



# EARNINGS RESULTS 3Q20



/Investor Relations

● October/2020

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

## **NEW PRODUCTS: TECHFIN AND FINANCIAL SERVICES**

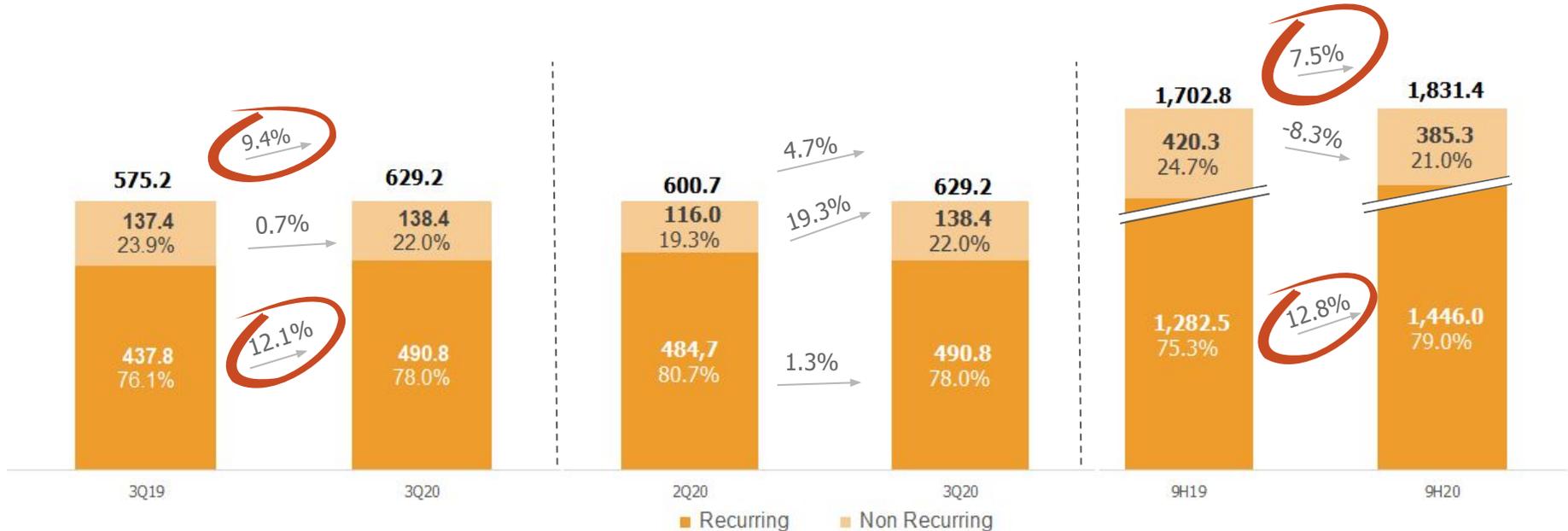
[TOTVS Consignado](#) Platform - another TECHFIN product that facilitates and simplifies the management of private payroll loans, allowing to carry out approvals without any manual intervention by the HR team. New module of [TOTVS Financial Services Core Banking](#) which will support financial institutions of all types to enter the universe of instant transactions in line with the recent developments in the national financial sector introduced by the Central Bank through the PIX.

## **PARTNERSHIP WITH MERCADO LIVRE**

Partnerships with Mercado Livre, one of the major players in the Retail, will allow customers of this vertical to make their offers, inventories, and commercialize their products, in a simple and automated way, strengthening their omnichannel strategy with the integration between TOTVS Omni by Moddo solution and the marketplace.



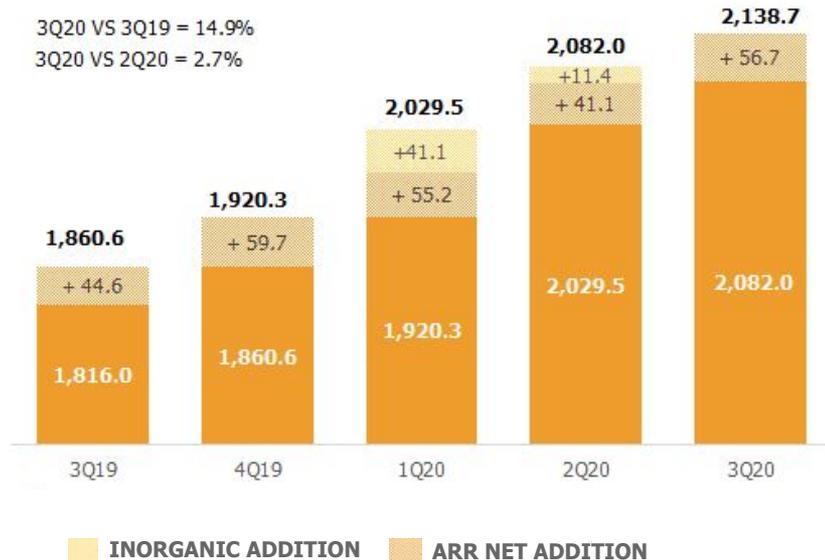
**RECURRING REVENUE KEPT IT'S GROWTH TRACK,  
EVEN IMPACTED BY THE BIGGER VOLUME OF SALES GRANTS CONCEIVED DURING THE PANDEMIC**



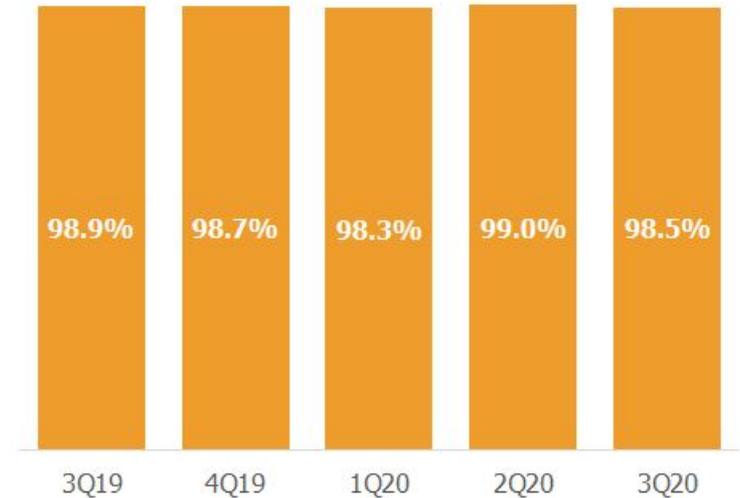


**ORGANIC NET ADDITION GREW 38% OVER THE 2Q20 AND 27% OVER 3Q19,  
AND THE RENEWAL RATE MAINTAINED ITS LEVEL OVER 98%**

## ANNUALIZED RECURRING REVENUE (ARR)

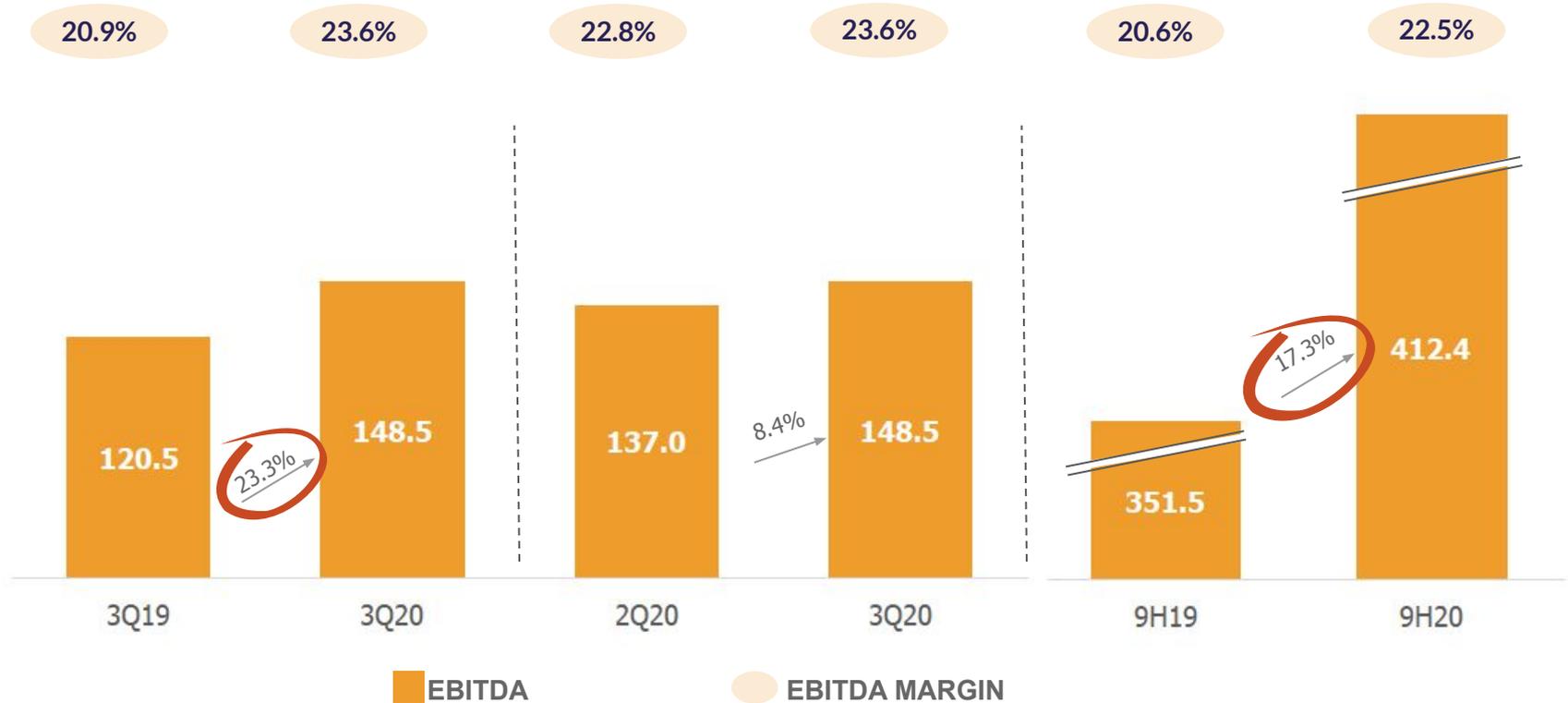


## CLIENT RENEWAL RATE





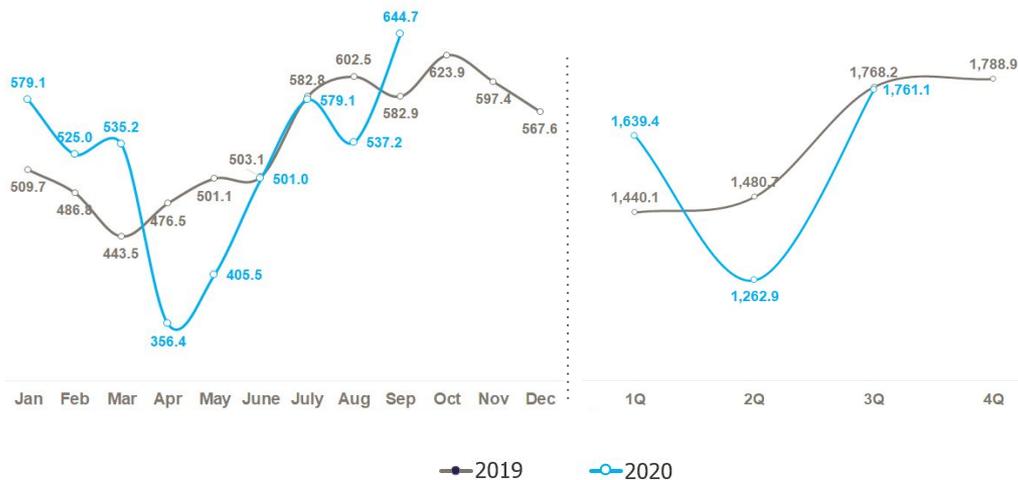
**EBITDA CONTINUED ITS EXPANSION IN THIS QUARTER  
EVEN WITH A EXCEPTIONALLY CHALLENGING YEAR**



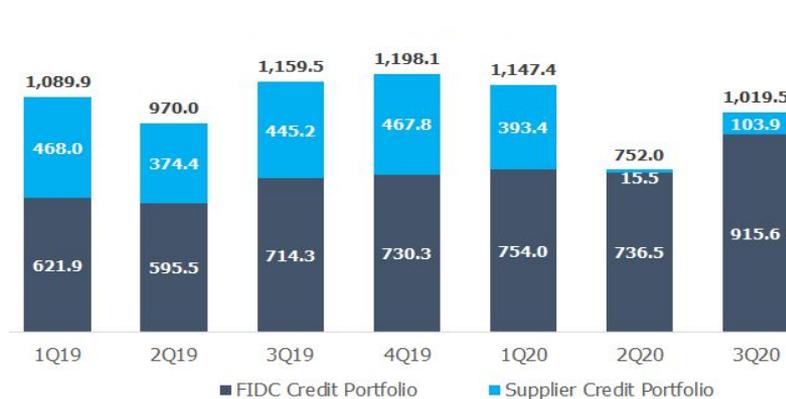


**THE QUARTER PRODUCTION PRESENTED A "V" RECOVERY**  
REACHING 2019 LEVELS, WHAT TRANSLATES IN A CREDIT PORTFOLIO OVER R\$1 BILLION...

## CREDIT PRODUCTION



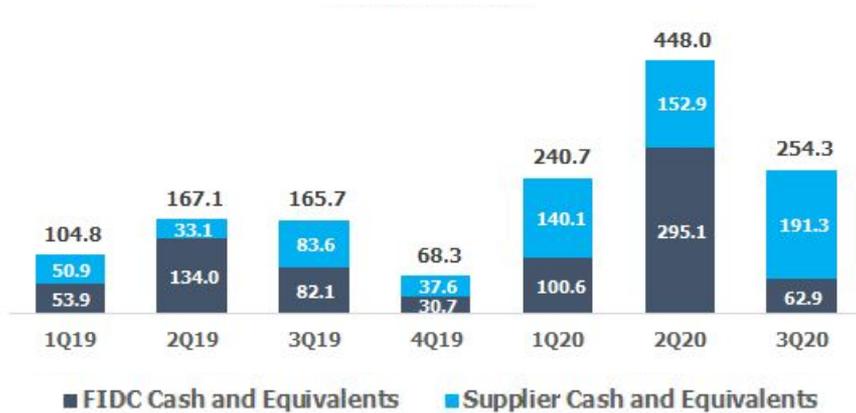
## CREDIT PORTFOLIO



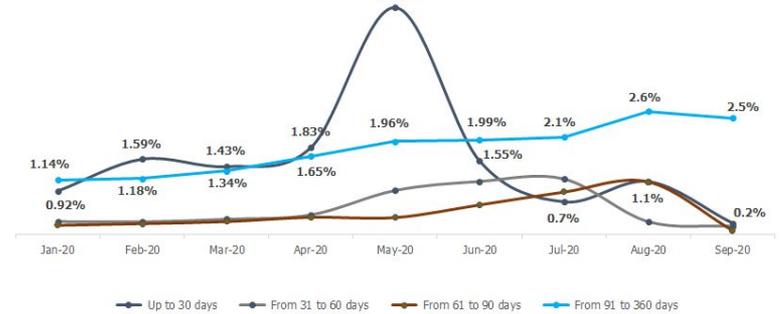


...WITH A CASH POSITION CLOSER TO HISTORICAL LEVELS  
AND DELINQUENCY UNDER THE LEVELS OF PRE COVID 19 PERIOD...

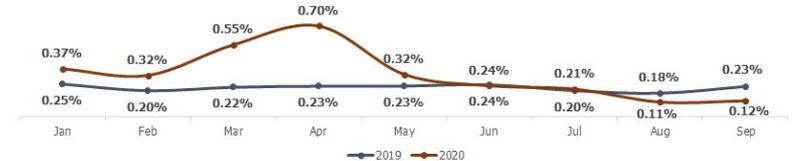
## CASH POSITION



## DELINQUENCY



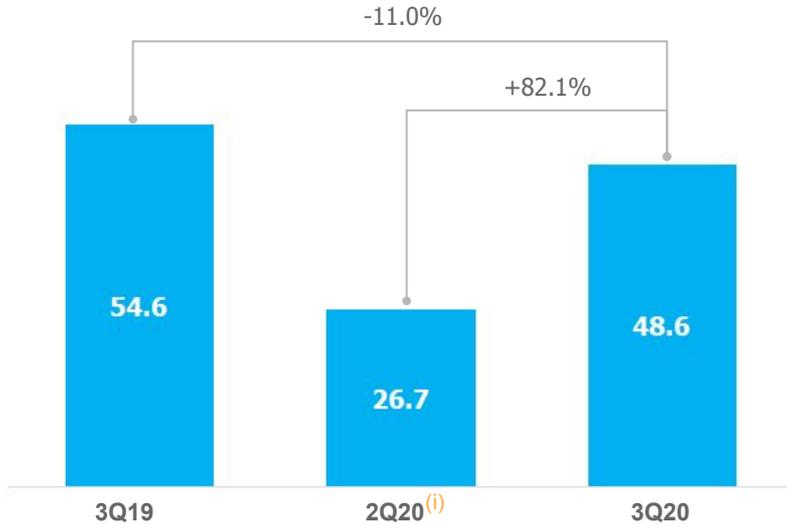
## EFFECTIVE LOSS





## ...RESULTING IN EXPRESSIVE EVOLUTION OF REVENUE AND EBITDA FOR THE QUARTER

### CREDIT PRODUCTS REVENUE



### EBITDA



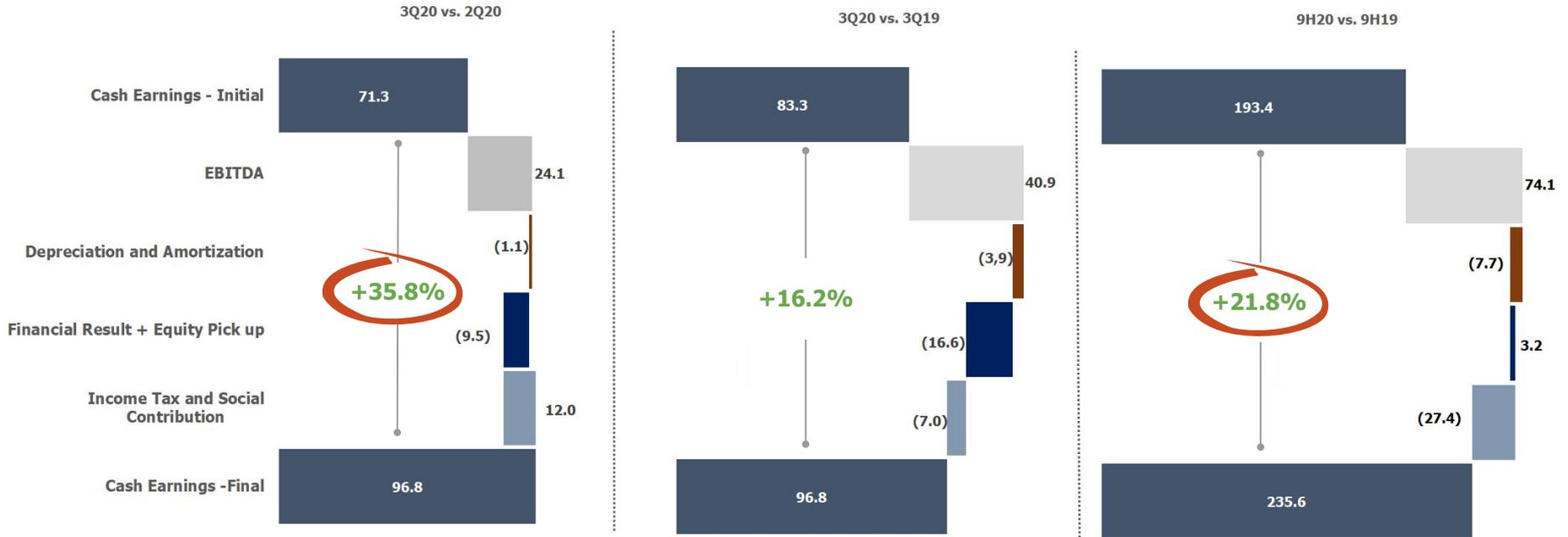
■ EBITDA

● EBITDA MARGIN

<sup>(i)</sup> Results corresponding to the months of May and June 2020 consolidated by TOTVS



## THE EBITDA GROWTH WAS THE MAIN REASON FOR THE CASH EARNINGS INCREASE IN THE PERIOD



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

- **NEW PRODUCTS AND PARTNERSHIPS**

Creation of new products and development of partnerships to offer an increasingly complete range of solutions to our clientes, aiming the development of a business ecosystem in 3 dimensions: Management Software, Techfin and Business Performance.

- **OPERATIONAL EVOLUTION**

The Company continues to advance in the execution of its strategy, presenting evolution in its results, both in Technology (e.g growth year over year of 27% in ARR net addition) as Credit Products (e.g. “V” recovery of credit production), which also reinforces the scalability and resilience of TOTVS’ business model (e.g. EBITDA Margin of 23.8%)

- **BUSINESS COMBINATION WITH LINX**

TOTVS remains convinced that our proposal for a business combinations with Linx is the one that allows the greatest value creation for both companies, their respective shareholders, clients and employees. Besides, the proposal is based in the higher levels of governance, preserving the equal and equitable treatment of all shareholders.

# THANK YOU



## Investor Relations

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- Technology + Knowledge are our DNA
- The success of our client is our success
- We value competent people who are nice people



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