



INSTITUTIONAL PRESENTATION

/ Investor Relations



November/ 2020



The information contained in this presentation and any forward-looking statements that may be made, related to business outlook, operational and financial projections of TOTVS are based on beliefs and assumptions of the Company's management, as well as information currently available. Forward-looking statements are not guarantee of future performance. They involve risks, uncertainties and assumptions as they refer to future events and, hence, depend on circumstances that may or may not occur.

Investors must understand that general economic conditions, industry conditions and other operational factors could affect future performance of TOTVS and could lead to results that differ materially from those mentioned in these forward-looking statements.



Simplifying the business world



#1 Software
Company in Brazil³



+50% Market share
(ERP leader in Brazil)³



R\$1.6 Trillion produced
by our clients
(represented by TOTVS' +30k clients)^{1 2}



12.1%
Technology Recurring
Revenue Growth (3Q20)¹



78.0%
of Technology
Recurring Revenue
(3Q20)¹



59.6% of New Sales
are SaaS
(3Q20)¹



98.5%
Client Renewal Rate
(3Q20)¹

BUSINESS MODEL

- Recurring Revenue base
- Cloud base

DISTRIBUTION

- Local and digital presence, based on a highly capillary distribution model

BUSINESS PORTFOLIO

- Ecosystem of solutions covering 3 dimensions: Management, Techfin and Business Performance

M&A

- +25 M&A
- Main consolidator of Brazilian Tech Market

GOVERNANCE

- Highest Level of Corporate Governance (B3 – Novo Mercado)
- Social Investment aligned with business strategy

Source:

(1) Company Filings, 3Q20.

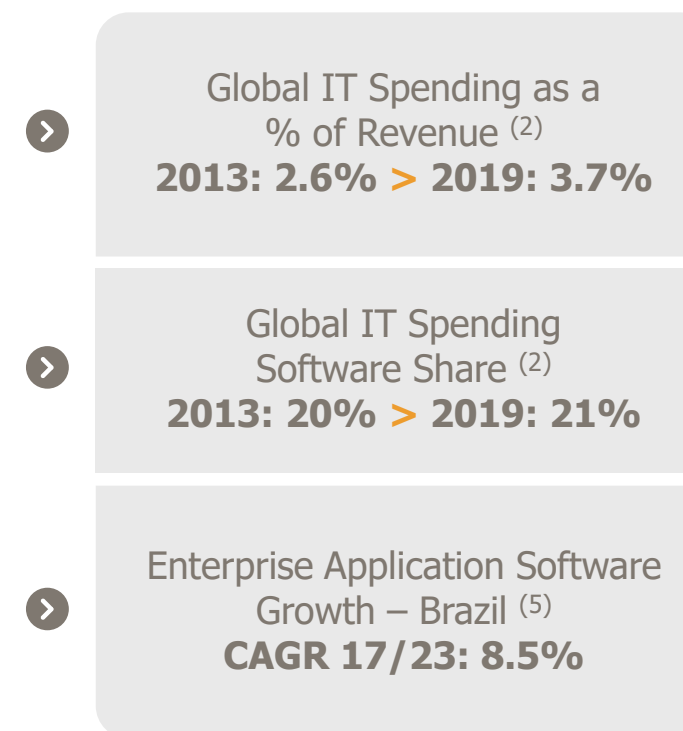
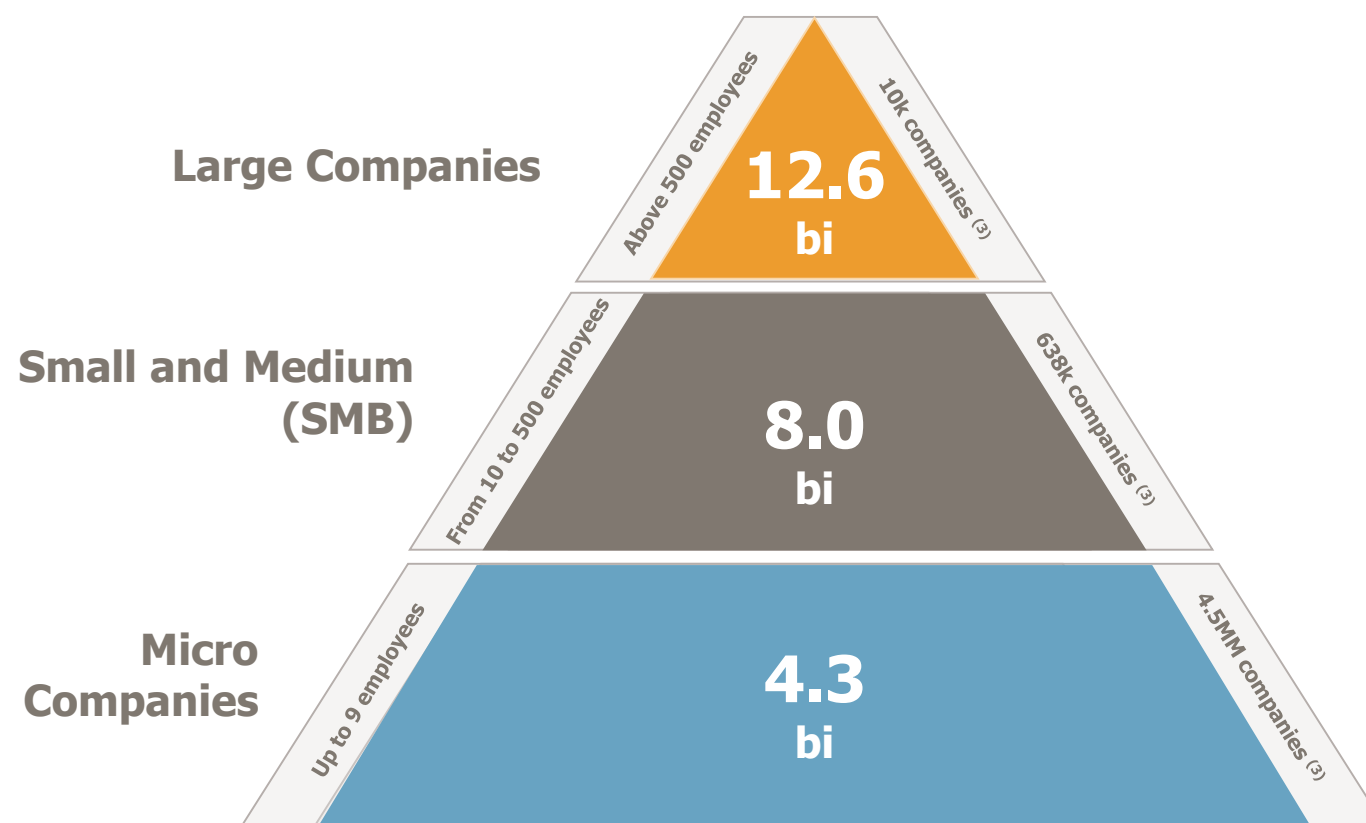
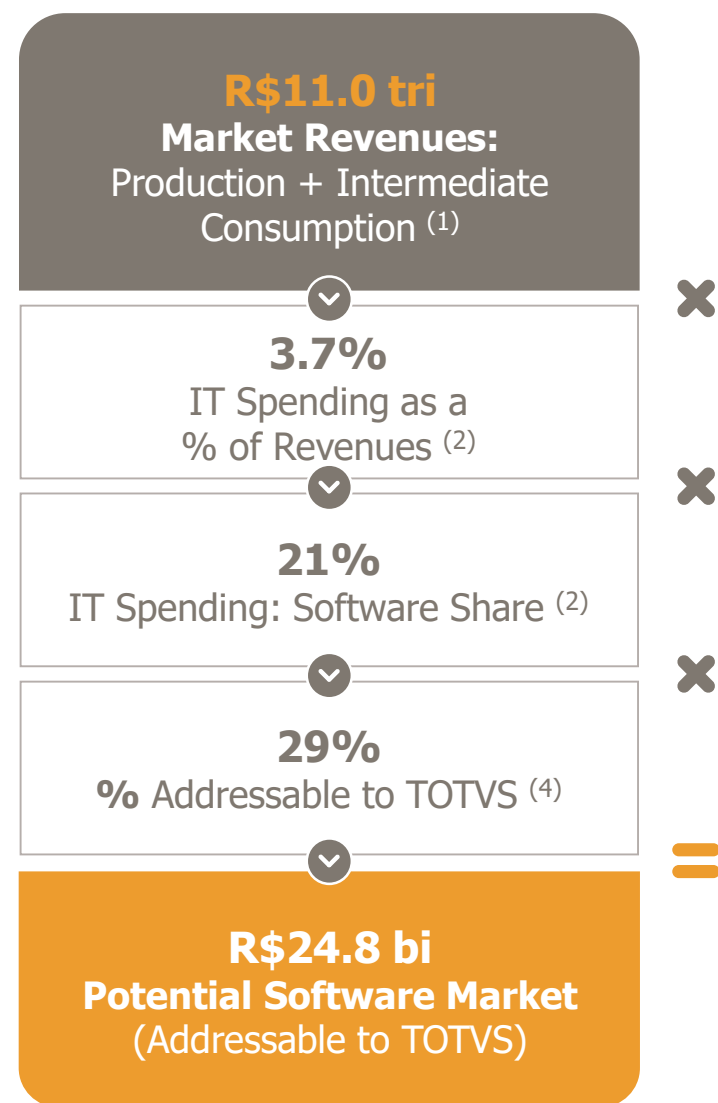
(2) Company internal estimates.

(3) Software Market Share Enterprise Application 2020 by Gartner.



BUSINESS MODEL

ADDRESSABLE MARKET BY COMPANY SIZES (R\$)





BUSINESS MODEL

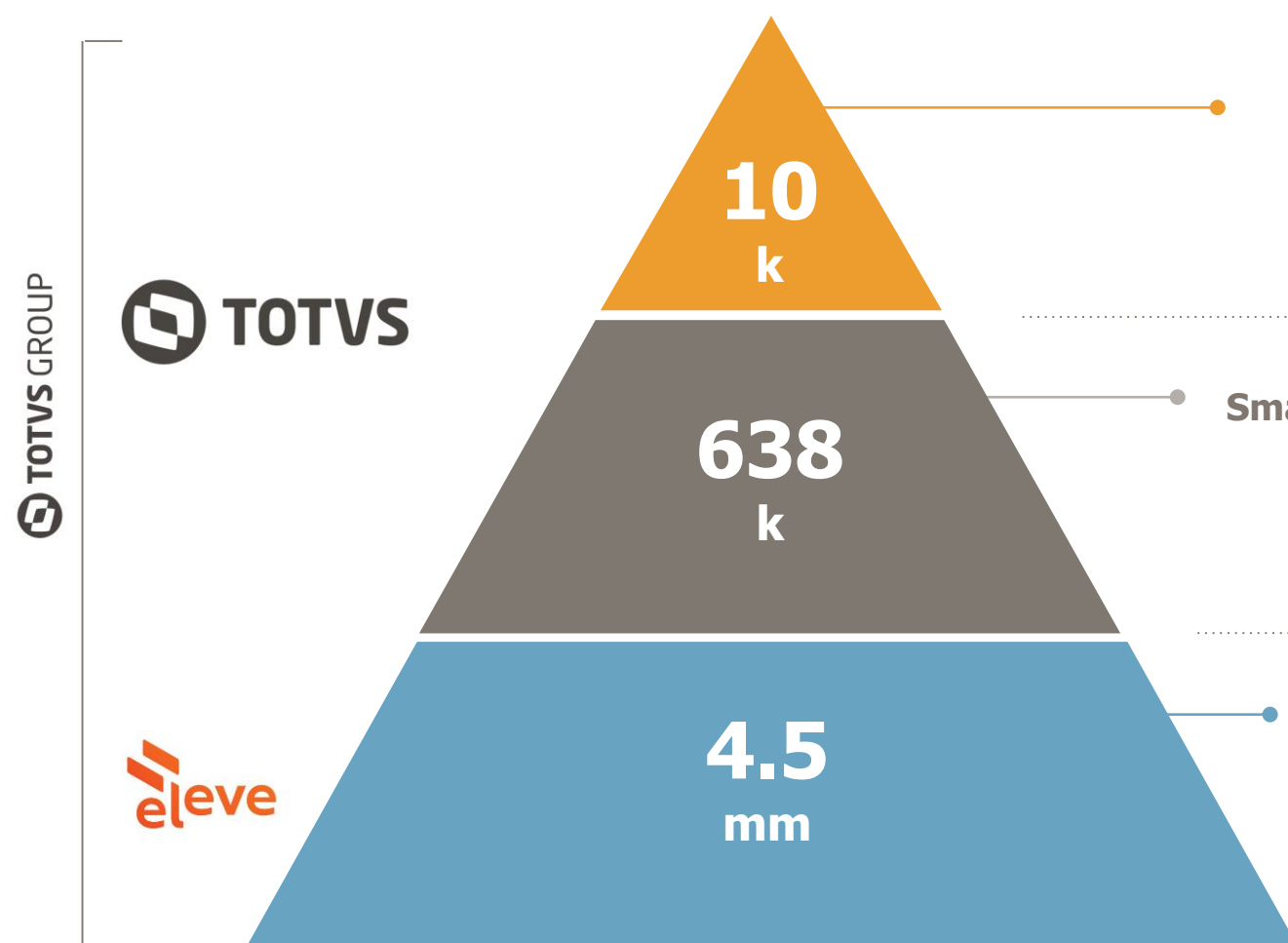
Presence and partnership in all stages of the Customer Journey Cycle





DISTRIBUTION

PHYSICAL CHANNELS



TOTAL NUMBER OF COMPANIES IN BRAZIL BY SIZE

COMPANY SIZE

Large Companies
More than 500 employees

Small and Medium (SMB)
From 10 to 500 employees

Micro Companies
Up to 9 employees

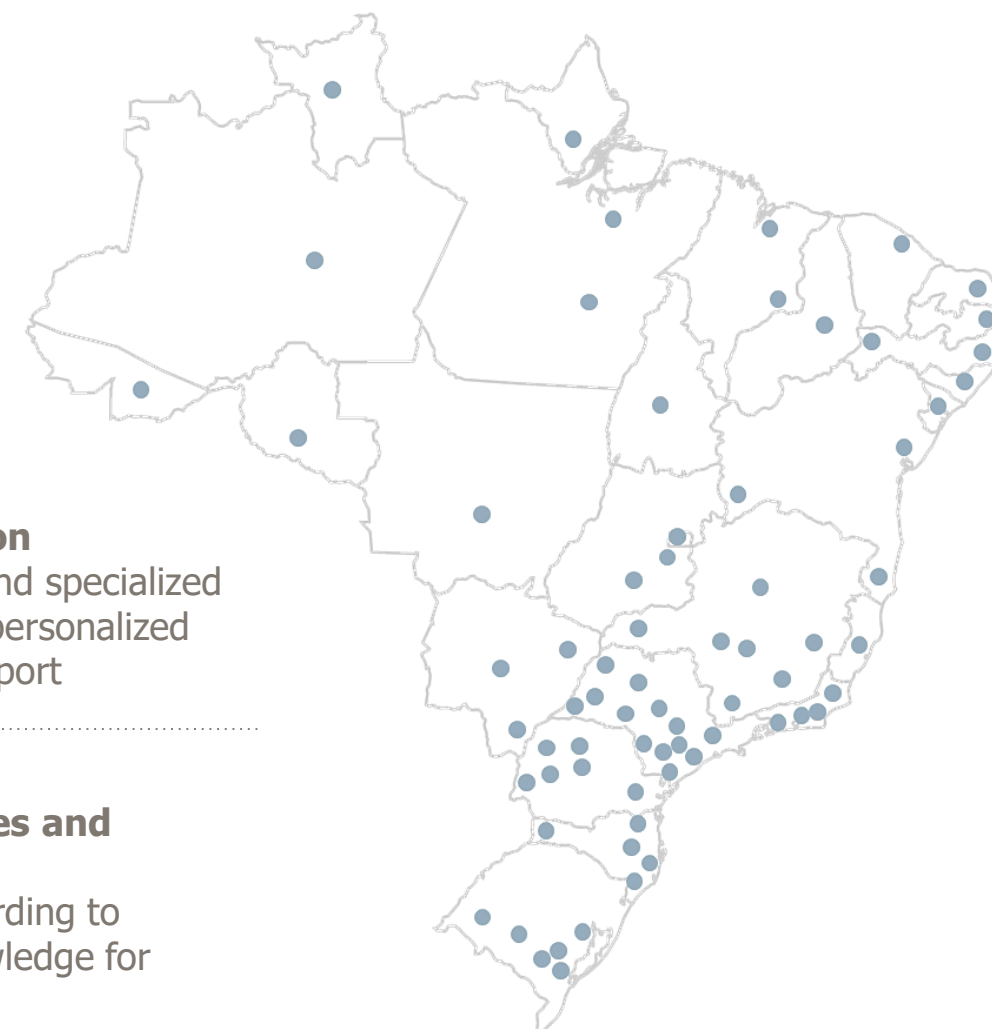


HOW WE RELATE

Large Enterprise Division
Own team with qualified and specialized staff by industry, offering personalized service and consulting support

52 Franchised Territories and 5 Branches
Franchised territories according to industry sector. Local knowledge for SMB customers

Multichannel
Distribution model through partners from a multichannel base that provides TOTVS with unmatched penetration across all regions in Brazil



DIGITAL CHANNEL - TOTVS STORE

TOTVS Store is the digital medium for interacting with customers, especially for cloud applications



BUSINESS PORTFOLIO

OUR ECOSYSTEM GOES WAY BEYOND THE ERP...

Diversity, deepness and flexibility are the characteristics of our portfolio based on ecosystem that cover three dimensions



MANAGEMENT

Robust ERP and technologies that automate key processes and **integrate all areas of the business.**



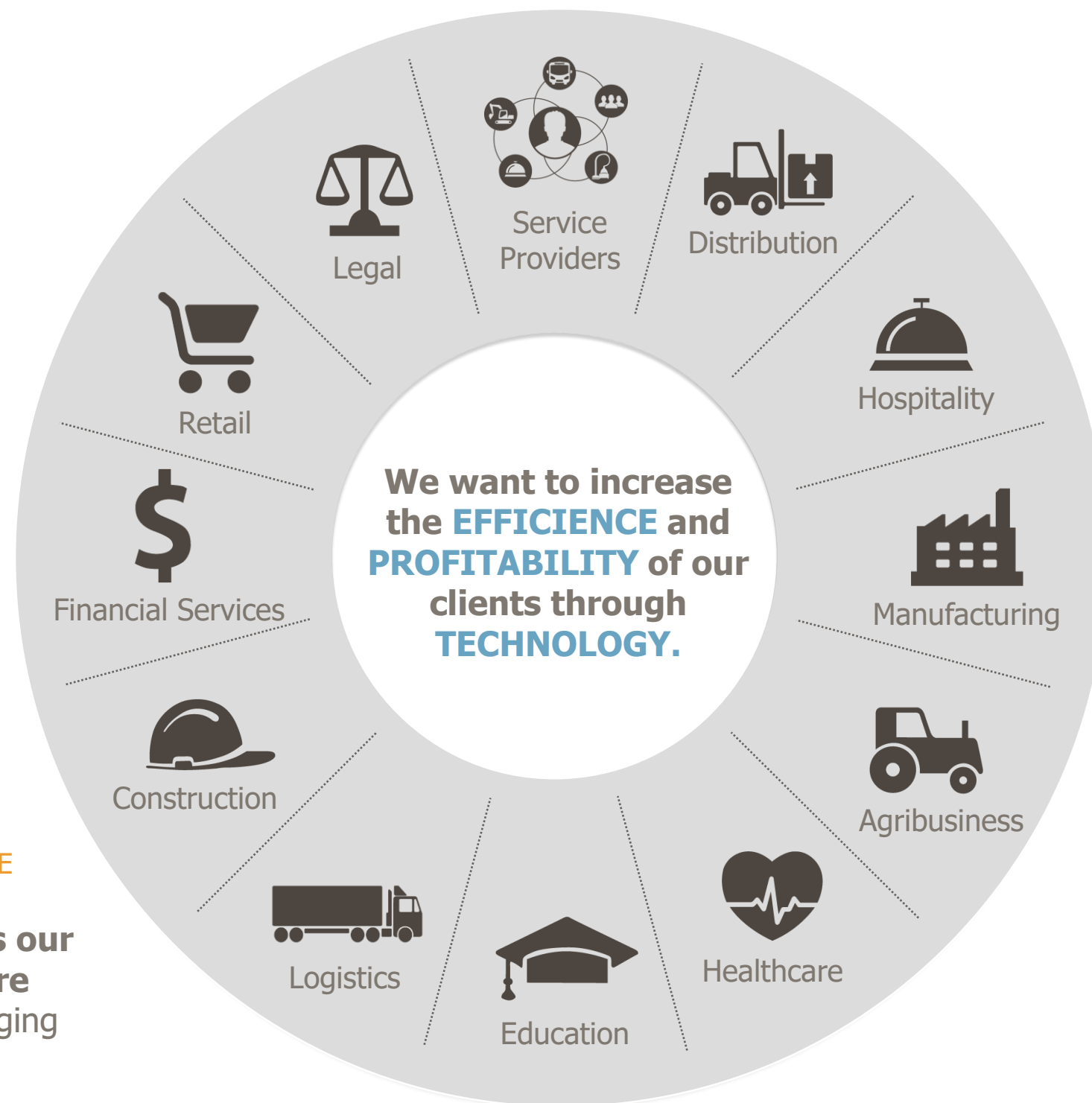
TECHFIN

Credit and payments solutions to **simplify, expand and cheapen the access of its clientes to financial services** through technology and data.



BUSINESS PERFORMANCE

Products that **helps our clients to sell more and better**, leveraging their results and performance.





M&A & PARTNERSHIPS

UNIQUE PLAYBOOK BASED ON FOUR KEY PILLARS

1st PILLAR

Reinforcing/
Defending the Core

2nd PILLAR

Deepening into
Segments

3rd PILLAR

Cross-Sell Solutions

4th PILLAR

New Markets



MANAGEMENT



TECHFIN



BUSINESS
PERFORMANCE

OPPORTUNITIES IN MANAGEMENT

1 ERP / HR

2 Verticals



OPPORTUNITIES IN TECHFIN

1 B2B Credit



2 Payroll
Credit



3 Payments

Retail



Education

OPPORTUNITIES IN BUSINESS PERFORMANCE

1 E-Commerce



2 OMS



3 CRM



4 Other
initiatives



CORPORATE GOVERNANCE



GOVERNANCE

BOARD OF DIRECTORS COMPOSITION



Highest level of Corporate Governance

(B3 – Novo Mercado)

Laércio Cosentino

Chairman
Co-Founder of TOTVS and
board member of Brasc

6 out of 7 board members are independent

Maria Letícia Costa

**Vice-Chairman
Independent Member**
Partner of Prada Assessoria
Empresarial and board
member of Localiza

Eduardo Vassimon

Independent Member
Chairman of the Board of
Directors of Votorantim S.A
and Board Member of B3*

Gilberto Mifano

Independent Member
Ex-presidente da B3*
Board member of Natura
and Cielo

Guilherme Stocco Filho

Independent Member
Member of B3* Technology
Committee

Mauro Cunha

Independent Member
Board Member of BRMalls
and Klabin

Sylvia Leão

Independent Member
Board Member of Sodimac
Brasil and Mendelics

ADVISORY COMMITTEES

Audit

monitors the procedures for compliance with legal provisions, evaluates risk management policies and recommends improvements to internal policies

Governance and Nomination

promotes the development of the Company's corporate governance and ESG strategy, evaluates the adoption of good practices and selects members to the Board of Directors and the Executive Board

Personnel and Compensation

responsible for advising the Board of Directors in establishing the terms of compensation and other benefits

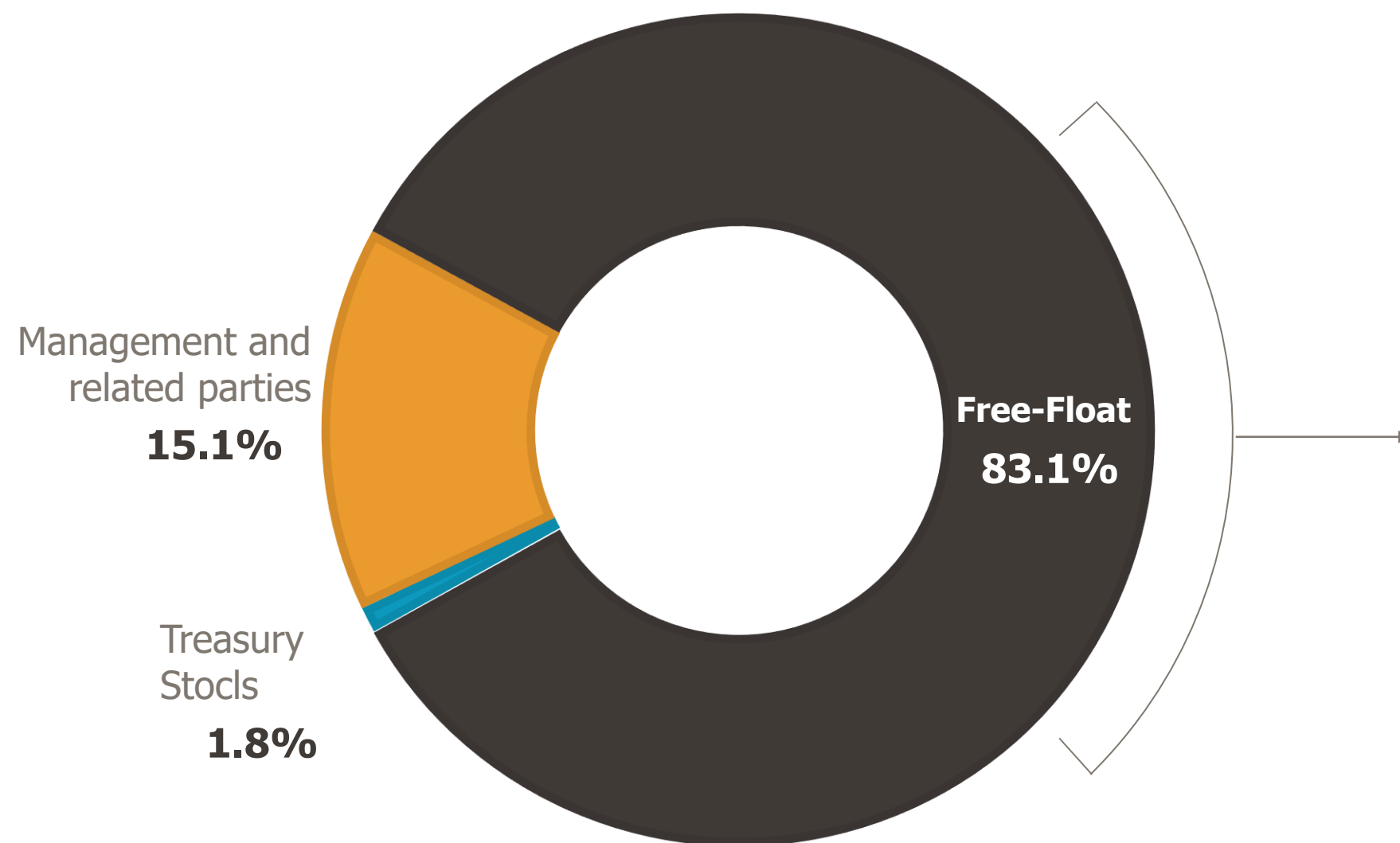
Strategy

studies, debates, evaluates, proposes and monitors the main guidelines of the corporate and technological strategy



GOVERNANCE

SHAREHOLDERS' STRUCTURE*



Free-Float **83.1%**

Management **16.9%**

Foreign Investors **66.0%**

Local Investors **34.0%**

83.1%

free-float

66.0%

of free-float held by
foreign investors



OUR ENVIRONMENT AND OUR PEOPLE

- We attract professionals **with a sense of ownership**;
- We are **passionate for challenges and focused on results**;
- We establish the market rhythm providing **technology that transforms**;
- We promote a **serene, collaborative, inclusive and respectful** culture;
- We reward **meritocracy, efficiency and productivity**;
- We have a **transparent and balanced environment**;
- Our focus is on clients, **ensuring their success**;
- We recognize the importance of all stakeholders in TOTVS ecosystem.



CULTURE #WEARETOTVERS

defines our essence



TECHNOLOGY + KNOWLEDGE ARE OUR DNA

We have built a legacy for an ever-changing-world. We are always thinking about how to combine technology and knowledge to keep boosting innovation now and forever. We are creative and not afraid of making mistakes.



THE SUCCESS OF OUR CLIENT IS OUR SUCCESS

We anticipate the needs of our customers. We deliver quality in solutions that are more essential, simpler and more agile for businesses. Always there and nearby.



WE VALUE COMPETENT PEOPLE WHO ARE NICE PEOPLE

Curious, collaborative, digital and driven by results. We are driven by our own style, and we are restless. We are TOTVERS.

By geographic location

6.716 in Brasil



255 abroad



ARG



MEX



USA



RUS



COL



CHL



PORT

By gender



66%



34%

By leadership position



68%



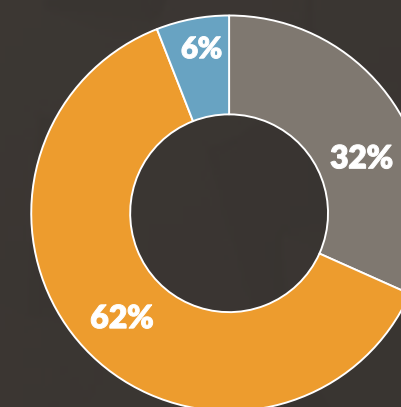
32%

By age

Up to 30

From 30 to 50

Older than 50



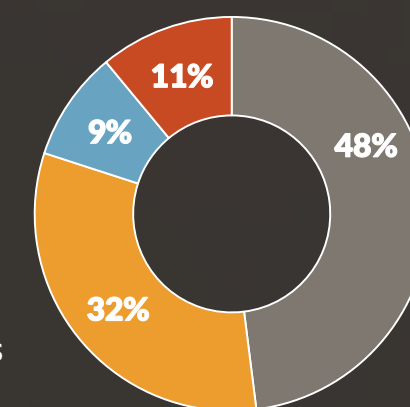
By activity

Services

R&D

Sales

Adm / Others





SOCIAL INVESTMENT

**TOTVS MAINTAINS IOS AND BELIEVES THAT
SOCIAL INVESTMENT DRIVES TRANSFORMATION**



Free professional training for youth and disabled people, in the areas of Administration and Information Technology focused on employing skilled professionals in the economy of the future.

Indication of preselected graduating students to partner companies, and assistance in complying with the Law on Learning and the Law on Quotas for Disabled People.

38,000+ students graduated under a 22 years track record

2,000+ students have completed IOS courses

46% increase in household income of students

1,400 students employed with IOS assistance

100+ partners



FINANCIAL PERFORMANCE

3Q20





NEW PRODUCTS: TECHFIN AND FINANCIAL SERVICES

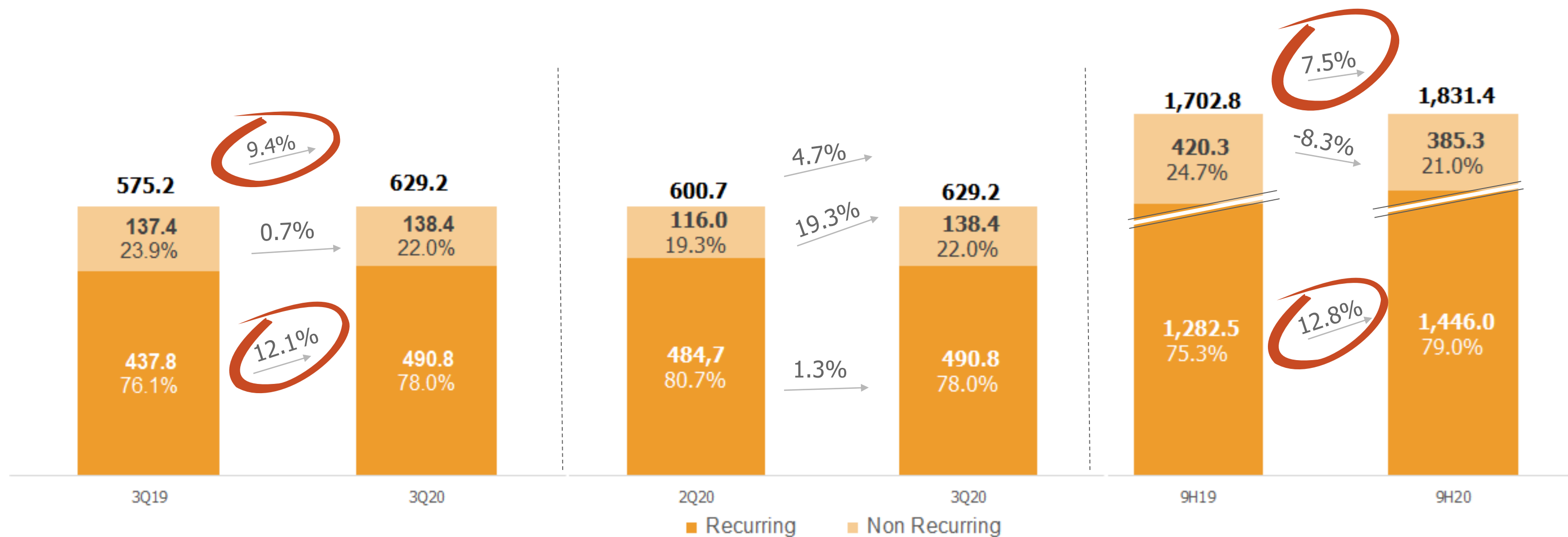
[TOTVS Consignado](#) Platform - another TECHFIN product that facilitates and simplifies the management of private payroll loans. allowing to carry out approvals without any manual intervention by the HR team. New module of [TOTVS Financial Services Core Banking](#) which will support financial institutions of all types to enter the universe of instant transactions in line with the recent developments in the national financial sector introduced by the Central Bank through the PIX.

PARTNERSHIP WITH MERCADO LIVRE

Partnerships with Mercado Livre, one of the major players in the Retail, will allow customers of this vertical to make their offers, inventories, and commercialize their products, in a simple and automated way, strengthening their omnichannel strategy with the integration between TOTVS Omni by Moddo solution and the marketplace.



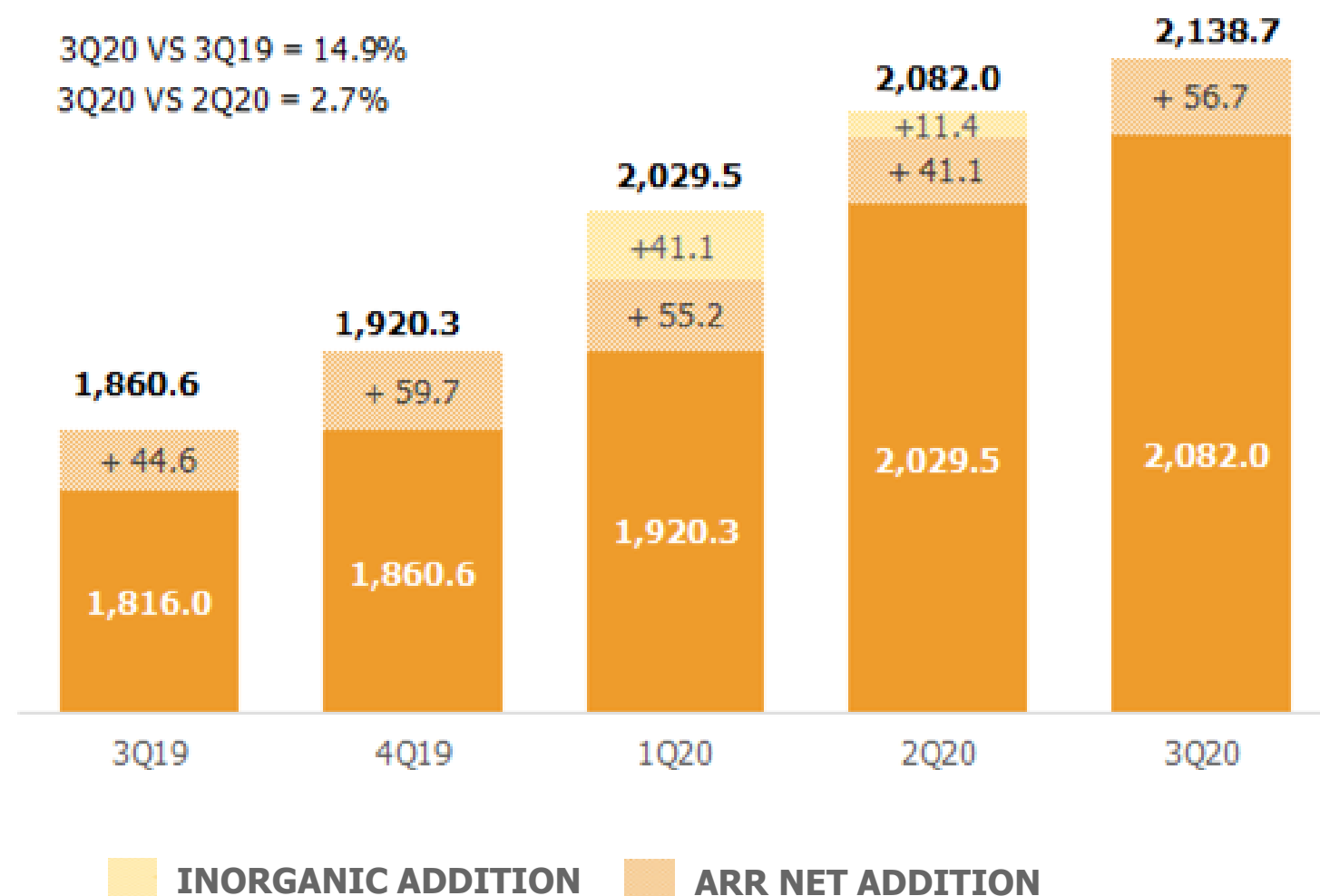
RECURRING REVENUE KEPT IT'S GROWTH TRACK,
EVEN IMPACTED BY THE BIGGER VOLUME OF SALES GRANTS CONCEIVED DURING THE PANDEMIC



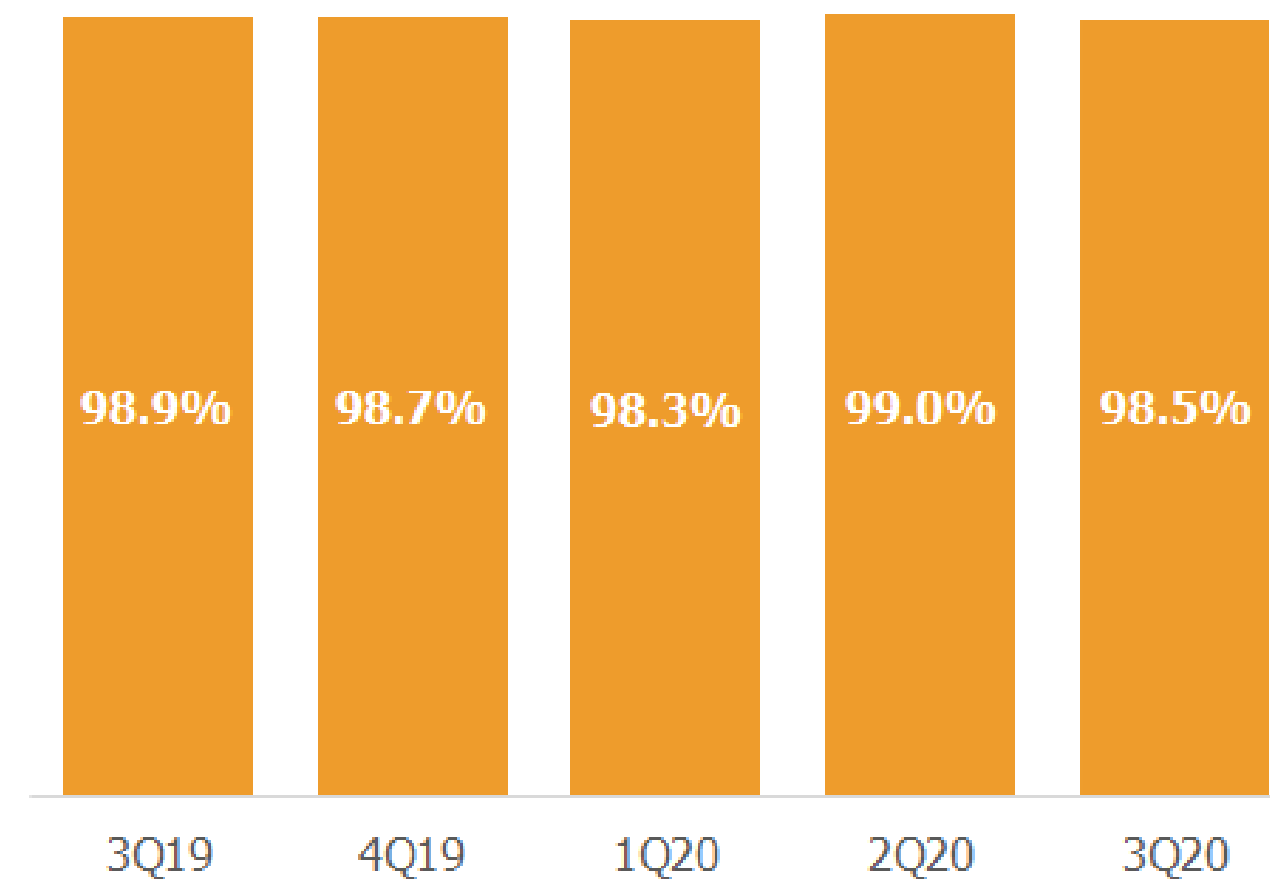


**ORGANIC NET ADDITION GREW 38% OVER THE 2Q20 AND 27% OVER 3Q19,
AND THE RENEWAL RATE MAINTAINED ITS LEVEL OVER 98%**

ANNUALIZED RECURRING REVENUE (ARR)

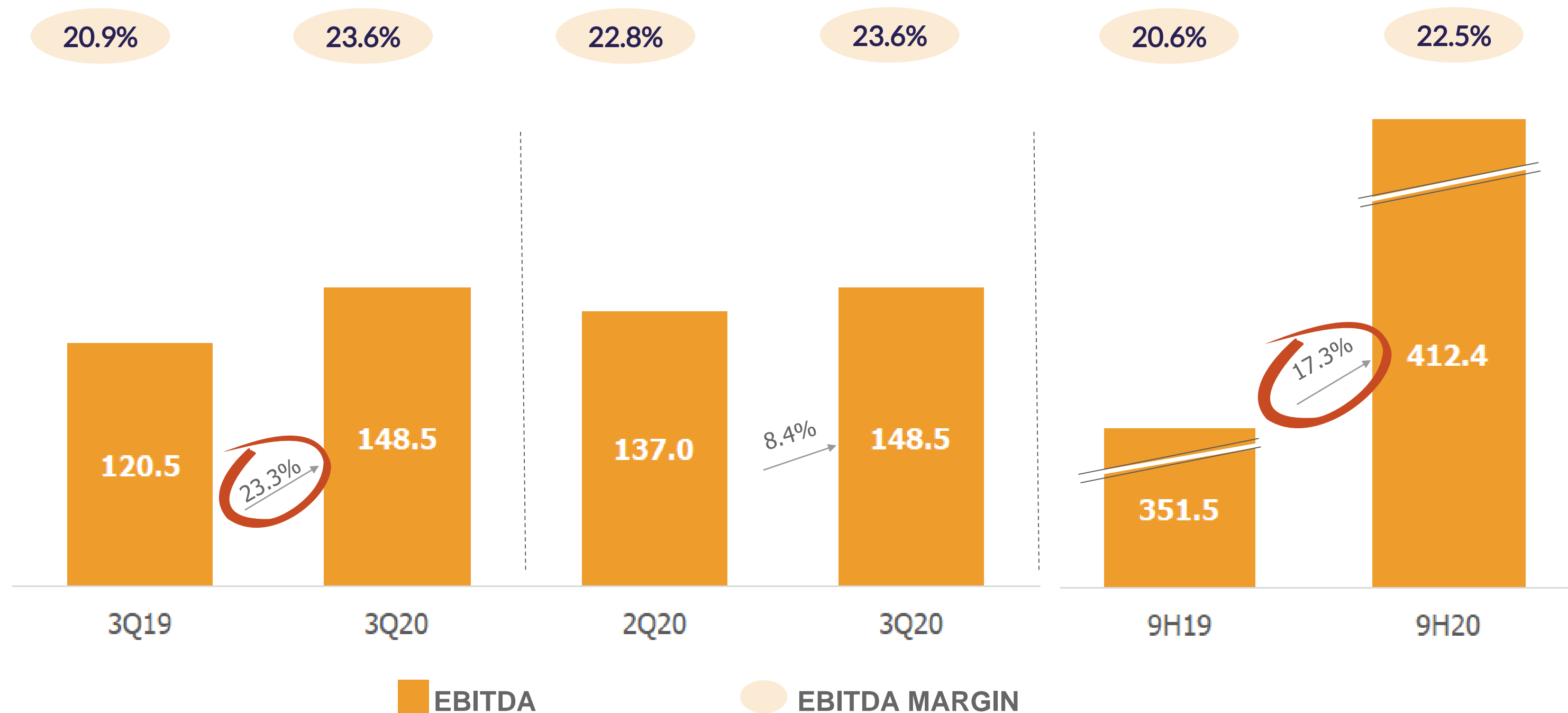


CLIENT RENEWAL RATE





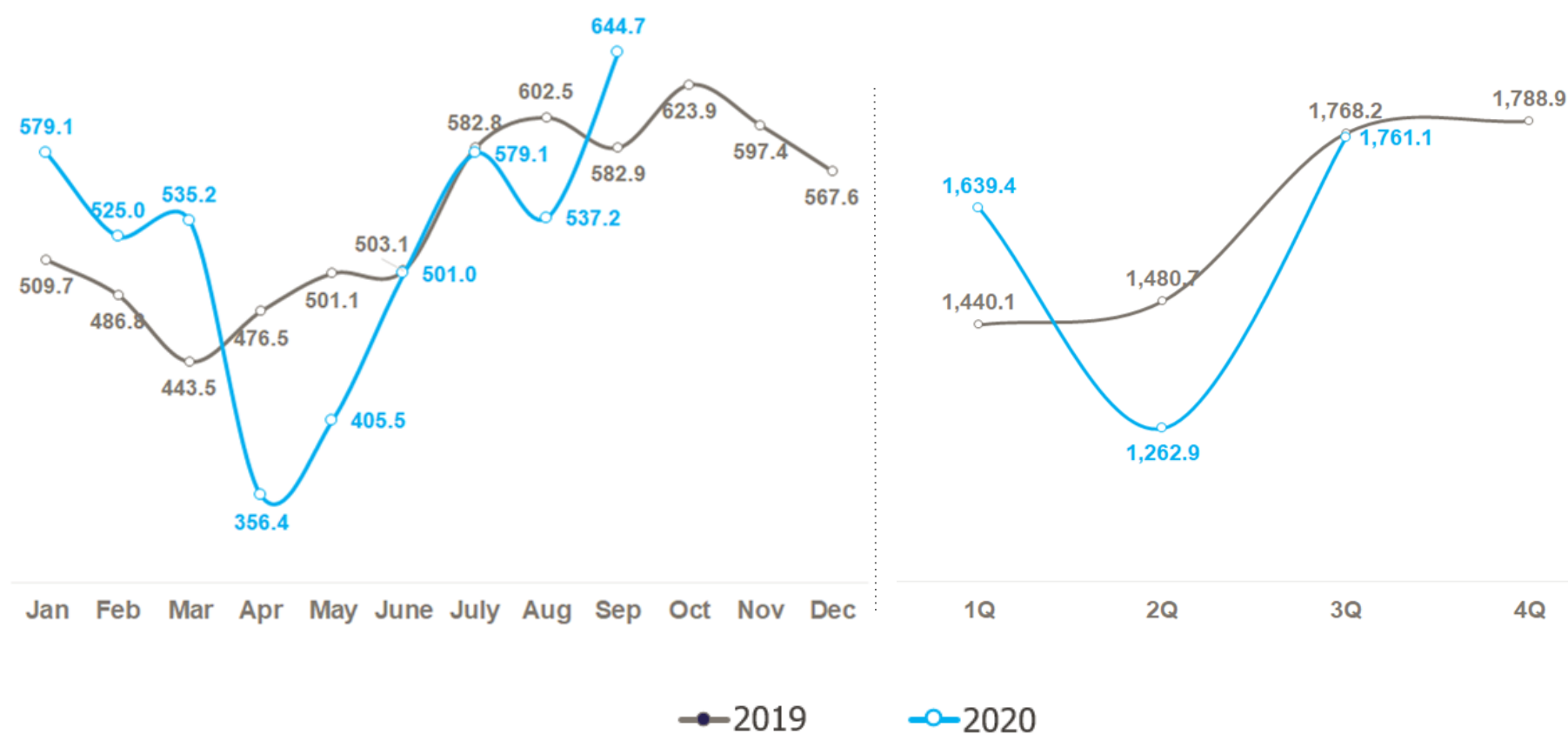
EBITDA CONTINUED ITS EXPANSION IN THIS QUARTER
EVEN WITH A EXCEPTIONALLY CHALLENGING YEAR



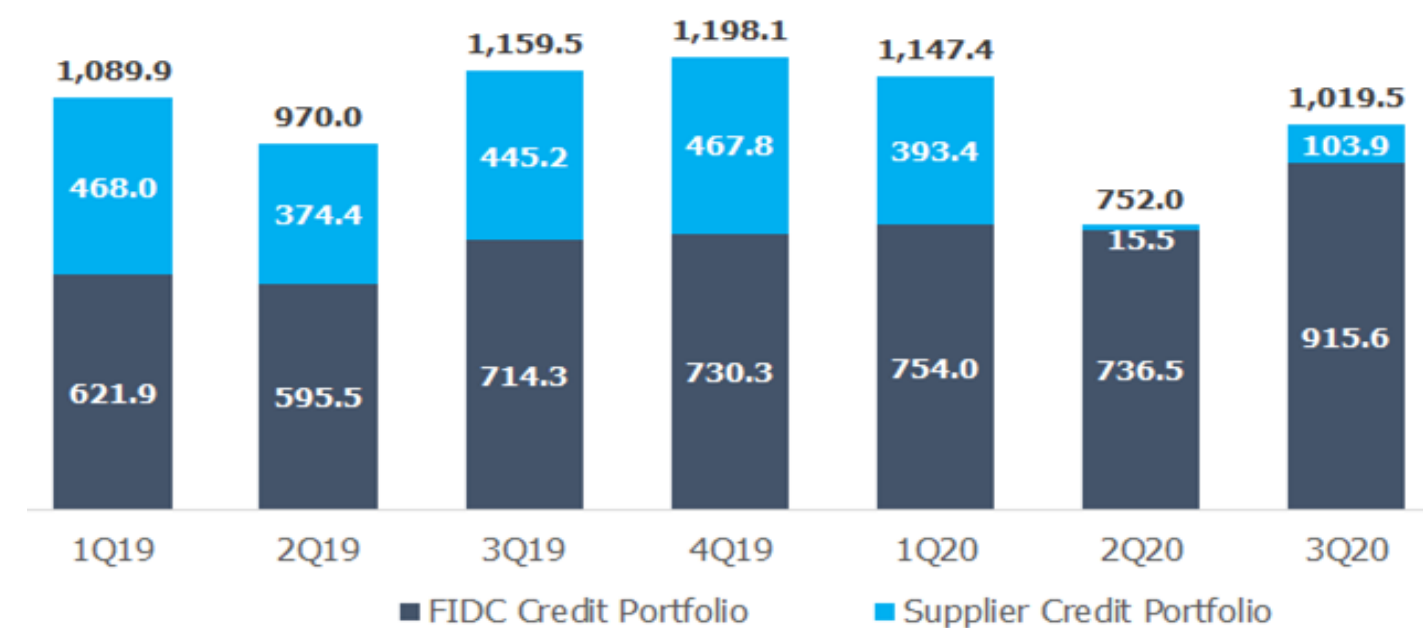


THE QUARTER PRODUCTION PRESENTED A “V” RECOVERY
REACHING 2019 LEVELS, WHAT TRANSLATES IN A CREDIT PORTFOLIO OVER R\$1 BILLION...

CREDIT PRODUCTION



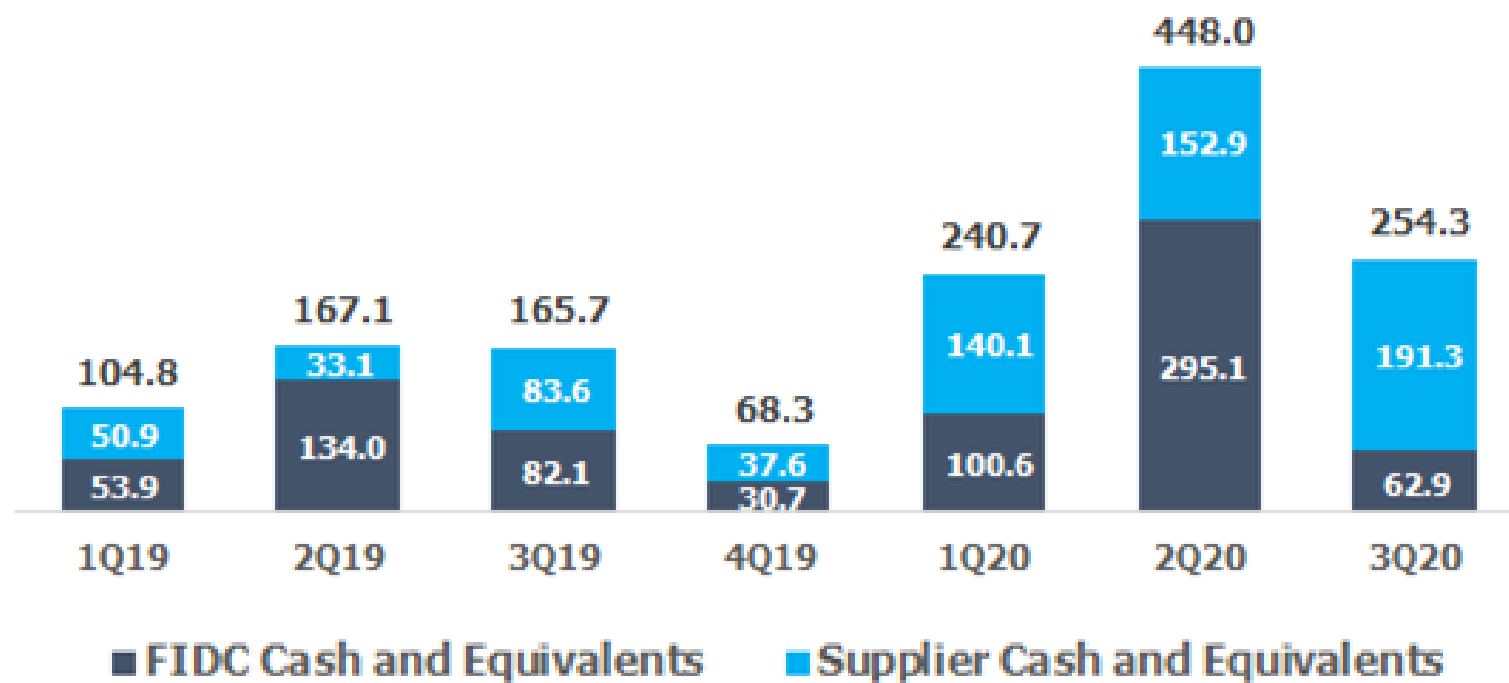
CREDIT PORTFOLIO



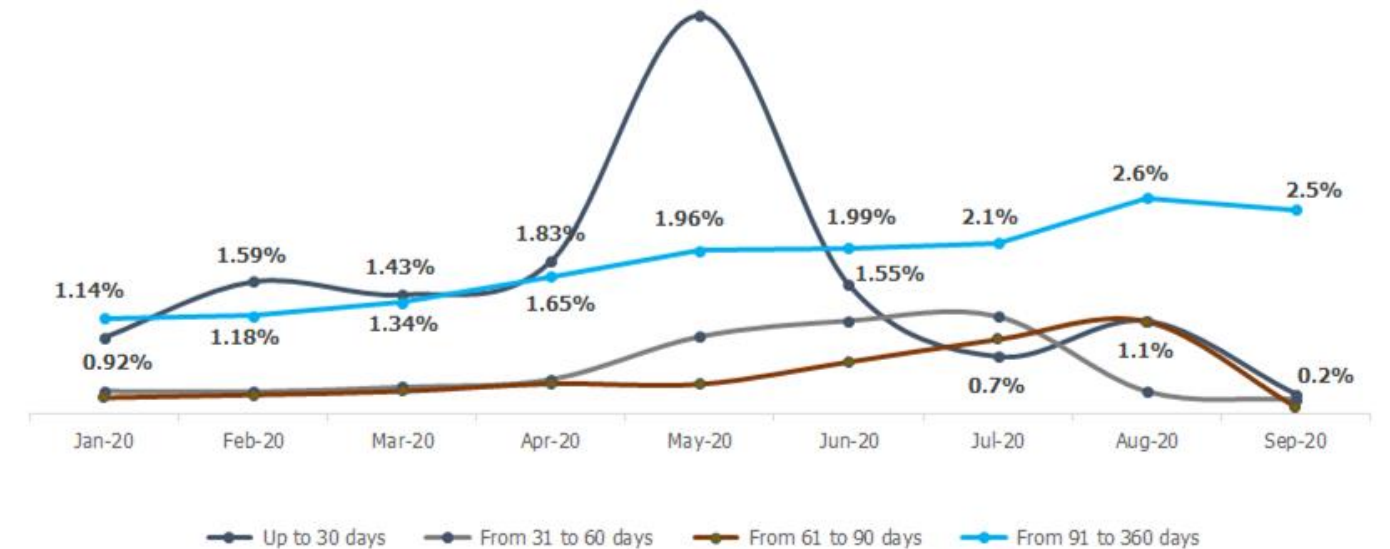


...WITH A CASH POSITION CLOSER TO HISTORICAL LEVELS
AND DELINQUENCY UNDER THE LEVELS OF PRE COVID 19 PERIOD...

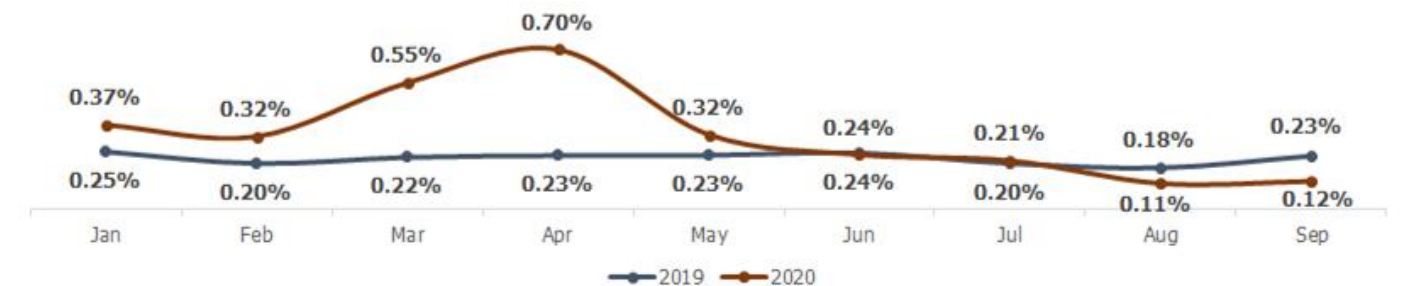
CASH POSITION



DELINQUENCY



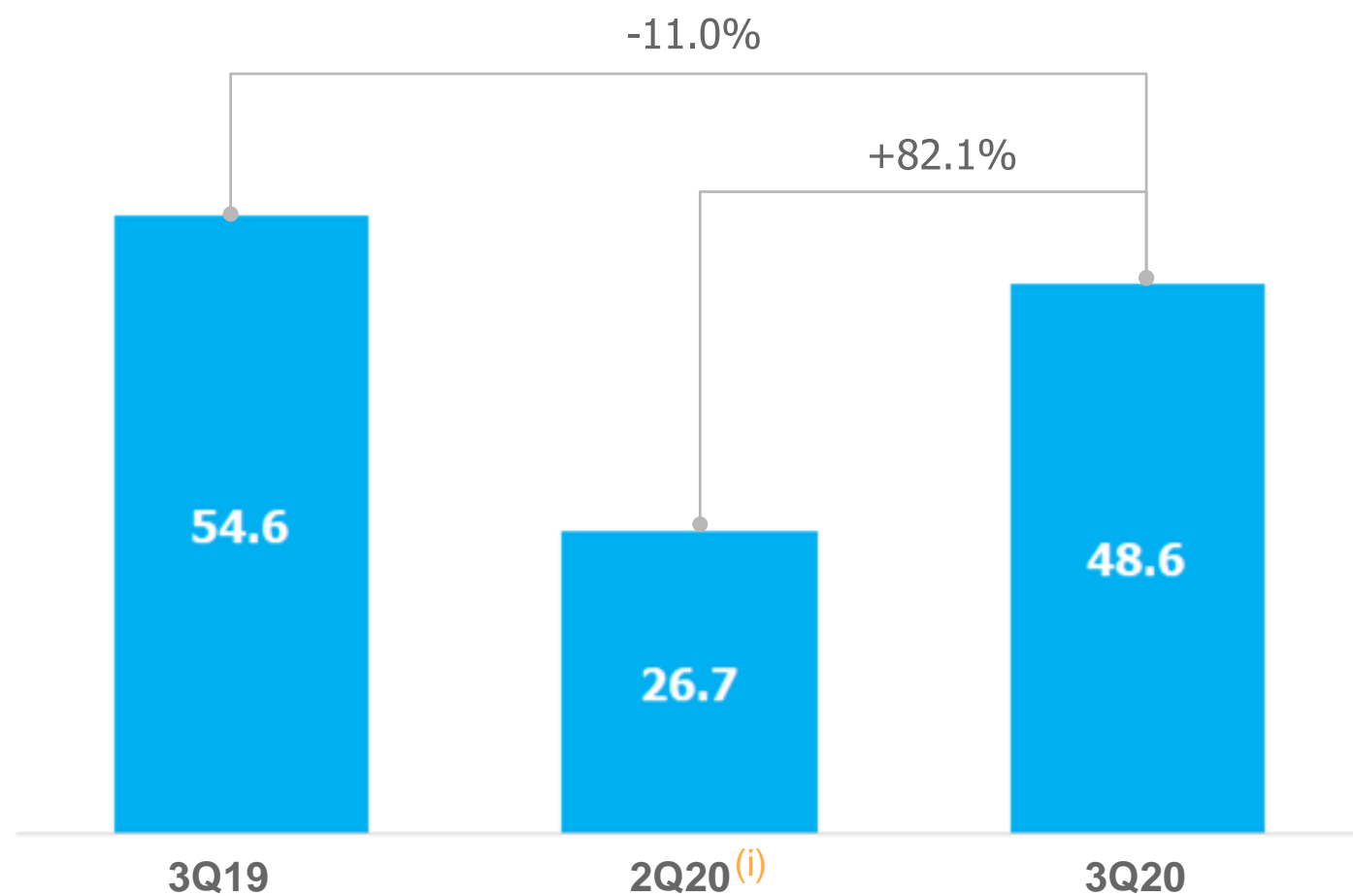
EFFECTIVE LOSS



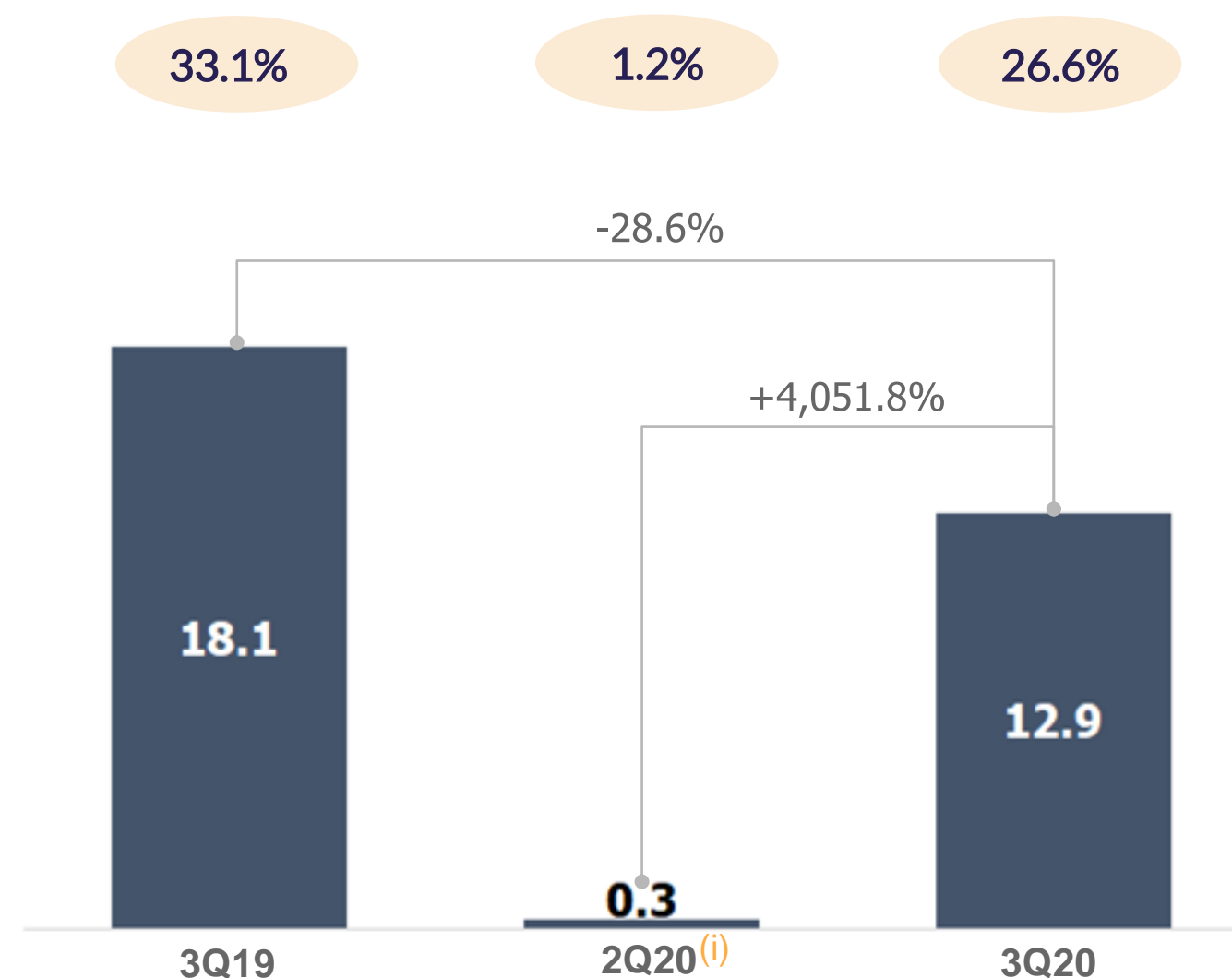


...RESULTING IN EXPRESSIVE EVOLUTION OF REVENUE AND EBITDA FOR THE QUARTER

CREDIT PRODUCTS REVENUE



EBITDA



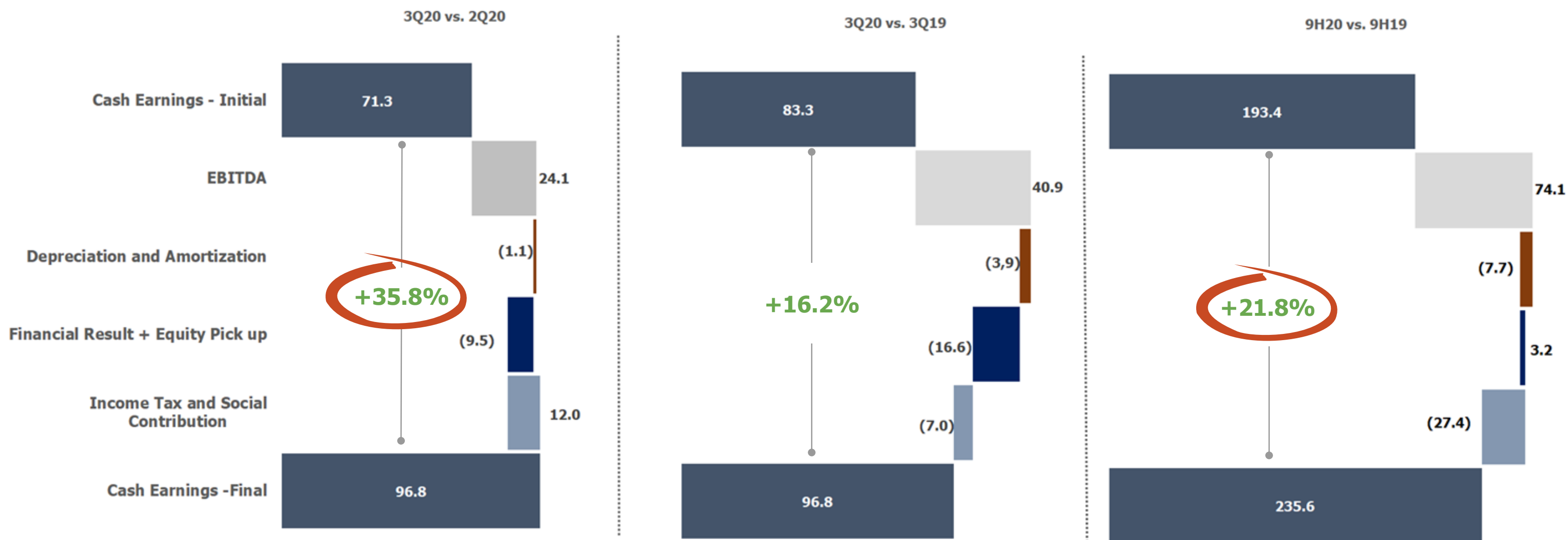
⁽ⁱ⁾ Results corresponding to the months of May and June 2020 consolidated by TOTVS

■ EBITDA

● EBITDA MARGIN



THE EBITDA GROWTH WAS THE MAIN REASON FOR
THE CASH EARNINGS INCREASE IN THE PERIOD



(i) Net Income without the effects of expenses with amortization of intangible assets arising from acquisitions

- **NEW PRODUCTS AND PARTNERSHIPS**

Creation of new products and development of partnerships to offer an increasingly complete range of solutions to our clientes, aiming the development of a business ecosystem in 3 dimensions: Management Software, Techfin and Business Performance.

- **OPERATIONAL EVOLUTION**

The Company continues to advance in the execution of its strategy, presenting evolution in its results, both in Technology (e.g growth year over year of 27% in ARR net addition) as Credit Products (e.g. “V” recovery of credit production), which also reinforces the scalability and resilience of TOTVS’ business model (e.g. EBITDA Margin of 23.8%)

- **BUSINESS COMBINATION WITH LINX**

TOTVS remains convinced that our proposal for a business combinations with Linx is the one that allows the greatest value creation for both companies, their respective shareholders, clients and employees. Besides, the proposal is based in the higher levels of governance, preserving the equal and equitable treatment of all shareholders.

THANK YOU



INVESTOR RELATIONS

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- Technology + Knowledge are our DNA
- The success of our client is our success
- We value competent people who are nice people



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