

TOTVS S.A.

A publicly-held corporation

Corporate Taxpayer's Id. (CNPJ/ME) No. 53.113.791/0001-22

Company Registry (NIRE) 35.300.153.171

Manual to Attend

Annual and Extraordinary General Meetings (AEGM)

April 20, 2021



March 19, 2021



TABLE OF CONTENTS

1. MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS	3
2. AGENDA OF THE MEETINGS	5
3. GUIDELINES FOR TAKING PART IN MEETINGS	24
3.1 DATE, TIME, AND PLACE OF MEETINGS	24
3.2 GENERAL INFORMATION	24
4. USEFUL LINKS	26



1. MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Sao Paulo, March 19, 2021

Dear shareholders,

We are pleased to invite everyone, on behalf of the Board of Directors, to take part in the Annual and Extraordinary General Meetings of the Brazilian corporation known as TOTVS S.A. (hereinafter referred to as "TOTVS") to be held, cumulatively, on April 20, 2021 at 10:00 a.m (BRT – Brazilian time), at the headquarters of TOTVS located at Avenida Braz Leme, No. 1.000, Casa Verde district, in the city of Sao Paulo, State of Sao Paulo, Brazil, under the terms of the Meeting Notice to be published in the Valor Econômico newspaper and in the Official Gazette of the State of Sao Paulo (the "Meetings").

In this introductory letter I would like to emphasize that the year 2020 will certainly be marked in our history, and in what was considered the "new normal", the challenges we all had to face were immense and unprecedented, but technology has always been there as a great ally in this moment of global crisis, ensuring business continuity, the adaptation of financial, health, education, and logistics services, shortening distances in work and family life, and making science feasible through connection and collaboration between people.

Despite so many uncertainties, evolution has been our constant. It was a period of hard work, commitment and overcoming. We were closer and more present than ever in the daily lives of Brazilian people: walking alongside our clients and customers, turning challenges into reality, promoting the reinvention of strategies, the diversification of businesses, and the acceleration of digitalization. We are proud to be part of so many stories; to help so many clients and customers innovate, grow, and perpetuate their businesses.

With a great sense of responsibility, we kept our TOTVERS, clients and customers at the center of our actions, making every effort to preserve the health of associates and maintain the operation of clients, customers, and partners, working together with the Brazilian Association of Information Technology and Communication Companies (BRASSCOM) to develop a minimum protocol to return to activities.

We continued to perform our M&A strategy, completing the acquisitions and continuing the integration processes of Supplier, Consinco, and Wealth Systems, companies that were added to the TOTVS Group and which accelerated the expansion of our operations in new markets and strengthened our core business, as part of our goal to evolve and build an ecosystem of solutions with three business dimensions: (i) Management, with a portfolio of open, connected and customizable ERP, HR and Vertical solutions and platforms; (ii) Techfin - simplifying, expanding and making access to credit and other financial services cheaper; and (iii) Business Performance - creating a portfolio that helps businesses to leverage both sales and the relationship with their customers.

In the scope of Governance, we have advanced in the development of the ESG Agenda (Environmental, Social, and Governance) by launching our Sustainability Policy, and in consolidating the Compliance Program with the implementation of new initiatives and revision of the Code of Ethics and Conduct, which reinforce our commitment to the highest level of ethics and transparency in our business relationships. The Board of Directors followed it up and provided continuous support to the Board of Executive Officers during all discussions connected to the pandemic, committing itself to plan and adopt risk mitigation and occupational health and safety measures. As regards M&A projects, our performance was guided, as always, by the highest standards of excellence in governance, preserving the equal and unbiased treatment of all shareholders, while we also evolved in strengthening the assessment process of all levels of responsibilities that make up the Company's Management.



With the above considerations in mind, we highlight that the matters to be resolved at the Meetings are described in the Call Notice and in this document, which is composed of the Management's proposals and general guidelines to take part in the Company's Meetings, both announced to the market today, and include, among others, topics such as approval of the management's accounts and financial statements, the allocation of the results for the fiscal year 2020, the proposal for compensation of the management members for the fiscal year 2021, and the approval of a new Share-based Incentive Plan.

Accordingly, I kindly ask everyone to carefully examine the documents connected to the Meetings that are available at the headquarters of TOTVS and also on the Investor Relations website on the links pointed out in the corresponding section 4 of this Guide, and on the websites of the Brazilian Securities and Exchange Commission (www.cvm.gov.br) and B3 S.A. - Brasil, Bolsa, Balcão (www.b3.com.br).

Yours faithfully,

LAÉRCIO JOSÉ DE LUCENA COSENTINO

Chairman of the Board of Directors



2. AGENDA OF THE MEETINGS

For the Annual General Meeting:

1. Reviewing the Company's accounts as submitted by its Management, and also examine, discuss, and vote on the Company's financial statements for the fiscal year ended on December 31, 2020.

We hereby propose that the management's accounts and audited financial statements for the fiscal year 2020 be approved without any restriction, as they were disclosed on February 10, 2021 on the websites of the Brazilian Securities and Exchange Commission ("CVM") and B3 S.A. - Brazil, Bolsa, Balcão ("B3"), through the Supplementary and Periodic Information System ("IPE"), which were published on February 11, 2021 in the newspapers "Valor Econômico" and the Official Gazette of the State of Sao Paulo.

Pursuant to article 9, III, of CVM Instruction No. 481 of December 17, 2009 ("CVM Instruction 481/09"), the Executive Officers' comments on the Company's financial status are detailed in **EXHIBIT I** to the Management's Proposal.

2. Deciding on the capital budgeting for the purposes of complying with article 196 of Brazilian Law 6.404/76 (the Brazilian Corporations Act)

As detailed in **EXHIBIT II** to the Management's Proposal, we hereby propose the allocation, in order to face the Company's investment plan in 2021, to expansion projects, acquisition of assets, and strategic initiatives, in the amount of R\$132,731,049.91 (one hundred and thirty-two million, seven hundred and thirty-one thousand, forty-nine Reals and ninety-one cents), to be supported by retained earnings and own resources generated by the Company's operating activities.

3. Deciding on the allocation of net income for such fiscal year and the distribution of dividends.

As detailed in **EXHIBIT III** to the Management's Proposal, we hereby propose the following allocation of net income of the fiscal year 2020:

Net income of the fiscal year 2020	R\$294,957,888.68
Legal reserve	R\$14,747,894.43
Interest on Net Equity - stated on August 3, 2020	R\$39,742,843.21
Interest on Net Equity - stated on Dec. 15, 2020	R\$56,775,735.10
Dividends	R\$50,960,366.03
Retained earnings reserve	R\$132,731,049.91

Of the total net income for the fiscal year ended December 31, 2020, in the amount of R\$294,957,888.68 (two hundred and ninety-four million, nine hundred and fifty-seven thousand, eight hundred and eighty-eight Reals and sixty-eight cents), we propose that the following amounts are allocated as follows: (a) R\$14,747,894.43 (fourteen million, seven hundred and forty-seven thousand, eight hundred and ninety-four Reals and forty-three cents) to the legal reserve; (b) R\$147,478,944.34 (one hundred and forty-seven million, four hundred and seventy-eight thousand, nine hundred and forty-four Reals and thirty-four cents) to the payment of interest on net equity and dividends to shareholders, of which R\$39,742,843.21 (thirty-nine million, seven hundred and forty-two thousand, eight hundred and forty-three Reals and twenty-one cents) as interest on net equity already stated on August 3rd, 2020 and paid on 22 October 2020, R\$56,775,735.10 (fifty-six million, seven hundred and seventy-five thousand,



seven hundred and thirty-five Reals and ten cents) as interest on net equity already stated on December 15, 2020 and to be paid on May 20, 2021; and R\$50,960,366.03 (fifty million, nine hundred and sixty thousand, three hundred and sixty-six Reals and three cents) as dividends to be paid on May 20, 2021, as resolved at the Board of Directors' meetings held on August 3rd, 2020, December 15, 2020 and February 8, 2021, respectively, and R\$132,731,049.91 (one hundred and thirty-two million, seven hundred and thirty-one thousand, forty-nine Reals and ninety-one cents) to the retained earnings reserve, pursuant to Article 196 of the Brazilian Corporations Act, based on the capital budget to be approved by the General Meeting pursuant to section (2) hereinabove.

4. Determining the annual global remuneration of the members of both the Board of Directors and the Board of Executive Officers for the fiscal year 2021.

For comparative purposes, we first present the details of the global annual compensation for the fiscal year 2020 and the Compensation Proposal for the fiscal year 2021:

I - FISCAL YEAR 2020

At the Annual General Meeting held on April 27, 2020, a total compensation amount of up to R\$42,347,414.09 (forty-two million, three hundred and forty-seven thousand, four hundred and fourteen Reals and nine cents) was approved for the fiscal year 2020, encompassing Fixed, Variable (bonuses), benefits, and Share-based Compensation. Out of the total amount approved, R\$34,540,622.08 (thirty-four million, five hundred and forty thousand, six hundred and twenty-two Reals and eight cents) were actually used for that purpose.

As stated in detail in the tables and graphs below, the actual use of an amount 18.44% (eighteen, point forty-four percent) below the limit approved was possible due to the following factors:

- (i) Book value referring to Share-based Compensation, as a result of the granting of restricted shares in the 2020 grants with a price lower than that provided for in the Compensation Proposal due to the update of the average of the last 30 (thirty) sessions that preceded the preparation of the proposal and the effective grant date - the proposal was of R\$20.60 (twenty Reals and sixty cents) and the grants were made with the reference price of R\$17 (seventeen Reals);
- (ii) The new member of the Board of Executive Officers foreseen in the proposal for the second half of the year was not hired;
- (iii) Bonus below the estimated in the proposal due to the average level of achievement of goals by the Board;
- (iv) Adjustments in the contracts of benefits, such as medical and dental assistance, lower than the ones originally estimated; and
- (v) Individual adhesion of the Board of Executive Officers to the post-employment benefit connected to the private pension plan at a lower level than that provided for in the proposal.



PROPOSED AND PERFORMED NUMBERS IN 2020

	Proposed for 2020			Performed in 2020		
	Board	Executive Officers	Total	Board	Executive Officers	Total
Number of Members	7.67	7.50	15.17	7.67	7.00	14.67
Fixed annual compensation (FC)						
Salary or management fees	3,452,224.00	7,903,570.07	11,355,794.07	3,452,224.00	7,472,519.96	10,924,743.96
Direct and indirect benefits	395,558.64	1,417,346.03	1,812,904.67	369,311.15	1,238,120.80	1,607,431.95
Compensation for participation in Committees	1,044,979.20	0.00	1,044,979.20	1,010,995.20	0.00	1,010,995.20
Total FC	4,892,761.84	9,320,916.10	14,213,677.94	4,832,530.35	8,710,640.76	13,543,171.11
Variable compensation (VC)						
Bonus	0.00	5,083,735.43	5,083,735.43	0.00	3,579,074.14	3,579,074.14
Total Fix.C. + Var.C.	4,892,761.84	14,404,651.53	19,297,413.37	4,832,530.35	12,289,714.90	17,122,245.25
Other						
Post-employment benefits	0.00	364,780.15	364,780.15	0.00	161,884.25	161,884.25
Benefits for termination of tenure	0.00	92,195.26	92,195.26	0.00	92,195.26	92,195.26
Total FC + VC + Other	0.00	5,540,710.84	5,540,710.84	0.00	3,833,153.65	3,833,153.65
Total FC + VC + Other	4,892,761.84	14,861,626.94	19,754,388.78	4,832,530.35	12,543,794.41	17,376,324.76
Share-based compensation[†]						
Accounting recognition - granting in the current year	1,240,400.00	5,674,830.00	6,915,230.00	984,600.00	4,504,545.00	5,489,145.00
Accounting recognition - granting in previous years	1,154,400.00	14,523,395.31	15,677,795.31	1,154,400.00	10,520,752.35	11,675,152.35
Total share-based compensation	2,394,800.00	20,198,225.31	22,593,025.31	2,139,000.00	15,025,297.35	17,164,297.35
General Total	7,287,561.84	35,059,852.25	42,347,414.09	6,971,530.35	27,569,091.76	34,540,622.11

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).
 Note: the actual amounts in 2020 of the accounting recognition of previous years of share-based compensation refer to R\$1,492,947.59 (one million, four hundred and ninety-two thousand, nine hundred and forty-seven Reals and fifty-nine cents), of the 2016 grants, R\$1,889,684.21 (one million, eight hundred and eighty-nine thousand, six hundred and eighty-four Reals and twenty-one cents) of the 2017 grants, R\$3,511,380.43 (three million, five hundred and eleven thousand, three hundred and eighty reais and forty-three cents) of the 2018 grants and R\$4,781,140.12 (four million, seven hundred and eighty-one thousand, one hundred and forty Reals and twelve cents) of the 2019 grants.



VARIATION BETWEEN PROPOSED AND PERFORMED NUMBERS IN 2020

Performed 2020 vs. Proposed 2020

	Absolute variation			Percentage (%) change		
	Board	Executive Officers	Total	Board	Executive Officers	Total
Number of Members	0.00	-0.50	-0.50	0.00%	-6.67%	-3.30%
Fixed annual compensation (FC)						
Salary or management fees	0.00	-431,050.11	-431,050.11	0.00%	-5.45%	-3.80%
Direct and indirect benefits	-26,247.49	-179,225.23	-205,472.72	-6.64%	-12.65%	-11.33%
Compensation for participation in Committees	-33,984.00	0.00	-33,984.00	-3.25%	-	-3.25%
Total FC	-60,231.49	-610,275.34	-670,506.83	-1.23%	-6.55%	-4.72%
Variable compensation (VC)						
Bonus	0.00	-1,504,661.29	-1,504,661.29	-	-29.60%	-29.60%
Total Fix.C. + Var.C.	-60,231.49	-2,114,936.62	-2,175,168.12	-1.23%	-14.68%	-11.27%
Other						
Post-employment benefits	0.00	-202,895.90	-202,895.90	-	-55.62%	-55.62%
Benefits for termination of tenure	0.00	0.00	0.00	-	0.00%	0.00%
Total FC + VC + Other	0.00	-1,707,557.19	-1,707,557.19	-	-30.82%	-30.82%
Total FC + VC + Other	-60,231.49	-2,317,832.52	-2,378,064.02	-1.23%	-15.60%	-12.04%
Share-based compensation¹						
Accounting recognition - granting in the current year	-255,800.00	-1,170,285.00	-1,426,085.00	-20.62%	-20.62%	-20.62%
Accounting recognition - granting in previous years	0.00	-4,002,642.96	-4,002,642.96	0.00%	-27.56%	-25.53%
Total share-based compensation	-255,800.00	-5,172,927.96	-5,428,727.96	-10.68%	-25.61%	-24.03%
General Total	-316,031.49	-7,490,760.48	-7,806,791.98	-4.34%	-21.37%	-18.44%

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

PROPOSED AND PERFORMED NUMBERS IN 2020



II - FISCAL YEAR 2021

For 2021, the Company's Management informs that it has not made any changes to the compensation plan of the Board of Directors and Board of Executive Officers, be it to criteria of Fixed, Variable (Bonus), Benefits, or Share-based Compensation.



A. Number of members:

Regarding the number of members of the Board of Directors and Statutory Board of Executive Officers for 2021, the Company's Management hereby proposes:

- (i) Maintaining the number of members of the Board of Directors; and
- (ii) The possibility of adding a member to the Board of Executive Officers over 2021.

B. Fixed and variable compensation and benefits:

For purposes of equalization with market practices, the Company's Management proposes for 2021:

- (i) Updating the amounts regarding the Fixed Compensation of the Board of Directors at an index equivalent to the inflation rate ascertained in the period;
- (ii) Updating the amounts referring to the Compensation for Taking Part in Committees for Coordinators of Committees in a rate higher than the inflation in the period, according to the practices observed in the market and the distinguished level of dedication of this role if compared to the other committee members. This item represents an additional 12.42% (twelve point forty-two percent) regarding the 2020 proposal in the line "Compensation for taking part in committees";
- (iii) Updating the amounts related to the Fixed Compensation and Bonuses of the Vice-Presidents (Statutory Board of Executive Officers) at a rate equivalent to the inflation ascertained in the period; and updating the amounts regarding the CEO's Fixed Compensation and Bonuses (Statutory Board of Executive Officers) at an index higher than the inflation, aiming at adapting it to the standards practiced especially in the information technology market in Brazil. These items, taken together, represent an additional of 4.92% (four point ninety-two percent) in the salaries of the Statutory Board of Executive Officers and 12.59% (twelve point fifty-nine percent) in the bonuses payable (both compared to the 2020 proposal); and
- (iv) Readjusting the amounts of medical and dental assistance benefits provided to the Statutory Board of Executive Officers, according to the conditions provided for in the contracts with the corresponding service providers.

As contained in the items above, the Company's Management proposes for 2021, under the terms of the Board of Directors' meeting held on March 12, 2021, an amount of up to R\$20,723,601.78 (twenty million, seven hundred and twenty-two thousand three hundred and one Reals and seventy-eight cents) as fixed and variable compensation, plus benefits. This proposal brings an increase of 4.91% (four point ninety-one percent) compared to the amounts proposed for 2020, as shown in the tables and graphs below:

PROPOSAL FOR 2021 (Fixed Comp. + Var. Comp. + Benefits)

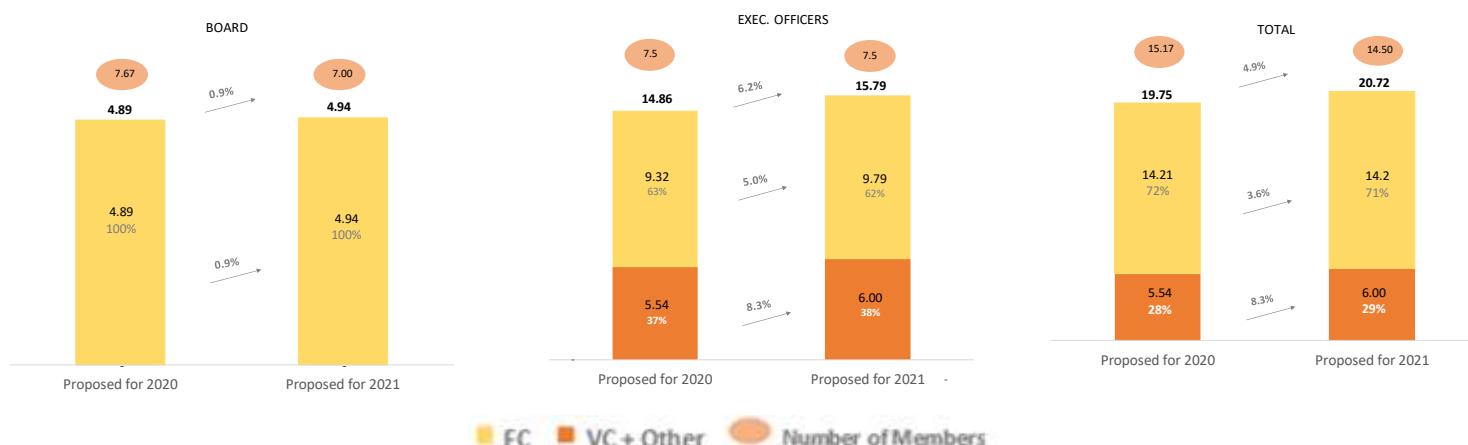
	Proposed 2021			Proposed for 2020			Performed in 2020		
	Board	Executive Officers	Total	Board	Executive Officers	Total	Board	Executive Officers	Total
Number of Members	7.00	7.50	14.50	7.67	7.50	15.17	7.67	7.00	14.67
Fixed annual compensation (FC)									
Salary or management fees	3,381,243.72	8,292,805.49	11,674,049.22	3,452,224.00	7,903,570.07	11,355,794.07	3,452,224.00	7,472,519.96	10,924,743.96
Direct and indirect benefits	380,699.23	1,495,195.59	1,875,894.82	395,558.64	1,417,346.03	1,812,904.67	369,311.15	1,238,120.80	1,607,431.95
Compensation for participation in Committees	1,174,779.61	0.00	1,174,779.61	1,044,979.20	0.00	1,044,979.20	1,010,995.20	0.00	1,010,995.20
Total FC	4,936,722.57	9,788,001.08	14,724,723.65	4,892,761.84	9,320,916.10	14,213,677.94	4,832,530.35	8,710,640.76	13,543,171.11
Variable compensation (VC)									
Bonus	0.00	5,723,800.27	5,723,800.27	0.00	5,083,735.43	5,083,735.43	0.00	3,579,074.14	3,579,074.14
Total Fix.C. + Var.C.	4,936,722.57	15,511,801.35	20,448,523.92	4,892,761.84	14,404,651.53	19,297,413.37	4,832,530.35	12,289,714.90	17,122,245.25
Other									
Post-employment benefits	0.00	275,077.86	275,077.86	0.00	364,780.15	364,780.15	0.00	161,884.25	161,884.25
Benefits for termination of tenure	0.00	0.00	0.00	0.00	92,195.26	92,195.26	0.00	92,195.26	92,195.26
Total FC + VC + Other	0.00	5,998,878.13	5,998,878.13	0.00	5,540,710.84	5,540,710.84	0.00	3,833,153.65	3,833,153.65
Total FC + VC + Other	4,936,722.57	15,786,879.21	20,723,601.78	4,892,761.84	14,861,626.94	19,754,388.78	4,832,530.35	12,543,794.41	17,376,324.76



VARIATION BETWEEN 2021 PROPOSAL AND 2020 PROPOSAL (Fixed Comp. + Var. Comp. + Benefits)

	Proposed 2021 vs. Proposed 2020					
	Absolute variation			Percentage (%) change		
	Board	Executive Officers	Total	Board	Executive Officers	Total
Number of Members	-0.67	0.00	-0.67	-8.70%	0.00%	-4.40%
Fixed annual compensation (FC)						
Salary or management fees	-70,980.28	389,235.43	318,255.15	-2.06%	4.92%	2.80%
Direct and indirect benefits	-14,859.41	77,849.56	62,990.15	-3.76%	5.49%	3.47%
Compensation for participation in Committees	129,800.41	0.00	129,800.41	12.42%	-	12.42%
Total FC	43,960.72	467,084.99	511,045.71	0.90%	5.01%	3.60%
Variable compensation (VC)						
Bonus	0.00	640,064.84	640,064.84	-	12.59%	12.59%
Total Fix.C. + Var.C.	43,960.72	1,107,149.83	1,151,110.55	0.90%	7.69%	5.97%
Other						
Post-employment benefits	0.00	-89,702.29	-89,702.29	-	-24.59%	-24.59%
Benefits for termination of tenure	0.00	-92,195.26	-92,195.26	-	-100.00%	-100.00%
Total FC + VC + Other	0.00	458,167.29	458,167.29	-	8.27%	8.27%
Total FC + VC + Other	43,960.72	925,252.28	969,213.00	0.90%	6.23%	4.91%

PROPOSAL FOR 2021 (Fixed Comp. + Var. Comp. + Benefits)



C. Share-based Compensation:

The share-based compensation recognized in each fiscal year and explained throughout this topic strictly follows the criteria corresponding to the maximum accounting estimates due to the accounting deferral set forth by the applicable legislation under the CPC 10 standard. The CPC 10 accounting standard, based on the international standard IFRS 2, aims at prescribing procedures for the recognition and disclosure of transactions with payment based on actions carried out by the Companies. To assist understanding thereof, according to CPC10 the cost of transactions settled with equity instruments must be measured based on the fair value on the date they were granted, using an appropriate valuation model. Such cost is recognized in Shared-based compensation expenses together with the corresponding increase in shareholders' equity over the plan's grace period. For detailed information, please visit:

<http://www.cpc.org.br/CPC/Documentos-Emitidos/Pronunciamentos/Pronunciamento?Id=41>

As regards the year-over-year progress, the Shared-based Compensation goes from the 2020 proposed value of R\$22,593,025.31 (twenty-two million, five hundred and ninety-three thousand, twenty-five Reals and thirty-one cents) to the 2021 proposal of R\$29,563,660.30 (twenty-nine million, five hundred and sixty-three thousand, six hundred and sixty Reals and thirty cents), as shown in the table below:



2021 PROPOSAL (SHARED-BASED COMPENSATION)

	Proposed 2021			Proposed for 2020			Performed 2020			Variation of proposed #2021 vs. prop.20
	Board	Executive Officers	Total	Board	Executive Officers	Total	Board	Executive Officers	Total	
Share-based compensation¹										
Accounting recognition - granting in the current year	1,855,800.00	8,075,823.00	9,931,623.00	1,240,400.00	5,674,830.00	6,915,230.00	984,600.00	4,504,545.00	5,489,145.00	3,016,393.00
Accounting recognition - granting in previous years	2,631,300.00	17,000,737.30	19,632,037.30	1,154,400.00	14,523,395.31	15,677,795.31	1,154,400.00	10,520,752.35	11,675,152.35	3,954,241.99
Total share-based compensation	4,487,100.00	25,076,560.30	29,563,660.30	2,394,800.00	20,198,225.31	22,593,025.31	2,139,000.00	15,025,297.35	17,164,297.35	6,970,634.99
Total number of shares - granting in the current year	270,000	1,174,950	1,444,950	270,000	1,235,250	1,505,250	270,000	1,235,250	1,505,250	-60,300.00
Total number of shares - granting in previous years	540,000	3,008,064	3,548,064	270,000	2,601,639	2,871,639	270,000	2,550,613	2,820,613	676,425.00
Total number of shares	810,000	4,183,014	4,993,014	540,000	3,836,889	4,376,889	540,000	3,785,863	4,325,863	616,125
Total economic par value - granting in the current year	8,351,100	36,341,204	44,692,304	5,581,800	25,536,735	31,118,535	4,430,700	20,270,453	24,701,153	13,573,769

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

Note 1: the amounts granted in previous years were approved by the competent bodies, in accordance with the Share-Based Incentive and Retention Plans approved by the shareholders at General Meetings held, respectively, on December 15, 2015 that was amended on April 5, 2018 and April 18, 2019, having been, therefore, already granted to the beneficiaries.

Note 2: the total book economic value multiplies the total number of shares of the grants performed in the current year with the fair value of the shares.

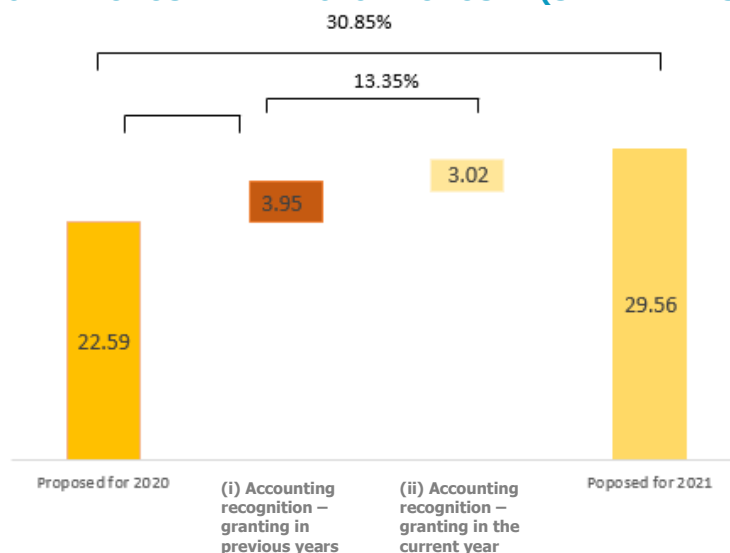
Such increase of R\$6.970.634,99 (six million, nine hundred and seventy thousand, six hundred and thirty-four Reals and ninety-nine cents) is explained by the following effects:

- (i) **Accounting recognition of amounts granted in previous years:** estimated appreciation of approximately 214% (two hundred and fourteen percent), of the shares granted in 2018 that will be effectively delivered to the participants in 2021, with an impact on withheld taxes; more effect of the stacking of the last 3 grants, accumulating the grants performed in 2018 (4/36 in 2021), 2019 (12/36 in 2021), and 2020 (12/36 in 2021) together with the 2021 grant (8/36 in 2021), which end up increasing the total for the year at issue. These factors represent an impact of R\$3.954.241,99 (three million, nine hundred and fifty-four thousand, two hundred and forty-one Reals and ninety-nine cents).
- (ii) **Accounting recognition of grants performed in the current year:** estimated appreciation of shares to be granted in 2021, in the range of 88% (eighty-eight percent), compared to the grant made in 2020; this represents an impact of R\$3.016.393 (three million, sixteen thousand and three hundred and ninety-three Reals), even with the expected delivery of 60,300 (sixty thousand and three hundred) less shares in 2021.

Adding items (i) and (ii), the impact of 30.85% (thirty point eighty-five percent) represents the difference between the 2021 proposal and the 2020 proposal, as shown in the graph below:



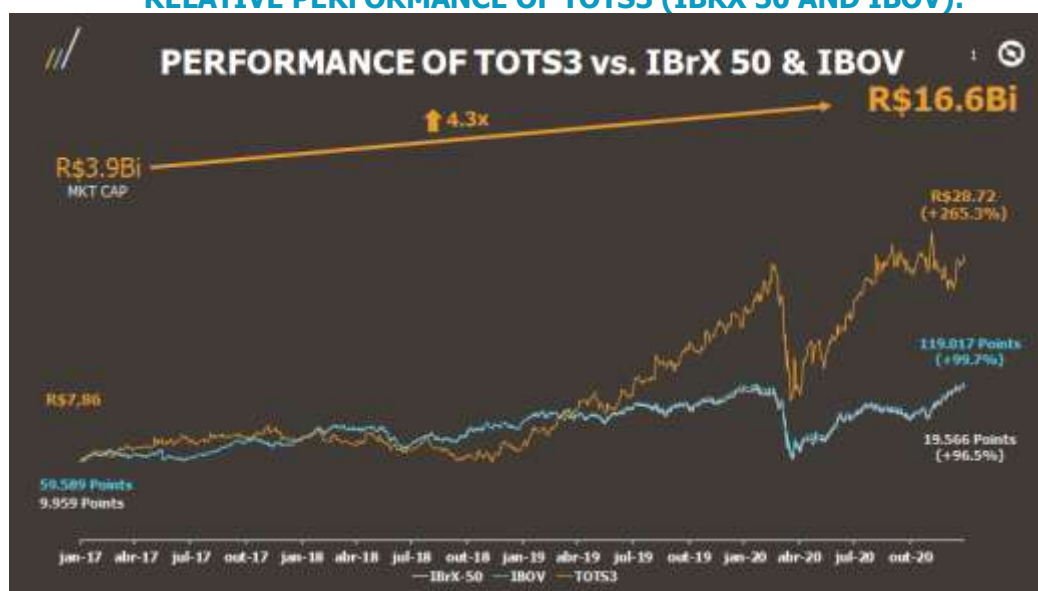
VARIATION BETWEEN 2021 PROPOSAL AND 2020 PROPOSAL (SHARED-BASED COMPENSATION)



The aforementioned positive effects played, as expected, a critical role in aligning the interests both of shareholders and Management, given the appreciation of TOTVS's share value over the past few years. As shown in the graph below, we can see the high performance of TOTS3 against two important market indexes:

1. **Ibovespa:** the most important indicator of the average performance of the prices of shares traded on B3 (Brazil, Bolsa, Balcão), formed by the shares with the highest volume traded in recent months. Since 2020, TOTVS has been part of this index.
2. **IBrX50:** an indicator of the average price performance of the 50 most tradable and representative assets of the Brazilian stock market. TOTVS has been part of this index since 2021.

RELATIVE PERFORMANCE OF TOTS3 (IBRX 50 AND IBOV):



We explain below, in detail, the effects of changes in the amounts of share-based compensation for the Board of Directors and Statutory Board of Executive Officers considering the accounting recognition of the grants for the current and previous years:



Accounting recognition of current year grants:

The Share-Based Incentive and Retention Plan approved at the Extraordinary General Meeting held on December 15, 2015 and amended on April 5, 2018 and April 18, 2019 (the "Plan"), may cover up to 5.68% (five point sixty-eight percent) of the Company's Capital Stock, which currently represents 32,825,469 million shares in ten years, that is, an average of 3,282,547 shares per year.

For the fiscal year 2021, within the scope of the Plan, the Board of Directors intends to grant 1,444,950 (one million, four hundred and forty-four thousand, nine hundred and fifty) restricted shares to the Company's Management members, corresponding to 0.25% (zero point twenty-five percent) of the Capital Stock on this date, compared with 1,505,250 (one million, five hundred and five thousand, two hundred and fifty) shares (0.26% of the share capital on April 27, 2020) in 2020. For the purposes of this proposal, to calculate the granting regarding year 2021 we have considered the average price of the 30 (thirty) trading sessions previous to the base date of March 15, 2021, which represents a book economic value of R\$44.692.303,50 (forty-four million, six hundred and ninety-two thousand, three hundred and three Reals and fifty cents), corresponding to R\$30.93 (thirty Reals and ninety-three cents) per share; emphasizing that the key factor to be considered at the time of the grant, scheduled for May 5, 2021, is the number of shares that will be granted, as this is already determined. It is worth noticing that the effective economic value to be allocated to the granting for the fiscal year 2021 will consider the average price of the 30 (thirty) trading sessions prior to the granting date, as provided for in the Plan. Pursuant to the applicable laws and the characteristics of the Plan, according to the CPC 10 accounting standard, the accounting for this 2021 granting will take place over three years. As a result of the accounting deferral determined by the applicable legislation, the amount to be accounted for in the 2021 fiscal year regarding the 2021 grants will be up to R\$9.931.623 (nine million, nine hundred and thirty-one thousand, six hundred and twenty-three Reals), which corresponds to 8/36 of the economic value of R\$44.692.303,50 (forty-four million, six hundred and ninety-two thousand, three hundred and three Reals and fifty cents).

The table below shows the estimated effect of accounting for 2021 grants over the next few years:

SHARE-BASED COMPENSATION - 2021 GRANTS:

Year	Amount accounted for	Hundredths
2021	R\$10,011,898	8/36
2022	R\$15,017,847	12/36
2023	R\$15,017,847	12/36
2024 *	R\$5,005,949	4/36
Total book economic value	R\$45,053,541	36/36

*these amounts may change according to the variation of the value of the restricted shares on the moment of the effective delivery to the participants, impacting the taxes withheld, in addition to any cancellations over time.

Accounting recognition of grants from previous years:

In addition to the amount of R\$9.931.623 (nine million, nine Thousand and thirty-one, six hundred and twenty-three Reals), as a result of the provisions set forth in the applicable laws (CPC 10), the amount allocated to share-based compensation should be increased by the amount of R\$19.632.037,30 (nineteen million, six hundred and thirty-two thousand, and thirty-seven Reals and thirty cents), referring to the accounting recognition estimated for the fiscal year 2021, regarding the accounting of the grants made in previous years for the Management members, due to the accounting deferral determined by the applicable legislation as previously mentioned.



The amount referred to in the above paragraph refers to all granting made in previous years that were approved by the competent bodies, according to the Share-Based Incentive and Retention Plans, approved by the shareholders at General Meetings held, respectively, on December 15, 2015 and amended on April 5, 2018, which has been, therefore, already granted to the beneficiaries.

In the table below we exemplify the estimated effect over the years of the accounting of the grants performed in 2018, 2019, and 2020 and which make up the amount of R\$19.632.037,30 (nineteen million, six hundred and thirty-two thousand, and thirty-seven Reals and thirty cents) accounted for in the fiscal year 2021:

SHARE-BASED COMPENSATION - GRANTS FROM 2018 TO 2021:

Year	2018 Granting		2019 Granting		2020 Granting		2021 Granting (proposed)		Total / year
	Amount accounted for	Hundr edths	Amount accounted for	Hundr edths	Amount accounted for	Hundr edths	Amount accounted for	Hundr edths	
2018	R\$ 2,330,697.71	8/36	R\$ 0.00	0/36	R\$ 0.00	0/36	R\$ 0.00	0/36	R\$ 2,330,697.71
2019	R\$ 3,641,557.17	12/36	R\$ 3,187,426.75	8/36	R\$ 0.00	0/36	R\$ 0.00	0/36	R\$ 6,828,983.92
2020	R\$ 3,511,380.43	12/36	R\$ 4,781,140.12	12/36	R\$ 5,489,145.00	8/36	R\$ 0.00	0/36	R\$ 13,781,665.55
2021	R\$ 6,617,179.70	4/36	R\$ 4,781,140.12	12/36	R\$ 8,233,717.48	12/36	R\$ 9,931,623.00	8/36	R\$ 29,563,660.30
2022	R\$ 0.00	0/36	R\$ 1,593,713.37	4/36	R\$ 8,233,717.48	12/36	R\$ 14,897,434.50	12/36	R\$ 24,724,865.35
2023	R\$ 0.00	0/36	R\$ 0.00	0/36	R\$ 2,744,572.49	4/36	R\$ 14,897,434.50	12/36	R\$ 17,642,006.99
2024	R\$ 0.00	0/36	R\$ 0.00	0/36	R\$ 0.00	0/36	R\$ 4,965,811.50	4/36	R\$ 4,965,811.50
Total economic par value	R\$ 16,100,815.01	36/36	R\$ 14,343,420.36	36/36	R\$ 24,701,152.45	36/36	R\$ 44,692,303.50	36/36	R\$ 94,871,879.82

Note 1: the amount of R\$6.617.179,70 (six million, six hundred and seventeen thousand, one hundred and seventy-nine Reals and seventy cents) includes the impact of withholding taxes, as a result of the estimated appreciation of approximately 214% (two hundred and fourteen percent) of the shares granted in 2018 that will be effectively delivered to the participants in 2021.

Note 2: future amounts may change according to the variation in the value of the restricted shares at the time of the effective delivery to the participants, impacting the taxes withheld, in addition to any cancellations over time.

Conclusion:

Thus, as explained in detail throughout this topic, the only three factors that determine share-based Compensation are:

- (i) the number of shares granted, and for the 2021 grants we intend to grant 60,300 (sixty thousand and three hundred) shares less than in 2020;
- (ii) the reference price of the shares granted, which corresponds to the average of the 30 trading sessions prior to the grant date, values that have been rising over the last few years, as a result of the appreciation of TOTVS's shares; and
- (iii) the stacking factor of grants over the years. In 2021 we estimate that the maximum stacking level will be reached, considering the combination of factors (i) and (ii), with the expectation that this level is maintained for the following years.

In the table below we detail items (i) and (ii) referring to each of the grants recognized in the 2021 fiscal year for the Company's Management.



SHARED-BASED COMPENSATION - GRANTS FROM 2018 TO 2021

	2018 Grants	2019 Grants	2020 Grants	2021 Grants (proposal)
Grace period of stock	3 years			
Reference price of restricted shares	R\$10.08	R\$13.40	R\$17.00	R\$30.93 *
Net number of shares outstanding in the current fiscal year	924,564	1,118,250	1,505,520	1,444,950 **

* The reference price of the restricted shares to be allocated to the grants for the year 2021 will consider the average price of the 30 (thirty) trading sessions prior to the grant date, scheduled for May 5, 2021, as provided for in the Plan.

** The number of shares is the key factor to be considered at the time of the grant, as this has already been determined.

Note 1: Chairman of the Board of Directors eligible from 2019.

Note 2: the net number of shares outstanding in the current fiscal year already includes cancellations performed over time of the 2018 grants.

Dilution:

The accumulated net dilution of the Share-based Incentive and Retention Plan from the first grant performed in 2016 until the last grant made in 2020, considering the effect of any cancellations made over time before the end of the grace period and considering all the participants contemplated by the grants (Chairman of the Board, Statutory Board of Executive Officers, and other employees benefited), is 1.43% (one point forty-three percent), that is, an average of 0.287% (zero point two hundred and eighty-seven per percent) per year. Thus, to date, the Plan uses only 25.2% (twenty-five point two percent) of the maximum dilution allowed of 5.68% (five point sixty-eight percent) of the Company's capital stock during the effective term of the plan (10 years), even though 50% (fifty percent) of such effective term has already elapsed. We show such effect in the following tables, considering the dilution accumulated to date and the annual average as a reference:

ACCUMULATED DILUTION:

Accumulated dilution	Dilution %	# Shares	Number of years
Maximum dilution allowed by the Plan	5.68%	32,825,469	10
Current net dilution *	1.43%	8,281,278	5
% already used	25.2%	25.2%	50.0%

* refers to Restricted Shares already granted to Participants, which may be in a grace period or expired

ANNUAL AVERAGE DILUTION:

Average annual dilution as a reference	Dilution %	# Shares	Number of years
Maximum dilution allowed by the Plan	0.568%	3,282,547	10
Average annual net dilution *	0.287%	1,656,256	5
% used	50.5%	50.5%	50.0%

* refers to Restricted Shares already granted to Participants, which may be in a grace period or expired

In the table below, we show the accumulated net dilution and average annual net dilution divided between the Board of Directors, Statutory Board of Executive Officers, and other employees benefited by concessions in the Incentive and Share-based Retention Plan:



ACCUMULATED DILUTION AND ANNUAL AVERAGE, PER BODY:

Accumulated dilution *	Dilution %	# Shares	Representativeness %	Average annual dilution	Number of years
Board of Directors	0.09%	540,000	6.52%	0.047%	2
Statutory Exec. Officers	0.72%	4,129,905	49.87%	0.144%	5
Other	0.62%	3,611,373	43.61%	0.124%	5
Total	1.43%	8,281,278	100.00%	0.287%	5

* considering the granting made between 2016 and 2020

The proposed dilution for the 2021 grants follows the same level of dilution approved in the last two years for the Board of Directors and in the last three years for the Statutory Board of Executive Officers, not considering an increase for the year 2021, as shown in the table below:

ANNUAL DILUTION, PER BODY:

Net dilution of granting per year			
Year	Board of Directors	Board of Exec. Officers	Total
2018	0.00%	0.19%	0.19%
2019	0.05%	0.15%	0.20%
2020	0.05%	0.21%	0.26%
Proposed 2021	0.05%	0.20%	0.25%

Note: to date, there have been no cancellations of shares of the 2019 and 2020 grants.

It is worth noticing that there were cancellations performed over the time of the 2018 grants, and the original dilution of such year was of 0.23% (zero point twenty-three percent). And for the year 2019, the level of 0.15% (zero point fifteen percent) of dilution is explained by the smaller number of Statutory Executive Officers at that time and by the first year of the CEO, who received a smaller number of shares.

We believe that the dilution of the Share-based Incentive and Retention Plan is in line with the context of the industry in which TOTVS is inserted in Brazil, considering its size, equity structure, historical growth and future potential, financial condition, and historical payment practices for performance.

D. Global compensation of the Management members:

According to the provisions set forth in paragraphs "A", "B", and "C" above, the proposal for the global compensation amount for the Company's Management members for the fiscal year 2021 is up to R\$50,287.262,08 (fifty million, two hundred and eighty-seven thousand, two hundred and sixty-two Reals and eight cents), as shown in detail in the table and graphs below:

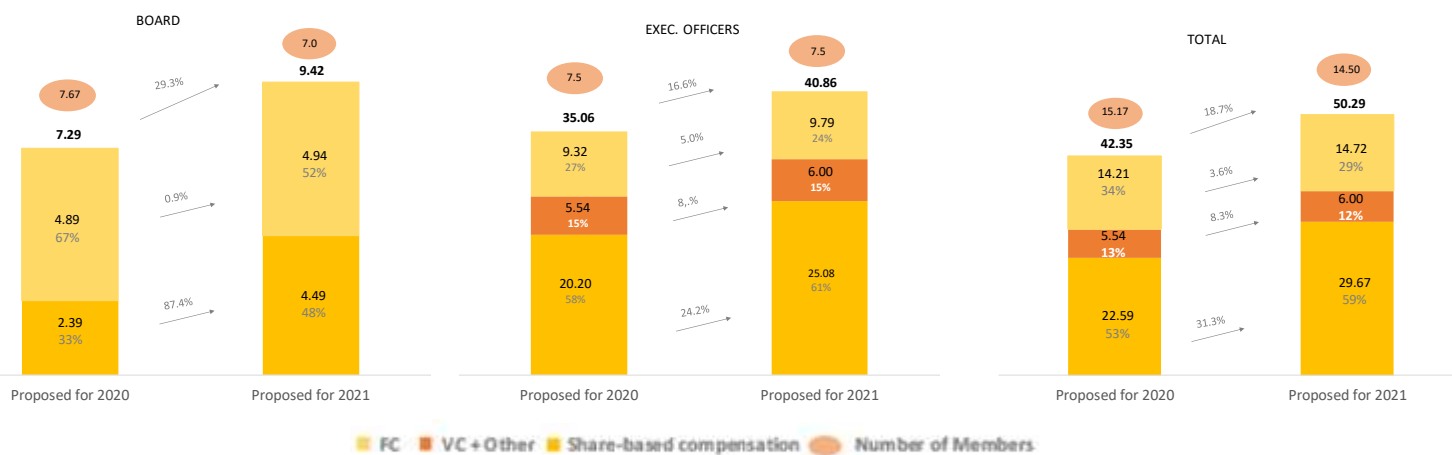


GLOBAL COMPENSATION OF THE MANAGEMENT MEMBERS:

	Proposed 2021			Proposed for 2020			Performed in 2020		
	Board	Executive Officers	Total	Board	Executive Officers	Total	Board	Executive Officers	Total
Number of Members	7.00	7.50	14.50	7.67	7.50	15.17	7.67	7.00	14.67
Fixed annual compensation (FC)									
Salary or management fees	3,381,243.72	8,292,805.49	11,674,049.22	3,452,224.00	7,903,570.07	11,355,794.07	3,452,224.00	7,472,519.96	10,924,743.96
Direct and indirect benefits	380,699.23	1,495,195.59	1,875,894.82	395,558.64	1,417,346.03	1,812,904.67	369,311.15	1,238,120.80	1,607,431.95
Compensation for participation in Committees	1,174,779.61	0.00	1,174,779.61	1,044,979.20	0.00	1,044,979.20	1,010,995.20	0.00	1,010,995.20
Total FC	4,936,722.57	9,788,001.08	14,724,723.65	4,892,761.84	9,320,916.10	14,213,677.94	4,832,530.35	8,710,640.76	13,543,171.11
Variable compensation (VC)									
Bonus	0.00	5,723,800.27	5,723,800.27	0.00	5,083,735.43	5,083,735.43	0.00	3,579,074.14	3,579,074.14
Total Fix.C. + Var.C.	4,936,722.57	15,511,801.35	20,448,523.92	4,892,761.84	14,404,651.53	19,297,413.37	4,832,530.35	12,289,714.90	17,122,245.25
Other									
Post-employment benefits	0.00	275,077.86	275,077.86	0.00	364,780.15	364,780.15	0.00	161,884.25	161,884.25
Benefits for termination of tenure	0.00	0.00	0.00	0.00	92,195.26	92,195.26	0.00	92,195.26	92,195.26
Total FC + VC + Other	0.00	5,998,878.13	5,998,878.13	0.00	5,540,710.84	5,540,710.84	0.00	3,833,153.65	3,833,153.65
Total FC + VC + Other	4,936,722.57	15,786,879.21	20,723,601.78	4,892,761.84	14,861,626.94	19,754,388.78	4,832,530.35	12,543,794.41	17,376,324.76
Share-based compensation¹									
Accounting recognition - granting in the current year	1,855,800.00	8,075,823.00	9,931,623.00	1,240,400.00	5,674,830.00	6,915,230.00	984,600.00	4,504,545.00	5,489,145.00
Accounting recognition - granting in previous years	2,631,300.00	17,000,737.30	19,632,037.30	1,154,400.00	14,523,395.31	15,677,795.31	1,154,400.00	10,520,752.35	11,675,152.35
Total share-based compensation	4,487,100.00	25,076,560.30	29,563,660.30	2,394,800.00	20,198,225.31	22,593,025.31	2,139,000.00	15,025,297.35	17,164,297.35
General Total	9,423,822.57	40,863,439.51	50,287,262.08	7,287,561.84	35,059,852.25	42,347,414.09	6,971,530.35	27,569,091.76	34,540,622.11

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).
 Note: the amounts granted in previous years were approved by the competent bodies, in accordance with the Share-Based Incentive and Retention Plans approved by the shareholders at General Meetings held, respectively, on December 15, 2015 that was amended on April 5, 2018 and April 18, 2019, having been, therefore, already granted to the beneficiaries.

GLOBAL COMPENSATION OF MANAGEMENT MEMBERS:



The growth of 18.75% (eighteen point seventy-five percent) of the global compensation proposed for the year 2021, in comparison with the 2020 proposal, has its greatest absolute impact on the line "accounting recognition of share-based compensation of previous years", which, by itself, showed an increase of R\$3.954.241,99 (three million, nine hundred and fifty-four thousand, two hundred and forty-one Reals and ninety-nine cents), equivalent to an increase of 25.22% (twenty-five point twenty-two percent) year-over-year, as shown in the table below:



GLOBAL COMPENSATION OF THE MANAGEMENT MEMBERS - YEAR-OVER-YEAR VARIATION:

Proposed 2021 vs. Proposed 2020

	Absolute variation			Percentage (%) change		
	Board	Executive Officers	Total	Board	Executive Officers	Total
Number of Members	-0.67	0.00	-0.67	-8.70%	0.00%	-4.40%
Fixed annual compensation (FC)						
Salary or management fees	-70,980.28	389,235.43	318,255.15	-2.06%	4.92%	2.80%
Direct and indirect benefits	-14,859.41	77,849.56	62,990.15	-3.76%	5.49%	3.47%
Compensation for participation in Committees	129,800.41	0.00	129,800.41	12.42%	-	12.42%
Total FC	43,960.72	467,084.99	511,045.71	0.90%	5.01%	3.60%
Variable compensation (VC)						
Bonus	0.00	640,064.84	640,064.84	-	12.59%	12.59%
Total Fix.C. + Var.C.	43,960.72	1,107,149.83	1,151,110.55	0.90%	7.69%	5.97%
Other						
Post-employment benefits	0.00	-89,702.29	-89,702.29	-	-24.59%	-24.59%
Benefits for termination of tenure	0.00	-92,195.26	-92,195.26	-	-100.00%	-100.00%
Total FC + VC + Other	0.00	458,167.29	458,167.29	-	8.27%	8.27%
Total FC + VC + Other	43,960.72	925,252.28	969,213.00	0.90%	6.23%	4.91%
Share-based compensation¹						
Accounting recognition - granting in the current year	615,400.00	2,400,993.00	3,016,393.00	49.61%	42.31%	43.62%
Accounting recognition - granting in previous years	1,476,900.00	2,477,341.99	3,954,241.99	127.94%	17.06%	25.22%
Total share-based compensation	2,092,300.00	4,878,334.99	6,970,634.99	87.37%	24.15%	30.85%
General Total	2,136,260.72	5,803,587.26	7,939,847.99	29.31%	16.55%	18.75%

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

Thus, the total compensation growth for the current year (including the fixed, variable, other, and share-based compensation lines of the 2021 grant) is 14.94% (fourteen point ninety-four percent), as shown in the tables and graphs below:

GLOBAL COMPENSATION OF MANAGEMENT MEMBERS:

	Proposed 2021			Proposed for 2020			Performed 2020		
	Board	Executive Officers	Total	Board	Executive Officers	Total	Board	Executive Officers	Total
Total FC + VC + Other	4,936,722.57	15,786,879.21	20,723,601.78	4,892,761.84	14,861,626.94	19,754,388.78	4,832,530.35	12,543,794.41	17,376,324.76
Share-based compensation¹									
Accounting recognition - granting in the current year	1,855,800.00	8,075,823.00	9,931,623.00	1,240,400.00	5,674,830.00	6,915,230.00	984,600.00	4,504,545.00	5,489,145.00
Total compensation - current year	6,792,522.57	23,862,702.21	30,655,224.78	6,133,161.84	20,536,456.94	26,669,618.78	5,817,130.35	17,048,339.41	22,865,469.76
Share-based compensation¹									
Accounting recognition - granting in previous years	2,631,300.00	17,000,737.30	19,632,037.30	1,154,400.00	14,523,395.31	15,677,795.31	1,154,400.00	10,520,752.35	11,675,152.35
General Total	9,423,822.57	40,863,439.51	50,287,262.08	7,287,561.84	35,059,852.25	42,347,414.09	6,971,530.35	27,569,091.76	34,540,622.11

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).



GLOBAL COMPENSATION OF THE MANAGEMENT MEMBERS - YEAR-OVER-YEAR VARIATION:

Proposed 2021 vs. Proposed 2020

	Absolute variation			Percentage (%) change		
	Board	Executive Officers	Total	Board	Executive Officers	Total
Total FC + VC + Other	43,960.72	925,252.28	969,213.00	0.90%	6.23%	4.91%
Share-based compensation¹						
Accounting recognition - granting in the current year	615,400.00	2,400,993.00	3,016,393.00	49.61%	42.31%	43.62%
Total compensation - current year	659,360.72	3,326,245.27	3,985,606.00	10.75%	16.20%	14.94%
Share-based compensation¹						
Accounting recognition - granting in previous years	1,476,900.00	2,477,341.99	3,954,241.99	127.94%	17.06%	25.22%
General Total	2,136,260.72	5,803,587.26	7,939,847.99	29.31%	16.55%	18.75%

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

GLOBAL COMPENSATION OF MANAGEMENT MEMBERS:



E. RATIO OF EACH ITEM IN THE TOTAL COMPENSATION

The increase in the ratio of variable compensation compared to fixed compensation over the years adequately aligns the compensation strategy with the purpose of boosting the Company's future performance.

BOARD OF EXECUTIVE OFFICERS

Item of Compensation	2021	2020	2019	2018
Fixed	20%	27%	29%	58%
Variable	76%	67%	60%	37%
Benefits	4%	5%	11%	5%



BOARD OF DIRECTORS

Item of Compensation	2021	2020	2019	2018
Fixed	48%	64%	82%	100%
Variable*	48%	31%	14%	-
Benefits*	4%	5%	4%	-

*Applicable to the Chairman of the Board of Directors only

F. CONCLUSION:

We are convinced that the compensation proposal for 2021 is aligned with the Company's long-term and operational performance, as shown in the tables below, with the comparison of the main growth metrics of the previous year *versus* the growth of the proposed compensation of 2021 compared to the 2020 proposal:

KEY INDICATORS AND COMPARATIVE COMPENSATION:

Index	2020	2019	Δ
Total net income *	2.596.077	2.282.124	13,8%
Recurring Revenue *	1.954.093	1.729.218	13,0%
Consolidated adjusted EBITDA *	589.717	469.742	25,5%
Adjusted and consolidated EBITDA margin	22,7%	20,6%	210 bp
Cash Profit *	337.548	268.484	25,7%
Cash Profit margin	13%	11,80%	120 bp
TOTS3 share	28,72	21,52	33,5%
Ibovespa	119.017	115.645	2,9%
IBRX50	19.566	18.882	3,6%

* (Amounts stated in 000s of Real)

Compensation	Proposed for 2021	Proposed for 2020	Δ
Total Fixed Compensation	14.724.724	14.213.678	3,6%
Total fixed + variable compensation + others	20.723.602	19.754.389	4,9%
Total compensation for current year ¹	30.655.225	26.669.619	14,9%
Share-based compensation - accounting recognition in previous years	19.632.037	15.677.795	25,2%
Total Global Compensation	50.287.262	42.347.414	18,7%
Proportion of total variable compensation over total global compensation ²	70%	60%	10 p.p.
Number of shares - 2021 granting	1.444.950	1.505.250	-4,0%
Dilution of granting in the year	0,25%	0,26%	-2,6%

¹ Fixed + variable + other compensation + share-based compensation for the current year

² Variable compensation includes bonuses + share-based compensation in the current year

All information required for carrying out a review of the compensation proposal for the Management members, as set forth by Art. 12 of CVM Instruction 481/09, is provided in **EXHIBIT IV** to the Management's Proposal.



For the Extraordinary General Meeting:

1. Approving the Shared-based Incentive Plan

The Company's Management proposes that a new Share-Based Incentive Plan (the "New Plan") is approved, with the purpose of (i) increasing the medium- and long-term alignment of the interests of the employees and managers of the Company and its subsidiaries that are considered eligible under each of the Programs (as defined in the Plan), excluding the members of the Company's Personnel and Compensation Committee, who may be appointed annually by such Committee to take part in the New Plan (the "Participants") with the shareholders' interests, expanding the participants' sense of ownership and commitment through the concept of investment and risk; (ii) strengthening the incentives for the participants' long-term permanence and stability, within the context of a publicly-held company; and (iii) encouraging the increase of the Company's long-term performance, as ascertained through business indicators.

In this sense, the New Plan addresses the main opportunities to improve the share-based compensation model in order to adapt to the best market practices and international standards by: (i) changing the mechanics thereof to define the amount of shares through anchoring in market positioning, enabling the financial stability of the plan over time and constant alignment to the market of the compensation package for executives; (ii) defining a specific message per program in line with TOTVS's strategic needs, without risk of overlapping and complexity; (iii) adding a share performance program (ILP Performance), generating a better balance if compared with programs focused on retention (ILP Master and ILP Destaques); and (iv) reviewing the existing metrics in the program, encouraging the future performance of the Company in line with shareholders' expectations, while looking at the individual performance of every Executive measured through the 9Box method, as detailed in **EXHIBIT VI** to the Management's Proposal.

The Management has as purpose to make grants under the New Plan as from 2022 and, on January 1st, 2022, the New Plan will replace the Plan currently in force, without prejudice to the Company's compliance with the remaining obligations under the grants already performed. In addition, it is worth noticing that it is proposed to approve the New Plan so that its final effective day coincides with the final effective day of the Plan currently in force and without increasing the grant limit approved for the current Plan. In other words, the grants under the New Plan will take place within the same time period and until the limit of the current Plan is reached, already considering the shares delivered within the scope of the current Plan, without any increase. As already mentioned, the Company understands that the New Plan better combines the interests of its employees, management members, and shareholders. The information required to review the proposal regarding the New Plan can be found in the draft of the Plan and in Appendix 13 of CVM Instruction 481/09, contained in **EXHIBITS V** and **VI**, respectively, to the Management's Proposal.

2. Approving the capital stock increase by capitalizing the balance of the retained earnings reserve, without issuing new shares

Resolving on the proposal to increase the capital stock by capitalizing the retained earnings reserve, with the consequent amendment of the *caput*, Article 5 of the Company's bylaws.

In view of the investments made from 2018 to 2020, the Management hereby proposes that the capital stock be increased in the amount of R\$136,903,622.84 (one hundred and thirty-six million, nine hundred and three thousand, six hundred and twenty-two Reals and eighty-four cents), without issuing new shares, through the



capitalization of the retained earnings reserve resulting from the capital budgeting, with the consequent amendment of the caput of art. 5 of the Company's bylaws, which will become effective with the following wording:

"Article 5 - The Company's fully subscribed and paid-in capital is of R\$1,519,412,187.27 (one billion, five hundred and nineteen million, four hundred and twelve thousand, one hundred and eighty-seven Reals and twenty-seven cents), divided into 577,913,181 (five hundred and seventy-seven million, nine hundred and thirteen thousand, one hundred and eighty-one) common shares, all of them registered, book-entry shares, with no par value."

EXHIBIT VII of the Management's Proposal contains detailed information on the proposed capital increase, pursuant to Appendix 14 of CVM Instruction 481/09.

3. Restating the Company's Bylaws

As described below, in the Bylaws, it is proposed to:

- (a) amend the *caption* of Article 5 to reflect the new amount of the Company's capital stock;
- (b) amend the *caption* of Article 6 and Paragraphs 1 and 2 to reflect the change in the limit of the authorized capital and to explain other possibilities of increasing the capital stock within the limit of the authorized capital;
- (c) amend the *caption* of Article 16 to reflect the new structure of the Board of Directors, which had its maximum number of members reduced to seven;
- (d) amend Article 19, paragraphs (xv), (xvi) and (xxi), to adjust the responsibilities of the Board of Directors;
- (e) add subparagraphs (iv) and (v) to Article 22, to add the responsibilities of the People and Compensation Committee into the Bylaws as provided for in the Charter of the Company's Board of Directors;
- (f) add Paragraph 3 to Article 23 to provide for the treatment to be given in case of temporary inability of the coordinator of the Company's Audit Committee;
- (g) update Article 26, *caput*, and following paragraphs to exclude the position of Chief Executive Officer and change the number of Vice-President Executives;
- (h) amend Article 37, *caption*, to create a statutory reserve;
- (i) add a new Article 55 to govern any indemnity agreements that may be executed by the Company with its management members and other employees; and
- (j) update the style of writing and the numbering of articles.

Change in the Authorized Capital Limit - Subclause 3(b)

The Management proposes to change the limit of the authorized capital from R\$2,500,000,000 (two billion and five hundred million Reals) to R\$4,000,000,000 (four billion Reals), with the consequent amendment to the *caption* of Article 6 of the Company's Bylaws. This amendment aims at allowing the Board of Directors to approve capital increases more quickly, with a view to perform the Company's business plan and its corporate purpose without the need of amending the bylaws. The proposed change has no other legal or economic effect.

EXHIBITS VIII and **IX** of the Management's Proposal contain detailed information on the change in the limit of authorized capital and other suggested changes. The comparative table, changes with revision marks, their



justifications, and the restated version of the Bylaws, as required by CVM Instruction 481/09, are also available in such Exhibits.

4. Restating the Company's Bylaws.

It is proposed to restate the Company's Bylaws in order to reflect the changes described in the previous resolution proposal, according to **EXHIBIT IX** to the Management's Proposal.

5. Deliberating on the Merger Proposal of Neolog Consultoria de Sistemas S.A.

It is proposed to approve the protocol and justification for the merger (the "Merger"), by the Company, of its subsidiary Neolog Consultoria de Sistemas S.A., a corporation headquartered in the city of São Paulo, State of São Paulo (Brazil), at Avenida Engenheiro Luiz Carlos Berrini nº 1,681, 14th floor, Condomínio Edifício Berrini, CEP 04571-001, registered with Corporate Taxpayers' Roll (CNPJ/ME) under number 05.254.381/0001-59, with its articles of incorporation duly filed with JUCESP (Board of Trade of the State of São Paulo) under NIRE No. 35.300.475.224, (hereinafter referred to as "Neolog"), executed on March 12, 2021 by and between the managers of the Company and Neolog (the "Protocol and Justification"), a copy of which is attached to this Proposal as **EXHIBIT X**. The Company holds 100% of Neolog's capital stock, the results of which are already fully reflected on its financial statements. It is, therefore, a corporate restructuring to rationalize operations, optimize management and minimize expenses, without any effect on the Company's capital stock or shareholders' equity. The information required by Exhibit 20-A of CVM Instruction 481/01 can be found in **EXHIBIT XI**.

6. Ratifying the hiring of a Specialized Company

It is proposed to ratify the hiring of the specialized company APSIS Consultoria e Avaliação LTDA. (with Corporate Tax Id. CNPJ/ME No. 08.681.365/0001-30), which, for the purposes of the provisions of Articles 227 and 8 of Law No. 6.404/76, appraised Neolog's shareholders' equity at book value on the base date of January 31, 2021, and prepared the corresponding appraisal report (the "Appraisal Report").

We provide the information required by Article 21 of CVM Instruction 481/09 in **EXHIBIT XII** to the Management's Proposal.

7. Examining, Discussing, and Approving the Appraisal Report

It is proposed that the Appraisal Report be approved, a copy of which is provided in **EXHIBIT XIII** to the Management's Proposal.

8. Approving the Merger of Neolog Consultoria e Sistemas S.A.

It is proposed that the Merger be approved.



3. GUIDELINES FOR TAKING PART IN MEETINGS

3.1 DATE, TIME, AND PLACE OF MEETINGS

DATE AND TIME: April 20, 2021, cumulatively, at 10.00 a.m (BRT – Brazilian time). Interested parties are recommended to show up at the venue one (1) hour ahead of the time scheduled for the meetings to begin.

PLACE: headquarters of TOTVS located at Avenida Braz Leme, 1.000, Casa Verde district, in the capital city of Sao Paulo, State of Sao Paulo, Brazil.

3.2 GENERAL INFORMATION

GENERAL INFORMATION:

Pursuant to article 132 of the Brazilian Corporations Act, corporations must hold an Annual General Meeting within four months after the end of the previous fiscal year. The fiscal year of TOTVS begins on January 1st and ends on December 31st of each calendar year. Thus, the Company must hold its Annual General Meeting every year by April 30 of the subsequent year.

REQUIRED DOCUMENTS:

Pursuant to article 10, paragraph 5 of the Company's Bylaws, shareholders are requested to submit, at least 48 (forty-eight) hours in advance of the Meetings, in addition to the identification document and/or relevant corporate documents and actions that prove legal representation, as the case may be: (i) proof issued by the bookkeeping entity, no later than 5 (five) days before the date of the Meetings; (ii) the power of attorney with the grantor's signature certified/notarized; and/or (iii) as regards those shareholders taking part in the fungible custody of registered shares, a statement showing the corresponding shareholding, issued by the competent body.

DISTANCE VOTING BALLOT:

Pursuant to article 21-A of CVM Instruction 481/09, any Shareholder will also be able to exercise his voting right by filling out and delivering the remote voting ballot. Shareholders holding shares issued by the Company deposited in a central securities depository may transmit their voting instructions to fill in the distance voting ballot through their corresponding custody agents, if they provide such kind of service.

The collection and transmission of voting instructions can also be carried out by Banco Itaú, TOTVS's stock bookkeeping agent, through an electronic platform. For that purpose, Shareholders must register themselves on the "Itaú Securities Services Digital Meeting" website:

(<https://www.italy.com.br/investmentservices/assembleia-digital/>).

In addition, every Shareholder may exercise his/her/its right to vote by means of distance voting by directly sending the following documents to the Company through the e-mail address ri@totvs.com.br:

- (i) a digital copy of the distance voting ballot regarding the corresponding general meeting duly completed, initialed, and signed; and
- (ii) simple copy of the following documents:



For individuals:

- identification document with photo of the shareholder;

For companies and organizations:

- most recent version of the Company's bylaws or restated articles of incorporation, in addition to corporate documents able to prove the legal status of such shareholder; and
- identification document with photo of the corresponding legal representative.

For investment funds:

- the most recent restated regulation of such fund;
- bylaws or articles of association of its administrator or manager, as the case may be, pursuant to the corresponding fund's voting policy and corporate documents that prove the powers of representation; and
- identification document with photo of the corresponding legal representative.

Distance voting ballots, accompanied by the corresponding documentation, will only be considered valid if received by the Company, in full order, up to seven days before the date of the Meetings - that is, **until April 14, 2021**, including such day. According to article 21-U of CVM Instruction 481/09, the Company shall inform every Shareholder if the documents received are sufficient for the vote to be considered valid, otherwise, it will inform the procedures and deadlines for eventual rectification or resubmission, if necessary.

Considering the current guidelines of the Brazilian Ministry of Health and the Government of the State of Sao Paulo (Brazil) to prevent and control infections by the new Coronavirus (COVID-19), the Company suggests to its shareholders that, if possible, preference is given to the use of the distance voting ballot to take part in the corresponding Meetings. The Company hereby also informs that it will accept, exceptionally for these General Meetings, as a way to facilitate the participation of its remote shareholders, instruments of powers of attorney and distance voting ballots without the need of having the signature on it certified by notary public or by a consular service.

QUORUM TO ESTABLISH A MEETING:

The Annual General Meeting will be established, on the first call, with the presence of shareholders representing at least 1/4 (one quarter) of the capital stock with voting rights. The Extraordinary General Meeting will be established, on the first call, with the presence of shareholders representing, at least, 2/3 (two-thirds) of the voting capital stock. Both meetings will be established, on second call, with any quorum.

SUPPORTING MATERIAL FOR MEETINGS:

Copies of the documents to be discussed at the Company's Meetings, including those required by CVM Standard 481/09, are available to the shareholders whether at the Company's headquarters, on its Investor Relations website (ri.totvs.com.br), as well as on the corresponding websites of CVM (Brazilian Securities and Exchange Committee) and B3 stock exchange.



4. USEFUL LINKS

INVESTOR RELATIONS WEBSITE:

<http://ri.totvs.com/en>

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS:

<https://ri.totvs.com/en/financial-information/results-center/>

MEETING NOTICES

<https://ri.totvs.com/en/corporate-governance/minutes-of-meetings/>

MANAGEMENT'S PROPOSAL:

<https://ri.totvs.com/en/corporate-governance/minutes-of-meetings/>

DISTANCE VOTING BALLOTS:

<https://ri.totvs.com/en/corporate-governance/minutes-of-meetings/>