TOTVS

EARNINGS RELEASE 1Q21

CONFERENCE CALL – PORTUGUESE: May 06, 2021, 11:00 a.m (BRT)
Webcast: click here. Phone: +55 11 3181-8565 or +55 11 4210-1803 (acess – TOTVS)
Replay: +55 (11) 3193-1012 or +55 (11) 2820-4012 (acess – 7935507#) until May 12, 2021
or on the website: ri.totvs.com

CONFERENCE CALL – ENGLISH (Simultaneous Translation): May 06, 2021, 11:00 a.m (BRT)
Webcast: click here. Phone: US Toll Free +1 844 204-8942 | International +1 412 717-9627 |
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1Q21 EARNINGS RELEASE

São Paulo, May 5, 2021 - TOTVS S.A. (B3: TOTS3), the leader in the development of business solutions in Brazil, announces today its results for the First Quarter of 2021 (1Q21). The Company's consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil, which are in line with the International Financial Reporting Standards (IFRS).

THIRD QUARTER IN A ROW WITHIN THE "RULE OF 40"

- *The Company maintained the balance between profitability and growth, with a 20% increase in Total Net Revenue, and Adjusted EBITDA margin of 26.3%, adding 46% (Rule of 40), an increase of 18 pp YoY*
- *Highlights for the double-digit growth in Technology Revenue and for the Credit Production (Supplier), which surpassed the historical record of the 4Q20 and exceeded the level of R$2 billion in the actual quarter*
- *Accelerated Digital Journey with 40% growth YoY of SaaS signings, with highlight for Cloud services that grew 72% in the period*

NET REVENUE	EBITDA MARGIN	RECURRING REVENUE	CREDIT PRODUCTION
R$720 million	**26.3%**	**R$539 million**	**+R$2 billion**
+20% vs. 1Q20	**+520bps vs. 1Q20**	**+15% vs. 1Q20** (highest growth since 2013)	**+25% vs. 1Q20***

MESSAGE FROM THE MANAGEMENT

We started 2021 at the same pace we closed 2020: accelerating! The construction of an Ecosystem of technologies for SMBs continued to consolidate, supported by a digitalization journey aimed to exponentialize TOTVS operations.

In Management business dimension, focus on SaaS, continuous evolvement on product quality (with NPS increase), and Cloud enabled us to further accelerate the growth of recurring revenue, which reached 15%. We understand that the Brazilian market of management software (ERP, HR, and Verticals) is far from mature and still has a lot of room for growth, as presented in our Investor Day.

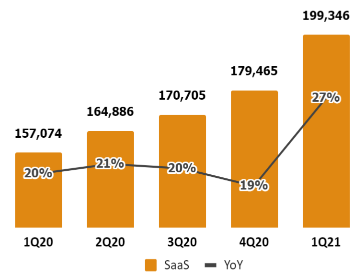
In Techfin business dimension, Supplier continued its V-recovery, reaching more than R$2 billion in credit production, of which R$800 million in March.

And in Business Performance dimension, we took a fundamental step with RD, the main asset of this market in Brazil. Although not yet consolidated in our results, its performance in 1Q21 was much higher than the business plan used in the acquisition.

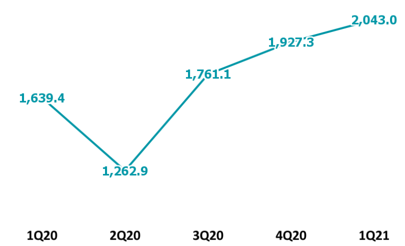
Finally, we see TOTVS prepared for all challenges. A team united by the same ambition while being aware that we have a unique opportunity to become the key partner of our customers.

Additional SaaS acceleration

SaaS Revenue (R$ thousands)



Credit Prodution (R$ MN)



March reaching the level of R$800 million

R$2.3 billion ARR
A record Net Addition of R$90 million

81%
Recurring Revenue
(the highest historical level)

Gross Margin from Technology
72%
(the highest historical level)

Credit Portfolio
R$1.4 billion
A record

Delinquency >90 days Credit Products
0.7%
160 points below the Brazilian average

Adjusted EBITDA
R$189 million
+49% vs. 1Q20

*Data presented for comparison purposes only, not consolidated in the 2020 Company results

RECENT EVENTS

Our ecosystem goes far beyond ERP...

Antitrust approval for the acquisition of RD Station

The General Superintendence of CADE - the Brazilian Antitrust Agency issued a favorable opinion for the transaction closing

The largest transaction in the SaaS industry in Latin America gets together the largest management software company and the largest digital marketing automation company in Brazil. RD, which is seen in the market as a synonym for digital marketing, adds to TOTVS a leading team with more than 600 professionals, more than 20 thousand customers, and a revenue of more than R$200 million (2021e), with an average growth of 50% between 2015 and 2020. This acquisition represents a critical step in the expansion of the Business Performance dimension.

In addition, the closing of this transaction depends on the checking of other usual conditions for this type of business.

Launch of a new Techfin product

"TOTVS Pagamento Instantâneo" offers PIX transfers in an integrated way to the Company's clients

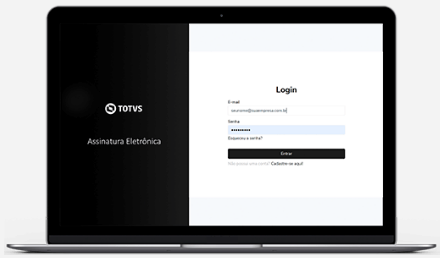
"TOTVS Pagamento Instantâneo" allows customers to receive money in the corporate banking account they already have, without having to deal with any financial institution.

In addition, they will have reduced costs with fees from other means of payment, with the ease of reconciliation of automatic sales, offering a payment experience via PIX (Brazilian Instant Payment System), whether face-to-face or online, which is easier and safer for consumers.

Learn more at https://www.totvs.com/techfin/pix/ (portuguese only)

First 100% PLG product of the Management dimension

TOTVS Assinatura Eletrônica offers everything customers need to simplify document signing in their companies



Being part of the Digitization Journey, "TOTVS Assinatura Eletrônica" (electronic signing) is a SaaS application aimed at simplifying and speeding up the process of signing our customers' documents in an agile, secure, and 100% legal way. This is the first PLG product (Product Led Growth) of the Management business dimension, which has a simple and centralized platform, with mobile technology.
Learn more at https://www.totvs.com/assinatura-eletronica/ (portuguese only)

TOTVS expands Cloud offering with a new service platform

With this novelty, TOTVS seeks to contribute to accelerate its customers digitization process

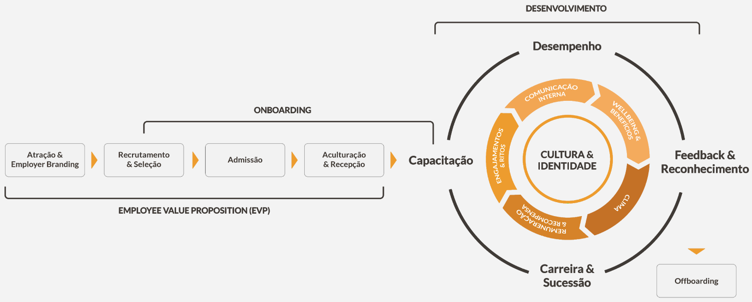
We launched a new version of the cloud services platform: T-Cloud, expanding services and improving the customer experience.

T-Cloud is a complete platform for managing, integrating, and extending applications with agility and flexibility in the cloud, leveraging the added value that TOTVS' systems offer to businesses and simplifying all application supporting processes, reducing time and expenses with infrastructure, licensing, security, management and contracting of cloud services.

All of this ensures greater productivity, speed, and efficiency, in addition to contributing to the digitization and innovation of the entire chain, as the access and management of solutions in the cloud become something simpler and faster.

TOTVS invests in the digital transformation of HR

A new portfolio of solutions and offerings that incorporates the innovative HXM concept



In line with trends in the global market for human resources solutions, in 2021 TOTVS launched a new suite based on the concept of Human Experience Management (HXM). This new offering joins TOTVS HR portfolio, the absolute leader in transactional solutions for people management in Brazil.

With the premise of empowering the employees of our clients as protagonists of their careers and using the best usability and design practices, the solutions making part of HXM are the result of intense global research carried out by the TOTVS HR Innovation Center from a conceptual and proprietary framework.

The HXM solutions already launched and available for hire include:

- **TOTVS HR Performance and Goals:** a complete performance appraisal suite, goal management, calibration meetings, feedback follow-up, and individual development plans
- **Development and Engagement:** 1st world's B2B learning streaming with a diversity of author learning tools for soft skills based on the innovative concept of "edutainment"
- **Competences Map:** gamified assessment of soft skills with feedback based on artificial intelligence
- **Content Core:** allows the creation of customized digital content and training programs
- **Digital Hiring:** automation of employee hiring processes with document exchange and digital signing of employment agreement

For more details visit: https://www.totvs.com/rh/ or watch our webcast here (portuguese only)

ESG (Environmental, Social and Governance)

Annual and Extraordinary General Meeting (AEGM)

Held on April 20th, this event was attended by more than 72% of the Company's capital stock

All topics proposed for shareholder appreciation were approved, including the capital budgeting, the proposal for the Management's global compensation, and the change in the limit of the Company's authorized capital to perform the Company's business plan.

We also highlight the distribution of dividends in the amount of R$50.960 million (R$0.09 per share); the new Share-Based Incentive Plan, which, among other features, addresses the key opportunities for the model to evolve in order to adapt to the best market practices and international standards.
To access the minutes and documents visit: https://ri.totvs.com/en/esg/minutes-of-meetings/

TOTVS Investors Day 2021

100% digital event puts the entire Board of Executive Officers in contact with the market

Held on March 9, in a 100% digital model, it had more than 350 connected participants (+76% vs. 2020), among investors, analysts, and professionals of the stock market.

The central theme of this year was the exponentialization and digitalization journey of TOTVS, among which the following stood out: the announcement of the acquisition of RD Station; potential of software market in Brazil; products and innovations in the dimensions of Management, Techfin, and Business Performance; in addition to human capital, culture, employer brand, and ESG initiatives.

All videos of the presentations made and the consolidated material can be accessed directly on the TOTVS IR website at https://ri.totvs.com/en/capital-markets-communication/totvs-day/

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	1Q21	1Q20	Δ	4Q20	Δ
Growth (in R$ thousand)					
Net Revenue	**720,256**	**601,418**	**19.8%**	**689,494**	**4.5%**
Recurring of Technology	539,065	470,542	14.6%	508,054	6.1%
SaaS Revenue	199,346	157,074	26.9%	179,465	11.1%
Rule of 40	46.0%	27.8%	1820 bp	42.9%	310 bp
% Recurring Revenue	81.0%	78.2%	280 bp	79.8%	120 bp
ARR	2,323,381	2,029,500	14.5%	2,219,320	4.7%
ARR Net Addition	90,145	55,200	63.3%	80,620	11.8%
Credit Production	2,043,016	1,639,382	24.6%	1,927,316	6.0%
Profitability (in R$ thousand)					
EBITDA Margin	**26.3%**	**21.1%**	**520 bp**	**23.8%**	**250 bp**
EBITDA	189,189	126,863	49.1%	164,388	15.1%
Cash Earnings**	96,684	67,542	43.1%	101,934	(5.2%)
Cash Earnings Margin	13.4%	11.2%	220 bp	14.8%	-140 bp
Operating Cash Flow	182,561	109,769	66.3%	124,345	46.8%
EBITDA into Operating Cash Flow	103.6%	115.6%	-1200 bp	132.2%	-2860 bp
% Adj. Technology EBITDA	26.1%	21.1%	500 bp	23.2%	290 bp
% Credit Products EBITDA	28.5%	2.4%	2610 bp	32.1%	-360 bp
Supplier LTM ROE	43.1%	18.5%	2460 bp	23.5%	1960 bp
Stock Market					
TOTS3 (in R$)	**27.87**	**15.56**	**79.1%**	**28.72**	**(3.0%)**
ADTV 30 (in R$ thousand)	176,367	186,690	(5.5%)	226,394	(22.1%)
IBOV (pts)	115,419	73,020	58.1%	119,017	(3.0%)
IBrX 50 (pts)	19,234	11,783	63.2%	19,566	(1.7%)

*% Revenue Growth (+) % EBITDA Margin

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

CONSOLIDATED RESULT BY BUSINESS SEGMENT

The data presented in this section consolidates the 1Q21 results of the following business segments:

Technology Segment: it represents TOTVS' software businesses. In this segment, the following dimensions are found: (i) Management, with ERP, HR, and Vertical solutions; (ii) Business Performance, which started to be built with CRM, e-Commerce solutions, among others that will be added to the portfolio; in addition to (iii) Techfin solutions that do not involve the assumption of credit risk and/or the definition and/or use of credit policies, such as partnerships for payroll loans, EFT, among others that will be added in the future.

Credit Products Segment - Supplier: it considers Supplier's businesses that involve, in addition to the origination, the assumption of some degree of credit risk and/or the definition and/or use of credit policies, such as the products known as "Supplier Card", "TOTVS Antecipa", and "TOTVS Mais Prazo". In this segment, the yields of the subordinated quote of FIDC (Supplier's Securitization Fund) are also consolidated, to which Supplier currently assigns the credits originated therefrom.

The table below shows the information by segment:

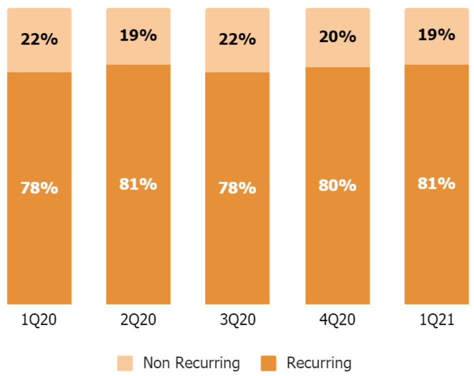
In R$ thousand	1Q21	1Q20	Δ	4Q20	Δ
Net Revenues	**720,256**	**601,418**	**19.8%**	**689,494**	**4.5%**
Technology Revenue	665,318	601,418	10.6%	636,597	4.5%
Credit Products Revenue	54,938	-	-	52,897	3.9%
Adjusted EBITDA	**189,189**	**126,863**	**49.1%**	**164,388**	**15.1%**
Technology Adjusted EBITDA	173,530	126,863	36.8%	147,426	17.7%
Credit Products EBITDA	15,659	-	-	16,962	(7.7%)
Adjusted EBITDA Margin	***26.3%***	***21.1%***	***520 bp***	***23.8%***	***250 bp***
Technology Adjusted EBITDA Margin	*26.1%*	*21.1%*	*500 bp*	*23.2%*	*290 bp*
Credit Products EBITDA Margin	*28.5%*	*n/a*	*n/a*	*32.1%*	*-360 bp*

Technology Results

In R$ thousand	1Q21	1Q20	Δ	4Q20
Net Revenue	**665,318**	**601,418**	**10.6%**	**636,597**
Recurring	**539,065**	**470,542**	**14.6%**	**508,054**
Non Recurring	**126,253**	**130,876**	**(3.5%)**	**128,543**
License	58,987	58,280	1.2%	53,113
Services	67,266	72,596	(7.3%)	75,430
Costs	**(186,322)**	**(181,422)**	**2.7%**	**(190,876)**
Gross Profit	**478,996**	**419,996**	**14.0%**	**445,721**
Gross Margin	*72.0%*	*69.8%*	*220 bp*	*70.0%*
Total Expenses	**(307,438)**	**(293,537)**	**4.7%**	**(284,008)**
Research and Development	(115,230)	(105,889)	8.8%	(110,494)
Commercial and Marketing Expenses	(123,570)	(119,823)	3.1%	(126,778)
Provision for Expected Credit Losses	(5,040)	(5,559)	(9.3%)	(6,006)
General and Administrative Expenses	(55,872)	(49,919)	11.9%	(62,569)
Provision for Contingencies	(9,086)	(12,862)	(29.4%)	(6,168)
Other Revenues (Expenses)	1,360	515	164.1%	28,007
EBITDA	**171,558**	**126,459**	**35.7%**	**161,713**
EBITDA Margin	*25.8%*	*21.0%*	*480 bp*	*25.4%*
Extraordinary Items				
Extraordinary Layoffs Costs	-	-	-	1,779
Earn-out Adjustment at Fair Value	-	-	-	(25,526)
Expenses with M&A Transactions	1,972	404	388.6%	9,460
Adjusted EBITDA	**173,530**	**126,863**	**36.8%**	**147,426**
Adjusted EBITDA Margin	*26.1%*	*21.1%*	*500 bp*	*23.2%*

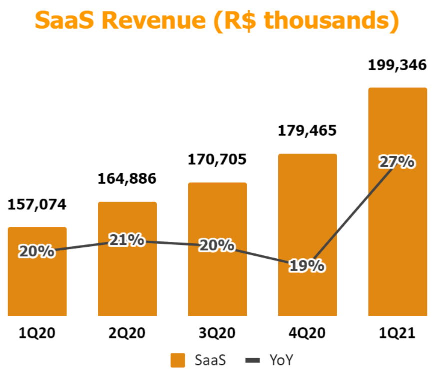
Net Revenue

Technology Net Revenue kept its double-digit growth year over year (the highest growth since 2014), driven particularly by the 15% growth in Recurring Revenue, which reached the historical record level of 81% of Technology Net Revenue. The key segments that contributed to this growth were Manufacturing, Distribution, Agribusiness, and Retail (especially the supermarket subsegment). This diversity of sectors served allows TOTVS to explore different opportunities at different economic times, which, added to the resilience of Recurring Revenue, prove the solidity of the business model and the market potential of the Management dimension.



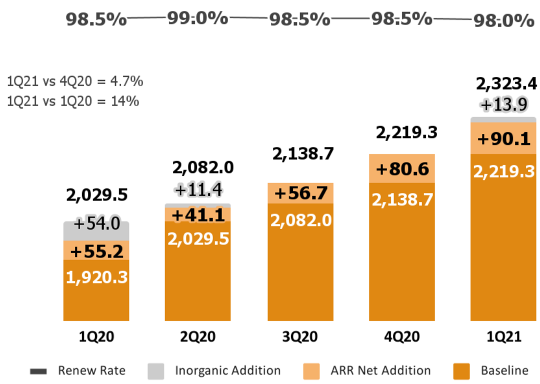
Compared with 4Q20, the 4.5% increase in Technology Net Revenue is due to the 6.1% increase in Recurring Revenue, more than offsetting the 1.8% reduction in Non-Recurring Revenues.

Recurring Revenue



Recurring Revenue showed a new acceleration year over year, reaching a 15% growth, driven especially by SaaS, which also advanced and grew 27% over 1Q20, and 11% when compared with 4Q20. This growth in the SaaS line is mainly due to the expansion of new signings (sales production), which grew 40% compared with 1Q20, since the main inflation adjustment index for this line is the *IPC-A*. A major highlight in SaaS was the acceleration of Cloud signings growth, which reached 72% in 1Q21.

Year-over-year organic growth in Recurring Revenue has also increased, from 10% in 4Q20 to 12% in 1Q21. This reflects: (i) the evolution of signings for new clients and cross/upsell in clients base, mainly of SaaS offers; (ii) the contractual adjustments in the period, due to inflation rates and the increase in the Corporate Model; and (iii) the return of grace periods to levels close to those observed before the pandemic.



This progress in signings, combined with the contractual adjustments in the period, also explains the new organic historic record of Net Addition in ARR of R$90.1 million, which grew 63% compared to the 1Q20 and 12% compared to 4Q20

Non-recurring Revenues

Non-Recurring Revenues decreased by 3.5% in 1Q21 when compared with 1Q20, mainly due to the drop in revenues from Non-Recurring Services, still reflecting the cloudification process of our portfolio and acceleration of signings in the SaaS model, which is lighter and more accessible, and also requires less implementation and customization services. When compared with 4Q20, the reduction in the Non-Recurring Services line is explained by the greater concentration of staff on vacation at the beginning of the year, in addition to the reduction in demand in specific locations due to the worsening of the pandemic, such as in our operation in Argentina. It is worth highlighting that more than 90% of implementations are still being made remotely. We believe that this change in the profile will become permanent, even after overcoming the effects of the pandemic.

In addition, License Revenue remained at a similar level in this quarter compared with 1Q20, with the highlights being the increase in Consinco's signings and the increase in licenses from the Corporate Model, which added R$17.8 million to revenue, against R$18.8 million in the same period last year. Even having had a 5.3% decrease, this performance in the Corporate Model, with similar absolute levels to those of 2020, proves that our clients, in general, are more resilient than the average of Brazilian companies and, with the increasingly intense use of technology, managed to grow even during the pandemic.

Costs

Continuing the improvement in operational efficiency in the previous quarters, the Gross Margin from Technology reached a new historical record level of 72% in the quarter, due to the combination of the scalability of TOTVS recurring model and the growth of the SaaS that requires less implementation and customization services, which are less profitable than recurring services. In addition, the continuous improvement in product quality, with consecutive increases in NPS levels, the lower demand for support, added to the maintenance of remote implementation levels, also contributed to improve the Gross Margin by 220 basis points compared with 1Q20, and 200 basis points compared with 4Q20. The remote implementation also speeds up the optimization of the service team, allowing us to allocate resources from any location in projects, thus increasing productivity and reducing idleness.

Research and Development

Research and Development (R&D) expenses represented 21% of Recurring Revenue, compared with 23% in 1Q20. This new advance was possible even with the performance of the strategy of building an Ecosystem (Management, Techfin, and Business Performance) and the adjustments resulting from the wage increase on account of the collective bargaining agreement in percentages higher than last year's. Such behavior is the result, among other factors, of the use of insights generated by the telemetry analysis of the products. It also reflects the maturity of investments in portfolio modernization, a quality improvement that reduces the number of services, and greater discipline in the management of new offers. This gain is reflected in the relationship between the generation of Recurring Revenue per R&D headcount, which this quarter grew 4.3% compared with 1Q20.

Sales and Marketing Expenses

When compared with 4Q20, Sales and Marketing Expenses decreased by 2.6%, representing 19% of Technology Revenue in the quarter, against 20% in the same period of 2020. This reduction was due to the seasonality of less investment in marketing in the first quarter, which offset the increase in sales expenses, mainly bound to the higher level of revenue from Licenses and the greater share of franchises in the mix of total signings in the quarter.

On the other hand, in the annual comparison, the growth of 3.1% is mainly explained by the consolidation of the results of Consinco, Wealth Systems, and Tail throughout the year.

Provision for Expected Credit Losses

The Provision for Expected Credit Losses (formerly known as Allowance for Doubtful Accounts) represented 0.8% of Technology Net Revenue in 1Q21, reaching the lowest ratio with revenue in recent years, which also confirms the resilience of TOTVS client base even in a pandemic scenario. In addition, a business model with a greater share of Recurring Revenue, combined with a dispersed and diversified client base, allows for lower delinquency levels.

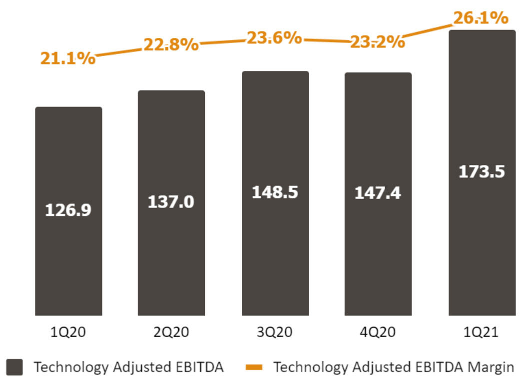
General and Administrative Expenses and Provision for Contingencies

Disregarding the extraordinary impacts of expenses with M&A transactions, General and Administrative Expenses (G&A) represented 8.1% of Technology Net Revenue in 1Q21, compared with 8.3% in 4Q20 and 8.2% in 1Q20. This gain in efficiency took place even in the face of (i) an increase in the provision for bonuses and long-term incentive plan (ILP); (ii) a higher volume of collective bargaining agreement compared with last year, and (iii) consolidation of Tail's results.

Regarding the Provision for Contingencies line, even having an increase compared with 1Q20 due to the progress of civil and labor lawsuits, ended the quarter 29% below the same period of the previous year and at a level below the average of recent years. It is worth mentioning that the pace of new lawsuits continues to fall.

Adjusted EBITDA

The 1Q21 Technology result accrued record-breaking levels, with the largest share of Recurring Revenue in Total Technology Revenue (81%), the largest Technology Gross Margin (72%), and the highest growth in Recurring Revenue since 2015 (15%). These results have also consolidated the company's highest Adjusted EBITDA Margin since 2015, ending the quarter with 26.1% (an increase of 500 base points compared with 1Q20, and 290 base points compared with 4Q20), which again corroborates the success and scalability of the business model, in addition to the ability to transform and adapt to market opportunities.

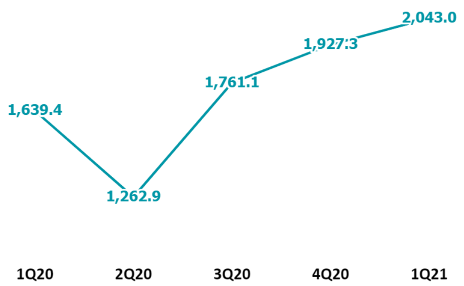


Credit Products Results - Supplier

In R$ thousand	1Q21	1Q20*	Δ	4Q20	Δ
Credit Products Revenue	**54,938**	**46,931**	**17.1%**	**52,897**	**3.9%**
(-) Credit Products Costs	(18,277)	(17,397)	5.1%	(16,064)	13.8%
Gross Profit	**36,661**	**29,534**	**24.1%**	**36,833**	**(0.5%)**
Gross Margin	*66.7%*	*62.9%*	*380 bp*	*69.6%*	*-290 bp*
(-) Operational Expenses	(19,174)	(22,283)	(14.0%)	(19,430)	(1.3%)
(-) Provision for Expected Credit Losses	(1,828)	(6,106)	(70.1%)	(441)	314.5%
EBITDA	**15,659**	**1,144**	**>999%**	**16,962**	**(7.7%)**
EBITDA Margin	*28.5%*	*2.4%*	*2610 bp*	*32.1%*	*-360 bp*

*Data presented for comparison purposes only, not consolidated in the 2020 Company results.

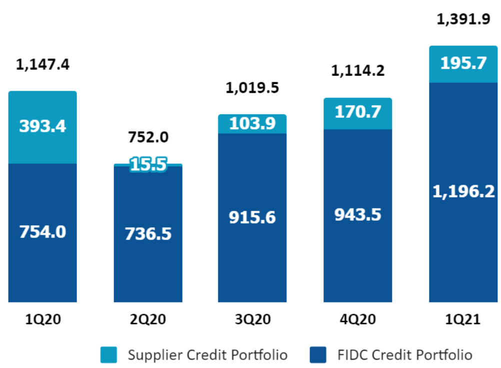
Credit Products Revenue



In 1Q21, Revenue from Credit Products continued its growth trend, with a new record-breaking historical production of over R$2 billion, with an emphasis on the manufacturing segment. This production is 25% higher than in 1Q20, impacted by the pandemic only in the last twelve days of March 2020.

This performance gains even more prominence when considering the negative seasonality typical of the first quarter, due to the reduction in industrial production (vacation and holiday season) and the off-season of agribusiness.

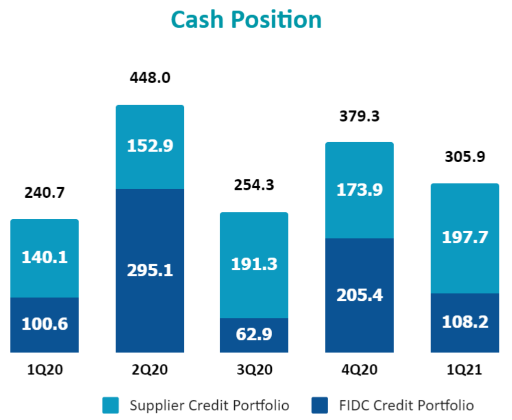
The V-recovery since 3Q20 also made Supplier reach its highest Credit Portfolio position ever recorded, with a 21% growth compared with 1Q20 and 25% over 4Q20.



At the same time, the business integration between the Technology and Credit Products segments had a new improvement with the "TOTVS Mais Negócios" product, ending 1Q21 in a total of 6 affiliates with signed contracts, of which 3 already in production.

Credit Products Costs

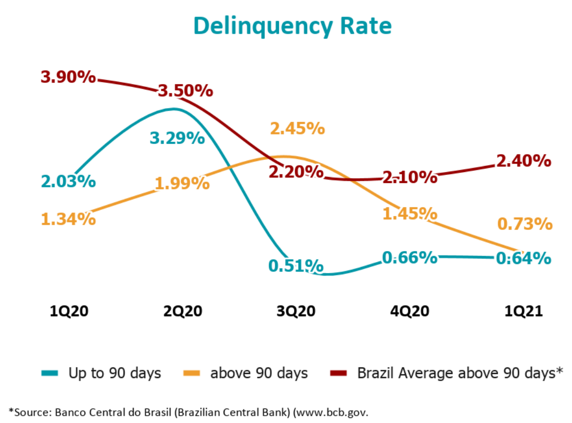
The gross margin of the Credit Products segment ended the quarter at 68%, a reduction of 290 basis points when compared with the previous quarter. This reduction is chiefly explained by the increase in the average cash position of FIDC (securitization fund) in the quarter, which went from R$146 million in 4Q20 to R$225 million in 1Q21. This increase in the average cash position was due to the new FIDC funding carried out in December 2020 to cope with the growth of the credit portfolio and production. As shown in the chart on the right, the FIDC cash flow has already returned to historical levels at the end of 1Q21.



Operating Expenses

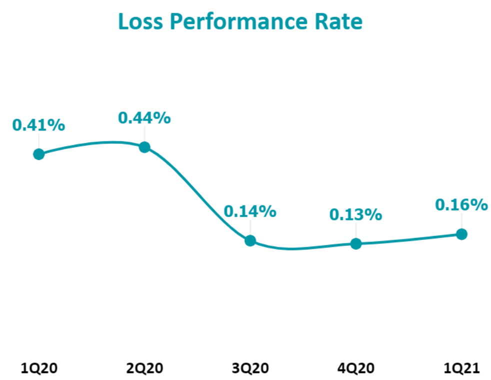
The Operating Expenses, which include the operation's most fixed structures of expenses, showed a volume slightly below 4Q20, confirming the discipline in expense management and the scalability of this segment.

Provision for Expected Credit Losses



The Provision for Expected Credit Losses, which ended 1Q21 representing 3.3% of Revenue from Credit Products, remained 970 base points below 1Q20 and 250 base points above 4Q20. This Provision level is still below the 6.7% level of 2019.

As we can see in the chart on the left, even with record levels of credit production, the Delinquency Rate still remained below the levels before the pandemic, with the delinquency levels above 91 days consistently presenting rates below the Brazilian average and below 2019 rates.



As we can see in the chart on the right, the behavior of the Portfolio Loss Rate was not different and also remained below the average before the pandemic. A good track record is one of Supplier's most valuable assets, and the low level of losses shows the assertiveness and discipline in granting credit.

Credit Products EBITDA

The EBITDA Margin in the Credit Products segment ended 1Q21 at 28.5%, 380 base points below 4Q20, due to the reversal of Provisions for Expected Credit Losses that took place in 4Q20, which was not repeated in 1Q21, and the higher cost for granting credit, generated by the highest average cash balance of FIDC in the period. This higher cost for granting credit in the quarter, combined with the reversal of the Provision for Expected Loss in 4Q20, caused Supplier's accumulated return on equity (ROE) in the last 12 months to rise from 23% in 4Q20 to 43% in 1Q21.

CONSOLIDATED RESULTS BELOW EBITDA

Depreciation and Amortization Expenses

In R$ thousand	1Q21	1Q20	Δ	4Q20	Δ
Depreciation	(26,103)	(23,904)	9.2%	(25,444)	2.6%
Amortization	(33,200)	(14,884)	123.1%	(31,891)	4.1%
Depreciation and Amortization	**(59,303)**	**(38,788)**	**52.9%**	**(57,335)**	**3.4%**

The increase in Depreciation expenses, compared with 1Q20, is mainly connected to the following reasons: (i) consolidation of the results of Consinco, Wealth Systems, Supplier, and Tail; and (ii) updates in rentals of lease agreements (rights to use real estates).

On the other hand, the year-over-year growth in Amortization expenses is essentially due to the beginning of the amortization of intangible assets arising from the acquisitions of Consinco, Wealth Systems, Supplier, and Tail as mentioned in previous quarters. The beginning of the amortization of intangible assets arising from the acquisition of Tail is the main factor for the growth of this line when compared with 4Q20.

Financial Result

In R$ thousand	1Q21	1Q20	Δ	4Q20	Δ
Financial Revenues	8,424	16,964	(50.3%)	6,973	20.8%
Financial Expenses	(16,253)	(10,762)	51.0%	(14,684)	10.7%
Financial Result	**(7,829)**	**6,202**	**(226.2%)**	**(7,711)**	**1.5%**

Financial Revenues grew 21% in 1Q21 compared with 4Q20 due to the change in cash investments, resulting in an increase in the average yield versus the *CDI* rate. When compared with 1Q20, the reduction in this line is connected to the reduction in the average volume of cash invested as a result of the acquisitions made throughout 2020, together with the reduction in the *Selic* rate.

The 10.7% growth in Financial Expenses in 1Q21 versus 4Q20 is mainly connected to the adjustment to the present value of the earn-out of Tail and the interest expense of fundraising performed by Supplier in 4Q20. In the year-over-year comparison, the adjustment to the present value of the earn-outs of the acquisitions made in 2020 is the main factor associated with the growth of this line.

Income Tax and Social Contribution

In R$ thousand	1Q21	1Q20	Δ	4Q20	Δ
EBT	**120,085**	**93,873**	**27.9%**	**113,629**	**5.7%**
Taxes at combined rate (34%)	(40,829)	(31,917)	27.9%	(38,633)	5.7%
Law 11,196/05 - R&D Incentive	4,442	2,323	91.2%	5,679	(21.8%)
Interest on Equity	-	-	-	19,303	(100.0%)
Effect of Subsidiaries with Different Taxation	(3,559)	(1,588)	124.1%	(2,696)	32.0%
Management Participation	(466)	(101)	361.4%	(336)	38.7%
Government Subsidies	781	115	579.1%	429	82.1%
Other	191	(98)	(294.9%)	(1,131)	(116.9%)
Income Tax and Social Contribution	**(39,440)**	**(31,266)**	**26.1%**	**(17,385)**	**126.9%**
Current Income Tax and Social Contribution	(52,748)	(8,297)	535.7%	(24,431)	115.9%
Deferred Income Tax and Social Contribution	13,308	(22,969)	(157.9%)	7,046	88.9%
% Current Effective Tax Rate	*43.9%*	*8.8%*	*3510 bp*	*21.5%*	*2240 bp*
% Total Effective Tax Rate	*32.8%*	*33.3%*	*-50 bp*	*15.3%*	*1750 bp*

The decrease in the Total Effective Tax Rate, compared with 1Q20, is chiefly associated with the evolution of R&D projects under the tax incentive rules. When compared with 4Q20, the increase in the Total Effective Tax Rate is mainly explained by the effect of Interest on Equity stated in the previous quarter.

The Current Effective Tax Rate, on the other hand, increased due to temporary differences portrayed in Deferred Income Tax and Social Contribution in previous periods that became Current Income Tax and Social Contribution in the current quarter. Among such temporary differences, the following ones stand out: (i) the conclusion in 2020 of accumulated tax losses usage of some subsidiaries; and (ii) realized provisions (e.g.: provision for expected credit losses, payment of profit sharing, and payment of contingencies).

Net Income and Cash Earnings

In R$ thousand	1Q21	1Q20	Δ	4Q20	Δ
Adjusted EBITDA Technology	173,530	126,863	36.8%	147,426	17.7%
EBITDA Credit Products	15,659	-	-	16,962	(7.7%)
Adjusted EBITDA TOTVS	**189,189**	**126,863**	**49.1%**	**164,388**	**15.1%**
Adjusted EBITDA Margin	*26.3%*	*21.1%*	520 bp	*23.8%*	250 bp
Depreciation and Amortization	(59,303)	(38,788)	52.9%	(57,335)	3.4%
Financial Results + Equity Pickup	(7,829)	6,202	(226.2%)	(7,711)	1.5%
Income Tax and Social Contribution	(39,440)	(31,266)	26.1%	(17,385)	126.9%
Taxes on Extraordinary Items	(671)	(137)	388.6%	4,858	(113.8%)
Adjusted Net Income	**81,947**	**62,873**	**30.3%**	**86,815**	**(5.6%)**
Adjusted Net Margin	*11.4%*	*10.5%*	*90 bp*	*12.6%*	*-120 bp*
Net Acquisitions Amortization	14,737	4,668	215.7%	15,119	(2.5%)
Cash Earnings*	**96,684**	**67,542**	**43.1%**	**101,934**	**(5.2%)**
Cash Earnings Margin	*13.4%*	*11.2%*	220 bp	*14.8%*	-140 bp

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

Cash Earnings grew 43% year-over-year, chiefly due to the 49% growth in Adjusted EBITDA. Compared with 4Q20, the 5.2% drop in Cash Profit is mainly explained by the seasonal effect of the increase in the Effective Tax Rate of Income Tax and Social Contribution in the first quarter, as already explained above.

CASH FLOW

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

	Without the effects of FIDC consolidation				
In R$ thousand	**1Q21**	**1Q20**	**Δ**	**4Q20**	**Δ**
EBT	**120,085**	**93,873**	**27.9%**	**113,629**	**5.7%**
Non-Cash Items	85,051	65,579	29.7%	50,334	69.0%
Change in Working Capital	(22,575)	(49,683)	(54.6%)	(39,618)	(43.0%)
Interest paid	(3,675)	(8,278)	(55.6%)	(2,885)	27.4%
Income Tax and Social Cont. paid	(48,327)	(10,805)	347.3%	(21,973)	119.9%
Net Operating Cash Flow	**130,559**	**90,686**	**44.0%**	**99,487**	**31.2%**
Subsidiaries	(19,024)	(189,551)	(90.0%)	(7,121)	167.2%
Fixed Assets	(10,114)	(9,071)	11.5%	(5,780)	75.0%
Intangibles	(10,435)	(4,857)	114.8%	(27,275)	(61.7%)
Franchises Loans	(2,996)	-	-	-	-
Financial Investments	-	-	-	(100,000)	(100.0%)
Net Cash used in Investing Act.	**(42,569)**	**(203,479)**	**(79.1%)**	**(140,176)**	**(69.6%)**
Grow (Reduction) Gross Debt	(9,340)	(16,909)	(44.8%)	86,301	(110.8%)
Shareholders Payment	(6,437)	(43,088)	(85.1%)	(33,774)	(80.9%)
Net Cash used in Financing Act.	**(15,777)**	**(59,997)**	**(73.7%)**	**52,527**	**(130.0%)**
Incr. (Dec.) in Cash and Cash Eq.	72,213	(172,790)	(141.8%)	11,838	510.0%
Cash and Equiv. Beginning of the Period	1,011,638	1,538,156	(34.2%)	999,800	1.2%
Cash and Equiv. End of the Period	**1,083,851**	**1,365,366**	**(20.6%)**	**1,011,638**	**7.1%**
Free Cash Flow	**109,440**	**82,221**	**33.1%**	**(31,664)**	**(445.6%)**

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

In the year-over-year comparison, the 33% growth in Free Cash Flow, even with a higher level of Income Tax paid, especially in the acquired operations, was chiefly due to the following factors: (i) 48% growth in the consolidated EBITDA; and (iii) reduction in the changes of Working Capital resulting from the balance of Transfer to Supplier's Partners (Affiliates).

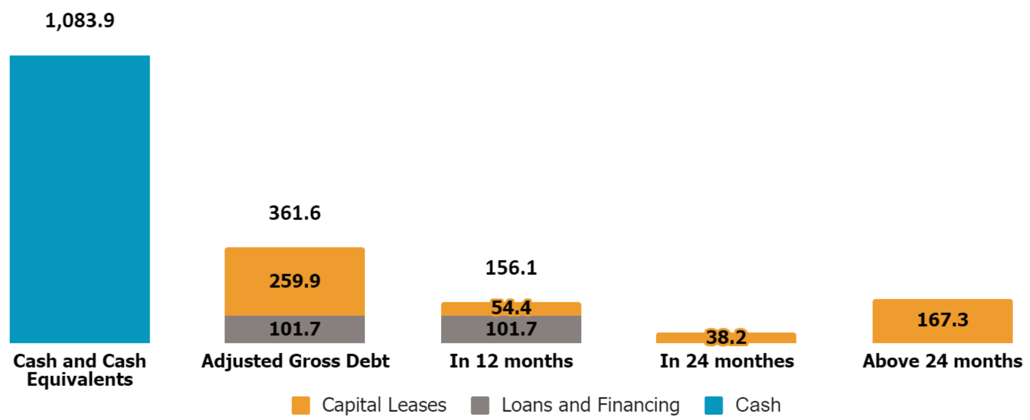
When compared with 4Q20, the R$141.1 million increase in Free Cash Flow took place due to the Financial Investment of R$100 million in senior shares of FIDC by Supplier and due to the reversal of the earn-out of acquired companies that took place in 4Q20 that were not repeated in 1Q21.

GROSS AND NET DEBT

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

In R$ thousand	1Q21	1Q20	Δ	4Q20	Δ
Loans and Financing	101,704	3,649	>999%	101,525	0.2%
Capital Leases	259,911	243,353	6.8%	223,525	16.3%
Debentures	-	200,257	(100.0%)	-	-
Senior and Mezzanine Quota	1,135,225	-	-	1,011,087	12.3%
Gross Debt	**1,496,840**	**447,259**	**234.7%**	**1,336,137**	**12.0%**
(-) Senior and Mezzanine Quota	(1,135,225)	-	-	(1,011,087)	12.3%
Adjusted Gross Debt	**361,615**	**447,259**	**(19.1%)**	**325,050**	**11.2%**
(-) Cash and Cash Equivalents	(1,083,851)	(1,365,366)	(20.6%)	(1,011,638)	7.1%
Adjusted Net Debt (Cash)	**(722,236)**	**(918,107)**	**(21.3%)**	**(686,588)**	**5.2%**

The Adjusted Gross Debt ended 1Q21 at R$361.6 million, 11.2% higher than 4Q20, explained by the increase in Capital Leases resulting from the updated rental of lease agreements in the period. When compared with 1Q20, the 19% reduction is explained by the payment of the Debentures that took place throughout 2020.

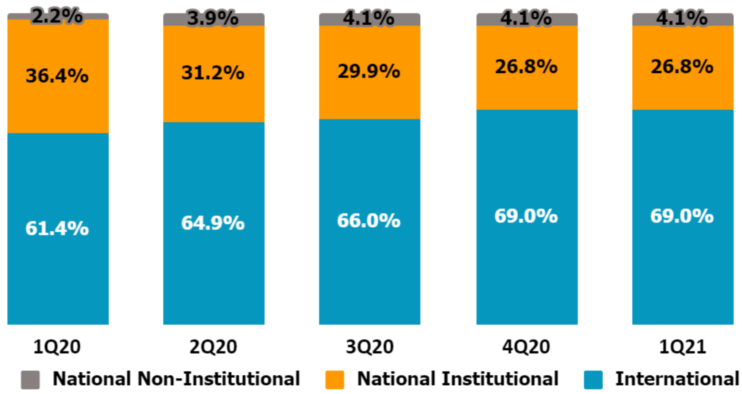


The Cash and Equivalents Balance ended 1Q21 at R$1,083.9 million, which corresponds to 3x the balance of the Total Adjusted Gross Debt and 6.9x of the balance of the Adjusted Gross Debt maturing in the next 12 months, confirming the continuity of the Company's solid financial position.

SHAREHOLDER COMPOSITION

TOTVS ended 1Q21 with a capital stock of R$1.382 billion, comprising 577,913,181 common shares and free float of 83.2%. The calculation of the outstanding shares is based on all the Company's shares, excluding the interests held by Management members and related persons, as well as treasury shares.

In % of the free float



About TOTVS

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

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	1Q21	1Q20	Δ	4Q20	Δ
Net Revenue	**720,256**	**601,418**	**19.8%**	**689,494**	**4.5%**
Technology Revenue	**665,318**	**601,418**	**10.6%**	**636,597**	**4.5%**
Recurring	539,065	470,542	14.6%	508,054	6.1%
Non Recurring	126,253	130,876	(3.5%)	128,543	(1.8%)
License	58,987	58,280	1.2%	53,113	11.1%
Services	67,266	72,596	(7.3%)	75,430	(10.8%)
Credit Services Revenue	**54,938**	**-**	**-**	**52,897**	**3.9%**
Operating Costs	**(204,599)**	**(181,422)**	**12.8%**	**(206,940)**	**(1.1%)**
Technology Operating Costs	(186,322)	(181,422)	2.7%	(190,876)	(2.4%)
Credit Operating Costs	(18,277)	-	-	(16,064)	13.8%
Gross Profit	**515,657**	**419,996**	**22.8%**	**482,554**	**6.9%**
Operating Expenses	(387,743)	(332,325)	16.7%	(361,214)	7.3%
Research and Development	(117,563)	(105,889)	11.0%	(112,990)	4.0%
Commercial and Marketing Expenses	(129,167)	(119,823)	7.8%	(130,921)	(1.3%)
Provision for Expected Credit Losses	(6,868)	(5,559)	23.5%	(6,447)	6.5%
General and Administrative Expenses	(67,765)	(49,919)	35.7%	(75,227)	(9.9%)
Provision for Contingencies	(9,128)	(12,862)	(29.0%)	(6,168)	48.0%
Depreciation and Amortization	(59,303)	(38,788)	52.9%	(57,335)	3.4%
Other Revenues (Expenses)	2,051	515	298.3%	27,874	(92.6%)
EBIT	**127,914**	**87,671**	**45.9%**	**121,340**	**5.4%**
Financial Result	(7,829)	6,202	(226.2%)	(7,711)	1.5%
Earnings Before Taxes (EBT)	**120,085**	**93,873**	**27.9%**	**113,629**	**5.7%**
Income Tax and Social Contribution	(39,440)	(31,266)	26.1%	(17,385)	126.9%
Current	(52,748)	(8,297)	535.7%	(24,431)	115.9%
Deferred	13,308	(22,969)	(157.9%)	7,046	88.9%
Net Income from Continuing Operation	**80,645**	**62,607**	**28.8%**	**96,244**	**(16.2%)**
Net Margin Continued Operation	*11.2%*	*10.4%*	*7.6%*	*14.0%*	*-280 bp*
Net Income (Loss) from Discontinued Op.	-	(1,099)	(100.0%)	(97)	(100.0%)
Net Income	**80,645**	**61,508**	**31.1%**	**96,147**	**(16.1%)**
Net Margin	*11.2%*	*10.2%*	*100 bp*	*13.9%*	*-270 bp*
EBITDA	**187,217**	**126,459**	**48.0%**	**178,675**	**4.8%**
EBITDA Margin	*26.0%*	*21.0%*	*500 bp*	*25.9%*	*10 bp*
Extraordinary Items	1,972	404	388.6%	(14,287)	(113.8%)
Adjusted EBITDA	**189,189**	**126,863**	**49.1%**	**164,388**	**15.1%**
Adjusted EBITDA Margin	*26.3%*	*21.1%*	*520 bp*	*23.8%*	*250 bp*

APPENDIX II

Balance Sheet

In R$ thousand	1Q21	1Q20	Δ	4Q20	Δ
	Without the effects of FIDC consolidation				
ASSETS					
Current Assets	**1,955,360**	**1,859,977**	**5.1%**	**1,820,690**	**7.4%**
Cash and Cash Equivalents	1,083,851	1,365,366	(20.6%)	1,011,638	7.1%
Financial Investments	169,605	-	-	161,327	5.1%
Trade Receivables	672,384	460,210	46.1%	630,361	6.7%
Provision for Expected Credit Losses	(80,407)	(89,424)	(10.1%)	(76,643)	4.9%
Recoverable Taxes	37,005	39,277	(5.8%)	38,092	(2.9%)
Othe Assets	63,204	74,344	(15.0%)	45,903	37.7%
Escrow Accounts	9,718	10,204	(4.8%)	10,012	(2.9%)
Non-current Assets	**2,344,522**	**1,746,119**	**34.3%**	**2,314,433**	**1.3%**
Long-term assets	383,072	317,503	20.7%	360,333	6.3%
Trade Receivables	55,988	27,578	103.0%	64,012	(12.5%)
Deferred Tax Assets	115,561	78,803	46.6%	100,535	14.9%
Judicial Deposits	44,726	51,484	(13.1%)	43,972	1.7%
Investiments at Fair Value	101,706	92,805	9.6%	92,770	9.6%
Escrow Accounts	-	1,630	(100.0%)	1,116	(100.0%)
Othe Assets	65,091	65,203	(0.2%)	57,928	12.4%
Investiments	3,707	3,239	14.4%	3,476	6.6%
Property, Plant and Equipment	394,934	393,959	0.2%	364,447	8.4%
Intangible Assets	1,562,809	1,031,418	51.5%	1,586,177	(1.5%)
TOTAL ASSETS	**4,299,882**	**3,606,096**	**19.2%**	**4,135,123**	**4.0%**
LIABILITIES					
Current Liabilities	**1,062,455**	**699,633**	**51.9%**	**1,028,748**	**3.3%**
Labor Liabilities	222,982	190,583	17.0%	211,603	5.4%
Trade and Other Payables	77,001	66,238	16.2%	99,109	(22.3%)
Taxes and Contributions Payable	70,567	53,701	31.4%	74,558	(5.4%)
Loans and Financing	101,704	3,649	>999%	101,525	0.2%
Debentures	-	200,257	(100.0%)	-	-
Lease Liabilities	54,435	47,588	14.4%	45,281	20.2%
Dividends Payable	51,250	39,705	29.1%	57,687	(11.2%)
Accounts Payable from Acq. of Subsid.	29,400	30,717	(4.3%)	44,781	(34.3%)
Commissions Payable	61,738	52,649	17.3%	53,795	14.8%
Other Liabilities	11,756	14,546	(19.2%)	11,592	1.4%
Business Partners Payable	381,622	-	-	328,817	16.1%
Non-current Liabilities	**534,739**	**379,409**	40.9%	**502,209**	6.5%
Lease Liabilities	205,476	195,765	5.0%	178,244	15.3%
Accounts Payable from Acq. of Subsid.	157,653	32,699	382.1%	163,419	(3.5%)
Other Liabilities	30,116	21,490	40.1%	30,462	(1.1%)
Tax Obligations	3,672	-	-	3,977	(7.7%)
Deferred Income Taxes	2,004	-	-	289	593.4%
Provision for Contingencies	135,818	129,455	4.9%	125,818	7.9%
Shareholders' Equity	**2,702,688**	**2,527,054**	7.0%	**2,604,166**	3.8%
Capital	1,382,509	1,382,509	0.0%	1,382,509	0.0%
Capital Reserves	901,880	873,243	3.3%	894,824	0.8%
Treasury Shares	(148,478)	(94,508)	57.1%	(148,537)	(0.0%)
Retained Earnings	462,514	295,897	56.3%	381,869	21.1%
Proposed Dividends	50,960	24,817	105.3%	50,960	0.0%
Other Comprehensive Income	53,303	45,096	18.2%	42,541	25.3%
TOTAL LIABILITIES AND EQUITY	**4,299,882**	**3,606,096**	**19.2%**	**4,135,123**	**4.0%**

APPENDIX III

Balance Sheet Reconciliation

	1Q21		
ASSETS	Consolidated	Effects from FIDC Consolidation	Consolidated without FIDC
Current Assets	**3,090,775**	**(1,135,415)**	**1,955,360**
Cash and Cash Equivalents	1,100,022	(16,171)	1,083,851
Financial Investments	92,029	77,576	169,605
Trade Receivables	1,788,166	(1,196,188)	591,978
Other Current Assets	110,558	(632)	109,926
Non-Current Assets	**2,344,522**	**-**	**2,344,522**
Other Non-Current Assets	386,779	-	386,779
Property, Plant and Equipment	394,934	-	394,934
Intangible Assets	1,562,809	-	1,562,809
TOTAL ASSETS	**5,435,297**	**(1,135,415)**	**4,299,882**
LIABILITIES			
Current Assets	**2,197,870**	**(1,135,415)**	**1,062,455**
Loans, Financing and Lease Liabilities	156,139	-	156,139
Business Partners Payable	381,622	-	381,622
Senior and Mezzanine Quotas	1,135,225	(1,135,225)	-
Other Current Liabilities	524,884	(190)	524,694
Non-Current Assets	**534,739**	**-**	**534,739**
Loans, Financing and Lease Liabilities	205,476	-	205,476
Provision for Contingencies	135,818	-	135,818
Other Non-Current Liabilities	193,445	-	193,445
Shareholders' Equity	2,702,688	-	2,702,688
TOTAL LIABILITIES AND EQUITY	**5,435,297**	**(1,135,415)**	**4,299,882**

APPENDIX IV

Cash Flow

In R$ thousand	1Q21	1Q20	Δ	4Q20	Δ
	Without the effects of FIDC consolidation				
EBT	**120,085**	**93,873**	**27.9%**	**113,629**	**5.7%**
Adjustments:	**85,051**	**65,579**	**29.7%**	**50,334**	**69.0%**
Depreciation and Amortization	59,303	38,788	52.9%	57,335	3.4%
Share-based Payments Expense	7,115	2,306	208.5%	7,762	(8.3%)
Losses on Disposal of Fixed Assets and Inv.	(294)	(64)	359.4%	(818)	(64.1%)
Provision for Expected Credit Losses	5,565	5,559	0.1%	6,186	(10.0%)
Prov. for Contingencies, Net of Reversals	9,128	12,805	(28.7%)	6,168	48.0%
Provision (Reversal) for Other Obligations	-	-	-	(26,812)	(100.0%)
Inter., Monet. and Exchange Var., Net	4,234	6,185	(31.5%)	513	725.5%
Changes in Op. Assets and Liabilities:	**(22,575)**	**(49,683)**	**(54.6%)**	**(39,618)**	**(43.0%)**
Trade Receivables	(35,801)	(20,155)	77.6%	(46,975)	(23.8%)
Recoverable Taxes	1,087	(7,621)	(114.3%)	(7,522)	(114.5%)
Judicial Deposits	(297)	13,932	(102.1%)	5,222	(105.7%)
Other Assets	(25,572)	(24,733)	3.4%	18,879	(235.5%)
Labor Liabilities	11,379	(9,338)	(221.9%)	(26,988)	(142.2%)
Trade and Other Payables	(22,114)	929	<(999%)	6,989	(416.4%)
Commissions Payable	7,943	6,614	20.1%	(36)	<(999%)
Taxes and Contributions Payable	(8,717)	606	<(999%)	(18,308)	(52.4%)
Other Accounts Payable	(3,288)	(9,917)	(66.8%)	(10,963)	(70.0%)
Business Partners Payable	52,805	-	-	40,084	31.7%
Operating Cash Flow	**182,561**	**109,769**	**66.3%**	**124,345**	**46.8%**
Interest Paid	(3,675)	(8,278)	(55.6%)	(2,885)	27.4%
Income Taxes Paid	(48,327)	(10,805)	347.3%	(21,973)	119.9%
Net Operating Cash Flow	**130,559**	**90,686**	**44.0%**	**99,487**	**31.2%**
Acquisition of Equity Interest	-	(187,430)	(100.0%)	(7,121)	(100.0%)
Purchases of Intangible Assets	(10,435)	(4,857)	114.8%	(27,275)	(61.7%)
Sale (Acquisition) of Investments	5,041	5,000	0.8%	-	-
Financial Investments	-	-	-	(100,000)	(100.0%)
Franchises Loans	(2,996)	-	-	-	-
Value from Fixed Assets Sale	503	323	55.7%	1,251	(59.8%)
Payment of Oblig. for Acquisition of Inv.	(24,065)	(7,121)	237.9%	-	-
Acquisition of Fixed Assets	(10,617)	(9,394)	13.0%	(7,031)	51.0%
Net Cash used in Investing Act.	**(42,569)**	**(203,479)**	**(79.1%)**	**(140,176)**	**(69.6%)**
Payment of Princ. on Loans and Financing	(828)	(2,811)	(70.5%)	-	-
Payment of Leasing Installments	(8,512)	(14,098)	(39.6%)	(13,699)	(37.9%)
Dividends paid	(6,437)	(4,874)	32.1%	(35,164)	(81.7%)
Loans and Financing	-	-	-	100,000	(100.0%)
Net Treasury Shares	-	(38,214)	(100.0%)	-	-
Aplic. (Red.) of Senior and Mezzanine Quota	-	-	-	1,390	(100.0%)
Net Cash used in Financing Act.	**(15,777)**	**(59,997)**	**(73.7%)**	**52,527**	**(130.0%)**
Incr. (Dec.) in Cash and Cash Eq.	**72,213**	**(172,790)**	**(141.8%)**	**11,838**	**510.0%**
Cash and Equiv. Beginning of the Period	1,011,638	1,538,156	(34.2%)	999,800	1.2%
Cash and Equiv. End of the Period	1,083,851	1,365,366	(20.6%)	1,011,638	7.1%

APPENDIX V

1Q21 Cash Flow Reconciliation

In R$ thousand	1Q21 Consolidated	1Q21 Effects from FIDC Consolidation	1Q21 Consolidated without FIDC
EBT	**120,085**	**-**	**120,085**
Non-Cash Items	106,413	(21,362)	85,051
Change in Working Capital	(243,497)	220,922	(22,575)
Interest Paid	(3,675)	-	(3,675)
Income Tax and Social Cont. Paid	(48,327)	-	(48,327)
Net Operating Cash Flow	**(69,001)**	**199,560**	**130,559**
Subsidiaries	(19,024)	-	(19,024)
Fixed Assets	(10,114)	-	(10,114)
Intangibles	(10,435)	-	(10,435)
Franchises Loans	(2,996)	-	(2,996)
Financial Investments	88,237	(88,237)	-
Net Cash used in Investing Act.	**45,668**	**(88,237)**	**(42,569)**
Grow (Reduction) Gross Debt	(9,340)	-	(9,340)
Shareholders Payment	104,962	(111,399)	(6,437)
Net Cash used in Financing Act.	**95,622**	**(111,399)**	**(15,777)**
Incr. (Dec.) in Cash and Cash Eq.	72,289	(76)	72,213
Cash and Equiv. Beginning of the Period	1,027,733	(16,095)	1,011,638
Cash and Equiv. End of the Period	**1,100,022**	**(16,171)**	**1,083,851**
Free Cash Flow	**(1,884)**	**111,323**	**109,440**

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