



TOTVS S.A.

Publicly-Held Company

Corporate Taxpayer ID (CNPJ/ME): 53.113.791/0001-22

Company Registry (NIRE): 35.300.153.171

MATERIAL FACT

Acquisition of Supplier concluded

TOTVS S.A. (B3: TOTS3; “TOTVS”; or “Company”), hereby announces that its subsidiary TOTVS Tecnologia em Software de Gestão Ltda. concluded on this day the acquisition of shares corresponding to 88.8% of the capital stock of **SUPPLIER PARTICIPAÇÕES S.A.**, which holds all the shares of **SUPPLIER ADMINISTRADORA DE CARTÕES DE CRÉDITO S.A.** (jointly “SUPPLIER”), as per the Agreement for the Purchase of Equity Interest and Other Covenants signed on October 28, 2019 and the Material Fact notice disclosed by the Company the same day.

The founders of SUPPLIER, Mauro Wulkan and Eduardo Wagner, remain at the helm of the operation besides holding 11.2% interest, and having the mission of preserving SUPPLIER’s competitive advantages, reflected in the high levels of client recurrence and loyalty, as well as the low history of losses registered in more than 15 years of SUPPLIER’s track record. This history results from the combination of a large number of clients, low average ticket of operations, average term of less than 60 days and extensive use of credit insurance, with the quality of credit granted always taking priority over portfolio expansion as a principle. During the COVID-19 crisis, this principle continues to be applied, preserving the resilience of SUPPLIER’s business model so far.

SUPPLIER starts its journey at TOTVS in the Fintech model, combining the origination, definition and application of the credit approval policy that is applied to players in the financial system, currently a receivables securitization vehicle (“FIDC”), which carries the portfolio and credit risk. With this model, SUPPLIER’s investment and risk of own capital is essentially limited to its subordinated shares of FIDCs, preserving its financial spread in the operation.

TOTVS aims to migrate SUPPLIER to the Techfin model, moving forward across the supply chains of its clients, enabling B2B credit on recurring relations between clients and suppliers, and providing a frictionless journey for all those involved by integrating the management systems in SUPPLIER’s platform and using artificial intelligence and big data to continuously improve its credit algorithms. Given the current economic scenario, the pace of integrating SUPPLIER’s credit platform and TOTVS’ management solutions was accelerated.

The acquisition of SUPPLIER is an important pillar in the Techfin dimension of TOTVS’ strategy to develop an ecosystem represented by three dimensions: (i) Management – ERP, HR and vertical solutions; (ii) Techfin – B2B credit, services and payments; and (iii) Business Performance – sales lead and marketing.

São Paulo, April 30, 2020.

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