

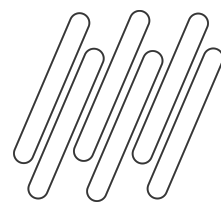
EARNINGS PRESENTATION 4Q21

» Investor Relations

Dennis Herszkowicz
CEO

Gilsomar Maia
CFO/ DRI

◀ 2022 / February

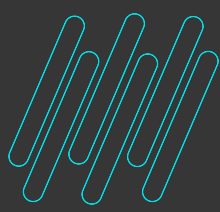


LEGAL NOTICE



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.





OUR 3-DIMENSIONAL ECOSYSTEM (3D)

is a consolidated reality and is changing the competitive landscape!

Our clients access a broad portfolio...



RD Station Acquisition

2021 Revenue of R\$220 million, +40% vs 2020 and +7% vs 2021E



Dimensa (TOTVS + B3)

Example of value unlocking



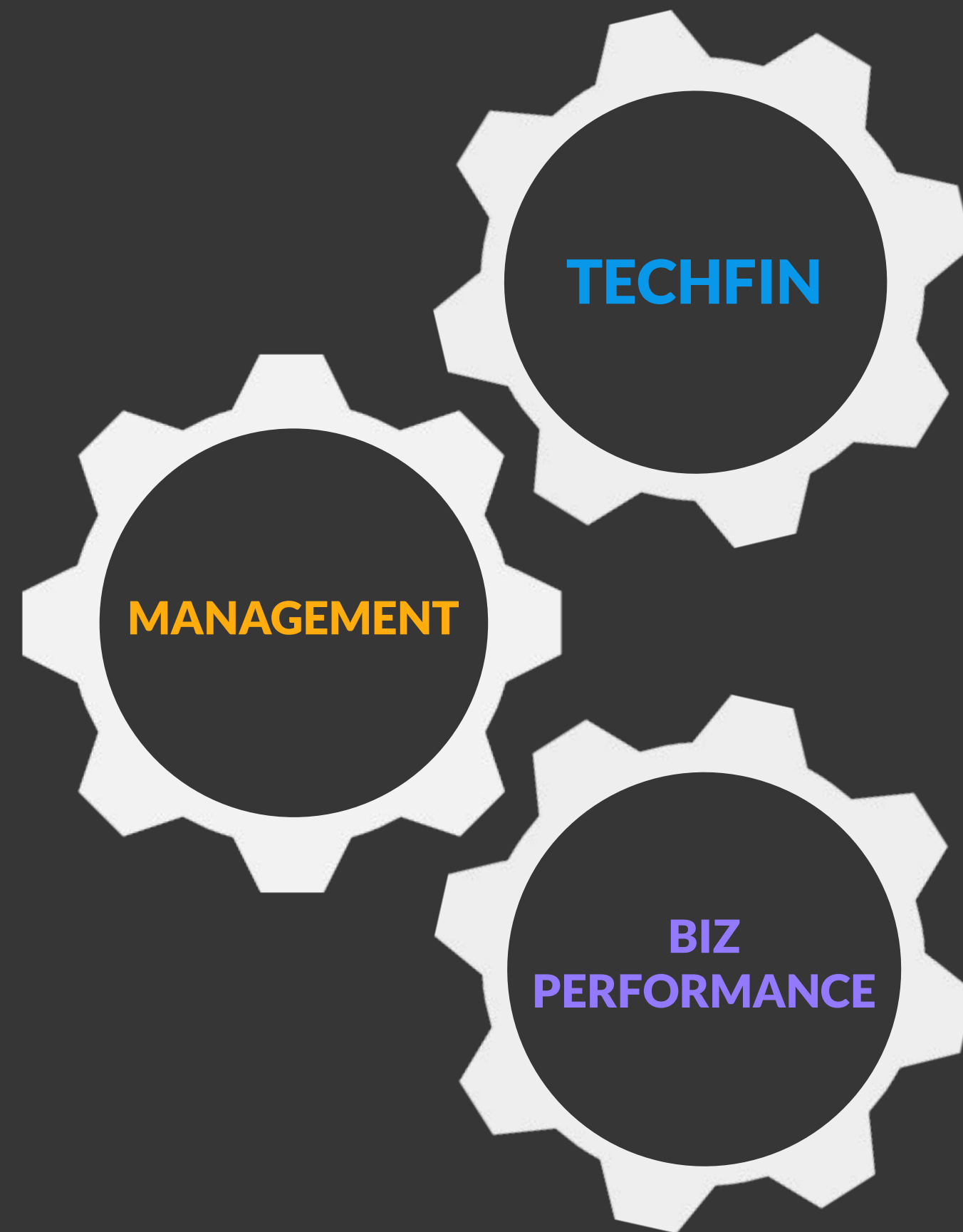
CVC as a Service

New concept run by an independent external manager



Follow-on

Conducted at the right time, expands our M&A execution capacity



...that goes far beyond ERP, boosting their digitization journey and **multiply our addressable market by more than 7 times**

Consolidated ARR Addition

R\$ **629 million**
(60% Volume & 40% Pricing)

Management Recurring Revenue

R\$ **2.3 billion**
(+18% vs 2020)

Biz Performance Recurring Revenue

R\$ **155 million**
(+45% vs 2020)⁽¹⁾

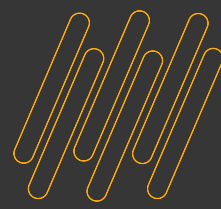
Credit Production

R\$ **9.8 billion**
(+48% vs 2020)⁽²⁾

Rule of 40

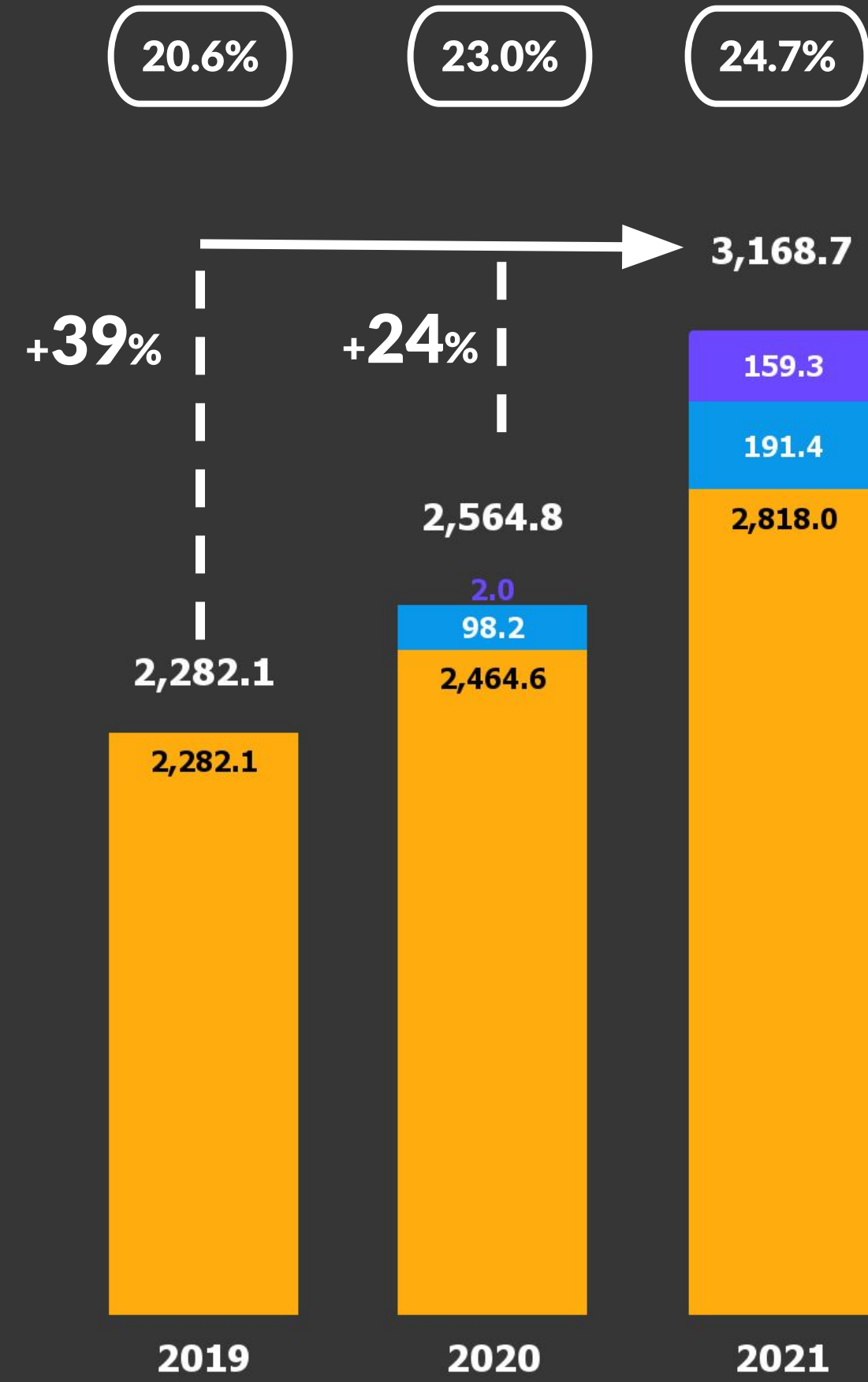
48.2%
(+12.8 p.p. vs 2020)

Notes: (1) Considers the unaudited results of RD Station from Jun-Dec/20 and Tail Target from Jan-Dec/20, for comparative purposes only; and (2) Considers the Supplier Credit Production from Jan-Apr/20

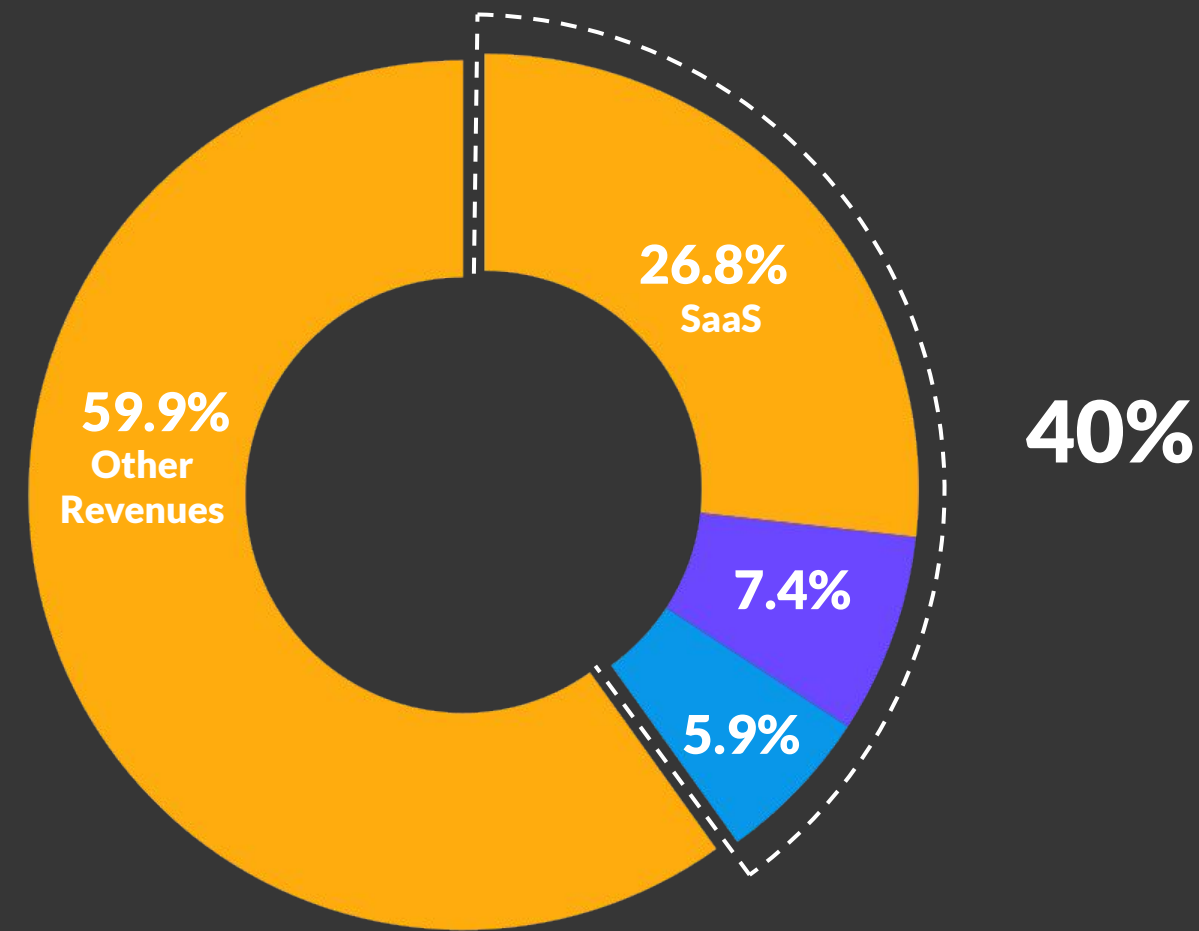


NEW GROWTH LOCOMOTIVES (SaaS, Biz Performance and Techfin)

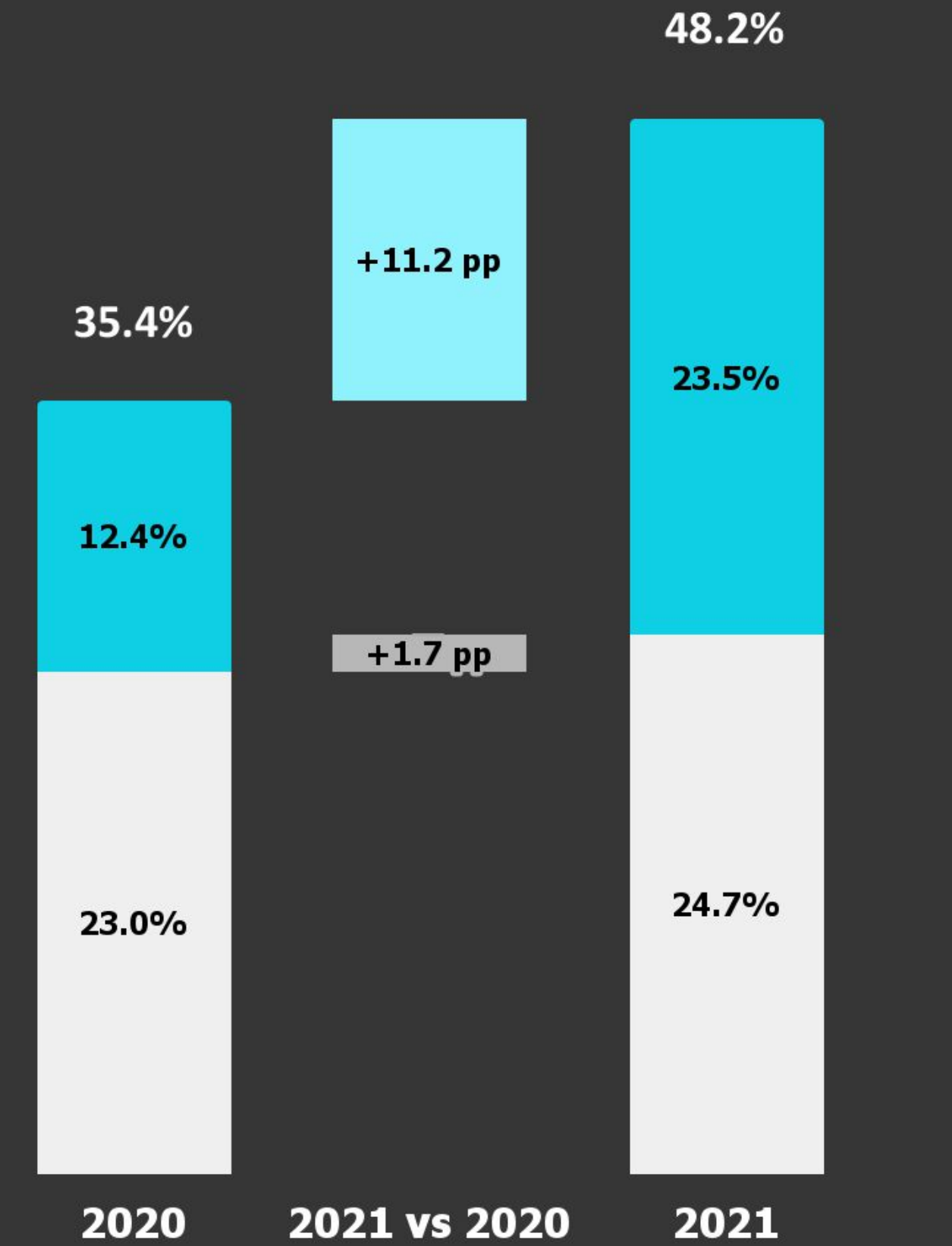
Revenue net of Funding⁽¹⁾



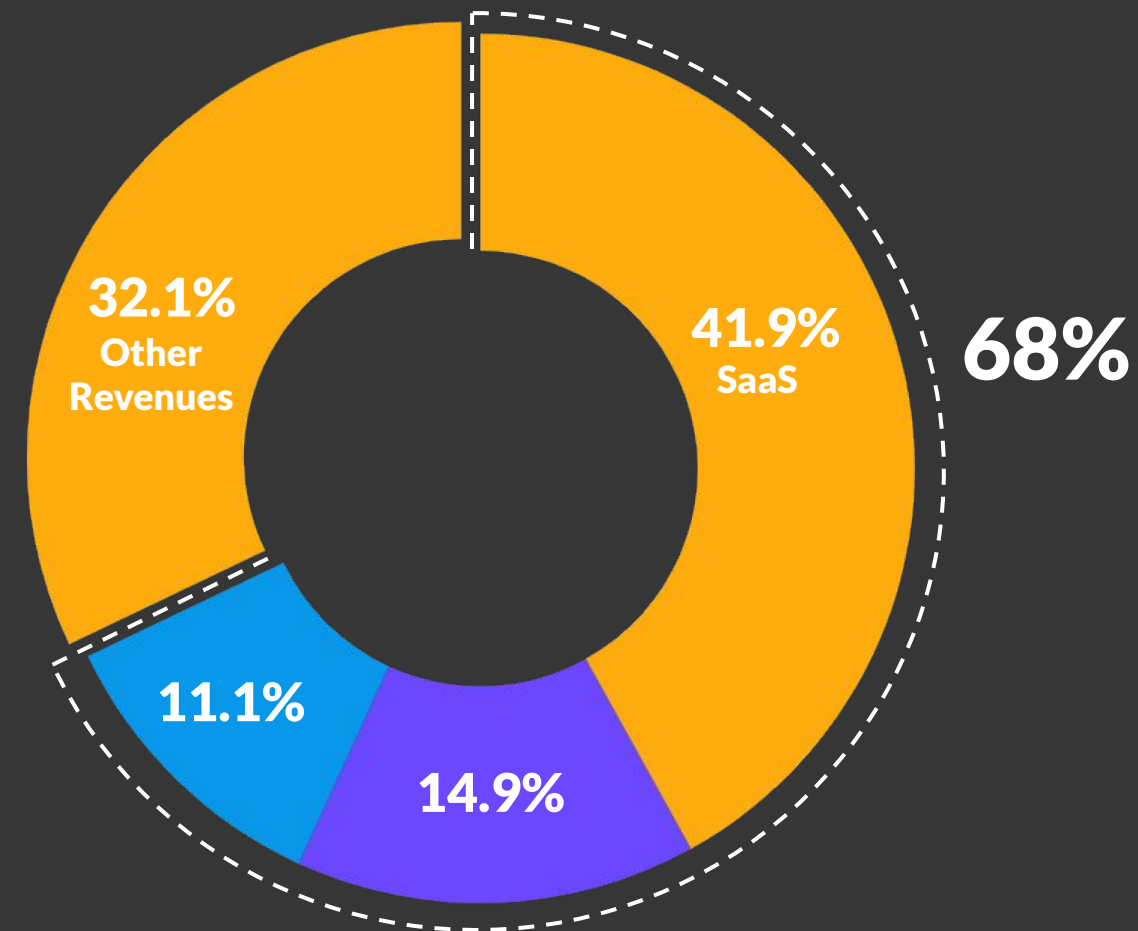
Revenue net of Funding^{(1) (3)} (2021)



Rule of 40



Revenue Growth⁽³⁾ (2021 vs 2020)



Adjusted EBITDA Margin⁽²⁾

Management Techfin Biz Performance

Adjusted EBITDA Margin⁽²⁾ YoY Net Revenue

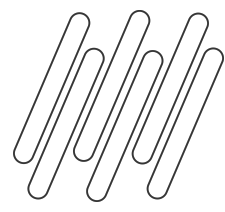
Notes: (1) Non-GAAP Revenue net of Funding, represents the Techfin Revenue net of Funding Cost Consolidated in the Total Company's Revenue; (2) Adjusted EBITDA over the Revenue net of Funding Cost; (3) Includes unaudited results from jan-dec/20 of Tail from jan/20-may/21 of RD Station and from jan-may/20 of Supplier, for comparative purposes only



01

4Q21

Financial & Operational Highlights

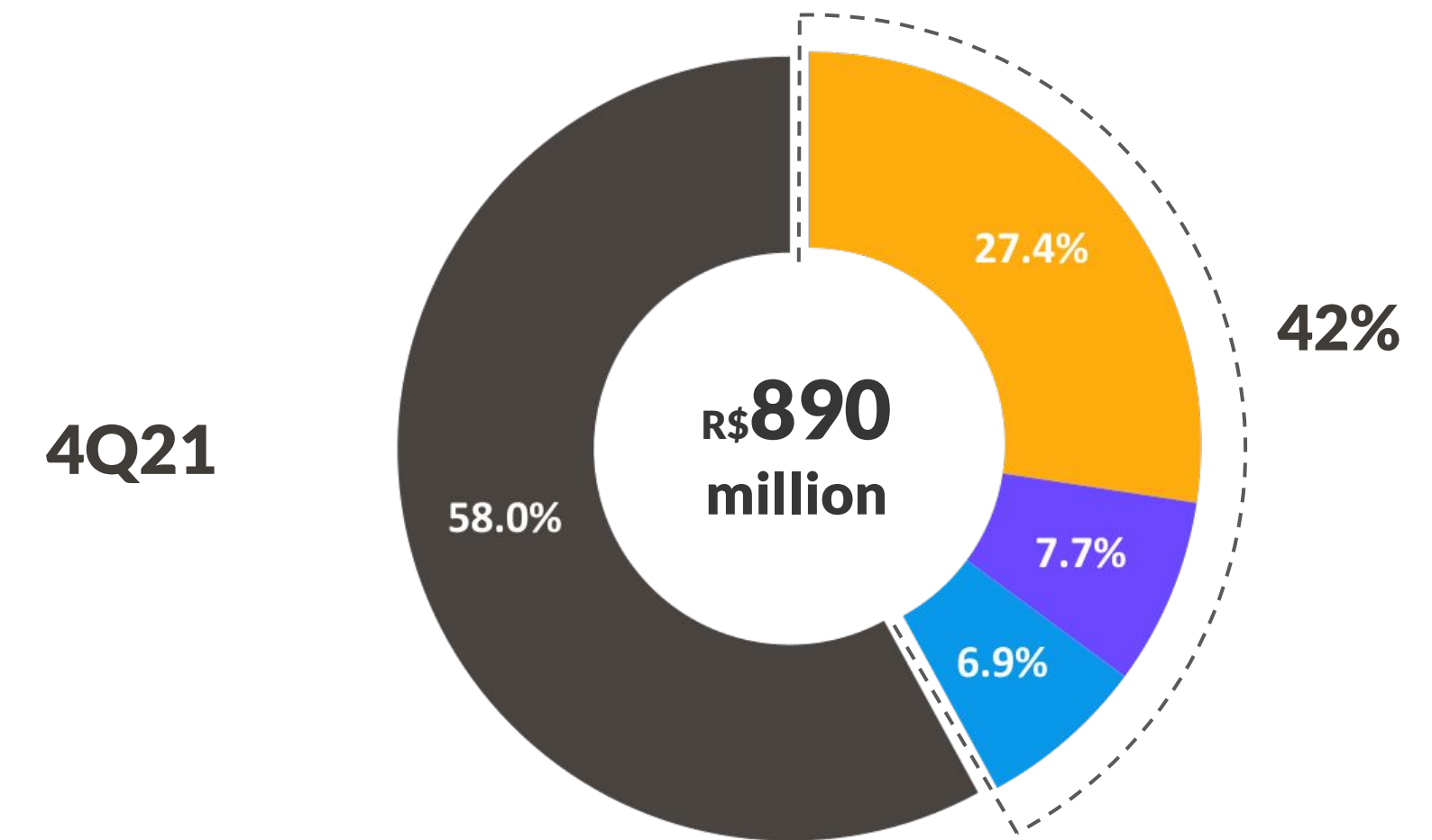


CONSOLIDATED RESULTS

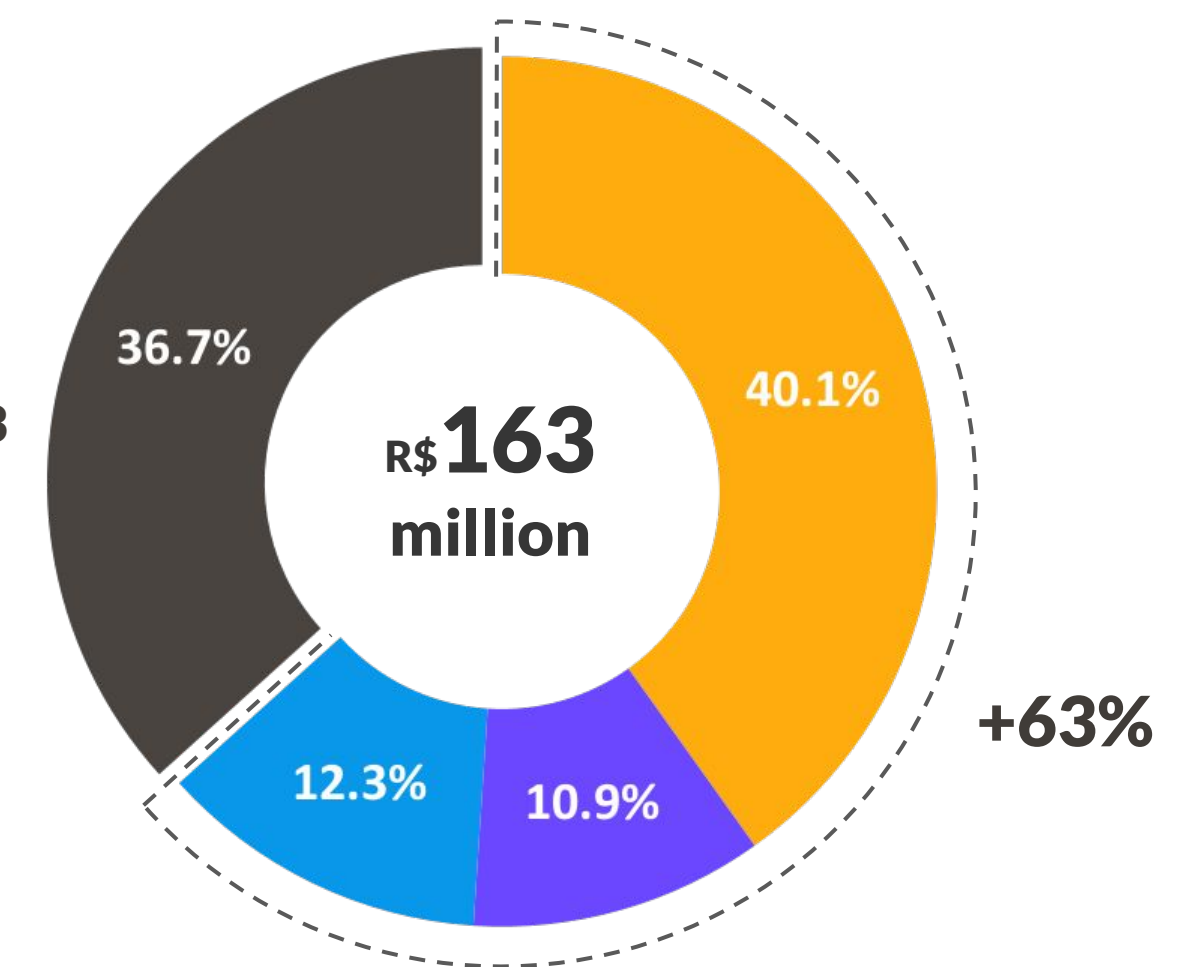
Revenue net of Funding ⁽¹⁾ grew 31.4% vs 4Q20, with SaaS of Management, Business Performance and Techfin together representing 42% of Revenue net of Funding and **more than 63% of revenue growth** in 4Q21

REVENUE NET OF FUNDING ⁽¹⁾ R\$890 million +31% vs 4Q20	SAAS REVENUE OF MANAGEMENT R\$244 million +37% vs 4Q20
BIZ PERFORMANCE RECURRING REVENUE R\$67 million +38% ⁽²⁾ vs 4Q20	CREDIT PRODUCTION R\$2.6 billion +36% vs 4Q20

REVENUE NET OF FUNDING⁽¹⁾

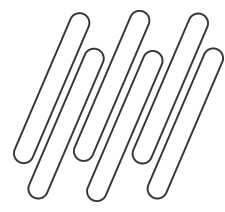


4Q21 vs 4Q20³ Growth



● Other Management ● SaaS Management ● Biz Performance ● Techfin

Notes: (1) Non-GAAP Revenue net of Funding, represents the Techfin Revenue net of Funding Cost Consolidated in the Total Company's Revenue; (2) Considers the unaudited results of RD Station from Jun-Dec/20 and Tail Target from Jan-Dec/20, for comparative purposes only; and (3) Management revenue, plus Business Performance Revenue considering the non-consolidated results of Tail from Jan-Dec/20 and RD Station from Jan/20 to May/20 and Techfin Revenue considering the non-consolidated results of Supplier from Jan-Apr/2020



FINANCIAL & OPERATIONAL HIGHLIGHTS

Rule of 40

The acceleration of revenue growth, concentrated in recurring and transactional revenues, **resulting in an advance of 14.5 p.p. in the rule of 40**, once again demonstrates the Company's focus on accelerating revenue growth, maintaining healthy profitability.

CONTRIBUTION MARGIN / NET REVENUE



Management

53.1%

-50 bp vs 3Q21



Biz Performance

52.0%

480 bp vs 3Q21



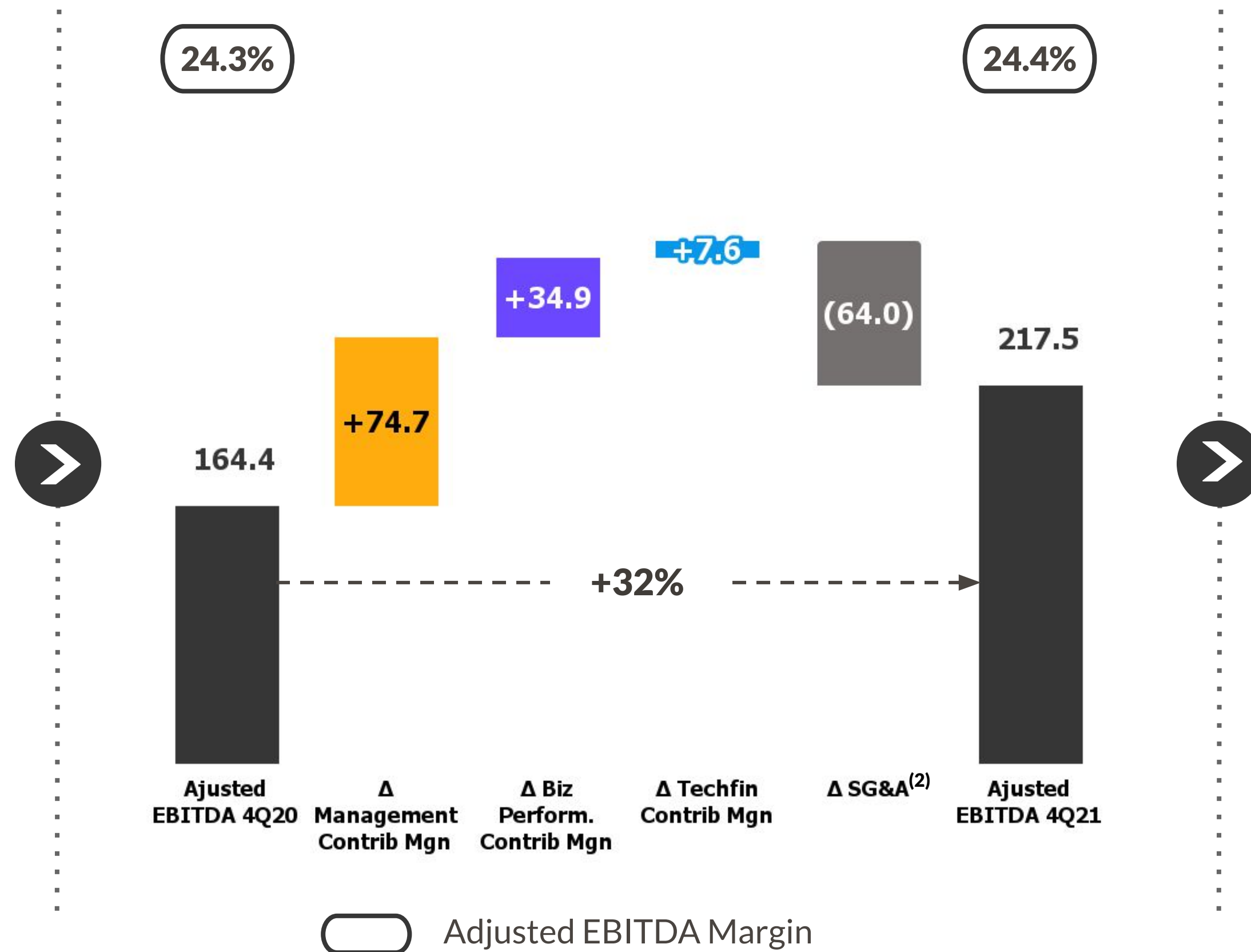
Techfin⁽¹⁾

66.4%

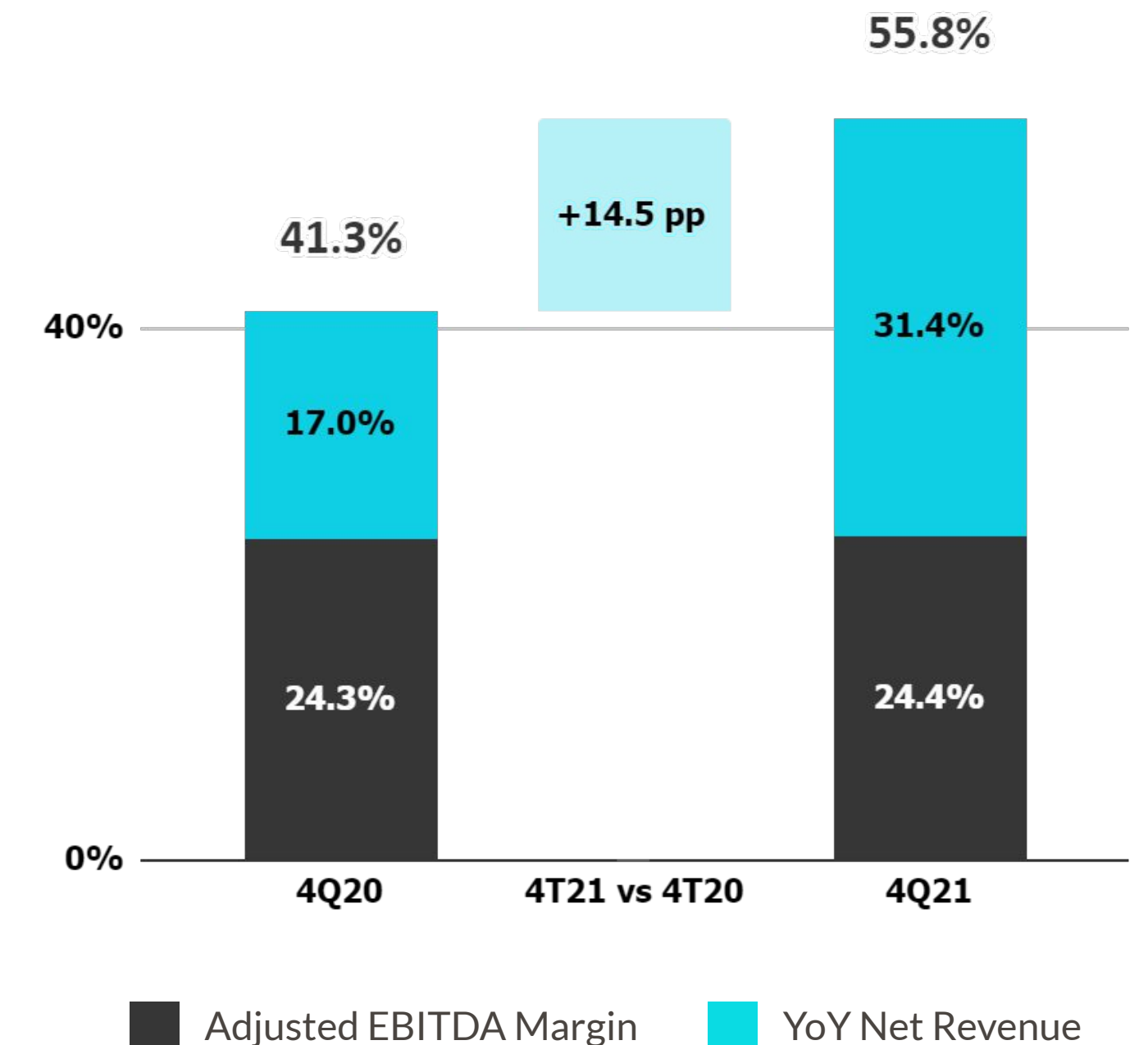
170 bp vs 3Q21

Contribution Margin of (Business Performance+Techfin) / Total **15,9% (4Q21) vs 9,4% (4Q20)**

ADJUSTED EBITDA 4Q21 vs. 4Q20 (R\$ million)



RULE OF 40

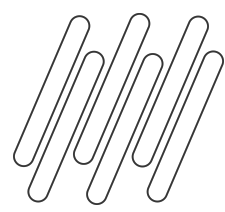


Notes: (1) Adjusted EBITDA over the Techfin Revenue net of Funding Cost; and (2) Sum of Sales, Marketing, General and Administrative and Other Expenses

02

3-Dimensional Ecosystem





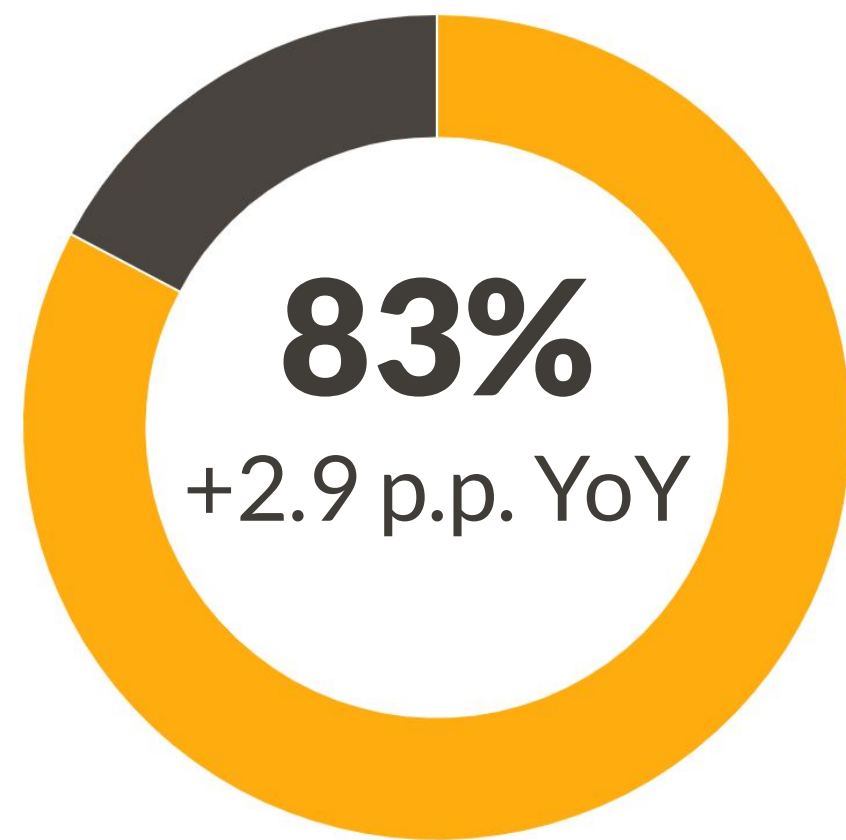
3-DIMENSIONAL ECOSYSTEM - MANAGEMENT

Management

A new record of 24% growth in Recurring Revenue, driven by SaaS Management, which grew 37%, shows that this dimension is far from maturity.

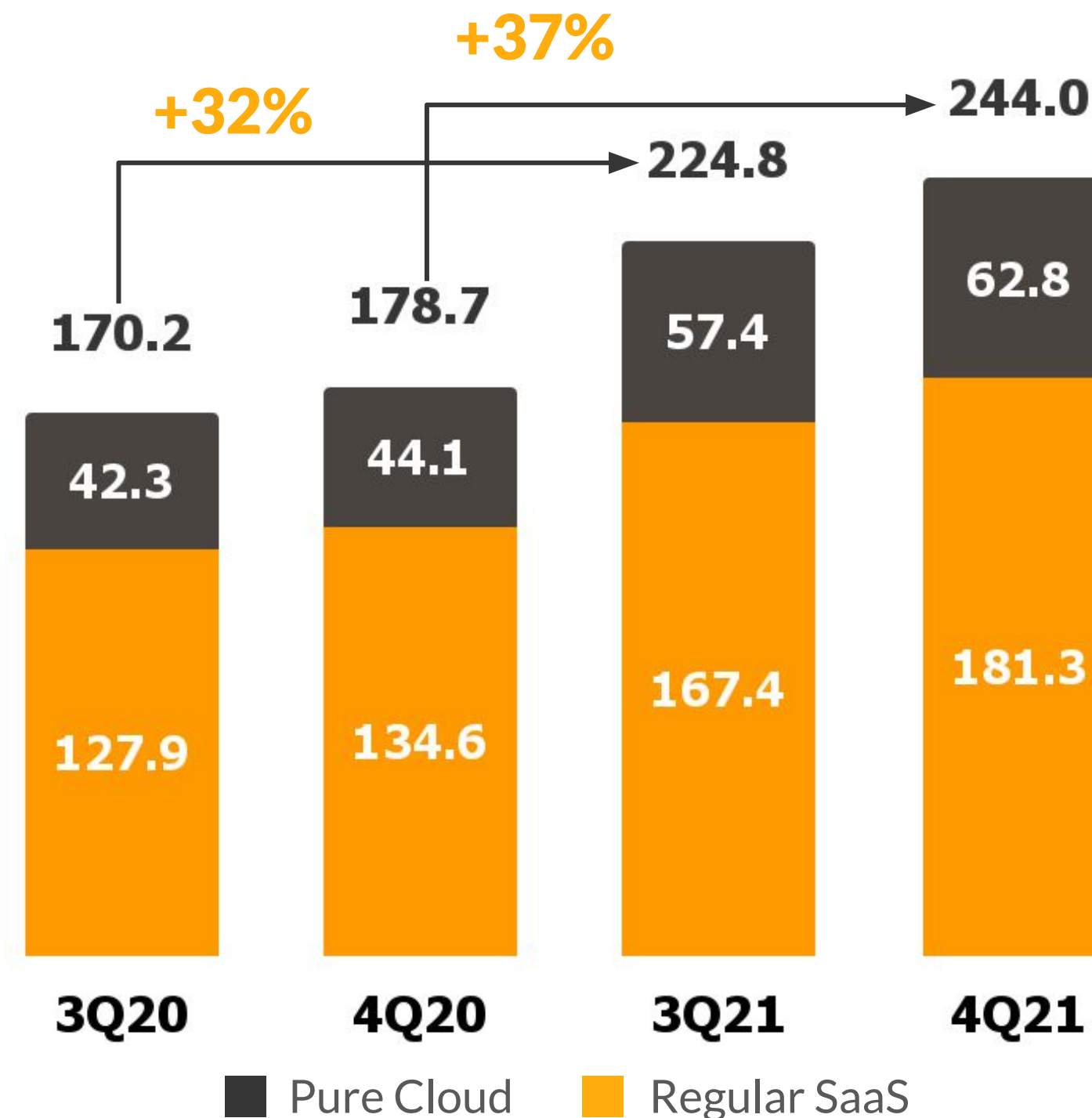
R\$629 million (+24% YoY organic)
RECURRING REVENUE

SaaS Signings: **73%** of new signings in 4Q21
New clients: **27%** of SaaS signings in 4Q21



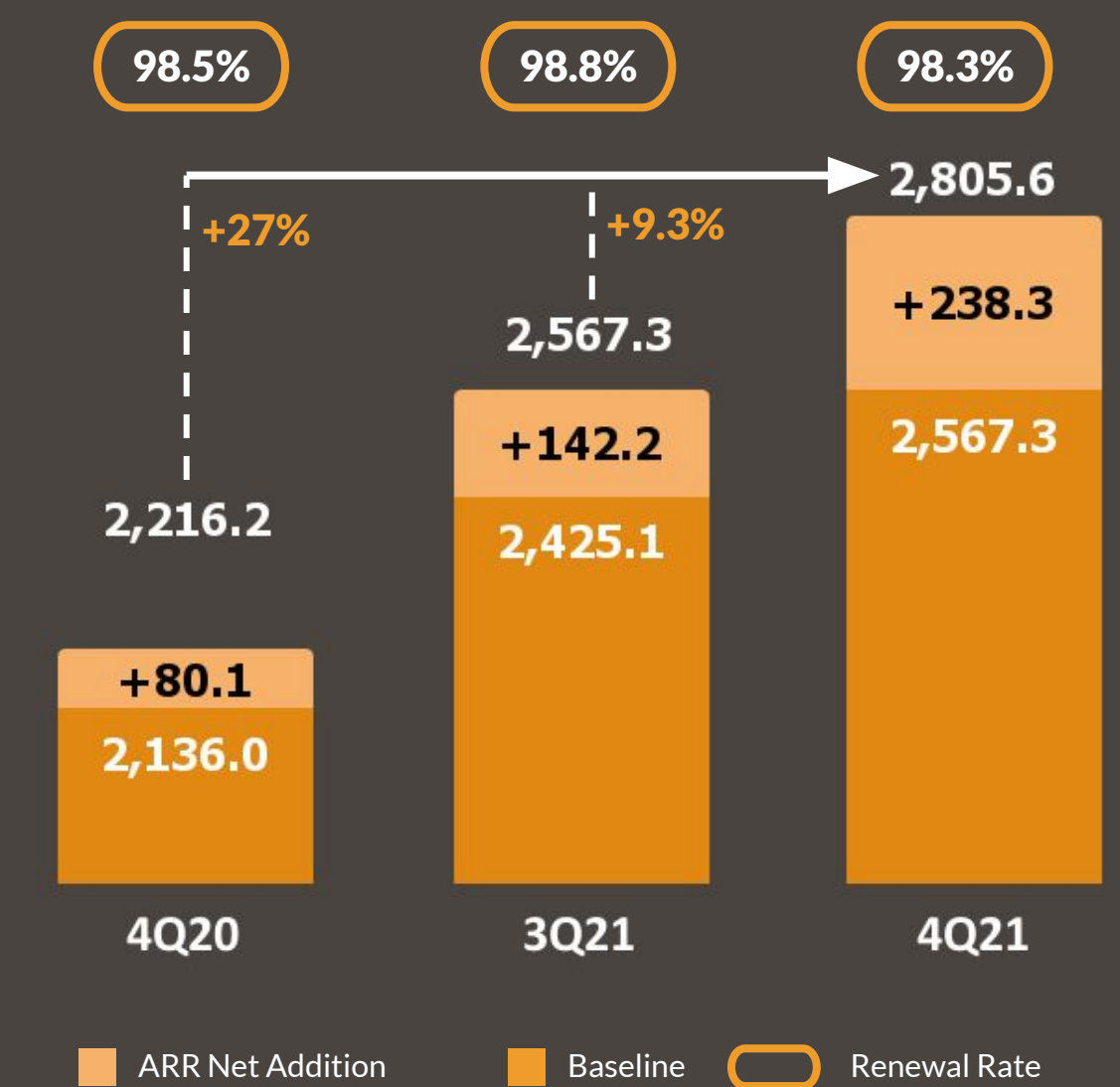
% of Recurring Revenue vs. Management Revenue

SAAS - MANAGEMENT (R\$ million)



Quarter Highlights

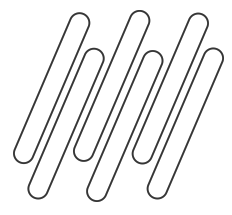
ARR - Historical Record of Net Addition



ARR Net Addition (Price x Volume)

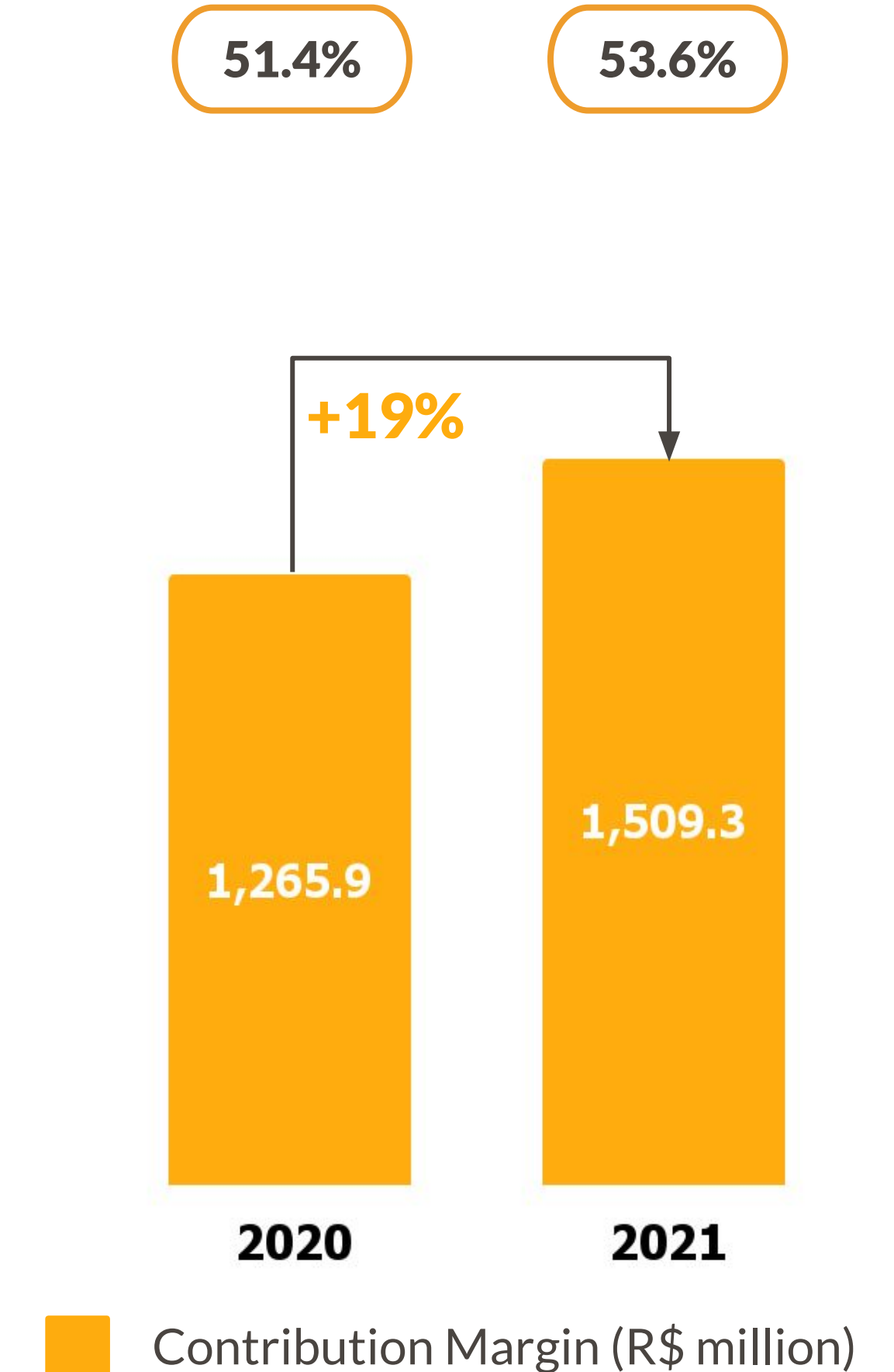
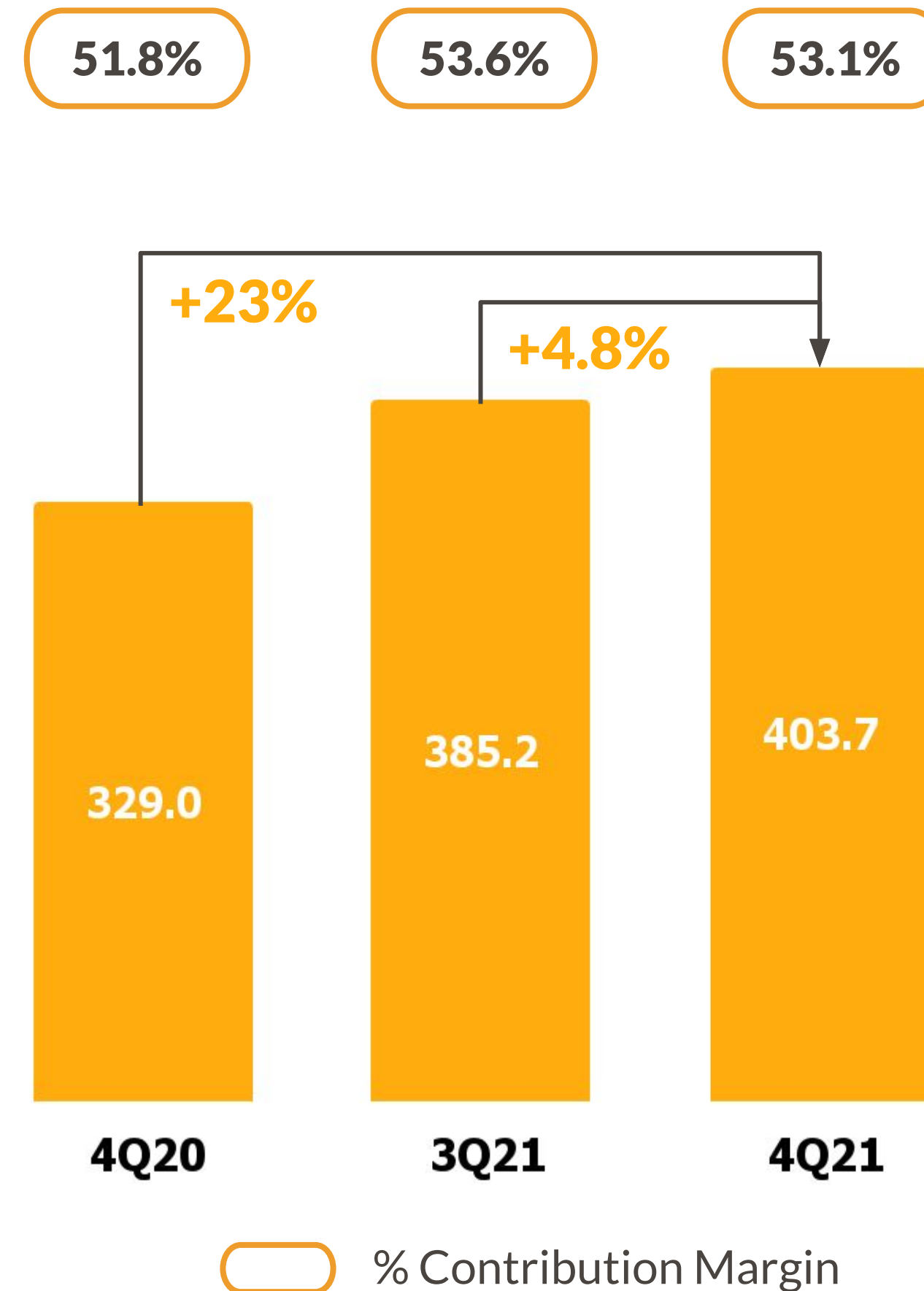
27% YoY ARR Growth on 4Q21:

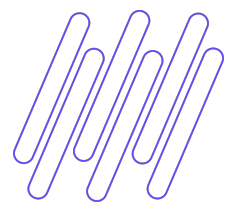
- > ~63% Volume - new signings (TOTVS Sales Machine = + new names + cross/upsell)
- > ~37% Pricing = contractual readjustments (Pricing Power + business model resilience)



CONTRIBUTION MARGIN

Increase of 130 basis points in the **Contribution Margin** year on year, mainly due to the **increase in Recurring Revenue and Gross Margin**, as well as the reduction in the Provision for Expected Credit Losses.



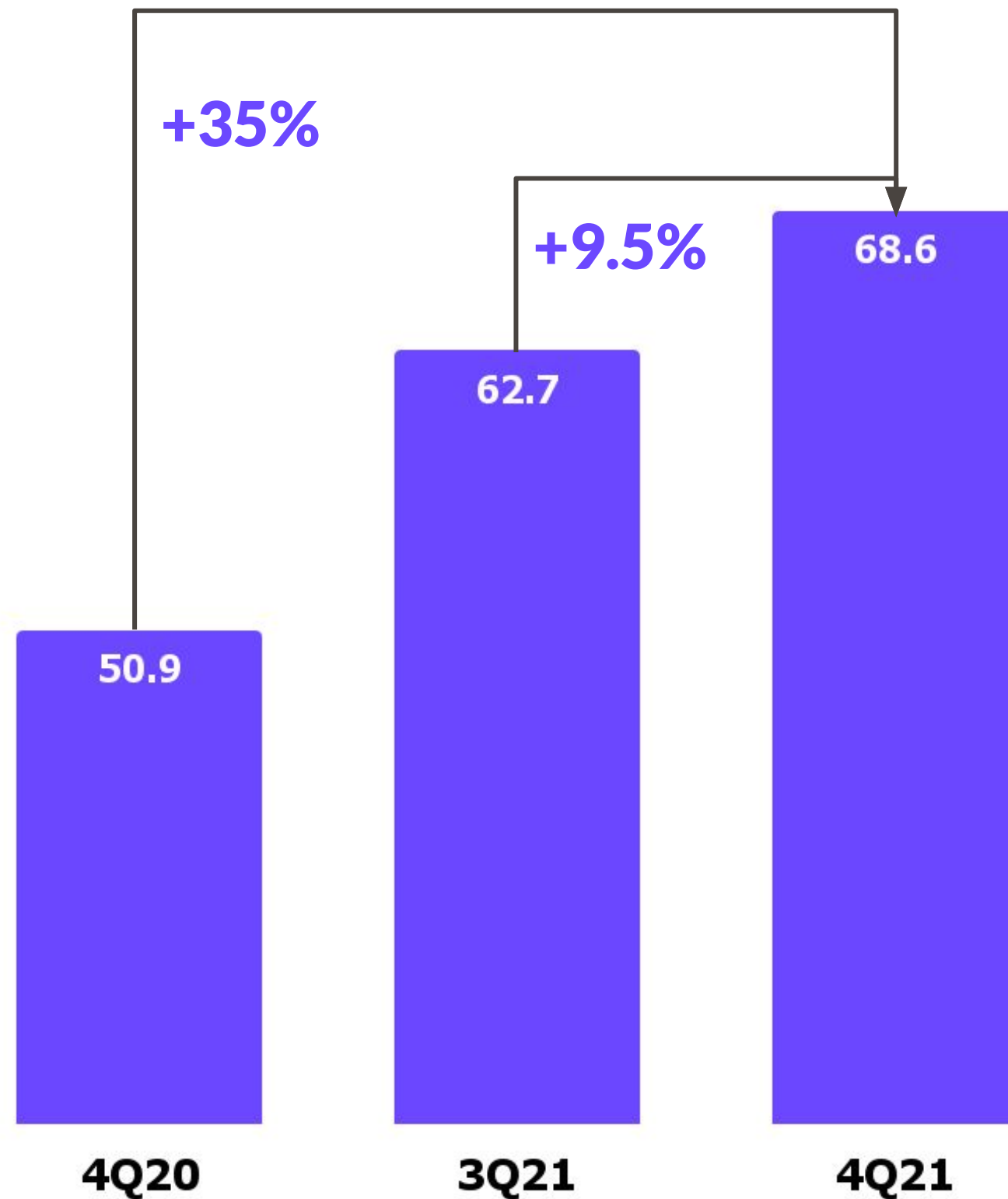


3-DIMENSIONAL ECOSYSTEM - BUSINESS PERFORMANCE

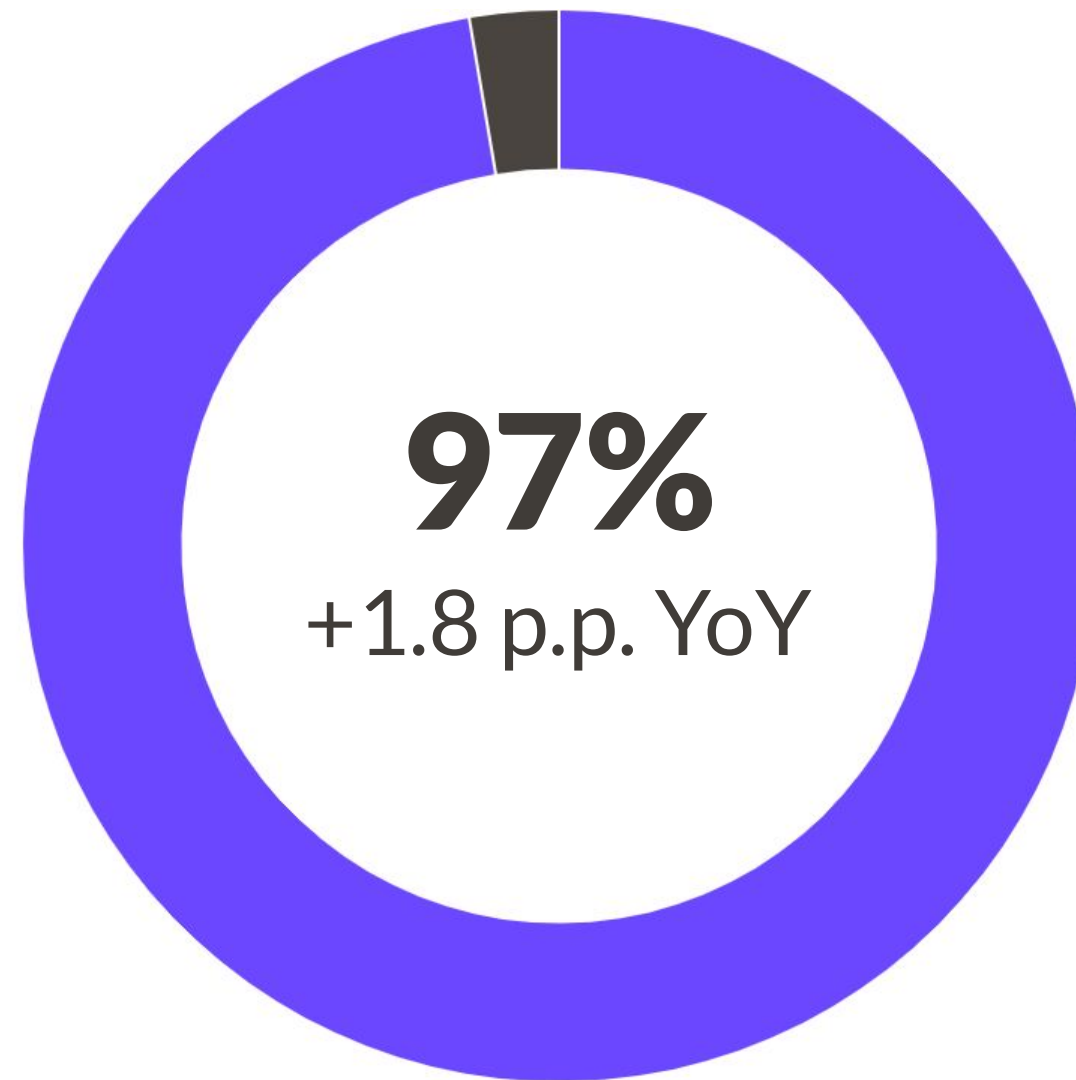
Business Performance

35% growth in Revenue, with emphasis on the 38% growth in Recurring Revenue.

REVENUE⁽¹⁾ (R\$ million)



RECURRING REVENUE 4Q21



Quarter Highlights

ARR (R\$ million) +43% YoY organic

Quarter	ARR (R\$ million)	YoY Growth	Renewal Rate
4Q20	231.9	+0.5	89.7%
3Q21	251.7	+19.8	97.9%
4Q21	268.6	+16.9	97.7%

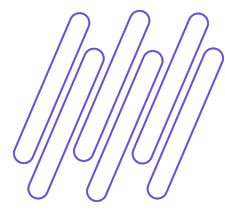
■ Inorganic Addition ■ ARR Net Addition
■ Baseline Renewal Rate

RD Station's CRM

112% YoY Growth:

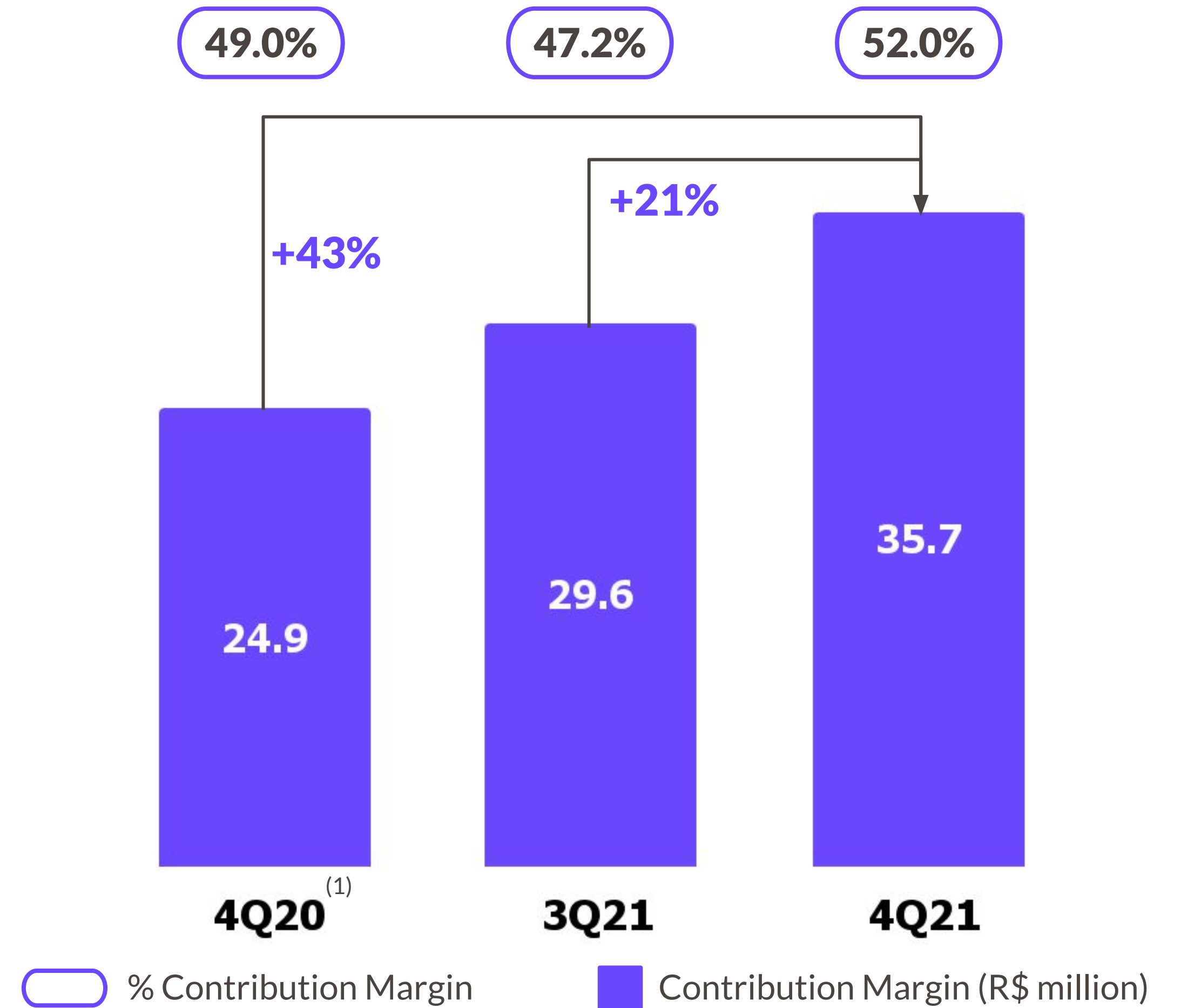
- Gain representation with greater client retention, especially when combined with RD Station Premium
- It will be the first RD product to use the TOTVS Sales Machine in 2022

Notes: (1) Considers the unaudited results of RD Station from Jan/20 to May/21 and Tail Target from Jan-Dec/20, for comparative purposes only

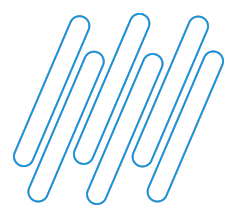


CONTRIBUTION MARGIN

Increase of 480 basis points over 3Q21, mainly explained by the scalability of the SaaS model, since even if the reduction in the Provision for Expected Credit Losses is disregarded, the Contribution Margin showed an expansion in all comparisons.



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

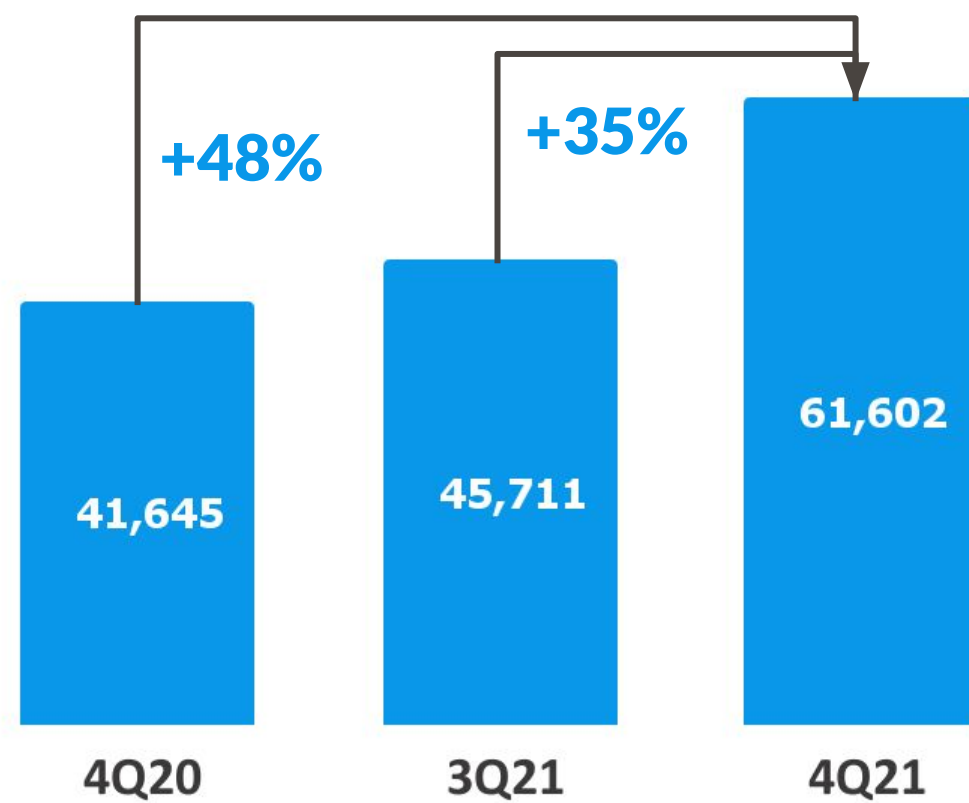


3-DIMENSIONAL ECOSYSTEM - TECHFIN

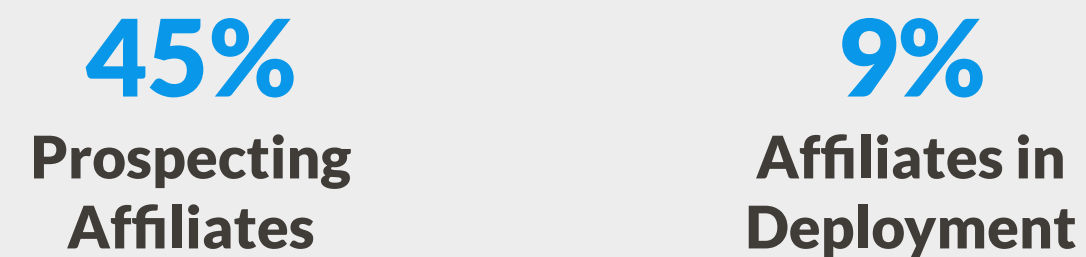
Techfin

Credit Production of R\$2.6 billion (+36% vs 4Q20), keeping Delinquency significantly below Brazilian Average⁽¹⁾

Techfin Revenue - Net of Funding (R\$ million)



Supplier's Pipeline Originated by TOTVS (%)

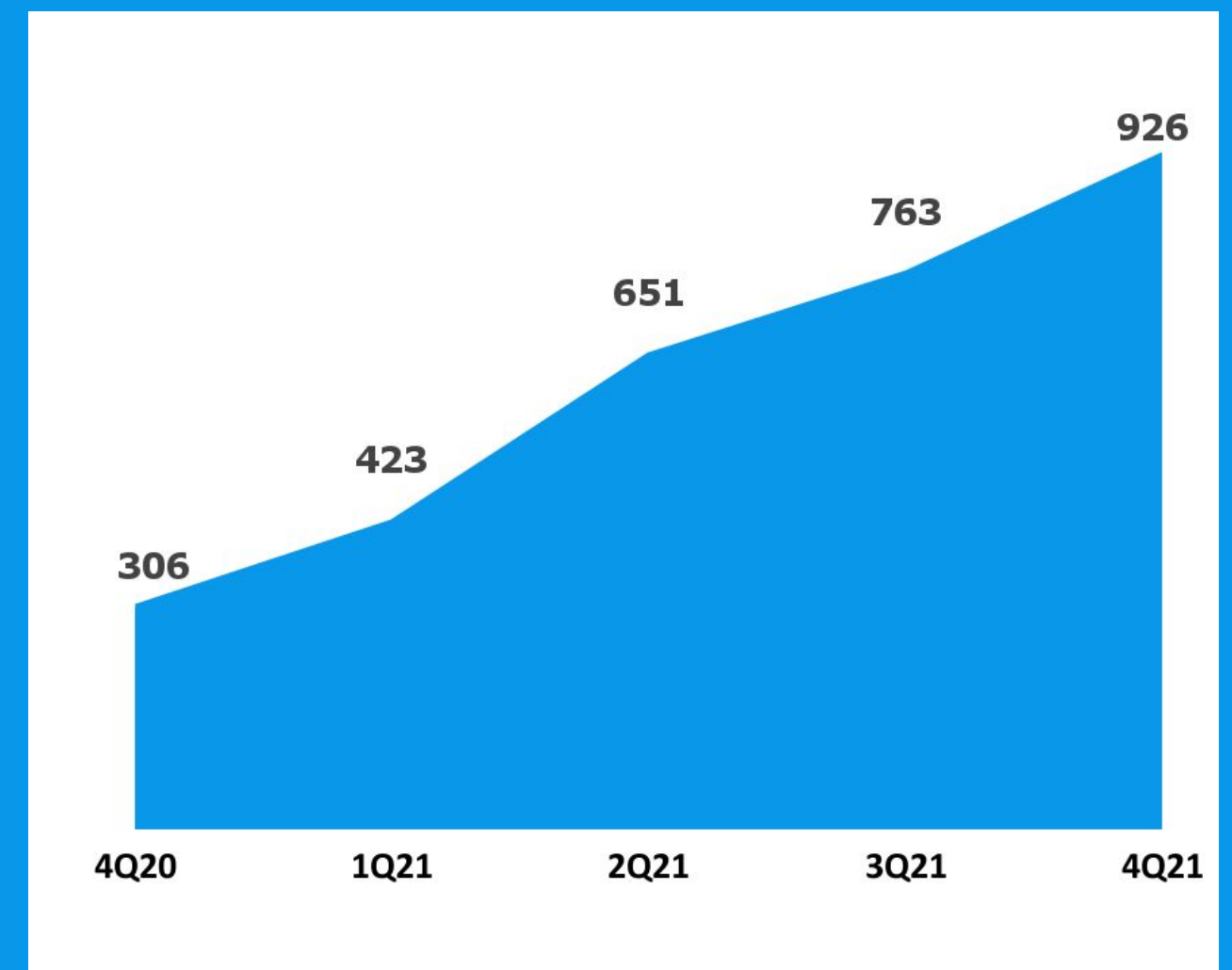


Quarter Highlights

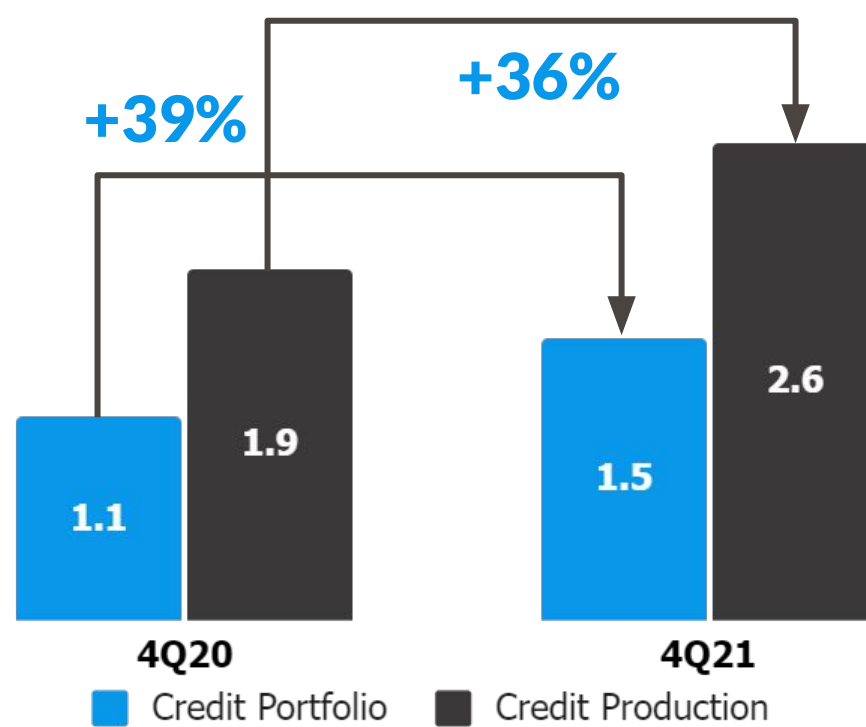
TOTVS + Supplier Integration

- 4Q21 +3x Activated Clients vs 4T20
- R\$284 million in 4Q21 Credit Production in "Antecipa", "Mais Prazo", "Mais Negócios" and "Crédito Consignado" products (+40% vs 3Q21)

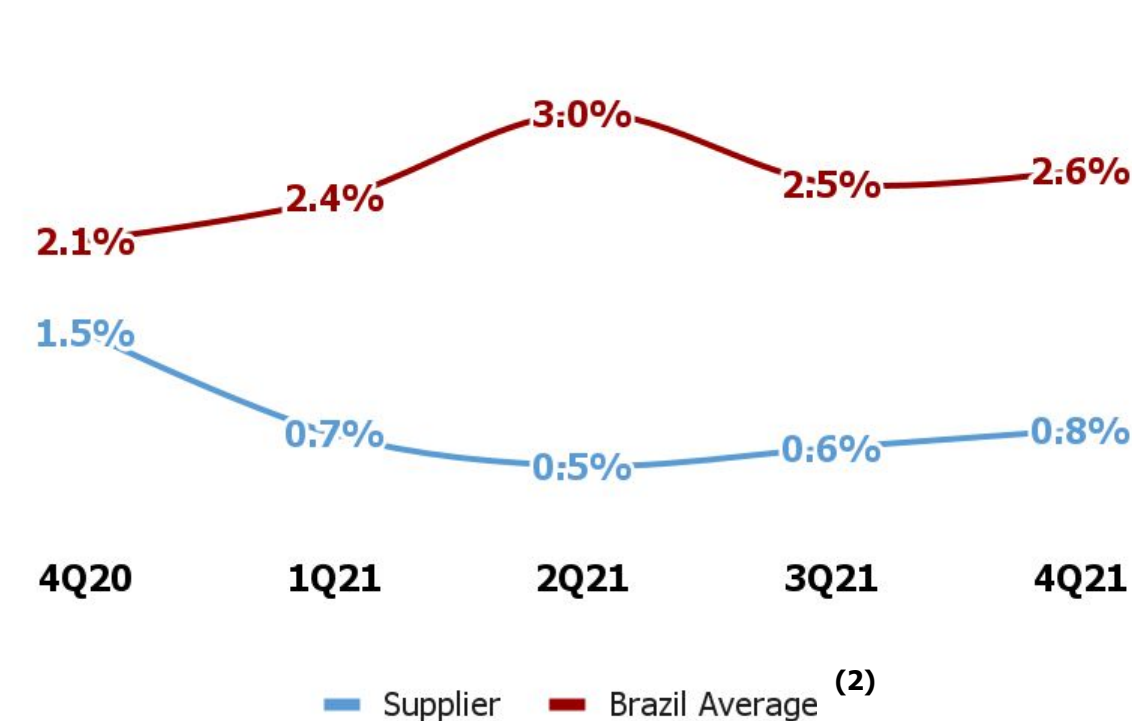
Activated Techfin Clients (New Products⁽²⁾)



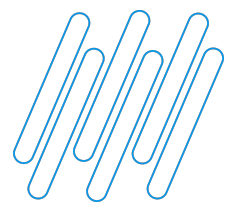
Credit Portfolio and Production (R\$ bn)



Delinquency (% above 90 days)



Notes: (1) Source: Banco Central do Brasil (Brazilian Central Bank, portuguese only) (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito) > tabelas.xls > Tabela 27 > MPMe; and (2) "Consignado" (Payroll loan), "EduConnectPAY", "Mais Prazo", "Antecipa", "Pagamento Instantâneo" and "Painel Financeiro" products



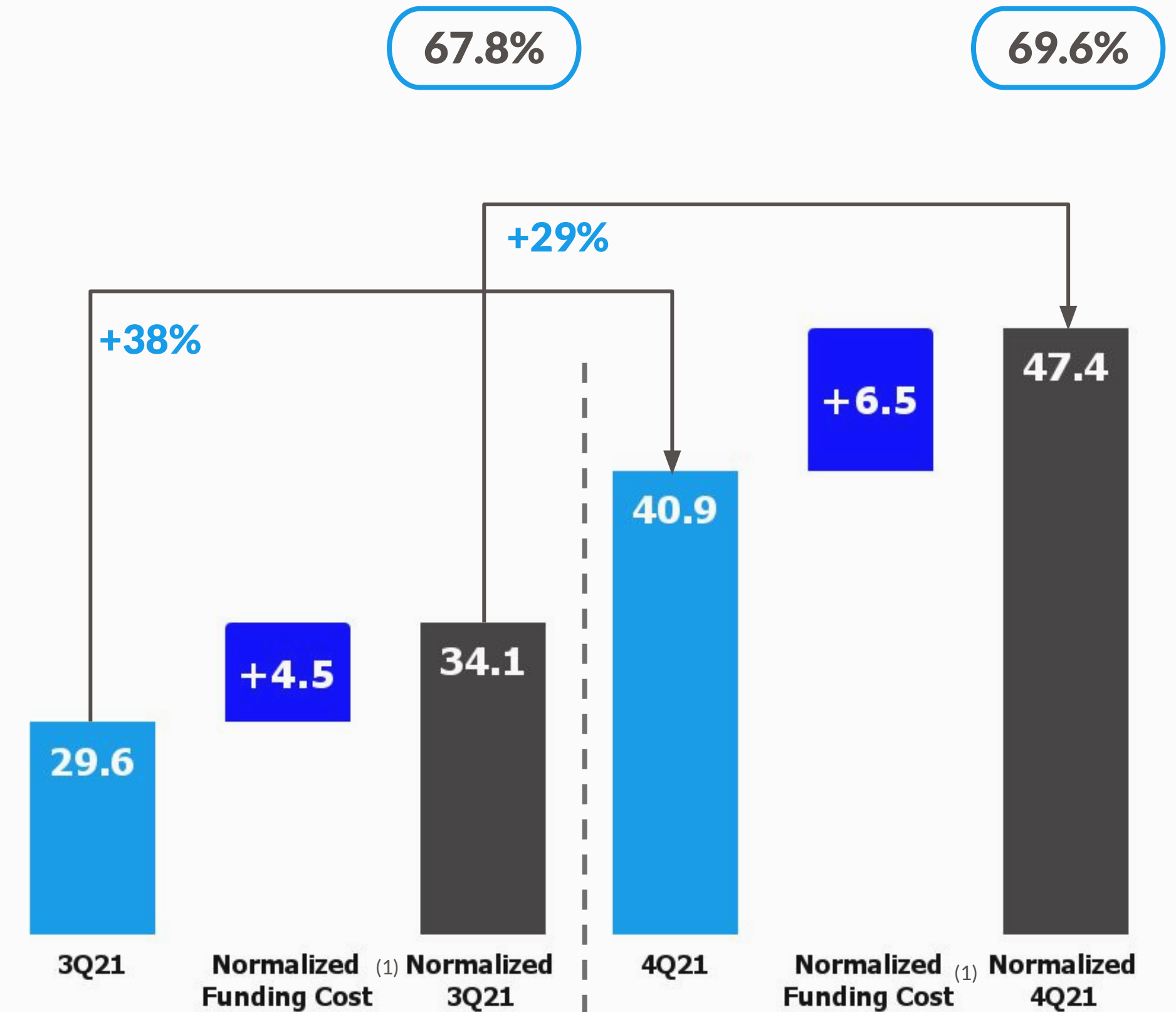
CONTRIBUTION MARGIN

Techfin's Contribution Margin on Revenue net of Funding **grows 170 basis points (4Q21 vs 3Q21)**, ending 4Q21 at 66.4%, as a result of **greater efficiency in the use of capital** with the reduction of average available cash and increase in Supplier's Credit Portfolio.



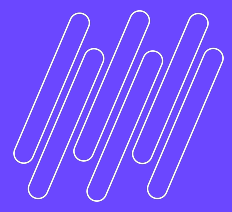
ROE 12M
50%
27.9 p.p. YoY

Provision for Expected Losses / Credit Production
0.21%



% Contribution Margin over Techfin Revenue net of Funding

Notes: (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.



Environmental

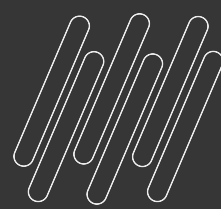
- Next and Important Step: develop the first GHG Emissions Inventory - Greenhouse Gases - of TOTVS operations

Social

- Care with Human Capital is a priority:
 - High Levels of eNPS⁽¹⁾
 - Diversity & Inclusion Program
 - Mental Health & Flexible Work
 - Education for Work

Governance

- Renewal of the business' ESG materiality matrix, with the engagement of our stakeholders
- Data Privacy Policy Launch



FINAL REMARKS

We will remain focused on our journey of growth and transformation

We see TOTVS as a distinguished company with a unique ability for transformation. We will keep managing with flexibility and balance the combination of business dimensions at different stages and mandates, benefiting a young, ambitious, and creative culture.

We have consistently seen companies rushing into new technologies, seeking a strong partner, capable of solving most problems and allowing them to maintain core business focus.

The future is interconnected and interdependent, which is why we go on making progress and investing to continuously be the partner our clients know they can count on. The partner that will deliver the contracted value proposition and help clients improve their results. In other words, we will increasingly become the "Trusted Advisor" for our clients. We know the path is not that simple; it requires size, investment, structure, sophistication, and M&A capacity. Combined attributes only belonging to TOTVS!

This is what we exist for: to improve business results; always believing in a Brazil that makes it happen!



MANAGEMENT

Third year in a row of double-digit growth, with 30% of SaaS signings from new names, despite the undisputed leadership in the ERP market, reinforcing that this is an immature and expanding market.



BUSINESS PERFORMANCE

Dimension with great potential for generating value that we will continue to invest heavily in, under a broad strategy of expanding digital commerce exponentially, with an asset-light model that drives GMV and take-rate growth.



TECHFIN

There is still much more to come. Our primary goal is to revolutionize the offer of financial services, making us the Financial Platform for Small and Medium Businesses, expanding our portfolio with more competitive customized products, streamlining access to financial services through integrated solutions based on Big Data.

THANK YOU



Investors Relations

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



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