

EARNINGS PRESENTATION

3Q21

» Investor Relations

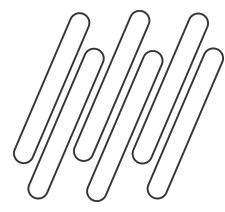
Dennis Herszkowicz
CEO

Gilsomar Maia
CFO/ IRO

Alexandre Apendino
Services and Relationship
Executive Officer

Sérgio Sérgio
IR Head

▶ 2021/ November

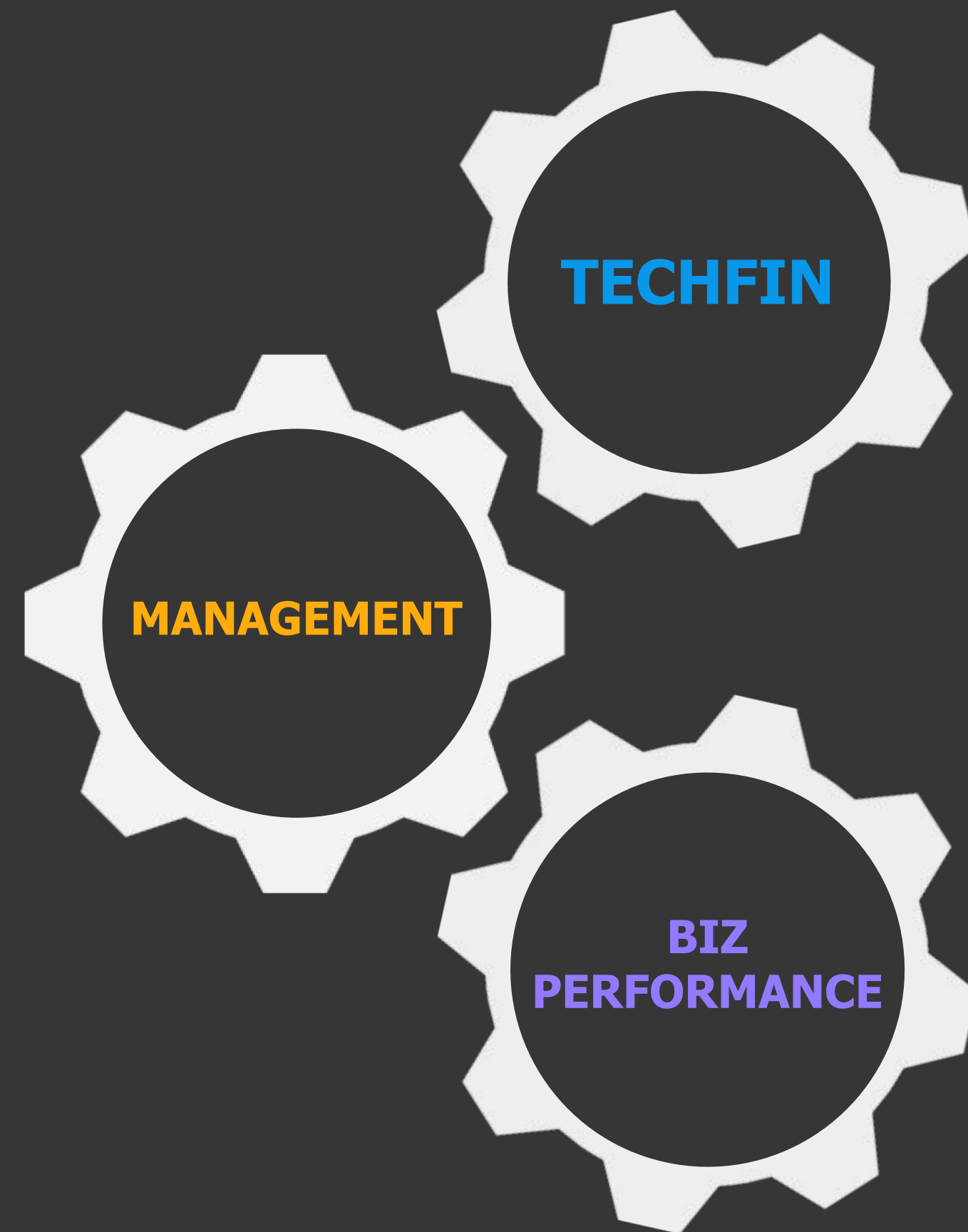
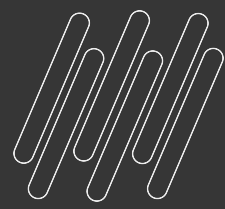


LEGAL NOTICE



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





BROADER PORTFOLIO FAR BEYOND ERP

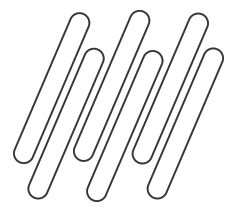
Our 3D ecosystem (3 Dimensions - Management, Business Performance and Techfin) is a reality. TOTVS customers already have access to a much broader portfolio, which goes far beyond ERP, allowing them to accelerate their digitization journey, embracing internal processes, payments, credit access and Customer Experience.

This is what we call changing the competitive game.

TOTVS 3D ECOSYSTEM
IS A
REALITY

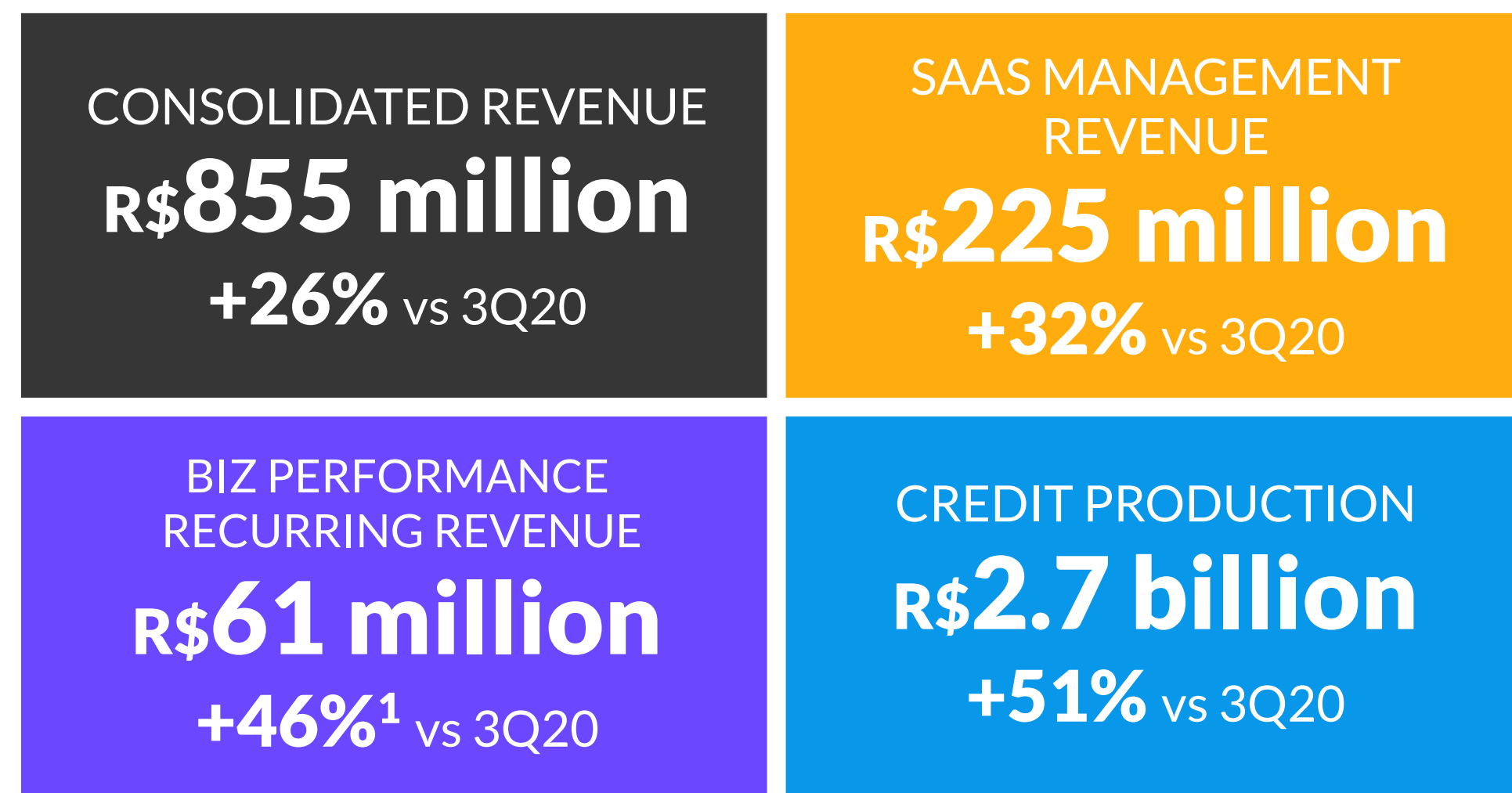
01

Financial & Operational Highlights

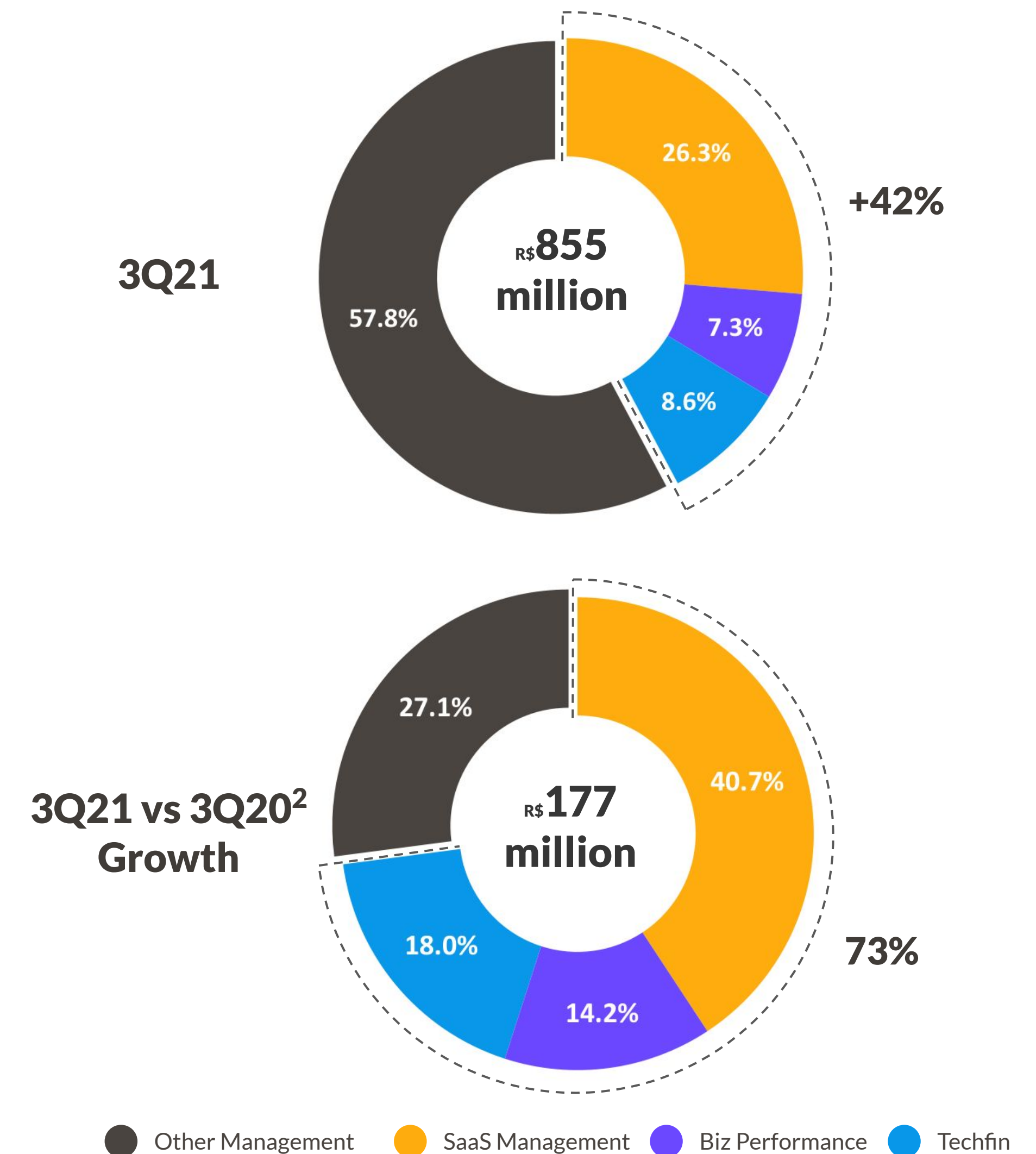


CONSOLIDATED RESULTS

Total Net Revenue accelerates and grows 26% YoY, with SaaS in Management, Business Performance and Techfin together representing more than 42% of Total Revenue and 73% of revenue growth in 3Q21

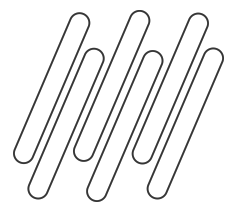


CONSOLIDATED REVENUE



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

² Management Revenue, plus Business Performance and Techfin revenues on the same comparison basis

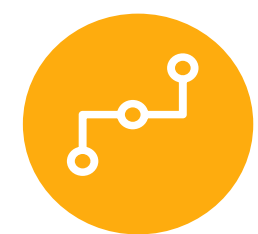


FINANCIAL & OPERATIONAL HIGHLIGHTS

Rule of 40

The acceleration of revenue growth, concentrated in recurring and transactional revenues, more than offset the reduction in the EBITDA Margin, due to the greater share of the Business Performance and Techfin dimensions and the cost inflation, resulting in 7 p.p. increase in the rule of 40

CONTRIBUTION MARGIN / NET REVENUE



Management
53.6%
+40 bp vs 2Q21



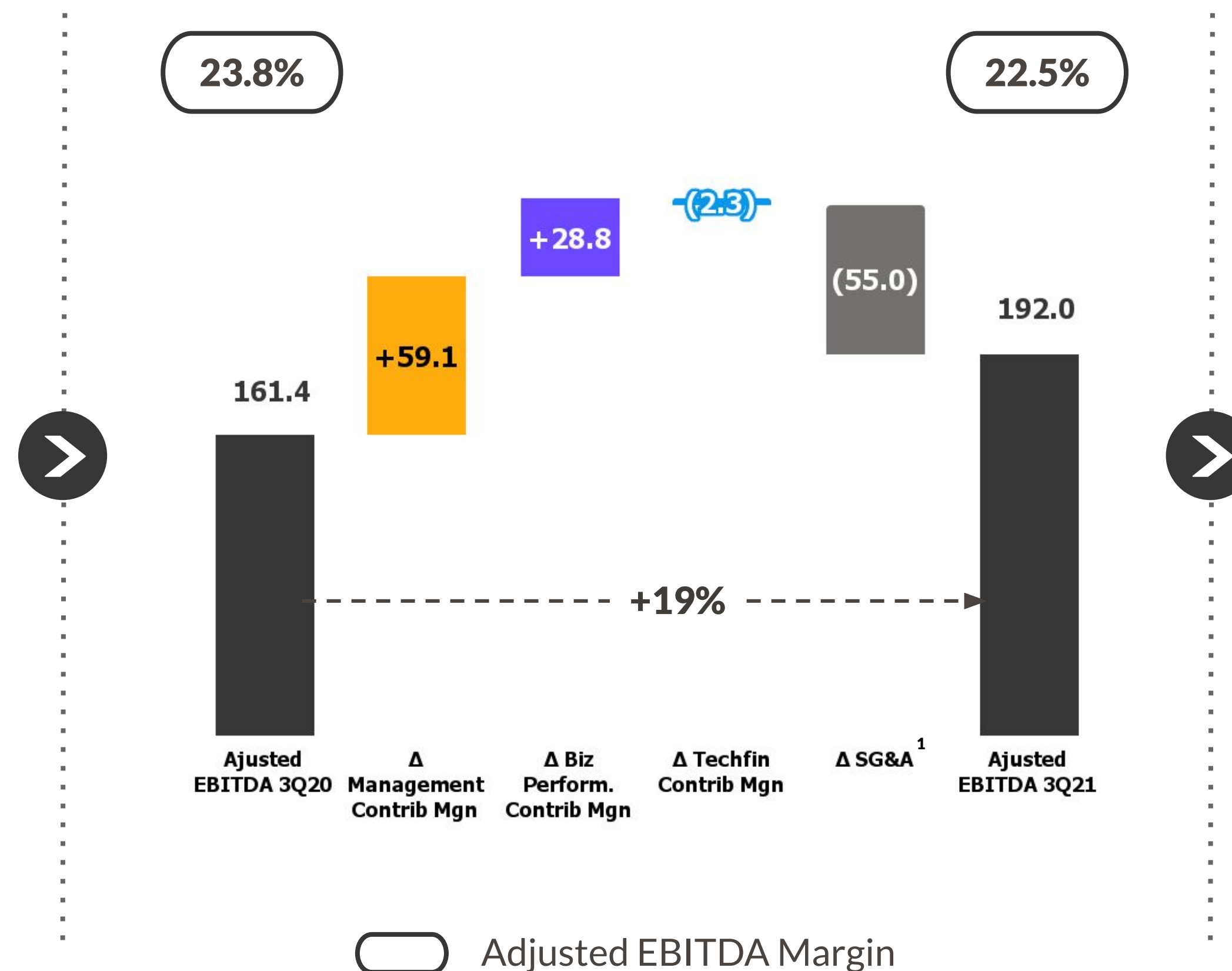
Techfin
40.4%
-380 bp vs 2Q21



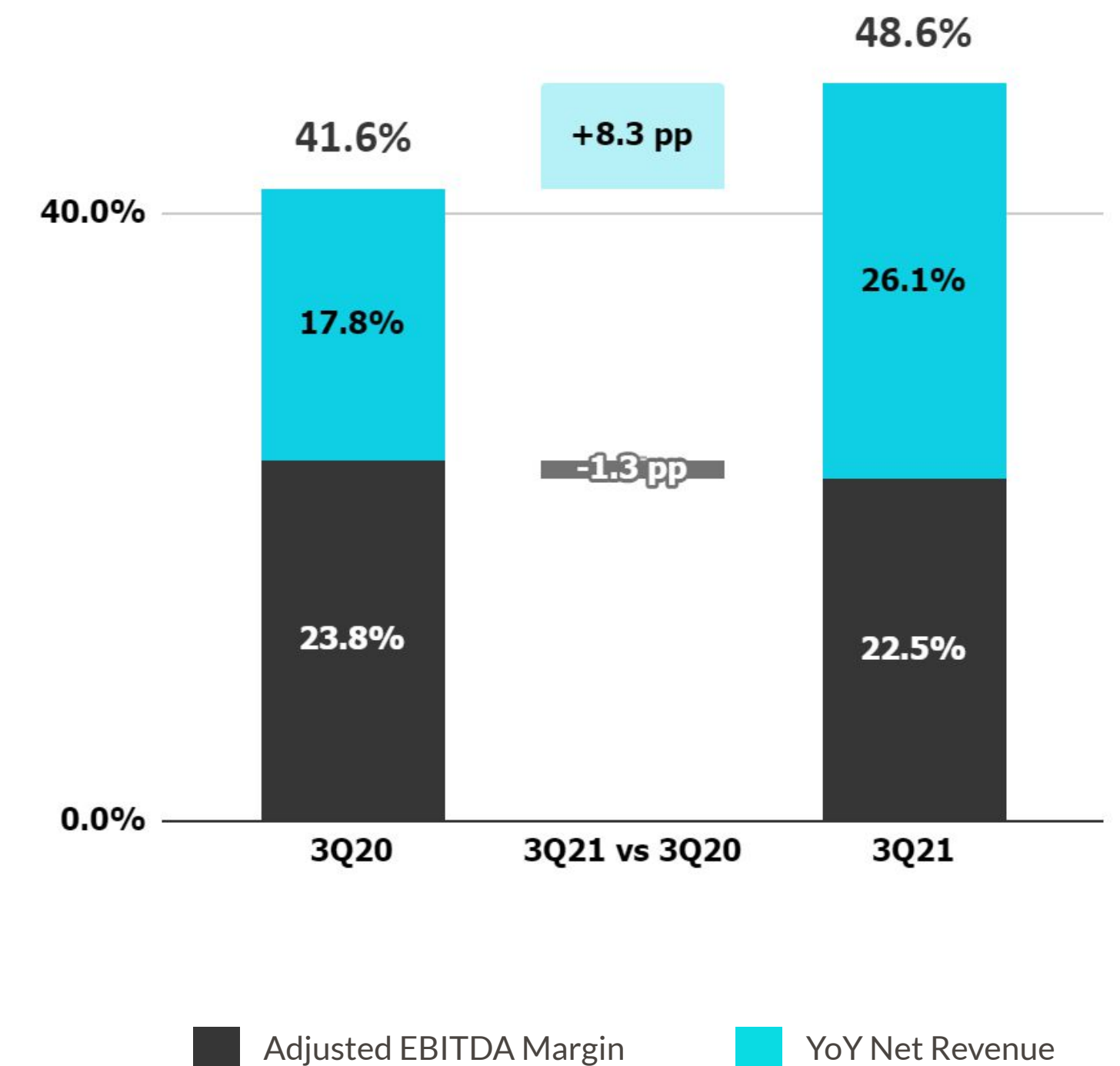
Biz Performance
47.2%
-450 bp vs 2Q21

Contribution Margin of
(**Business Performance**+**Techfin**) / Total
13% 3Q21 vs 9% 3Q20

ADJUSTED EBITDA 3Q21 vs. 3Q20 (R\$ million)



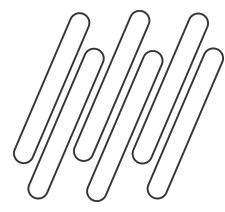
RULE OF 40



¹ Sum of Sales, Marketing, General and Administrative and Other Expenses

02

3-Dimensional Ecosystem



3-DIMENSIONAL ECOSYSTEM - MANAGEMENT

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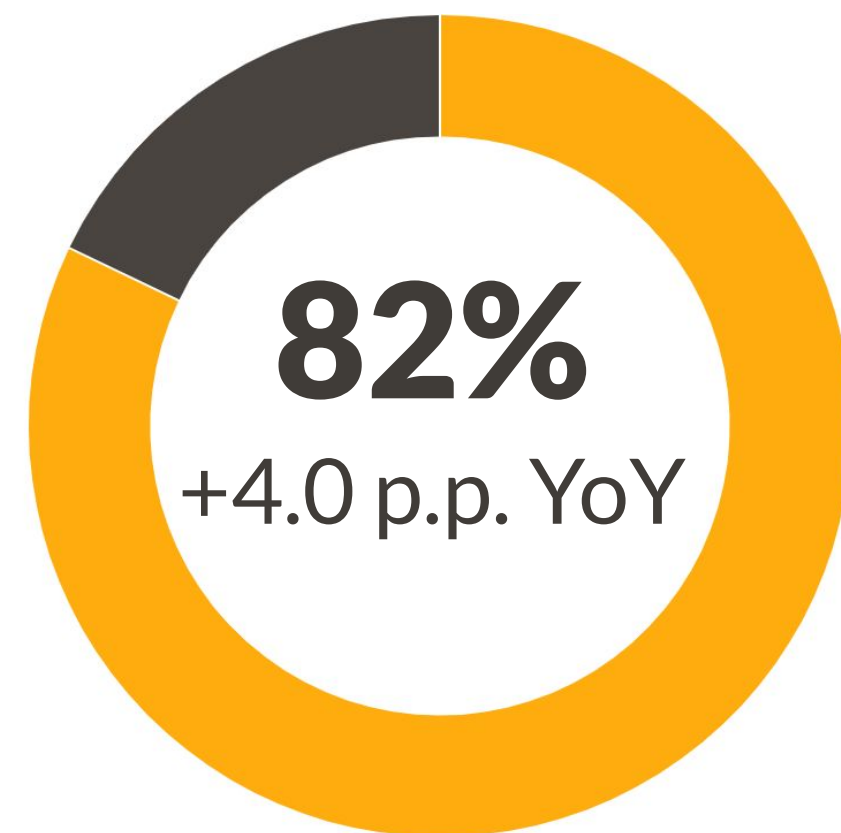


Management

Historical Record growth of 20% in Recurring Revenue, driven by SaaS in Management, that grew 32%, which demonstrates that there is a lot of room for growth in this dimension

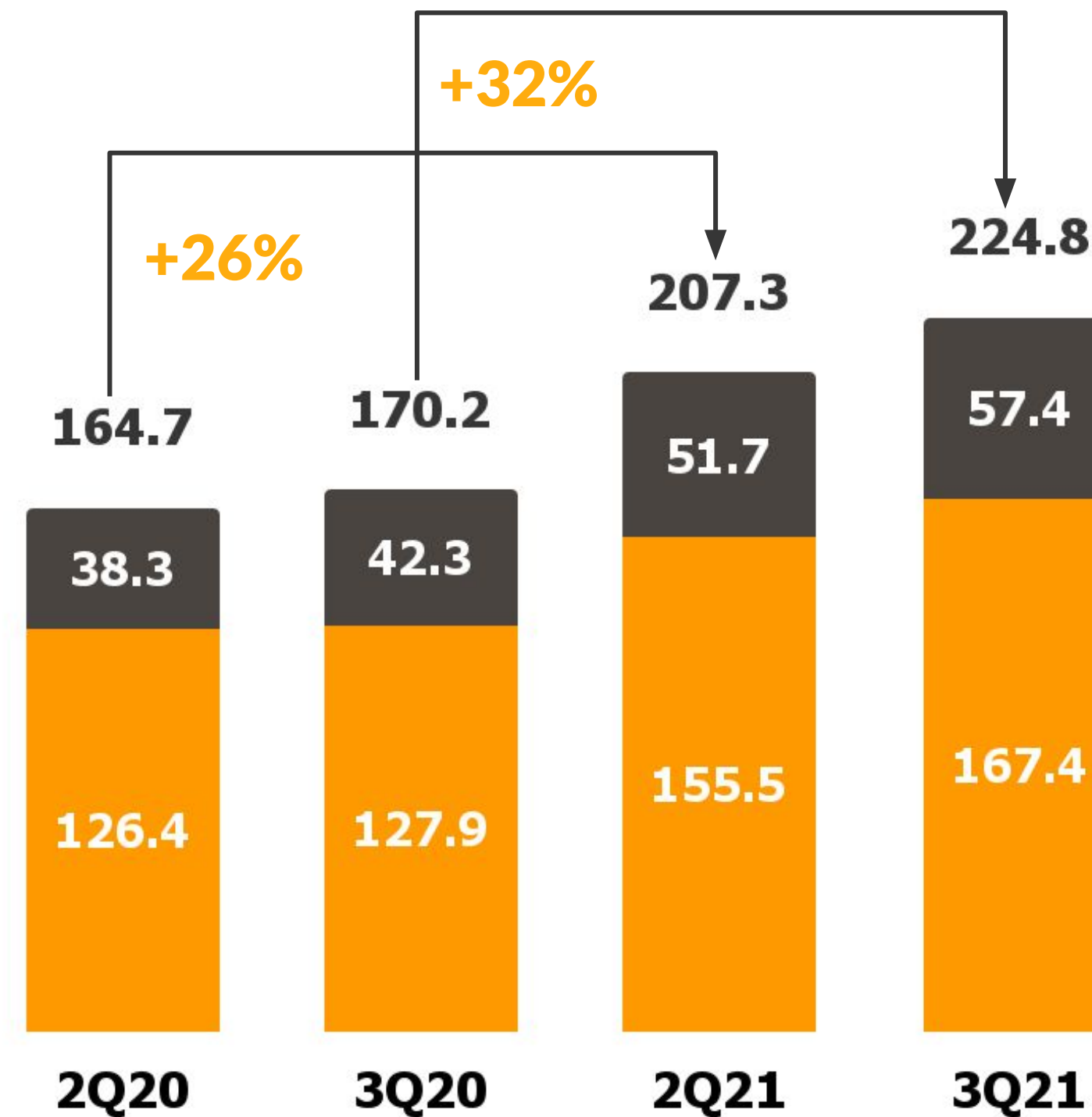
R\$590 million (+20% YoY organic)
RECURRING REVENUE

SaaS signings: +70% of new signings in 3Q21
New Clients: ~30% of SaaS signings in 3Q21



 % of Recurring Revenue vs. Management Revenue

SAAS - MANAGEMENT (R\$ million)

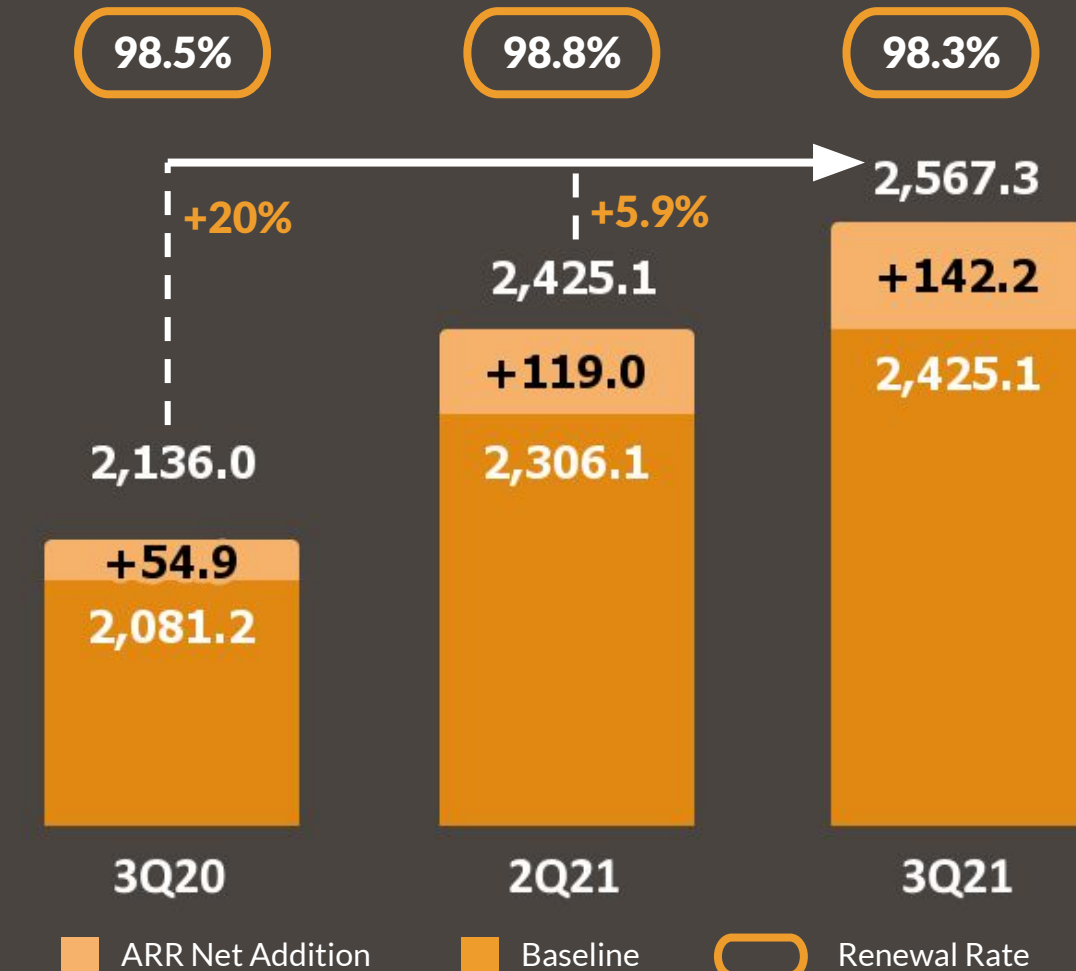


 Pure Cloud  Regular SaaS



Quarter Highlights

ARR - Historical Record of Net Addition



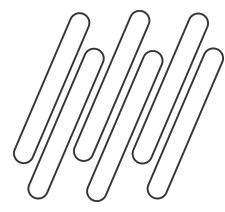
ARR Net Addition (Price x Volume)

20% YoY ARR growth in 3Q21:

- ~60% Volume - new signings (TOTVS Sales Machine = + new names + cross&upsell)
- ~40% Preço - contractual adjustments (Pricing Power + business model resilience)

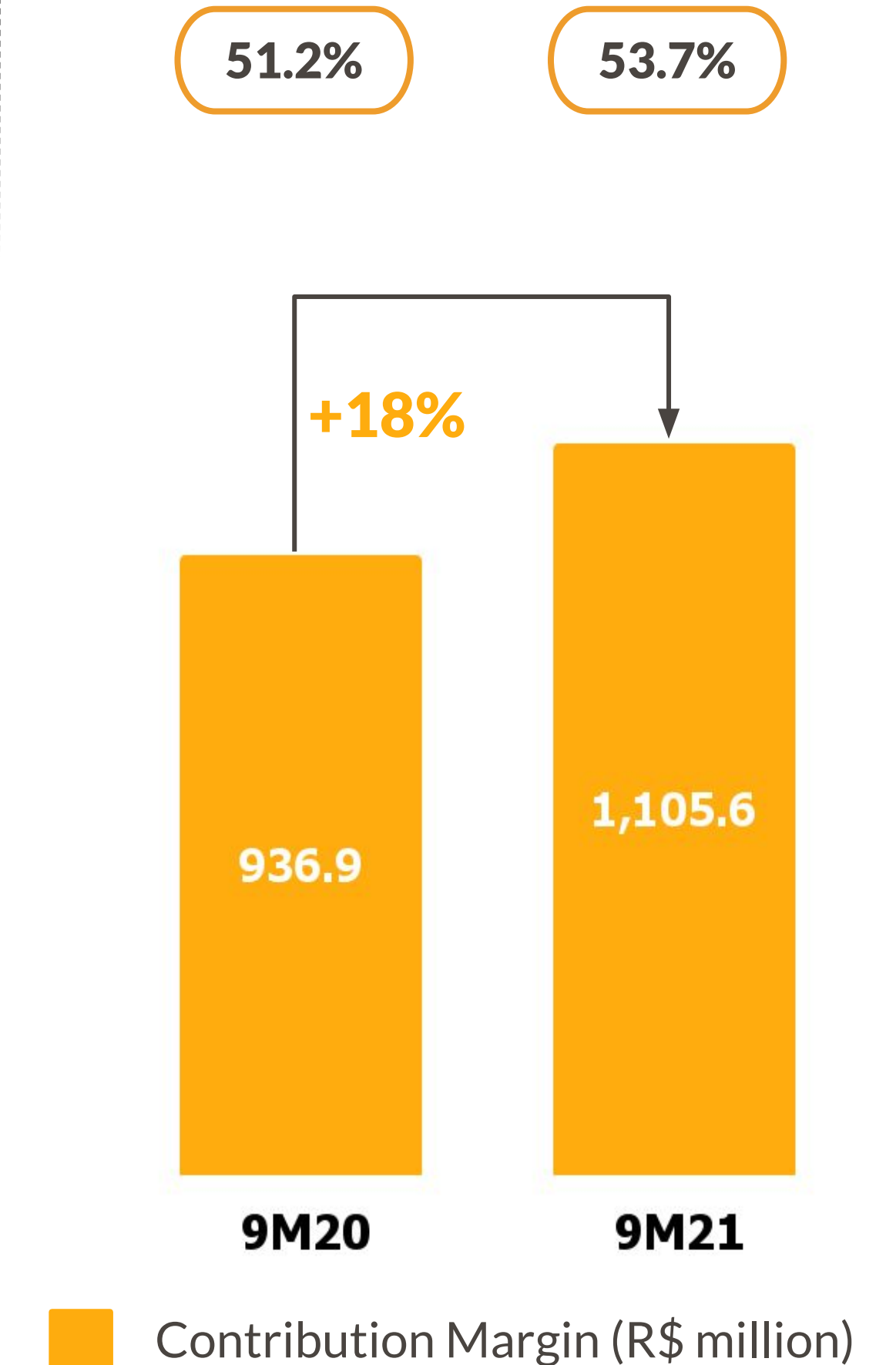
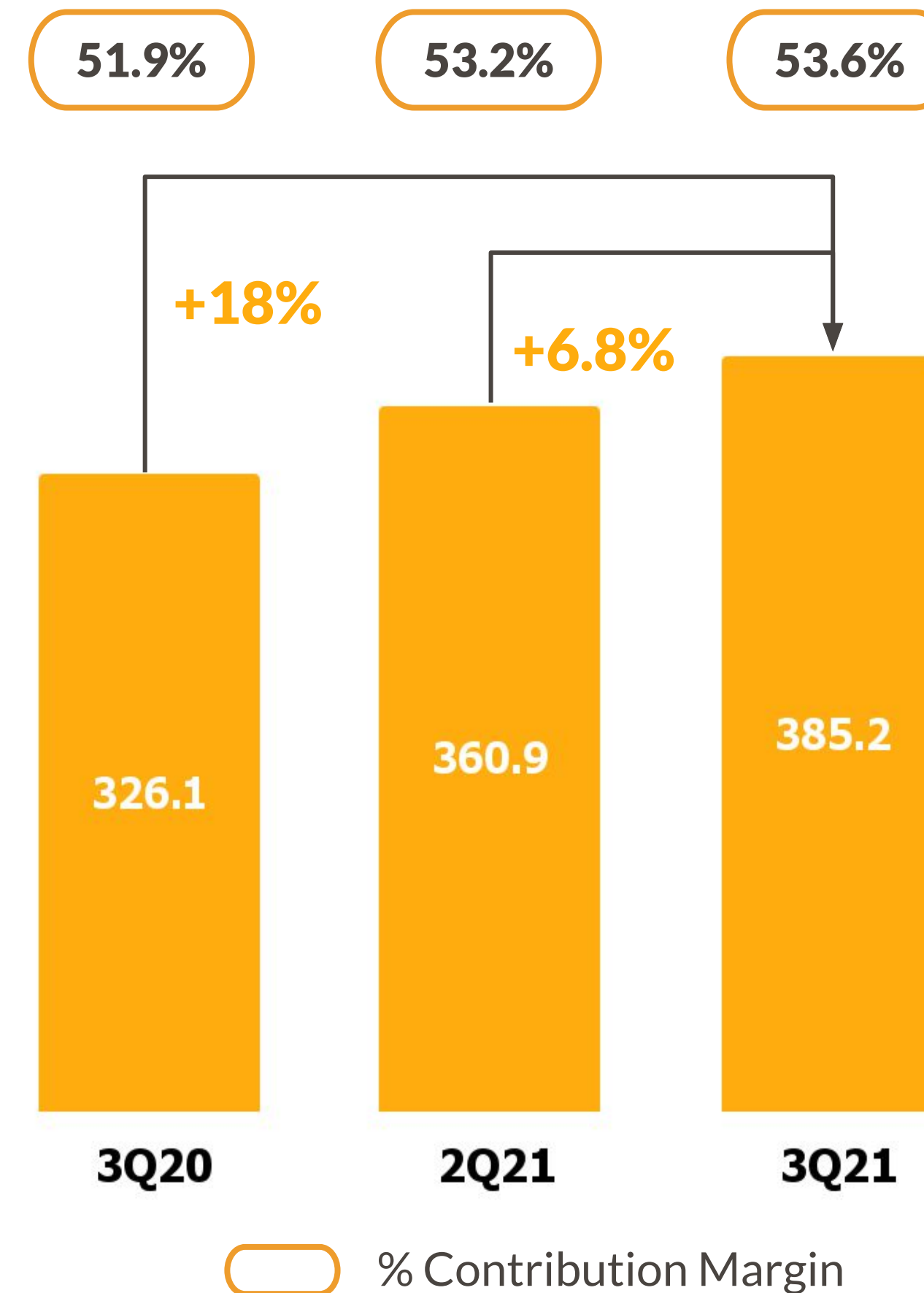
3Q21

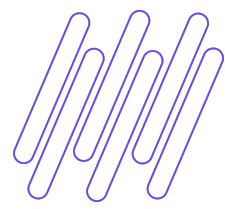
EARNINGS PRESENTATION



CONTRIBUTION MARGIN

The Gross Margin Growth and consequently the Contribution Margin, leveraged by the increase in Recurring Revenue, demonstrate the scalability, robustness and Pricing Power of TOTVS' business model in a market that is not yet mature



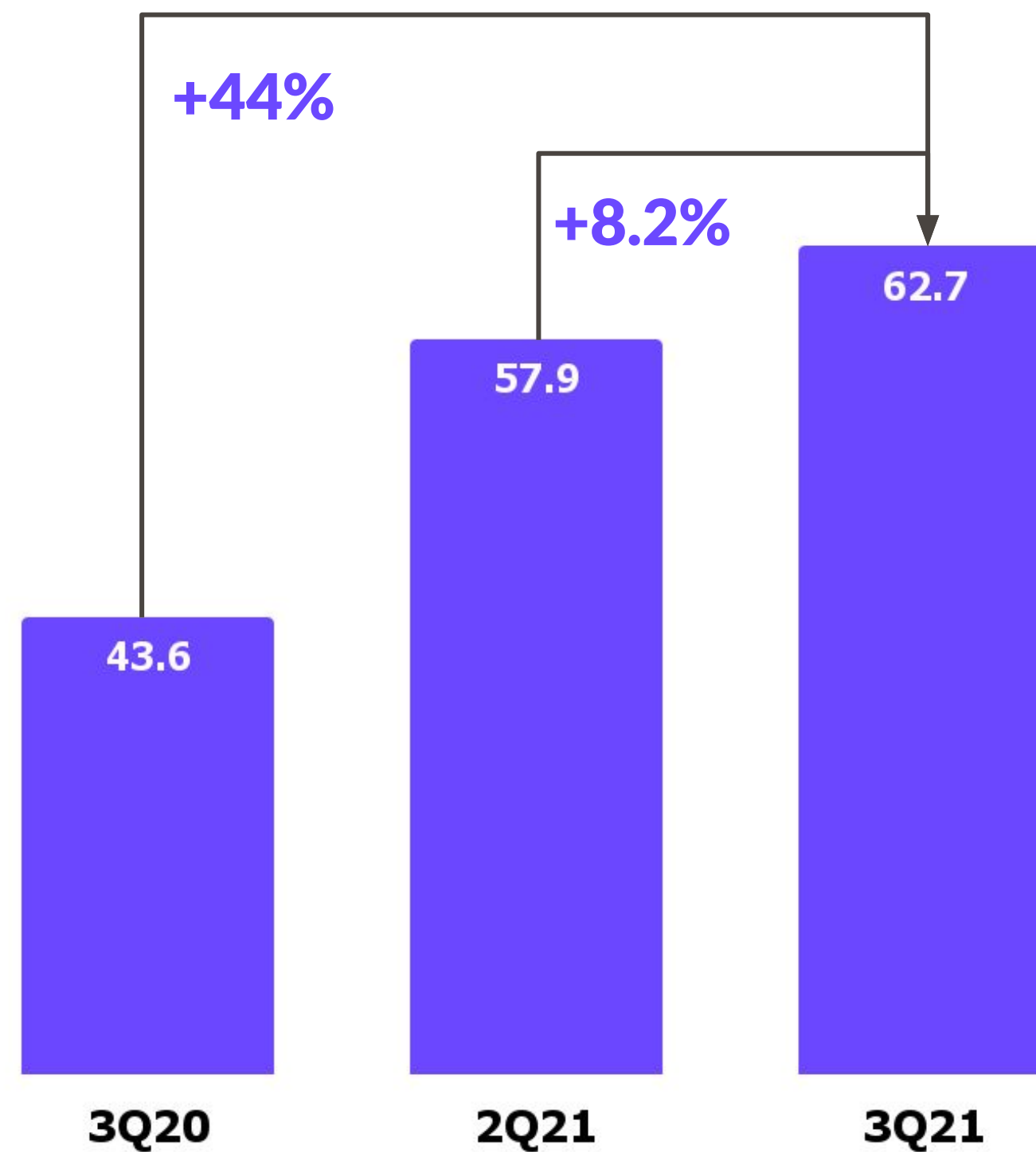


3-DIMENSIONAL ECOSYSTEM - BUSINESS PERFORMANCE

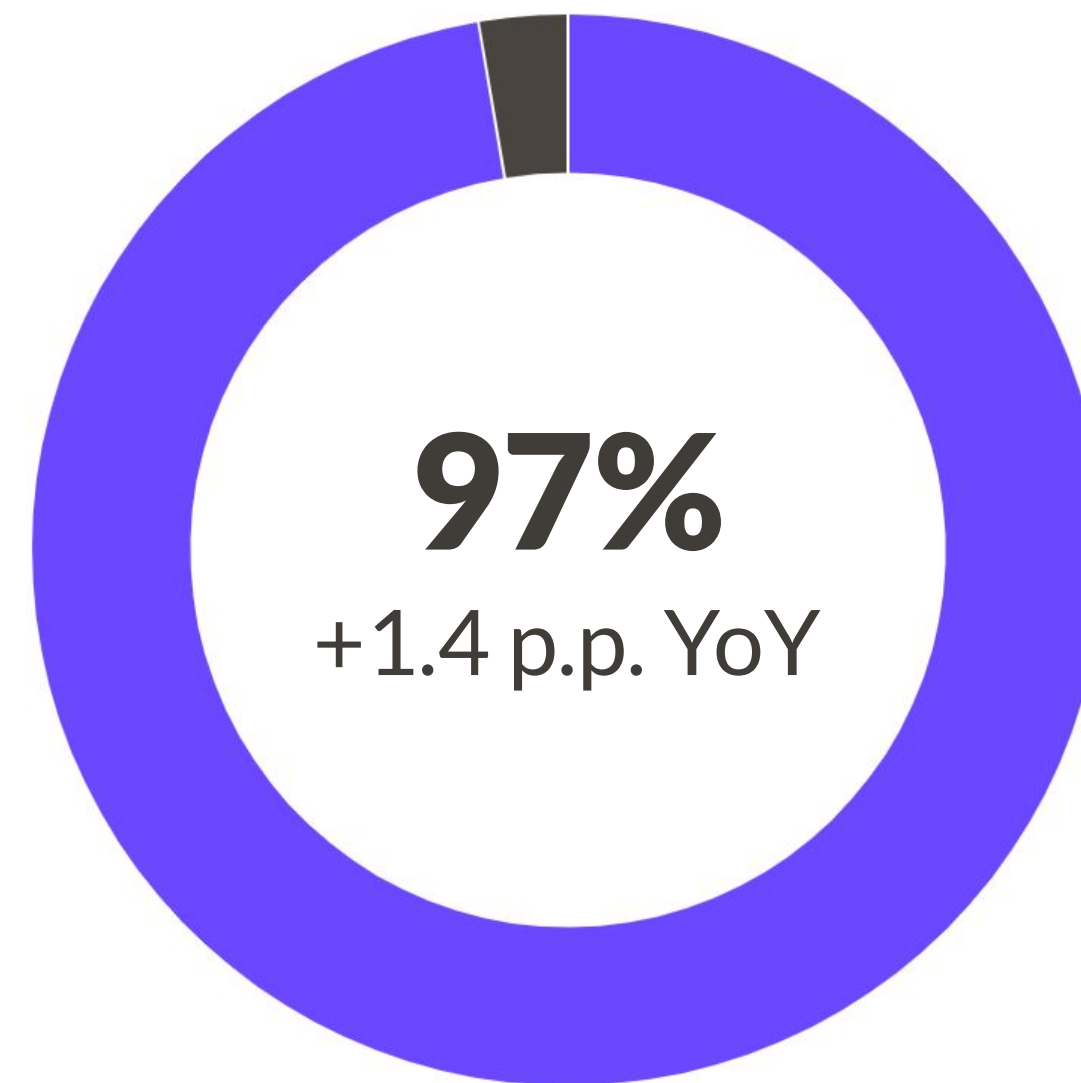
Business Performance

44% growth in Revenue, highlighting the contribution of **RD Station Premium and Digital Commerce products**, aiming
Growth + Retention + “Unit Economics” = **Exponential Results**

REVENUE (R\$ million)



RECURRING REVENUE 3Q21



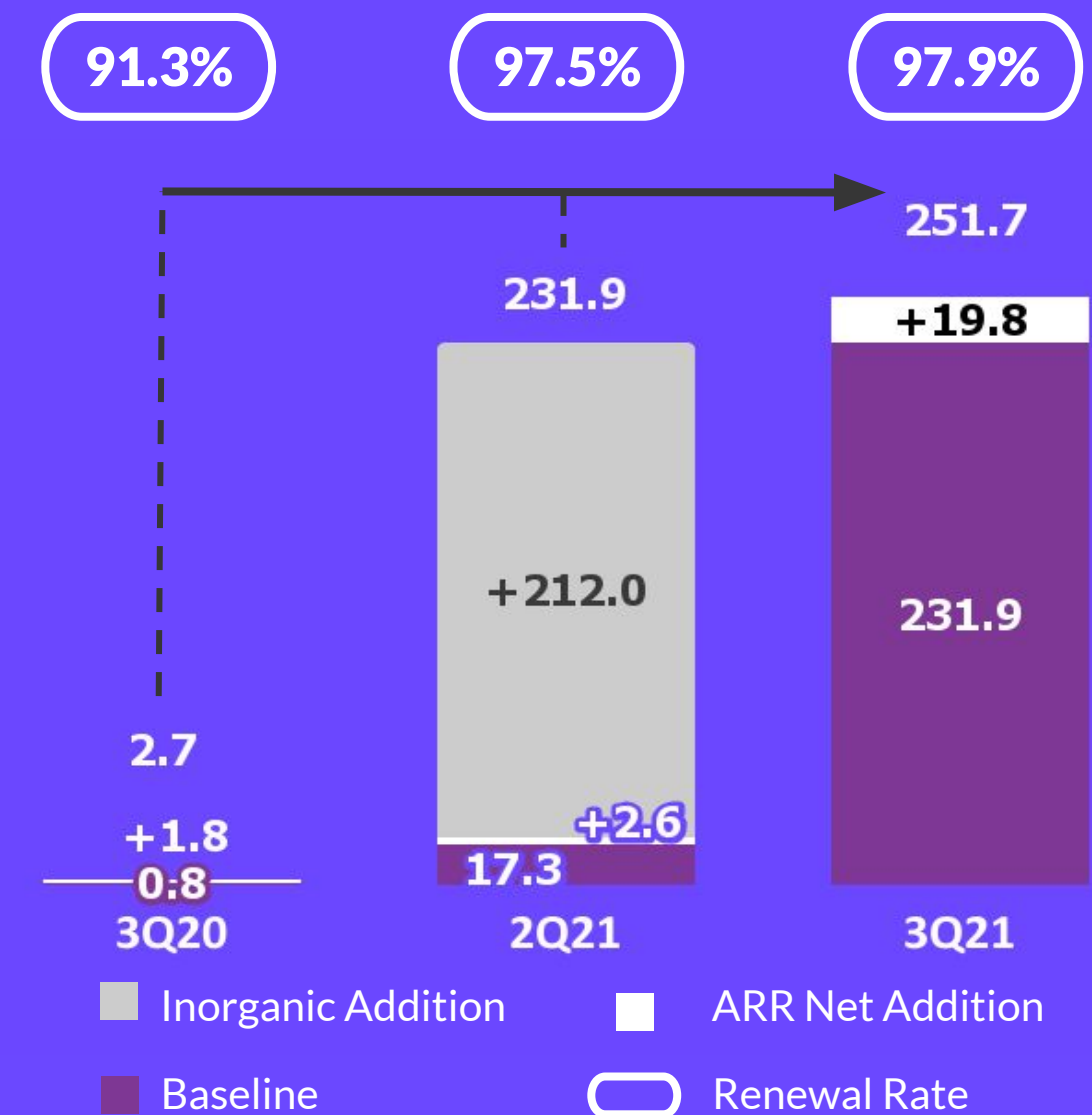
% of Recurring Revenue vs. Biz Performance Revenue

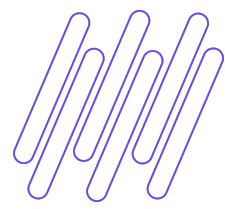
Quarter Highlights

PLG Strategy Improvements

19% of RD Station Premium product sales came from PQL (Product Qualified Lead), generated through customer experience on Entry-Level product. These qualified leads have helped to optimize CAC (Customer Acquisition Cost)

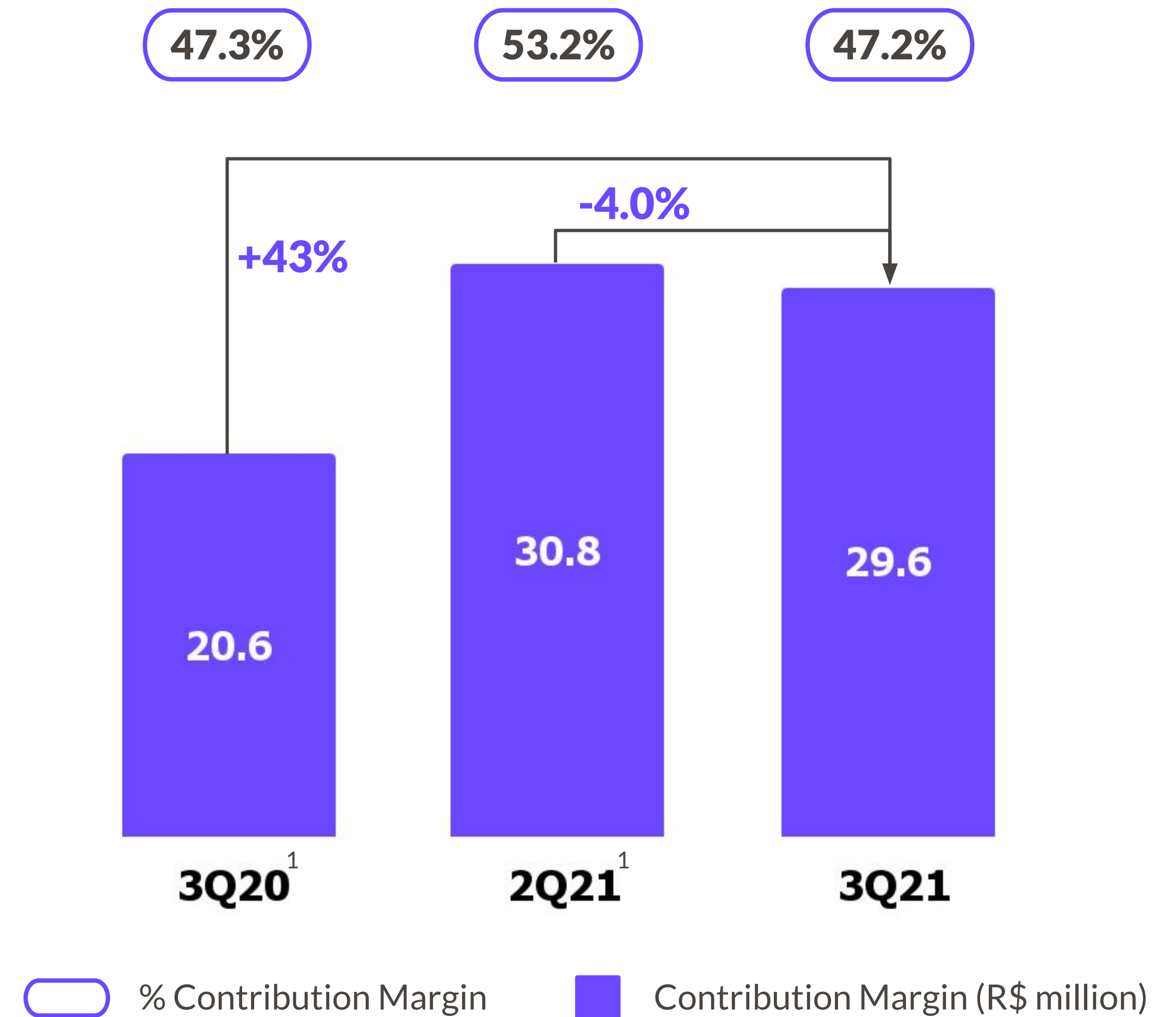
ARR (R\$ million)



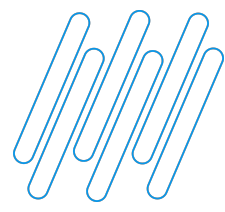


CONTRIBUTION MARGIN

6 p.p. reduction in the 3Q21 contribution margin vs 2Q21¹ is explained, among other factors, by the **increase of investments in R&D**, as part of the strategic plan for the construction and evolution of this new dimension, **aiming to increase TOTVS' competitive advantage and seize the opportunity in this market with low penetration rate.**



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

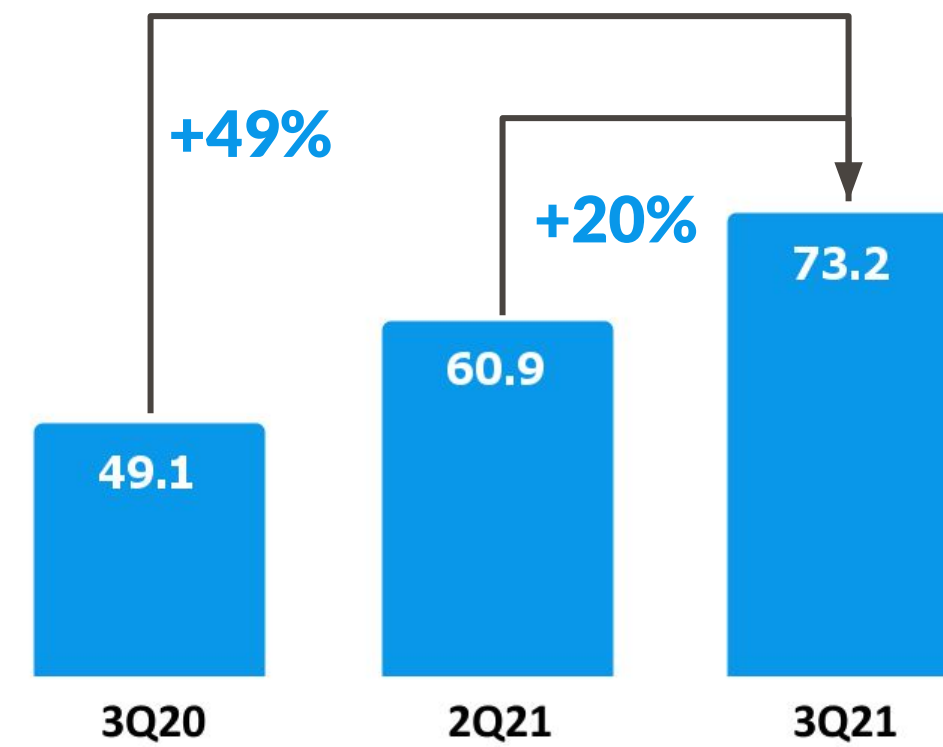


3-DIMENSIONAL ECOSYSTEM - TECHFIN

Techfin

New *Historical Credit Production Record* (+51% vs 3Q20) with *delinquency rate lower than ¼ of Brazil's Average¹ level*

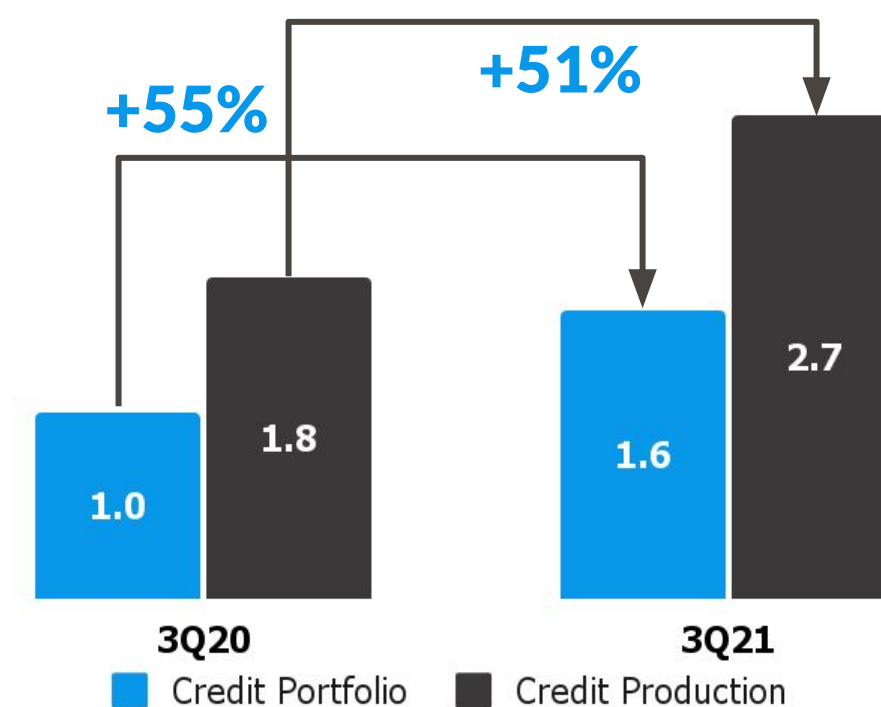
Techfin Revenue (R\$ million)



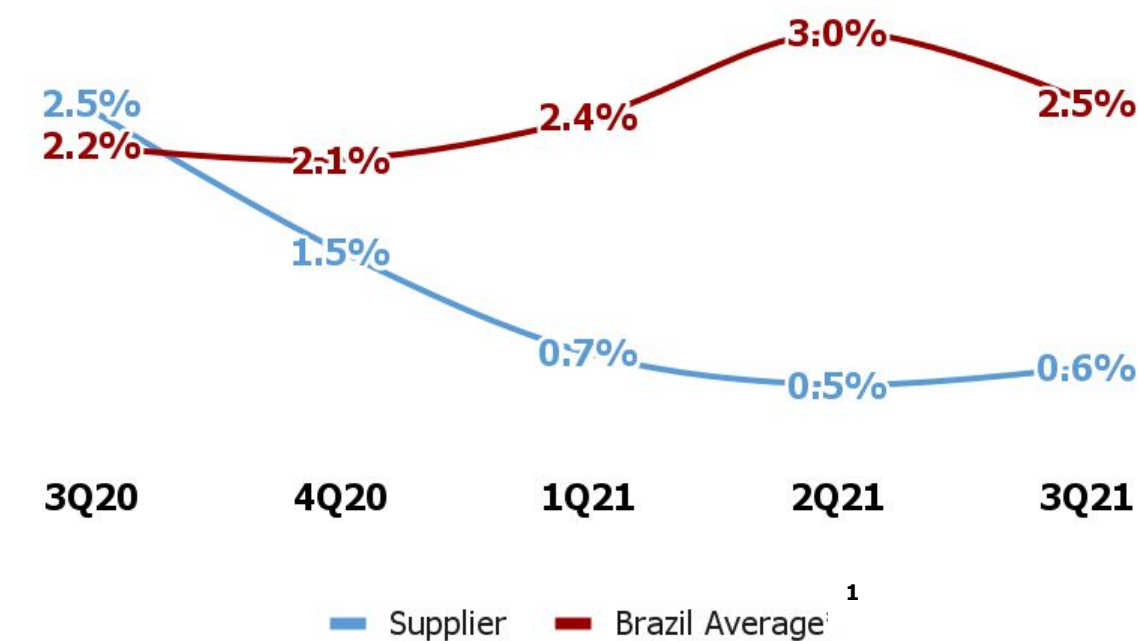
**Supplier's Pipeline
Originated by TOTVS (%)**



Credit Portfolio and Production (R\$ bn)



Delinquency (% above 90 days)

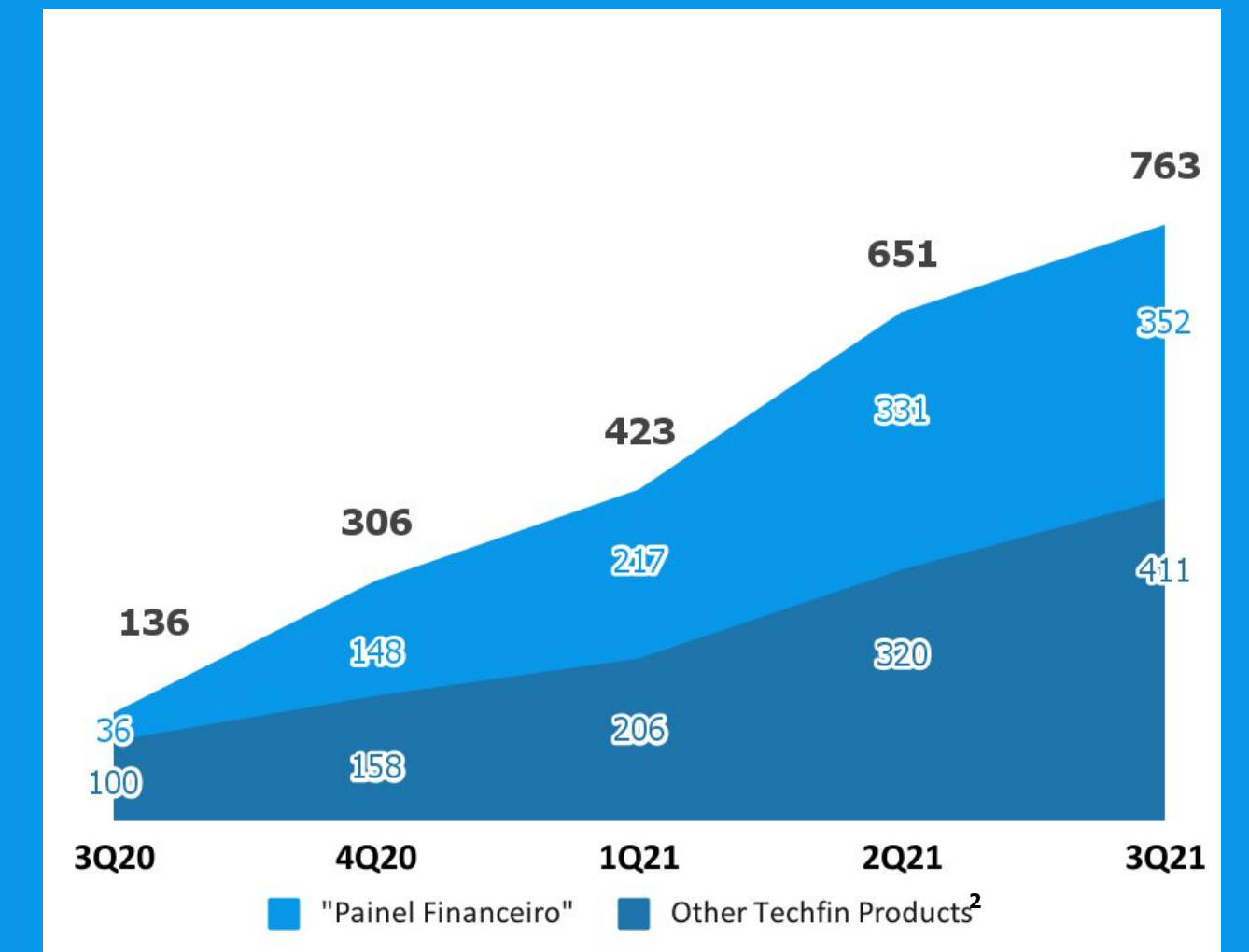


Quarter Highlights

TOTVS + Supplier Integration

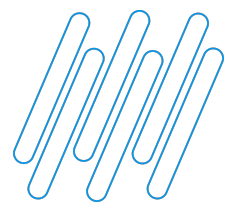
- +1,000 signed contracts
- 3Q21 +5.6x Activated Clients vs 3Q20
- R\$187 million in 3Q21 Credit Production in "Antecipa", "Mais Prazo", "Mais Negócios" and "Crédito Consignado" products, +36x vs 3Q20

Activated Techfin Clients (New Products²)



¹ Source: Banco Central do Brasil (Brazilian Central Bank, portuguese only) (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito) > tabelas.xls > Tabela 27 > MPMe

² "Consignado" (Payroll loan), "EduConnectPAY", "Mais Prazo", "Antecipa", "Pagamento Instantâneo" and "Painel Financeiro" products



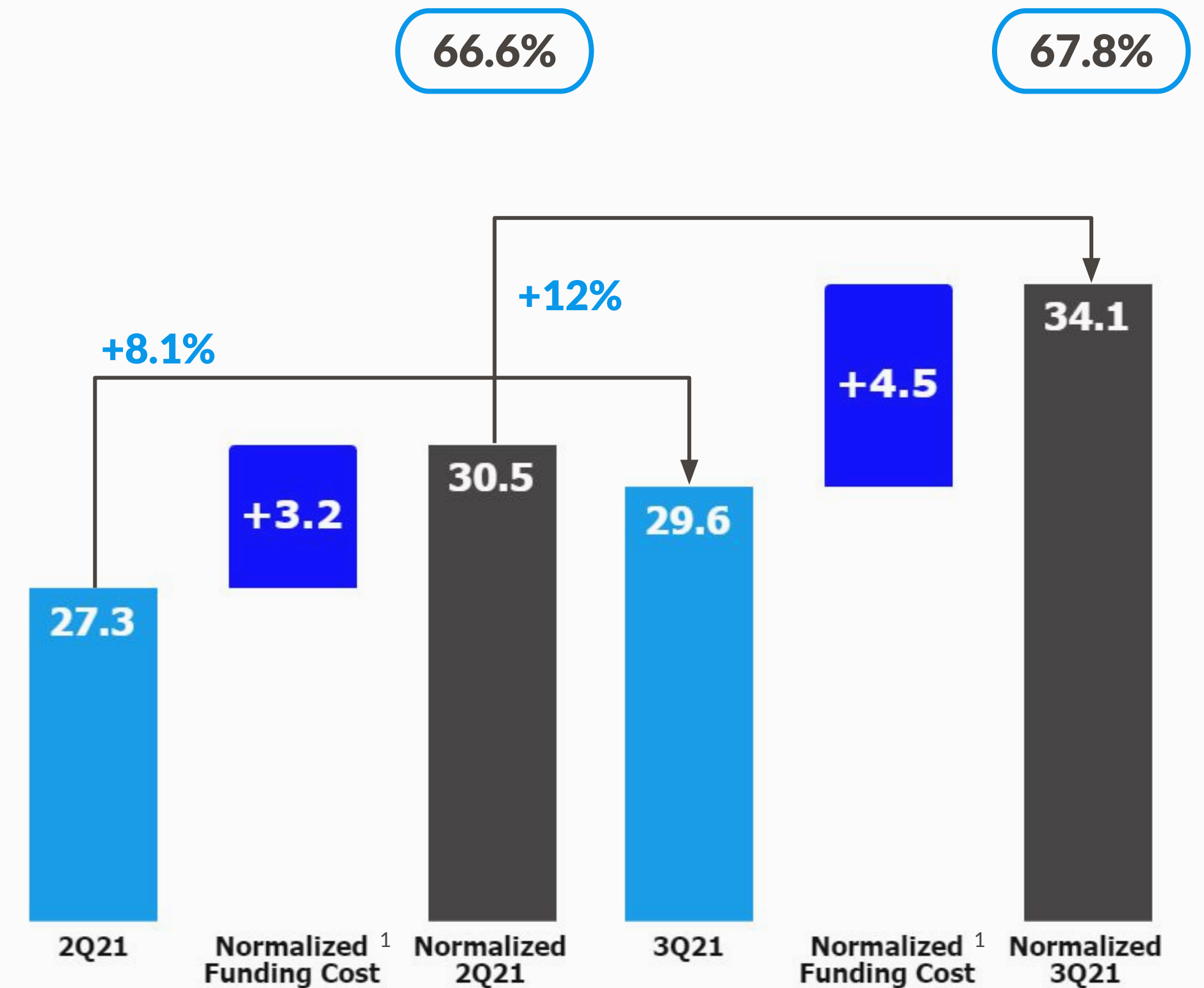
CONTRIBUTION MARGIN

With the temporary impact of the Selic increase on Funding Costs normalized, the Contribution Margin grew 12% (3Q21 vs 2Q21) and the percentage of Contribution Margin on Net Funding Revenue increased 120 basis points (3Q21 vs 2Q21).



ROE 12M
52%
34.4 p.p. YoY

**Provision for Expected
Losses / Credit Production**
0.16%
in line with 2Q21



% Contribution Margin without Techfin Net Funding Revenue

¹ The Normalization of Funding Cost consists of transferring the Selic increase to the cost, in the same term in which it is transferred to revenue.

03

ESG

Advances in the ESG Agenda

ADVANCES IN THE ESG AGENDA



TOTVS recommended in ESG portfolios

TOTVS gained a prominent position in XP Investimentos' ESG Radar, BTG Pactual's ESG Portfolio and in JP Morgan's analysis of CVM Governance Report disclosure.



#ELASNATOTVS

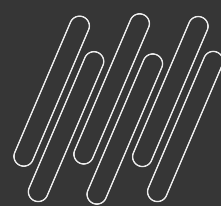
Launch of our talent pool aimed at all people who identify with the female gender, promoting diversity and inclusion and encouraging them to enter the technology market.



TOTVS Internship Program

With a fully inclusive selection process, aiming to increase the attraction of talent and support the growth of the technology market, we launched the program with 143 opportunities generated in 9 cities for students in the technology and design areas.





FINAL REMARKS

Accelerating Revenue Growth in the 3 Dimensions with Healthy Margin Support

We created new and powerful growth locomotives, which more than offsetted the drop in the EBITDA margin, resulting in an advance of 7 p.p. in the rule of 40, which reached 48.6%. This indicator helps us manage with flexibility and balance the combination of Dimensions in different moments and mandates.

Additionally, our Follow-on carried out at the right moment increased our capacity to execute M&A, putting us in an advantaged position to capture opportunities.

Finally, we continue at an accelerated pace, transforming the Company, unlocking value and creating a young, innovative and ambitious culture.



MANAGEMENT

Organic growth of 20% year-on-year in recurring revenue is a reflection of the expanding software market and far from maturity, historical record level of NPS, commercial evolution, rejuvenation of TOTVS brand and a model with high retention capacity and pricing power.



BUSINESS PERFORMANCE

46% YoY growth in recurring revenue, demonstrating the strength and potential of RD Station, added to the acceleration of digital commerce and OMS.



TECHFIN

Techfin Revenue acceleration by 49% YoY, with historical record of credit production at R\$2.7 billion.

We have reached +1,000 clients on new Techfin Products. “Antecipa”, “Mais Prazo”, “Mais Negócios” and “Crédito Consignado” with exponential expansion which already produced R\$187 million in 3Q21.

THANK YOU



Investors Relations

+55 (11) 2099-7773
+55 (11) 2099-7097
+55 (11) 2099-7089
+55 (11) 2099-7105
ri@totvs.com

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



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