4Q20
EARNINGS RELEASE

São Paulo, February 10, 2021 - TOTVS S.A. (B3: TOTS3), leader in the development of business solutions in Brazil, announces today its results for the **Fourth Quarter of 2020 (4Q20)**. 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).

Financial and Operational Highlights

In R$ thousand	4Q20	4Q19	Δ	3Q20	Δ	2020	2019	Δ
Net Revenue	689,494	579,292	19.0%	677,766	1.7%	2,596,077	2,282,124	13.8%
Adjusted Consolidated EBITDA	164,389	118,279	39.0%	161,422	1.8%	590,011	469,742	25.6%
Adjusted Consolidated EBITDA Margin	23.8%	20.4%	340 bp	23.8%	0 bp	22.7%	20.6%	210 bp
Cash Earnings (i)	101,934	75,122	35.7%	96,790	5.3%	337,548	268,484	25.7%
Cash Earnings Margin	14.8%	13.0%	180 bp	14.3%	50 bp	13.0%	11.8%	120 bp

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

Recurring Revenue: R$1,954.1 million (+13.0% vs. 2019).

ARR: historical record of R$80.6 million in organic net addition (+35.0% vs. 4Q19 and +42.2% vs. 3Q20)

Adjusted EBITDA Margin - Technology : +210 basis points versus 2019

Supplier: highest historical credit production in 4Q20

Supplier: 37.4% ROE with the new Fintech model

ESG Agenda: disclosure of the Sustainability Policy

CONFERENCE CALL - PORTUGUESE: Feb. 11, 2021, 11:00 a.m. (BRT)
Webcast: click here. Phone: +55 11 3181-8565 or +55 11 4210-1803 (access - TOTVS).
Replay: +55 (11) 3193-1012 or +55 (11) 2820-4012 (access - 7935507#) until Feb. 17, 2021
or on the ri.totvs.com.br website

CONFERENCE CALL - ENGLISH (Simultaneous Translation): Feb. 2nd, 2021, 11:00 a.m. (BRT)
Webcast: click here. Phone: US Toll Free +1 844 204-8942 | International
+1 412 717-9627 | Brazil +55 11 4210-1803 or +55 11 3181-8565 (access - TOTVS).
Replay: +55 (11) 3193-1012 or +55 (11) 2820-4012 (access - 8917528#) until Feb. 17, 2021
or on the ri.totvs.com website

TOTS3 NOVO MERCADO BM&FBOVESPA | IBOVESPA | Índice de Ações com Governança Corporativa Diferenciada IGC | Índice Brasil 50 IBRX 50 | Índice MidLarge Cap MLCX

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Message from Management

2020 is finally over! I heard this sentence from many; a year that will be marked in the history of each one and the world, where everyone had to reinvent themselves, discover strengths that they thought they didn't have, find solutions to problems never thought of before and, unfortunately, a lot of suffering and uncertainty. But it was also a year of restart and union. In this message, first of all, I want to thank from the bottom of my heart all TOTVERs, their families, our partners, and all those who helped the Company to face and overcome this challenge of epic proportions. And wish you all that the year of 2021 brings us more serenity, health, and, why not, more achievements too!

TOTVS had a successful year. Its financial and operational performance was way above what we imagined when the COVID pandemic started. In March we prepared for an uncertainty scenario with the possibility of clients bankruptcies, the increase in defaults and churn, and also great difficulty to sell, implement and support. The recent entry into the Techfin dimension, with the acquisition of Supplier, brought us new and unknown challenges at a difficult time. That is, we were prepared for the worst.

However, the strengths that brought TOTVS to its position of undisputed leadership in technology and software for companies, reflected on its campaign "TOTVS believes in a Brazil that makes it happen!", proved more real and stronger than ever:

1) The perception that our 40 thousand clients are more resilient than the average of Brazilian companies, precisely because they invest in high-end management software and have a superior degree of control, planning, and management sophistication, was proven to be true. Our churn did not rise above the historical average at any time. Effective defaults were also very close to the historical average. Our clients and customers continued to use our solutions and to operate in an organized manner and with the full support of TOTVS;
2) The recurrence model, which already represents almost 80% of Technology Revenue, increasingly in the SaaS model, which grew 21% in 2020 and was already responsible for 65% of new sales in 4Q20, combined with a renewal rate of almost 99% per quarter, guaranteed solidity and predictability even in an environment of almost total insecurity;
3) The diversification of segments was also essential, allowing for a rapid re-assignment of priorities and, thereby, taking advantage of numerous business opportunities that emerged from May on;
4) The permanent investment in innovation and digitalization gave us: product quality, which enabled us to increase the NPS (Net Promoter Score), even during the pandemic; the greater portfolio range, which maintained our relevance to clients and customers; and the possibility of home office for the TOTVERS with safety and productivity. We managed to achieve up to 90% of the solutions implementations remotely. TOTVS services have become smarter and more accessible, reflecting the accelerated "cloudification" of our software, which makes life much easier and faster. This change in the service profile is critical and reflects the effort to exponentialize;
5) Our "Sales Machine" proved to be stronger than ever, even when working remotely. As a result, our ARR grew by R$300 million in 2020 and 35% in 4Q20 over 4Q19. Such ARR growth in 2020 alone would place TOTVS among the largest software companies in Brazil; and
6) Finally, the boldness that marks TOTVS's corporate history, reflected in the motto "equal, while being always different", showed that advancing in the client value chain is a wise bet, by constructing an ecosystem that in 2020, in addition to the Management business dimension, consolidated the Techfin offer and started the journey in Business Performance. Supplier's performance, as of the end of 2Q20, showed a "V" recovery with a strong slope, proving the solidity of its model. These are new markets that open up an invaluable opportunity for the Company.

The result of all the above was a 20% growth in total net revenues and recurring revenue (including Supplier) in 4Q20 versus 4Q19, with an EBITDA margin of 24%. In the concepts developed by analysts and investors, this balanced combination of growth and profitability (resulting in a sum of more than 40 percentage points) is rarely found, especially in a company that is almost 40 years old. Those that find it become references and command a differentiated recognition of the markets in their multiples. It is proof that TOTVS is a fantastic company, with a unique capacity for transformation and adaptation to market opportunities.

Our greatest challenge in 2021 will be to keep up with the pace of change and transformation. We held our kick-off event and our sales convention at the end of January, and the keyword that permeated all discussions was SPEEDNESS. Exponentializing, digitizing, cloudifying were also fundamental words that show the right path we are following. We are working to maintain and expand the relevance of TOTVS to its clients and customers, helping Brazilian companies of all sizes and segments to achieve the efficiency and productivity desired by everyone.

Of course, year 2020 was not just about financial and operating results. During this period we remained supportive in the fight against Covid-19 and, as always, we remain determined and united, tirelessly supporting our ecosystem, companies, and people for the development of Brazil. We created a Crisis Committee and our Board of Directors remained on standby, with recurring meetings, discussing situations connected to our operation and deciding on the required measures at all levels. We adopt preventive and mitigating measures in line with the guidelines of the health authorities, ensuring the safety of our TOTVERS with the practice of home office in all our units. We also offered a heath plan exclusive telephone support, available 24 hours a day and we do not carry out layoffs or salary reduction initiatives.

Human Capital is one of the Company's key assets, and 2020 was a year of significant improvements in strengthening the initiatives of our employer brand, with very positive achievements. Based on our Engagement Survey, 93% of TOTVERS are proud to work here and 96% of them believe in the potential and future of TOTVS, which translated into a significant reduction in turnover and an increase of more than 30 points in eNPS (Employee Net Promoter Score). These data show that our dedication and investment in people have been the right initiative to reinforce the attraction and retention of the best talents, a fundamental pillar for the performance and sustainability of our long-term strategy.

With a collaborative spirit, we developed our TOTVS University network with the dissemination of more than 5 thousand contents and made available more than 30 thousand free online training, contributing to prepare the market and our clients/customers, which reinforces the strong engagement and connection of our ecosystem with our employer brand.

In the social sphere, we launched the “TOTVERS that get things done” campaign, uniting the efforts of TOTVS, TOTVERS, and the franchises, which raised funds to support families living in extreme social vulnerability thus guaranteeing the continuity of the professional training of more than 2 thousand students from the Social Opportunity Institute (IOS - *Instituto da Oportunidade Social*). We have also created our Diversity and Inclusion Program and adhered to the UN Women's Empowerment Principles. All of these initiatives materialize the commitment to develop a business agenda based on the integration and best practices of ESG, as stated in our Sustainability Policy.

In addition, being admitted to the Ibovespa index in early 2020 and to the MSCI indices in December 2020, and B3's IBrX 50 starting in 2021, the achievement of the awards "Institutional Investor”, “Best of the Stock Exchange 2020” from Infomoney, and “Best technology companies to work” at Great Place to Work (GPTW) are important acknowledgments of our work and one more indication that we are on the right path.

Our business is increasingly present in the daily lives of companies. More than simplifying the business world, we are evolving and transforming Brazil into a more productive, efficient, and innovative country through technology. TOTVS believes more than ever in a Brazil that makes it happen, in the entrepreneurs and clients/customers that, just like us, dared, overcame obstacles, and went public on the stock exchange over the last year.

The greatest certainty we had in 2020 is that technology is the key answer and bet for any company to survive. As the largest Brazilian technology company, we believe that TOTVS has a present and, above all, a bright future ahead!

Dennis Herszkowicz, CEO

Recent Events

ACQUISITION OF TAIL TARGET

TAIL is a SaaS company specializing in omnichannel data intelligence, with solutions that address challenges involving Data Science and Machine Learning, enabling the digital transformation of the marketing and sales areas. Its platform provides clients with insights through real-time monitoring of the behavior of a wide audience on the internet and is able to map more detailed profiles for building portfolios and campaigns aimed at optimizing the sales of its clients/customers present in various segments of the economy.

With this movement, TOTVS takes another step to construct a Business Performance dimension (part of the strategy of a TOTVS ecosystem formed by 3 business dimensions - Management, Techfin, and Business Performance), combining specialized knowledge of marketing analytics and data intelligence, in addition to solutions aimed at generating opportunities and converting sales that add even more value to clients and customers.

TOTS3 BECOMES PART OF THE IBrX 50 & MSCI INDEXES

Since January 2021, TOTVS's shares became part of the IBrX 50 portfolio, a B3 index formed by the 50 most tradable shares in the Brazilian stock market.

In the same vein, the Company's shares were added to the middle cap class of the MSCI Brazil, MSCI Latin America, and MSCI Emerging Markets indexes, as of December 1st, 2020, according to the semiannual rebalancing of its theoretical portfolios disclosed by MSCI.

The fact that TOTVS's shares were admitted in such indexes reinforces its leadership position in the Brazilian software market and stands out in Latin America, contributing to greater liquidity and diversification of the Company's shareholder base.

ESG AGENDA - PUBLICATION OF THE SUSTAINABILITY POLICY

As part of the development of the ESG Agenda (Environmental, Social, and Governance) we launched in December the Sustainability Policy, which reflects the purpose and vision of the TOTVS Group on how its businesses can positively influence and impact its ecosystem by connecting businesses, people, and technology that has sustainability as a value proposition.

The document reflects our commitment to a business agenda based on the integration of economic, environmental, social, governance, and relationship aspects with its ecosystem and brings internal governance to address this topic, which is led by the Governance and Nomination Committee (CGI) and the engagement of the Board of Directors (CA).

INTEREST ON EQUITY FOR 2H20

On December 15, 2020, the Board of Directors decided to distribute Interest on Equity (JCP) related to the second half of 2020 (H2'20) in the amount of R$56.7 million, corresponding to R$0.10 per share, which payment will take place on May 20, 2021 to shareholders holding shares of the Company on December 21, 2020.

Financial and Operational Performance

The data presented in this section consolidate the 4Q20 results of the following business segments:

Technology Segment: it represents TOTVS's 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, with 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:

	4Q20		
	Technology	**Credit Products**	**Consolidated**
Net Revenues	636,597	52,897	689,494
(-) Costs	(190,876)	(16,064)	(206,940)
Gross Profit	445,721	36,833	482,554
(-) Operational Expenses	(284,008)	(19,871)	(303,879)
EBITDA	161,713	16,962	178,675
EBITDA Margin	*25.4%*	*32.1%*	*25.9%*
Extraordinary Items	(14,286)	-	(14,286)
EBITDA	147,427	16,962	164,389
EBITDA Margin	*23.2%*	*32.1%*	*23.8%*
(-) Depreciation and Amortization	(56,770)	(565)	(57,335)
(-) Financial Results	(7,934)	223	(7,711)
(-) Income Tax and Social Contribution	(11,885)	(5,500)	(17,385)
(-) Taxes on Extraordinary Items	4,857	-	4,857
Ajusted Net Earnings (Losses)	75,695	11,120	86,815
Net Margin	*11.9%*	*21.0%*	*12.6%*
Cash Earnings (i)	90,814	11,120	101,934

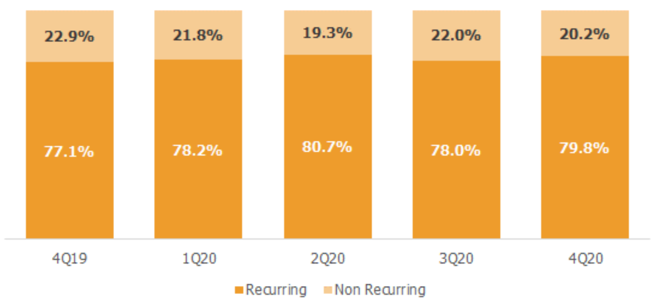
(i) Net Income without the effects of expenses with the amortization of intangibles arising from acquisitions

Technology Results

In R$ thousand	4Q20	4Q19	Δ	3Q20	Δ	2020	2019	Δ
Net Revenue	**636,597**	**579,292**	**9.9%**	**629,209**	**1.2%**	**2,467,959**	**2,282,124**	**8.1%**
Recurring	**508,054**	**446,717**	**13.7%**	**490,793**	**3.5%**	**1,954,093**	**1,729,218**	**13.0%**
Non Recurring	**128,543**	**132,575**	**-3.0%**	**138,416**	**-7.1%**	**513,866**	**552,906**	**-7.1%**
License	53,113	52,819	0.6%	63,529	-16.4%	222,033	213,915	3.8%
Services	75,430	79,756	-5.4%	74,887	0.7%	291,833	338,991	-13.9%
Costs	(190,876)	(191,460)	-0.3%	(188,895)	1.0%	(734,770)	(743,855)	-1.2%
Lucro Bruto	**445,721**	**387,832**	**14.9%**	**440,314**	**1.2%**	**1,733,189**	**1,538,269**	**12.7%**
Gross Margin	*70.0%*	*66.9%*	*310 bp*	*70.0%*	*0 bp*	*70.2%*	*67.4%*	*280 bp*
Total Expenses	**(284,008)**	**(278,569)**	**2.0%**	**(297,278)**	**-4.5%**	**(1,164,955)**	**(1,065,784)**	**9.3%**
Research and Development	(110,494)	(104,985)	5.2%	(105,532)	4.7%	(427,344)	(397,824)	7.4%
Commercial and Marketing Expenses	(126,778)	(112,418)	12.8%	(118,314)	7.2%	(464,091)	(423,997)	9.5%
Provision for Expected Credit Losses	(6,006)	(4,549)	32.0%	(7,952)	-24.5%	(39,045)	(28,434)	37.3%
General and Administrative Expenses	(62,569)	(45,465)	37.6%	(57,123)	9.5%	(219,092)	(182,895)	19.8%
Provision for Contingencies	(6,168)	(15,342)	-59.8%	(8,302)	-25.7%	(44,125)	(56,896)	-22.4%
Other Revenues (Expenses)	28,007	4,190	568.4%	(55)	-51021.8%	28,742	24,262	18.5%
EBITDA	**161,713**	**109,263**	**48.0%**	**143,036**	**13.1%**	**568,234**	**472,485**	**20.3%**
EBITDA Margin	*25.4%*	*18.9%*	*650 bp*	*22.7%*	*270 bp*	*23.0%*	*20.7%*	*230 bp*
Extraordinary Items								
Expenses with M&A Transactions	9,460	2,201	329.8%	5,474	-100.0%	15,338	2,201	596.9%
Extraordinary Costs with Layoffs	1,779	10,547	-83.1%	-	-	1,779	10,547	-83.1%
Provision Adjustment - Non Cash	-	(3,732)	-100.0%	-	-	-	(3,732)	-100.0%
Earns in Investiment Sale	-	-	-	-	-	-	(11,759)	-100.0%
Earn-out Adjustment at Fair Value	(25,526)	-	-	-	-	(25,526)	-	-
Adjusted Ebitda	**147,427**	**118,279**	**24.6%**	**148,510**	**-0.7%**	**559,826**	**469,742**	**19.2%**
EBITDA Margin	*23.2%*	*20.4%*	*280 bp*	*23.6%*	*-40 bp*	*22.7%*	*20.6%*	*210 bp*

Net Revenue

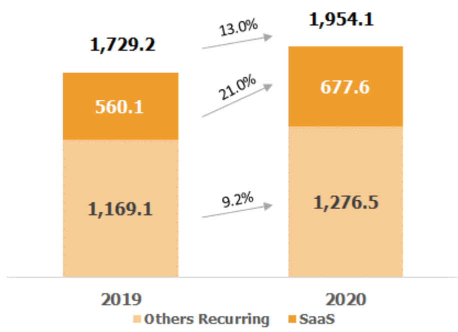
Mainly driven by the consistent double-digit growth in Recurring Revenue (which reached the level of 79.8% of Net Technology Revenue in the quarter and 79.2% in the year), Net Technology Revenue in 4Q20 grew 9.9% compared to 4Q19 and ended 2020 with an 8.1% growth over 2019.



Compared to 3Q20, the 1.2% increase in Net Technology Revenue resulted from the 3.5% increase in Recurring Revenue in the period, more than exceeding, in absolute terms, the 7.1% drop in Non-recurring Revenues.

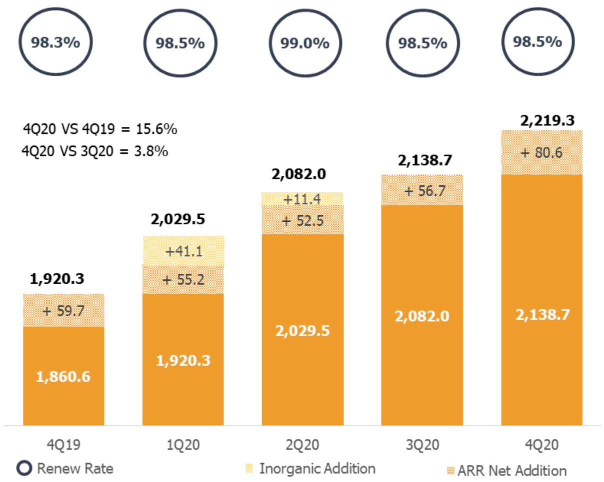
Recurring Revenue

The SaaS acceleration movement continued steadily in 2020. We approached the level of R$700 million per year, with a CAGR of over 20% in the 2017/2020 period. Supported by this 21% increase in SaaS, Recurring Revenue grew 13.7% in the quarter and 13% in 2020. Such performance was motivated particularly by: (i) the growth in sales, net of churn, especially in the SaaS model, which represented 65% of new sales in 4Q20; (ii) the high Renewal Rate of clients during the year (above 98.5%); (iii) the adjustments for inflation of contracts with inflation rates higher than those applied in the same period of 2019; and (iv) the consolidation of Consinco's and Wealth Systems' results.

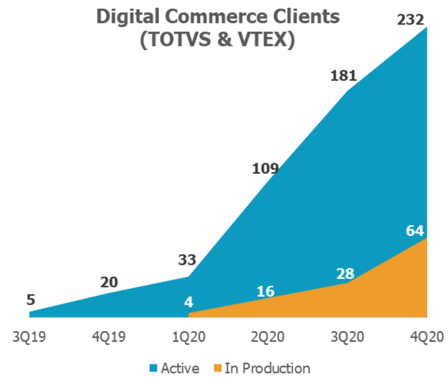


Recurring Revenue in 4Q20 accelerated, growing 9.2% organically against 4Q19 and exceeding the 8.2% year-over-year growth achieved in 3Q20. This reflects (i) sales to new and the installed base clients, as a result of the diversification of segments of the economy in which we operate, which allowed us to quickly re-prioritize and take advantage of business opportunities; (ii) contractual inflation adjustments in the period; and (iii) the return of grace periods to levels close to those found before the pandemic.

ARR (Annualized Recurring Revenue) in 4Q20 presented a strong net growth of R$80.6 million, breaking records and being 42.2% higher than that obtained in 3Q20 and 35% higher than in 4Q19. This reflects the great ability to adapt of the commercial structure of TOTVS.

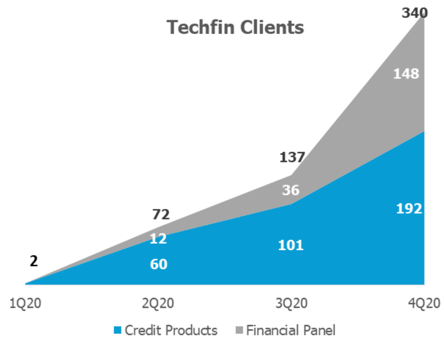


Another highlight in 2020 was the acceleration of cloud sales, the revenue of which grew 27% in the year and 31% in 4Q20. This movement is critical to TOTVS' growth plans, since cloud customers are prepared for all the innovations we have developed and allow the use of big data at another level.



In addition, the number of clients/customers using the Digital Commerce platform of our joint operation with VTEX has multiplied more than 11 times in 2020. Of this universe of clients, 27.6% are productive, that is, they have already reached levels of GMV (Gross Merchandise Volume) that enabled them to start contributing with the recurring revenue of this modality.

In addition, the strong growth in the number of active customers who started using our new Techfin solutions ("Consignado", "EduConnectPAY", "Mais Prazo", "TOTVS Antecipa" and "Painel Financeiro") was another highlight of the period, as shown in the chart on the side. Such results prove the success of these solutions and that we are on the right path to building new Techfin and Business Performance ecosystems.



Non-recurring Revenue

Year-over-year, Non-Recurring Revenues decreased by 3% in 4Q20 and 7.1% in 2020, substantially connected to the drop in Revenues from Non-Recurring Services, reflecting the quick "cloudification" process of our portfolio. The rejuvenation and expansion of TOTVS's portfolio have led clients to SaaS and cloud models. This model is lighter, exponential, accessible and standardized. This means less need for implementation and customization services. From 2018 to 2020, revenue from Non-Recurring Services fell by 24.4%. It is a clear sign of the change chosen by TOTVS.

On the other hand, in the same period from 2018 to 2020, revenues from Licenses, which are much more profitable, grew 24.9%. It reflects not only the continued commercial vigor of the maintenance model, but also the corporate model, which is essentially bound to the transactional volume of clients, which has grown in absolute terms, but also to the SaaS evolution itself since a starting fee is charged even in this modality.

Costs

In 2020, TOTVS continued to improve its operational efficiency and took advantage of home office to gain more productivity. As a result, Technology Costs decreased 0.3% year-over-year in 4Q20 and 1.2% in 2020. The drop in Revenue from Non-Recurring Services, which is much less profitable than the others, the dramatic increase in remote deployment, which reached a level close to 90%, in addition to the greater share of recurring revenues resulting from the sale of cloud based solutions, are some of the factors that ensured this improvement. With greater scalability, we expanded the Gross Margin by 310 basis points compared to 4Q19, and by 280 basis points compared to the fiscal year of 2019.

Compared with 3Q20, the 1% growth is mainly associated with the extraordinary cost of R$1.8 million with layoff of implementation services personnel.

Research and Development

Accumulated results in 2020 show that Research and Development (R&D) expenses represented 21.9% of Recurring Revenue, compared to 23% in 2019, confirming the gain in scale and efficiency, as a result of the increasingly intense use of insights generated by the telemetry analysis of our solutions, which enables a quick reallocation of resources to take advantage of opportunities and continuous investment in innovation, broadness, quality, and digitalization of our portfolio. In this context, some projects developed during 2020, with clear mid/long term return expectations, met the capitalization criteria's and summed R$18.9 million.

In 4Q20, R&D expenses increased 4.7% compared with the last quarter, mainly due to the wage increase on account of the collective bargaining agreement that took place in the regions of Joinville and Porto Alegre cities, as well as the expansion of investments in R&D for performing the strategy to develop an ecosystem based on 3 business dimensions (Management, Techfin, and Business Performance). Compared with 4Q19, R&D expenses grew 5.2%, mainly due to the consolidation of Consinco's and Wealth Systems' results over 2020.

Sales and Marketing Expenses

In the annual comparison, Sales and Marketing Expenses grew by 20 basis points when comparing 2020 versus 2019, going from 18.6% to 18.8% of Net Technology Revenue, and by 50 base points in the comparison with 4Q20 in the same period of the previous year, which now represents 19.9% of the Net Technology Revenue. This growth is the result of the: (i) increase in the share of franchises in the total sales mix; and (ii) consolidation of Consinco's and Wealth Systems' results over the year. When compared with 3Q20, this line grew 110 basis points, mainly explained by the investment resumption in digital marketing, which became the main route for generating commercial leads and helped to maintain the record acceleration of the net growth of ARR.

Provision for Expected Credit Losses

In the result of the year, the Provision for Expected Credit Losses represented 1.6% of Net Technology Revenue, versus the 1.2% earned in 2019, reflecting the increase in the average term of the receivables portfolio, whether due to commercial practices adopted that extended the average maturity of bonds due, either due to the volume of past-due bonds, especially in sectors most impacted by the Covid-19 pandemic over 2020.

However, this line represented 0.9% of Net Revenue from Technology in 4Q20 compared to 1.3% in 3Q20, reflecting the improvement in general delinquency levels and in the credit risk perception , which proves the resilience of our clients that continued using their software and operating in an organized manner and counting with TOTVS full support.

General and Administrative Expenses and Provision for Contingencies

After eliminating the extraordinary impacts of expenses with M&A transactions and costs with layoffs in 4Q19, General and Administrative Expenses ("DGA"), together with the Provision for Contingencies, represented 9.3% of Net Revenue from Technology in 4Q20, compared with 9.5% in 3Q20 and 9.4% in 4Q19.

In 2020, the lower representation of this group of expenses, which dropped from 10.2% in 2019 to 10% of Net Technology Revenue, is due to the combination of the: (i) reduction of contingencies, due to the lower number of new labor claims, as well as the progress of ongoing claims; (ii) increase in the provision for bonuses and for the Share-Based Long-Term Incentive Plan; and the (iii) consolidation of Consinco's and Wealth Systems' results.

Other Operational Income (Expenses)

Other Operational Income (Expenses) in 4Q20 are extraordinarily impacted by the reduction of R$25.5 million in obligations for investment acquisitions as a result of the annual review and update of the earn-out amounts of M&A transactions.

Adjusted EBITDA

The 9.9% expansion in Net Revenue, driven by the 13.7% growth in Recurring Revenue, combined with discipline in the management of costs and expenses, enabled a 24.6% increase in Adjusted EBITDA in 4Q20, reaching a Margin of 23.2% and 280 basis points higher than in 4Q19. This result demonstrates the success and scalability of the business model, in addition to the capacity to transform and adapt to market opportunities.

Likewise, the Adjusted EBITDA Margin ended the year at 22.7%, with an increase of 210 basis points compared to 2019, with Adjusted EBITDA showing a growth of 19.2%, which reinforces even more the Company's ability to leverage its operational performance in an exceptionally challenging year. It is also worth emphasizing that such EBITDA growth reflects the achievement of the Company's goals, which generated full payment of Bonus/PLR (profit-sharing distribution) as well as LTI (Long-Term Incentive - which already benefits 479 people) that together had a 40% growth over 2019, including the effect of 34% appreciation of Company´s share price in the year. In the period from 2018 to 2020, the growth of the Technology Adjusted EBITDA Margin reached 630 basis points.

Credit Products (Supplier) Results

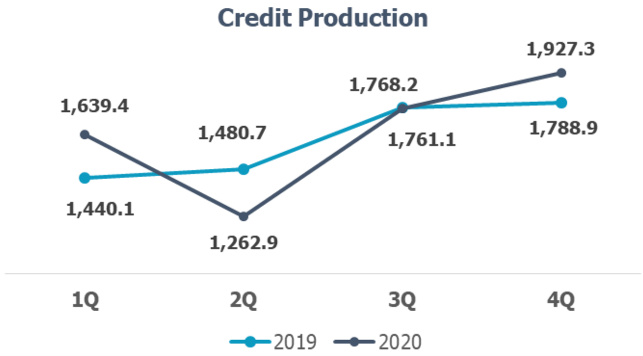
For the sake of comparison, we present below the results achieved by Supplier in the fourth quarter of 2019. In addition, Appendix I of this document provides a reconciliation between the results for the fiscal year 2019 published by Supplier (prior to the acquisition) and the standard of presentation of TOTVS's results.

	4Q20	4Q19(i)	Δ	3Q20	Δ
Credit Products Revenue - Supplier	**52,897**	**53,210**	**-0.6%**	**48,557**	**8.9%**
(-) Credit Products Costs	(16,064)	(14,103)	13.9%	(16,313)	-1.5%
Gross Revenue	**36,833**	**39,107**	**-5.8%**	**32,244**	**14.2%**
EBITDA Margin - Supplier	69.6%	73.5%	-390 bp	66.4%	320 bp
(-) Operational Expenses	(19,430)	(17,687)	9.9%	(19,865)	-2.2%
(-) Provision for Expected Credit Losses	(441)	(3,923)	-88.8%	533	-182.7%
EBITDA - Supplier	**16,962**	**17,497**	**-3.1%**	**12,912**	**31.4%**
EBITDA Margin - Supplier	32.1%	32.9%	-80 bp	26.6%	550 bp

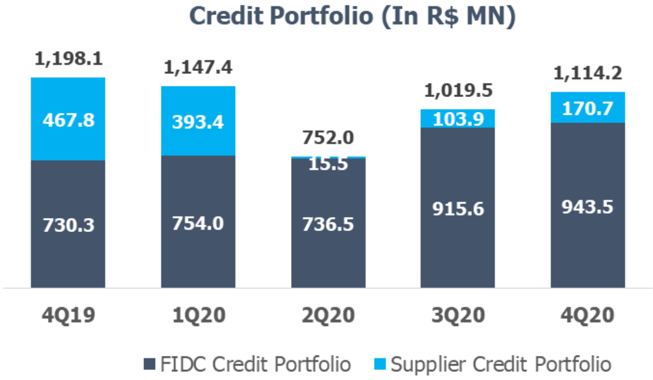
(i) Data presented for comparison purposes only, not consolidated in the 2019 and company results. Further details are presented in **appendix I.**

Credit Products Revenue

The Credit Products Revenue grew 8.9% compared to 3Q20, which shows that, after a strong recovery in "V", Credit Production continues its growth trajectory, having reached its highest historical level this quarter (as shown in the graph on the right), with the performance of the manufacturing segment being one of its highlights.



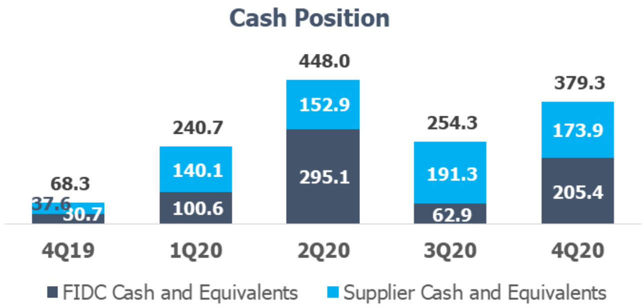
Compared with 4Q19, the resumption of economic activity in the chains served by Supplier, associated with the gain in penetration in the sales volumes of its affiliates, resulted in maintaining revenue levels in this period.



Such resumption also resulted in an increase in the credit portfolio, which reached levels similar to those found in the period prior to the Covid-19 pandemic, with R$1.1 billion in the Credit Portfolio, of which 85% were assigned to FIDC, as shown in the graph on the right.

Credit Product Costs

In the 4Q20 period, Credit Product Costs represented 30.4% of Credit Product Revenue compared to 33.6% in 3Q20. This reduction in relative cost is chiefly due to: (i) reduction in the average CDI for the quarter due to the reduction in the Selic rate from 2.25% to 2% in August; and (ii) greater use of Supplier's cash and less excess cash in the FIDC over the quarter, in the period that preceded the investments resulting from the new FIDC fundraising that took place in December, reflected in the graph below, which occurred to face the growth of the Credit Portfolio and the volume of originated credit.



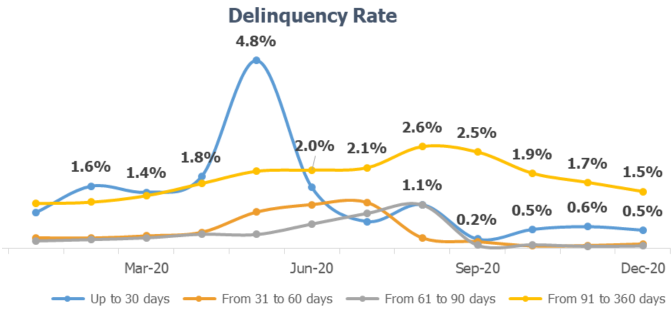
Year-over-year, the 13.9% growth in these costs is the result of a change in Supplier's capital stock structure, which led to a reduction in equity and an increase in third-party capital, carried out to respond to one of the conditions precedent for completing the acquisition of Supplier by TOTVS, as it had already been explained in previous quarters.

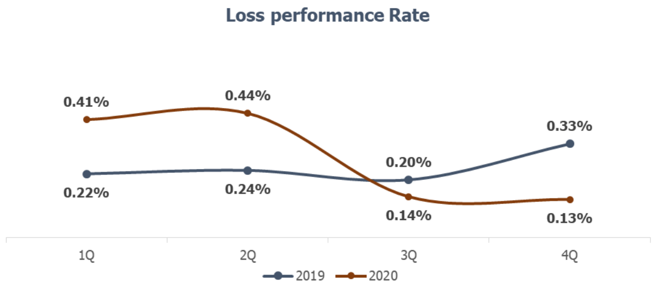
Operating Expenses

Operating Expenses, which include primarily the fixed operations' expense structures, showed an amount similar to 3Q20, despite the 8.9% increase in Revenue from Credit Products, which demonstrates the operation's scalability.

Provision for Expected Credit Losses

The Provision for Expected Credit Losses represented 0.8% of Revenue from Credit Products in 4Q20 compared to 7.4% in 4Q19. This line was positively impacted by the reversal of provisions made especially at the beginning of the pandemic period. As can be seen in the graph on the right, general speaking, delinquency are still at levels slightly below those found before the pandemic. This behavior is also the result of Supplier's more conservative posture in granting credit adopted at the beginning of the pandemic, since, as explained in previous quarters, Supplier's most valuable asset is the preservation of a healthy credit history.





In addition, we can see that the portfolio loss rate is still below the historic low average of this indicator in the period, which reinforces the flexibility and resilience of Supplier's business model, besides its efficient management in granting credit.

Supplier's EBITDA

In a challenging year, in which the business model of Credit Products was put to the test, Supplier ended 4Q20 with a historical Credit Production and the same level of Revenue and EBITDA Margin when compared to 4Q19, even with the change in Supplier's capital structure with the majority assignment of the credit portfolio to FIDC. In parallel with this result, we continued making progress in commercial integration, which has already resulted in 50% of new affiliates being implemented and 35% of new affiliates in the final negotiation phase from leads generated by TOTVS.

Finally, Supplier presented an ROE (Return on Equity) of 37.4% in the 2020 result (May to December) compared with 20.3% in 2019. Such increase reflects the successful change in the business model, which went from traditional to Fintech, in which the need for equity is significantly less. The next change, for the Techfin model, is already underway, with the use of big data and integration with TOTVS's software being one of its key highlights.

CONSOLIDATED RESULTS BELOW EBITDA

Depreciation and Amortization Expenses

In R$ thousand	4Q20	4Q19	Δ	3Q20	Δ	2020	2019	Δ
Depreciation	(25,444)	(23,356)	8.9%	(25,177)	1.1%	(99,477)	(91,331)	8.9%
Amortization	(31,891)	(13,455)	137.0%	(30,629)	4.1%	(105,110)	(55,702)	88.7%
Depreciation and Amortization	**(57,335)**	**(36,811)**	**55.8%**	**(55,806)**	**2.7%**	**(204,587)**	**(147,033)**	39.1%

Depreciation expenses grew 8.9% when compared with 4Q19 and fiscal year 2019. This increase is explained by: (i) consolidation of Consinco's, Wealth Systems', and Supplier's results; (ii) greater depreciation with electronic processing equipment, due to the increase in installed capacity. Compared with 3Q20, this line remained stable.

Amortization expenses also increased year-over-year, both in 4Q20 and in 2020, due to the beginning of the accounting amortization of intangibles arising from the acquisitions of Consinco, Wealth Systems, and

Supplier, as already mentioned in previous quarters, and by the increase in Amortization of the right to use the properties due to contract updates. When comparing 4Q20 versus 3Q20, the 4.1% growth is explained by the increase in Amortization, reflecting the reallocation of intangibles from acquisitions.

Financial Result

In R$ thousand	4Q20	4Q19	Δ	3Q20	Δ	2020	2019	Δ
Financial Revenues	6,973	18,048	-61.4%	8,214	-15.1%	47,344	69,312	-31.7%
Financial Expenses	(14,684)	(12,124)	21.1%	(17,779)	-17.4%	(58,778)	(70,489)	-16.6%
Financial Result	**(7,711)**	**5,924**	**-230.2%**	**(9,565)**	**-19.4%**	**(11,434)**	**(1,177)**	871.5%

In the year-over-year comparison, as well as in the quarterly comparison, the main items that affected the Financial Result were: (i) reduction in the average cash applied, as a result of the acquisitions made over 2020, together with the reduction in the Selic rate; and (ii) reduction, in 4Q20, of the adjustment to present value arising from the earn-out of acquisitions.

Income Tax and Social Contribution

In R$ thousand	4Q20	4Q19	Δ	3Q20	Δ	2020	2019	Δ
EBT	**113,629**	**78,258**	**45.2%**	**90,283**	**25.9%**	**382,104**	**324,027**	17.9%
Taxes at combined rate (34%)	(38,632)	(26,608)	45.2%	(30,699)	25.8%	(129,915)	(110,169)	17.9%
Law 11,196/05 - R&D Incentive	5,679	2,842	99.8%	4,988	13.9%	18,109	12,420	45.8%
Shares Issue Costs	-	-	-	-	-	-	9,840	-100.0%
Interest on Equity	19,303	14,911	29.5%	13,448	43.5%	32,751	27,228	20.3%
Effect of Subsidiaries with Differentiated Tax	(2,696)	(4,761)	-43.4%	(1,120)	140.7%	(7,234)	(11,934)	-39.4%
Other	(1,039)	719	-244.5%	1,955	-153.1%	221	2,504	-91.2%
Income Tax and Social Contribution	**(17,385)**	**(12,897)**	**34.8%**	**(11,428)**	**52.1%**	**(86,068)**	**(70,111)**	22.8%
Current Income Tax and Social Contribution	(24,431)	(3,092)	690.1%	(18,278)	33.7%	(80,919)	(54,628)	48.1%
Deferred Income Tax and Social Contribution	7,046	(9,805)	-171.9%	6,850	2.9%	(5,149)	(15,483)	-66.7%
% Current Effective Tax Rate	*21.5%*	*4.0%*	1750 bp	*20.2%*	130 bp	*21.2%*	*16.9%*	430 bp
% Total Effective Tax Rate	*15.3%*	*16.5%*	-120 bp	*12.7%*	260 bp	*22.5%*	*21.6%*	90 bp

The R&D projects covered by the tax incentive rules, combined with the higher amount of Interest on Equity in December, resulted in a drop in the Total Effective Rate in 4Q20 when compared with 4Q19.

In 2020, despite the behaviors described above, the tax benefit on expenses incurred in the subsequent issue of shares (follow-on) in 2019 made the Total Effective Rate grow 90 basis points.

Net Income and Cash Earnings

In R$ thousand	4Q20	4Q19	Δ	3Q20	Δ	2020	2019	Δ
EBITDA Technology	147,427	118,279	24.6%	148,510	-0.7%	559,826	469,742	19.2%
EBITDA Credit Products	16,962	-	-	12,912	31.4%	30,185	-	-
EBITDA TOTVS	**164,389**	**118,279**	**39.0%**	**161,422**	**1.8%**	**590,011**	**469,742**	25.6%
Net Margin	*23.8%*	*20.4%*	340 bp	*23.8%*	0 bp	*22.7%*	*20.6%*	210 bp
Depreciation and Amortization	(57,335)	(36,811)	55.8%	(55,806)	2.7%	(204,587)	(147,033)	39.1%
Financial Results + Equity Pickup	(7,711)	5,806	-232.8%	(9,859)	-21.8%	(11,728)	(1,425)	723.0%
Income Tax and Social Contribution	(17,385)	(12,897)	34.8%	(11,428)	52.1%	(86,068)	(70,111)	22.8%
Taxes on Extraordinary Items	4,857	(3,065)	-258.5%	(1,861)	-100.0%	2,859	933	206.5%
Net Income	**86,815**	**71,311**	**21.7%**	**82,468**	**5.3%**	**290,486**	**252,106**	15.2%
Net Margin	*12.6%*	*12.3%*	30 bp	*12.2%*	40 bp	*11.2%*	*11.0%*	20 bp
Acquisitions Amortization	22,908	5,773	296.8%	21,700	5.6%	71,306	24,814	187.4%
Deferred Income Tax and Social Contribution	(7,789)	(1,963)	296.8%	(7,378)	5.6%	(24,244)	(8,437)	187.4%
Cash Earnings	**101,934**	**75,122**	**35.7%**	**96,790**	**5.3%**	**337,548**	**268,484**	**25.7%**
Cash Earnings Margin	*14.8%*	*13.0%*	180 bp	*14.3%*	50 bp	*13.0%*	*11.8%*	120 bp

In the year-over-year comparison of 4Q20, Cash Earnings grew 35.7% mainly due to the growth in Adjusted EBITDA, having been also impacted by the reduction in the Financial Result, reflecting the lower average volume of cash invested and the lower average Selic rate in 2020.

When compared with 3Q20, the reduction in the negative Financial Result contributed to the growth of Cash Earnings at a level higher than the growth of Adjusted EBITDA.

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 an 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 excluded from TOTVS's Cash and cash equivalent balances in the tables below. In addition, in Appendix VI of this document, we present a reconciliation between the Cash Flow without the effects of the FIDC consolidation and the Cash Flow Statement that is part of the Consolidated Financial Statements.

	Without the effects of FIDC consolidation							
In R$ thousand	4Q20	4Q19	Δ	3Q20	Δ	2020	2019	Δ
Net income before taxes	**113,629**	**78,258**	**45.2%**	**90,283**	**25.9%**	**382,104**	**324,027**	**17.9%**
Non-cash items	50,334	69,112	-27.2%	89,490	-43.8%	308,144	282,188	9.2%
Change in working capital	(39,618)	(18,681)	112.1%	27,263	-245.3%	(94,837)	(100,198)	-5.4%
Interest paid	(2,885)	(3,591)	-19.7%	(9,284)	-68.9%	(21,638)	(116,841)	-81.5%
Income tax and social contribution paid	(21,973)	(8,653)	153.9%	(26,928)	-18.4%	(69,897)	(43,877)	59.3%
Assets and Liabilities Change from Discontinued Operation	-	1,036	-100.0%	-	-	-	-	-
Net operating cash flow	**99,487**	**117,481**	**-15.3%**	**170,824**	**-41.8%**	**503,876**	**345,299**	**45.9%**
Subsidiaries	(7,121)	18,146	-139.2%	8,558	-183.2%	(316,442)	20,244	-1663.1%
Fixed assets	(5,780)	(13,168)	-56.1%	(7,650)	-24.4%	(28,577)	(29,735)	-3.9%
Intangibles	(27,275)	(6,531)	317.6%	(6,981)	290.7%	(52,973)	(27,390)	93.4%
Financial Investments	(100,000)	-		-		(100,000)	-	
Net cash used in investing activities	**(140,176)**	**(1,553)**	**8926.1%**	**(6,073)**	**2208.2%**	**(497,992)**	**(36,881)**	**1250.3%**
Grow (Reduction) Gross Debt	86,301	(33,487)	-357.7%	(424,340)	-120.3%	(332,558)	(214,506)	55.0%
Issue of Shares	-	(94)	-100.0%	-	-	-	1,037,558	-100.0%
Shareholders Payment	(33,774)	(31,893)	5.9%	(4,538)	644.2%	(199,844)	(46,113)	333.4%
Net cash used in financing activities	**52,527**	**(65,474)**	**-180.2%**	**(428,878)**	**-112.2%**	**(532,402)**	**776,939**	**-168.5%**
Increase (decrease) in cash and cash equivalents	11,838	50,454	-76.5%	(264,127)	-104.5%	(526,518)	1,085,357	-148.5%
Cash and cash equivalents at the beginning of the period	999,800	1,487,702	-32.8%	1,263,927	-20.9%	1,538,156	452,799	239.7%
Cash and cash equivalents at the end of the period	**1,011,638**	**1,538,156**	**-34.2%**	**999,800**	**1.2%**	**1,011,638**	**1,538,156**	**-34.2%**
Free cash flow (i)	**(31,664)**	**100,152**	**-131.6%**	**162,320**	**-119.5%**	**336,607**	**365,289**	**-7.9%**

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

Compared with 4Q19, Free Cash Flow decreased by 131.6%, explained by: (i) investment of R$100 million in senior quotes of FIDC by Supplier in 4Q20; (ii) increase in Intangibles by the acquisition of software used in our cloud solutions; (iii) growth in income tax and social contribution paid due to the end of the use of accumulated losses of subsidiaries and the consolidation of the results of Consinco, Wealth Systems, and Supplier; and (iv) the variation in working capital due to the payment of taxes postponed during the pandemic period.

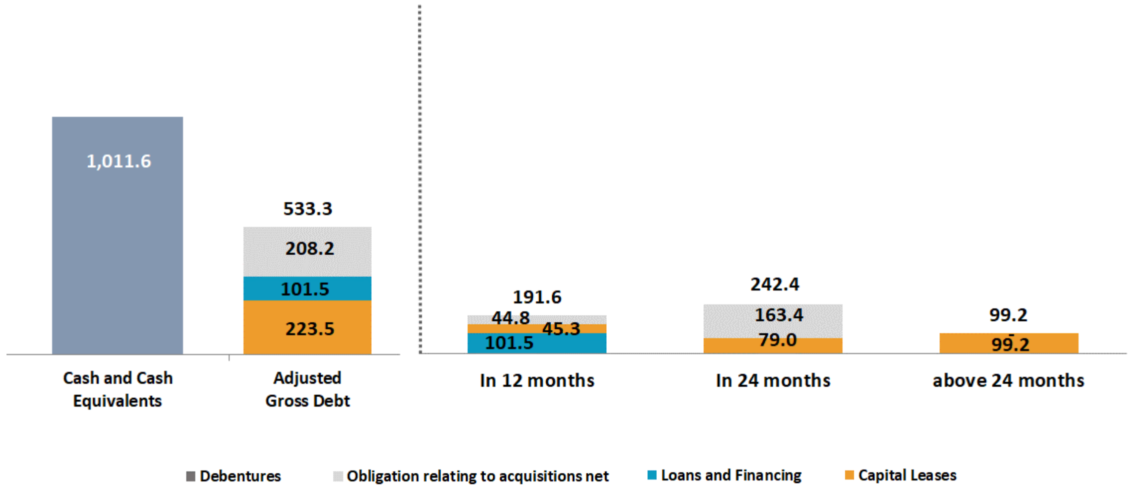
In 2020, Free Cash Flow decreased 7.9% compared with 2019, explained by the items (i), (ii) and (iii) mentioned above.

GROSS AND NET DEBT

Following 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 excluded for the purpose of calculating Adjusted Gross and Net Debt, as shown below:

In R$ thousand	4Q20	4Q19	Δ	3Q20	Δ
Loans, Financing and Capital Leases	325,050	247,703	31.2%	268,557	21.0%
Debêntures	-	202,973	-100.0%	200,288	-100.0%
Senior and mezzanine quota	1,011,087	-	-	924,802	9.3%
Obligation relating to acquisitions net	208,200	43,312	380.7%	48,288	331.2%
Gross Debt	**1,544,337**	**493,988**	**212.6%**	**1,441,935**	**7.1%**
(-) Senior and mezzanine quota	(1,011,087)	-	-	(924,802)	9.3%
Adjusted Gross Debt	**533,250**	**493,988**	**7.9%**	**517,133**	**3.1%**
(-) Cash ans cash equivalents	(1,011,638)	(1,538,156)	-34.2%	(999,800)	1.2%
(-) Investment Guarantees	(11,128)	(27,265)	-59.2%	(28,643)	-61.1%
Adjusted Net Debt (Cash)	**(489,516)**	**(1,071,433)**	**-54.3%**	**(511,310)**	**-4.3%**

The Adjusted Gross Debt ended 4Q20 at R$533.2 million, 19.2% higher than 3Q20. This increase is mainly due to the raising of R$100.0 million by Supplier for investing in senior quotes of FIDC, as commented in the Cash Flow section. When compared with 4Q19, the 7.9% growth is explained by the increase in the line of Obligations for Acquired Investments, as a result of acquisitions of companies, which took place over 2020.



The Cash and Equivalents Balance ended 4Q20 at R$1,011.6 million, which corresponds to 1.9x the total Adjusted Gross Debt balance and 5.3x the Adjusted Gross Debt balance, maturing in the next 12 months. This position reinforces the Company's solid position and financial liquidity for conducting its operating activities and carrying out its strategy in 3 business dimensions (Management, Techfin, and Business Performance).

SHAREHOLDER COMPOSITION

TOTVS ended 4Q20 with a Capital Stock of R$1.382 billion, comprising 577,913,181 common shares, which represent 83.1% of its free-float. 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)	4Q19	3Q20	2Q20	1Q20	4Q19
Free Float	83.1%	83.1%	83.1%	83.6%	83.9%
Management	16.9%	16.9%	16.9%	16.4%	16.1%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
National Investor	31.4%	34.0%	35.1%	38.9%	34.5%
International Investor	68.6%	66.0%	64.9%	61.1%	65.5%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

ABOUT TOTVS

An absolute leader in systems and platforms for business management, TOTVS delivers productivity to more than 40 thousand clients and customers 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 an originally Brazilian company, TOTVS believes in a “Brazil that gets things done” 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

This report contains forward-looking statements. Such information does not refer to historical facts only, but reflects the wishes and expectations of TOTVS's 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

Reconciliation of Supplier 2019 Results

Supplier Published vs. TOTVS Model

In R$ thousand	Supplier Published		Restatment between Lines	Supplier on TOTVS Model
Gross Revenue - Credit Products	207,547	(i)	6,212	213,759
(-) Taxes over Revenues	-	(ii)	(13,572)	(13,572)
Net Revenue - Credit Products	**207,547**		**(7,360)**	**200,187**
Costs of Credit Products	-	(v)	(59,541)	(59,541)
Gross Profit	**207,547**		**(66,901)**	**140,646**
Operational Expenses	(97,576)	(iii)	22,787	(74,789)
Provision for Expected Credit Losses	(13,444)		37	(13,407)
EBITDA	**96,527**	(iv)	**(44,077)**	**52,450**
EBITDA Margin	*46.5%*			*26.2%*
Depreciation and Amortization	(1,961)		-	(1,961)
Earns before financial effects	**94,566**		**(44,077)**	**50,489**
Financial Results	(40,967)		44,077	3,109
Earns before Income Tax and Social Contribution	**53,599**		**(0)**	**53,599**
Total Income Tax and Social Contribution	(15,578)		-	(15,578)
Net Income of the Period	**38,021**		**(0)**	**38,021**
Net Margin	*18.3%*			*19.0%*

(i) R$6,212 of Credit Rights Insurance Expenses reclassified from "Cost of Credit Products".

(ii) R$13,572 of Tax Expenses reclassified from "Operating Expenses".

(iii) R$13,572 of Tax Expenses reclassified to "Tax over Revenues" (+) R$9,215 of Cost with Credit Analysis reclassified to "Cost of Credit Products".

(iv) R$44,077 of senior quota remuneration reclassified to "Cost of Credit Products".

(v) R$6,212 Credit Rights Insurance Expenses reclassified from "Gross Revenue - Credit Products" (+) R$9,215 Cost with Credit Analysis reclassified from "Operating Expenses" (+) R$44,077 of senior quota remuneration reclassified from "Financial Results" (+) R$37 reclassified from "Allowance for doubtful Account"

Quarterly Results of Supplier – 2019

In R$ thousand	1Q19	2Q19	3Q19	4Q19	2019	May-Dec 2019
Gross Revenue - Credit Products	47,180	51,292	58,542	56,746	213,760	150,324
(-) Taxes over Revenues	(2,920)	(3,137)	(3,979)	(3,536)	(13,573)	(9,539)
Net Revenue - Credit Products	**44,260**	**48,155**	**54,563**	**53,210**	**200,187**	**140,785**
Costs of Credit Products	(15,048)	(15,215)	(15,175)	(14,103)	(59,541)	(39,206)
Gross Profit	**29,212**	**32,940**	**39,388**	**39,107**	**140,646**	**101,579**
Operational Expenses	(18,917)	(19,796)	(18,389)	(17,687)	(74,789)	(48,720)
Provision for Expected Credit Losses	(3,641)	(2,925)	(2,918)	(3,923)	(13,407)	(8,103)
EBITDA	**6,654**	**10,219**	**18,081**	**17,497**	**52,450**	**44,756**
EBITDA Margin	*15.0%*	*21.2%*	*33.1%*	*32.9%*	*26.2%*	*31.8%*
Depreciation and Amortization	(142)	(407)	58	(1,470)	(1,961)	(1,692)
Earns before Financial Effects	**6,512**	**9,812**	**18,139**	**16,027**	**50,489**	**43,064**
Financial Results	858	786	638	827	3,110	1,989
Earns before Income Tax and Social Contribution	**7,370**	**10,598**	**18,777**	**16,854**	**53,600**	**45,053**
Total Income Tax and Social Contribution	(1,836)	(3,225)	(5,025)	(5,493)	(15,579)	(13,233)
Net Income of the Period	**5,534**	**7,373**	**13,752**	**11,361**	**38,021**	**31,820**
Net Margin	*12.5%*	*15.3%*	*25.2%*	*21.4%*	*19.0%*	*22.6%*

APPENDIX II

Consolidated Income Statement

In R$ thousand	4Q20	4Q19	Δ	3Q20	Δ	2020	2019	Δ
Net Revenue	**689,494**	**579,292**	**19.0%**	**677,766**	**1.7%**	**2,596,077**	**2,282,124**	**13.8%**
Technology Revenue	636,597	579,292	9.9%	629,209	1.2%	2,467,959	2,282,124	8.1%
Recurring	508,054	446,717	13.7%	490,793	3.5%	1,954,093	1,729,218	13.0%
Non Recurring	128,543	132,575	-3.0%	138,416	-7.1%	513,866	552,906	-7.1%
License	53,113	52,819	0.6%	63,529	-16.4%	222,033	213,915	3.8%
Services	75,430	79,756	-5.4%	74,887	0.7%	291,833	338,991	-13.9%
Credit Services Revenue	52,897	-	-	48,557	8.9%	128,118	-	-
Operating Costs	(206,940)	(191,460)	8.1%	(205,208)	0.8%	(776,704)	(743,855)	4.4%
Technology Operating Costs	(190,876)	(191,460)	-0.3%	(188,895)	1.0%	(734,770)	(743,855)	-1.2%
Credit Operating Costs	(16,064)	-	-	(16,313)	-1.5%	(41,934)	-	-
Gross Income	482,554	387,832	24.4%	472,558	2.1%	1,819,373	1,538,269	18.3%
Operating Expenses	(361,214)	(315,380)	14.5%	(372,416)	-3.0%	(1,425,541)	(1,212,817)	17.5%
Research and Development	(112,990)	(104,985)	7.6%	(106,337)	6.3%	(431,348)	(397,824)	8.4%
Commercial and Marketing Expenses	(130,921)	(112,418)	16.5%	(122,155)	7.2%	(474,373)	(423,997)	11.9%
Provision for Expected Credit Losses	(6,447)	(4,549)	41.7%	(7,419)	-13.1%	(43,856)	(28,434)	54.2%
General and Administrative Expenses	(75,227)	(45,465)	65.5%	(72,368)	4.0%	(255,865)	(182,895)	39.9%
Provision for Contingencies	(6,168)	(15,342)	-59.8%	(8,281)	-25.5%	(44,125)	(56,896)	-22.4%
Depreciation and Amortization	(57,335)	(36,811)	55.8%	(55,806)	2.7%	(204,587)	(147,033)	39.1%
Other Revenues (Expenses)	27,874	4,190	565.3%	(50)	-55848.0%	28,613	24,262	17.9%
EBIT	121,340	72,452	67.5%	100,142	21.2%	393,832	325,452	21.0%
Financial Result	(7,711)	5,924	**-230.2%**	(9,565)	**-19.4%**	(11,434)	(1,177)	871.5%
Equity Pickup	-	(118)	-100.0%	(294)	-100.0%	(294)	(248)	18.5%
Earnings Before Taxes (EBT)	113,629	78,258	45.2%	90,283	25.9%	382,104	324,027	17.9%
Income Tax and Social Contribution	(17,385)	(12,897)	34.8%	(11,428)	52.1%	(86,068)	(70,111)	22.8%
Current	(24,431)	(3,092)	690.1%	(18,278)	33.7%	(80,919)	(54,628)	48.1%
Deferred	7,046	(9,805)	-171.9%	6,850	2.9%	(5,149)	(15,483)	-66.7%
Net Income from Continuing Operation	96,244	65,361	47.2%	78,855	22.1%	296,036	253,916	16.6%
Net Margin Continued Operation	*14.0%*	*11.3%*	*270 bp*	*11.6%*	*240 bp*	*11.4%*	*11.1%*	*30 bp*
Net Income (Loss) from Discontinued Operation	(97)	(11,455)	-99.2%	456	-121.3%	(1,077)	(43,268)	-97.5%
Net Income	**96,147**	**53,906**	**78.4%**	**79,311**	**21.2%**	**294,959**	**210,648**	40.0%
Net Margin	13.9%	9.3%	460 bp	11.7%	220 bp	11.4%	9.2%	220 bp
Income Tax and Social Contribution	17,385	12,897	34.8%	11,428	52.1%	86,068	70,111	22.8%
Financial Result	7,711	(5,924)	-230.2%	9,565	-19.4%	11,434	1,177	871.5%
Depreciation and Amortization	57,335	36,811	55.8%	55,806	2.7%	204,587	147,033	39.1%
Net Income (Loss) from Discontinued Operation	97	11,455	-99.2%	(456)	-121.3%	1,077	43,268	-97.5%
Equity Pickup	-	118	-100.0%	294	-100.0%	294	248	18.5%
EBITDA	**178,675**	**109,263**	**63.5%**	**155,948**	**14.6%**	**598,419**	**472,485**	**26.7%**
EBITDA Margin	25.9%	18.9%	700 bp	23.0%	290 bp	23.1%	20.7%	240 bp
Income Tax and Social Contribution								
Expenses with M&A Transactions	9,460	2,201	148.7%	5,474	-	15,338	2,201	596.9%
Extraordinary Costs with Layoffs	1,779	10,547	-83.1%	-	-	1,779	10,547	-83.1%
Provision Adjustment - Non Cash	-	(3,732)	-100.0%	-	-	-	(3,732)	-100.0%
Earns in Investment Sale	-	-	-	-	-	-	(11,759)	-100.0%
Earn-out Adjustment at Fair Value	(25,526)	-	-	-	-	(25,526)	-	-
Adjusted EBITDA	**164,389**	**118,279**	**39.0%**	**161,422**	**1.8%**	**590,011**	**469,742**	**25.6%**
EBITDA Margin	23.8%	20.4%	340 bp	23.8%	0 bp	22.7%	20.6%	210 bp

APPENDIX III

Balance Sheet

In R$ thousand	4Q20	4Q19	Δ	3Q20	Δ
	Without the effects of FIDC consolidation				
ASSETS					
Current assets	**1,820,690**	**2,004,275**	**-9.2%**	**1,667,943**	**9.2%**
Cash and cash equivalents	1,011,638	1,538,156	-34.2%	999,800	1.2%
Accounts receivable	630,361	453,118	39.1%	598,932	5.2%
Allowance for doubtful accounts	(76,643)	(102,123)	-25.0%	(81,506)	-6.0%
Financial Investments	161,327	-	-	53,862	199.5%
Recoverable taxes	38,092	29,662	28.4%	22,384	70.2%
Investment guarantees	10,012	25,278	-60.4%	10,307	-2.9%
Othe Assets	45,903	60,184	-23.7%	64,164	-28.5%
Non-current assets	**2,314,433**	**1,531,652**	**51.1%**	**2,320,799**	**-0.3%**
Long-term assets	**360,333**	**328,403**	**9.7%**	**371,964**	**-3.1%**
Accounts receivable	64,012	31,627	102.4%	57,679	11.0%
Deferred income tax and social contribution	100,535	100,380	0.2%	96,481	4.2%
Judicial deposits	43,972	65,059	-32.4%	48,789	-9.9%
Recoverable taxes	-	-	-	8,024	-100.0%
Escrow accounts	1,116	1,987	-43.8%	1,141	-2.2%
Financial assets	92,770	71,955	28.9%	100,696	-7.9%
Other receivables	57,928	57,395	0.9%	59,154	-2.1%
Investiments	3,476	3,120	11.4%	3,402	2.2%
Property, plant and equipment	364,447	389,432	-6.4%	378,120	-3.6%
Intangible assets	1,586,177	810,697	95.7%	1,567,313	1.2%
TOTAL ASSETS	**4,135,123**	**3,535,927**	**16.9%**	**3,988,742**	**3.7%**
LIABILITIES					
Current liabilities	**1,028,748**	**705,552**	**45.8%**	**899,010**	**14.4%**
Salaries and social charges payable	211,603	193,472	9.4%	238,636	-11.3%
Taxes payable	74,558	55,203	35.1%	89,580	-16.8%
Loans and financing	101,525	6,363	1495.6%	-	-
Current obligation under capital leases	45,281	49,260	-8.1%	46,785	-3.2%
Debentures	-	202,973	-100.0%	-	-
Suppliers	99,109	63,821	55.3%	91,360	8.5%
Commissions payable	53,795	46,035	16.9%	53,831	-0.1%
Obligation relating to acquisitions	44,781	32,554	37.6%	44,174	1.4%
Dividends and Interest on Equity payable	57,687	44,579	29.4%	36,075	59.9%
Other liabilities	11,592	11,292	2.7%	9,836	17.9%
Transfer to partners	328,817	-	-	288,733	13.9%
Non-current liabilities	**502,209**	**351,966**	**42.7%**	**523,716**	**-4.1%**
Current obligation under capital leases	178,244	192,080	-7.2%	185,431	-3.9%
Provision for contingencies	125,818	131,521	-4.3%	134,252	-6.3%
Obligation relating to acquisitions	163,419	10,758	1419.0%	170,838	-4.3%
Deferred Income Tax	289	-	-	3,741	-92.3%
Tax Obligations	3,977	-	-	3,998	-0.5%
Other liabilities	30,462	17,607	73.0%	25,456	19.7%
Shareholders' equity	**2,604,166**	**2,478,409**	**5.1%**	**2,566,016**	**1.5%**
Capital	1,382,509	1,382,509	-	1,382,509	-
Treasury stock	(148,537)	(62,531)	137.5%	(148,570)	0.0%
Capital reserve	894,824	875,979	2.2%	887,095	0.9%
Income reserve	381,869	234,389	62.9%	393,458	-2.9%
Other comprehensive income	42,541	22,051	92.9%	51,524	-17.4%
Additional Dividends Proposal	50,960	24,817	105.3%	-	-
Minority interests	-	1,195	-100.0%	-	-
TOTAL LIABILITIES AND EQUITY	**4,135,123**	**3,535,927**	**16.9%**	**3,988,742**	**3.7%**

APPENDIX IV

Balance Sheet Reconciliation

ASSETS	Consolidated	Effects from FIDC Consolidation	Consolidated without FIDC
CURRENT ASSETS	**2,831,973**	**(1,011,283)**	**1,820,690**
Cash and cash equivalents	1,027,733	(16,095)	1,011,638
Financial Investments	179,308	(17,981)	161,327
Net Accounts receivable	1,497,229	(943,511)	553,718
Othe Current Assets	127,703	(33,696)	94,007
Non-current assets	**2,314,433**	**-**	**2,314,433**
Other Non-current assets	363,809	-	363,809
Property, plant and equipment	364,447	-	364,447
Intangible assets	1,586,177	-	1,586,177
TOTAL ASSETS	**5,146,406**	**(1,011,283)**	**4,135,123**
LIABILITIES			
CURRENT LIABILITIES	**2,040,031**	**(1,011,283)**	**1,028,748**
Loans and financing	146,806	-	146,806
Transfer to partners	328,817	-	328,817
Senior and Mezzenine Quotas	1,011,087	(1,011,087)	-
Other Current Liabilities	553,321	(196)	553,125
NON-CURRENT LIABILITIES	**502,209**	**-**	**502,209**
Loans and financing	178,244	-	178,244
Provision for Contingencies	125,818	-	125,818
Other Non-Current Liabilities	198,147	-	198,147
Shareholders' equity	2,604,166	-	2,604,166
TOTAL LIABILITIES AND EQUITY	**5,146,406**	**(1,011,283)**	**4,135,123**

APPENDIX V

Cash Flow

In R$ thousand	Without the effects of FIDC consolidation							
	4Q20	4Q19	Δ		Δ	2020	2019	Δ
Net income before taxes	**113,629**	**78,258**	**45.2%**	**90,283**	**25.9%**	**382,104**	**324,027**	17.9%
Adjustments:	*50,334*	*69,112*	-27.2%	*89,490*	-43.8%	*308,144*	*282,188*	9.2%
Depreciation and amortization	57,335	36,811	55.8%	55,806	2.7%	204,587	147,033	39.1%
Share-based payment	7,762	4,324	79.5%	7,986	-2.8%	24,650	13,504	82.5%
Losses (Gains) on sales of assets	(818)	(1,599)	-48.8%	4	-20550.0%	(2,245)	(14,917)	-85.0%
Allowance for doubtful accounts	6,186	4,549	36.0%	8,061	-23.3%	39,420	28,434	38.6%
Equity pickup	-	118	-100.0%	294	-100.0%	294	248	18.5%
Provision (Reversal) for contingencies	6,168	15,125	-59.2%	8,281	-25.5%	44,125	56,679	-22.1%
Provision (Reversal) for other obligations	(26,812)	(3,638)	637.0%	-	-	(27,532)	(3,732)	637.7%
Interest, monetary and exchange variations, net	513	13,422	-96.2%	9,058	-94.3%	24,845	54,939	-54.8%
Changes in operating assets and liabilities:	*(39,618)*	*(17,645)*	*124.5%*	*27,263*	*-245.3%*	*(94,837)*	*(100,198)*	*-5.4%*
Trade accounts receivable	(46,975)	10,179	-561.5%	(119,662)	-60.7%	(253,752)	(62,052)	308.9%
Other assets	18,879	13,247	42.5%	10,115	86.6%	(3,257)	(3,944)	-17.4%
Judicial deposits	5,222	6,474	-19.3%	1,362	283.4%	22,294	879	2436.3%
Social and labor obligations	(26,988)	(24,699)	9.3%	3,221	-937.9%	(497)	24,480	-102.0%
Taxes recoverable	(7,522)	(17,502)	-57.0%	(4,198)	79.2%	4,011	2,859	40.3%
Suppliers	6,989	8,310	-15.9%	16,395	-57.4%	29,326	(6,415)	-557.1%
Commissions payable	(36)	1,899	-101.9%	6,576	-100.5%	6,786	5,469	24.1%
Taxes payable	(18,308)	5,253	-448.5%	(2,469)	641.5%	3,221	(1,168)	-375.8%
Business Partners Payable	40,084	-	-	127,890	-68.7%	151,616	-	-
Other accounts payable	(10,963)	(21,842)	-49.8%	(11,967)	-8.4%	(54,585)	(60,306)	-9.5%
Assets and Liabilities Change from Discontinued Operation	-	1,036	-100.0%	-	-	-	-	-
Operating cash flow	**124,345**	**129,725**	**-4.1%**	**207,036**	**-39.9%**	**595,411**	**506,017**	17.7%
Interest paid	(2,885)	(3,591)	-19.7%	(9,284)	-68.9%	(21,638)	(116,841)	-81.5%
Income tax and social contribuition paid	(21,973)	(8,653)	153.9%	(26,928)	-18.4%	(69,897)	(43,877)	59.3%
Net operating cash flow	**99,487**	**117,481**	**-15.3%**	**170,824**	**-41.8%**	**503,876**	**345,299**	45.9%
Acquisition of Equity Interest	(7,121)	-	-	-	-	(329,016)	-	-
Purchases of intangible assets	(27,275)	(6,531)	317.6%	(6,981)	290.7%	(52,973)	(27,390)	93.4%
Sale (Acquisition) of investments	-	18,146	-100.0%	8,558	-100.0%	19,695	25,677	-23.3%
Financial Investments	(100,000)	-	-	-	-	(100,000)	-	-
Value from fixed assets sale	1,251	817	53.1%	542	130.8%	3,490	3,258	7.1%
Payment of obligations for acquisition of investments	-	-	-	-	-	(7,121)	(5,433)	31.1%
Acquisition of fixed assets	(7,031)	(13,985)	-49.7%	(8,192)	-14.2%	(32,067)	(32,993)	-2.8%
Net cash used in investing activities	**(140,176)**	**(1,553)**	**8926.1%**	**(6,073)**	**2208.2%**	**(497,992)**	**(36,881)**	1250.3%
Payment of principal on loans and financing	-	(16,926)	-100.0%	(10,921)	-100.0%	(174,858)	(152,889)	14.4%
Payment of principal on Debentures	-	-	-	(400,000)	-100.0%	(400,000)	-	-
Payment of leasing installments	(13,699)	(16,561)	-17.3%	(13,419)	2.1%	(54,624)	(61,617)	-11.3%
Capital Contribution	-	(94)	-100.0%	-	-	-	1,037,558	-100.0%
Dividends paid	(35,164)	(32,106)	9.5%	(4,538)	674.9%	(108,228)	(49,898)	116.9%
Loans and financing	100,000	-	-	-	-	296,924	-	-
Net Treasury Shares	-	213	-100.0%	-	-	(93,006)	3,785	-2557.2%
Aplication (Redemption) of Senior and Mezanine Quotas	1,390	-	-	-	-	1,390	-	-
Net cash used in financing activities	**52,527**	**(65,474)**	**-180.2%**	**(428,878)**	**-112.2%**	**(532,402)**	**776,939**	-168.5%
Increase (decrease) in cash and cash equivalents	**11,838**	**50,454**	**-76.5%**	**(264,127)**	**-104.5%**	**(526,518)**	**1,085,357**	-148.5%
Cash and cash equivalents at the beginning of the period	999,800	1,487,702	-32.8%	1,263,927	-20.9%	1,538,156	452,799	239.7%
Cash and cash equivalents at the end of the period	1,011,638	1,538,156	-34.2%	999,800	1.2%	1,011,638	1,538,156	-34.2%

APPENDIX VI

4Q20 Cash Flow Reconciliation

In R$ thousand	4Q20 Consolidated	Effects from FIDC Consolidation	Consolidated without FIDC
Net income before taxes	**113,629**	**-**	**113,629**
Non-cash items	69,009	(18,675)	50,334
Change in working capital	(101,160)	61,542	(39,618)
Interest paid	(2,885)	-	(2,885)
Income tax and social contribution paid	(21,973)	-	(21,973)
Net operating cash flow	**56,620**	**42,867**	**99,487**
Subsidiaries	(7,121)	-	(7,121)
Fixed assets	(5,780)	-	(5,780)
Intangibles	(27,275)	-	(27,275)
Investment in bonds and securities	(115,934)	15,934	(100,000)
Net cash used in investing activities	**(156,110)**	**15,934**	**(140,176)**
Grow (Reduction) Gross Debt	86,301	-	86,301
Shareholders Payment	41,122	(74,896)	(33,774)
Net cash used in financing activities	**127,423**	**(74,896)**	**52,527**
-			
Increase (decrease) in cash and cash equivalents	27,933	(16,095)	11,838
Cash and cash equivalents at the beginning of the period	999,800	-	999,800
Cash and cash equivalents at the end of the period	**1,027,733**	**(16,095)**	**1,011,638**
Free cash flow (i)	**(90,465)**	**58,801**	**(31,664)**

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

2020 Cash Flow Reconciliation

In R$ thousand	2020 Consolidated	Effects from FIDC Consolidation	Consolidated without FIDC
Net income before taxes	**382,104**	**-**	**382,104**
Non-cash items	352,875	(44,731)	308,144
Change in working capital	(271,702)	176,865	(94,837)
Interest paid	(21,638)	-	(21,638)
Income tax and social contribuition paid	(69,897)	-	(69,897)
Net operating cash flow	**371,742**	**132,134**	**503,876**
Subsidiaries	(316,442)	-	(316,442)
Fixed assets	(28,577)	-	(28,577)
Intangibles	(52,973)	-	(52,973)
Investment in bonds and securities	42,231	(142,231)	(100,000)
Net cash used in investing activities	**(355,761)**	**(142,231)**	**(497,992)**
Grow (Reduction) Gross Debt	(332,558)	-	(332,558)
Shareholders Payment	(193,846)	(5,998)	(199,844)
Net cash used in financing activities	**(526,404)**	**(5,998)**	**(532,402)**
Increase (decrease) in cash and cash equivalents	(510,423)	(16,095)	(526,518)
Cash and cash equivalents at the beginning of the period	1,538,156	-	1,538,156
Cash and cash equivalents at the end of the period	**1,027,733**	**(16,095)**	**1,011,638**
Free cash flow (i)	**346,704**	**(10,097)**	**336,607**

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