EARNINGS RELEASE

3Q21

VIDEOCONFERENCE – PORTUGUESE: November 11, 2021, 11h00 (Brasília)
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Replay: +55 (11) 3193-1012 or +55 (11) 2820-4012 (acesso – 7935507#) until November 17, 2021
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3Q21 EARNINGS RELEASE

São Paulo, November 10th 2021 - TOTVS S.A. (B3: TOTS3), the leader in the development of business solutions in Brazil, announces today its results for the Third Quarter of 2021 (3Q21). 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 TOTAL NET REVENUE ACCELERATES AND GROWS 26%

- New revenue growth locomotives accounted for 42% of total Consolidated Revenue and 73% of YoY growth[1]
- Management Recurring Revenue grew 20% organically , the highest percentage since 2012, driven by the additional acceleration of SaaS Revenue, which growth reached 32% YoY
- "Rule of 40" reached 48.6%, maintaining a balance between growth and profitability, with an increase of 26.1% in Total Net Revenue and Adjusted EBITDA Margin of 22.5%

CONSOLIDATED REVENUE	SAAS MANAGEMENT REVENUE	BIZ PERFORMANCE RECURRING REVENUE	CREDIT PRODUCTION
R$855 million	**R$225 million**	**R$61 million**	**R$2.7 billion**
+26% vs 3Q20	**+32% vs 3Q20**	**+46%[2] vs 3Q20**	**+51% vs 3Q20**

MESSAGE FROM THE MANAGEMENT

Our 3D ecosystem (3 Dimensions - Management, Business Performance and Techfin) is a reality. TOTVS customers already have access to a broader portfolio, which goes far beyond ERP, allowing them to accelerate their digitization journey. This is what we call changing the competitive game.

As a result, we created new and powerful growth locomotives with (i) SaaS Management +32% YoY Revenue, once again driven by new signings, with strong representation form Cloud; (ii) Business Performance +44% YoY, demonstrating the strength and potential of RD Station; and (iii) Techfin +49% YoY, with a new record for quality Credit Production.

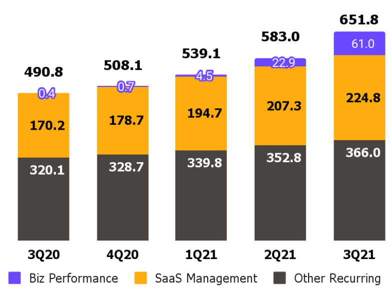
Also in the Management dimension, we accelerated the organic recurring revenue to 20% YoY, a record of this metric since 2012, a performance that once again proves that this market is not yet mature.

This additional acceleration of revenue growth came with the support of a healthy EBITDA margin, resulting in a YoY advance of 7 p.p. on the 40 rule. This indicator helps us to manage with flexibility and balance the combination of Dimensions with different moments and mandates.

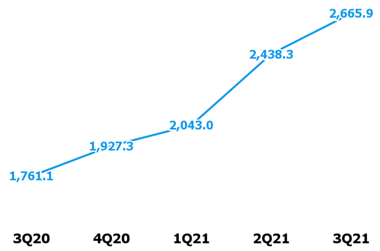
Additionally, the Follow-on, carried out at the right time, expanded our capacity to execute M&A, putting us in an advantage to capture opportunities.

Therefore, we are moving forward at an accelerated pace, transforming the Company, unlocking value and creating a young, innovative and ambitious culture.

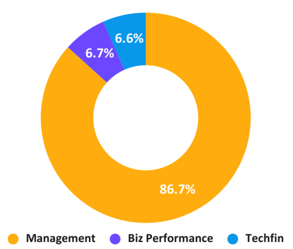
Recurring Revenue (R$ million)



Credit Production (R$ million)



Contribution Margin 3Q21



Consolidated ARR
R$2.8 billion
Organic Addition Record
+R$162 million

98.3%
Consolidated Renewal rate

Credit Portfolio
R$1.6 billion
+55% vs 3Q20

Supplier Delinquency >90 days
0.6%
190 points below the Brazilian average[3]

Adjusted EBITDA
R$192 million
+19% vs 3Q20

Operating Cash Generation
R$273 million
+32% vs 3Q20

1 Management Revenue, plus Business Performance and Techfin revenues on the same comparison basis
2 Considers the unaudited results of RD Station from Jan/20 to May/21 and Tail Target from Jan/20 toDec/20
3 Source: Banco Central do Brasil (Brazilian Central Bank, portuguese only) (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito)

RECENT EVENTS

Ecosystem far beyond ERP...

TOTVS and B3 Partnership in Dimensa

Dimensa starts now a new stage, with two of the main players in the Financial Services sector in its governance structure

Once all precedent conditions were met, the transaction was concluded on October 1st, and Dimensa now has, in addition to TOTVS as its parent company, B3 as its shareholder holding 37.5% of its voting capital, a stake acquired through the investment of R$600 million in the company.

With reinforced management, autonomy and focus, Dimensa will aim on expanding its investments in innovation and increasing the portfolio of solutions and customers through organic developments, partnerships and acquisitions, **in order to become the main option of B2B technology for the financial sector.**

To access the material fact, click here.

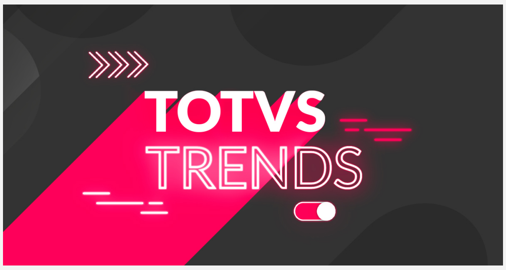
TOTVS performs Follow-on

Focused on potential acquisitions, the public share offering raises R$1.44 billion

With this issuing, the Company intends to continue the construction of an ecosystem of B2B technologies in 3 dimensions (Management, Techfin and Business Performance), allocating the proceeds in acquisition of companies that can contribute to the execution of its strategy.

The book-building process resulted in a demand of 4.3x the issuing, with high quality and broad participation of long-only funds. The total dilution was 6.78%, bringing free-float to 84.2%.

To access the material fact,click here.



Innovation, trends and releases are the highlights of TOTVS Trends

This free online event held in August presented the Company's main news to 12 sectors of the economy

Promoted from August 16 to 20, TOTVS Trends presented the main news from the Company's portfolio to support 12 segments of the economy, in addition to addressing innovations and trends in the tech market and promoting discussions that show how and which technological solutions can help companies to increase productivity and grow their business.

With more than 6,800 participants and five days of event, a total of 35 segmented panels were held, with the latest news and release of solutions for Retail, Distribution, Agribusiness, Manufacturing, Logistics, Service Providers, Health, Education, Legal, Construction and Hospitality sectors. In addition to the participation of TOTVS specialists, customers and other guests, there was also the presentation of success stories and sharing of experiences.

Click here to watch the videos from the event. [Portuguese Only]

RD Hostel: the biggest marketing and sales event in Brazil

With big names of the market, the RD Station event was 100% online.

The online event RD Hostel, promoted by RD Station, took place on October 20th and 21st and consisted of two days immersed in themes related to innovation, social networks, management, leadership, business and technologies.

With a powerful line-up with more than 120 speakers and more than 100,000 participants, RD Hostel is intended to be the main meeting point of the marketing, sales and innovation ecosystem, with the presence of reference names both in the national and international market, such as the author of four New York Times best-sellers, Daniel Pink.

Click here to watch the videos of the event. [Portuguese only]

ESG (Environmental, Social and Governance)

TOTVS recommended in ESG portfolios

TOTVS is among the top ESG recommendations from XP, BTG and JP Morgan

According to the ESG Radar Report from XP Investimentos, we are the best positioned company in ESG in the Brazilian market. For BTG, the main highlights are in terms of innovation, customer relations, diversity, talent attraction and retention, and data privacy. In the JP Morgan ranking, TOTVS is placed as the company with the highest number of practices in full compliance with those recommended by the IBGC (Brazilian Institute of Corporate Governance).

In addition, TOTVS received the trophy "Transparência 2021" at the ANEFAC - FIPECAFI Award. Held for over 20 years and recognized as the "Accountability Oscar", the award aims to recognize and honor companies that have the best transparency practices in accounting information.

This award reinforces the seriousness with which TOTVS deals with the theme of corporate governance and believes that transparency is no longer a differential, but a requirement, adding more and more value to the businesses for their stakeholders.

Human capital and community relations initiatives

Actions are part of the social pillar, and were based on diversity & inclusion and the strengthening of the relationship with the communities surrounding our operations

TOTVS developed a series of ESG initiatives aimed at the community at the period. In order to increase talent attraction and support the growth and productivity of the technology market in Brazil, TOTVS launched in September its **Internship Program** for students in technology and design areas. The selection process was fully inclusive, seeking people regardless of any ethnicity, age, gender identity or social status, with a total of 10,000 applicants and 143 generated opportunities.

In this same context, the Company also launched the **#ELASNATOTVS talent pool** (in English, #WOMENONTOTVS), aimed at women, whether cis- and transgender, encouraging them to apply for our job opportunities, so that more and more women can be here to contribute to so many others who already are a role model and inspiration on our day to day. It also sponsored the **PrograMaria Summit Online 2021**, one of the largest technology events in Brazil for women and LGBTQIAP+ people, which aims to empower women with skills and interest in technology.

In October, TOTVS and its Diversity and Inclusion Program was recognized in the 4th edition of the Human Rights and Diversity Seal, an initiative of the Municipal Department for Human Rights and Citizenship of the City of São Paulo, which recognizes actions on inclusion in the workplace and in society implemented in the city by public, private and third sector organizations.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	3Q21	3Q20	Δ	2Q21	Δ	9M21	9M20	Δ
Rule of 40 (a+b)	**48.6%**	**41.6%**	**700 bp**	**45.7%**	**290 bp**	**46.8%**	**34.3%**	**1250 bp**
YoY Net Revenue Growth (a)	26.1%	17.8%	830 bp	21.7%	440 bp	*22.6%*	*12.0%*	*1060 bp*
Adjusted EBITDA Margin (b)	22.5%	23.8%	-130 bp	24.1%	-160 bp	24.2%	22.3%	190 bp
Growth (in R$ thousand)								
Net Revenue	**854,538**	**677,766**	**26.1%**	**763,375**	**11.9%**	**2,338,169**	**1,906,583**	**22.6%**
Consolidated Recurring Revenue	651,822	490,793	32.8%	582,975	11.8%	1,773,862	1,446,039	22.7%
% Consolidated Recurring Revenue	76.3%	72.4%	390 bp	76.4%	-10 bp	75.9%	75.8%	10 bp
% Biz Perform. + Techfin Revenue	15.9%	7.4%	850 bp	11.1%	480 bp	12.0%	4.0%	800 bp
Consolidated ARR	2,819,020	2,138,700	31.8%	2,657,038	6.1%	n/a	n/a	-
Organic Consolidated ARR Addition	161,982	56,700	185.7%	121,654	33.1%	373,781	153,000	144.3%
Consolidated SaaS Revenue	284,724	170,705	66.8%	229,216	24.2%	713,287	492,665	44.8%
Biz Performance Recurring Revenue*	61,037	41,876	45.8%	56,585	7.9%	169,034	116,094	45.6%
Credit Production	2,665,874	1,761,050	51.4%	2,438,294	9.3%	7,147,184	4,663,341	53.3%
Profitability (in R$ thousand)								
Adjusted EBITDA Margin	**22.5%**	**23.8%**	**-130 bp**	**24.1%**	**-160 bp**	***24.2%***	***22.3%***	***190 bp***
Adjusted EBITDA**	192,043	161,422	19.0%	183,738	4.5%	564,970	425,622	32.7%
Cash Earnings***	111,239	96,790	14.9%	91,182	22.0%	299,105	235,614	26.9%
Cash Earnings Margin	13.0%	14.3%	-130 bp	11.9%	110 bp	*12.8%*	*12.4%*	*40 bp*
Operating Cash Generation	272,920	207,036	31.8%	102,356	166.6%	557,837	471,066	18.4%
Operating Cash Generation / Adj. EBITDA	142.1%	128.3%	1380 bp	55.7%	8640 bp	98.7%	110.7%	*-1200 bp*
Supplier LTM ROE	51.9%	17.5%	3440 bp	56.4%	-450 bp	n/a	n/a	-
Stock Market								
TOTS3 (in R$)	**36.10**	**27.10**	**33.2%**	**37.65**	**(4.1%)**	**n/a**	**n/a**	**-**
ADTV 30 (in R$ thousand)	159,733	143,004	11.7%	125,746	27.0%	n/a	n/a	-
IBOV (pts)	110,979	94,603	17.3%	126,802	(12.5%)	n/a	n/a	-
IBrX 50 (pts)	18,328	15,471	18.5%	21,349	(14.2%)	n/a	n/a	-

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

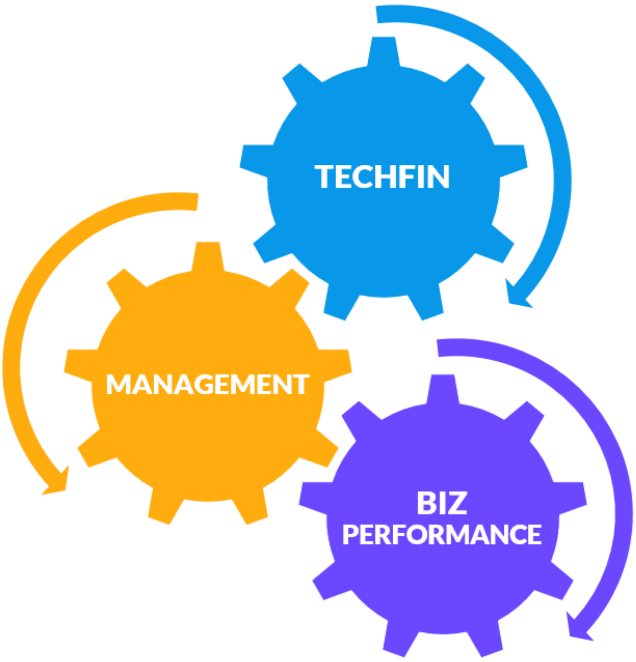
** EBITDA adjusted by extraordinary items

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

3-DIMENSIONAL ECOSYSTEM

TOTVS' B2B technology ecosystem goes far beyond ERP, consolidating the Management, Techfin and Business Performance dimensions. This unique ecosystem is changing the competitive landscape and driving the productivity and competitiveness of digital business and financial services across 12 economic segments.

Below, we have a brief description of each business dimension present in the new disclosure standard, adopted as of 2Q21:



DESCRIPTION AND COMPOSITION OF BUSINESS DIMENSIONS:

Management: it is the dimension where data and integrations are generated. Therefore, it is the basis for the other ecosystem dimensions. Includes: (i) ERP solutions; (ii) HR solutions for the management and development of human capital and payroll processing; (iii) specialized solutions for 12 economic segments; (iv) innovation open platforms that integrate and leverage ERP, HR and Specialized solutions; and (v) solutions aimed at micro and small businesses.

Business Performance: dimension that aims to support customers from different segments to increase their sales, competitiveness and performance, leveraging the results, performance and relationship in their business areas. It consolidates the digital marketing platform, consisting of RD Station and Tail Target, and sales support solutions, comprising the E-commerce suite (including the JV with VTex) and OMS (Omnichannel).

Techfin: dimension that seeks to simplify, expand and improve accessibility to B2B financial services, through the intensive use of digitization, artificial intelligence and big data. Currently, it is composed of credit solutions, including: Supplier and the new products ("Antecipa", "Consignado", "Mais Negócios", "Mais Prazo", "Painel Financeiro", "Pagamento Instantâneo" and "EduConnect Pay").

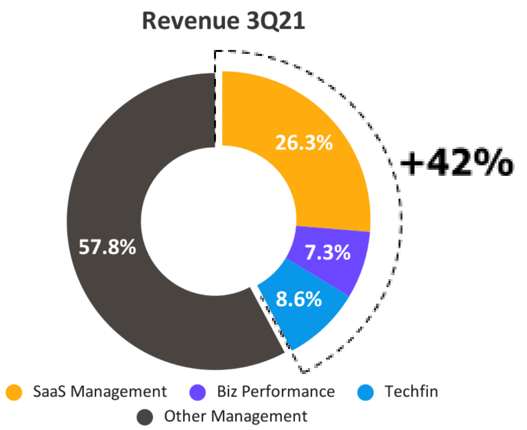
FINANCIAL AND OPERATIONAL RESULTS

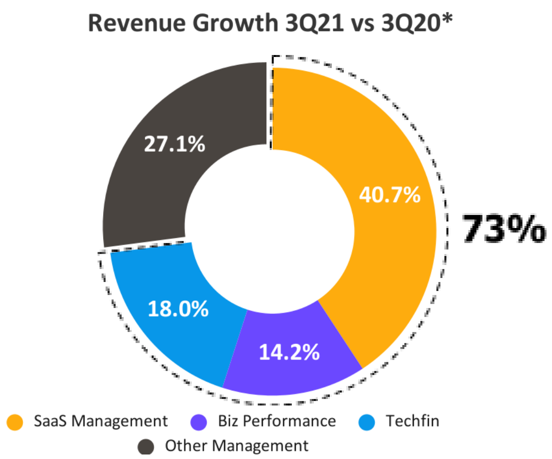
The results presented in this section includes the consolidated results of RD Station as of June 2021, Tail Target as of January 2021 and Supplier as of May 2020.

Consolidated Results:

Consolidated Result (in R$ thousand)	3Q21	3Q20	Δ	2Q21	Δ	9M21	9M20	Δ
Consolidated Net Revenue	**854,538**	**677,766**	**26.1%**	**763,375**	**11.9%**	**2,338,169**	**1,906,583**	**22.6%**
Management Revenue	718,667	627,803	14.5%	678,854	5.9%	2,057,786	1,829,418	12.5%
Business Performance Revenue	62,714	879	>999%	23,577	166.0%	90,668	1,105	>999%
Techfin Revenue	73,157	49,084	49.0%	60,944	20.0%	189,715	76,060	149.4%
Consolidated Contribution Margin	**444,395**	**358,802**	**23.9%**	**400,213**	**11.0%**	**1,235,834**	**981,052**	**26.0%**
Management Contribution Margin	385,245	326,135	18.1%	360,853	6.8%	1,105,561	936,864	18.0%
Biz Performance Contribution Margin	29,590	822	>999%	12,021	146.2%	43,110	1,045	>999%
Techfin Contribution Margin	29,560	31,845	(7.2%)	27,339	8.1%	87,163	43,143	102.0%
% Consolidated Contribution Margin	***52.0%***	***52.9%***	***-90 bp***	***52.4%***	***-40 bp***	***52.9%***	***51.5%***	***140 bp***
% Management Contribution Margin	*53.6%*	*51.9%*	*170 bp*	*53.2%*	*40 bp*	*53.7%*	*51.2%*	*250 bp*
% Biz Performance Contribution Margin	*47.2%*	*93.5%*	*-4630 bp*	*51.0%*	*-380 bp*	*47.5%*	*94.6%*	*-4710 bp*
% Techfin Contribution Margin	*40.4%*	*64.9%*	*-2450 bp*	*44.9%*	*-450 bp*	*45.9%*	*56.7%*	*-1080 bp*
Sales and Marketing Expenses	**(163,531)**	**(122,155)**	**33.9%**	**(138,345)**	**18.2%**	**(431,043)**	**(343,452)**	**25.5%**
Adjusted G&A Expenses	**(88,821)**	**(75,225)**	**18.1%**	**(78,130)**	**13.7%**	**(239,821)**	**(211,978)**	**13.1%**
Adjusted EBITDA	**192,043**	**161,422**	**19.0%**	**183,738**	**4.5%**	**564,970**	**425,622**	**32.7%**
Adjusted EBITDA Margin	*22.5%*	*23.8%*	*-130 bp*	*24.1%*	*-160 bp*	*24.2%*	*22.3%*	*190 bp*

Net Revenue





* Management Revenue, plus Business Performance (see Appendix VII) and Techfin revenues on the same basis of comparison

We have built new locomotives for revenue growth, that represented more than 42% of Total Revenue and 73% of revenue growth in 3Q21, which demonstrates the success in the construction of the technology ecosystem in 3 dimensions. They represent opportunities for addressable market expansion, acceleration of new models, among other activities that build value for the Company and increase its competitive differentials.

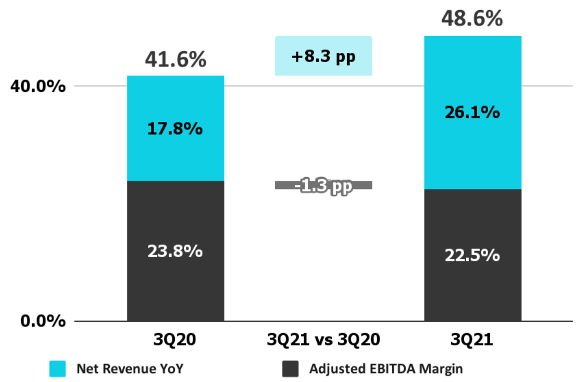
On a consolidated basis, Net Revenue showed growth of 26% year-on-year, reaching R$855 million, with the following highlights in the 3 dimensions: (i) in Management, SaaS Revenue accelerated even more its growth year-on-year, to 32%, compared to 26% in the second quarter; (ii) in Business Performance, its dimension revenue already represents 7.3% of the Company's Revenue, with emphasis on Recurring Revenue which grew 46% year on year, on a comparative basis; and (iii) at Techfin, Supplier's credit production reached a new record, ending the quarter at R$2.7 billion, a 51% growth over 3Q20. All these points will be discussed more deeply in the dimension settings below.

Adjusted EBITDA[1]

The Adjusted EBITDA Margin ended the quarter at 22.5%, 130 basis points below 3Q20, mainly due to: (i) the increased share of the Business Performance and Techfin dimensions, which have different moments and mandates, focused mainly on the accelerated revenue growth; (ii) the 19% reduction in Management License Revenue, reflecting the acceleration of the SaaS model; (iii) the regional collective bargaining of wages at higher levels; and (iv) the gradual resumption of on-site activities, which impacts costs and expenses related to the Company's operations, such as travel and also physical and logical infrastructure, for instance.

Despite these factors, Adjusted EBITDA grew 19% year-on-year, mainly driven by the performance of the Management Contribution Margin, which increased 170 basis points year-on-year in the quarter and 250 basis points in the 9-month period. This performance demonstrates the high level of scalability of the Company's business model.

Rule of 40



The rule of 40 (combination of growth and profitability that results in a sum greater than 40 percentage points) is frequently used in the SaaS universe to assess whether the Company's performance is balanced between growth and profitability and at what stage of evolution it is.

This metric helps us to understand the moment that TOTVS is experiencing: acceleration of revenue growth in the 3 dimensions, with the support of a healthy EBITDA margin. As we can see in the chart on the left, the acceleration in revenue growth of 8.3 percentage points more than offset the 1.3 percentage point reduction in the EBITDA margin, resulting in an increase of 7 percentage points in the rule of 40. It is important to point out that the acceleration of revenue growth was mainly due to recurring and transactional revenues.

[1] EBITDA adjusted by extraordinary items (Appendix II)

Management dimension Results

The Management dimension is, to a large extent, composed by the vision previously known as “Technology Results” until 1Q21, excluding the solutions that became part of the Business Performance dimension and Techfin's new products.

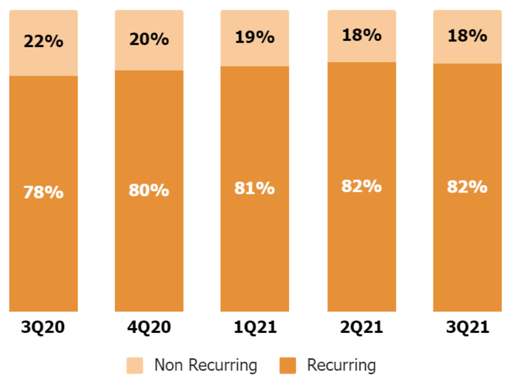
Management Result (in R$ thousand)	3Q21	3Q20	Δ	2Q21	Δ	9M21	9M20	Δ
Net Revenue	**718,667**	**627,803**	**14.5%**	**678,854**	**5.9%**	**2,057,786**	**1,829,418**	**12.5%**
Recurring	590,254	490,285	20.4%	559,861	5.4%	1,684,546	1,445,307	16.6%
Non Recurring	128,413	137,518	(6.6%)	118,993	7.9%	373,240	384,111	(2.8%)
License	51,106	63,099	(19.0%)	46,419	10.1%	156,647	168,448	(7.0%)
Services	77,307	74,419	3.9%	72,574	6.5%	216,593	215,663	0.4%
Costs	(203,945)	(188,772)	8.0%	(193,869)	5.2%	(580,696)	(543,771)	6.8%
Gross Profit	**514,722**	**439,031**	**17.2%**	**484,985**	**6.1%**	**1,477,090**	**1,285,647**	**14.9%**
Gross Margin	*71.6%*	*69.9%*	*170 bp*	*71.4%*	*20 bp*	*71.8%*	*70.3%*	*150 bp*
Research and Development	(122,969)	(104,965)	17.2%	(119,466)	2.9%	(355,499)	(315,769)	12.6%
Provision for Expected Credit Losses	(6,508)	(7,931)	(17.9%)	(4,666)	39.5%	(16,030)	(33,014)	(51.4%)
Management Contribution Margin	**385,245**	**326,135**	**18.1%**	**360,853**	**6.8%**	**1,105,561**	**936,864**	**18.0%**
% Management Contribution Margin	*53.6%*	*51.9%*	*170 bp*	*53.2%*	*40 bp*	*53.7%*	*51.2%*	*250 bp*

Net Revenue

Management Net Revenue grew 14% year-over-year, surpassing the 13% growth in 2Q21, even with the 19% reduction in License revenue in the period. This performance in Net Revenue was mainly due to the organic growth of 20% in Recurring Revenue, which represented 82% of Management Net Revenue. The Agribusiness, Educational, Financial Services and Retail industry-sectors were the ones that most contributed to this advance, with growths above 20%.

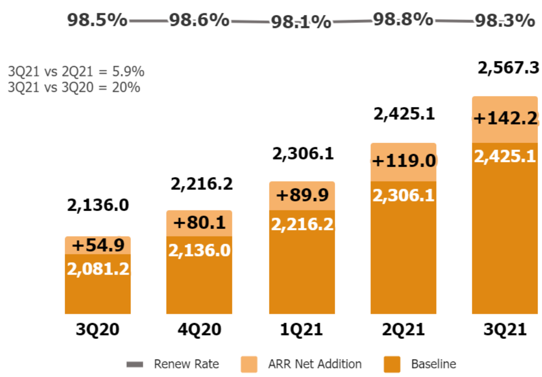
In the 9-month period, Management Net Revenue grew 12%, driven by the 17% increase in Recurring Revenue, more than offsetting the 2.8% drop in Non Recurring Revenue.

Net Revenue



Recurring Revenue

ARR (R$ Million) and Renewal Rate



Recurring Revenue grew organically 20% year-on-year, the highest level of this metric since 2012. This same organic growth of 20% can also be seen in the ARR (Annual Recurring Revenue), which ended the quarter at R$2.6 billion, with a new record of net addition, reaching R$142.2 million, growth of 159% when compared to 3Q20 and 19% when compared to 2Q21.

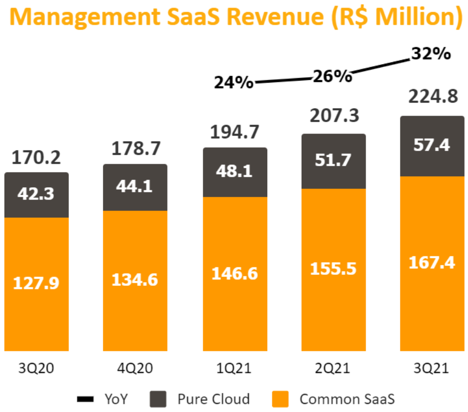
Of the total addition of ARR, whether year-on-year or quarter-on-quarter, approximately 60% was due to the growth in Sales **Volume,** composed of new signings, which represent the sales production (new clients and cross/up-sell to existing clients), and the remaining 40% were due to the **Price** effect, consisting of contractual adjustments.

We believe that the commercial success represented by Volume is a reflection of a combination of factors: (i) management software market in expansion and not yet mature, demonstrated by the new SaaS clients that represented 30% of the total amount; (ii) NPS record level, a key factor for new sales; (iii) evolution in productivity and sales efficiency, particularly in franchises; (iv) rejuvenation of the TOTVS brand; (v) expansion of the solutions portfolio; and (vi) migration to cloud, which reduces costs for customers, among other factors.

The evolution in Price is related to the high criticality and relevance of TOTVS' solutions for its clients' operations, reflected in the resilience of the Company's business model and present in the renewal rates of recurring revenues. This ability to adjust prices, known as "Pricing Power", is even more important in times of cost inflation, being a characteristic of differentiated companies. Those with Pricing Power can seek a better balance between impact on costs, transfer on price and sales production and, consequently, have greater potential to maintain a healthy relationship between growth and profitability, without harming the relationship with customers.

The positive effects of this powerful combination of Price and Volume can also be seen in the advancement of SaaS Revenue, the main growth locomotive in the Management dimension, which, as seen in the chart on the right, grew by 32% year-on-year, with emphasis on: (i) the acceleration of new signings, especially Cloud, which grew 56% compared to 3Q20; (ii) the further reduction of the Churn level; and (iii) contractual adjustments for the period.

Finally, the 17% year-on-year growth in the 9-month period is explained, in addition to the factors mentioned above, by: (i) the reduction in grace periods in sales, compared to the increase in grace periods granted in 2020 at the height of the pandemic; and (ii) the increase in the average conversion of Licenses into recurring maintenance revenue.



Non-Recurring Revenue

Non-Recurring Revenues decreased 6.6% year-on-year in 3Q21, mainly due to the 19% reduction in License Revenue. It is important to highlight that the strong acceleration we have seen in signings and in recurring SaaS revenue generates a natural and healthy deceleration in license revenue. As we have communicated, this is a positive movement that increases the LTV (Life Time Value) of TOTVS customers. Additionally, in 3Q21 we had the seasonal effect in comparison with the strong and unusual performance of License sales in 3Q20, generated by the recovery of economic activity, after the beginning of the COVID-19 pandemic in 2Q20, which caused the pent-up demand to be reflected in the performance of 3Q20.

The 7.9% increase in Non-Recurring Revenue, in the quarter-over-quarter comparison, is explained both by the 10% increase in License Revenue, with superior performances both from branches and franchises, as well as by the 6.5% increase of Service Revenue. In the 9-month period, the reduction of 2.8% year-over-year is due to the 7.0% reduction in the Licenses line, explained by the sales increase in the SaaS model.

Gross Margin

The Gross Margin from Management reached 71,6% in the quarter, an increase of 170 bps compared to 3Q20, despite the 19% reduction in License revenue, demonstrating once again the scalability of the recurrence model and the maintenance of remote deployment levels close to 95% in the quarter. When we look at the 9-month period accumulated result, the growth in Recurring Revenue above the cost increase also explains the rise of 150 bps in the period. Although the SaaS model is largely responsible for this expansion in Gross Margin, the culture change in TOTVS' R&D has led to the production of software that require less implementation and customization services, including reducing the TCO (Total Cost of Ownership) of clients, increasing the commercial competitiveness and allowing TOTVS to achieve a new profile of companies.

Research & Development

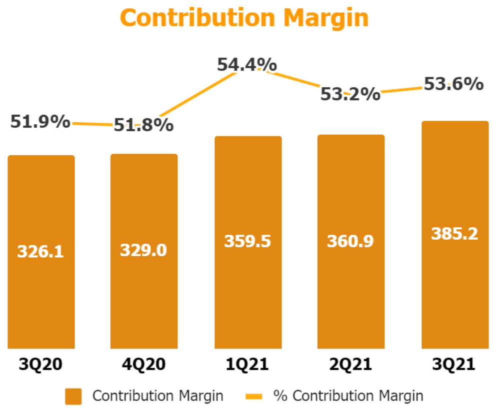
Research and development (R&D) expenses increased by 2.9% compared to the previous quarter, with its representativity in Recurring Revenue decreasing from 21.3% in 2Q21 to 20.8% in the current quarter. This progress was possible despite the impact of wage adjustments arising from collective bargaining agreements at higher levels (mainly in Belo Horizonte and Cianorte), with effects on the relevant provisions for vacations and 13th month pays, as well as the increase in the provision for the long-term incentive plan (ILP), which is impacted by the appreciation of the Company's share price.

Provision for Expected Credit Losses

The Provision for Expected Credit Losses (former Allowance for Doubtful Accounts) went from 1.3% of Management Net Revenue in 3Q20 to 0.9% in 3Q21, reflecting the resilience of the recurring revenue model. When comparing the 9-month accumulated result, this provision decreased from 1.8% of Management Net Revenue in 2020 to 0.8% in 2021, a reduction of 100 bps, which portrays the lowest level of uncertainty when compared to the same period last year, due to the COVID-19 pandemic.

Management Contribution Margin

The Management Contribution Margin increased 170 bps in the quarter when compared to the same period of the previous year, mainly due to the 170 bps increase in Gross Margin, as outlined above. In 9M21 versus 9M20, the 250 bps increase is linked to the 150 bps increase in Gross Margin, mainly due to the 17% growth in Recurring Revenue and the 51% reduction in the Provision for Expected Loss.



Business Performance dimension Results

As explained at the 3-Dimensional Ecosystem section, the Business Performance dimension represents the portfolio of solutions focused on increasing clients sales, competitiveness and performance, through digital marketing, sales/digital commerce and CX solutions - Customer Experience.

Biz Performance Result (in R$ thousand)	3Q21	3Q20	Δ	2Q21	Δ	9M21	9M20	Δ
Net Revenue	**62,714**	**879**	**>999%**	**23,577**	**166.0%**	**90,668**	**1,105**	**>999%**
Recurring	61,037	449	>999%	22,945	166.0%	88,494	633	>999%
Non Recurring	1,677	430	290.0%	632	165.3%	2,174	472	360.6%
Costs	(16,420)	(47)	>999%	(7,484)	119.4%	(26,588)	(47)	>999%
Gross Profit	**46,294**	**832**	**>999%**	**16,093**	**187.7%**	**64,080**	**1,058**	**>999%**
Gross Margin	*73.8%*	*94.7%*	*-2090 bp*	*68.3%*	*550 bp*	*70.7%*	*95.7%*	*-2500 bp*
Research and Development	(14,844)	-	-	(3,930)	277.7%	(18,774)	-	-
Provision for Expected Credit Losses	(1,860)	(10)	>999%	(142)	>999%	(2,196)	(13)	>999%
Biz Performance Contribution Margin	**29,590**	**822**	**>999%**	**12,021**	**146.2%**	**43,110**	**1,045**	**>999%**
% Biz Performance Contribution Margin	*47.2%*	*93.5%*	*-4630 bp*	*51.0%*	*-380 bp*	*47.5%*	*94.6%*	*-4710 bp*

For comparison purposes, we present below the Business Performance result considering the numbers from January to December 2020 for Tail Target and from January 2020 to May 2021 for RD Station.

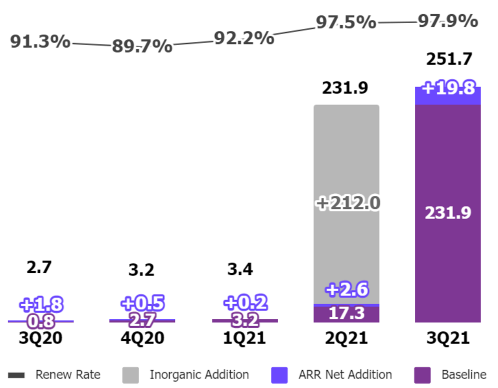
Biz Performance Result (in R$ thousand)	3Q21	3Q20*	Δ	2Q21*	Δ
Net Revenue	**62,714**	**43,633**	**43.7%**	**57,937**	**8.2%**
Recurring	61,037	41,876	45.8%	56,585	7.9%
Non Recurring	1,677	1,757	(4.6%)	1,352	24.0%
Costs	(16,420)	(13,532)	21.3%	(15,911)	3.2%
Gross Profit	**46,294**	**30,101**	**53.8%**	**42,026**	**10.2%**
Gross Margin	*73.8%*	*69.0%*	*480 bp*	*72.5%*	*130 bp*
Research and Development	(14,844)	(9,149)	62.2%	(11,282)	31.6%
Provision for Expected Credit Losses	(1,860)	(331)	461.9%	88	<(999%)
Biz Performance Contribution Margin	**29,590**	**20,621**	**43.5%**	**30,832**	**(4.0%)**
Biz Performance Contribution Margin	*47.2%*	*47.3%*	*-10 bp*	*53.2%*	*-600 bp*

* Includes the months of jan/20-may/21 of RD Station and jan-dec/20 of Tail, for comparison purposes only, which were not consolidated in the Company's results for that quarters

Net Revenue

Business Performance Net Revenue grew 44% in the quarter when compared to the 3Q20 on the same basis, mainly driven by the 46% growth in Recurring Revenue, maintaining this line above 97% of the dimension's total revenue, with emphasis on the contribution of the products Digital Commerce andRD Station Premium.

ARR (Million) and Renewal Rate



As seen in the chart on the right, the ARR Net Addition in the quarter was R$19.8 million, with ARR totaling R$251.7 million, 43% above 3Q20 on the same basis.

It is worth noting that one of RD Station's main growth levers is the PLG (Product Led Growth) strategy, which is based on the value generated through customer experience. From the RD Station Marketing entry plans (Entry-Level) it is possible to qualify leads by the client's product usage and thus generate upsell for the Premium product. This process is known as PQL (Product Qualified Lead) and has the advantage of being a lead generation with lower cost, i.e, it optimizes the CAC (Customer Acquisition Cost). Sales generated by RD Station's PQL in 3Q21 already accounted for 19% of total Premium product sales.

Gross Margin

The Business Performance Gross Margin grew 480 bps in the quarter, when compared to the same period of the previous quarter, due to the scalability of the SaaS model of the solutions of this dimension, added to the 46% growth in Recurring Revenue.

Research and Development

The share of Research & Development (R&D) expenses over Recurring Revenue from Business Performance went from 20% in 2Q21 pro forma to 24% in 3Q21, mainly explained by the increase of investments in the operation and by the acceleration of development of digital marketing and CRM products and platforms, as part of the strategic plan arranged for the construction and evolution of this new dimension. The strong growth in this dimension may require possible acceleration of investments, aiming to increase TOTVS' competitive advantage and to take on the opportunity in this market with low penetration rate.

Provision for Expected Credit Losses

The Provision for Expected Loss (former Allowance for Doubtful Accounts) represented 3.0% of the Net Revenue of the Business Performance dimension, above the average of 1.7% observed between 2Q20 and 2Q21 pro-forma. It is important to mention that we started the aligning process of RD Station's provision policy with the practices adopted by TOTVS. In this way, this line may present non-standard variations until the conclusion of this process.

Business Performance Contribution Margin

The Business Performance Contribution Margin in the quarter was 47,2% in 3Q21, 600 bps below 2Q21, mainly explained by the increase in the Provision for Expected Loss and by the growth in the R&D line, as mentioned above.

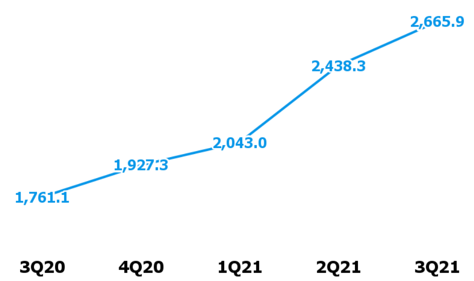
Techfin Dimension Results

As explained at the 3-Dimensional Ecosystem section, the Techfin dimension aims to simplify, expand and improve accessibility to B2B financial services to TOTVS' SMB clients. It includes the businesses of Supplier and of the new products ("Antecipa", "Consignado", "Painel Financeiro", "EduConnectPAY", "Mais Negócios", "Mais Prazo" and "Pagamento Instantâneo") and we continue working to increase the portfolio. This way, we are now consolidating all of Techfin's efforts in this section. This means that we have 2 operations at different times of development: Supplier, with nearly 2 decades of life, solid growth and profitability; and Techfin's New Products, with just over 1 year of life, total focus on investments to build a complete portfolio and client base, in order to subsequently search for revenue and profitability.

Techfin Results (in R$ thousand)	3Q21	3Q20	Δ	2Q21	Δ	9M21	9M20	Δ
Techfin Revenue	**73,157**	**49,084**	**49.0%**	**60,944**	**20.0%**	**189,715**	**76,060**	**149.4%**
Funding Cost	(27,446)	(12,045)	127.9%	(18,305)	49.9%	(59,915)	(19,514)	207.0%
Net Funding Revenue	**45,711**	**37,039**	**23.4%**	**42,639**	**7.2%**	**129,800**	**56,546**	**129.5%**
Operational Costs	(5,949)	(4,344)	36.9%	(5,385)	10.5%	(16,203)	(6,432)	151.9%
Gross Profit	**39,762**	**32,695**	**21.6%**	**37,254**	**6.7%**	**113,597**	**50,114**	**126.7%**
Research and Development	(5,865)	(1,372)	327.5%	(5,823)	0.7%	(16,187)	(2,589)	525.2%
Provision for Expected Credit Losses	(4,337)	522	(930.8%)	(4,092)	6.0%	(10,247)	(4,382)	133.8%
Techfin Contribution Margin	**29,560**	**31,845**	**(7.2%)**	**27,339**	**8.1%**	**87,163**	**43,143**	**102.0%**
% Techfin Contribution Margin	*40.4%*	*64.9%*	*-2450 bp*	*44.9%*	*-450 bp*	*45.9%*	*56.7%*	*-1080 bp*
% Net Funding Revenue Contrib. Margin	*64.7%*	*86.0%*	*-2130 bp*	*64.1%*	*60 bp*	*67.2%*	*76.3%*	*-910 bp*

Techfin Revenue

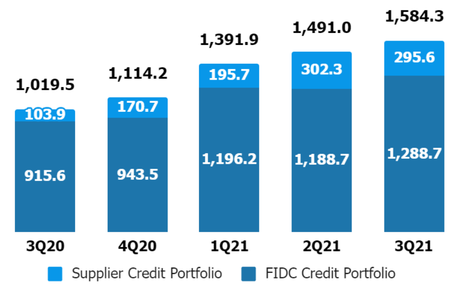
Supplier Credit Production (R$ Million)



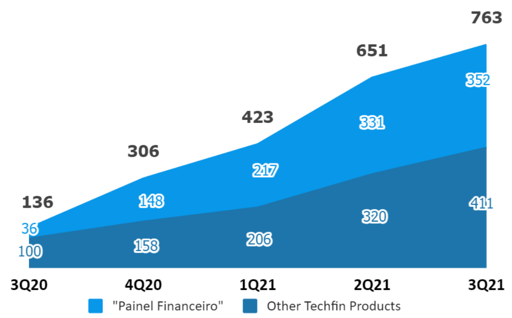
The growth trend of Supplier's Credit Production continued in the quarter, reaching a new record of R$2.7 billion, increasing 51% over 3Q20 and 9.3% over 2Q21, mainly driven by the Steel and the Civil Construction industry-sectors, as well as by the Selic rate hike cycle.

The quarter-over-quarter 6.3% growth in Supplier's credit portfolio, below the growth in credit production, was due to the change in the portfolio mix compared to 2Q21, with a lower relative share of Agribusiness, which typically has longer average terms, which reduced the portfolio's overall average term by 2% in the quarter.

Supplier Credit Portfolio (R$ Million)



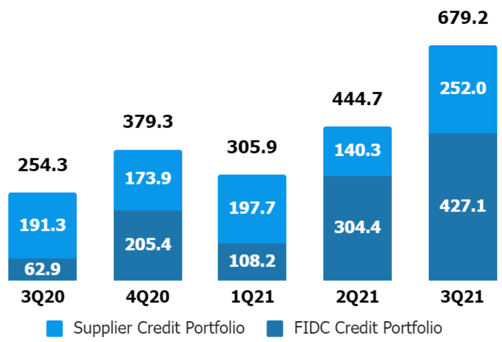
Activated Techfin Clients - New Products



Techfin's new products ("Antecipa", "Consignado", "Painel Financeiro", "Mais Prazo", EduConnectPAY and "Pagamento Instantâneo") surpassed the mark of 1,000 clients with contracts signed and reached 763 Activated Customers (in production and/or able to produce) in 3Q21. It is also important to point out that the "Antecipa", "Mais Prazo", "Mais Negócios" and "Crédito Consignado" products had exponential expansion, with credit production of R$187.3 million, 56% higher than 2Q21 and 36 times above 3Q20.

Net Funding Revenue

Supplier Cash Position



The Net Funding Revenue is composed of the Techfin Revenue, deducted from the Funding Cost, which is formed by the remuneration of the senior and mezzanine quotas of the FIDC (Receivables Investment Fund), in addition to the cost of any bank lines used by Supplier.

In 3Q21, due to the strong growth in Credit Production and activated clients, the FIDC raised R$204 million in new funds, in addition to the large volume raised in previous quarters. Since the funds raised are remunerated as soon as they become available and, on the other hand, they take some time to generate credit, increase the portfolio and, therefore, the revenue, there is a mismatch that leads to a temporary result decrease.

This effect, added to the increases in the Selic rate in the second half of June, August and September, caused the Funding Cost to grow 50% compared to 2Q21, against a 20% increase in Revenue, resulting in a growth of 7.2% in Net Funding Revenue. It is important to emphasize that this effect may occur in times of strong business acceleration. TOTVS has been analyzing funding alternatives that can make Supplier's operation more efficient in any scenario.

Operating Costs

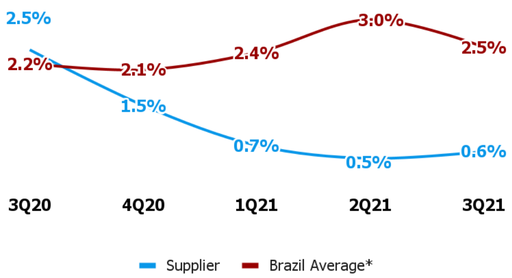
Techfin's Operating Costs, which include expenses related to the credit insurance premium and the support structure of Techfin's technology products, increased 10% compared to 2Q21, proportional to the growth in credit production in the period.

Research and Development

Techfin's Research & Development expense, which represents expenses related to the innovation and maintenance structure, remained at the same level as in 2Q21.

Provision for Expected Credit Losses

Delinquency Rate (%, above 90 days)



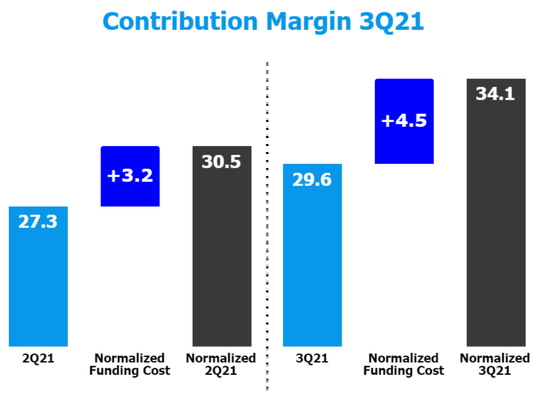
*Source: Banco Central do Brasil (Brazil Central Bank) (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito) > tabelas.xls > Tabela

The Provision for Expected Loss (former Allowance for Doubtful Accounts) ended the quarter representing 0.16% of Credit Production, maintaining the same level presented in 2Q21 and closer to the historical 0.2% of the pre-pandemic period.

Supplier's delinquency rate over 90 days, as seen in the chart on the right, remained stable when compared to the last 2 quarters, representing less than a quarter of the Brazilian average in 3Q21, demonstrating that Supplier and TOTVS maintain the efficiency in credit concession and the flexibility and resilience of the business model.

Techfin Contribution Margin on Net Funding Revenue

Techfin Contribution Margin on Net Funding Revenue ended the quarter at 64,7%, which represents 60 bps above 2Q21. Normalizing the impact of the Selic rate increase on the Funding Cost, applying the same average revenue term, Techfin's Contribution Margin grew 12% compared to 2Q21 and its percentage margin on Net Funding Revenue increased by 120 basis points , as shown in the chart to the right.



When compared to 3Q20, the reduction of 2,130 bps is due to: (i) the normalization of the Provision for Expected Credit Losses; (ii) the growth of the R&D line, due to the increase of investments to execute Techfin's strategy, as mentioned in 2Q21; and (iii) the 37% increase in Operating Costs, reflecting the structuring of the support team to meet Techfin's new solutions.

It is also important to highlight that Supplier maintained its ROE (return on equity) accumulated in the last 12 months above 50% in the quarter, even with the increase in the Funding Cost impacting the operation's result.

Other Operating Expenses

In R$ thousand	3Q21	3Q20	Δ	2Q21	Δ	9M21	9M20	Δ
Sales and Marketing Expenses	**(163,531)**	**(122,155)**	**33.9%**	**(138,345)**	**18.2%**	**(431,043)**	**(343,452)**	**25.5%**
% of Net Total Revenue	*-19.1%*	*-18.0%*	*-110 bp*	*-18.1%*	*-100 bp*	*-18.4%*	*-18.0%*	*-40 bp*
Adjusted G&A Expenses	**(88,821)**	**(75,225)**	**18.1%**	**(78,130)**	**13.7%**	**(239,821)**	**(211,978)**	**13.1%**
% of Net Total Revenue	*-10.4%*	*-11.1%*	*70 bp*	*-10.2%*	*-20 bp*	*-10.3%*	*-11.1%*	*80 bp*
G&A Expenses	**(90,268)**	**(80,699)**	**11.9%**	**(74,392)**	**21.3%**	**(239,502)**	**(217,856)**	**9.9%**
General and Administrative Expenses	(84,034)	(72,368)	16.1%	(82,108)	2.3%	(233,907)	(180,638)	29.5%
Provision for Contingencies	(10,644)	(8,281)	28.5%	(4,793)	122.1%	(24,565)	(37,957)	(35.3%)
Other Net Revenues (Expenses)	4,410	(50)	<(999%)	12,509	(64.7%)	18,970	739	>999%
Extraordinary Items	**1,447**	**5,474**	**(73.6%)**	**(3,738)**	**(138.7%)**	**(319)**	**5,878**	**(105.4%)**
Earn-out Adjustment at Fair Value	-	-	-	(834)	(100.0%)	(834)	-	-
Earns in Investment Sale	(1,156)	-	-	-	-	(1,156)	-	-
Expenses with M&A Transactions	2,603	5,474	(52.4%)	5,814	(55.2%)	10,389	5,878	76.8%
Tax Credit	-	-	-	(8,718)	(100.0%)	(8,718)	-	-

Sales and Marketing Expenses

The representativeness of Sales and Marketing Expenses on Total Net Revenue was 19% in 3Q21, 110 bps higher than in the same period of the previous year. This growth is explained by: (i) the consolidation of the RD Station's results, which represented 30% of this line in relation to the Revenue, reflecting its accelerated growth stage; (ii) the growth of Sales and Commissions Expenses in Management, which grew below the level of Recurring Management Revenue and above the level of the Total Net Revenue; and (iii) the R$3.0 million increase in Marketing Expenses against 3Q20, due to greater cost containment during the COVID-19 pandemic.

When compared to 2Q21, the 100 bps increase in representativeness compared to the Total Net Revenue of this line is related to the 3-month consolidation of RD Station and the growth in Sales Expenses in Management, the latter due to: (i) the impact of wage adjustments arising from collective bargaining agreements; (ii) gradual resumption of on-site commercial activities; and (iii) the increase in variable remuneration based on the achievement of goals by the sales team, especially recurring revenues.

In the 9-month period accumulated result, the 40 bps increase in the representativeness is mainly explained by the consolidation of RD Station and by the growth in Sales and Commission Expenses in Management, in line with the Recurring Revenue of this dimension.

General and Administrative Expenses and Provision for Contingencies

General and Administrative Expenses, excluding the extraordinary impacts of expenses with M&A transactions, represented 9.5% of Total Net Revenue, 50 bps below the last quarter, even considering the 3-month consolidation of RD Station against 1 month in the last quarter and the beginning of the impact of wage adjustments arising from collective bargaining agreements, with IPC-A inflation index at higher levels.

The increase in the Provision for Contingencies in 3Q21 was mainly due to the review of loss forecasts due to the progress of existing civil lawsuits from previous periods. The 35% reduction in the 9-month accumulated period reflects the reduction of new lawsuitss and successful actions taken in previous periods.

Other Net Operating Revenues

The Other Net Operating Revenues line benefited in this quarter from the extraordinary impact of R$1.2 million gain on the sale of customer portfolios within the franchise consolidation process.

Below EBITDA Results

Depreciation and Amortization Expenses

In R$ thousand	3Q21	3Q20	Δ	2Q21	Δ	9M21	9M20	Δ
Depreciation	(29,213)	(25,177)	16.0%	(26,744)	9.2%	(82,060)	(74,033)	10.8%
Amortization	(42,092)	(30,629)	37.4%	(33,026)	27.5%	(108,318)	(73,219)	47.9%
Depreciation and Amortization	**(71,305)**	**(55,806)**	**27.8%**	**(59,770)**	**19.3%**	**(190,378)**	**(147,252)**	**29.3%**

The 19% increase in Depreciation and Amortization expenses compared to 2Q21 is mainly associated with the 3-month consolidation of RD Station and the beginning of its amortization in 3Q21, as mentioned in the previous quarter's earnings release. The main reason for the year-over-year growth in the quarter is the start of amortization of intangible assets arising from the acquisitions of Wealth Systems, Supplier, Tail and RD Station.

Financial Result

In R$ thousand	3Q21	3Q20	Δ	2Q21	Δ	9M21	9M20	Δ
Financial Revenues	15,238	8,214	85.5%	13,103	16.3%	36,765	40,371	(8.9%)
Financial Expenses	(47,558)	(17,779)	167.5%	(25,672)	85.3%	(89,483)	(44,094)	102.9%
Financial Result	**(32,320)**	**(9,565)**	**237.9%**	**(12,569)**	**157.1%**	**(52,718)**	**(3,723)**	**>999%**

The increase in the negative Financial Result in 3Q21 is essentially due to the time difference between the 3rd issue of Debentures in May/21 and the capital increase resulting from the follow-on at the end of September/21, which resulted in a Net Debt that the Company carried throughout most of the quarter.

Income Tax and Social Contribution

In R$ thousand	3Q21	3Q20	Δ	2Q21	Δ	9M21	9M20	Δ
EBT	**87,009**	**90,283**	**(3.6%)**	**114,573**	**(24.1%)**	**321,667**	**268,475**	**19.8%**
Taxes at combined rate (34%)	(29,584)	(30,697)	(3.6%)	(38,955)	(24.1%)	(109,368)	(91,282)	19.8%
Law 11,196/05 - R&D Incentive	5,166	4,988	3.6%	5,421	(4.7%)	15,029	12,430	20.9%
Interest on Equity	17,450	13,448	29.8%	30	>999%	17,480	13,448	30.0%
Effect of Different Taxation in Subsidiaries	(2,834)	(1,120)	153.0%	(2,841)	(0.2%)	(9,234)	(4,538)	103.5%
Management Bonus	(484)	(481)	0.6%	(439)	10.3%	(1,389)	(915)	51.8%
Government Subsidies	111	368	(69.8%)	445	(75.1%)	1,337	1,001	33.6%
Share Issue Expenses	12,279	-	-	-	-	12,279	-	-
Other	(193)	2,066	(109.3%)	409	(147.2%)	407	1,173	(65.3%)
Income Tax and Social Contribution	**1,911**	**(11,428)**	**(116.7%)**	**(35,930)**	**(105.3%)**	**(73,459)**	**(68,683)**	**7.0%**
Current Income Tax and Social Contribution	(15,239)	(18,278)	(16.6%)	(32,183)	(52.6%)	(100,170)	(56,488)	77.3%
Deferred Income Tax and Social Contribution	17,150	6,850	150.4%	(3,747)	(557.7%)	26,711	(12,195)	(319.0%)
% Current Effective Tax Rate	*17.5%*	*20.2%*	*-270 bp*	*28.1%*	*-1060 bp*	*31.1%*	*21.0%*	*1010 bp*
% Total Effective Tax Rate	*-2.2%*	*12.7%*	*-1490 bp*	*31.4%*	*-3360 bp*	*22.8%*	*25.6%*	*-280 bp*

The Effective Income Tax and Social Contribution Rate for the quarter was positively impacted, both by the payment of R$17.4 million in Interest on Equity, 30% above the same period of the previous year, and by the deducting effect of the Shares Issue Costs for the purposes of calculating taxation.

Net Income and Cash Earnings

In R$ thousand	3Q21	3Q20	Δ	2Q21	Δ	9M21	9M20	Δ
Adjusted EBITDA	**192,043**	**161,422**	**19.0%**	**183,738**	**4.5%**	**564,970**	**425,622**	**32.7%**
Adjusted EBITDA Margin	*22.5%*	*23.8%*	-130 bp	*24.1%*	-160 bp	*24.2%*	*22.3%*	190 bp
Depreciation and Amortization	(71,305)	(55,806)	27.8%	(59,770)	19.3%	(190,378)	(147,252)	29.3%
Financial Results + Equity Pickup	(32,282)	(9,859)	227.4%	(13,133)	145.8%	(53,244)	(4,017)	>999%
Income Tax and Social Contribution	1,911	(11,428)	(116.7%)	(35,930)	(105.3%)	(73,459)	(68,683)	7.0%
Taxes on Extraordinary Items	(492)	(1,861)	(73.6%)	1,271	(138.7%)	108	(1,998)	(105.4%)
Adjusted Net Income	**89,875**	**82,468**	**9.0%**	**76,176**	**18.0%**	**247,997**	**203,671**	**21.8%**
Adjusted Net Margin	*10.5%*	*12.2%*	-170 bp	*10.0%*	50 bp	*10.6%*	*10.7%*	-10 bp
Net Effect of Amortization	21,364	14,322	49.2%	15,006	42.4%	51,108	31,943	60.0%
Cash Earnings*	**111,239**	**96,790**	**14.9%**	**91,182**	**22.0%**	**299,105**	**235,614**	**26.9%**
Cash Earnings Margin	*13.0%*	*14.3%*	-130 bp	*11.9%*	110 bp	*12.8%*	*12.4%*	3.5%

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

Cash Earnings was 15% higher in 3Q21 when compared to the same period of the previous year, especially due to the 19% increase in Adjusted EBITDA and the 117% reduction in Income Tax and Social Contribution , being partially impacted by the 167% growth of the Financial Expense as mentioned above. When compared to 2Q21, the 22% increase in Cash Earnings is basically related to the 105% reduction in Income Tax and Social Contribution.

Cash Flow

Despite the accounting treatment of consolidating the FIDC in the preparation of the Consolidated Financial Statements, we believe that this is not the best way to monitor the evolution of the Company's financial position, especially for the following reasons: (i) the FIDC is an independent entity, with independent management, in which the subordinated shares held by Supplier represent only approximately 4.5% of the fund's capital; and (ii) the credit risk is transferred to the fund, upon the assignment of credits by Supplier, whose risk is limited to the capital used in its subordinated shares. Accordingly, the FIDC Cash (presented under "Financial Investments") was excluded from the consolidated balance of Cash and Equivalents of TOTVS in the tables below. Additionally, in Annex VI of this document, we have a reconciliation between the Cash Flow without the effects of FIDC consolidation and the Cash Flow Statement part of the quarterly Consolidated Financial Statements.

	Without the effects of FIDC consolidation							
In R$ thousand	**3Q21**	3Q20	Δ	2Q21	Δ	**9M21**	9M20	Δ
EBT	**87,009**	**90,283**	**(3.6%)**	**114,573**	**(24.1%)**	**321,667**	**268,475**	**19.8%**
Non-Cash Items	164,769	89,490	84.1%	93,261	76.7%	343,081	257,810	33.1%
Change in Working Capital	21,142	27,263	(22.5%)	(105,478)	(120.0%)	(106,911)	(55,219)	93.6%
Operating Cash Generation	**272,920**	**207,036**	**31.8%**	**102,356**	**166.6%**	**557,837**	**471,066**	**18.4%**
Interest paid	(6,548)	(9,284)	(29.5%)	(3,136)	108.8%	(13,359)	(18,753)	(28.8%)
Income Tax and Social Cont. paid	(29,493)	(26,928)	9.5%	(20,238)	45.7%	(98,058)	(47,924)	104.6%
Net Cash from Operating Activities	**236,879**	**170,824**	**38.7%**	**78,982**	**199.9%**	**446,420**	**404,389**	**10.4%**
Acquisition of Subsidiaries	(7,748)	8,558	(190.5%)	(1,706,073)	(99.5%)	(1,732,845)	(309,321)	460.2%
Fixed Assets	(33,212)	(7,650)	334.1%	(12,472)	166.3%	(55,798)	(22,797)	144.8%
Intangibles	(39,950)	(6,981)	472.3%	(13,271)	201.0%	(63,656)	(25,698)	147.7%
Franchises Loans	(9,876)	-	-	(18,166)	(45.6%)	(31,038)	-	-
Net Cash used in Investing Act.	**(90,786)**	**(6,073)**	**>999%**	**(1,749,982)**	**(94.8%)**	**(1,883,337)**	**(357,816)**	**426.3%**
Increase (Decrease) Gross Debt	(13,235)	(424,340)	(96.9%)	1,474,288	(100.9%)	1,451,713	(418,859)	(446.6%)
Shareholders Remuneration	-	(4,538)	(100.0%)	(101,170)	(100.0%)	(107,607)	(166,070)	(35.2%)
Capital Contribution	1,407,058	-	-	-	-	1,407,058	-	-
Net Cash gen. by (used in) Financ. Act.	**1,393,823**	**(428,878)**	**(425.0%)**	**1,373,118**	**1.5%**	**2,751,164**	**(584,929)**	**(570.3%)**
Incr. (Dec.) in Cash and Cash Eq.	1,539,916	(264,127)	(683.0%)	(297,882)	(617.0%)	1,314,247	(538,356)	(344.1%)
Cash and Equiv. Beginning of the Period	785,969	1,263,927	(37.8%)	1,083,851	(27.5%)	1,011,638	1,538,156	(34.2%)
Cash and Equiv. End of the Period	**2,325,885**	**999,800**	**132.6%**	**785,969**	**195.9%**	**2,325,885**	**999,800**	**132.6%**
Free Cash Flow*	**158,163**	**162,320**	**(2.6%)**	**37,142**	**325.8%**	**304,744**	**368,271**	**(17.2%)**

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

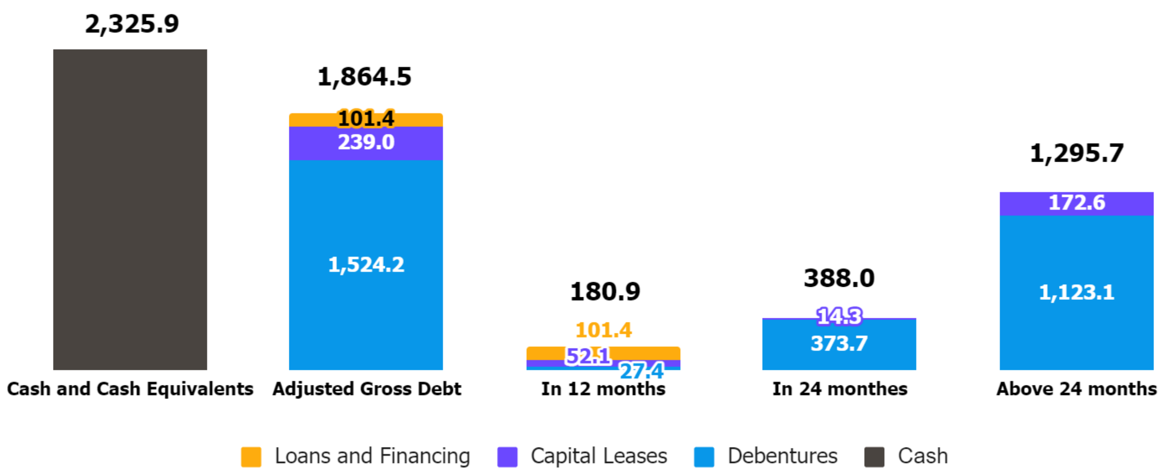
Compared to the previous quarter, the 326% increase in Free Cash Flow is mainly due to: (i) the variation of R$137 million in Working Capital, impacted by the increase in accounts receivable from clients, especially Supplier's credit portfolio, in 2Q21; and (ii) the growth in the line of non-cash items, basically due to the increase in depreciation and amortization, due to the 3-month consolidation of RD Station and the beginning of the amortization of its intangibles, and the increase in the provision for interest, exchange and monetary variations resulting from the increase in the Selic interest rate.

Gross and Net Debt

In addition to the considerations already made in the Cash Flow section, we understand that the FIDC consolidation also hinders the monitoring of the effective indebtedness level of the Company, since the senior and mezzanine quotas are part of the FIDC equity and, therefore, not actually payable by TOTVS. Thus, the balances of the senior and mezzanine quotas were excluded, for purposes of calculating Adjusted Gross and Net Debt, as shown below:

In R$ thousand	3Q21	3Q20	Δ	2Q21	Δ
Loans and Financing	101,375	-	-	102,988	(1.6%)
Capital Leases	238,957	232,216	2.9%	244,992	(2.5%)
Debentures	1,524,199	-	-	1,497,677	1.8%
Senior and Mezzanine Quota	1,538,368	924,802	66.3%	1,322,987	16.3%
Gross Debt	**3,402,899**	**1,157,018**	**194.1%**	**3,168,644**	**7.4%**
(-) Senior and Mezzanine Quota	(1,538,368)	(924,802)	66.3%	(1,322,987)	16.3%
Adjusted Gross Debt	**1,864,531**	**232,216**	**702.9%**	**1,845,657**	**1.0%**
(-) Cash and Cash Equivalents	(2,325,885)	(999,800)	132.6%	(785,969)	195.9%
Adjusted Net Debt (Cash)	**(461,354)**	**(767,584)**	**(39.9%)**	**1,059,688**	**(143.5%)**

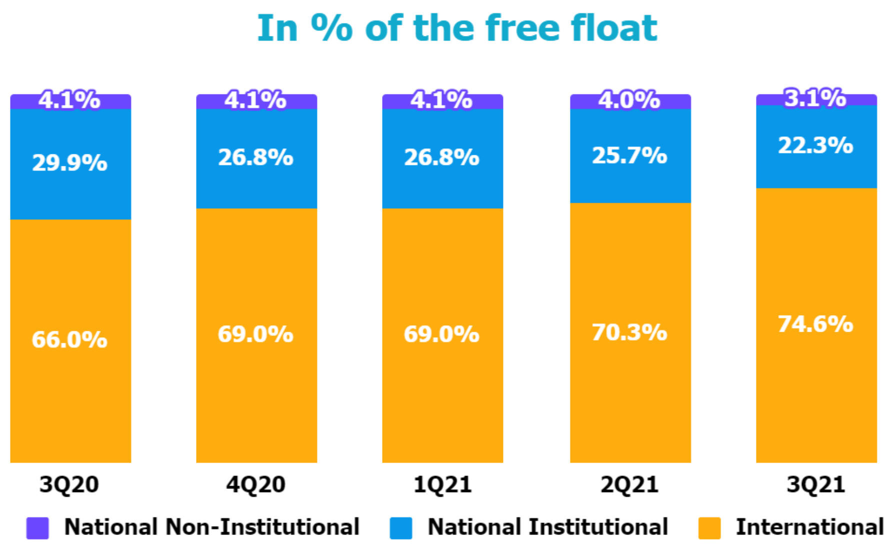
Adjusted Gross Debt ended the quarter at R$1.9 billion, a level similar to that presented in 2Q21. When compared to 3Q20, the 703% growth is basically the result of the 3rd issue of debentures in 2Q21. With the funding of R$1.4 billion from follow-on, the Company regains its net cash position in 3Q21.



The Cash and Equivalents Balance ended 3Q21 at R$2.3 billion and, as mentioned above, the Company returned to a net cash position, with approximately 70% of the Adjusted Gross Debt with maturity in more than 24 months, which demonstrates the Company's investment capacity.

SHAREHOLDING COMPOSITION

TOTVS ended 3Q21 with a Capital Stock of R$2.962 billion, comprising 617,183,181 common shares and free-float of 84.2%. 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.



About TOTVS

An absolute leader in systems and platforms for business management, TOTVS delivers productivity to more than 65 thousand clients by the digitalization of businesses. Going far beyond ERP, it offers financial services and business performance solutions, investing approximately R$2 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

THE COSTUMER'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	3Q21	3Q20	Δ	2Q21	Δ	9M21	9M20	Δ
Net Revenue	**854,538**	**677,766**	**26.1%**	**763,375**	**11.9%**	**2,338,169**	**1,906,583**	**22.6%**
Management Revenue	718,667	627,803	14.5%	678,854	5.9%	2,057,786	1,829,418	12.5%
Business Performance Revenue	62,714	879	>999%	23,577	166.0%	90,668	1,105	>999%
Techfin Revenue	73,157	49,084	49.0%	60,944	20.0%	189,715	76,060	149.4%
Operating Costs	**(253,760)**	**(205,208)**	**23.7%**	**(225,043)**	**12.8%**	**(683,402)**	**(569,764)**	**19.9%**
Management Operating Costs	(203,945)	(188,772)	8.0%	(193,869)	5.2%	(580,696)	(543,771)	6.8%
Business Performance Operating Costs	(16,420)	(47)	>999%	(7,484)	119.4%	(26,588)	(47)	>999%
Techfin Costs	(33,395)	(16,389)	103.8%	(23,690)	41.0%	(76,118)	(25,946)	193.4%
Gross Profit	**600,778**	**472,558**	**27.1%**	**538,332**	**11.6%**	**1,654,767**	**1,336,819**	**23.8%**
Operating Expenses	(481,487)	(372,416)	29.3%	(410,626)	17.3%	(1,279,856)	(1,064,327)	20.3%
Research and Development	(143,678)	(106,337)	35.1%	(129,219)	11.2%	(390,460)	(318,358)	22.6%
Commercial and Marketing Expenses	(163,531)	(122,155)	33.9%	(138,345)	18.2%	(431,043)	(343,452)	25.5%
Provision for Expected Credit Losses	(12,705)	(7,419)	71.2%	(8,900)	42.8%	(28,473)	(37,409)	(23.9%)
General and Administrative Expenses	(84,034)	(72,368)	16.1%	(82,108)	2.3%	(233,907)	(180,638)	29.5%
Provision for Contingencies	(10,644)	(8,281)	28.5%	(4,793)	122.1%	(24,565)	(37,957)	(35.3%)
Depreciation and Amortization	(71,305)	(55,806)	27.8%	(59,770)	19.3%	(190,378)	(147,252)	29.3%
Other Net Revenues (Expenses)	4,410	(50)	<(999%)	12,509	(64.7%)	18,970	739	>999%
EBIT	**119,291**	**100,142**	**19.1%**	**127,706**	**(6.6%)**	**374,911**	**272,492**	**37.6%**
Financial Result	(32,320)	(9,565)	237.9%	(12,569)	157.1%	(52,718)	(3,723)	>999%
Equity Pickup	38	(294)	(112.9%)	(564)	(106.7%)	(526)	(294)	78.9%
Earnings Before Taxes (EBT)	**87,009**	**90,283**	**(3.6%)**	**114,573**	**(24.1%)**	**321,667**	**268,475**	**19.8%**
Income Tax and Social Contribution	1,911	(11,428)	(116.7%)	(35,930)	(105.3%)	(73,459)	(68,683)	7.0%
Current	(15,239)	(18,278)	(16.6%)	(32,183)	(52.6%)	(100,170)	(56,488)	77.3%
Deferred	17,150	6,850	150.4%	(3,747)	(557.7%)	26,711	(12,195)	(319.0%)
Net Income from Continuing Operation	**88,920**	**78,855**	**12.8%**	**78,643**	**13.1%**	**248,208**	**199,792**	**24.2%**
Net Margin Continued Operation	*10.4%*	*11.6%*	*(10.6%)*	*10.3%*	*10 bp*	*10.6%*	*10.5%*	*10 bp*
Net Income (Loss) from Discontinued Op.	-	456	(100.0%)	-	-	-	(980)	(100.0%)
Net Income	**88,920**	**79,311**	**12.1%**	**78,643**	**13.1%**	**248,208**	**198,812**	**24.8%**
Net Margin	*10.4%*	*11.7%*	*-130 bp*	*10.3%*	*10 bp*	*10.6%*	*10.4%*	*20 bp*

APPENDIX II

EBITDA and Net Income Reconciliation

In R$ thousand	3Q21	3Q20	Δ	2Q21	Δ	9M21	9M20	Δ
Net Income	**88,920**	**79,311**	**12.1%**	**78,643**	**13.1%**	**248,208**	**198,812**	**24.8%**
Net Margin	*10.4%*	*11.7%*	*-130 bp*	*10.3%*	*10 bp*	*10.6%*	*10.4%*	*20 bp*
Depreciation and Amortization	71,305	55,806	27.8%	59,770	19.3%	190,378	147,252	29.3%
Financial Results	32,320	9,565	237.9%	12,569	157.1%	52,718	3,723	>999%
Equity Pickup	(38)	294	(112.9%)	564	(106.7%)	526	294	78.9%
Income Tax and Social Contribution	(1,911)	11,428	(116.7%)	35,930	(105.3%)	73,459	68,683	7.0%
Net Income (Loss) from Discontinued Op.	-	(456)	(100.0%)	-	-	-	980	(100.0%)
EBITDA	**190,596**	**155,948**	**22.2%**	**187,476**	**1.7%**	**565,289**	**419,744**	**34.7%**
EBITDA Margin	*22.3%*	*23.0%*	*-70 bp*	*24.6%*	*-230 bp*	*24.2%*	*22.0%*	*220 bp*
Extraordinary Items	**1,447**	**5,474**	**(73.6%)**	**(3,738)**	**(138.7%)**	**(319)**	**5,878**	**(105.4%)**
Earn-out Adjustment at Fair Value	-	-	-	(834)	(100.0%)	(834)	-	-
Earns in Investment Sale	(1,156)	-	-	-	-	(1,156)	-	-
Expenses with M&A Transactions	2,603	5,474	(52.4%)	5,814	(55.2%)	10,389	5,878	76.8%
Tax Credit	-	-	-	(8,718)	(100.0%)	(8,718)	-	-
Adjusted EBITDA	**192,043**	**161,422**	**19.0%**	**183,738**	**4.5%**	**564,970**	**425,622**	**32.7%**
Adjusted EBITDA Margin	*22.5%*	*23.8%*	-130 bp	*24.1%*	-160 bp	*24.2%*	*22.3%*	190 bp

APPENDIX III

Balance Sheet

In R$ thousand	3Q21	3Q20	Δ	2Q21	Δ
	Without the effects of FIDC consolidation				
ASSETS					
Current Assets	**3.414.685**	**1.667.943**	**104,7%**	**1.852.456**	**84,3%**
Cash and Cash Equivalents	2.325.885	999.800	132,6%	785.969	195,9%
Financial Investments	177.085	53.862	228,8%	173.114	2,3%
Trade Receivables	830.830	598.932	38,7%	814.874	2,0%
Provision for Expected Credit Losses	(86.176)	(81.506)	5,7%	(81.539)	5,7%
Recoverable Taxes	52.662	22.384	135,3%	54.389	(3,2%)
Othe Assets	105.208	64.164	64,0%	96.582	8,9%
Escrow Accounts	9.191	10.307	(10,8%)	9.067	1,4%
Non-current Assets	**4.471.497**	**2.320.799**	**92,7%**	**4.427.517**	**1,0%**
Long-term assets	**466.516**	**371.964**	**25,4%**	**422.768**	**10,3%**
Trade Receivables	60.254	57.679	4,5%	60.881	(1,0%)
Deferred Tax Assets	130.292	96.481	35,0%	111.701	16,6%
Judicial Deposits	42.576	48.789	(12,7%)	44.032	(3,3%)
Investiments at Fair Value	97.102	100.696	(3,6%)	89.297	8,7%
Recoverable Taxes	-	8.024	(100,0%)	-	-
Escrow Accounts	34.857	1.141	>999%	34.388	1,4%
Othe Assets	101.435	59.154	71,5%	82.469	23,0%
Investments	2.982	3.402	(12,3%)	2.797	6,6%
Property, Plant and Equipment	393.022	378.120	3,9%	390.855	0,6%
Intangible Assets	3.608.977	1.567.313	130,3%	3.611.097	(0,1%)
TOTAL ASSETS	**7.886.182**	**3.988.742**	**97,7%**	**6.279.973**	**25,6%**
LIABILITIES					
Current Liabilities	**1.544.367**	**899.010**	**71,8%**	**1.400.726**	**10,3%**
Labor Liabilities	299.465	238.636	25,5%	329.440	(9,1%)
Trade and Other Payables	114.106	91.360	24,9%	107.722	5,9%
Taxes and Contributions Payable	86.989	89.580	(2,9%)	78.420	10,9%
Loans and Financing	101.375	-	-	102.988	(1,6%)
Debentures	27.365	-	-	2.993	814,3%
Lease Liabilities	52.136	46.785	11,4%	52.343	(0,4%)
Dividends Payable	46.388	36.075	28,6%	1.040	>999%
Accounts Payable from Acq. of Subsid.	136.737	44.174	209,5%	160.230	(14,7%)
Commissions Payable	63.055	53.831	17,1%	61.816	2,0%
Other Liabilities	90.348	9.836	818,5%	71.271	26,8%
Business Partners Payable	526.403	288.733	82,3%	432.463	21,7%
Non-current Liabilities	**2.154.057**	**523.716**	311,3%	**2.156.034**	(0,1%)
Lease Liabilities	186.821	185.431	0,7%	192.649	(3,0%)
Debentures	1.496.834	-	-	1.494.684	0,1%
Accounts Payable from Acq. of Subsid.	303.777	170.838	77,8%	269.699	12,6%
Other Liabilities	31.582	25.456	24,1%	67.354	(53,1%)
Tax Obligations	3.087	3.998	(22,8%)	3.385	(8,8%)
Deferred Income Taxes	3.655	3.741	(2,3%)	2.349	55,6%
Provision for Contingencies	128.301	134.252	(4,4%)	125.914	1,9%
Shareholders' Equity	**4.187.758**	**2.566.016**	63,2%	**2.723.213**	53,8%
Capital	2.962.585	1.382.509	114,3%	1.519.412	95,0%
Capital Reserves	867.555	887.095	(2,2%)	894.758	(3,0%)
Treasury Shares	(133.195)	(148.570)	(10,3%)	(133.303)	(0,1%)
Reserve	441.981	393.458	12,3%	404.254	9,3%
Other Comprehensive Income	48.832	51.524	(5,2%)	38.092	28,2%
TOTAL LIABILITIES AND EQUITY	**7.886.182**	**3.988.742**	**97,7%**	**6.279.973**	**25,6%**

APPENDIX IV

Balance Sheet Reconciliation

ASSETS	3Q21 Consolidated	3Q21 Effects from FIDC Consolidation	3Q21 Consolidated without FIDC
Current Assets	**4,953,791**	**(1,539,106)**	**3,414,685**
Cash and Cash Equivalents	2,325,886	(1)	2,325,885
Financial Investments	427,131	(250,046)	177,085
Trade Receivables	2,033,366	(1,288,712)	744,654
Other Current Assets	167,408	(347)	167,061
Non-Current Assets	**4,471,497**	**-**	**4,471,497**
Other Non-Current Assets	469,498	-	469,498
Property, Plant and Equipment	393,022	-	393,022
Intangible Assets	3,608,977	-	3,608,977
TOTAL ASSETS	**9,425,288**	**(1,539,106)**	**7,886,182**

LIABILITIES			
Current Assets	**3,083,473**	**(1,539,106)**	**1,544,367**
Loans, Financing and Lease Liabilities	153,511	-	153,511
Business Partners Payable	526,403	-	526,403
Debentures	27,365	-	27,365
Senior and Mezzanine Quotas	1,538,368	(1,538,368)	-
Other Current Liabilities	837,826	(738)	837,088
Non-Current Assets	**2,154,057**	**-**	**2,154,057**
Loans, Financing and Lease Liabilities	186,821	-	186,821
Debentures	1,496,834	-	1,496,834
Provision for Contingencies	128,301	-	128,301
Other Non-Current Liabilities	342,101	-	342,101
Shareholders' Equity	4,187,758	-	4,187,758
TOTAL LIABILITIES AND EQUITY	**9,425,288**	**(1,539,106)**	**7,886,182**

APPENDIX V

Cash Flow

In R$ thousand	3Q21	3Q20	Δ	2Q21	Δ	9M21	9M20	Δ
	Without the effects of FIDC consolidation							
EBT	**87,009**	**90,283**	**(3.6%)**	**114,573**	**(24.1%)**	**321,667**	**268,475**	**19.8%**
Adjustments:	**164,769**	**89,490**	**84.1%**	**93,261**	**76.7%**	**343,081**	**257,810**	**33.1%**
Depreciation and Amortization	71,305	55,806	27.8%	59,770	19.3%	190,378	147,252	29.3%
Share-based Payments Expense	13,967	7,986	74.9%	8,053	73.4%	29,135	16,888	72.5%
Losses on Disposal of Fixed Assets and Inv.	10,262	4	>999%	310	>999%	10,278	(1,427)	(820.3%)
Provision for Expected Credit Losses	8,673	8,061	7.6%	5,788	49.8%	20,026	33,234	(39.7%)
Equity Pickup	(38)	294	(112.9%)	564	(106.7%)	526	294	78.9%
Prov. for Contingencies, Net of Reversals	10,644	8,281	28.5%	4,793	122.1%	24,565	37,957	(35.3%)
Provision (Reversal) for Other Obligations	(567)	-	-	(834)	(32.0%)	(1,401)	(720)	94.6%
Inter., Monet. and Exchange Var., Net	50,523	9,058	457.8%	14,817	241.0%	69,574	24,332	185.9%
Changes in Op. Assets and Liabilities:	**21,142**	**27,263**	**(22.5%)**	**(105,478)**	**(120.0%)**	**(106,911)**	**(55,219)**	**93.6%**
Trade Receivables	(19,366)	(119,662)	(83.8%)	(124,425)	(84.4%)	(179,592)	(206,777)	(13.1%)
Recoverable Taxes	1,592	(4,198)	(137.9%)	(9,416)	(116.9%)	(6,737)	11,533	(158.4%)
Judicial Deposits	1,912	1,362	40.4%	1,122	70.4%	2,737	17,072	(84.0%)
Other Assets	(17,572)	10,115	(273.7%)	(24,161)	(27.3%)	(67,305)	(22,136)	204.1%
Labor Liabilities	(29,476)	3,221	<(999%)	37,315	(179.0%)	19,218	26,491	(27.5%)
Trade and Other Payables	1,437	16,395	(91.2%)	(9,851)	(114.6%)	(30,528)	22,337	(236.7%)
Commissions Payable	1,239	6,576	(81.2%)	(2,574)	(148.1%)	6,608	6,822	(3.1%)
Taxes and Contributions Payable	16,680	(2,469)	(775.6%)	(8,256)	(302.0%)	(293)	21,529	(101.4%)
Other Accounts Payable	(29,244)	(11,967)	144.4%	(16,073)	81.9%	(48,605)	(43,622)	11.4%
Business Partners Payable	93,940	127,890	(26.5%)	50,841	84.8%	197,586	111,532	77.2%
Operating Cash Generation	**272,920**	**207,036**	**31.8%**	**102,356**	**166.6%**	**557,837**	**471,066**	**18.4%**
Interest paid	(6,548)	(9,284)	(29.5%)	(3,136)	108.8%	(13,359)	(18,753)	(28.8%)
Income Taxes Paid	(29,493)	(26,928)	9.5%	(20,238)	45.7%	(98,058)	(47,924)	104.6%
Net Cash from Operating Activities	**236,879**	**170,824**	**38.7%**	**78,982**	**199.9%**	**446,420**	**404,389**	**10.4%**
Acquisition of Equity Interest	-	-	-	(1,705,031)	(100.0%)	(1,705,031)	(321,895)	429.7%
Purchases of Intangible Assets	(39,950)	(6,981)	472.3%	(13,271)	201.0%	(63,656)	(25,698)	147.7%
Sale (Acquisition) of Onvestments	41	8,558	(99.5%)	346	(88.2%)	5,428	19,695	(72.4%)
Franchises Loans	(9,876)	-	-	(18,166)	(45.6%)	(31,038)	-	-
Value from Fixed Assets Sale	1,873	542	245.6%	882	112.4%	3,258	2,239	45.5%
Payment of Oblig.for Acquisition of Inv.	(7,789)	-	-	(1,388)	461.2%	(33,242)	(7,121)	366.8%
Acquisition of Fixed Assets	(35,085)	(8,192)	328.3%	(13,354)	162.7%	(59,056)	(25,036)	135.9%
Net Cash used in Investing Act.	**(90,786)**	**(6,073)**	**>999%**	**(1,749,982)**	**(94.8%)**	**(1,883,337)**	**(357,816)**	**426.3%**
Payment of Princ. on Loans and Financing	(3,329)	(10,921)	(69.5%)	-	-	(4,157)	(174,858)	(97.6%)
Payment of Principal on Debentures	-	(400,000)	(100.0%)	-	-	-	(400,000)	(100.0%)
Payment of Leasing Installments	(9,906)	(13,419)	(26.2%)	(15,081)	(34.3%)	(33,499)	(40,925)	(18.1%)
Capital Contribution	1,407,058	-	-	-	-	1,407,058	-	-
Dividends paid	-	(4,538)	(100.0%)	(101,170)	(100.0%)	(107,607)	(73,064)	47.3%
Loans and Financing	-	-	-	1,489,369	(100.0%)	1,489,369	196,924	656.3%
Net Treasury Shares	-	-	-	-	-	-	(93,006)	(100.0%)
Net Cash gen. by (used in) Financ. Act.	**1,393,823**	**(428,878)**	**(425.0%)**	**1,373,118**	**1.5%**	**2,751,164**	**(584,929)**	**(570.3%)**
Incr. (Dec.) in Cash and Cash Eq.	**1,539,916**	**(264,127)**	**(683.0%)**	**(297,882)**	**(617.0%)**	**1,314,247**	**(538,356)**	**(344.1%)**
Cash and Equiv. Beginning of the Period	785,969	1,263,927	(37.8%)	1,083,851	(27.5%)	1,011,638	1,538,156	(34.2%)
Cash and Equiv. End of the Period	2,325,885	999,800	132.6%	785,969	195.9%	2,325,885	999,800	132.6%

APPENDIX VI

3T21 and 9M21 Cash Flow Reconciliation

In R$ thousand	3Q21 Consolidated	3Q21 Effects from FIDC Consolidation	3Q21 Consolidated without FIDC	9M21 Consolidated	9M21 Effects from FIDC Consolidation	9M21 Consolidated without FIDC
EBT	**87,009**	**-**	**87,009**	**321,667**	**-**	**321,667**
Non-Cash Items	195,698	(30,929)	164,769	417,490	(74,409)	343,081
Change in Working Capital	(79,495)	100,637	21,142	(426,670)	319,759	(106,911)
Interest Paid	(6,548)	-	(6,548)	(13,359)	-	(13,359)
Income Tax and Social Cont. Paid	(29,493)	-	(29,493)	(98,058)	-	(98,058)
Net Operating Cash Flow	**167,171**	**69,708**	**236,879**	**201,070**	**245,350**	**446,420**
Subsidiaries	(7,748)	-	(7,748)	(1,732,845)	-	(1,732,845)
Fixed Assets	(33,212)	-	(33,212)	(55,798)	-	(55,798)
Intangibles	(39,950)	-	(39,950)	(63,656)	-	(63,656)
Franchises Loans	(9,876)	-	(9,876)	(31,038)	-	(31,038)
Financial Investments	(133,270)	133,270	-	(239,359)	239,359	-
Net Cash used in Investing Act.	**(224,056)**	**133,270**	**(90,786)**	**(2,122,696)**	**239,359**	**(1,883,337)**
Grow (Reduction) Gross Debt	(13,235)	-	(13,235)	1,451,713	-	1,451,713
Shareholders Payment	186,688	(186,688)	-	361,008	(468,615)	(107,607)
Capital Contribution	1,407,058	-	1,407,058	1,407,058	-	1,407,058
Net Cash used in Financing Act.	**1,580,511**	**(186,688)**	**1,393,823**	**3,219,779**	**(468,615)**	**2,751,164**
Incr. (Dec.) in Cash and Cash Eq.	1,523,626	16,290	1,539,916	1,298,153	16,094	1,314,247
Cash and Equiv. Beginning of the Period	802,260	(16,291)	785,969	1,027,733	(16,095)	1,011,638
Cash and Equiv. End of the Period	**2,325,886**	**(1)**	**2,325,885**	**2,325,886**	**(1)**	**2,325,885**
Free Cash Flow*	**(44,815)**	**202,978**	**158,163**	**(179,964)**	**484,709**	**304,745**

* 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

Business Performance dimension Pro-Forma Results

Biz Performance Result (in R$ thousand)	1Q20*	2Q20*	3Q20*	4Q20	1Q21	2Q21	3Q21
Net Revenue	**37,210**	**38,838**	**43,633**	**50,876**	**52,395**	**57,937**	**62,714**
Recurring	36,521	37,697	41,876	48,579	51,412	56,585	61,037
Non Recurring	689	1,141	1,757	2,297	983	1,352	1,677
Costs	**(12,877)**	**(14,055)**	**(13,532)**	**(15,711)**	**(14,928)**	**(15,911)**	**(16,420)**
Gross Profit	**24,333**	**24,783**	**30,101**	**35,165**	**37,467**	**42,026**	**46,294**
Gross Margin	*65.4%*	*63.8%*	*69.0%*	*69.1%*	*71.5%*	*72.5%*	*73.8%*
Research and Development	(9,359)	(9,944)	(9,149)	(9,062)	(9,968)	(11,282)	(14,844)
Provision for Expected Credit Losses	(2,898)	(1,381)	(331)	(1,177)	(1,273)	88	(1,860)
Biz Performance Contribution Margin	**12,076**	**13,458**	**20,621**	**24,926**	**26,226**	**30,832**	**29,590**
% Biz Performance Contribution Margin	*32.5%*	*34.7%*	*47.3%*	*49.0%*	*50.1%*	*53.2%*	*47.2%*

* Includes the months of jan/20-may/21 of RD Station and jan-dec/20 of Tail, for comparison purposes only, which were not consolidated in the Company's results for that quarters

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.

LTV (LifeTime Value): It is a metric that defines the average customer lifecycle value. How much money it generates for the company from purchases and services for as long as he maintains a relationship with.

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.

TCO (Total Cost of Ownership): it is the sum of all possible costs related to purchasing and owning a product or service.

U

UN (United Nations)

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

Y

YoY: year over year.