

# INSTITUTIONAL PRESENTATION

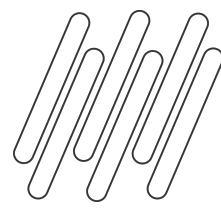


Investor Relations



2021 / August





# DISCLAIMER



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.







# TOTVS

## TECHNOLOGY DRIVING PRODUCTIVITY AND COMPETITIVENESS OF BUSINESS IN 12 STRATEGIC MARKET SEGMENTS IN BRAZIL



**#1** Software  
Company in Brazil<sup>3</sup>

**46%**

Marketshare  
(ERP leader in Brazil)<sup>3</sup>



**R\$1.6 Trillion**  
produced by our clients  
(represented by TOTVS' +30k clients)<sup>1 2</sup>



**22%**  
Consolidated  
Revenue Growth  
(2Q21)<sup>1</sup>



**26%**  
Saas Management Revenue  
Growth (2Q21)<sup>1</sup>



**50%**  
Biz Performance Recurring  
Revenue Growth  
(2021)<sup>1 and 4</sup>



**+2.4 Bn**  
Credit  
Production  
(2Q21)<sup>1</sup>



### BUSINESS MODEL

- Recurring revenue base
- Cloud Bbse



### 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:

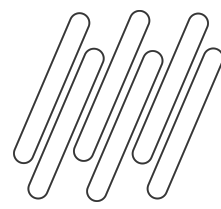
(1) Company Filings, 2Q21.

(2) Company internal estimates.

(3) Software Market Share Enterprise Application 2020 by Gartner

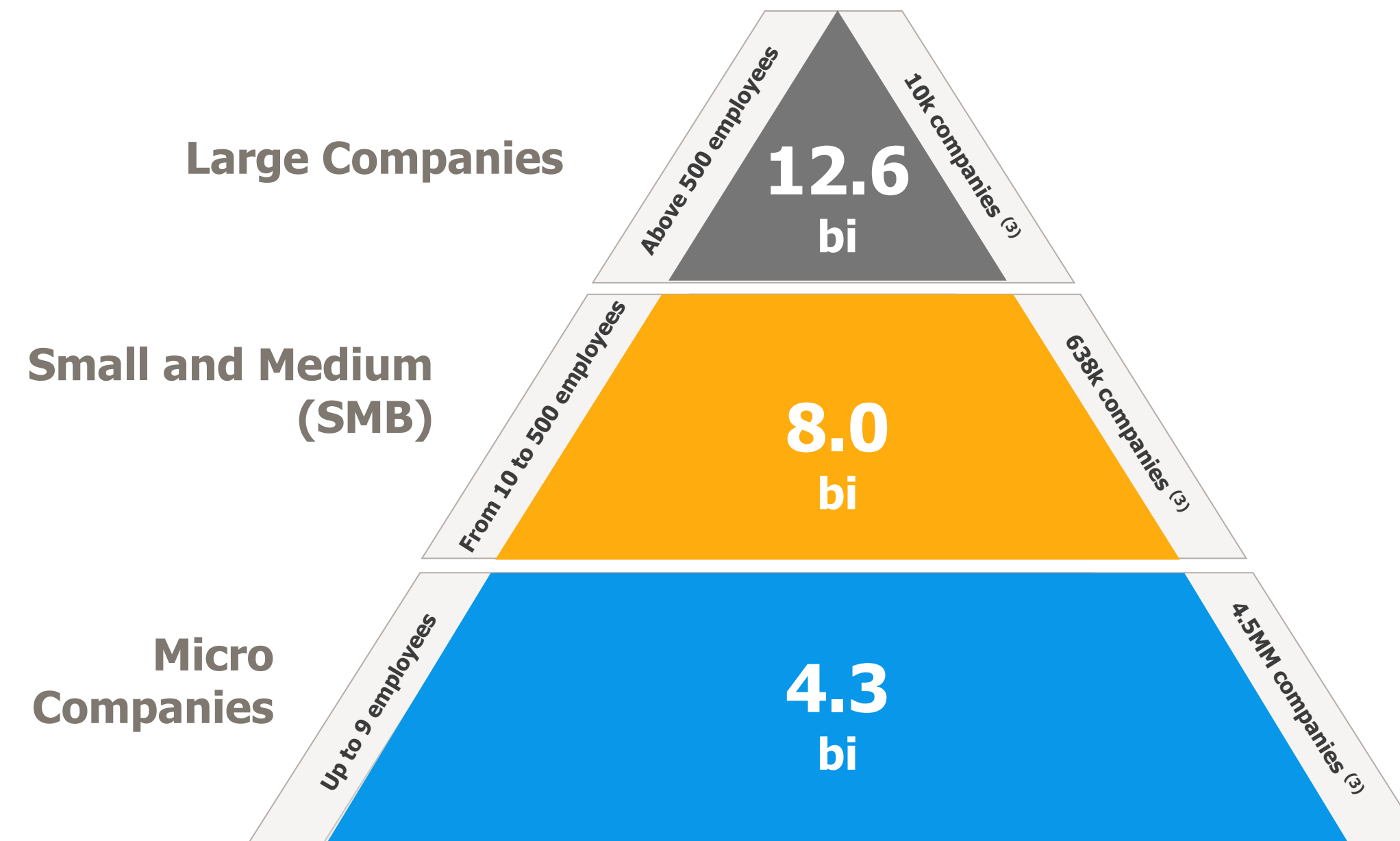
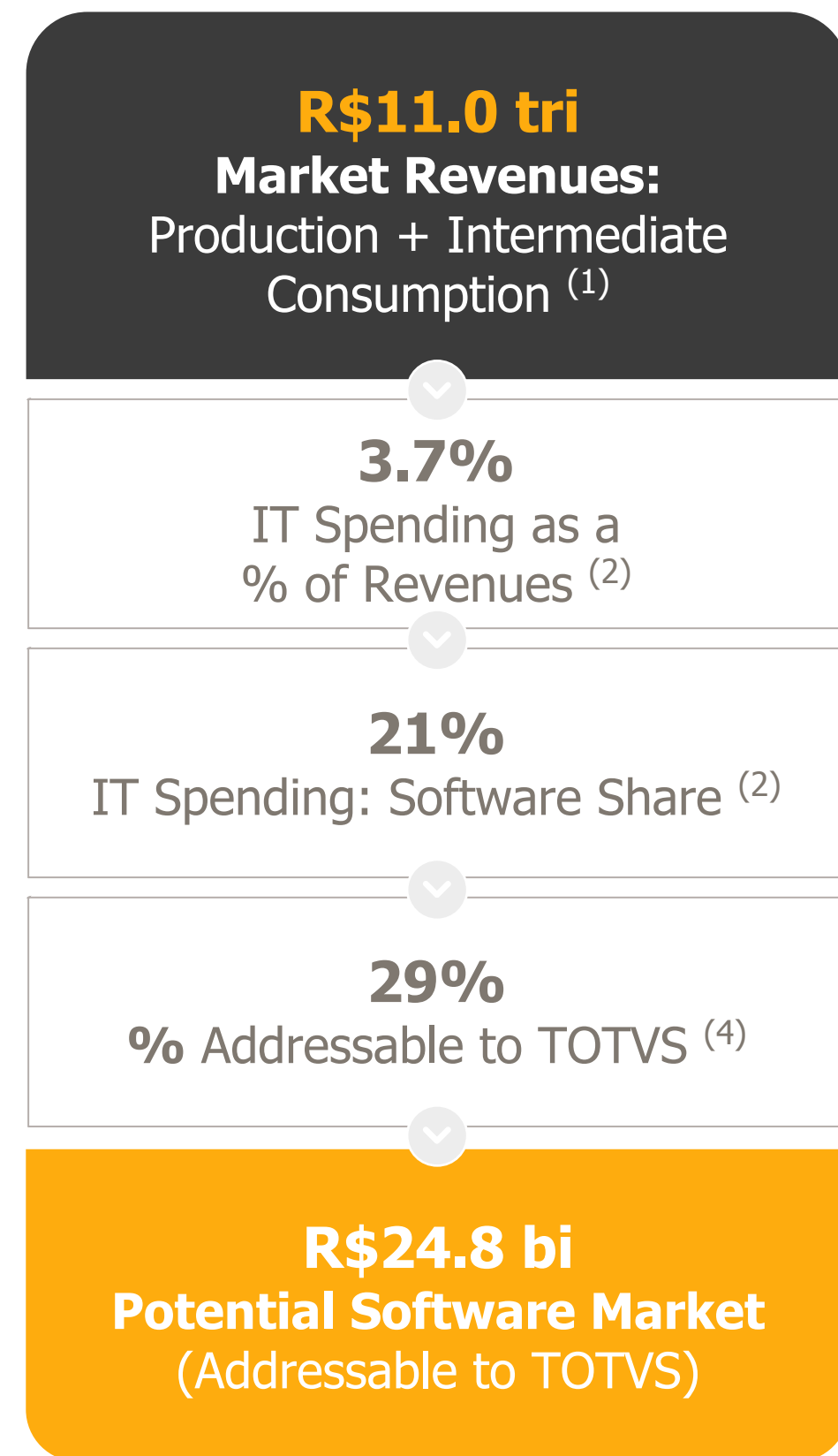
(4) Considers the unaudited results of RD Station from Jan/20-May/21 and Tail Target from Jan/20-Dec/20





# BUSINESS MODEL

## ADDRESSABLE MARKET BY COMPANY SIZES (R\$)



Global IT Spending as a % of Revenue <sup>(2)</sup>  
**2013: 2.6% > 2019: 3.7%**

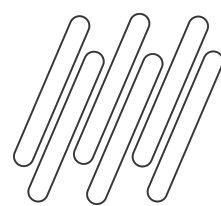


Global IT Spending Software Share <sup>(2)</sup>  
**2013: 20% > 2019: 21%**



Enterprise Application Software Growth – Brazil <sup>(5)</sup>  
**CAGR 17/23: 8.5%**





# BUSINESS MODEL

**Presence and partnership in all stages of the Customer Journey Cycle**



**Complete horizontal offering**

**Business solutions for companies of all sizes in 12 business segments**

**Flexibly deployed**



Cloud



On-premise

**Distribution Model**



Franchisees & Branches



Own sales force

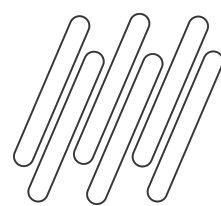


Partnership

**Across media**

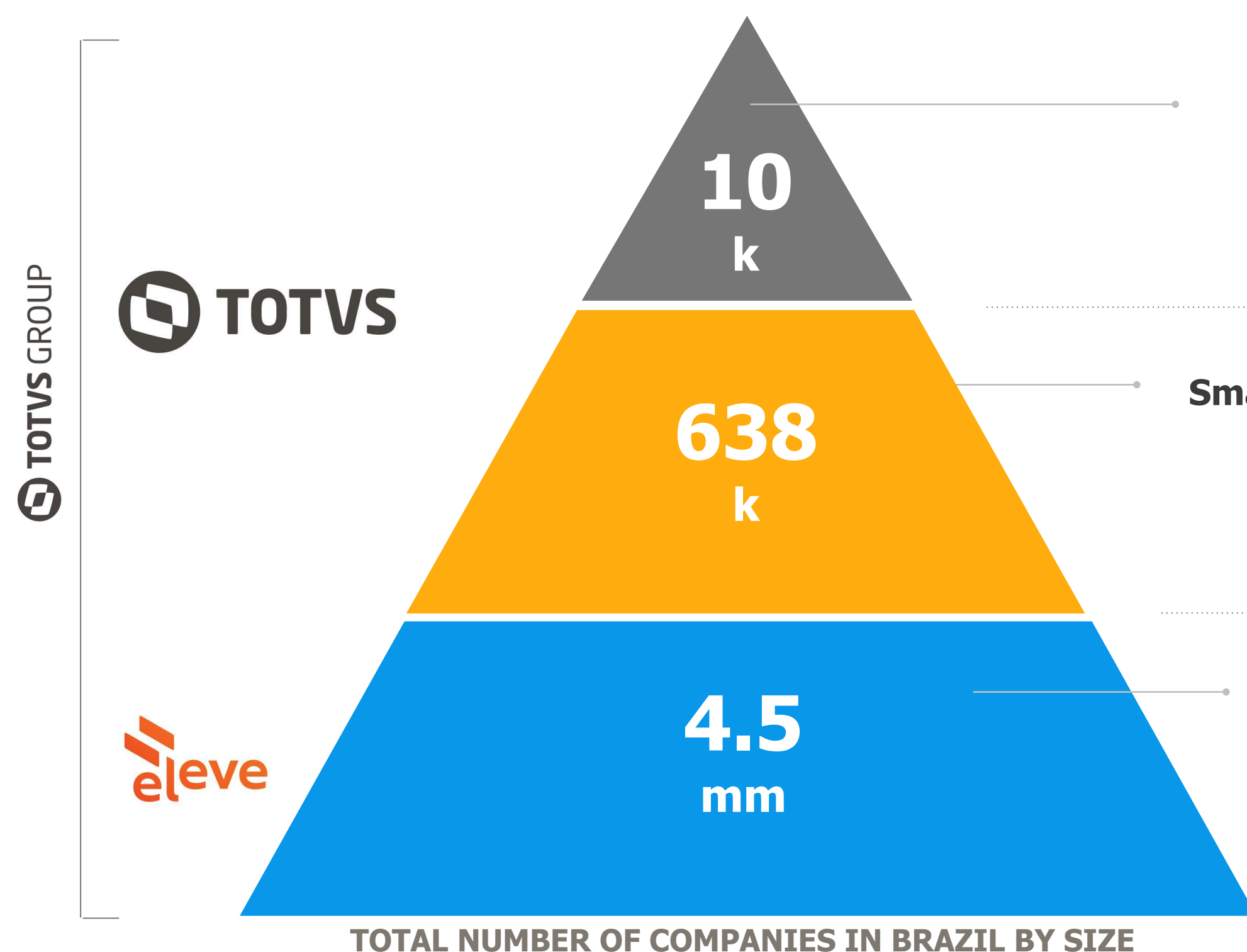






# DISTRIBUTION

## PHYSICAL CHANNELS



  
**COMPANY SIZE**

**Large Companies**  
More than  
500 employees

**Small and Medium (SMB)**  
From 10 to 500  
employees

**Micro Companies**  
Up to 9 employees

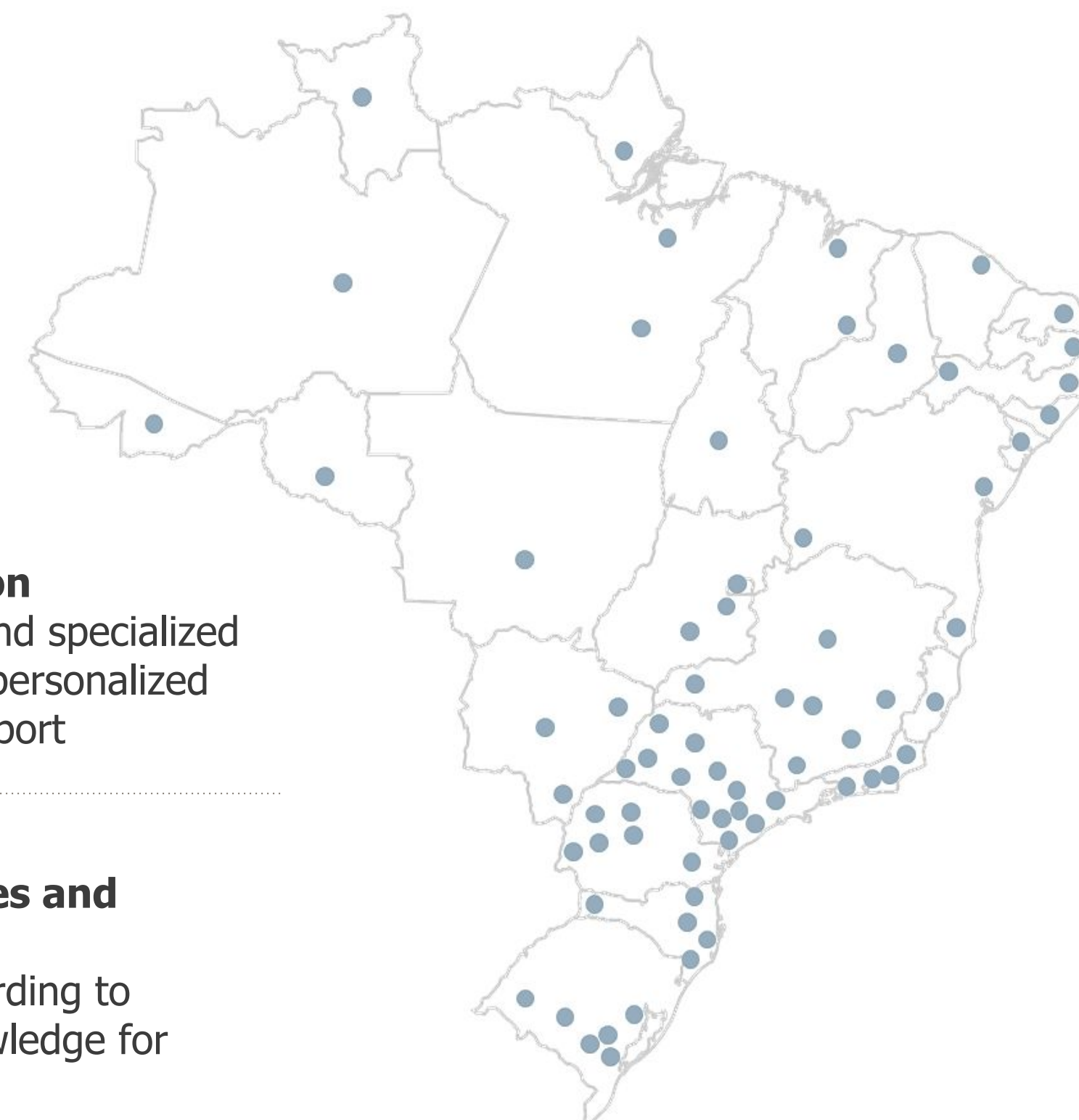


## HOW WE RELATE

**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

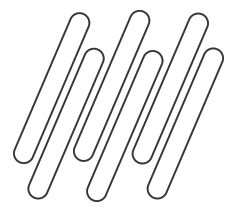
**Multichannel**  
Distribution model through partners from a  
multichannel base that provides TOTVS  
with unmatched penetration across all  
regions in Brazil



## 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.

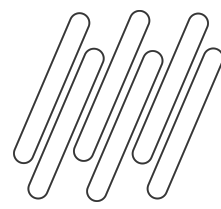


### BUSINESS PERFORMANCE

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







# M&A & PARTNERSHIPS

## UNIQUE PLAYBOOK BASED ON FOUR PILLARS

### 1st PILLAR

Reinforcing/  
Defending the Core

### 2nd PILLAR

Deeping into  
Segments

### 3rd PILLAR

Cross-Sell Solutions

### 4th PILLAR

New Markets

 **MANAGEMENT**

 **TECHFIN**

 **BUSINESS  
PERFORMANCE**



## OPPORTUNITIES IN MANAGEMENT

1 ERP / HR 

2 Verticals  **Dimensa**  
by 

## OPPORTUNITIES IN TECHFIN

1 B2B Credit   
crédito para  
impulsionar  
negócios

2 Payroll  
Credit  

3 Payments  
Retail  
Education 

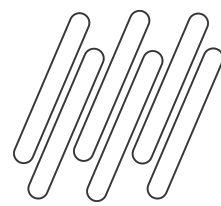
## OPPORTUNITIES IN BUSINESS PERFORMANCE

1 E-Commerce 

2 OMS   
**MODDO**

3 CRM/  
Marketing  
Automation/  
Marketing  
Analytics   
  
by 





# GOVERNANCE

## BOARD OF DIRECTORS COMPOSITION



### Highest level of Corporate Governance

(B3 – Novo Mercado)

**Laércio Cosentino**

**Chairman**  
Co-Founder of TOTVS and  
Chairman of Brasscom

**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**  
Board Member  
of Natura and Cielo

**Guilherme Stocco Filho**

**Independent Member**  
Board Member of Banco  
Original and Grupo Soma

**Mauro R. Cunha**

**Independent Member**  
Board Member  
of BRMalls and Klabin

**Sylvia Leão**

**Independent Member**  
Board Member of  
Raia Drogasil, Vivara  
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

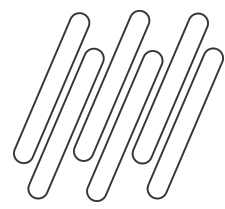
promotes the development of the Company's corporate governance and ESG strategy, evaluates the adoption of good practices and selects members to the Board of Directors and the Executive Board

### Personnel and Compensation

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

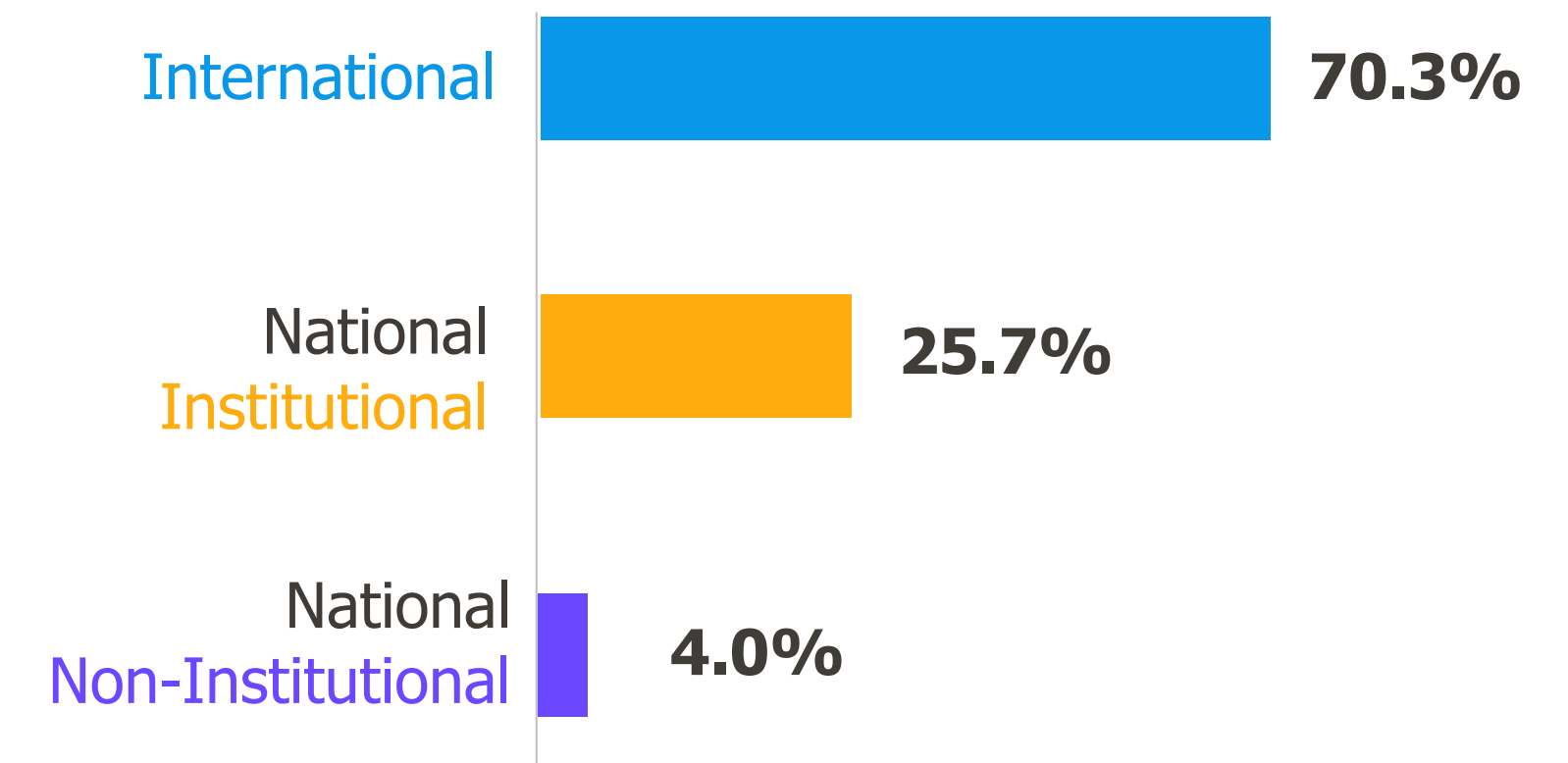
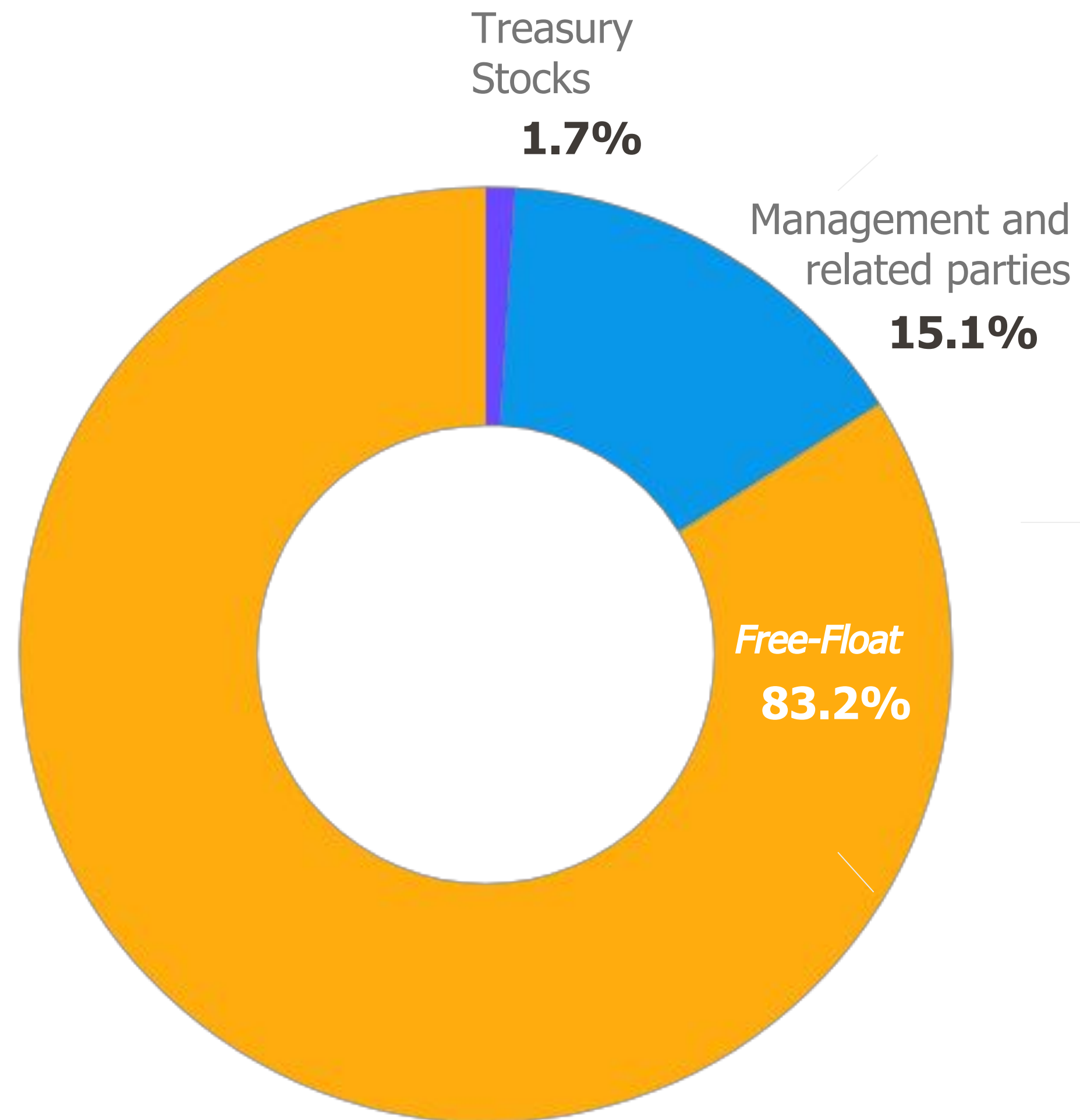
### Strategy

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



# GOVERNANCE

## SHAREHOLDERS' STRUCTURE







# 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.





# #WEARETOTVERS CULTURE

## 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

7,612 in Brazil



254 abroad



ARG



MEX



USA



RUS



COL



CHL



PORT

#### By gender



66%



34%

#### By leadership position



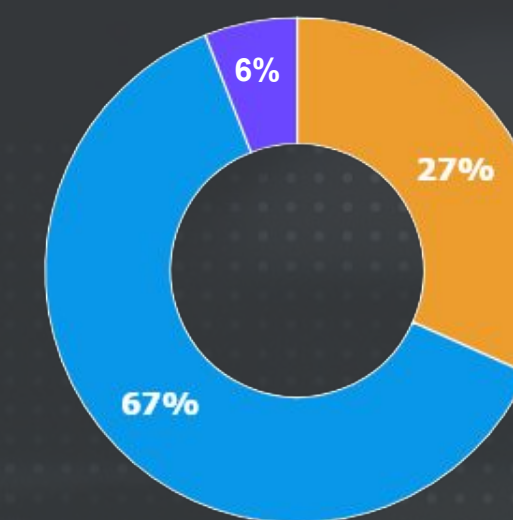
68%



32%

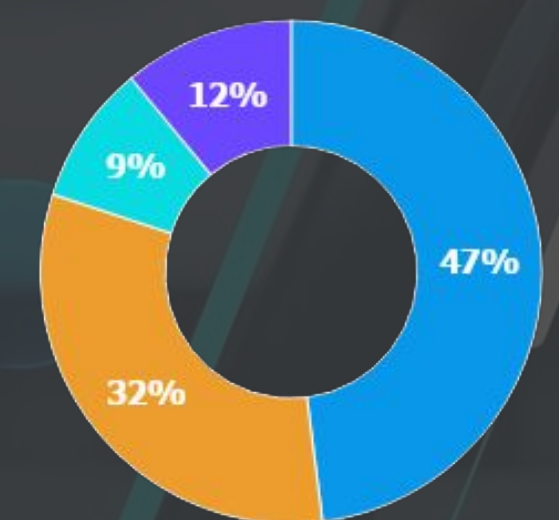
#### By age

- Up to 30
- From 30 to 50
- Older than 50

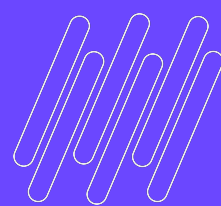


#### By activity

- 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.*



**39,000+ students**  
graduated under a 23  
years track record



**49% increase**  
in household income of  
students



**1,400+ students**  
have completed  
IOS courses



**800+ students**  
employed with IOS  
assistance





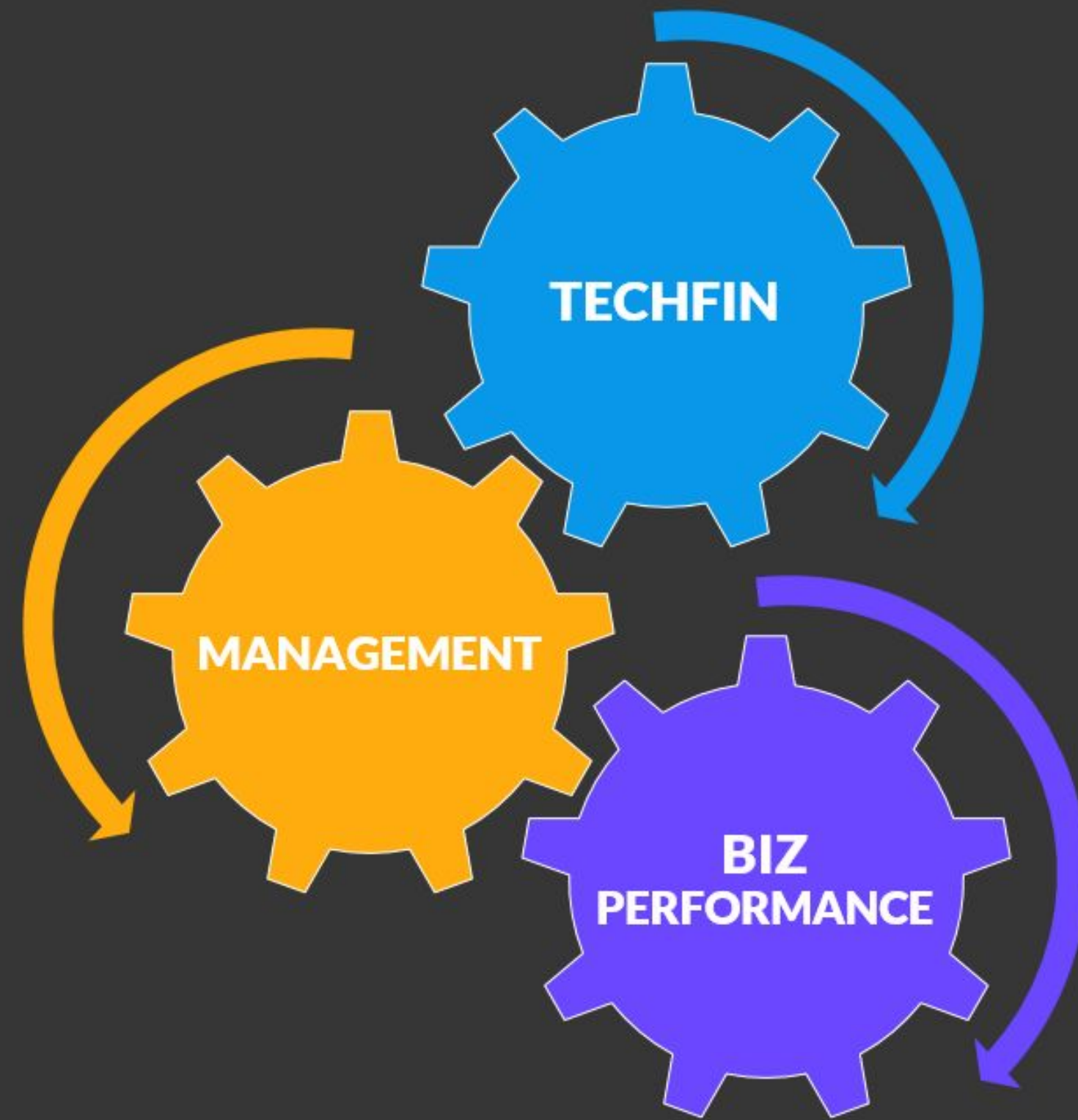
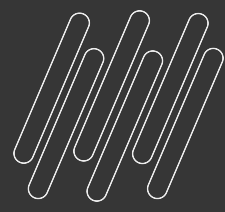


01

# FINANCIAL & OPERATIONAL HIGHLIGHTS

## 2Q21





# B2B SOLUTIONS ECOSYSTEM, FAR BEYOND ERP...

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

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

**TOTVS**  
IS SYNONYMOUS WITH  
**PRODUCTIVITY**

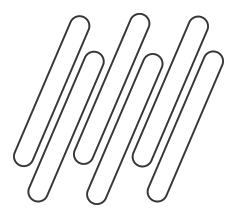




02

# Financial & Operational Highlights





# CONSOLIDATED RESULTS

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

CONSOLIDATED REVENUE

**R\$763 million**

**+22%** vs 2Q20

SAAS REVENUE OF  
MANAGEMENT

**R\$207 million**

**+26%** vs 2Q20

BIZ PERFORM  
RECURRING REVENUE

**R\$57 million**<sup>2</sup>

**+50%**<sup>2</sup> vs 2Q20

CREDIT PRODUCTION

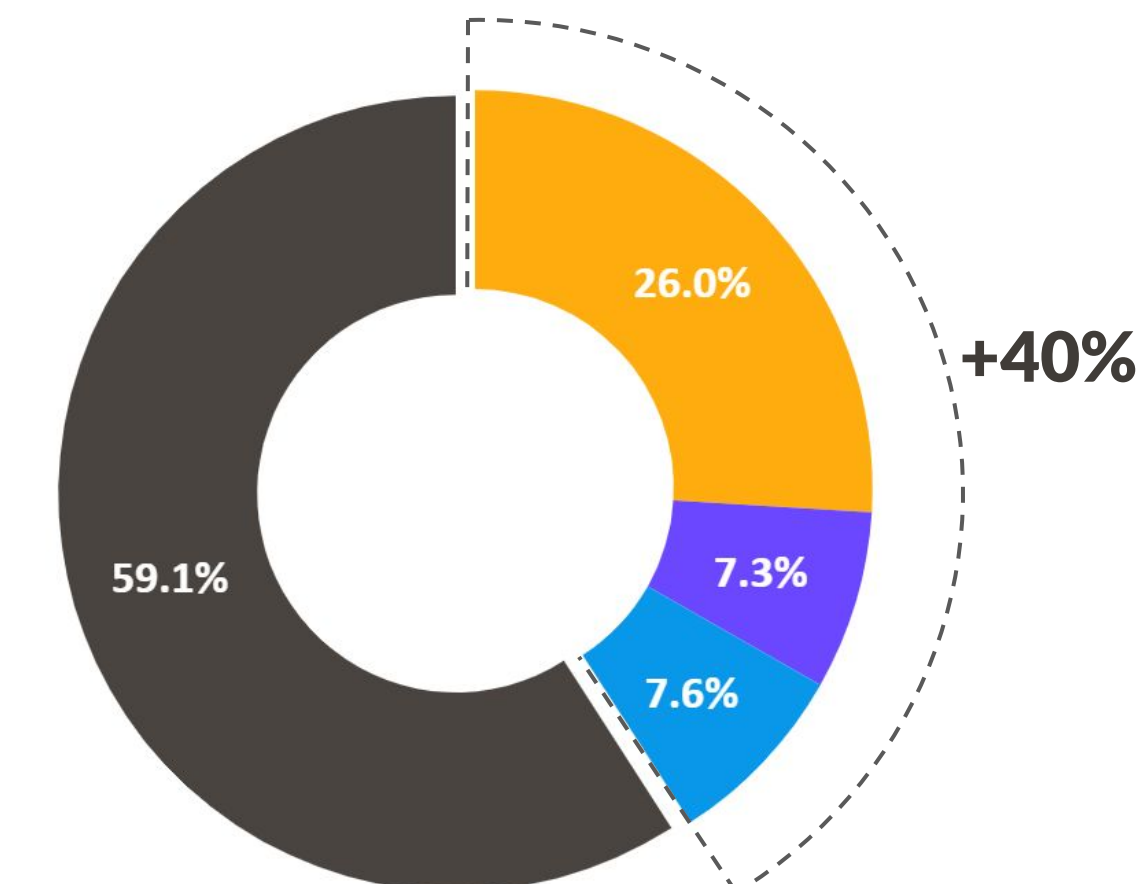
**+R\$2.4 billion**

**+93%** vs 2Q20

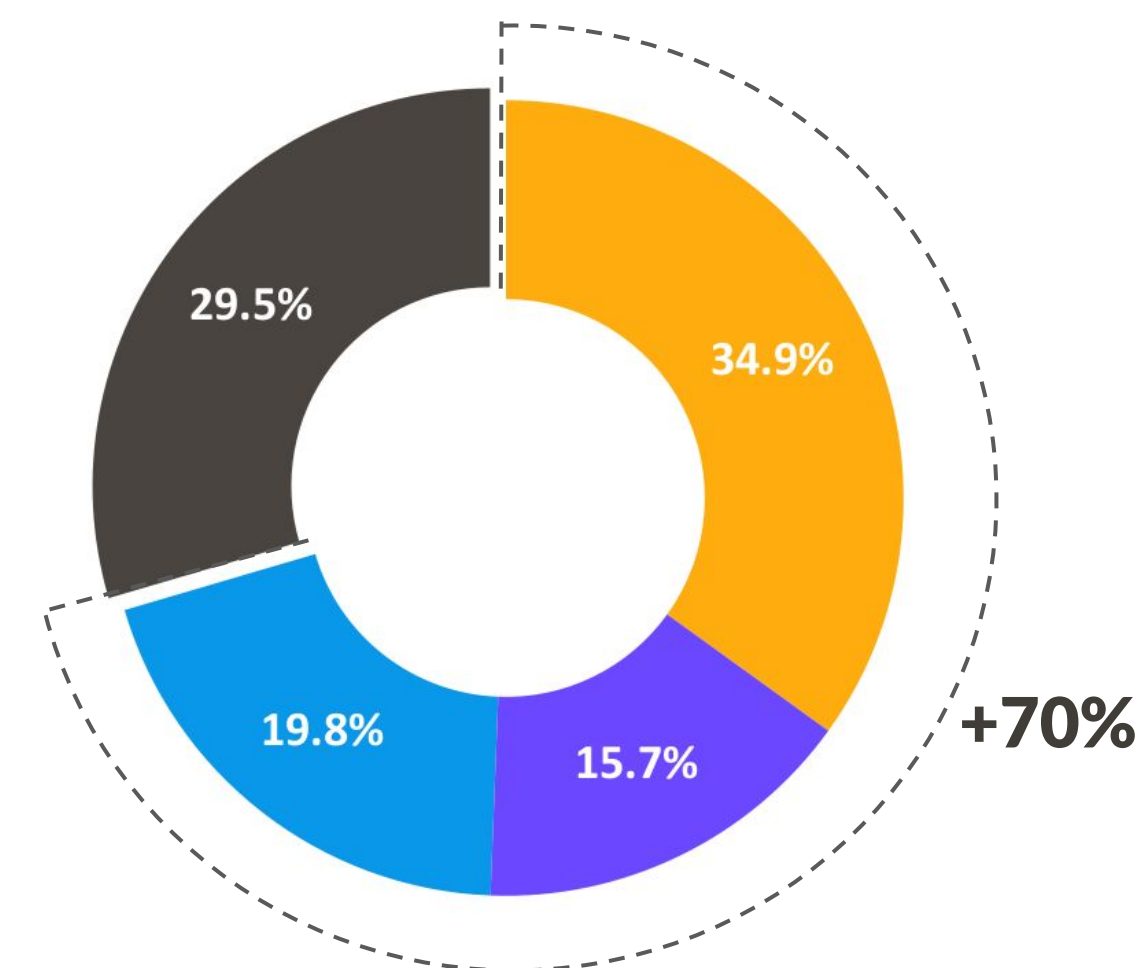


## PRO FORMA REVENUE<sup>3</sup>

2Q21



2Q21 vs 2Q20  
Growth

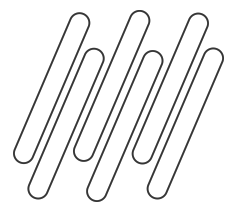


● SaaS Management ● Biz Performance ● Techfin ● Others Management

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

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

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



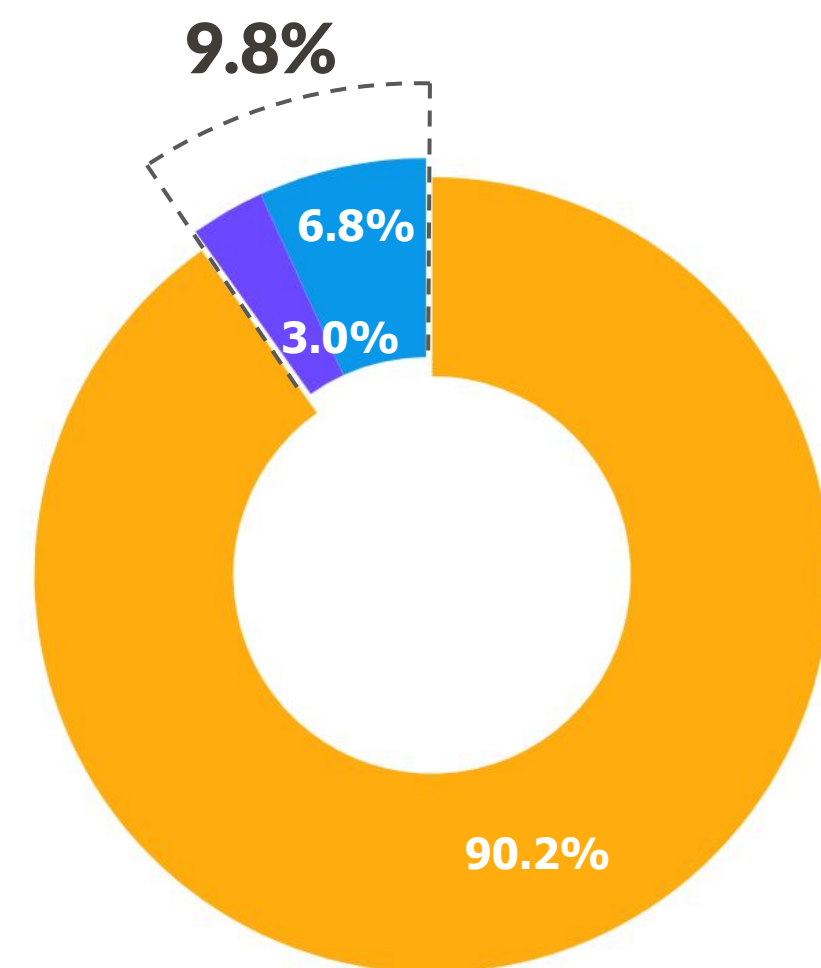
# FINANCIAL & OPERATIONAL HIGHLIGHTS

## Adjusted EBITDA

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

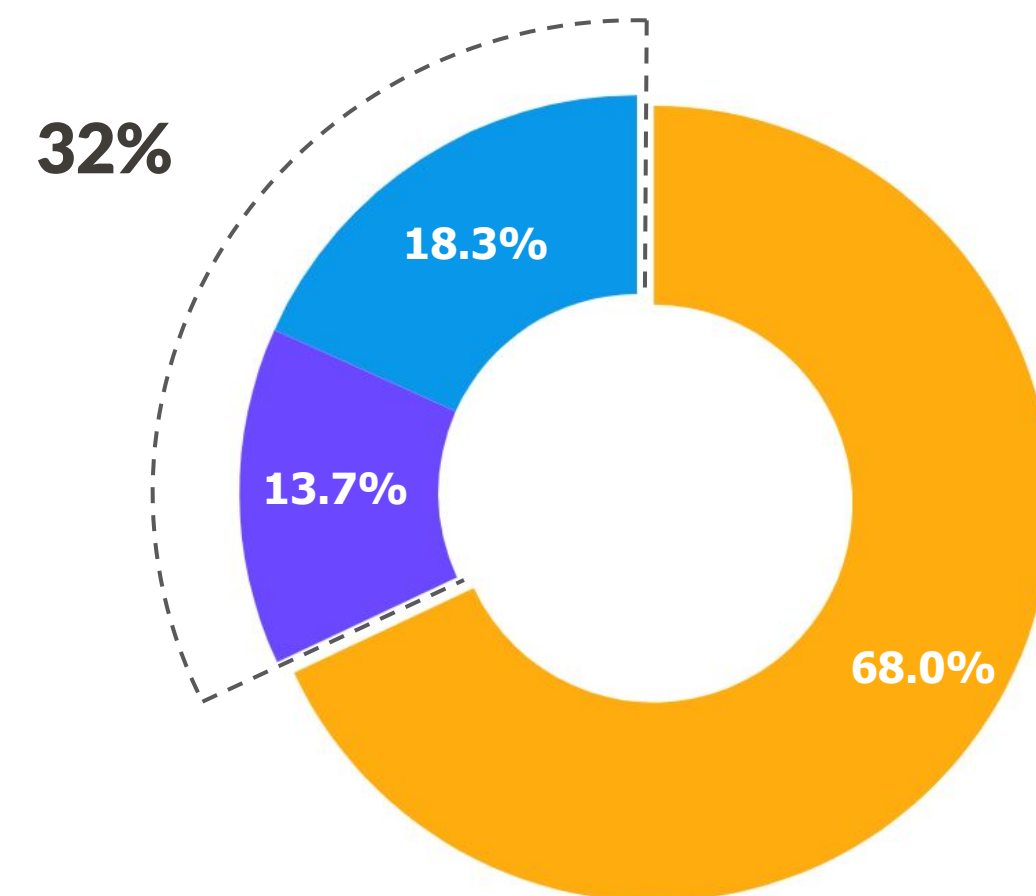
### CONTRIBUTION MARGIN

2Q21 Composition

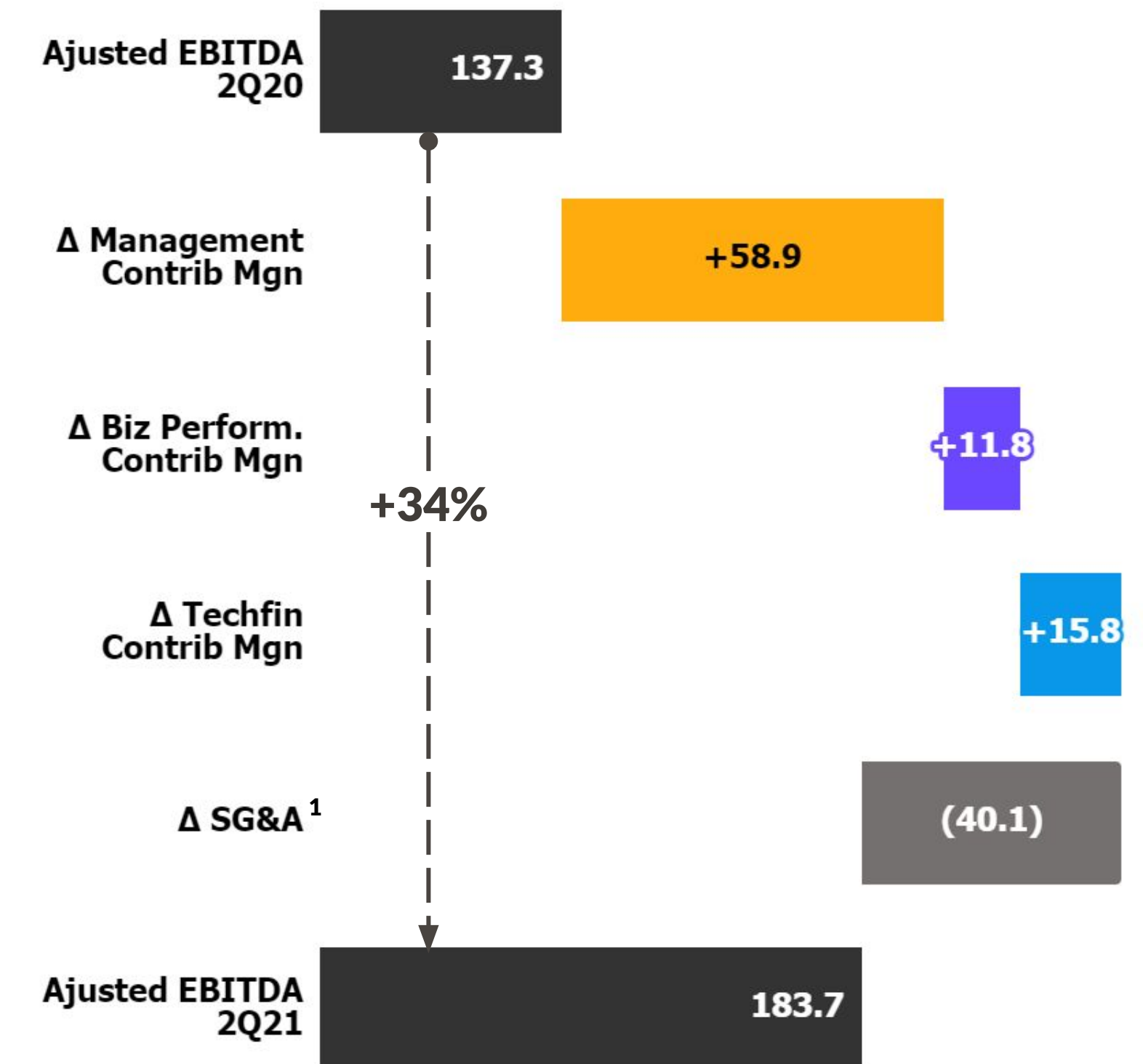


Management Biz Performance Techfin

YoY Growth



### Adjusted EBITDA 2Q21 vs. 2Q20



<sup>1</sup> Sales, General, Administrative and Others Expenses

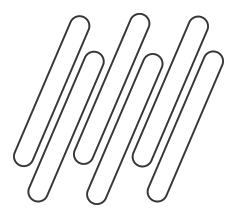




03

## 3-Dimensional Ecosystem





# 3-DIMENSIONAL ECOSYSTEM - MANAGEMENT

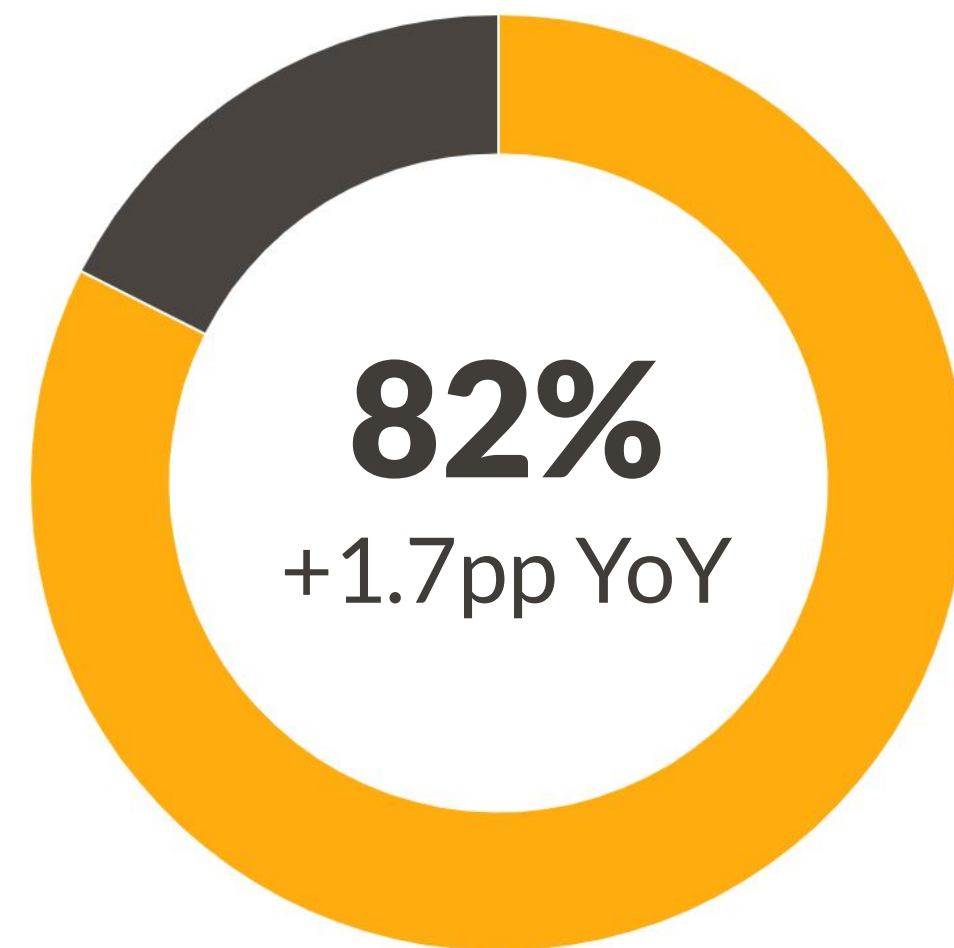
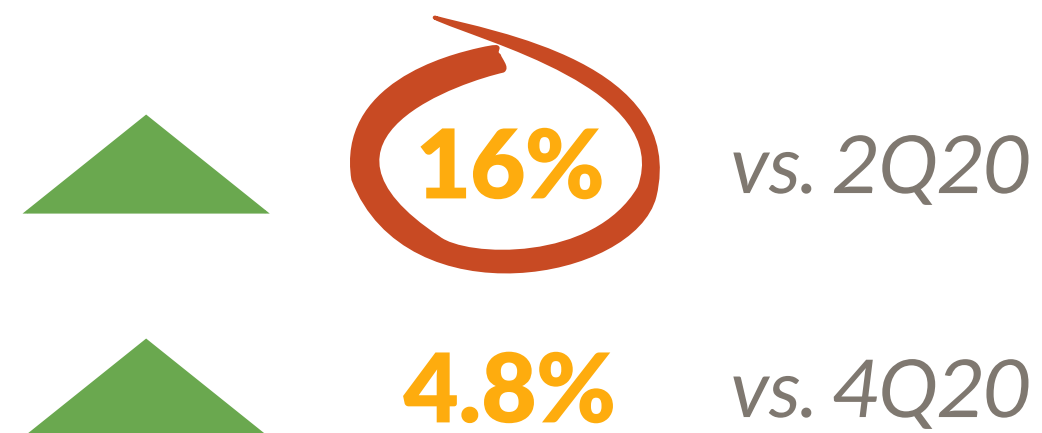
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## Management

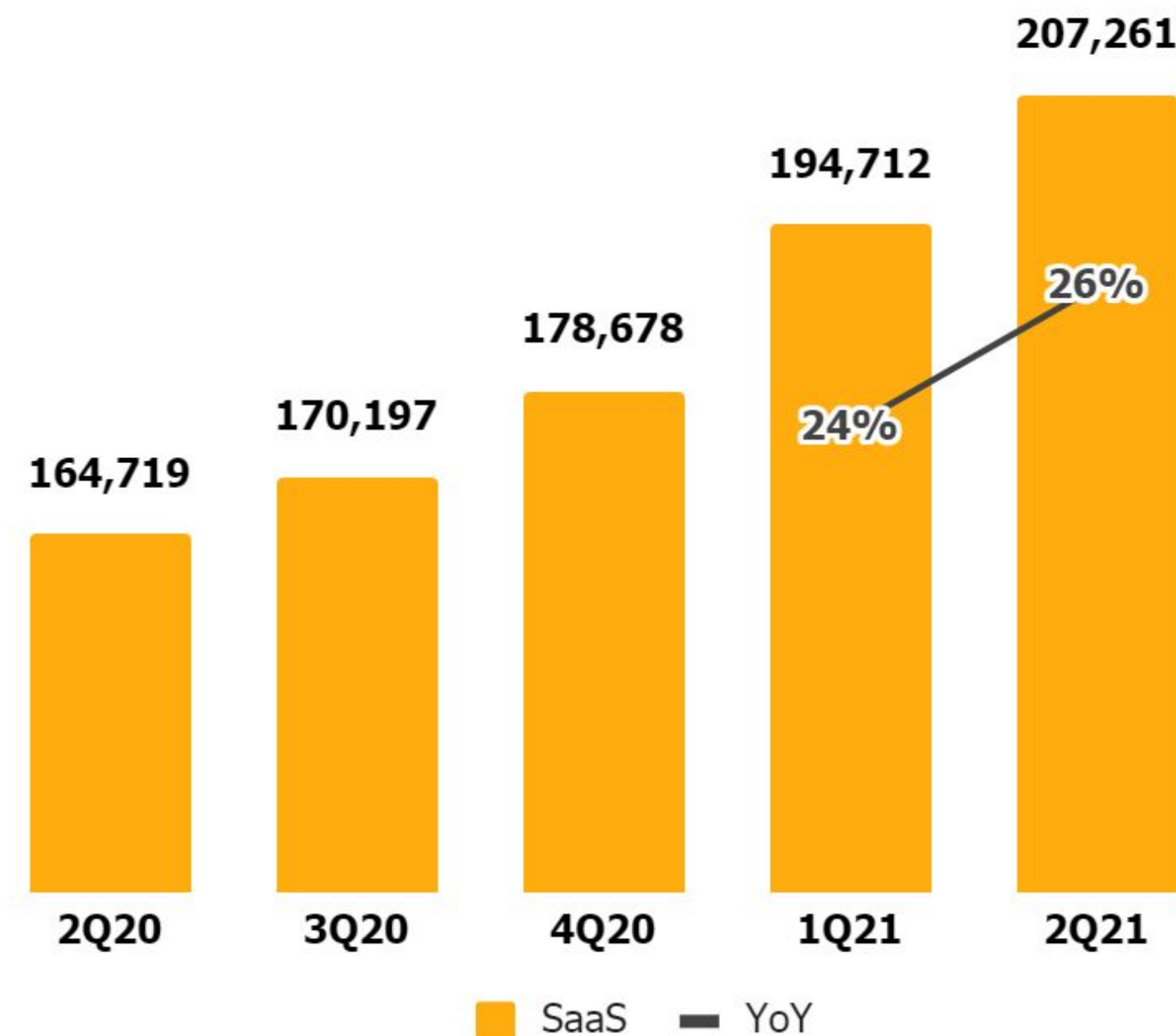
Acceleration of Recurring Revenue boosted Management Revenue (+13% vs. 2Q20) which reached **R\$679 million in 2Q21**

**R\$560 million**  
**MANAGEMENT RECURRING**



 % of Recurring Revenue vs. Management Revenue

## SAAS - MANAGEMENT

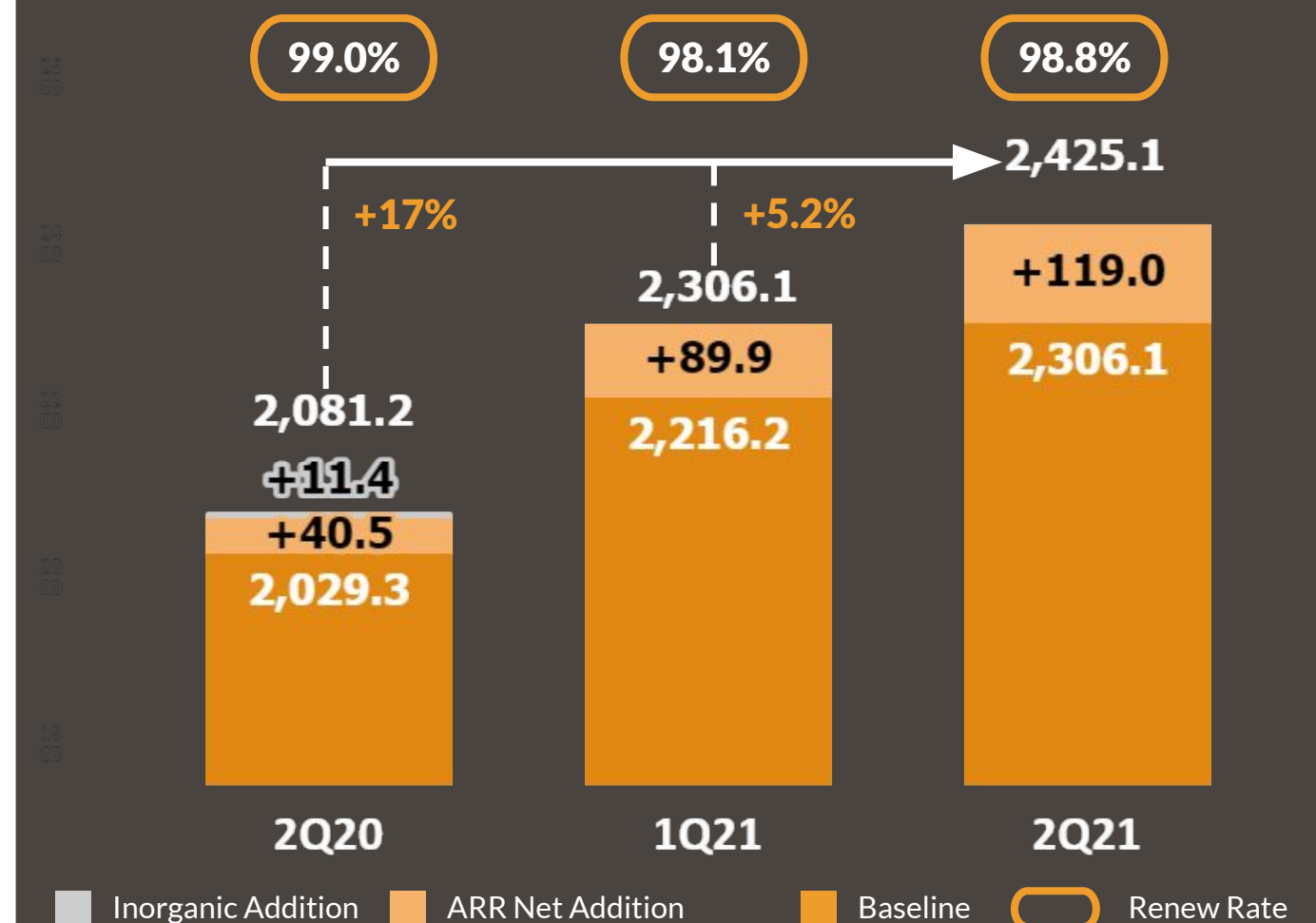


## Quarter Highlights

### Cloud Expansion

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

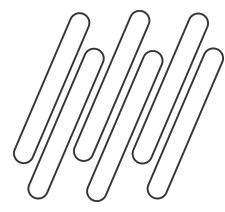
### ARR - historical record in Net Addition



2Q21

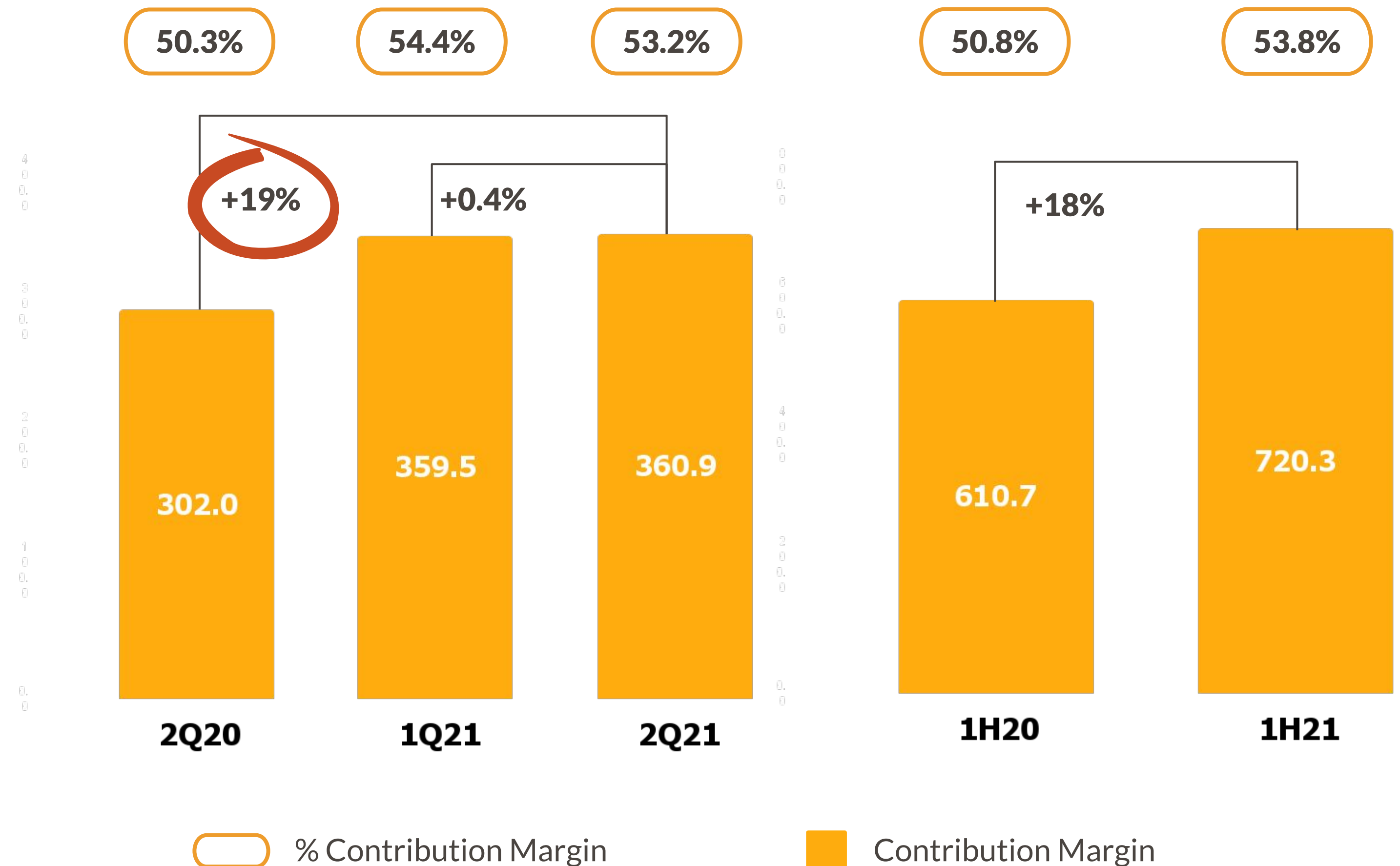
EARNINGS PRESENTATION



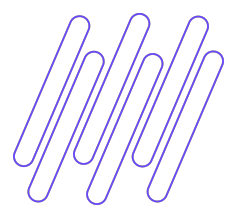


## CONTRIBUTION MARGIN

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







# 3-DIMENSIONAL ECOSYSTEM - BUSINESS PERFORMANCE

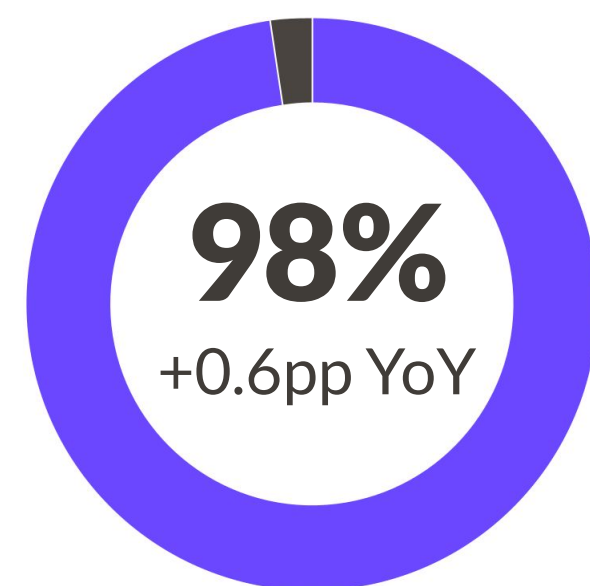
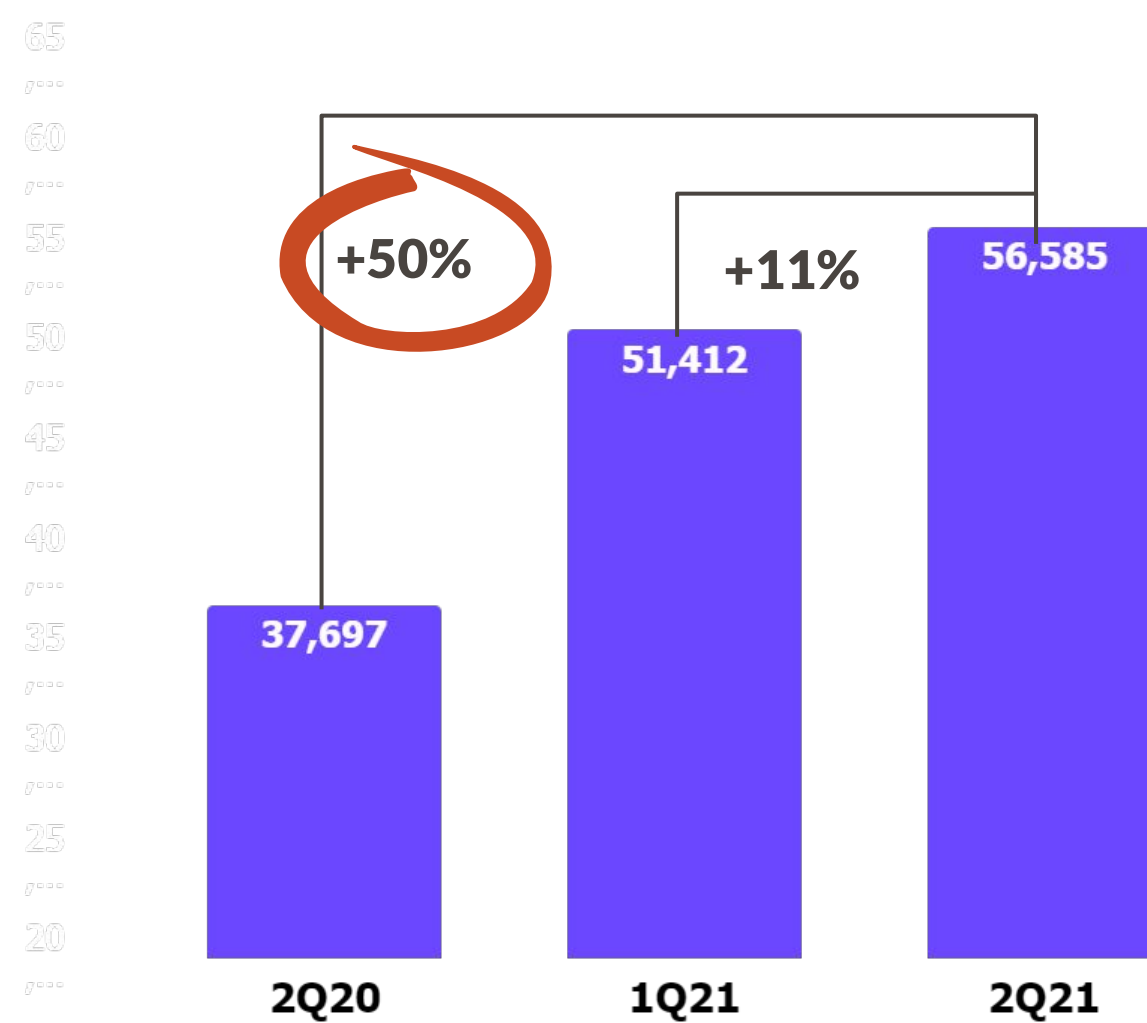
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## Business Performance

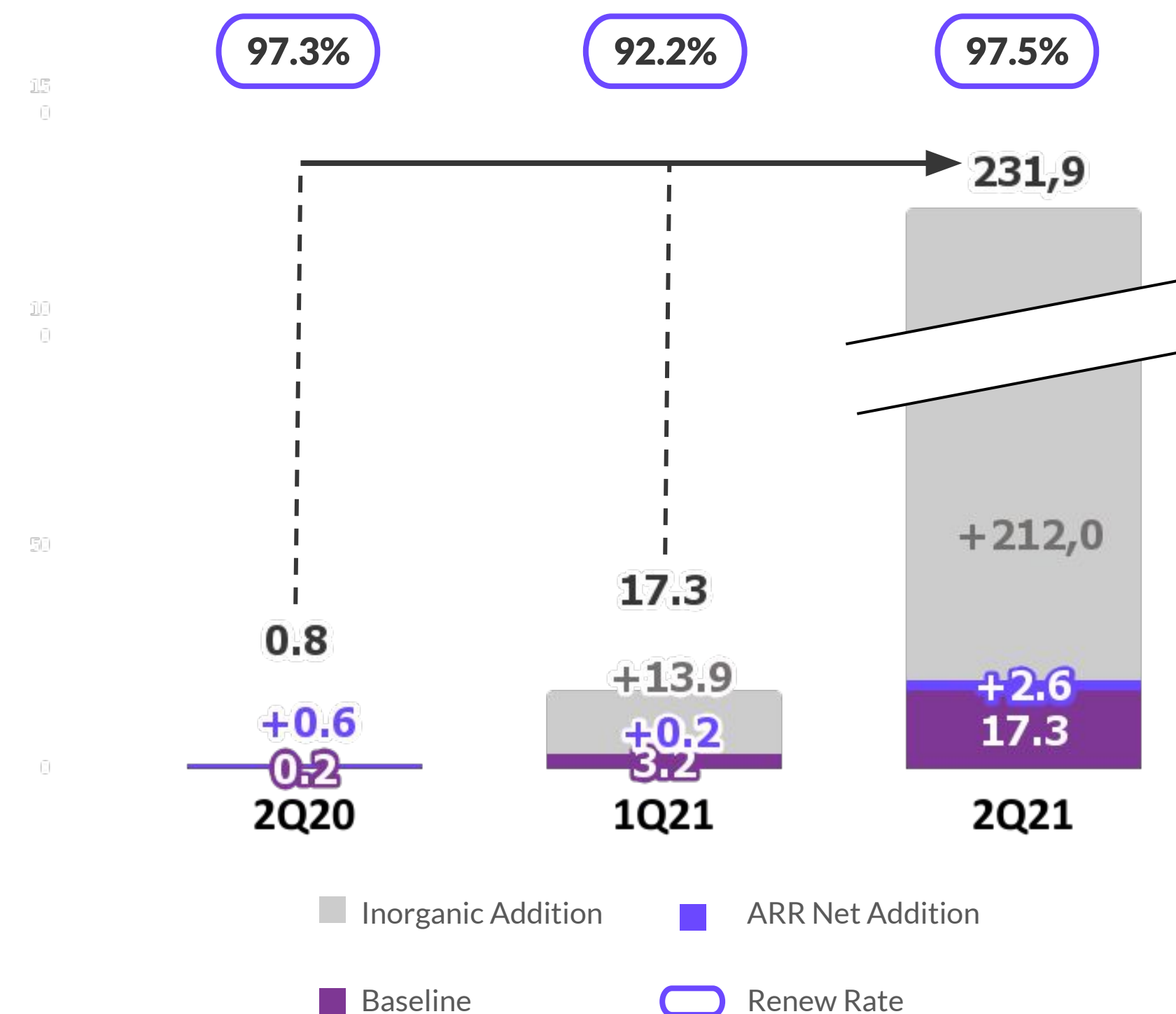
RD Station represented >90% of Business Performance ARR

### RECURRING<sup>1</sup>



% of Recurring Revenue vs.  
Biz Performance Revenue

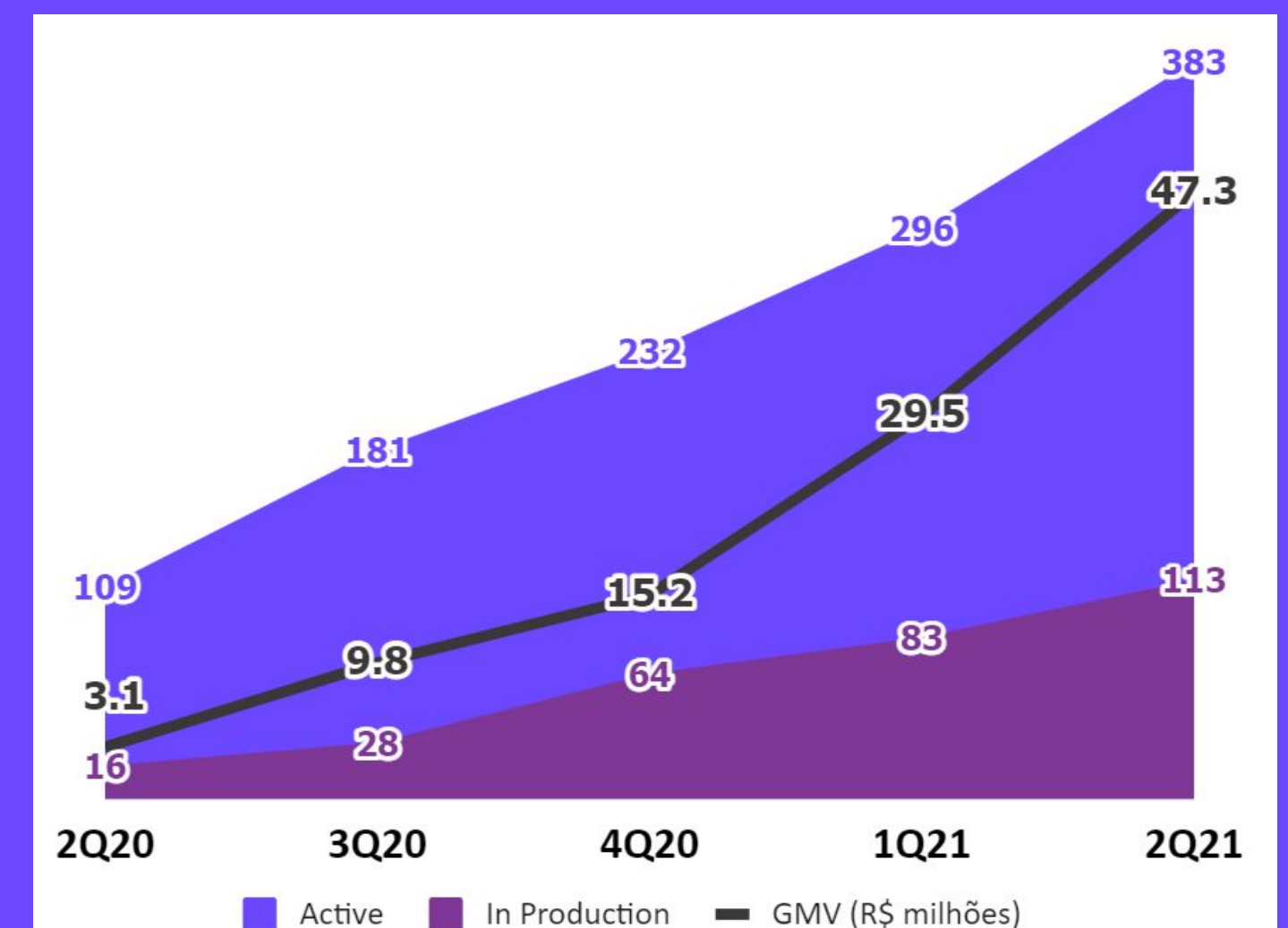
### ARR - Annualized Recurring Revenue



### Quarter Highlights

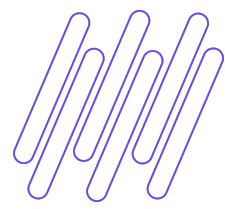
#### Digital Commerce Clients (TOTVS & VTEX)

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

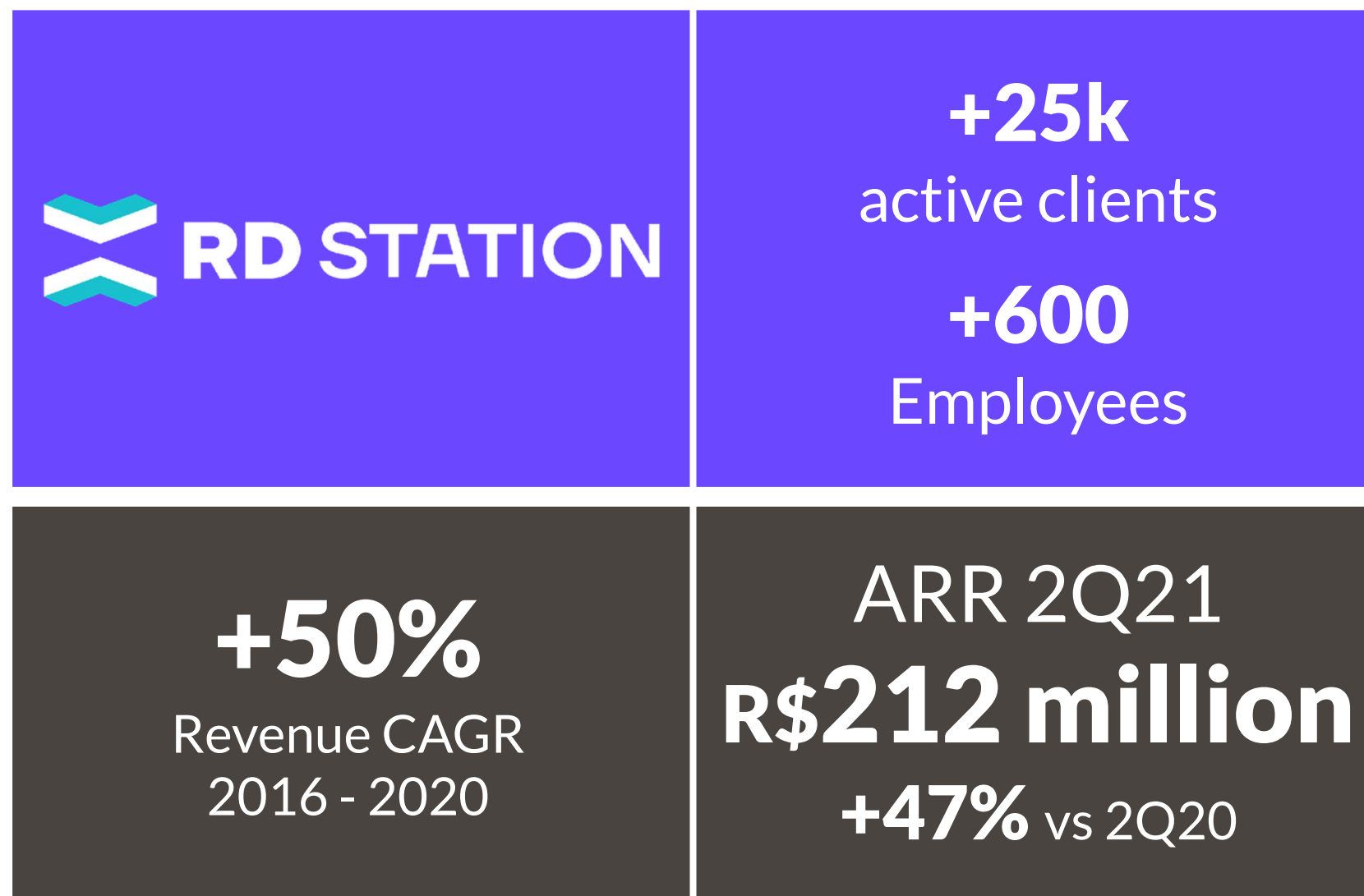


<sup>1</sup> Considers the unaudited results of RD Station from Jan/20-May/21 and Tail Target from Jan/20-Dec/20



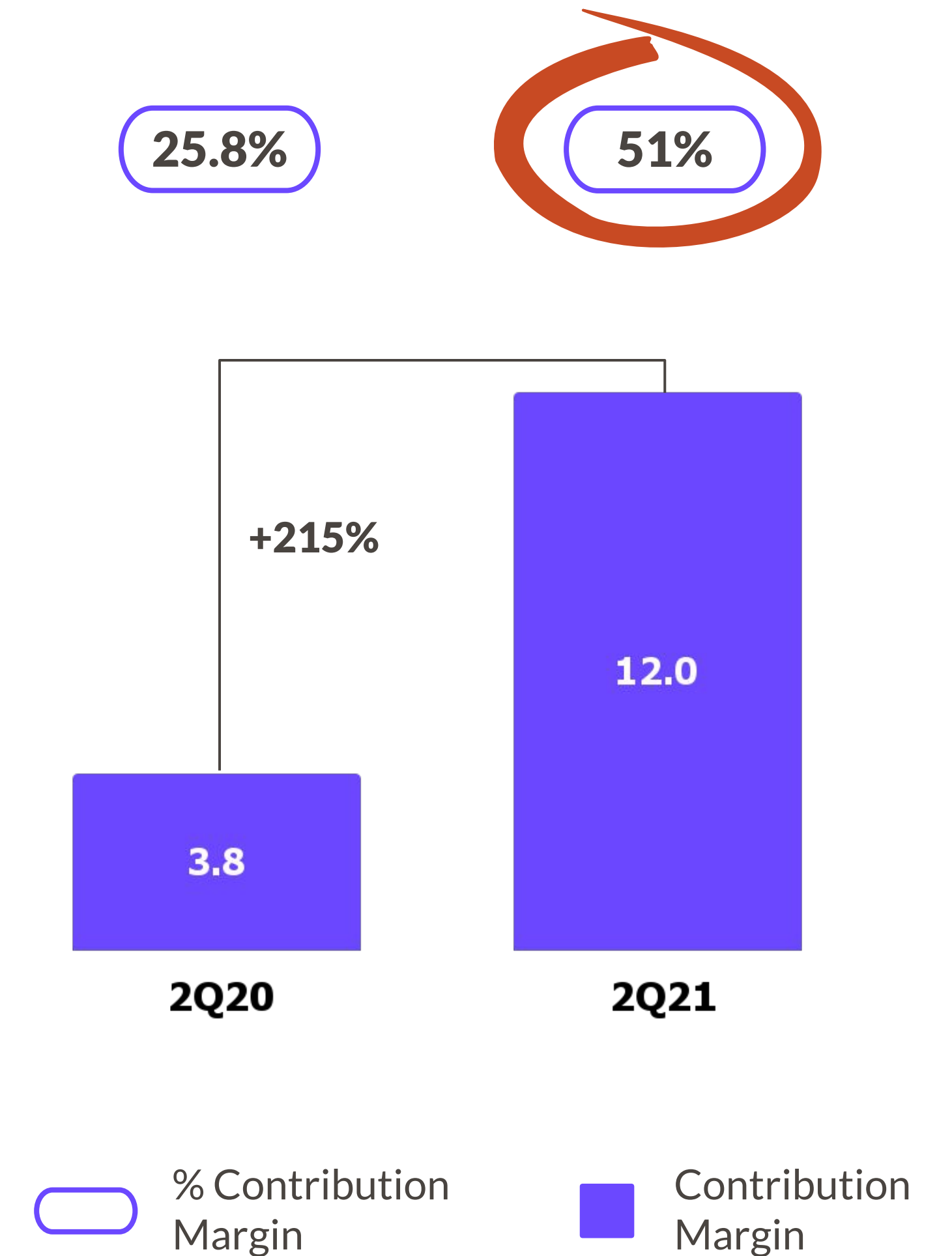


## RD Station Acquisition Conclusion

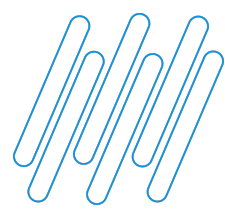


## CONTRIBUTION MARGIN

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





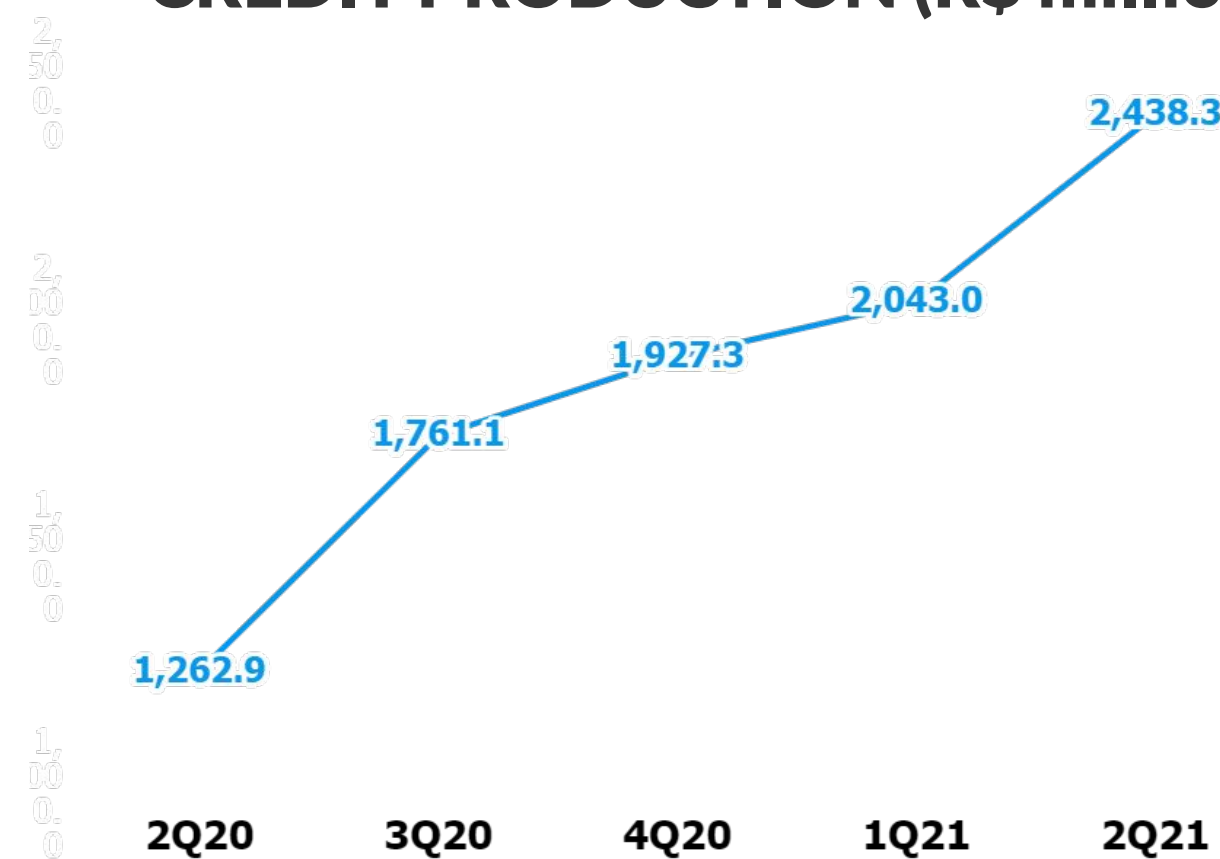


# 3-DIMENSIONAL ECOSYSTEM - TECHFIN

## Techfin

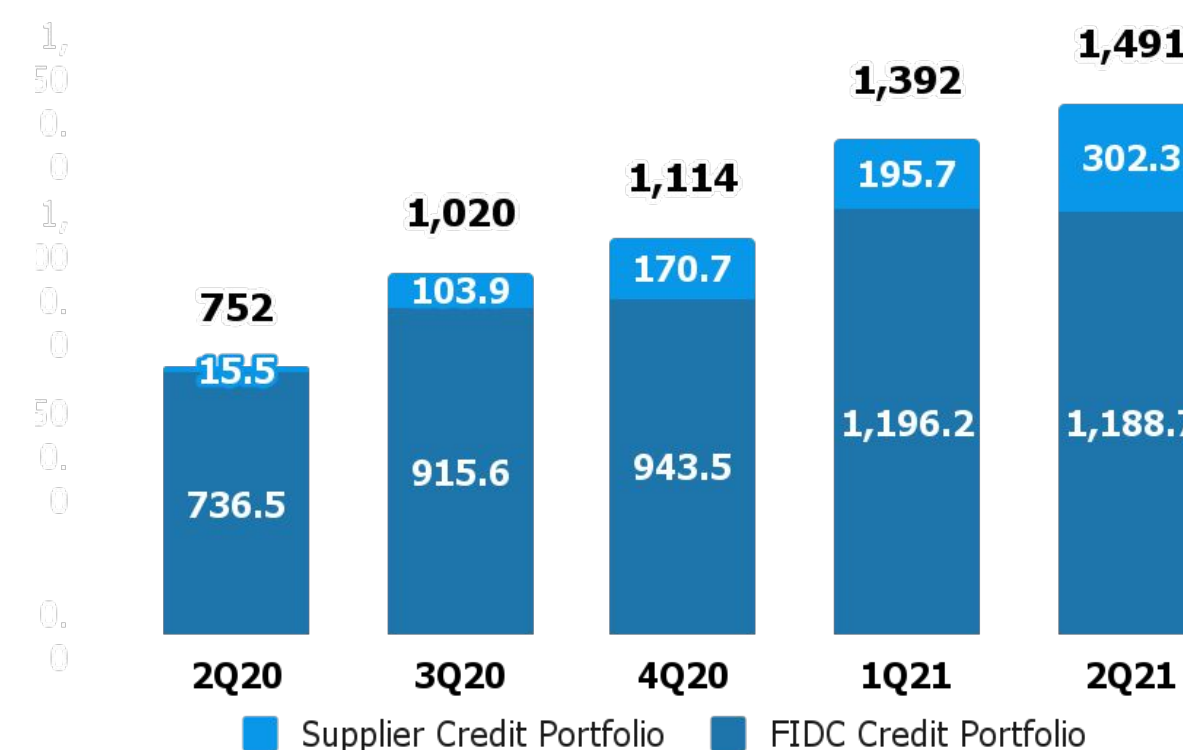
New Historical Record in Credit Production (+93% vs 2Q20)  
Highest Credit Portfolio position  
New Products Activated Clients +136% vs 2Q20

### CREDIT PRODUCTION (R\$ million)

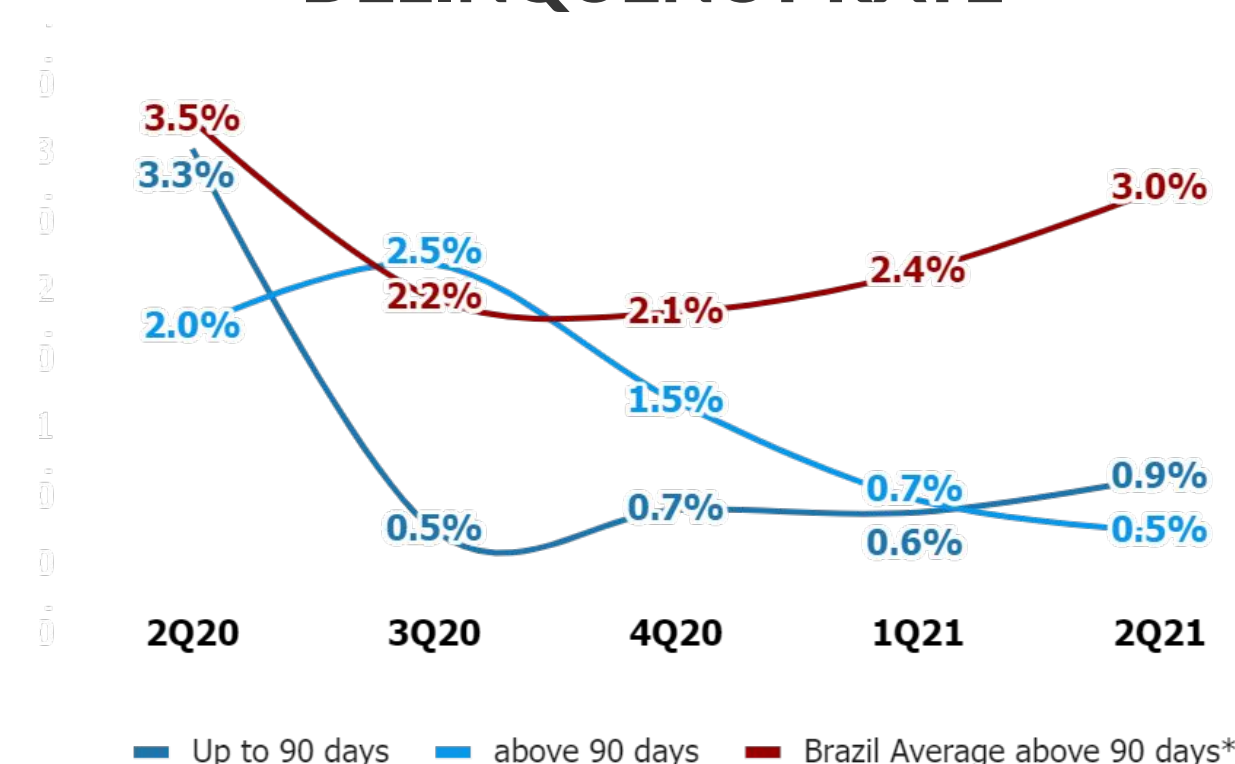


Techfin Revenue  
**R\$61 million**  
+9.6% vs. 1Q21

### CREDIT PORTFOLIO (R\$ million)



### DELINQUENCY RATE



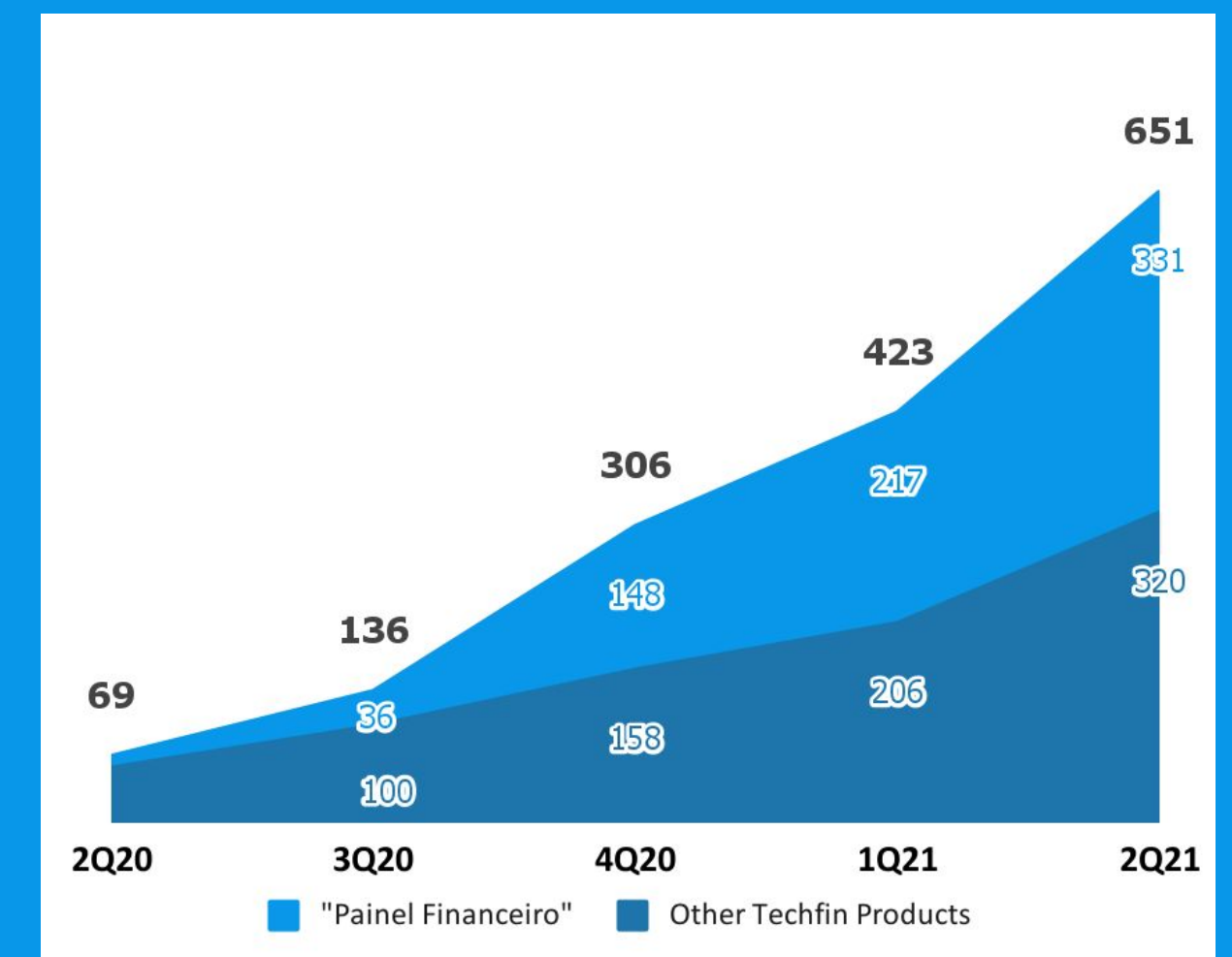
\*Source: Banco Central do Brasil (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito) > tabelas.xls > Tabela 27 > MPMe

## Quarter Highlights

### TOTVS + Supplier Integration

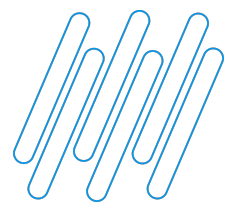
- + 2 "TOTVS Mais Negócios" Affiliates, totaling 5 in production
- 32% of prospecting affiliates originated from TOTVS' client base
- R\$2.2 million in "Mais Negócios", "Antecipa" and "Mais Prazo" revenue, +100% vs 1Q21
- 9x YoY Activated Clients of New Products

### Activated Techfin Clients (New Products<sup>1</sup>)



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





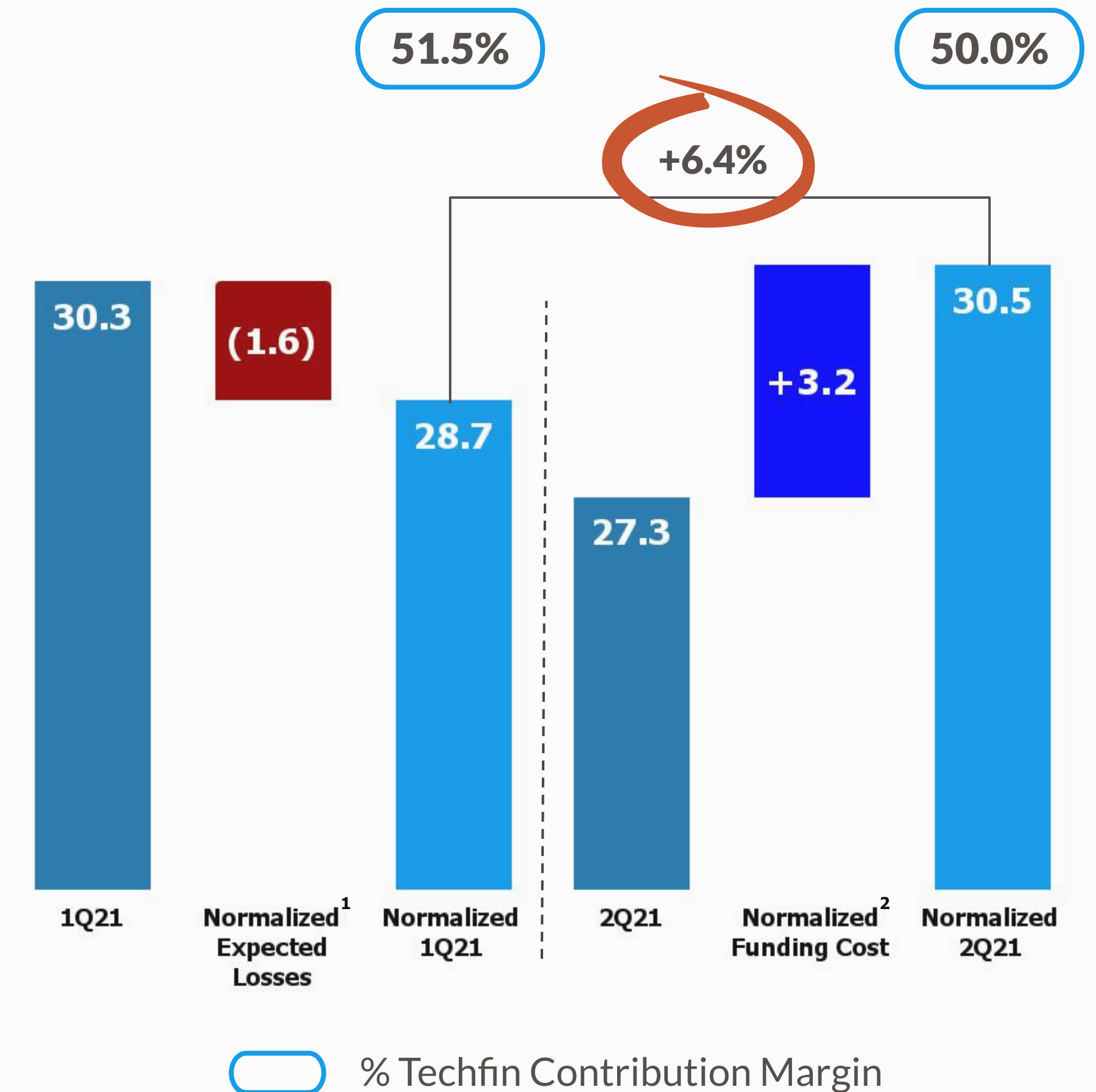
## CONTRIBUTION MARGIN

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



**ROE LTM**  
**56%**  
**39.2 pp YoY**

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



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

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





04

ESG



# ADVANCES IN ESG AGENDA



## Data Privacy Policy Release

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



## Annual ESG Reports Release

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



## Institutional Investor Ranking Recognition

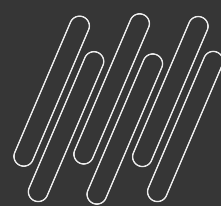
TOTVS is elected best Company in the LatAm TMT sector and wins first place in the categories Best CEO, CFO, IR Professional and ESG

SCAN AND ACCESS



Annual Integrated Report and  
Diversity and Inclusion Ebook





# FINAL REMARKS

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

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



## MANAGEMENT

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



## BUSINESS PERFORMANCE

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



## TECHFIN

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



# THANK YOU



## 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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