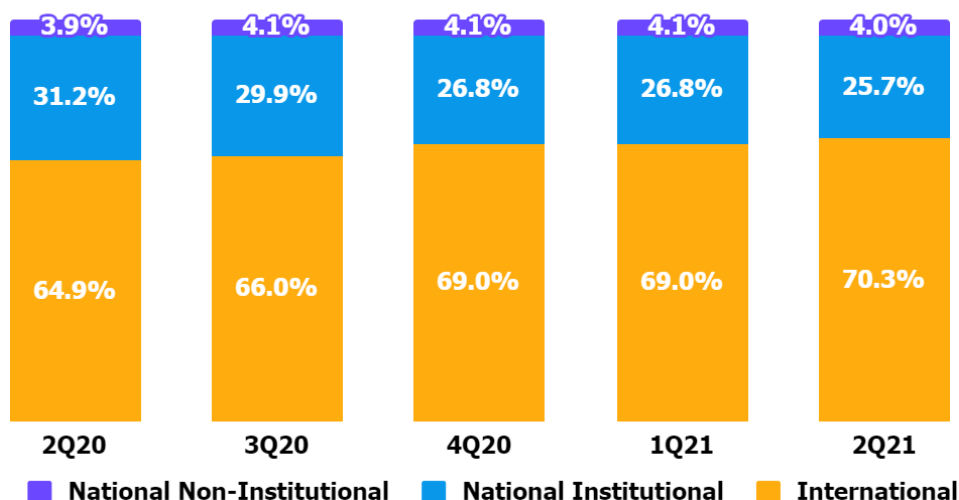
The Cash and Cash Equivalents Balance ended 2Q21 at R\$786 million, which corresponds to 43% of the total Adjusted Gross Debt and 5x the Adjusted Gross Debt maturing in the next 12 months.



# SHAREHOLDING COMPOSITION

TOTVS ended 2Q21 with a Capital Stock of R\$1.519 billion, comprising 577,913,181 common shares and free-float of 83.2%. The calculation of outstanding shares is based on all of the Company's shares, excluding the interests held by Management members and related persons, as well as treasury shares.

## In % of the free float



## About TOTVS

An absolute leader in systems and platforms for business management, TOTVS delivers productivity to more than 40 thousand clients by the digitalization of businesses. Going far beyond ERP, it offers financial services and business performance solutions, investing approximately R\$1.9 billion in research and development in the last five years to meet the requirements of 12 sectors of the economy. As a Brazilian Company, TOTVS believes in a "Brazil that makes it happen" and supports the growth and sustainability of thousands of businesses and entrepreneurs, across the whole country, through its technology. For further information, please visit: [www.totvs.com.br](http://www.totvs.com.br)



THE CUSTOMER'S  
SUCCESS  
**IS OUR  
SUCCESS**



TECHNOLOGY +  
KNOWLEDGE  
**ARE OUR  
DNA**



WE VALUE  
GOOD PROFESSIONALS  
**WHO ARE  
GOOD PEOPLE**

This report contains forward-looking statements. Such information does not refer to historical facts only but reflects the wishes and expectations of TOTVS' management. Words such as "anticipates", "wants", "expects", "foresees", "intends", "plans", "predicts", "projects", "aims" and the like are intended to identify statements that necessarily involve known and unknown risks. Known risks include uncertainties not limited to the impact of price and product competitiveness, the acceptance of products on the market, product transitions from the Company and its competitors, regulatory approval, currency, currency fluctuations, supply and production hurdles, and changes in product sales, among other risks. This report also contains certain pro forma statements prepared by the Company only for information and reference purposes and are therefore unaudited. This report is up to date, and TOTVS has no obligation to update it with new information and/or future events.



# APPENDIX I

## Consolidated Income Statement

In R\$ thousand	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
<b>Net Revenue</b>	<b>763,375</b>	<b>627,399</b>	<b>21.7%</b>	<b>720,256</b>	<b>6.0%</b>	<b>1,483,631</b>	<b>1,228,817</b>	<b>20.7%</b>
Management Revenue	678,854	600,254	13.1%	660,265	2.8%	1,339,119	1,201,615	11.4%
Business Performance Revenue	23,577	176	>999%	4,377	438.7%	27,954	226	>999%
Techfin Revenue	60,944	26,969	126.0%	55,614	9.6%	116,558	26,976	332.1%
<b>Operating Costs</b>	<b>(225,043)</b>	<b>(183,134)</b>	<b>22.9%</b>	<b>(204,599)</b>	<b>10.0%</b>	<b>(429,642)</b>	<b>(364,556)</b>	<b>17.9%</b>
Management Operating Costs	(193,869)	(173,577)	11.7%	(182,882)	6.0%	(376,751)	(354,999)	6.1%
Business Performance Operating Costs	(7,484)	-	-	(2,684)	178.8%	(10,168)	-	-
Techfin Costs	(23,690)	(9,557)	147.9%	(19,033)	24.5%	(42,723)	(9,557)	347.0%
<b>Gross Profit</b>	<b>538,332</b>	<b>444,265</b>	<b>21.2%</b>	<b>515,657</b>	<b>4.4%</b>	<b>1,053,989</b>	<b>864,261</b>	<b>22.0%</b>
Operating Expenses	(410,626)	(359,586)	14.2%	(387,743)	5.9%	(798,369)	(691,911)	15.4%
Research and Development	(129,219)	(106,132)	21.8%	(117,563)	9.9%	(246,782)	(212,021)	16.4%
Commercial and Marketing Expenses	(138,345)	(101,474)	36.3%	(129,167)	7.1%	(267,512)	(221,297)	20.9%
Provision for Expected Credit Losses	(8,900)	(24,431)	(63.6%)	(6,868)	29.6%	(15,768)	(29,990)	(47.4%)
General and Administrative Expenses	(82,108)	(58,351)	40.7%	(67,765)	21.2%	(149,873)	(108,270)	38.4%
Provision for Contingencies	(4,793)	(16,814)	(71.5%)	(9,128)	(47.5%)	(13,921)	(29,676)	(53.1%)
Depreciation and Amortization	(59,770)	(52,658)	13.5%	(59,303)	0.8%	(119,073)	(91,446)	30.2%
Other Net Revenues (Expenses)	12,509	274	>999%	2,051	509.9%	14,560	789	>999%
<b>EBIT</b>	<b>127,706</b>	<b>84,679</b>	<b>50.8%</b>	<b>127,914</b>	<b>(0.2%)</b>	<b>255,620</b>	<b>172,350</b>	<b>48.3%</b>
Financial Result	(12,569)	(360)	>999%	(7,829)	60.5%	(20,398)	5,842	(449.2%)
Equity Pickup	(564)	-	-	-	-	(564)	-	-
<b>Earnings Before Taxes (EBT)</b>	<b>114,573</b>	<b>84,319</b>	<b>35.9%</b>	<b>120,085</b>	<b>(4.6%)</b>	<b>234,658</b>	<b>178,192</b>	<b>31.7%</b>
Income Tax and Social Contribution	(35,930)	(25,989)	38.3%	(39,440)	(8.9%)	(75,370)	(57,255)	31.6%
Current	(32,183)	(29,913)	7.6%	(52,748)	(39.0%)	(84,931)	(38,210)	122.3%
Deferred	(3,747)	3,924	(195.5%)	13,308	(128.2%)	9,561	(19,045)	(150.2%)
<b>Net Income from Continuing Operation</b>	<b>78,643</b>	<b>58,330</b>	<b>34.8%</b>	<b>80,645</b>	<b>(2.5%)</b>	<b>159,288</b>	<b>120,937</b>	<b>31.7%</b>
<i>Net Margin Continued Operation</i>	<i>10.3%</i>	<i>9.3%</i>	<i>10.8%</i>	<i>11.2%</i>	<i>-90 bp</i>	<i>10.7%</i>	<i>9.8%</i>	<i>90 bp</i>
Net Income (Loss) from Discontinued Op.	-	(337)	(100.0%)	-	-	-	(1,436)	(100.0%)
<b>Net Income</b>	<b>78,643</b>	<b>57,993</b>	<b>35.6%</b>	<b>80,645</b>	<b>(2.5%)</b>	<b>159,288</b>	<b>119,501</b>	<b>33.3%</b>
<i>Net Margin</i>	<i>10.3%</i>	<i>9.2%</i>	<i>110 bp</i>	<i>11.2%</i>	<i>-90 bp</i>	<i>10.7%</i>	<i>9.7%</i>	<i>100 bp</i>



# APPENDIX II

## EBITDA and Net Income Reconciliation

In R\$ thousand	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
<b>Net Income</b>	<b>78,643</b>	<b>57,993</b>	<b>35.6%</b>	<b>80,645</b>	<b>(2.5%)</b>	<b>159,288</b>	<b>119,501</b>	<b>33.3%</b>
<i>Net Margin</i>	<i>10.3%</i>	<i>9.2%</i>	<i>110 bp</i>	<i>11.2%</i>	<i>-90 bp</i>	<i>10.7%</i>	<i>9.7%</i>	<i>100 bp</i>
Depreciation and Amortization	59,770	52,658	13.5%	59,303	0.8%	119,073	91,446	30.2%
Financial Results + Equity Pickup	12,569	360	>999%	7,829	60.5%	20,398	(5,842)	(449.2%)
Equity Pickup	564	-	-	-	-	564	-	-
Income Tax and Social Contribution	35,930	25,989	38.3%	39,440	(8.9%)	75,370	57,255	31.6%
Net Income (Loss) from Discontinued Op.	-	337	(100.0%)	-	-	-	1,436	(100.0%)
<b>EBITDA</b>	<b>187,476</b>	<b>137,337</b>	<b>36.5%</b>	<b>187,217</b>	<b>0.1%</b>	<b>374,693</b>	<b>263,796</b>	<b>42.0%</b>
<i>EBITDA Margin</i>	<i>24.6%</i>	<i>21.9%</i>	<i>270 bp</i>	<i>26.0%</i>	<i>-140 bp</i>	<i>25.3%</i>	<i>21.5%</i>	<i>380 bp</i>
<b>Extraordinary Items</b>	<b>(3,738)</b>	<b>-</b>	<b>-</b>	<b>1,972</b>	<b>(289.5%)</b>	<b>(1,765)</b>	<b>404</b>	<b>(537.3%)</b>
Earn-out Adjustment at Fair Value	(834)	-	-	-	-	(834)	-	-
Expenses with M&A Transactions	5,814	-	-	1,972	194.8%	7,786	404	>999%
Tax Credit	(8,718)	-	-	-	-	(8,718)	-	-
<b>Adjusted EBITDA</b>	<b>183,738</b>	<b>137,337</b>	<b>33.8%</b>	<b>189,189</b>	<b>(2.9%)</b>	<b>372,928</b>	<b>264,200</b>	<b>41.2%</b>
<i>Adjusted EBITDA Margin</i>	<i>24.1%</i>	<i>21.9%</i>	<i>220 bp</i>	<i>26.3%</i>	<i>-220 bp</i>	<i>25.1%</i>	<i>21.5%</i>	<i>360 bp</i>



# APPENDIX III

## Balance Sheet

Without the effects of FIDC consolidation

In R\$ thousand	2Q21	2Q20	Δ	1Q21	Δ
<b>ASSETS</b>					
<b><u>Current Assets</u></b>	<b>1,852,456</b>	<b>1,845,367</b>	<b>0.4%</b>	<b>1,955,360</b>	<b>(5.3%)</b>
Cash and Cash Equivalents	785,969	1,263,927	(37.8%)	1,083,851	(27.5%)
Financial Investments	173,114	47,348	265.6%	169,605	2.1%
Trade Receivables	814,874	514,723	58.3%	672,384	21.2%
Provision for Expected Credit Losses	(81,539)	(90,547)	(9.9%)	(80,407)	1.4%
Recoverable Taxes	54,389	18,071	201.0%	37,005	47.0%
Othe Assets	96,582	81,585	18.4%	63,204	52.8%
Escrow Accounts	9,067	10,260	(11.6%)	9,718	(6.7%)
<b><u>Non-current Assets</u></b>	<b>4,427,517</b>	<b>2,325,531</b>	<b>90.4%</b>	<b>2,344,522</b>	<b>88.8%</b>
<b><u>Long-term assets</u></b>	<b>422,768</b>	<b>343,883</b>	<b>22.9%</b>	<b>383,072</b>	<b>10.4%</b>
Trade Receivables	60,881	39,327	54.8%	55,988	8.7%
Deferred Tax Assets	111,701	87,059	28.3%	115,561	(3.3%)
Judicial Deposits	44,032	50,094	(12.1%)	44,726	(1.6%)
Investments at Fair Value	89,297	97,756	(8.7%)	101,706	(12.2%)
Recoverable Taxes	-	8,139	(100.0%)	-	-
Escrow Accounts	34,388	1,347	>999%	-	-
Othe Assets	82,469	60,161	37.1%	65,091	26.7%
Investments	2,797	3,464	(19.3%)	3,707	(24.5%)
Property, Plant and Equipment	390,855	387,229	0.9%	394,934	(1.0%)
Intangible Assets	3,611,097	1,590,955	127.0%	1,562,809	131.1%
<b>TOTAL ASSETS</b>	<b>6,279,973</b>	<b>4,170,898</b>	<b>50.6%</b>	<b>4,299,882</b>	<b>46.0%</b>
<b>LIABILITIES</b>					
<b><u>Current Liabilities</u></b>	<b>1,400,726</b>	<b>1,127,504</b>	<b>24.2%</b>	<b>1,062,455</b>	<b>31.8%</b>
Labor Liabilities	329,440	235,415	39.9%	222,982	47.7%
Trade and Other Payables	107,722	74,966	43.7%	77,001	39.9%
Taxes and Contributions Payable	78,420	99,969	(21.6%)	70,567	11.1%
Loans and Financing	102,988	11,071	830.3%	101,704	1.3%
Debentures	2,993	403,787	(99.3%)	-	-
Lease Liabilities	52,343	47,323	10.6%	54,435	(3.8%)
Dividends Payable	1,040	870	19.5%	51,250	(98.0%)
Accounts Payable from Acq. of Subsid.	160,230	33,891	372.8%	29,400	445.0%
Commissions Payable	61,816	47,255	30.8%	61,738	0.1%
Other Liabilities	71,271	12,114	488.3%	11,756	506.3%
Business Partners Payable	432,463	160,843	168.9%	381,622	13.3%
<b><u>Non-current Liabilities</u></b>	<b>2,156,034</b>	<b>525,983</b>	<b>309.9%</b>	<b>534,739</b>	<b>303.2%</b>
Lease Liabilities	192,649	189,739	1.5%	205,476	(6.2%)
Debentures	1,494,684	-	-	-	-
Accounts Payable from Acq. of Subsid.	269,699	173,230	55.7%	157,653	71.1%
Other Liabilities	67,354	22,494	199.4%	30,116	123.6%
Tax Obligations	3,385	4,728	(28.4%)	3,672	(7.8%)
Deferred Income Taxes	2,349	-	-	2,004	17.2%
Provision for Contingencies	125,914	135,792	(7.3%)	135,818	(7.3%)
<b><u>Shareholders' Equity</u></b>	<b>2,723,213</b>	<b>2,517,411</b>	<b>8.2%</b>	<b>2,702,688</b>	<b>0.8%</b>
Capital	1,519,412	1,382,509	9.9%	1,382,509	9.9%
Capital Reserves	894,758	879,145	1.8%	901,880	(0.8%)
Treasury Shares	(133,303)	(148,606)	(10.3%)	(148,478)	(10.2%)
Reserve	404,254	353,890	14.2%	462,514	(12.6%)
Proposed Dividends	-	-	-	50,960	(100.0%)
Other Comprehensive Income	38,092	50,473	(24.5%)	53,303	(28.5%)
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,279,973</b>	<b>4,170,898</b>	<b>50.6%</b>	<b>4,299,882</b>	<b>46.0%</b>



# APPENDIX IV

## Balance Sheet Reconciliation

	2Q21		
	Consolidated	Effects from FIDC Consolidation	Consolidated without FIDC
<b>ASSETS</b>			
<b>Current Assets</b>	<b>3,175,682</b>	<b>(1,323,226)</b>	<b>1,852,456</b>
Cash and Cash Equivalents	802,260	(16,291)	785,969
Financial Investments	288,095	(114,981)	173,114
Trade Receivables	1,922,045	(1,188,710)	733,335
Other Current Assets	163,282	(3,244)	160,038
<b>Non-Current Assets</b>	<b>4,427,517</b>	<b>-</b>	<b>4,427,517</b>
Other Non-Current Assets	425,565	-	425,565
Property, Plant and Equipment	390,855	-	390,855
Intangible Assets	3,611,097	-	3,611,097
<b>TOTAL ASSETS</b>	<b>7,603,199</b>	<b>(1,323,226)</b>	<b>6,279,973</b>
<b>LIABILITIES</b>			
<b>Current Assets</b>	<b>2,723,952</b>	<b>(1,323,226)</b>	<b>1,400,726</b>
Loans, Financing and Lease Liabilities	155,331	-	155,331
Business Partners Payable	432,463	-	432,463
Debentures	2,993	-	2,993
Senior and Mezzanine Quotas	1,322,987	(1,322,987)	-
Other Current Liabilities	810,178	(239)	809,939
<b>Non-Current Assets</b>	<b>2,156,034</b>	<b>-</b>	<b>2,156,034</b>
Loans, Financing and Lease Liabilities	192,649	-	192,649
Debentures	1,494,684	-	1,494,684
Provision for Contingencies	125,914	-	125,914
Other Non-Current Liabilities	342,787	-	342,787
Shareholders' Equity	2,723,213	-	2,723,213
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>7,603,199</b>	<b>(1,323,226)</b>	<b>6,279,973</b>



# APPENDIX V

## Cash Flow

Without the effects of FIDC consolidation

In R\$ thousand	2Q21	2Q20	Δ	1Q21	Δ	1H21	1H20	Δ
<b>EBT</b>	<b>114,573</b>	<b>84,319</b>	<b>35.9%</b>	<b>120,085</b>	<b>(4.6%)</b>	<b>234,658</b>	<b>178,192</b>	<b>31.7%</b>
<b>Adjustments:</b>	<b>93,261</b>	<b>102,741</b>	<b>(9.2%)</b>	<b>85,051</b>	<b>9.7%</b>	<b>178,312</b>	<b>168,320</b>	<b>5.9%</b>
Depreciation and Amortization	59,770	52,658	13.5%	59,303	0.8%	119,073	91,446	30.2%
Share-based Payments Expense	8,053	6,596	22.1%	7,115	13.2%	15,168	8,902	70.4%
Losses on Disposal of Fixed Assets and Inv.	310	(1,367)	(122.7%)	(294)	(205.4%)	16	(1,431)	(101.1%)
Provision for Expected Credit Losses	5,788	19,614	(70.5%)	5,565	4.0%	11,353	25,173	(54.9%)
Equity Pickup	564	-	-	-	-	564	-	-
Prov. for Contingencies, Net of Reversals	4,793	16,871	(71.6%)	9,128	(47.5%)	13,921	29,676	(53.1%)
Provision (Reversal) for Other Obligations	(834)	(720)	15.8%	-	-	(834)	(720)	15.8%
Inter., Monet. and Exchange Var., Net	14,817	9,089	63.0%	4,234	250.0%	19,051	15,274	24.7%
<b>Changes in Op. Assets and Liabilities:</b>	<b>(105,478)</b>	<b>(32,799)</b>	<b>221.6%</b>	<b>(22,575)</b>	<b>367.2%</b>	<b>(128,053)</b>	<b>(82,482)</b>	<b>55.3%</b>
Trade Receivables	(124,425)	(66,960)	85.8%	(35,801)	247.5%	(160,226)	(87,115)	83.9%
Recoverable Taxes	(9,416)	23,352	(140.3%)	1,087	(966.2%)	(8,329)	15,731	(152.9%)
Judicial Deposits	1,122	1,778	(36.9%)	(297)	(477.8%)	825	15,710	(94.7%)
Other Assets	(24,161)	(7,518)	221.4%	(25,572)	(5.5%)	(49,733)	(32,251)	54.2%
Labor Liabilities	37,315	32,608	14.4%	11,379	227.9%	48,694	23,270	109.3%
Trade and Other Payables	(9,851)	5,013	(296.5%)	(22,114)	(55.5%)	(31,965)	5,942	(638.0%)
Commissions Payable	(2,574)	(6,368)	(59.6%)	7,943	(132.4%)	5,369	246	>999%
Taxes and Contributions Payable	(8,256)	23,392	(135.3%)	(8,717)	(5.3%)	(16,973)	23,998	(170.7%)
Other Accounts Payable	(16,073)	(21,738)	(26.1%)	(3,288)	388.8%	(19,361)	(31,655)	(38.8%)
Business Partners Payable	50,841	(16,358)	(410.8%)	52,805	(3.7%)	103,646	(16,358)	(733.6%)
<b>Operating Cash Flow</b>	<b>102,356</b>	<b>154,261</b>	<b>(33.6%)</b>	<b>182,561</b>	<b>(43.9%)</b>	<b>284,917</b>	<b>264,030</b>	<b>7.9%</b>
Interest paid	(3,136)	(1,191)	163.3%	(3,675)	(14.7%)	(6,811)	(9,469)	(28.1%)
Income Taxes Paid	(20,238)	(10,191)	98.6%	(48,327)	(58.1%)	(68,565)	(20,996)	226.6%
<b>Net Operating Cash Flow</b>	<b>78,982</b>	<b>142,879</b>	<b>(44.7%)</b>	<b>130,559</b>	<b>(39.5%)</b>	<b>209,541</b>	<b>233,565</b>	<b>(10.3%)</b>
Acquisition of Equity Interest	(1,705,031)	(134,465)	>999%	-	-	(1,705,031)	(321,895)	429.7%
Purchases of Intangible Assets	(13,271)	(13,860)	(4.2%)	(10,435)	27.2%	(23,706)	(18,717)	26.7%
Sale (Acquisition) of Onvestments	346	6,137	(94.4%)	5,041	(93.1%)	5,387	11,137	(51.6%)
Franchises Loans	(18,166)	-	-	(2,996)	506.3%	(21,162)	-	-
Value from Fixed Assets Sale	882	1,374	(35.8%)	503	75.3%	1,385	1,697	(18.4%)
Payment of Oblig. for Acquisition of Inv.	(1,388)	-	-	(24,065)	(94.2%)	(25,453)	(7,121)	257.4%
Acquisition of Fixed Assets	(13,354)	(7,450)	79.2%	(10,617)	25.8%	(23,971)	(16,844)	42.3%
<b>Net Cash used in Investing Act.</b>	<b>(1,749,982)</b>	<b>(148,264)</b>	<b>&gt;999%</b>	<b>(42,569)</b>	<b>&gt;999%</b>	<b>(1,792,551)</b>	<b>(351,743)</b>	<b>409.6%</b>
Payment of Princ. on Loans and Financing	-	(161,126)	(100.0%)	(828)	(100.0%)	(828)	(163,937)	(99.5%)
Payment of Leasing Installments	(15,081)	(13,408)	12.5%	(8,512)	77.2%	(23,593)	(27,506)	(14.2%)
Dividends paid	(101,170)	(63,652)	58.9%	(6,437)	>999%	(107,607)	(68,526)	57.0%
Loans and Financing	1,489,369	196,924	656.3%	-	-	1,489,369	196,924	656.3%
Net Treasury Shares	-	(54,792)	(100.0%)	-	-	-	(93,006)	(100.0%)
<b>Net Cash used in Financing Act.</b>	<b>1,373,118</b>	<b>(96,054)</b>	<b>&lt;(999%)</b>	<b>(15,777)</b>	<b>&lt;(999%)</b>	<b>1,357,341</b>	<b>(156,051)</b>	<b>(969.8%)</b>
<b>Incr. (Dec.) in Cash and Cash Eq.</b>	<b>(297,882)</b>	<b>(101,439)</b>	<b>193.7%</b>	<b>72,213</b>	<b>(512.5%)</b>	<b>(225,669)</b>	<b>(274,229)</b>	<b>(17.7%)</b>
Cash and Equiv. Beginning of the Period	1,083,851	1,365,366	(20.6%)	1,011,638	7.1%	1,011,638	1,538,156	(34.2%)
Cash and Equiv. End of the Period	785,969	1,263,927	(37.8%)	1,083,851	(27.5%)	785,969	1,263,927	(37.8%)



# APPENDIX VI

## 2Q21 and 1H21 Cash Flow Reconciliation

In R\$ thousand	2Q21			1H21		
	Consolidated	Effects from FIDC Consolidation	Consolidated without FIDC	Consolidated	Effects from FIDC Consolidation	Consolidated without FIDC
<b>EBT</b>	<b>114,573</b>	<b>-</b>	<b>114,573</b>	<b>234,658</b>	<b>-</b>	<b>234,658</b>
Non-Cash Items	115,379	(22,118)	93,261	221,792	(43,480)	178,312
Change in Working Capital	(103,678)	(1,800)	(105,478)	(347,175)	219,122	(128,053)
Interest Paid	(3,136)	-	(3,136)	(6,811)	-	(6,811)
Income Tax and Social Cont. Paid	(20,238)	-	(20,238)	(68,565)	-	(68,565)
<b>Net Operating Cash Flow</b>	<b>102,900</b>	<b>(23,918)</b>	<b>78,982</b>	<b>33,899</b>	<b>175,642</b>	<b>209,541</b>
Subsidiaries	(1,706,073)	-	(1,706,073)	(1,725,097)	-	(1,725,097)
Fixed Assets	(12,472)	-	(12,472)	(22,586)	-	(22,586)
Intangibles	(13,271)	-	(13,271)	(23,706)	-	(23,706)
Franchises Loans	(18,166)	-	(18,166)	(21,162)	-	(21,162)
Financial Investments	(194,326)	194,326	-	(106,089)	106,089	-
<b>Net Cash used in Investing Act.</b>	<b>(1,944,308)</b>	<b>194,326</b>	<b>(1,749,982)</b>	<b>(1,898,640)</b>	<b>106,089</b>	<b>(1,792,551)</b>
Grow (Reduction) Gross Debt	1,474,288	-	1,474,288	1,464,948	-	1,464,948
Shareholders Payment	69,358	(170,528)	(101,170)	174,320	(281,927)	(107,607)
<b>Net Cash used in Financing Act.</b>	<b>1,543,646</b>	<b>(170,528)</b>	<b>1,373,118</b>	<b>1,639,268</b>	<b>(281,927)</b>	<b>1,357,341</b>
Incr. (Dec.) in Cash and Cash Eq.	(297,762)	(120)	(297,882)	(225,473)	(196)	(225,669)
Cash and Equiv. Beginning of the Period	1,100,022	(16,171)	1,083,851	1,027,733	(16,095)	1,011,638
<b>Cash and Equiv. End of the Period</b>	<b>802,260</b>	<b>(16,291)</b>	<b>785,969</b>	<b>802,260</b>	<b>(16,291)</b>	<b>785,969</b>
<b>Free Cash Flow*</b>	<b>(133,265)</b>	<b>170,408</b>	<b>37,142</b>	<b>(135,149)</b>	<b>281,731</b>	<b>146,582</b>

\* Net cash from operating activities (+) Net cash from investing activities (-) Interest paid net of income tax (-) Amounts paid in the acquisition of equity interests



# APPENDIX VII

## Pro Forma Business Performance Dimension Results and jun/21 RD Station

Biz Performance Result (in R\$ thousand)	1T20	2T20	3T20	4T20	1T21	2T21	jun/21 RD Station
<b>Net Revenue</b>	<b>37,210</b>	<b>38,838</b>	<b>43,633</b>	<b>50,876</b>	<b>52,395</b>	<b>57,937</b>	<b>18,041</b>
Recurring	36,521	37,697	41,876	48,579	51,412	56,585	17,655
Non Recurring	689	1,141	1,757	2,297	983	1,352	386
<b>Costs</b>	<b>(12,877)</b>	<b>(14,055)</b>	<b>(13,532)</b>	<b>(15,711)</b>	<b>(14,928)</b>	<b>(15,911)</b>	<b>(4,277)</b>
<b>Gross Profit</b>	<b>24,333</b>	<b>24,783</b>	<b>30,101</b>	<b>35,165</b>	<b>37,467</b>	<b>42,026</b>	<b>13,764</b>
Gross Margin	65.4%	63.8%	69.0%	69.1%	71.5%	72.5%	76.3%
Research and Development	(9,359)	(9,944)	(9,149)	(9,062)	(9,968)	(11,282)	(3,930)
Provision for Expected Credit Losses	(2,898)	(1,381)	(331)	(1,177)	(1,273)	88	(107)
<b>Biz Performance Contribution Margin</b>	<b>12,076</b>	<b>13,458</b>	<b>20,621</b>	<b>24,926</b>	<b>26,226</b>	<b>30,832</b>	<b>9,727</b>
% Biz Performance Contribution Margin	32.5%	34.7%	47.3%	49.0%	50.1%	53.2%	53.9%

## Pro Forma Techfin Dimension Results

Techfin Result (in R\$ thousand)	2Q21	2Q20*	Δ	1Q21	Δ	1H21	1H20*	Δ
<b>Techfin Revenue</b>	<b>60,944</b>	<b>36,776</b>	<b>65.7%</b>	<b>55,614</b>	<b>9.6%</b>	<b>116,558</b>	<b>83,714</b>	<b>39.2%</b>
Funding Cost	(18,305)	(11,544)	58.6%	(14,164)	29.2%	(32,469)	(23,709)	36.9%
<b>Net Funding Cost Revenue</b>	<b>42,639</b>	<b>25,232</b>	<b>69.0%</b>	<b>41,450</b>	<b>2.9%</b>	<b>84,089</b>	<b>60,005</b>	<b>40.1%</b>
Operational Costs	(5,385)	(3,145)	71.2%	(4,869)	10.6%	(10,254)	(8,377)	22.4%
<b>Gross Profit</b>	<b>37,254</b>	<b>22,087</b>	<b>68.7%</b>	<b>36,581</b>	<b>1.8%</b>	<b>73,835</b>	<b>51,628</b>	<b>43.0%</b>
Research and Development	(5,823)	(1,263)	361.1%	(4,499)	29.4%	(10,322)	(3,114)	231.5%
Provision for Expected Credit Losses	(4,092)	(5,593)	(26.8%)	(1,818)	125.1%	(5,910)	(11,708)	(49.5%)
<b>Techfin Contribution Margin</b>	<b>27,339</b>	<b>15,231</b>	<b>79.5%</b>	<b>30,264</b>	<b>(9.7%)</b>	<b>57,603</b>	<b>36,806</b>	<b>56.5%</b>
% Techfin Contribution Margin	44.9%	41.4%	350 bp	54.4%	-950 bp	49.4%	44.0%	540 bp
% Net Funding Revenue Contrib. Margin	64.1%	60.4%	370 bp	73.0%	-890 bp	68.5%	61.3%	720 bp

\*Data presented for comparison purposes only, not fully consolidated in the 2020 Company result.



# APPENDIX VIII

## Results Reconciliation

	2Q20			1H20		
	Technology	Credit Products	Consolidated	Technology	Credit Products	Consolidated
<b>In R\$ thousand</b>						
<b>Consolidated Net Revenue</b>	<b>600,735</b>	<b>26,664</b>	<b>627,399</b>	<b>1,202,153</b>	<b>26,664</b>	<b>1,228,817</b>
Management Revenue	600,254	-	600,254	1,201,615	-	1,201,615
Business Performance Revenue	176	-	176	226	-	226
Techfin Revenue	305	26,664	26,969	312	26,664	26,976
<b>Consolidated Contribution Margin</b>	<b>302,201</b>	<b>11,501</b>	<b>313,702</b>	<b>610,749</b>	<b>11,501</b>	<b>622,250</b>
Management Contribution Margin	301,982	-	301,982	610,729	-	610,729
Biz Performance Contribution Margin	173	-	173	223	-	223
Techfin Contribution Margin	46	11,501	11,547	(203)	11,501	11,298
<b>Sales and Marketing Expenses</b>	<b>(99,176)</b>	<b>(2,298)</b>	<b>(101,474)</b>	<b>(218,999)</b>	<b>(2,298)</b>	<b>(221,297)</b>
<b>Adjusted Adm. and Other Expenses</b>	<b>(66,000)</b>	<b>(8,891)</b>	<b>(74,891)</b>	<b>(128,266)</b>	<b>(8,891)</b>	<b>(137,157)</b>
<b>EBITDA</b>	<b>137,025</b>	<b>312</b>	<b>137,337</b>	<b>263,484</b>	<b>312</b>	<b>263,796</b>
<i>EBITDA Margin</i>	<i>22.8%</i>	<i>1.2%</i>	<i>21.9%</i>	<i>21.9%</i>	<i>1.2%</i>	<i>21.5%</i>
Extraordinary Items	-	-	-	404	-	404
<b>Adjusted EBITDA</b>	<b>137,025</b>	<b>312</b>	<b>137,337</b>	<b>263,888</b>	<b>312</b>	<b>264,200</b>
<i>Adjusted EBITDA Margin</i>	<i>22.8%</i>	<i>1.2%</i>	<i>21.9%</i>	<i>22.0%</i>	<i>1.2%</i>	<i>21.5%</i>



# GLOSSARY

## A

**ADTV** (Average Daily Trading Volume)

**ARR** (Annual Recurring Revenue)

## C

**CADE** (Conselho Administrativo de Defesa Econômica): Brazilian Antitrust Agency.

**Carve-out:** the process by which a company sells a generally smaller and autonomous portion of its business (a division, a product line, a group of contracts, a subsidiary, etc.) to an interested party.

**Cash Earnings:** is a non-accounting metrics that represents Net Profit without the effects of amortization expenses of intangible assets arising from company acquisitions and the corresponding impacts of income tax and social contribution on such amortization. This measurement is important to monitor the progress of net income without the effects of acquisitions, considering the relevance of the Company's acquisition strategy.

**Contribution Margin:** It represents how much the sale of a product or service contributes to covering costs and expenses, and generating profit.

**Cross-selling:** marketing strategy to leverage sales with the sale of other portfolio offerings, in addition to the customer's existing solution.

## E

**Earn-out:** a portion corresponding to the payment of the part of the acquisition price of a company and linked to compensation to the selling partners in relation to the company's future profits.

**EBITDA** (Earning Before Interest, Tax, Depreciation and Amortization): is a non-accounting measure prepared by the Company and consists of net income for the year or period, plus financial income and expenses, income tax and social contribution, and depreciation and amortization costs and expenses

**ESG** (Environmental, Social and Governance)

## F

**FIDC** (Fundo de Investimento em Direitos Creditórios): securitization fund.

## G

**Global Report Initiative (GRI):** a multi-stakeholder organization that defines global Sustainability Reporting Standards developed with contributions from different stakeholders and focused on the public interest.

**GMV** (Gross Merchandise Volume): It represents the total sales value of products/services through the marketplace in a given period. It is a metric to estimate the size of the platform, but not its health.

## H

**Headcount:** count of the total employees of an organization.

## I

**IBOV** (Índice Bovespa): Bovespa Index. It is the most important indicator of the average performance of the prices of shares traded on the B3 stock exchange - Brazil, Bolsa, Balcão. It is formed by the shares with the highest volume traded in recent months.

**IbrX-50** (índice Brasil 50): Brazil 50 Index. The average performance indicator for the prices of the 50 most actively traded and best representative stocks of the Brazilian stock market.

**IIRC** (International Integrated Reporting Council)

## J

**JV** (joint venture): it comprises the economic association between two companies, whether in the same field or not, during a specific and limited period, for a specific purpose.

## L

**LGPD** (Lei Geral de Proteção de Dados): the Brazilian General Data Protection Law.

## M

**Midcap:** is defined as companies between \$2 billion and \$10 billion in market capitalization.

## N

**Net Funding Revenue:** format usually adopted by the financial market, which comprises the revenue net of the cost consisting of the remuneration of the senior and mezzanine quotas of FIDC.

**NPS** (Net Promoter Score): an indicator measured through a survey with the customer, in order to measure the probability of the customer recommending the company, product or service received.



## O

**OMS** (Order Management System): Distribution Management System, designed for the management of distribution and logistical planning through the automation of sales orders to be distributed by a company and the automation of commercial, inventory and credit analysis processes, in addition to sorting the approved orders for delivery sequencing in cargo loading, considering any restrictions of each customer.

## P

**PLG** (Product Led Growth): It is defined as “instances in which the use of the product is the main driver for user acquisition, retention and expansion”, therefore, PLG is both a growth strategy and an innovative business model. It is an end-user focused growth model, based entirely on the product.

**Pro forma:** pro forma financial information provides information about the impact of a particular transaction, on a recurring basis, showing how an entity's historical financial statements could have been affected if such transaction had been completed at an earlier date.

## R

**Renewal Rate:** shows the percentage of clients that remained on the recurrence base at the end of the period, compared to the base in the beginning of the period, taking as reference the recurring revenue.

**Rule of 40:** balanced combination of growth and profitability (resulting in a sum of more than 40 percentage points).

**ROE** (Return on equity)

## S

**SaaS** (software as a service)

**SDG** (Sustainable Development Goals)

**Selic** (Sistema Especial de Liquidação e Custódia): in English ‘Special System for Settlement and Custody’, the basic interest rate of the Brazilian economy. It is the main instrument of the monetary policy used by the Central Bank (BC) to control inflation.

**Signings:** sales production.

## T

**Take rate:** expression that indicates the percentage of gain on each transaction.

## U

**UN** (United Nations)

**Up-selling:** marketing strategy to leverage sales by selling more units to an existing client.

## Y

**YoY:** year over year.