EARNINGS RELEASE

2Q23

VIDEO CONFERENCE - August 9th, 2023 at 11am (Brasília)

- **PORTUGUESE:**

Live transmission: click here. Phone numbers list click here (access – webinar ID: 851 3039 0018) or on our website ri.totvs.com

- **ENGLISH (Simultaneous Translation):**

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2Q23 EARNINGS RELEASE

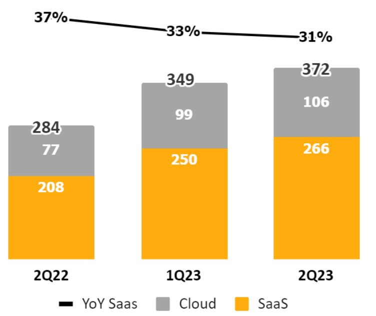
São Paulo, August, 8th, 2023 - TOTVS S.A. (B3: TOTS3), the leader in the development of business solutions in Brazil, announces its results for the **Second Quarter of 2023 (2Q23).**

NET REVENUE(1) EXCEEDED R$1.1 BILLION, DRIVEN BY RECURRING REVENUES FROM MANAGEMENT AND BUSINESS PERFORMANCE

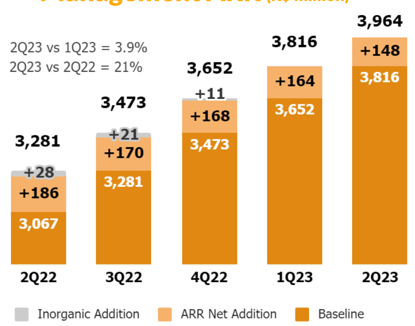
- Management SaaS and Biz Performance constituted 67% of the consolidated YoY Revenue growth
- Recurring Business Performance Revenue grew 32% YoY, with record-breaking Organic Net Addition of ARR
- EBITDA Margin 110 basis points lower than in 2Q22, mainly reflecting the reduction in Techfin Credit Production
- Operating Cash Generation grew 47% quarter-over-quarter, reaching R$363 million

NET REVENUE(1)	CONSOLIDATED ARR	ADJUSTED EBITDA	OP. CASH GENERATION / ADJUSTED EBITDA
+R$1.1 billion	**R$4.4 billion**	**R$256 million**	**141.5%**
+17% vs 2Q22	**+23% vs 2Q22**	**+12% vs 2Q22**	**+1350 bp vs 2Q22**

Management SaaS Revenue (R$ million)



Management ARR (R$ million)



Adjusted Management Contribution Margin

54.8%

+120 bp vs 2Q22

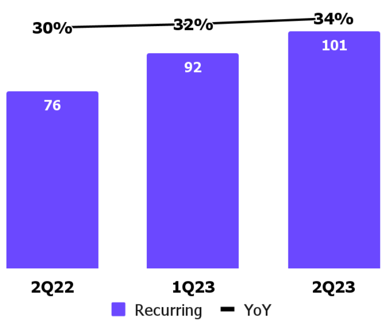
+10 bp vs 1Q23

Volume vs. Price ARR Addition (LTM)

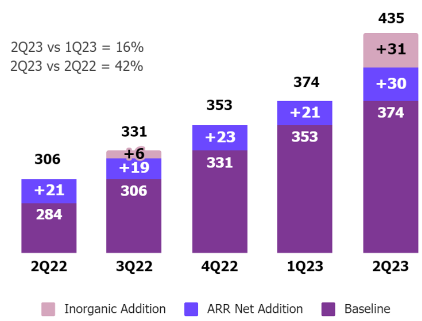
85%

Volume excl. Corporate Model

Biz Performance Revenue (R$ million)



Biz Performance ARR (R$ million)



Business Performance Contribution Margin

49.5%

+110 bp vs 2Q22

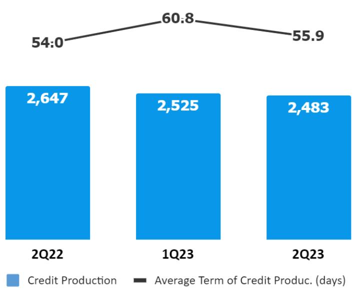
+40 bp vs 1Q23

Biz Performance Renewal Rate

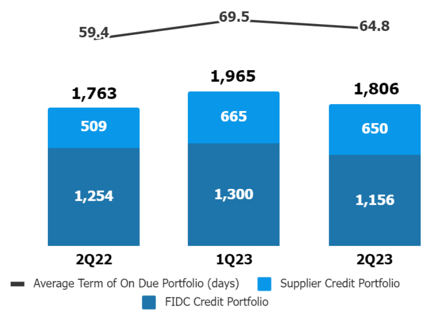
+97%

2Q22

Credit Production (R$ million)



Credit Portfolio (R$ million)



Delinquency over 90 days

1.9%

200 basis points below Brazilian Average(2)

Provision for Expected Credit Losses

R$6.8million

-7,1% vs 2Q22

-18% vs 1Q23

(1) Net revenue (Non-GAAP), incorporates the concept of Techfin Revenue, net of funding cost, in the consolidation of the Company's revenues.
(2) Source: Central Bank of Brazil (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito) > tabelas.xls > Tabela 23 > MPMe

RECENT EVENTS

Universo TOTVS 2023 + Investor Day

Universo TOTVS, one of the largest technology and business events in Brazil, attracted over 12,000 attendees (a 30% increase from 2022) including clients, partners, and developers for a two-day event packed with cutting-edge product launches, innovations, and trends across the Company's three business dimensions. Investor Day was hosted inside the Universo TOTVS structure for the second consecutive year, featuring presentations and interactions by the Executive Officers about the Company's future strategy and vision with analysts and investors, and those who attended on-site were granted complete access to the two-day Universo TOTVS event.

To check the Investor Day's contents, click here

Acquisition of TRS Gestão e Tecnologia S.A. Franchise

TRS is a franchise that serves over 700 customers in more than 100 cities in the State of Rio Grande do Sul. Through this acquisition, TOTVS now has a direct footing in the Southern Region of Brazil, enabling expedited tapping into the region's great economic potential and bolstering franchise performance in nearby territories, with the ultimate goal of expanding its three business dimensions.

For further information, please click here

Acquisitions of Lexos and Exact Sales as for Business Performance

Lexos develops solutions focused on the integration of physical and virtual retail stores, marketplaces, and e-commerces, facilitating multichannel sales and helping clients scale their sales in the leading marketplaces in Brazil. Exact Sales is a leader in the Sales Engagement industry sector, offering solutions aimed at prospecting and qualifying potential customers of companies (prospects). Both movements represent new progress made in the execution of the strategy of building the largest and most complete Business Performance ecosystem in Brazil, focused on digitizing its clients' sales funnel.

For further information about Lexos, click here, and about Exact Sales, click here

Integrated Report 7th Edition and MSCI upgrades score to "AA"

The voluntary initiative for accountability and communication of performance in Sustainability and ESG to our stakeholders, the seventh edition of Integrated Reporting highlights the following: Under the "E" pillar, expanded coverage of the carbon inventory and incorporation of data related to scope 3 emissions; under the "S" pillar, advancements in the diversity and inclusion agenda; and under the "G" pillar, initiatives in information security and data privacy protection. The upgraded MSCI score positions TOTVS in a select group of global companies that are more distinguished in the software industry sector. Both events reflects the Company's efforts to strengthen ESG aspects in its operations, endorsing the adequacy of the organization's Sustainability Agenda.

To access the seventh edition of Integrated Reporting, click here

TOTVS Stands out in the Institutional Investor's ranking

The Company was elected "Most Honored Company" on the MidCap ranking of the Technology, Media and Telecommunications (TMT) industry sector in the "The Latam Executive Team 2022" survey, being recognized in all 8 categories of the General and MidCap rankings, with emphasis on the first place positions in the Combined, Sell Side, and Buy Side ranking in all MidCap TMT categories.

For further information, click here

Interest on Equity

The Board of Directors resolved, on July 24th, to distribute interest on equity for the first half of 2023 (1H23) in the amount of R$138.871 million, corresponding to R$0.23 per share, which will be paid on August 25th, 2023 to shareholders registered as such on July 27th, 2023.

For further information, click here

Techfin Joint Venture Closing

With the creation of the Joint Venture with Itaú bank on July 31st, Itaú now holds 50% of the capital stock of TOTVS Techfin S.A., in return for a primary contribution of R$200 million in the company and a payment of R$410 million to TOTVS, on the same date, and up to an additional R$450 million to be paid after 5 years.

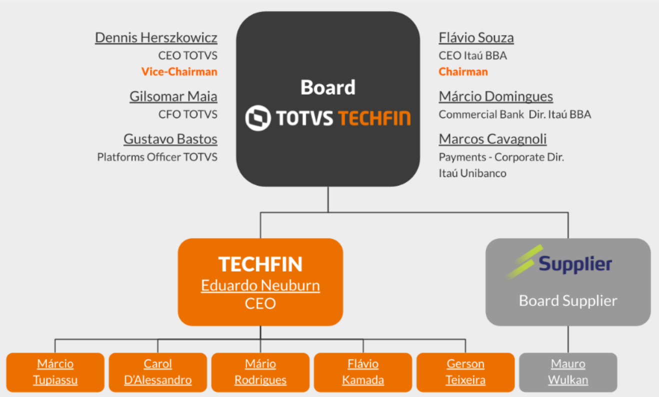
DIFFERENTIATED BUSINESS MODEL

The closing of this transaction marks the onset of a singular and autonomous operation for the development and distribution of financial services. With transformational potential, TOTVS Techfin will have access to TOTVS' management system and data expertise and Itaú's financial acumen, combining data science, ERP integration, and distribution, with access to an efficient, to create a light, agile and intelligent business model, with optimized returns, and better risk management. With a large Addressable Market, it will be aimed at the B2B SMB market, that is, focused on exploring TOTVS' client base (TOTVS-centric), benefiting small and medium-sized businesses across the entire production chain in the country.

Large Addressable Market | **Asset light, intelligent business model** | **Access to Shareholders Assets** | **Operational Autonomy**

AUTONOMOUS GOVERNANCE

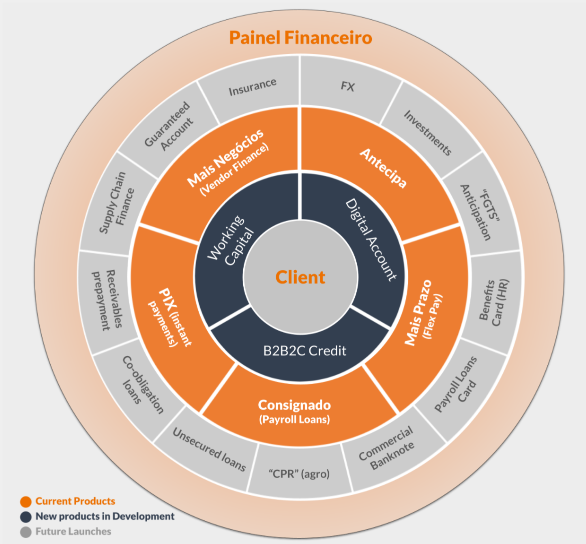
With the closing, we decided that the JV will be called TOTVS Techfin, comprising two operations (Supplier + Techfin). As shown in the diagram on the side, TOTVS Techfin will have a Board of Directors composed of 3 executives from TOTVS (Dennis Herszkowicz, Gilsomar Maia and Gustavo Bastos) and 3 executives from Itaú (Flávio Souza, Márcio Domingues and Marcos Cavagnoli). Supplier will maintain its operational autonomy and will be led by CEO and Founder Mauro Wulkan, while Techfin will be led by CEO Eduardo Neubern.



Additionally, Techfin's organizational structure will have executives who combine expertise in management systems and data with financial expertise, creating a differentiated and complementary team that will have full operational autonomy to manage the business strategy, product development roadmap, go-to-market, credit policies and access to Funding from both Itaú and the market.

SINGLE JOURNEY | ERP Banking

Being integrated or not with the ERP, it will have a hybrid and flexible approach, with an User Experience (UX) differentiated both by its ease of use and by the simplicity to contract and use of financial services. The credit analysis will use hybrid data, coming from the ERP and public information, in addition to offering customized service fees. Another differential will be the possibility of PLG (Product Led Growth) offers, since the transactional data present in the client's ERP may indicate the financial needs to support its operations. It will be an ERP banking experience in which the customer hires and consumes services at the most relevant touchpoints in the journey of using the management software.



In addition, the portfolio will seek to combine scope, frequency and relevance to generate principality, having as initial priorities, products related to Digital Account, Working Capital and B2B2C Credit.

Finally, the investments for building this journey are estimated at OPEX between R$24 million and R$30 million on 3Q23 and between R$32 million and R$40 million on 4Q24, as disclosed in a Material Fact released today.

FINANCIAL AND OPERATING RESULTS

Management Message

We ended the first semester with the Universo TOTVS and Investor Day. These events are a great opportunity to establish stronger connections with stakeholders while creating a lively atmosphere that showcases our portfolio and innovations. The core idea conveyed was that regardless of the prevailing conditions, investing in technology is essential and improves business results. TOTVS embodies a concrete example of this.

Reviewing this quarter's financial and operating results, we conclude that we have made consistent progress. One of the positive highlights was the 31% year-over-year growth of SaaS Management Revenue, along with a 34% growth in Business Performance revenue. They helped to drive a 17% growth in Consolidated Net Revenue as compared to the previous year. On the other hand, Techfin had a challenging quarter, as expected.

After a 2-year hiatus, our Consolidated EBITDA Margin for 2Q, has reverted to a historical seasonal pattern, i.e. 2Q lower than 1Q, given the strong contribution from the incremental License Revenue from Corporate Model, that outweighed the collective bargaining agreement wage updates at the beginning of the year, more diluted over the latter half of the year, usually resulting in the highest Consolidated EBITDA Margin of the year in 1Q.

As has been the focal point for multiple quarters, the Management dimension had another solid performance, adding R$148 million of ARR (Annualized Recurring Revenue). Moreover, the Volume component accounted for 85% of the gross addition. Despite a significant decrease in inflation, this dimension's Net Revenue experienced an 18% YoY increase, primarily because of the 19% growth in Recurring Revenue. This proves that signings of new clients, coupled with cross and upselling to existing clients, continue at a good pace. As a result of these factors, there was a year-over-year expansion of 120 basis points in the Adjusted Contribution Margin, ultimately closing the quarter at 54.8%.

To my mind, the Business Performance dimension stands out this quarter as it has surpassed R$400 million in ARR, accelerating the revenue growth, both year-over-year (+34%) and quarter-over-quarter (+10%) and which, not so common in this market, is quite profitable (49.5% contribution margin). What I perceive is an excellent opportunity, in an addressable market with great potential and little penetration, in which we have leadership, a team with deep expertise and an expanding portfolio, but which is already the most complete in the market. To top it off, we achieved an unprecedented organic Net Addition of ARR, amounting to over R$30 million in the quarter.

Regarding the Techfin dimension, there are critical updates we need to share. The most noteworthy event is the closing of the JV with Itaú, which inaugurates a unique and autonomous operation focused on the development and distribution of B2B financial services, with a light and smart business model that merges access to top-tier dataset, integration with ERPs, and access to effective funding. It is the beginning of a journey with transformational potential for TOTVS. Regarding operations and finances, the Techfin dimension emphasized credit quality over production or portfolio expansion in the quarter. The message is interpreted as positive in this sense. However, as expected, Revenue Net of Funding fell. With this being the first quarter, where the consolidated result of this dimension turned out to be negative, it is of utmost importance to draw attention to the fact that Supplier's EBITDA Margin, though dropping, stayed positive. Supplier's historical seasonal behavior is favorable in the second half of the year, also given the increased relevance of agribusiness, and after the start of the JV's operation, with improved funding efficiency and expectation of a drop in the Selic rate. Finally, Techfin's organic operation continues to increase its investments, as expected, aiming to expand its product portfolio.

With the same innovative spirit ingrained in our DNA, we began the second semester by broadening the implementation of Big Data, Artificial Intelligence, and ESG to deliver solutions that improve the companies' results and, in doing so, consistently evolve to become even more the trusted advisor of our clients.

Dennis Herszkowicz - CEO

Financial and Operating Highlights

	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
Growth (in R$ million)								
Non-GAAP Net Revenue (1)	**1,135.4**	**966.4**	**17.5%**	**1,118.6**	**1.5%**	**2,254.0**	**1,912.1**	**17.9%**
Consolidated Recurring Revenue	947.6	789.0	20.1%	907.5	4.4%	1,855.0	1,536.0	20.8%
% Consolidated Recurring Revenue	83.5%	81.6%	190 bp	81.1%	240 bp	82.3%	80.3%	200 bp
% Biz Perform. + Techfin Revenue	13.1%	13.2%	-10 bp	13.1%	0 bp	13.1%	12.8%	30 bp
Consolidated ARR	4,399.1	3,586.7	22.7%	4,190.0	5.0%	n/a	n/a	-
Consolidated ARR Net Addition (2)	178.2	207.1	(13.9%)	185.4	(3.9%)	363.6	469.7	(22.6%)
Consolidated SaaS Revenue	469.1	358.1	31.0%	437.9	7.1%	907.0	689.1	31.6%
Biz Performance Recurring Revenue	98.3	74.4	32.2%	90.5	8.6%	188.8	143.3	31.8%
Credit Production	2,483.3	2,646.5	(6.2%)	2,524.8	(1.6%)	5,008.1	5,209.1	(3.9%)
Profitability (in R$ million)								
Adjusted EBITDA Margin (3)	**22.6%**	**23.7%**	**-110 bp**	**25.1%**	**-250 bp**	**23.8%**	**23.7%**	**10 bp**
Adjusted EBITDA (4)	256.2	229.4	11.7%	281.0	(8.8%)	537.2	452.7	18.7%
Cash Earnings (5)	131.0	127.2	3.0%	133.7	(2.0%)	264.7	249.4	6.1%
Cash Earnings Margin	11.5%	13.2%	-170 bp	12.0%	-50 bp	11.7%	13.0%	-130 bp
Operating Cash Generation	362.6	293.7	23.4%	247.1	46.7%	609.7	564.1	8.1%
Op. Cash Generation / Adjusted EBITDA	141.5%	128.0%	1350 bp	88.0%	5350 bp	113.5%	124.6%	-1110 bp
Stock Market								
TOTS3 (in R$)	**29.98**	**23.26**	**28.9%**	**28.16**	**6.5%**	**n/a**	**n/a**	**-**
ADTV 30 (in R$ million)	130.8	132.9	(1.6%)	141.7	(7.7%)	n/a	n/a	-
IBOV (thousands pts)	118.1	98.5	19.8%	101.9	15.9%	n/a	n/a	-
IBrX 50 (thousands pts)	19.4	16.5	17.7%	17.1	13.8%	n/a	n/a	-

(1) Non-GAAP Revenue net of Funding , represents the Techfin Revenue net of Funding Cost consolidated in the Total Company's Revenue.

(2) Organic ARR Net Addition from Management + Business Performance.

(3) Adjusted EBITDA over the Non GAAP Revenue net of Funding.

(4) EBITDA adjusted by extraordinary items.

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

As stated in the Recent Events section, the Joint Venture (JV) with Itaú, which integrates 100% of TOTVS Techfin's result, was declared closed on July 31st. Thus, as mentioned in recent quarters, the commitment to create this JV, under the IFRS 5 standard, meets the criteria for assets held for sale and, in this way, the reviewed quarterly financial information (GAAP) state the result of the consolidated Techfin operation on the line "Net Income (Loss) of Techfin dimension".

In order to preserve the analysis of the contribution margins of the 3 business dimensions and consolidated EBITDA, we kept in this release the **presentation standard** already used in previous quarters, which **we call the "Non-GAAP" standard**, that is, **without reclassifying Techfin's revenue, costs, and expenses lines** to the Net Income (Loss) line of Techfin Dimension. Moreover, **depreciation and amortization expenses and provision for expected credit losses were maintained on specific lines of the Income Statement**, besides using the concept of **Revenue Net of Funding in the Techfin dimension on the consolidation of the Company's Net Revenue (Non-GAAP)**, which is **the basis for the calculation of gross, contribution, EBITDA, and net margins.**

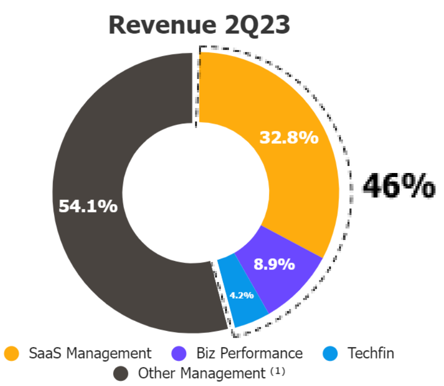
Finally, the reconciliation between the "GAAP" standard and the "Non-GAAP" standard for the Income Statement of the quarterly financial information is provided in **Appendix II** of this document.

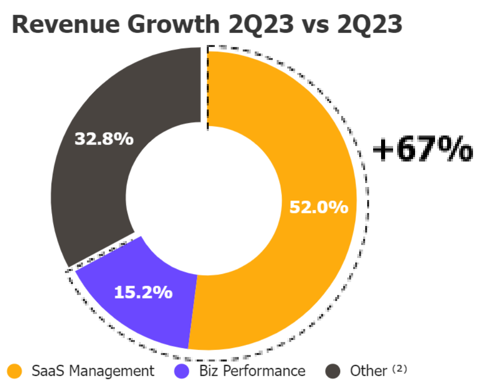
Consolidated Results (Non-GAAP)

Consolidated Result (in R$ million)	**2Q23**	2Q22	Δ	1Q23	Δ	**1H23**	1H22	Δ
Consolidated Net Revenue	**1,135.4**	**966.4**	**17.5%**	**1,118.6**	**1.5%**	**2,254.0**	**1,912.1**	**17.9%**
GAAP Net Revenue	**1,087.9**	**914.6**	**19.0%**	**1,064.1**	**2.2%**	**2,152.1**	**1,813.1**	**18.7%**
Management Revenue	986.7	839.0	17.6%	972.1	1.5%	1,958.9	1,667.7	17.5%
Business Performance Revenue	101.2	75.6	33.9%	92.0	10.0%	193.2	145.4	32.9%
Techfin Revenue - Net of funding	**47.5**	**51.9**	**(8.5%)**	**54.5**	**(12.8%)**	**102.0**	**99.0**	**3.0%**
Adjusted Consolidated Contribution Margin	**614.6**	**518.6**	**18.5%**	**607.6**	**1.2%**	**1,222.1**	**1,026.8**	**19.0%**
Mgmt. + Biz Performance Adjusted Contrib. Margin	**590.4**	**485.9**	**21.5%**	**577.2**	**2.3%**	**1,167.6**	**969.8**	**20.4%**
Management Adjusted Contrib. Margin	540.4	449.3	20.3%	532.0	1.6%	1,072.4	900.0	19.2%
Biz Performance Contribution Margin	50.1	36.5	37.0%	45.2	10.8%	95.3	69.8	36.4%
Techfin Contribution Margin	**24.1**	**32.7**	**(26.3%)**	**30.4**	**(20.5%)**	**54.5**	**57.0**	**(4.5%)**
% Consolidated Adjusted Contribution Margin	***54.1%***	***53.7%***	***40 bp***	***54.3%***	***-20 bp***	***54.2%***	***53.7%***	***50 bp***
% Mgmt. + Biz Performance Adj. Contribution Margin	***54.3%***	***53.1%***	***120 bp***	***54.2%***	***10 bp***	***54.3%***	***53.5%***	***80 bp***
% Management Adjusted Contrib. Margin	*54.8%*	*53.6%*	*120 bp*	*54.7%*	*10 bp*	*54.7%*	*54.0%*	*70 bp*
% Biz Performance Contribution Margin	*49.5%*	*48.4%*	*110 bp*	*49.1%*	*40 bp*	*49.3%*	*48.0%*	*130 bp*
% Techfin Contribution Margin	***50.8%***	***63.1%***	***-1230 bp***	***55.7%***	***-490 bp***	***53.4%***	***57.6%***	***-420 bp***
Adjusted EBITDA (1)	**256.2**	**229.4**	**11.7%**	**281.0**	**(8.8%)**	**537.2**	**452.7**	**18.7%**
Mgmt. + Biz Performance Adjusted EBITDA	259.3	220.7	17.5%	277.0	(6.4%)	536.3	439.2	22.1%
Techfin EBITDA	(3.1)	8.6	(135.6%)	3.9	(178.1%)	0.9	13.5	(93.6%)
Adjusted EBITDA Margin	***22.6%***	***23.7%***	***-110 bp***	***25.1%***	***-250 bp***	***23.8%***	***23.7%***	***10 bp***
% Mgmt. + Biz Performance Adjusted EBITDA	*23.8%*	*24.1%*	*-30 bp*	*26.0%*	*-220 bp*	*24.9%*	*24.2%*	*70 bp*
% Techfin EBITDA	*-6.5%*	*16.7%*	*-2320 bp*	*7.2%*	*-1370 bp*	*0.8%*	*13.6%*	*-1280 bp*

(1) In accordance with CVM Resolution 156/22, the reconciliation between Adjusted EBITDA and Net Income is presented in Appendix III of this document.

Net Revenue





(1) Sum of other Recurring Revenues (+) Non-Recurring Management Revenues
(2) Sum of Techfin Revenue and other Recurring Revenue (+) Non-Recurring Management Revenue

Consolidated Net Revenue surpassed R$1.1 billion in the second quarter, representing a growth of over 17% when compared to the same period of previous year. This performance reflects the progress made: (i) in Management Recurring Revenue, which grew 19% year-over-year, driven by the growth in SaaS Revenue, which represented 52% of the Company's total growth in 2Q23; and (ii) in the growth of 34% in Business Performance Revenue. Together, SaaS revenues from Management and Business Performance led the total growth, accounting for two-thirds of the consolidated Net Revenue growth in 2Q23. Combined Net Revenue from Management and Business Performance grew 19% year-over-year, accelerating from 18% in 1Q23. In the case of Management, this acceleration demonstrates the good performance of new sales, since the contribution of inflation passthrough was 50% lower quarter-over-quarter.

Adjusted EBITDA

Adjusted EBITDA ended the quarter at R$256 million, with an Adjusted EBITDA Margin of 22.6%, which is a reduction of 110 basis points over 2Q22, mainly related to the reduction in Supplier's Credit Production and the increase in investment in Techfin, which caused a reduction in the EBITDA of the Techfin dimension, a behavior that will be commented in the section "Techfin dimension Results". Compared with 1Q23, the reduction of 250 basis points is associated mainly with the positive effect in 1Q23 of the incremental License of R$36.1 million from the Corporate Model.

Adjusted Net Income and Consolidated Cash Earnings

In R$ million	**2Q23**	2Q22	Δ	1Q23	Δ	**1H23**	1H22	Δ
Mgmt. + Biz Performance EBITDA (GAAP)	244.6	234.5	4.3%	251.0	(2.5%)	495.7	424.8	16.7%
Bellow EBITDA Extraordinary Items	14.6	(13.8)	(206.2%)	26.0	(43.6%)	40.6	14.4	182.2%
Mgmt. + Biz Performance Adjusted EBITDA	**259.3**	**220.7**	**17.5%**	**277.0**	**(6.4%)**	**536.3**	**439.2**	**22.1%**
Techfin EBITDA	**(3.1)**	**8.6**	**(135.6%)**	**3.9**	**(178.1%)**	**0.9**	**13.5**	**(93.6%)**
Adjusted EBITDA (1)	**256.2**	**229.4**	**11.7%**	**281.0**	**(8.8%)**	**537.2**	**452.7**	**18.7%**
Adjusted EBITDA Margin	*22.6%*	*23.7%*	-110 bp	*25.1%*	-250 bp	*23.8%*	*23.7%*	10 bp
Depreciation and Amortization	(86.0)	(69.4)	23.9%	(72.7)	18.2%	(158.7)	(141.2)	12.4%
Financial Result	(3.0)	13.3	(122.4%)	(20.5)	(85.5%)	(23.5)	12.5	(287.4%)
Bellow EBITDA Extraordinary Items (1)	-	(14.7)	(100.0%)	-	-	-	(14.7)	(100.0%)
Income Tax and Social Contribution	(48.7)	(57.9)	(15.9%)	(62.2)	(21.7%)	(110.9)	(95.5)	16.1%
Taxes on Extraordinary Items	(5.0)	9.7	(151.4%)	(8.8)	(43.6%)	(13.8)	0.1	<(999%)
Adjusted Net Income	**113.6**	**110.3**	**2.9%**	**116.7**	**(2.7%)**	**230.2**	**213.9**	**7.6%**
Adjusted Net Margin (2)	*10.0%*	*11.4%*	*-140 bp*	*10.4%*	*-40 bp*	*10.2%*	*11.2%*	*-100 bp*
Net Effect of Amortization	17.5	16.9	3.4%	17.0	2.9%	34.5	35.5	(2.8%)
Cash Earnings (3)	**131.0**	**127.2**	**3.0%**	**133.7**	**(2.0%)**	**264.7**	**249.4**	**6.1%**
Cash Earnings Margin	*11.5%*	*13.2%*	*-170 bp*	*12.0%*	*-50 bp*	*11.7%*	*13.0%*	*-130 bp*

(1) Financial Revenue from tax credit

(2) Adjusted Controller's Net Income as % of the Revenue net of Funding Cost

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

Cash Earnings ended the quarter at R$131 million, which is 2% below 1Q23, mainly due to: (i) the 8.8% reduction in Adjusted EBITDA; and (ii) the 18% growth on the Depreciation and Amortization line, which will be detailed later in this document. These impacts were partially offset by the positive effect on Financial Result and Income Tax and Social Contribution. Year-over-year, the 3% growth in Cash Earnings is mainly due to the 12% growth in Adjusted EBITDA.

Consolidated Cash Flow

In this section, we have maintained the view of the consolidated Cash Flow with Techfin's operation result, excluding the effects of consolidation of the FIDC, with the objective of better representing the operating cash generation and free cash flow of the operation. In addition, the representation of the Cash Flow of summed Management and Business Performance dimensions (GAAP) operations, is found after the section "Other Operating Expenses and post-EBITDA Result (Management and Business Performance dimensions)", and the Cash Flow of Techfin's operation, excluding the effects of the FIDC consolidation, can be found at the end of the section "Techfin dimension Results".

The detailed view of the Consolidated Cash Flow is presented in **Appendix IV**, and the reconciliation between the GAAP and Non-GAAP views of the Cash Flow is presented in **Appendix V and VI** of this document.

	Without the effects of FIDC consolidation							
In R$ million	**2Q23**	2Q22	Δ	1Q23	Δ	**1H23**	1H22	Δ
EBT (Non-GAAP)	**152.6**	**187.1**	**(18.4%)**	**161.8**	**(5.7%)**	**314.4**	**309.6**	**1.5%**
Non-Cash Items	**185.8**	**143.8**	**29.2%**	**196.6**	**(5.5%)**	**382.3**	**337.5**	**13.3%**
Change in Working Capital	**24.2**	**(37.2)**	**(165.0%)**	**(111.2)**	**(121.8%)**	**(87.0)**	**(83.0)**	**4.8%**
Operating Cash Generation	**362.6**	**293.7**	**23.4%**	**247.1**	**46.7%**	**609.7**	**564.1**	**8.1%**
Interest paid	(2.3)	(93.5)	(97.6%)	(108.7)	(97.9%)	(111.0)	(103.1)	7.7%
Income Tax and Social Cont. paid	(28.5)	(14.8)	92.4%	(51.6)	(44.7%)	(80.0)	(64.9)	23.4%
Net Cash from Operating Activities	**331.8**	**185.4**	**79.0%**	**86.8**	**282.1%**	**418.6**	**396.1**	**5.7%**
Acquisition of Subsidiaries and Investments, Net	(319.3)	(83.9)	280.4%	(11.7)	>999%	(331.0)	(168.8)	96.1%
Fixed Assets	(22.1)	(17.3)	27.5%	(37.5)	(41.1%)	(59.6)	(31.8)	87.6%
Intangibles	(21.4)	(23.5)	(9.0%)	(28.9)	(25.8%)	(50.3)	(33.4)	50.7%
Franchises Loan	5.5	4.7	16.2%	6.2	(10.9%)	11.7	9.2	27.1%
Net Cash used in Investing Act.	**(357.3)**	**(120.1)**	**197.6%**	**(71.9)**	**396.8%**	**(429.2)**	**(224.7)**	**91.0%**
Increase (Decrease) Gross Debt	239.5	(1.6)	<(999%)	(0.4)	<(999%)	239.0	(106.7)	(323.9%)
Payment of Principal of Lease Liabilities	(15.1)	(19.4)	(22.1%)	(14.2)	6.7%	(29.3)	(28.4)	3.1%
Investments form Non-controlling Interest	4.2	-	-	-	-	4.2	-	-
Shareholders Remuneration	(4.2)	(178.7)	(97.7%)	(236.4)	(98.2%)	(240.6)	(187.9)	28.0%
Share Issue Expenses	-	-	-	-	-	-	(0.1)	(100.0%)
Net Cash gen. by (used in) Financ. Act.	**224.3**	**(199.7)**	**(212.3%)**	**(251.1)**	**(189.3%)**	**(26.8)**	**(323.2)**	**(91.7%)**
Incr. (Dec.) in Cash and Cash Equivalent	198.8	(134.3)	(248.0%)	(236.2)	(184.2%)	(37.3)	(151.7)	(75.4%)
Cash and Equiv. Beginning of the Period	2,664.4	2,853.7	(6.6%)	2,900.5	(8.1%)	2,900.5	2,871.1	1.0%
Cash and Equiv. End of the Period	**2,863.2**	**2,719.3**	**5.3%**	**2,664.4**	**7.5%**	**2,863.2**	**2,719.3**	**5.3%**

As commented in the last quarter, the Company updated the Free Cash Flow calculation rationale. The new view begins in the Operational Cash Generation before the effects of Interest paid, considering the additional lines: (i) of subtraction of Payment of Principal of Lease Liabilities, linked to real estate rental expenses in the measurement of IFRS 16; (ii) of subtraction of the Short-term investment yield, since this comes from the Company's current cash and is not part of the operation; and (iii) of addition of the CVC Fund Investment line in Acquisition of Subsidiaries, as this line is part of the Company's long-term investment strategy. Their reconciliation is shown in the table below:

In R$ million	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
Operating Cash Generation	**362.6**	**293.7**	**23.4%**	**247.1**	**46.7%**	**609.7**	**564.1**	**8.1%**
(–) Income Tax and Social Cont. paid	(28.5)	(14.8)	92.4%	(51.6)	(44.7%)	(80.0)	(64.9)	23.4%
(–) Net Cash used in Investing Act.	(357.3)	(120.1)	197.6%	(71.9)	396.8%	(429.2)	(224.7)	91.0%
(–) Payment of Principal of Lease Liabilities	(15.1)	(19.4)	(22.1%)	(14.2)	6.7%	(29.3)	(28.4)	3.1%
(–) Short-term investment yield	(84.9)	(81.0)	4.9%	(66.4)	27.9%	(151.4)	(156.4)	(3.2%)
(+) Acquisition of Subsidiaries and Investments	319.3	83.9	280.4%	11.7	>999%	331.0	168.8	96.1%
Free Cash Flow	**196.0**	**142.4**	**37.7%**	**54.8**	**257.9%**	**250.8**	**258.4**	**(3.0%)**

Free Cash Flow ended the quarter at R$196 million, which is R$141 million higher than 1Q23, mainly due to: (i) a positive variation of R$92 million in Accounts Receivable from Clients, from both the Management + Business Performance dimensions, and the Techfin dimension; and (ii) the positive variation of R$110 million in Labor Liabilities. Both effects are reflected in the Change in Working Capital line and offset the negative variation in the Business Partners Payable (Supplier's floating).

It is worth highlighting that the conversion of Adjusted EBITDA into Cash Operating Generation was 141.5% in 2Q23 and 113.5% in the semester, which shows the Company's ability to generate operating cash even after having created two new business dimensions with growth acceleration mandates.

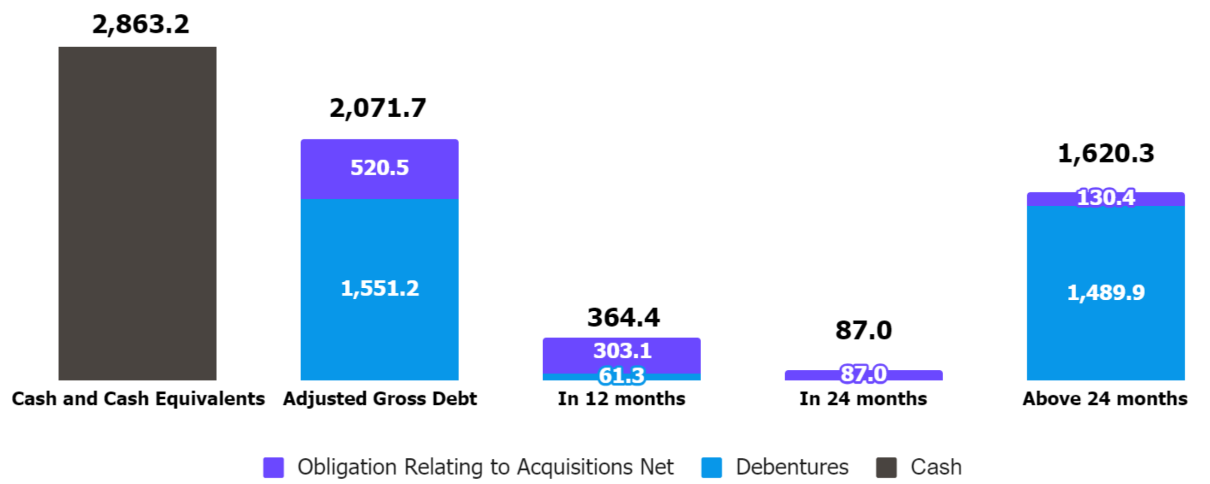
Consolidated Gross and Net Debt (Non-GAAP)

As commented in the previous quarter, the Company's total gross debt had the following adjustments: (i) exclusion of the capital leases line, since the payment of these obligations is already deducted in the Free Cash Flow information of the previous section of this document; and (ii) the addition of the line Obligations Relating to AcquisitionsNet of Investment Guarantees.

In R$ million	2Q23	2Q22	Δ	1Q23	Δ
Loans and Financing	-	-	-	0.1	(100.0%)
Debentures	1,551.2	1,517.3	2.2%	1,497.8	3.6%
Financial Liabilities	**1,551.2**	**1,517.3**	**2.2%**	**1,497.9**	**3.6%**
Obligation Relating to Acquisitions Net	520.5	383.8	35.6%	493.1	5.6%
Total Gross Debt	**2,071.7**	**1,901.0**	**9.0%**	**1,991.0**	**4.1%**
(-) Cash and Cash Equivalents	(2,863.2)	(2,719.3)	5.3%	(2,664.4)	7.5%
Net Debt (Cash)	**(791.5)**	**(818.3)**	**(3.3%)**	**(673.4)**	**17.5%**

Gross Debt ended the quarter at R$2.1 billion, which is a 4.1% increase versus the previous quarter, as a consequence of the 3.6% increase in Debentures because of the appropriation of interest in the period, besides the 5.6% increase in Obligations Relating to Acquisitions because of the commitments assumed with the acquisition of Lexos and Exact Sales.

The balance of Cash and Cash Equivalents ended the quarter at R$2.9 billion, which corresponds to approximately 1.4x the Gross Debt balance, which has 78% of its due dates over 24 months. This gives the Company the flexibility to invest in its strategy of building an ecosystem in three business dimensions (Management, Techfin, and Business Performance), both through organic growth and/or through partnerships, as through mergers and acquisitions (M&A).



Management dimension results

The Management dimension represents the portfolio of solutions focused on the efficiency of our clients' back and middle office operations, through ERP/HR and Vertical solutions specialized in 12 industry sectors of the economy.

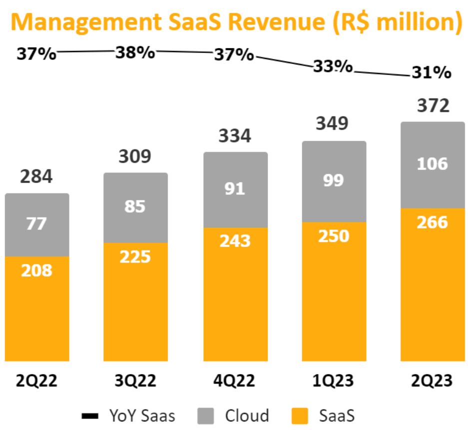
Management Result (in R$ million)	**2Q23**	2Q22	Δ	1Q23	Δ	**1H23**	1H22	Δ
Net Revenue	**986.7**	**839.0**	**17.6%**	**972.1**	**1.5%**	**1,958.9**	**1,667.7**	**17.5%**
Recurring	847.0	713.4	18.7%	814.1	4.0%	1,661.1	1,390.0	19.5%
Non Recurring	139.7	125.6	11.2%	158.1	(11.6%)	297.8	277.6	7.2%
License	48.8	44.5	9.7%	81.2	(39.8%)	130.0	125.3	3.8%
Services	90.9	81.1	12.1%	76.9	18.2%	167.7	152.4	10.1%
Costs	(274.7)	(239.6)	14.7%	(266.2)	3.2%	(540.9)	(470.8)	14.9%
Gross Profit	**712.0**	**599.4**	**18.8%**	**706.0**	**0.9%**	**1,418.0**	**1,196.8**	**18.5%**
Gross Margin	*72.2%*	*71.4%*	*80 bp*	*72.6%*	*-40 bp*	*72.4%*	*71.8%*	*60 bp*
Research and Development	(169.8)	(145.4)	16.8%	(169.4)	0.2%	(339.2)	(285.6)	18.8%
Provision for Expected Credit Losses	(8.1)	(4.7)	74.1%	(5.9)	38.8%	(14.0)	(11.3)	23.4%
Management Contribution Margin	**534.1**	**449.3**	**18.9%**	**530.7**	**0.6%**	**1,064.8**	**900.0**	**18.3%**
% Management Contribution Margin	*54.1%*	*53.6%*	*50 bp*	*54.6%*	*-50 bp*	*54.4%*	*54.0%*	*40 bp*
Extraord. Adj. from Oper. Restructuring	6.3	-	-	1.3	377.2%	7.6	-	-
Adjusted Management Contrib. Margin	**540.4**	**449.3**	**20.3%**	**532.0**	**1.6%**	**1,072.4**	**900.0**	**19.2%**
% Management Adjusted Contrib. Margin	*54.8%*	*53.6%*	*120 bp*	*54.7%*	*10 bp*	*54.7%*	*54.0%*	*70 bp*

Net Revenue

Net Revenue from Management increased 18% compared with 2Q22, driven by: (i) a 19% year-over-year growth in Recurring Revenue; and (ii) an 11% growth in Non-Recurring Revenues, being worth highlighting the year-over-year increase in the Agribusiness, Educational, Services, and Logistics industry sectors, with growth rates above 20%, and Dimensa, which grew over 24%.

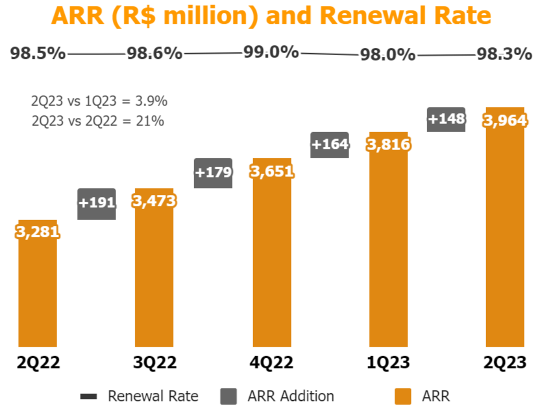
Recurring Revenue

The aforementioned 19% year-over-year growth in Recurring Revenue is mainly because of the growth in SaaS Revenue in the period, which increased by 31% as shown in the chart on the side. Regarding SaaS, the major focal points were: (i) a 38% upswing in Cloud revenue year-over-year, surpassing the R$100 million mark in the quarter; and (ii) the 32% increase in new signings (new sales) year-over-year.

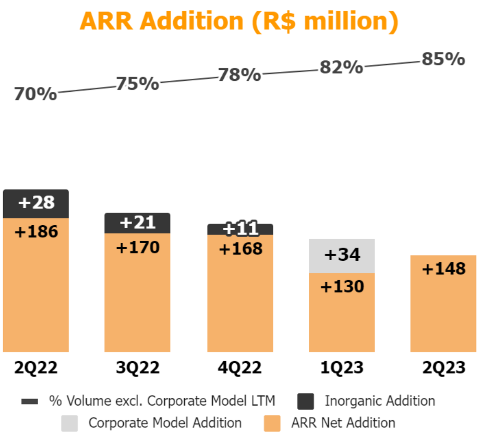


As mentioned in previous quarters, one of the major factors for the success of new sales is the continuous improvement in the perception of product quality by clients, which is reflected in the NPS (Net Promoter Score) indicator advance. As showed in our 2023 Investor Day, when combined with an expanded portfolio and a reduced TCO (Total Cost of Ownership), the NPS, which has a fast and positive impact on sales performance, allows the commercial team to increase its productivity through programs focused on assessing White Spaces and increasing the Take Rate and Attach Rate of customers by using the data intelligence provided by Empodera (sales intelligence platform) and the IMG (Management Maturity Index). The Company has been able to sustain high levels of new signings by leveraging this combination of factors and, consequently, an increase in the "Volume" component from the net addition of Annualized Recurring Revenue (ARR).

In this quarter, the Management ARR reached, as provided in the chart on the side, over R$3.9 billion, with a total addition of R$148 million. In 2Q23, the Renewal Rate was 98.3%, close to the historical average of this metric.



The organic net addition of ARR saw a growth compared to 1Q23 as presented in the chart below, owing to the surge in sales volume during the period, and an increase in the Renewal Rate, despite the consistent drop in inflation indexes (IGP-M and IPCA). This decrease in inflation rates caused a decline in the price component, which was around 40% compared to 1Q23 and more than 70% versus 2Q22. This combination resulted in a further increase in the relevance of the Volume component in the gross addition of ARR in the last 12 months (considering only the addition of Volume and Price added in the last 12 months, not considering the churn component), which went from 82% in the previous quarter to 85% in 2Q23. As this percentage has been growing, this means that the percentage in 2Q23, in particular, was even higher than 85%.



Non-Recurring Revenues

Non-Recurring Revenues increased 11% versus 2Q22, mainly due to the 12% growth in Services revenue, reflecting a higher demand, especially from large accounts. In the quarter-over-quarter comparison, the 12% decrease is explained by the 40% drop on the License line, which in 1Q23 had a positive impact of R$36.1 million in incremental licenses from Corporate Model.

Gross Margin

Adjusted Gross Margin from Management, that is, net of the R$6.3 million impact related to an operational restructuring on part of the Company's consulting operation, reached 72.8% in the quarter, which means 140 basis points higher than in 2Q22. This increase in Gross Margin was due to the 19% growth in Recurring Revenue year-over-year, higher than the 12% growth in Adjusted Costs. Gross Margin remained stable versus 1Q23, even when we exclude the 1Q23 effects of the incremental Licenses Revenue from Corporate Model, as stated in the previous section.

Research & Development

The share of Research and Development (R&D) expenses versus Recurring Revenue ended the second quarter at 20%, which is 80 basis points below 1Q23 and 30 basis points below 2Q22. The decrease in R&D share compared to revenue is due to the ongoing dilution of collective bargaining agreement wage updates in Sao Paulo, which impacted the entire 1Q23. Moreover, this reduction in share also reflects the efficiency in the allocation of resources invested in modernizing the portfolio and improving product quality.

Provision for Expected Credit Losses

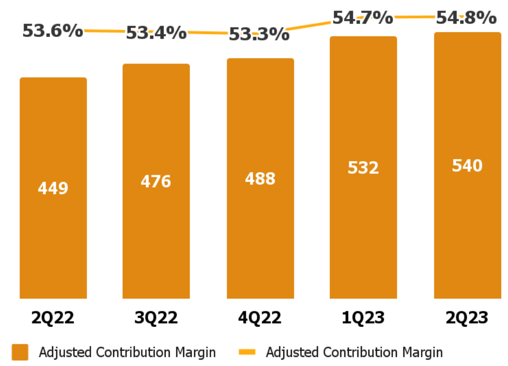
The Provision for Expected Credit Losses represented 0.8% of revenues from Management in the quarter, versus 0.6% in 2Q22 and 1Q23. In the six-month period of 2023, this provision represented 0.7%, the same level compared with the same period of 2022, which shows that the monthly level lies within a historical range of this line and reiterates the consistency of a business model based on Recurring Revenue, combined with a dispersed and diversified customer base.

Adjusted Management Contribution Margin

The Adjusted Contribution Margin from Management reached R$540 million in 2Q23, which means 54.8% of this dimension's revenue, both indicators are higher than in 1Q23, explained mainly by the continued growth in Recurring Revenue, which offset the reduction in revenue from Licenses, which was seasonally impacted by the Corporate Model in the previous quarter.

The Contribution Margin on Net Revenue from Management reached the highest level in recent years, exceeding the 1Q23 Contribution Margin, which, as explained above, had the seasonal positive effect of the Corporate Model.

Adjusted Contribution Margin (R$ million)



Business Performance dimension results

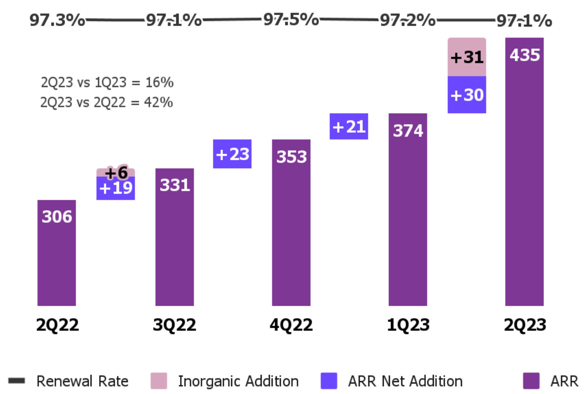
The Business Performance dimension represents the portfolio of solutions focused on increasing sales, competitiveness, and client performance through Digital Marketing, Sales/Digital Commerce, and CX - Customer Experience solutions. In this quarter, this dimension includes Lexos' earnings from May and those of Exact Sales from June.

Business Performance Result (in R$ million)	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
Net Revenue	**101.2**	**75.6**	**33.9%**	**92.0**	**10.0%**	**193.2**	**145.4**	**32.9%**
Recurring	98.3	74.4	32.2%	90.5	8.6%	188.8	143.3	31.8%
Non Recurring	2.9	1.2	138.2%	1.5	95.3%	4.3	2.1	105.4%
Costs	(24.2)	(18.7)	29.3%	(22.4)	8.2%	(46.5)	(37.2)	25.0%
Gross Profit	**77.0**	**56.9**	**35.4%**	**69.6**	**10.6%**	**146.6**	**108.2**	**35.6%**
Gross Margin	*76.1%*	*75.3%*	*80 bp*	*75.7%*	*40 bp*	*75.9%*	*74.4%*	*150 bp*
Research and Development	(24.8)	(19.1)	29.8%	(22.8)	8.8%	(47.7)	(36.5)	30.7%
Provision for Expected Credit Losses	(2.1)	(1.2)	74.6%	(1.6)	29.4%	(3.7)	(1.9)	98.7%
Biz Performance Contribution Margin	**50.1**	**36.5**	**37.0%**	**45.2**	**10.8%**	**95.3**	**69.8**	**36.4%**
% Biz Performance Contribution Margin	*49.5%*	*48.4%*	*110 bp*	*49.1%*	*40 bp*	*49.3%*	*48.0%*	*130 bp*

Net Revenue

Net Revenue from Business Performance grew 34% versus 2Q22, driven by a 32% growth in Recurring Revenue. In the quarter-over-quarter comparison, the 10% growth in Revenue reflects the Organic Net Addition of ARR of R$30 million, a new record-breaking figure driven mainly by the strong sales performance of RD Station and Tallos, besides the maintenance of the Renewal Rate at a level higher than 97%.

ARR (R$ million) and Renewal Rate



The Organic ARR Net Addition of R$30 million, added to the Inorganic Addition of R$31 million from the acquisitions of Lexos and Exact Sales, raised the dimension's ARR to R$435 million, surpassing 1Q23 by 16%, with acquired companies jointly added R$3 million to the Revenue of this dimension in the quarter.

Additionally, the GMV (Gross Merchandise Volume) of the Digital Commerce offer upheld its growth trajectory, escalating to R$167 million in the quarter, representing a growth rate that more than doubled in size in comparison to 2Q22.

Gross Margin

The Gross Margin from Business Performance ended the quarter at 76.1%, which is 80 basis points higher than 2Q22 and 40 basis points higher than 1Q23. The profitability potential of SaaS model of this dimension is shown by its portfolio profile, which offers solutions that demand a lower levels of implementation services to client. This means that the company can generate revenue from numerous clients without the need for scaling their support teams on the same degree. This makes the SaaS model a highly profitable and scalable business.

Research & Development

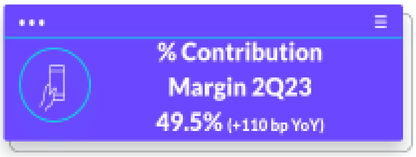
Research and Development (R&D) expenses as a percentage of this dimension's Recurring Revenue ended the quarter at 25.3%, a level similar to 1Q23 and 50 basis points below 2Q22. It is worth highlighting that this dimension has a different mandate from the Management mandate, and therefore the level of investment as a percentage of Recurring Revenue is higher. This is due to the continuous investments in the portfolio expansion, in the improvement of functionalities, and in the integration between the various Business Performance products, given the PLG (Product Led Growth) model of this dimension. These investments are necessary to leverage opportunities in a burgeoning market, despite low penetration.

Provision for Expected Credit Losses

The Provision for Expected Credit Losses of Business Performance dimension reached 2.1% on Net Revenue in 2Q23 and 1.9% on Net Revenue in 1H23, versus 1.3% in 1H22. As mentioned in previous periods, oscillations at these levels are typical and should not be perceived as a behavioral trend.

Business Performance Contribution Margin

The Business Performance Contribution Margin on Net Revenue of this dimension reached 49.5%, which means 40 basis points above 1Q23, explained essentially by the 9% growth in Recurring Revenue quarter-over-quarter.



Year over year, the increase of 110 basis points in the quarterly Contribution Margin and 130 basis points in the semester reiterates that, despite the dimension being relatively new and currently focused on accelerating Recurring Revenue, it is a profitable operation because of the operational leverage of SaaS model. This underscores the high potential of this dimension to generate value. Regardless of the current mandate, the relationship dynamics between growth and profitability will not be a dilemma for TOTVS.

Other Operating Expenses and post-EBITDA Result (Management and Business Performance dimensions)

As previously mentioned, the commitment to create the JV with Itaú meets the accounting criteria of "assets held for sale". This classification makes the results of the Techfin operation to be stated in the quarterly financial information (GAAP) exclusively on the line "Net Income (Loss) from Techfin Dimension".

In view of this and with the aim of, at the same time, maintaining as much comparability as possible and the ability to monitor the consolidated results of each dimension, we made the GAAP statements closer to Non-GAAP ones, presenting below the "Other Operating Expenses" and the "post-EBITDA Results" of the consolidation of the Management and Business Performance dimensions separately, and the results of the Techfin dimension are stated in the section "Techfin dimension Results".

Sales and Marketing Expenses

In R$ million	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
Adjusted Sales and Marketing Expenses	**(234.1)**	**(180.7)**	**29.6%**	**(212.5)**	**10.2%**	**(446.6)**	**(357.4)**	**25.0%**
% GAAP Net Revenue	*21.5%*	*19.8%*	*170 bp*	*20.0%*	*150 bp*	*20.8%*	*19.7%*	*110 bp*
Sales and Marketing Expenses	**(235.2)**	**(180.7)**	**30.1%**	**(213.8)**	**10.0%**	**(449.0)**	**(357.4)**	**25.6%**
Extraord. Adj. from Oper. Restructuring	**1.0**	**-**	**-**	**1.3**	**(18.1%)**	**2.3**	**-**	**-**

Sales and Marketing Expenses on Net Revenue ended the quarter at 21.5%, which means 150 basis points above 1Q23. The primary reason for this outcome was the rise in Marketing expenses, reflecting an investment of over R$9 million with the Universo TOTVS 2023, which outperformed all previous benchmarks with a daily average of over 6 thousand participants. The Universo TOTVS provided over 250 contents across diverse fields, with the participation of over 70 partner brands. Besides, thousands of TOTVS clients were in attendance, thereby consolidating the success of the Universo TOTVS.

When compared to 2Q22, the growth of 170 basis points in the representativeness of this line over the GAAP Net Revenue was due to: (i) the greater reach of the Universo TOTVS, as mentioned above; (ii) the return of in-person events in several segments and regions; and (iii) the increase in variable compensation and commissions, in view of the commercial performance in the period.

General and Administrative Expenses and Others

In R$ million	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
Adjusted G&A Expenses and Others	**(97.0)**	**(84.4)**	**14.9%**	**(87.7)**	**10.6%**	**(184.7)**	**(173.3)**	**6.6%**
% GAAP Net Revenue	*8.9%*	*9.2%*	*-30 bp*	*8.2%*	*70 bp*	*8.6%*	*9.6%*	*-100 bp*
G&A Expenses and Others	**(104.3)**	**(70.7)**	**47.6%**	**(111.1)**	**(6.1%)**	**(215.4)**	**(187.7)**	**14.8%**
General and Administrative Expenses	(91.7)	(84.9)	8.1%	(88.7)	3.4%	(180.5)	(165.7)	8.9%
Provision for Contingencies	(7.8)	(3.3)	134.0%	(0.9)	810.1%	(8.6)	(14.3)	(39.5%)
Other Net Revenues (Expenses)	(4.8)	17.5	(127.3%)	(21.5)	(77.7%)	(26.3)	(7.7)	240.1%
Extraordinary Items	**7.3**	**(13.8)**	**(152.9%)**	**23.4**	**(68.8%)**	**30.7**	**14.4**	**113.1%**
M&A Adjustment at Fair Value	5.1	1.2	337.3%	21.6	(76.6%)	26.7	26.1	2.3%
Extraord. Adj. from Oper. Restructuring	-	-	-	0.5	(100.0%)	0.5	-	-
Expenses with M&A Transactions	1.4	2.7	(48.7%)	1.3	7.4%	2.6	5.9	(55.5%)
Tax Credit	0.9	(17.6)	(104.9%)	-	-	0.9	(17.6)	(104.9%)

General and Administrative Expenses ("G&A"), net of the extraordinary impacts of R$1.4 million of expenses with M&A transactions, ended the quarter at 8.3% over Net Revenue, which means 70 basis points below the level stated in 2Q22, and 10 basis points above 1Q23. The semester's aggregate ratio reduced by 50 basis points to 8.3%, showing the Company's constant effort to enhance efficiency and cut fixed expenses in the wake of revenue growth.

The Provision for Contingencies ended the quarter at R$7.8 million, a level higher than the year-over-year and quarter-over-quarter, related to the progress of the processes and consequent revisions of the projections provided by legal advisors in the period. This line experienced a 39% reduction in the half-year gone by, vis-a-vis the corresponding period of the previous year.

The line Other Net Revenues (Expenses) in 2Q23 was impacted mainly by the M&A Adjustment at Fair Value of R$5.1 million related to the adjustment in the investment of GoodData and the earn-out adjustment of RBM, a company acquired by Dimensa.

All these effects combined led to Administrative and Adjusted Other Expenses to close the quarter representing 8.9% of the GAAP Net Revenue, which means a reduction of 30 basis points over 2Q22 and 70 basis points over 1Q23. This ratio ended the semester at 8.6%, a reduction of 100 basis points over the same period in 2022.

Adjusted EBITDA Management + Business Performance

Mgmt. + Biz Perf. EBITDA (in R$ thousand)	**2Q23**	2Q22	Δ	1Q23	Δ	**1H23**	1H22	Δ
GAAP Net Revenue	1,087.9	914.6	19.0%	1,064.1	2.2%	2,152.1	1,813.1	18.7%
GAAP Contribution Margin	**590.4**	**485.9**	**21.5%**	**577.2**	**2.3%**	**1,167.6**	**969.8**	**20.4%**
Sales and Marketing Expenses	(234.1)	(180.7)	29.6%	(212.5)	10.2%	(446.6)	(357.4)	25.0%
Adjusted G&A Expenses and Others	(97.0)	(84.4)	14.9%	(87.7)	10.6%	(184.7)	(173.3)	6.6%
Mgmt. + Biz Perform. Adjusted EBITDA	**259.3**	**220.7**	**17.5%**	**277.0**	**(6.4%)**	**536.3**	**439.2**	**22.1%**
% Mgmt. + Biz Perf. Adjusted EBITDA	*23.8%*	*24.1%*	*-30 bp*	*26.0%*	*-220 bp*	*24.9%*	*24.2%*	*70 bp*

Adjusted EBITDA of Management + Business Performance ended the quarter at R$259.3 million, with an Adjusted EBITDA Margin of 23.8%, a decrease of 30 basis points over 2Q22, mainly related to the investment in the Universo TOTVS 2023, as already commented. Compared with 1Q23, the reduction of 220 basis points is associated mainly with the positive effect in 1Q23 of the Corporate Model License of R$36.1 million.

Depreciation and Amortization Expenses

In R$ million	**2Q23**	2Q22	Δ	1Q23	Δ	**1H23**	1H22	Δ
Depreciation	(33.0)	(30.2)	9.5%	(30.3)	9.1%	(63.3)	(60.7)	4.3%
Amortization	(42.8)	(27.9)	53.0%	(31.9)	34.2%	(74.6)	(54.5)	36.8%
Depreciation and Amortization	**(75.8)**	**(58.1)**	**30.4%**	**(62.1)**	**22.0%**	**(137.9)**	**(115.2)**	**19.7%**

The 34% growth in the Amortization line versus 1Q23 is mainly associated with the adjustment in the consumption of software licenses in the Cloud operation, which generated a cumulative impact of R$9.4 million, of which R$3.1 million corresponds to the consumption in 2Q23. Apart from this factor, the comparison of the aggregate figures in the semester was impacted by the beginning of the amortizations arising from the acquisitions of Feedz, Gesplan, Tallos, RBM, and Vadu, carried out over the course of 2022.

Financial Result

In R$ million	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
Financial Revenues	87.4	98.7	(11.4%)	71.5	22.3%	158.9	176.5	(10.0%)
Financial Expenses	(91.1)	(85.2)	6.9%	(92.1)	(1.1%)	(183.2)	(163.8)	11.9%
Financial Result	**(3.7)**	**13.5**	**(127.3%)**	**(20.6)**	**(82.2%)**	**(24.3)**	**12.8**	**(290.3%)**

The 22% growth in Financial Revenues in the quarter-over-quarter comparison was mainly due to the negative impact on financial investments revenue in 1Q23, as explained in the previous quarter. When compared to the same period of the previous year, the negative variation in the Financial Result is associated with the extraordinary effect of R$14.7 million from tax credits related to 2Q22.

Income tax and social contribution

In R$ million	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
EBT	**165.2**	**189.9**	**(13.0%)**	**168.3**	**(1.8%)**	**333.5**	**322.4**	**3.4%**
Taxes at nominal rate (34%)	(56.2)	(64.1)	(12.4%)	(57.2)	(1.8%)	(113.4)	(108.5)	4.4%
Law 11,196/05 - R&D Incentive	7.2	6.0	20.4%	6.2	16.8%	13.4	11.1	20.6%
Interest on Equity	-	(1.2)	(100.0%)	-	-	-	(1.2)	(100.0%)
Effect of Different Taxation in Subsidiaries	(4.7)	(4.1)	16.6%	(3.9)	22.1%	(8.6)	(7.2)	19.8%
Management Bonus	(0.7)	(1.5)	(54.6%)	(1.2)	(41.5%)	(1.9)	(2.5)	(26.2%)
Workers' Meal Program	0.8	0.5	57.3%	1.0	(19.8%)	1.8	1.2	42.5%
Other	0.3	7.3	(96.5%)	(8.0)	(103.2%)	(7.7)	13.2	(158.5%)
Income Tax and Social Contribution	**(53.3)**	**(57.1)**	**(6.6%)**	**(63.1)**	**(15.5%)**	**(116.5)**	**(93.9)**	**24.1%**
Current Income Tax and Social Contribution	(53.7)	(43.1)	24.6%	(62.9)	(14.6%)	(116.5)	(85.2)	36.7%
Deferred Income Tax and Social Contribution	0.3	(14.0)	(102.3%)	(0.3)	(221.8%)	0.1	(8.6)	(100.7%)
% Total Effective Tax Rate	*32.3%*	*30.1%*	*220 bp*	*37.5%*	*-520 bp*	*34.9%*	*29.1%*	*580 bp*

The Total Effective Rate of Income Tax and Social Contribution ended the quarter at 32.3%, which is 220 basis points above 2Q22, because of the positive impact of revenue from tax credits in 2Q22.

GAAP Cash Flow
(Management and Business Performance dimensions)

The following statement reflects the combined Cash Flow of the Management and Business Performance dimensions as per the GAAP standards.

In R$ million	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
EBT (GAAP)	**165.2**	**189.9**	**(13.0%)**	**168.3**	**(1.8%)**	**333.5**	**322.4**	**3.4%**
Non-Cash Items	**178.4**	**135.0**	**32.1%**	**188.7**	**(5.4%)**	**367.1**	**311.2**	**17.9%**
Change in Working Capital	**9.3**	**(34.4)**	**(127.1%)**	**(68.6)**	**(113.6%)**	**(59.2)**	**(86.0)**	**(31.1%)**
Operating Cash Generation	**353.0**	**290.5**	**21.5%**	**288.4**	**22.4%**	**641.3**	**547.6**	**17.1%**
Interest paid	(2.2)	(93.5)	(97.6%)	(108.7)	(97.9%)	(110.9)	(96.5)	14.9%
Income Tax and Social Cont. paid	(28.5)	(9.6)	195.6%	(51.6)	(44.7%)	(80.0)	(59.7)	34.0%
Net Cash from Operating Activities	**322.2**	**187.3**	**72.0%**	**128.1**	**151.5%**	**450.4**	**391.3**	**15.1%**
Acquisition of Subsidiaries and Investments, Net	(69.0)	(83.9)	(17.8%)	(11.7)	487.9%	(80.7)	(268.8)	(70.0%)
Fixed Assets	(22.0)	(17.2)	28.0%	(37.4)	(41.1%)	(59.5)	(31.6)	88.3%
Intangibles	(21.3)	(23.5)	(9.5%)	(28.8)	(26.3%)	(50.1)	(33.2)	50.9%
Franchises Loan	5.5	4.7	16.2%	6.2	(10.9%)	11.7	9.2	27.1%
Net cash Invested in Techfin Dim.	0.2	(5.9)	(104.0%)	(5.0)	(104.7%)	(4.8)	(13.1)	(63.6%)
Net Cash used in Investing Act.	**(106.5)**	**(125.8)**	**(15.3%)**	**(76.8)**	**38.7%**	**(183.3)**	**(337.4)**	**(45.7%)**
Increase (Decrease) Gross Debt	(10.5)	(1.6)	577.2%	(0.4)	>999%	(11.0)	(6.7)	62.6%
Payment of Principal of Lease Liabilities	(14.9)	(19.2)	(22.4%)	(13.9)	6.8%	(28.8)	(27.9)	3.2%
Shareholders Remuneration	(4.2)	(178.7)	(97.7%)	(236.4)	(98.2%)	(240.6)	(187.9)	28.0%
Share Issue Expenses	-	-	-	-	-	-	(0.1)	(100.0%)
Investments form Non-controlling Interest	4.2	-	-	-	-	4.2	-	-
Receivables from Related Companies	(6.1)	-	-	(0.2)	>999%	(6.3)	-	-
Net Cash gen. by (used in) Financ. Act.	**(31.5)**	**(199.4)**	**(84.2%)**	**(251.0)**	**(87.5%)**	**(282.5)**	**(222.6)**	**26.9%**
Incr. (Dec.) in Cash and Cash Equivalent	184.2	(137.8)	(233.7%)	(199.7)	(192.3%)	(15.5)	(168.7)	(90.8%)
Cash and Equiv. Beginning of the Period	2,536.1	2,704.9	(6.2%)	2,735.8	(7.3%)	2,735.8	2,735.8	0.0%
Cash and Equiv. End of the Period	**2,720.3**	**2,567.1**	**6.0%**	**2,536.1**	**7.3%**	**2,720.3**	**2,567.1**	**6.0%**
Revenue from Financial Investments	**84.0**	**80.9**	**4.0%**	**66.4**	**26.7%**	**150.4**	**156.1**	**(3.7%)**
Free Cash Flow*	**188.0**	**139.0**	**35.3%**	**91.5**	**105.5%**	**279.5**	**235.2**	**18.8%**

* Operating Cash Generation (–) Income Tax and Social Cont. paid (–) Net Cash used in Investing Act. (–) Payment of Principal of Lease Liabilities (–) Short-term investment yield (+) Acquisition of Subsidiaries and Investments

Free Cash Flow from the Management and Business Performance dimensions ended the quarter at R$188 million, which is 106% higher than that of 1Q23, mainly because of the positive variation in Working Capital, which is associated with: (i) the seasonal behavior in Labor Obligations; and (ii) the positive variation in Trade and Other Payables. Compared to the same quarter of the previous year, the 35% increase in Free Cash Flow is related to: (i) the growth in Management and Business Performance EBITDA; and (ii) the positive variation on the lines of Recoverable Taxes and Trade and Other Payables reflected on the line Changes in Working Capital.

Techfin dimension results

The Techfin dimension aims to simplify, expand, and democratize TOTVS' SMB clients' access to B2B financial services, comprising Supplier and Techfin operations, which, consolidated, we now call TOTVS Techfin. Supplier is a company with more than 20 years in the market, profitable and consolidated in its niche. Techfin was created just over 3 years ago and has been building its portfolio of solutions based on strong competitive advantages, such as a simplified ERP banking journey, with hiring and use of financial services via integration with management software, the intensive use of data available in these software for contextualized offers, in addition to being what we call it TOTVS-centric, that is, focused on SMB companies that are TOTVS' clients.

As previously commented, the commitment to create a JV with Itaú meets the criteria of assets held for sale, in compliance with IFRS 5, causing the result of the Techfin operation to be reclassified exclusively to the line Net Income (Loss) from Techfin dimension. In order to preserve the analysis of margins and EBITDA of the consolidated dimensions, in this section we present the Net Income (Loss) from Techfin dimension opened in the Revenues, Costs, and Expenses lines.

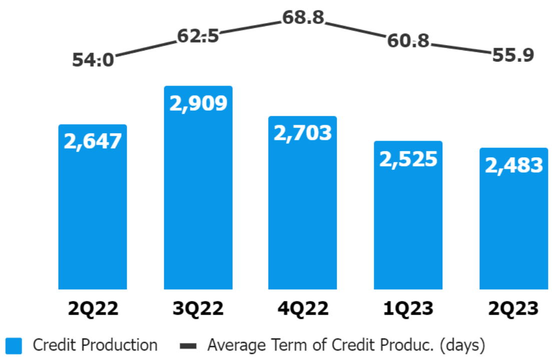
Techfin Results (in R$ million)	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
Techfin Net Revenue	**88.9**	**93.9**	**(5.3%)**	**99.8**	**(10.9%)**	**188.6**	**176.5**	**6.9%**
Funding Cost	(41.4)	(42.0)	(1.5%)	(45.3)	(8.6%)	(86.7)	(77.5)	11.8%
Techfin Revenue - Net of funding	**47.5**	**51.9**	**(8.5%)**	**54.5**	**(12.8%)**	**102.0**	**99.0**	**3.0%**
Operational Costs	(7.6)	(5.7)	33.3%	(6.4)	17.5%	(14.0)	(11.6)	21.1%
Gross Profit	**39.9**	**46.2**	**(13.6%)**	**48.0**	**(16.9%)**	**87.9**	**87.4**	**0.6%**
Research and Development	(9.0)	(6.2)	46.1%	(9.4)	(3.8%)	(18.4)	(12.9)	42.7%
Provision for Expected Credit Losses	(6.8)	(7.3)	(7.1%)	(8.3)	(18.5%)	(15.0)	(17.5)	(14.0%)
Techfin Contribution Margin	**24.1**	**32.7**	**(26.3%)**	**30.4**	**(20.5%)**	**54.5**	**57.0**	**(4.5%)**
% Techfin Contribution Margin	*50.8%*	*63.1%*	*-1230 bp*	*55.7%*	*-490 bp*	*53.4%*	*57.6%*	*-420 bp*
Sales and Marketing Expenses	(10.7)	(7.6)	40.8%	(9.8)	9.1%	(20.6)	(15.3)	34.4%
G&A Expenses and Others	(16.5)	(16.5)	(0.1%)	(16.6)	(0.6%)	(33.0)	(28.2)	17.1%
Techfin EBITDA	**(3.1)**	**8.6**	**(135.6%)**	**3.9**	**(178.1%)**	**0.9**	**13.5**	**(93.6%)**
% Techfin EBITDA	*-6.5%*	*16.7%*	*-2320 bp*	*7.2%*	*-1370 bp*	*0.8%*	*13.6%*	*-1280 bp*
Depreciation and Amortization	(10.2)	(11.3)	(9.6%)	(10.6)	(3.8%)	(20.8)	(26.0)	(19.9%)
Financial Result	0.7	(0.2)	(550.0%)	0.1	423.9%	0.8	(0.3)	(434.4%)
Income Tax and Social Contribution	4.6	(0.9)	(638.4%)	0.9	402.3%	5.6	(1.7)	(436.1%)
Net Income (Loss) from Techfin Dimension	**(7.9)**	**(3.7)**	**117.2%**	**(5.6)**	**41.8%**	**(13.5)**	**(14.4)**	**(5.9%)**
% Net Income (Loss) from Techfin Dimension	*-16.7%*	*-7.0%*	*-970 bp*	*-10.3%*	*-640 bp*	*-13.3%*	*-14.5%*	*120 bp*
Net Effect of Amortization	5.2	6.2	(16.2%)	5.2	0.0%	10.5	14.3	(27.1%)
Techfin Dimension Cash Earnings [1]	**(2.7)**	**2.6**	**(204.7%)**	**(0.4)**	**638.2%**	**(3.1)**	**(0.0)**	**>999%**
Techfin Cash Earnings Margin	*-5.7%*	*5.0%*	*-1070 bp*	*-0.7%*	*-500 bp*	*-3.0%*	*0.0%*	*-300 bp*

[1] Net Income without the effects of expenses with amortization of intangibles arising from acquisitions

Techfin Revenue

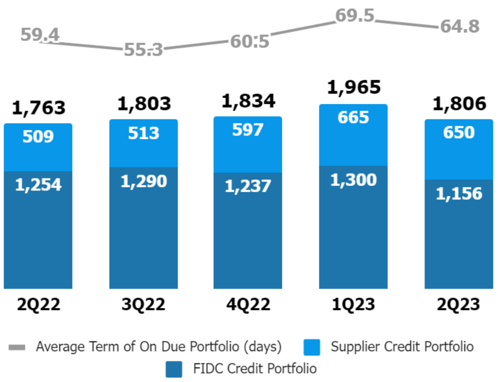
Techfin revenue decreased 5.3% versus 2Q22, chiefly because of the 6.2% reduction in Supplier's Credit Production, as shown in the chart on the side. When compared with 1Q23, the decrease of 11% in Techfin Revenue is due to: (i) the reduction of 4.9 days in the average term of Credit Production; and (ii) the 1.6% reduction in Credit Production, also reflecting the challenging credit scenario that remained throughout the second quarter, besides the economic slowdown in some segments, such as the steel chain, which has registered a drop in both volume and price. It is imperative to bear in mind that in this demanding scenario, Supplier will invariably prioritize keeping delinquency at healthy levels, despite a decrease in production and credit portfolio.

Supplier Credit Production (R$ million)



The Credit Portfolio net of Provision for Expected Credit Losses grew 2.4% year-over-year, as shown in the chart on the left, with an average maturity of 64.8 days. When compared to 1Q23, the decrease of 8.1% is mainly due to the decrease in the average term of the Portfolio, as a result of the seasonal reduction in the mix of Agribusiness credit agreements, as expected in the previous quarter.

Net Credit Portfolio (R$ million)



The proportional reduction of the FIDC's Net Credit Portfolio in relation to the portfolio maintained at Suplier is a result of the higher volume of fund redemptions, carried out throughout the quarter. This movement occurred as a result of the maintenance of the remuneration of the senior and mezzanine shares, in return for the request for an increase in fees by the FIDC quotaholders, aiming at optimizing the cost of funding, in view of the closing of Techfin JV and the consequent access to a more efficient funding.

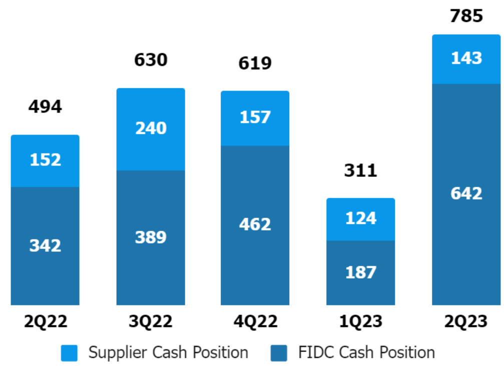
Techfin Revenue - Net of Funding

The 8.5% reduction in Techfin Revenue Net of Funding, when compared to 2Q22, is mainly due to the 5.3% reduction in Techfin Revenue, as mentioned above.

Compared to 1Q23, the 13% drop is mainly a result of the 11% reduction in Techfin Revenue. The 8.6% reduction in the Funding Cost in the period is mainly explained by the reduction of approximately more than 6% in the average Funding of the FIDC, due to the redemptions that took place in the period.

FIDC's Cash position grew in 2Q23 because of the higher volume of funding in the second half of June, in view of the payment of the expected redemptions request and the demand for the beginning of the new Agribusiness harvest in 3Q23.

Cash Position (R$ million)



Operating Costs

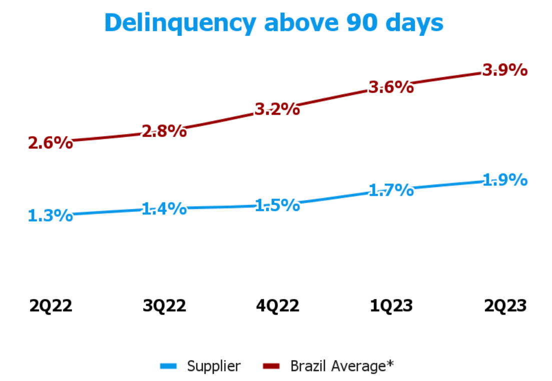
Operating Costs ended the quarter 18% higher than in 1Q23, mainly due to increased credit insurance premiums and the positive effect in the previous quarter of the partial reversal of the provision for 2022 Bonuses.

Research & Development

Research and Development (R&D) expenses in the quarter finished at a similar level to the 1Q23 and 46% higher than 2Q22. This year-over-year growth is mainly due to the expansion of investments in the development and integration of solutions of this dimension, which began in the second half of 2022, in view of the portfolio expansion plan for TOTVS Techfin.

Provision for Expected Credit Losses

The Provision for Expected Credit Losses represented 0.37% of the Gross Credit Portfolio, which is 4 basis points below 2Q22 and 1Q23. This recent reduction was a result of Supplier's improved delinquency rates, particularly in credit agreements in overdue from 31 to 90 days, as these are the most impactful on the quarter's provision.



*Source: Brazilian Central Bank: (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito) > tabelas.xls > Tabela 23 > MPMe

As shown in the chart on the side, the growth of the delinquency percentage in the 2Q23 of Supplier is mainly associated with the seasonal reduction in Credit Portfolio and not the increase in the volume of overdue amounts, which, combined with the carrying over of amounts in overdue from previous periods, already leads to an increase in the percentage of delinquency over 90 days In addition, the increase in the general credit default of the Micro, Small, and Medium-sized Enterprises (MPMe) financial system had a reduced impact on Supplier operation, as the difference between the Brazilian average and Supplier average increased from 190 basis points in 1Q23 to 200 basis points in 2Q23.

Techfin Contribution Margin

Techfin Contribution Margin on Techfin Revenue Net of Funding ended the quarter at 50.8%, representing a 490 basis points shortfall from 1Q23, as a result of 17% decrease in Gross Profit and consistent R&D investments.

Other Techfin Operating Expenses

Sales and Marketing Expenses increased by 9.1% versus 1Q23 associated with the increase in the provision for Bonuses, as in the previous quarter in which there was a lower payment than the one provisioned in 2022 in these lines.

In contrast, G&A Expenses and Others remained consistent with the level attained in 1Q23. In the first half, this line grew by 17% year on year, due to the already mentioned start of expansion in investments, aimed at accelerating the Techfin strategy with the JV with Itaú.

Techfin's EBITDA and EBITDA Margin

Techfin's EBITDA ended the quarter at negative R$3.1 million, which is R$7 million below 1Q23 EBITDA, mainly associated with the R$7 million reduction in Techfin Revenue Net of Funding, as mentioned above.

	2Q22	3Q22	4Q22	1Q23	2Q23
% Supplier EBITDA	*28.7%*	*39.6%*	*34.0%*	*31.3%*	*17.4%*

As shown in the aforementioned table, Supplier, individually, has been a very profitable operation, concluding the quarter with a positive EBITDA Margin of 17.4%, despite the unfavorable conditions already mentioned. Furthermore, the consolidated negative result of the Techfin dimension comes entirely from the organic operation, in view of the investments in the development of a complete organic portfolio, which totaled approximately R$13.5 million in this quarter.

Techfin’s Net Income and Cash Earnings

The Techfin ended the quarter with a loss of R$7.9 million, an increase of R$2.3 million over 1Q23, mainly because of the reduction of R$7 million in EBITDA, which was partially offset by the positive amount of R$4.6 million in the income tax and social contribution line related to deferred taxes.

Techfin’s Cash Flow

The statement below reflects the Cash Flow of Techfin’s dimension, excluding the effects of FIDC consolidation.

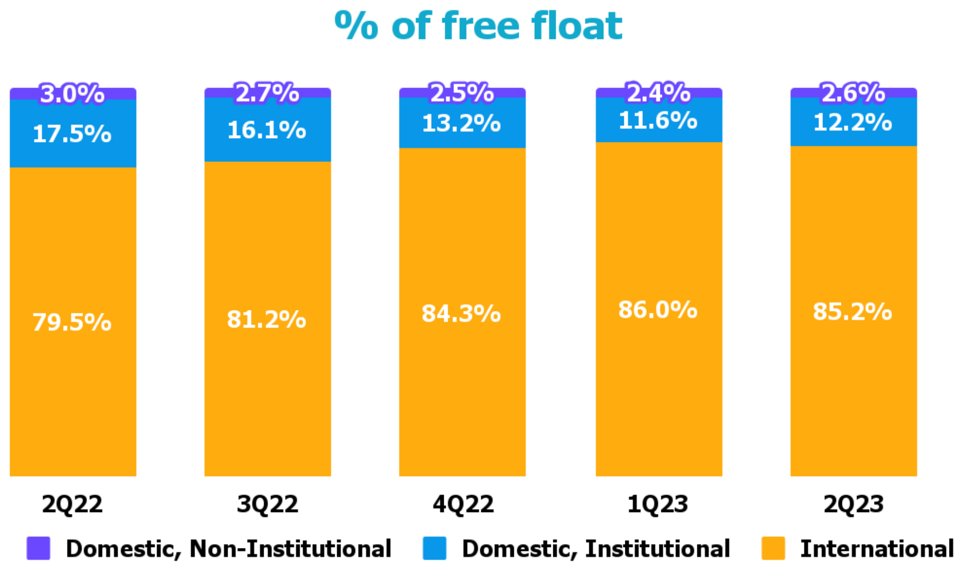
	Without the effects of FIDC consolidation							
In R$ million	**2Q23**	2Q22	Δ	1Q23	Δ	**1H23**	1H22	Δ
EBT (GAAP)	**(12.6)**	**(2.8)**	**349.8%**	**(6.5)**	**92.9%**	**(19.1)**	**(12.7)**	**50.1%**
Non-Cash Items	**7.3**	**8.8**	**(16.5%)**	**7.9**	**(7.2%)**	**15.2**	**26.2**	**(41.9%)**
Change in Working Capital	**14.8**	**(2.8)**	**(633.8%)**	**(42.6)**	**(134.8%)**	**(27.8)**	**3.0**	**<(999%)**
Operating Cash Generation	**9.6**	**3.2**	**199.2%**	**(41.3)**	**(123.3%)**	**(31.6)**	**16.5**	**(291.6%)**
Interest paid	(0.0)	(0.0)	140.0%	(0.0)	(12.2%)	(0.1)	(6.6)	(98.8%)
Income Tax and Social Cont. paid	-	(5.2)	(100.0%)	-	-	-	(5.2)	(100.0%)
Net Cash from Operating Activities	**9.6**	**(2.0)**	**(586.7%)**	**(41.3)**	**(123.2%)**	**(31.7)**	**4.8**	**(762.6%)**
Fixed Assets	(0.1)	(0.1)	(44.0%)	(0.1)	(37.1%)	(0.2)	(0.2)	(21.0%)
Intangibles	(0.2)	(0.1)	154.8%	(0.0)	652.4%	(0.2)	(0.2)	9.1%
Financial Rescues (Invest.)	(250.3)	-	-	-	-	(250.3)	100.0	(350.3%)
Net Cash used in Investing Act.	**(250.5)**	**(0.2)**	**>999%**	**(0.1)**	**>999%**	**(250.6)**	**99.6**	**(351.5%)**
Increase (Decrease) Gross Debt	250.0	-	-	-	-	250.0	(100.0)	(350.0%)
Payment of Principal of Lease Liabilities	(0.3)	(0.3)	0.0%	(0.3)	1.8%	(0.6)	(0.6)	(0.9%)
Capital Increase, Net of Expenses	(0.2)	5.9	(104.0%)	5.0	(104.7%)	4.8	13.1	(63.6%)
Receivables from Related Companies	6.0	-	-	0.2	>999%	6.3	-	-
Net Cash gen. by (used in) Financ. Act.	**255.5**	**5.6**	**>999%**	**5.0**	**>999%**	**260.5**	**(87.4)**	**(397.9%)**
Incr. (Dec.) in Cash and Cash Equivalent	14.6	3.5	316.7%	(36.5)	(140.0%)	(21.9)	17.0	(228.8%)
Cash and Equiv. Beginning of the Period	128.3	148.8	(13.8%)	164.8	(22.1%)	164.8	135.3	21.8%
Cash and Equiv. End of the Period	**142.9**	**152.3**	**(6.2%)**	**128.3**	**11.4%**	**142.9**	**152.3**	**(6.2%)**
Revenue from Financial Investments	0.9	0.1	669.2%	0.1	>999%	1.0	0.3	220.9%
Free Cash Flow*	**8.2**	**(2.5)**	**(424.4%)**	**(41.7)**	**(119.7%)**	**(33.5)**	**10.1**	**(431.5%)**

* Operating Cash Generation (–) Income Tax and Social Cont. paid (–) Net Cash used in Investing Act. (–) Payment of Principal of Lease Liabilities (–) Short-term investment yield (+) Acquisition of Subsidiaries and Investments

Techfin's Free Cash Flow for the quarter concluded at R$8.2 million. The variation, when compared to 1Q23, is primarily associated with the positive fluctuation on the Accounts Receivable from Customers line. This offset the negative variation in the Business Partners Payable line (Supplier’s floating), which, in the short term, is affected by the dynamics of greater or lesser assignment of credit portfolio to FIDC. These two lines impact the variation on the Working Capital line.

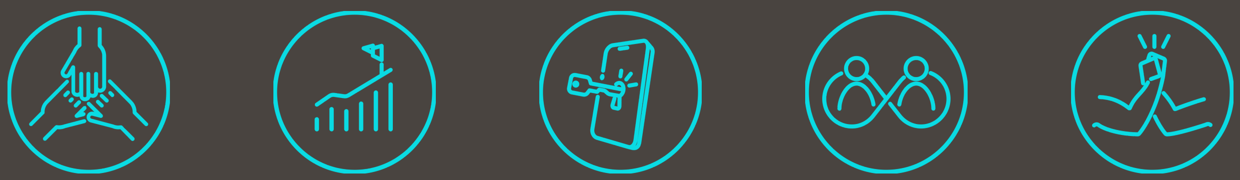
SHAREHOLDING COMPOSITION

TOTVS closed with a Capital Stock of approximately R$3 billion, comprised of 617,183,181 common shares, of which 83.5% are in free-float with the following composition:



About TOTVS

As an originally Brazilian Company, TOTVS purpose is to ***improve the companies' results*** *through technology, expanding their operations, leveraging their businesses and making them more profitable. Investing approximately R$2.5 billion in research and development in the last five years, TOTVS seeks to digitize clients' businesses, being an absolute leader in systems and platforms for business* ***management****, delivering productivity and offering* ***financial services*** *and* ***business performance*** *solutions to over 70,000 clients in 12 industry sectors. For further information, please visit en.totvs.com*



WE VALUE GOOD PROFESSIONALS **WHO ARE GOOD PEOPLE**

WE ARE DRIVEN **BY RESULTS**

WE INVEST IN TECHNOLOGY THAT **MAKES IT POSSIBLE**

WE BUILD **LONG-TERM** RELATIONSHIPS WITH OUR CLIENTS

WHEN WE COLLABORATE, **WE BECOME STRONGER**

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

Consolidated Income Statement (Non-GAAP)

In R$ million	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
Net Revenue	**1,176.8**	**1,008.5**	**16.7%**	**1,163.9**	**1.1%**	**2,340.7**	**1,989.6**	**17.6%**
Techfin Funding Cost	(41.4)	(42.0)	(1.5%)	(45.3)	(8.6%)	(86.7)	(77.5)	11.8%
Net Funding Revenue	**1,135.4**	**966.4**	**17.5%**	**1,118.6**	**1.5%**	**2,254.0**	**1,912.1**	**17.9%**
Management Revenue	986.7	839.0	17.6%	972.1	1.5%	1,958.9	1,667.7	17.5%
Business Performance Revenue	101.2	75.6	33.9%	92.0	10.0%	193.2	145.4	32.9%
Techfin Revenue - Net of funding	47.5	51.9	(8.5%)	54.5	(12.8%)	102.0	99.0	3.0%
Operating Costs	**(306.5)**	**(263.9)**	**16.1%**	**(295.0)**	**3.9%**	**(601.5)**	**(519.6)**	**15.7%**
Management Operating Costs	(274.7)	(239.6)	14.7%	(266.2)	3.2%	(540.9)	(470.8)	14.9%
Business Performance Operating Costs	(24.2)	(18.7)	29.3%	(22.4)	8.2%	(46.5)	(37.2)	25.0%
Techfin Costs	(7.6)	(5.7)	33.3%	(6.4)	17.5%	(14.0)	(11.6)	21.1%
Gross Profit	**828.9**	**702.5**	**18.0%**	**823.6**	**0.6%**	**1,652.6**	**1,392.4**	**18.7%**
Operating Expenses	**(673.3)**	**(528.7)**	**27.3%**	**(641.4)**	**5.0%**	**(1,314.7)**	**(1,095.3)**	**20.0%**
Research and Development	(203.7)	(170.7)	19.3%	(201.6)	1.0%	(405.3)	(334.9)	21.0%
Sales and Marketing Expenses	(245.9)	(188.3)	30.6%	(223.6)	10.0%	(469.5)	(372.7)	26.0%
Provision for Expected Credit Losses	(17.0)	(13.1)	29.2%	(15.8)	7.7%	(32.7)	(30.7)	6.6%
General and Administrative Expenses	(109.6)	(101.4)	8.1%	(106.1)	3.3%	(215.8)	(195.1)	10.6%
Provision for Contingencies	(7.7)	(3.2)	144.6%	(1.3)	507.8%	(9.0)	(14.6)	(38.1%)
Depreciation and Amortization	(86.0)	(69.4)	23.9%	(72.7)	18.2%	(158.7)	(141.2)	12.4%
Other Net Revenues (Expenses)	(3.4)	17.5	(119.5%)	(20.2)	(83.2%)	(23.6)	(6.2)	283.0%
EBIT	**155.6**	**173.8**	**(10.5%)**	**182.3**	**(14.6%)**	**337.8**	**297.1**	**13.7%**
Financial Result	(3.0)	13.3	(122.4%)	(20.5)	(85.5%)	(23.5)	12.5	(287.4%)
Earnings Before Taxes (EBT)	**152.6**	**187.1**	**(18.4%)**	**161.8**	**(5.7%)**	**314.4**	**309.6**	**1.5%**
Income Tax and Social Contribution	(48.7)	(57.9)	(15.9%)	(62.2)	(21.7%)	(110.9)	(95.5)	16.1%
Consolidated Net Income	**103.9**	**129.1**	**(19.5%)**	**99.5**	**4.4%**	**203.4**	**214.1**	**(5.0%)**
Non-Controlling Net Income	(8.5)	(6.7)	25.8%	(5.4)	56.5%	(13.9)	(12.3)	13.4%
Controller's Net Income	**95.4**	**122.4**	**(22.0%)**	**94.1**	**1.4%**	**189.5**	**201.8**	**(6.1%)**
Controller's Net Margin	*8.4%*	*12.7%*	*-430 bp*	*8.4%*	*0 bp*	*8.4%*	*10.6%*	*-220 bp*

APPENDIX II

Reconciliation of the Consolidated Income Statement

In R$ million	2Q23 GAAP Income Statement* (a)	2Q23 Deprec. and Amort. Reclass.** (b)	2Q23 Techfin Dimension (c)	2Q23 Non-GAAP Income Statement (a+b+c)	1H23 GAAP Income Statement* (a)	1H23 Deprec. and Amort. Reclass.** (b)	1H23 Techfin Dimension (c)	1H23 Non-GAAP Income Statement (a+b+c)
Net Revenue	**1,087.9**	**-**	**47.5**	**1,135.4**	**2,152.1**	**-**	**102.0**	**2,254.0**
Management Revenue	986.7	-	-	986.7	1,958.9	-	-	1,958.9
Business Performance Revenue	101.2	-	-	101.2	193.2	-	-	193.2
Techfin Revenue - Net of funding	-	-	47.5	47.5	-	-	102.0	102.0
Costs	**(330.5)**	**31.6**	**(7.6)**	**(306.5)**	**(639.6)**	**52.2**	**(14.0)**	**(601.5)**
Gross Profit	**757.4**	**31.6**	**39.9**	**828.9**	**1,512.4**	**52.2**	**87.9**	**1,652.6**
Gross Margin	*69.6%*		*84.1%*	*73.0%*	*70.3%*		*86.3%*	*73.3%*
Operating Expenses (Revenues)	**(588.5)**	**(31.6)**	**(53.2)**	**(673.3)**	**(1,154.6)**	**(52.2)**	**(107.9)**	**(1,314.7)**
Research and Development	(206.5)	11.9	(9.0)	(203.7)	(410.8)	23.9	(18.4)	(405.3)
Sales and Marketing Expenses	(254.7)	19.5	(10.7)	(245.9)	(484.6)	35.7	(20.6)	(469.5)
General and Administrative Expenses	(122.5)	23.0	(17.8)	(117.4)	(233.0)	43.9	(35.7)	(224.8)
Depreciation and Amortization	-	(75.8)	(10.2)	(86.0)	-	(137.9)	(20.8)	(158.7)
Provision for Expected Credit Losses	-	(10.2)	(6.8)	(17.0)	-	(17.7)	(15.0)	(32.7)
Other Net Revenues (Expenses)	(4.8)	-	1.4	(3.4)	(26.3)	-	2.6	(23.6)
EBIT	**168.9**	**(0.0)**	**(13.3)**	**155.6**	**357.8**	**(0.0)**	**(19.9)**	**337.8**
Financial Revenues	87.4	-	1.0	88.4	158.9	-	1.3	160.1
Financial Expenses	(91.1)	-	(0.3)	(91.4)	(183.2)	-	(0.4)	(183.6)
Earnings Before Taxes (EBT)	**165.2**	**(0.0)**	**(12.6)**	**152.6**	**333.5**	**(0.0)**	**(19.1)**	**314.4**
Income Tax and Social Contribution	(53.3)	-	4.6	(48.7)	(116.5)	-	5.6	(110.9)
Techfin Dim. Net Income (Loss)	(7.9)	-	7.9	-	(13.5)	-	13.5	-
Consolidated Net Income	**103.9**	**(0.0)**	**(0.0)**	**103.9**	**203.4**	**(0.0)**	**0.0**	**203.4**
Non-Controlling Net Income	(8.5)	-	-	(8.5)	(13.9)	-	-	(13.9)
Controlling Net Income	**95.4**	**(0.0)**	**(0.0)**	**95.4**	**189.5**	**(0.0)**	**0.0**	**189.5**
Controlling Net Margin	*8.8%*			*8.4%*	*8.8%*			*8.4%*

* As established in IFRS-5, the transaction involving the creation of the JV with Itaú Unibanco S.A. meets the criteria of assets held for sale and, therefore, the quarterly financial information will present the result of the consolidated Techfin operation in the line "Techfin Dimension Net Income (Loss)".

** As established in IAS-1, expenses with depreciation and amortization and provision for expected credit losses were reclassified to cost and expense lines associated with the respective assets that originated them.

APPENDIX III

EBITDA and Net Income Reconciliation (CVM Resolution 156/22)

In R$ million	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
Consolidated Net Income	**103.9**	**129.1**	**(19.5%)**	**99.5**	**4.4%**	**203.4**	**214.1**	**(5.0%)**
Net Margin	*9.2%*	*13.4%*	*-420 bp*	*8.9%*	*30 bp*	*9.0%*	*11.2%*	*-220 bp*
Net Loss (Income) Techfin Dim.	7.9	3.7	117.2%	5.6	41.8%	13.5	14.4	(5.9%)
Depreciation and Amortization	75.8	58.1	30.4%	62.1	22.0%	137.9	115.2	19.7%
Financial Result	3.7	(13.5)	(127.3%)	20.6	(82.2%)	24.3	(12.8)	(290.3%)
Income Tax and Social Contribution	53.3	57.1	(6.6%)	63.1	(15.5%)	116.5	93.9	24.1%
EBITDA GAAP	**244.6**	**234.5**	**4.3%**	**251.0**	**(2.5%)**	**495.7**	**424.8**	**16.7%**
% EBITDA GAAP	*22.5%*	*25.6%*	*-310 bp*	*23.6%*	*-110 bp*	*23.0%*	*23.4%*	*-40 bp*
Techfin Dimension EBITDA	**(3.1)**	**8.6**	**(135.6%)**	**3.9**	**(178.1%)**	**0.9**	**13.5**	**(93.6%)**
Extraordinary Items	**14.6**	**(13.8)**	**(206.2%)**	**26.0**	**(43.6%)**	**40.6**	**14.4**	**182.2%**
M&A Adjustment at Fair Value	5.1	1.2	337.3%	21.6	(76.6%)	26.7	26.1	2.3%
Extraord. Adj. from Oper. Restructuring	7.3	-	-	3.1	137.5%	10.4	-	-
Expenses with M&A Transactions	1.4	2.7	(48.7%)	1.3	7.4%	2.6	5.9	(55.5%)
Tax Credit	0.9	(17.6)	(104.9%)	-	-	0.9	(17.6)	(104.9%)
Adjusted EBITDA	**256.2**	**229.4**	**11.7%**	**281.0**	**(8.8%)**	**537.2**	**452.7**	**18.7%**
Non-GAAP Adjusted EBITDA Margin	*22.6%*	*23.7%*	-110 bp	*25.1%*	-250 bp	*23.8%*	*23.7%*	10 bp

APPENDIX IV

Consolidated Cash Flow (Non-GAAP)

Without the effects of FIDC consolidation

In R$ million	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
EBT	**152.6**	**187.1**	**(18.4%)**	**161.8**	**(5.7%)**	**314.4**	**309.6**	**1.5%**
Adjustments:	**185.8**	**143.8**	**29.2%**	**196.6**	**(5.5%)**	**382.3**	**337.5**	**13.3%**
Depreciation and Amortization	86.0	69.4	23.9%	72.7	18.2%	158.7	141.2	12.4%
Share-based Payments Expense	5.7	1.6	265.8%	18.0	(68.3%)	23.8	15.3	55.3%
Losses on Disposal of Fixed Assets and Inv.	(0.4)	(0.7)	(34.6%)	1.0	(146.4%)	0.5	(0.5)	(209.4%)
Provision for Expected Credit Losses	10.6	6.7	58.4%	8.6	22.3%	19.2	14.7	31.1%
Prov. for Contingencies, Net of Reversals	7.1	2.5	179.7%	0.5	>999%	7.6	14.0	(45.2%)
Provision (Reversal) for Other Obligations	5.6	(2.0)	(385.9%)	21.6	(74.2%)	27.2	23.0	18.4%
Net Inter. Monet. and Exchange Var.	71.2	66.3	7.5%	74.1	(3.8%)	145.3	129.9	11.9%
Changes in Op. Assets and Liabilities:	**24.2**	**(37.2)**	**(165.0%)**	**(111.2)**	**(121.8%)**	**(87.0)**	**(83.0)**	**4.8%**
Trade Receivables	(6.3)	(58.2)	(89.2%)	(98.2)	(93.6%)	(104.5)	(181.3)	(42.4%)
Recoverable Taxes	(15.8)	(42.5)	(62.8%)	2.3	(775.9%)	(13.5)	(36.0)	(62.6%)
Judicial Deposits	(1.7)	(2.8)	(39.4%)	(2.8)	(38.7%)	(4.4)	(2.1)	113.3%
Other Assets	(58.0)	(42.6)	36.0%	(28.3)	104.7%	(86.3)	(48.8)	76.7%
Labor Liabilities	106.1	95.2	11.4%	(3.7)	<(999%)	102.4	90.1	13.7%
Trade and Other Payables	23.0	1.8	>999%	(20.5)	(212.2%)	2.5	(2.9)	(185.3%)
Commissions Payable	(4.9)	(4.3)	13.9%	8.6	(156.9%)	3.7	5.4	(31.2%)
Taxes and Contributions Payable	(5.8)	(1.8)	221.4%	(11.9)	(51.6%)	(17.7)	(17.2)	2.8%
Business Partners Payable	(9.8)	12.5	(178.9%)	35.5	(127.7%)	25.7	101.1	(74.6%)
Other Accounts Payable	(2.7)	5.5	(149.3%)	7.7	(135.2%)	5.0	8.8	(43.1%)
Operating Cash Generation	**362.6**	**293.7**	**23.4%**	**247.1**	**46.7%**	**609.7**	**564.1**	**8.1%**
Interest paid	(2.3)	(93.5)	(97.6%)	(108.7)	(97.9%)	(111.0)	(103.1)	7.7%
Tax Paid	(28.5)	(14.8)	92.4%	(51.6)	(44.7%)	(80.0)	(64.9)	23.4%
Net Cash from Operating Activities	**331.8**	**185.4**	**79.0%**	**86.8**	**282.1%**	**418.6**	**396.1**	**5.7%**
Acquisition of Subsidiaries, Net of Cash	(38.7)	(29.9)	29.4%	-	-	(38.7)	(97.5)	(60.3%)
Acquisition of Intangible Assets	(21.4)	(23.5)	(9.0%)	(28.9)	(25.8%)	(50.3)	(33.4)	50.7%
Proceeds from Sale of Subsid. Net of Cash	0.1	0.0	35.0%	-	-	0.1	6.4	(99.2%)
Financial and CVC Fund Rescues (Invest.)	(254.8)	(3.5)	>999%	-	-	(254.8)	92.3	(376.0%)
Franchises Loan	5.5	4.7	16.2%	6.2	(10.9%)	11.7	9.2	27.1%
Proceeds from Sale of Prop. Plant and Equip.	0.9	1.0	(9.0%)	0.5	86.5%	1.4	1.2	17.1%
Payments from Acquisitions of Subsidiaries	(25.8)	(50.5)	(49.0%)	(11.7)	119.5%	(37.5)	(170.0)	(77.9%)
Acquisitions of Prop. Plant and Equip.	(23.0)	(18.3)	25.5%	(38.0)	(39.5%)	(61.0)	(33.0)	85.1%
Net Cash used in Investing Act.	**(357.3)**	**(120.1)**	**197.6%**	**(71.9)**	**396.8%**	**(429.2)**	**(224.7)**	**91.0%**
Payment of Princ. of Loans and Financing	(10.5)	(1.6)	577.2%	(0.4)	>999%	(11.0)	(106.7)	(89.7%)
Payment of Principal of Lease Liabilities	(15.1)	(19.4)	(22.1%)	(14.2)	6.7%	(29.3)	(28.4)	3.1%
Dividends and Interest on Equity Paid	(4.2)	(69.7)	(94.0%)	(127.0)	(96.7%)	(131.2)	(79.0)	66.2%
Proceeds from debentures, loans and finan.	250.0	-	-	-	-	250.0	-	-
Share Issue Expenses	-	-	-	-	-	-	(0.1)	(100.0%)
Investments form Non-controlling Interest	4.2	-	-	-	-	4.2	-	-
Receivables from Related Companies	(0.0)	-	-	-	-	(0.0)	-	-
Net Treasury Shares	-	(109.0)	(100.0%)	(109.4)	(100.0%)	(109.4)	(109.0)	0.4%
Net Cash gen. by (used in) Financ. Act.	**224.3**	**(199.7)**	**(212.3%)**	**(251.1)**	**(189.3%)**	**(26.8)**	**(323.2)**	**(91.7%)**
Incr. (Dec.) in Cash and Cash Equivalent	**198.8**	**(134.3)**	**(248.0%)**	**(236.2)**	**(184.2%)**	**(37.3)**	**(151.7)**	**(75.4%)**
Cash and Equiv. Beginning of the Period	2,664.4	2,853.7	(6.6%)	2,900.5	(8.1%)	2,900.5	2,871.1	1.0%
Cash and Equiv. End of the Period	2,863.2	2,719.3	5.3%	2,664.4	7.5%	2,863.2	2,719.3	5.3%
Revenue from Financial Investments	84.9	81.0	4.9%	66.4	27.9%	151.4	156.4	(3.2%)
Free Cash Flow*	**196.0**	**142.4**	**37.7%**	**54.8**	**257.9%**	**250.8**	**258.4**	**(3.0%)**

* Operating Cash Generation (–) Income Tax and Social Cont. paid (–) Net Cash used in Investing Act. (–) Payment of Principal of Lease Liabilities (–) Short-term investment yield (+) Acquisition of Subsidiaries and Investments

APPENDIX V

2Q23 Cash Flow Reconciliation

In R$ million	2Q23 Mgmt + Biz Performance (GAAP) (a)	Techfin w/o FIDC (b)	Techfin Consol. Elimin. (c)	Non-GAAP w/o FIDC Consolid. (a+b+c)
EBT	**165.2**	**(12.6)**	**-**	**152.6**
Adjustments:	**178.4**	**7.3**	**-**	**185.8**
Depreciation and Amortization	75.8	10.2	-	86.0
Share-based Payments Expense	5.4	0.3	-	5.7
Losses on Disposal of Fixed Assets and Inv.	(0.3)	(0.2)	-	(0.4)
Provision for Expected Credit Losses	10.2	0.4	-	10.6
Prov. for Contingencies, Net of Reversals	7.1	(0.0)	-	7.1
Provision (Reversal) for Other Obligations	5.6	-	-	5.6
Net Inter. Monet. and Exchange Var.	74.5	(3.3)	-	71.2
Changes in Op. Assets and Liabilities:	**9.3**	**14.8**	**-**	**24.2**
Trade Receivables	(23.4)	17.1	-	(6.3)
Recoverable Taxes	(12.1)	(3.7)	-	(15.8)
Judicial Deposits	(1.7)	(0.0)	-	(1.7)
Other Assets	(54.7)	(3.2)	-	(58.0)
Labor Liabilities	100.8	5.3	-	106.1
Trade and Other Payables	22.2	0.8	-	23.0
Commissions Payable	(5.9)	1.0	-	(4.9)
Taxes and Contributions Payable	(6.4)	0.6	-	(5.8)
Business Partners Payable	-	(9.8)	-	(9.8)
Other Accounts Payable	(9.6)	6.9	-	(2.7)
Operating Cash Generation	**353.0**	**9.6**	**-**	**362.6**
Interest paid	(2.2)	(0.0)	-	(2.3)
Tax Paid	(28.5)	-	-	(28.5)
Net Cash from Operating Activities	**322.2**	**9.6**	**-**	**331.8**
Acquisitions of Prop. Plant and Equip.	(22.8)	(0.3)	-	(23.0)
Acquisition of Intangible Assets	(21.3)	(0.2)	-	(21.4)
Franchises Loan	5.5	-	-	5.5
Acquisition of Subsidiaries, Net of Cash	(38.7)	-	-	(38.7)
Payments from Acquisitions of Subsidiaries	(25.8)	-	-	(25.8)
Proceeds from Sale of Subsid., Net of Cash	0.1	-	-	0.1
Proceeds from Sale of Prop. Plant and Equip.	0.7	0.2	-	0.9
Financial and CVC Fund Investments	(4.5)	(250.3)	-	(254.8)
Net cash Invested in Techfin Dim.	0.2	-	(0.2)	-
Net Cash used in Investing Act.	**(106.5)**	**(250.5)**	**(0.2)**	**(357.3)**
Payment of Princ. of Loans and Financing	(10.5)	-	-	(10.5)
Payment of Principal of Lease Liabilities	(14.9)	(0.3)	-	(15.1)
Proceeds from debentures, loans and finan.	-	250.0	-	250.0
Capital Increase, Net of Expenses	-	(0.2)	0.2	-
Investments form Non-controlling Interest	4.2	-	-	4.2
Receivables from Related Companies	(6.1)	6.0	-	(0.0)
Dividends and Interest on Equity Paid	(4.2)	-	-	(4.2)
Net Cash gen. by (used in) Financ. Act.	**(31.5)**	**255.5**	**0.2**	**224.3**
Incr. (Dec.) in Cash and Cash Equivalent	**184.2**	**14.6**	**-**	**198.8**
Cash and Equiv. Beginning of the Period	2,536.1	128.3	-	2,664.4
Cash and Equiv. End of the Period	2,720.3	142.9	-	2,863.2

APPENDIX VI

1H23 Cash Flow Reconciliation

	1H23			
	Mgmt + Biz Performance (GAAP)	Techfin w/o FIDC	Techfin Consol. Elimin.	Non-GAAP w/o FIDC Consolid.
In R$ million	**(a)**	**(b)**	**(c)**	**(a+b+c)**
EBT	**333.5**	**(19.1)**	**-**	**314.4**
Adjustments:	**367.1**	**15.2**	**-**	**382.3**
Depreciation and Amortization	137.9	20.8	-	158.7
Share-based Payments Expense	22.8	1.0	-	23.8
Losses on Disposal of Fixed Assets and Inv.	0.7	(0.2)	-	0.5
Provision for Expected Credit Losses	17.7	1.6	-	19.2
Prov. for Contingencies, Net of Reversals	7.2	0.4	-	7.6
Provision (Reversal) for Other Obligations	27.2	-	-	27.2
Net Inter. Monet. and Exchange Var.	153.6	(8.3)	-	145.3
Changes in Op. Assets and Liabilities:	**(59.2)**	**(27.8)**	**-**	**(87.0)**
Trade Receivables	(54.6)	(49.9)	-	(104.5)
Recoverable Taxes	(7.2)	(6.3)	-	(13.5)
Judicial Deposits	(4.4)	(0.1)	-	(4.4)
Other Assets	(89.2)	2.9	-	(86.3)
Labor Liabilities	104.2	(1.8)	-	102.4
Trade and Other Payables	5.5	(3.0)	-	2.5
Commissions Payable	2.5	1.2	-	3.7
Taxes and Contributions Payable	(19.3)	1.6	-	(17.7)
Business Partners Payable	-	25.7	-	25.7
Other Accounts Payable	3.2	1.8	-	5.0
Operating Cash Generation	**641.3**	**(31.6)**	**-**	**609.7**
Interest paid	(110.9)	(0.1)	-	(111.0)
Tax Paid	(80.0)	-	-	(80.0)
Net Cash from Operating Activities	**450.4**	**(31.7)**	**-**	**418.6**
Acquisitions of Prop. Plant and Equip.	(60.7)	(0.4)	-	(61.0)
Acquisition of Intangible Assets	(50.1)	(0.2)	-	(50.3)
Franchises Loan	11.7	-	-	11.7
Acquisition of Subsidiaries, Net of Cash	(38.7)	-	-	(38.7)
Payments from Acquisitions of Subsidiaries	(37.5)	-	-	(37.5)
Proceeds from Sale of Subsid., Net of Cash	0.1	-	-	0.1
Proceeds from Sale of Prop. Plant and Equip.	1.2	0.2	-	1.4
Financial and CVC Fund Investments	(4.5)	(250.3)	-	(254.8)
Net cash Invested in Techfin Dim.	(4.8)	-	4.8	-
Net Cash used in Investing Act.	**(183.3)**	**(250.6)**	**4.8**	**(429.2)**
Payment of Princ. of Loans and Financing	(11.0)	-	-	(11.0)
Payment of Principal of Lease Liabilities	(28.8)	(0.6)	-	(29.3)
Proceeds from debentures, loans and finan.	-	250.0	-	250.0
Capital Increase, Net of Expenses	-	4.8	(4.8)	-
Investments form Non-controlling Interest	4.2	-	-	4.2
Receivables from Related Companies	(6.3)	6.3	-	(0.0)
Dividends and Interest on Equity Paid	(131.2)	-	-	(131.2)
Net Treasury Shares	(109.4)	-	-	(109.4)
Net Cash gen. by (used in) Financ. Act.	**(282.5)**	**260.5**	**(4.8)**	**(26.8)**
Incr. (Dec.) in Cash and Cash Equivalent	**(15.5)**	**(21.9)**	**-**	**(37.3)**
Cash and Equiv. Beginning of the Period	2,735.8	164.8	-	2,900.5
Cash and Equiv. End of the Period	2,720.3	142.9	-	2,863.2

APPENDIX VII

Balance Sheet (Non-GAAP)

In R$ million	2Q23	2Q22	Δ	1Q23	Δ
		Without the effects of FIDC consolidation			
ASSETS					
Current Assets	**4,680.2**	**4,084.5**	**14.6%**	**4,179.1**	**12.0%**
Cash and Cash Equivalents	2,863.2	2,719.3	5.3%	2,664.4	7.5%
Financial Investments	357.3	94.9	276.6%	103.7	244.7%
Trade Receivables	1,177.9	1,027.4	14.6%	1,171.8	0.5%
Other Assets	281.8	242.9	16.0%	239.3	17.8%
Non-current Assets	**4,792.9**	**4,621.1**	**3.7%**	**4,668.5**	**2.7%**
Other Assets	494.5	457.8	8.0%	501.0	(1.3%)
Property, Plant and Equipment	429.1	410.8	4.4%	428.0	0.2%
Intangible	3,869.3	3,752.4	3.1%	3,739.5	3.5%
TOTAL ASSETS	**9,473.1**	**8,705.6**	**8.8%**	**8,847.6**	**7.1%**
LIABILITIES					
Current Liabilities	**2,294.5**	**2,010.3**	**14.1%**	**1,590.5**	**44.3%**
Loans and Leases	312.3	57.7	441.0%	58.9	430.6%
Debentures	61.3	518.2	(88.2%)	8.7	602.7%
Transfer to partners	703.9	621.2	13.3%	713.8	(1.4%)
Other Liabilities	1,216.9	813.1	49.7%	809.1	50.4%
Non-current Liabilities	**2,490.8**	**2,098.3**	**18.7%**	**2,669.4**	**(6.7%)**
Loans and Leases	136.7	180.0	(24.1%)	141.1	(3.2%)
Debentures	1,489.9	999.0	49.1%	1,489.1	0.1%
Provision for Contingencies	114.3	110.2	3.7%	108.0	5.9%
Other Liabilities	749.9	809.1	(7.3%)	931.2	(19.5%)
Shareholders' Equity	**4,687.8**	**4,596.9**	**2.0%**	**4,587.7**	**2.2%**
TOTAL LIABILITIES AND EQUITY	**9,473.1**	**8,705.6**	**8.8%**	**8,847.6**	**7.1%**

APPENDIX VIII

Balance Sheet Reconciliation

In R$ million	2Q23 Mgmt + Biz Performance (a)	Techfin w/o FIDC (b)	Non-GAAP w/o FIDC Consolid. (a+b)	Techfin Deconsol. Effect (C)	GAAP (a+b+c)
ASSETS					
Current Assets	**3,513.1**	**1,167.1**	**4,680.2**	**1,738.6**	**6,418.8**
Cash and Cash Equivalents	2,720.3	142.9	2,863.2	(142.9)	2,720.3
Financial Investments	-	357.3	357.3	(357.3)	-
Trade Receivables	529.8	648.1	1,177.9	(648.1)	529.8
Other Assets	263.0	18.9	281.8	(18.9)	263.0
Techfin Dimension Assets	-	-	-	2,905.7	2,905.7
Non-current Assets	**4,504.5**	**288.4**	**4,792.9**	**(288.4)**	**4,504.5**
Other Assets	439.4	55.1	494.5	(55.1)	439.4
Property, Plant and Equipment	423.7	5.4	429.1	(5.4)	423.7
Intangible	3,641.5	227.8	3,869.3	(227.8)	3,641.5
TOTAL ASSETS	**8,017.6**	**1,455.5**	**9,473.1**	**1,450.2**	**10,923.3**
LIABILITIES					
Current Liabilities	**1,296.5**	**998.0**	**2,294.5**	**1,461.3**	**3,755.8**
Loans and Leases	59.5	252.9	312.3	(252.9)	59.5
Debentures	61.3	-	61.3	-	61.3
Transfer to partners	-	703.9	703.9	(703.9)	-
Other Liabilities	1,175.7	41.2	1,216.9	(41.2)	1,175.7
Techfin Dimension Liabilities	-	-	-	2,459.2	2,459.2
Non-current Liabilities	**2,479.7**	**11.1**	**2,490.8**	**(11.1)**	**2,479.7**
Loans and Leases	135.5	1.1	136.7	(1.1)	135.5
Debentures	1,489.9	-	1,489.9	-	1,489.9
Provision for Contingencies	112.7	1.6	114.3	(1.6)	112.7
Other Liabilities	741.7	8.3	749.9	(8.3)	741.7
Shareholders' Equity	**4,241.3**	**446.5**	**4,687.8**	**-**	**4,687.8**
TOTAL LIABILITIES AND EQUITY	**8,017.6**	**1,455.5**	**9,473.1**	**1,450.2**	**10,923.3**

APPENDIX IX

Composition of Techfin's Credit Rights by Maturity

In R$ million	2Q23	2Q22	Δ	1Q23	Δ
On Due	1,786.6	1,746.4	2.3%	1,950.4	(8.4%)
Notes overdue					
Up to 30 days	14.6	16.3	(10.3%)	14.1	3.7%
from 31 to 60 days	4.6	4.1	11.8%	4.0	15.0%
from 61 to 90 days	6.2	3.5	79.3%	3.9	58.9%
from 91 to 180 days	15.3	11.5	33.2%	18.3	(16.3%)
from 181 to 360 days	20.3	11.5	75.6%	16.6	22.2%
over 360 days	85.4	61.2	39.5%	79.2	7.8%
Gross Trade Receivables	**1,933.0**	**1,854.5**	**4.2%**	**2,086.5**	**(7.4%)**
Provision for Expected Credit Losses	(127.1)	(91.4)	39.1%	(121.4)	4.8%
Total	**1,805.9**	**1,763.1**	**2.4%**	**1,965.1**	**(8.1%)**

APPENDIX X

Aging of M&A Amortizations Effect

In R$ million	2Q23
Up to 12 months	95.6
from 13 to 24 months	82.9
from 25 to 36 months	61.3
from 37 to 48 months	60.2
over 48 months	228.9
Total	**528.9**

GLOSSARY

A

ADTV (Average Daily Trading Volume)

ARR (Annual Recurring Revenue)

C

CADE (*Conselho Administrativo de Defesa Econômica*): Brazilian Antitrust Agency.

CAC Customer Acquisition Cost

Carve-out: the process by which a company sells a generally smaller and autonomous portion of its business (a division, a product line, a group of contracts, a subsidiary, etc.) to an interested party.

Cash Earnings: is a non-accounting metrics that represents Net Income without the effects of amortization expenses of intangible assets arising from company acquisitions and the corresponding impacts of income tax and social contribution on such amortization. This measurement is important to monitor the progress of net income without the effects of acquisitions, considering the relevance of the Company's acquisition strategy.

Contribution Margin: it represents how much the sale of a product or service contributes to covering costs and expenses, and generating profit.

Cross-selling: marketing strategy to leverage sales with the sale of other portfolio offerings, in addition to the customer's existing solution.

E

Earn-out: a portion corresponding to the payment of the part of the acquisition price of a company and linked to compensation to the selling partners in relation to the company's future profits.

EBITDA (Earning Before Interest, Tax, Depreciation and Amortization): is a non-accounting measure prepared by the Company and consists of net income for the year or period, plus financial income and expenses, income tax and social contribution, and depreciation and amortization costs and expenses

ESG (Environmental, Social and Governance)

F

FIDC (*Fundo de Investimento em Direitos Creditórios*): securitization fund.

G

Global Report Initiative (GRI): a multi-stakeholder organization that defines global Sustainability Reporting Standards developed with contributions from different stakeholders and focused on the public interest.

GMV (Gross Merchandise Volume): It represents the total sales value of products/services through the marketplace in a given period. It is a metric to estimate the size of the platform, but not its health.

H

Headcount: count of the total employees of an organization.

I

IBOV (*Índice Bovespa*): Bovespa Index. It is the most important indicator of the average performance of the prices of shares traded on the B3 stock exchange - Brazil, Bolsa, Balcão. It is formed by the shares with the highest volume traded in recent months.

IBrX-50 (*Índice Brasil 50*): Brazil 50 Index. The average performance indicator for the prices of the 50 most actively traded and best representative stocks of the Brazilian stock market.

IIRC (International Integrated Reporting Council)

J

JV (Joint Venture): it comprises the economic association between two companies, whether in the same field or not, during a specific and limited period, for a specific purpose.

L

LGPD (*Lei Geral de Proteção de Dados*): The Brazilian General Data Protection Law.

LTV (LifeTime Value): It is a metric that defines the average customer lifecycle value. How much money it generates for the company from purchases and services for as long as he maintains a relationship with.

LTM (Last Twelve Months)

M

Midcap: is defined as companies between $2 billion and $10 billion in market capitalization.

N

NPS (Net Promoter Score): an indicator measured through a survey with the customer, in order to measure the probability of the customer recommending the company, product or service received.

O

OMS (Order Management System): Distribution Management System, designed for the management of distribution and logistical planning through the automation of sales orders to be distributed by a company and the automation of commercial, inventory and credit analysis processes, in addition to sorting the approved orders for delivery sequencing in cargo loading, considering any restrictions of each customer.

P

PLG (Product Led Growth): It is defined as "instances in which the use of the product is the main driver for user acquisition, retention and expansion", therefore, PLG is both a growth strategy and an innovative business model. It is an end-user focused growth model, based entirely on the product.

Pricing Power: is the ability to readjust prices at times of cost and expense inflation. It is a characteristic of differentiated companies and those with Pricing Power can seek a better balance between impact on costs, price and sales production and, consequently, have greater potential to maintain a healthy relationship between growth and profitability, without damaging the relationship with customers.

Pro forma: pro forma financial information provides information about the impact of a particular transaction, on a recurring basis, showing how an entity's historical financial statements could have been affected if such transaction had been completed at an earlier date.

Q

QoQ (Quarter over Quarter)

R

Revenue net of Funding: format usually adopted by the financial market, which comprises the revenue net of the cost consisting of the remuneration of the senior and mezzanine quotas of FIDC.

Renewal Rate: shows the percentage of clients that remained on the recurrence base at the end of the period, compared to the base in the beginning of the period, taking as reference the recurring revenue.

Rule of 40: balanced combination of growth and profitability (resulting in a sum of more than 40 percentage points).

ROE (Return on equity)

S

SaaS (software as a service)

SDG (Sustainable Development Goals)

Selic (*Sistema Especial de Liquidação e Custódia*): in English 'Special System for Settlement and Custody', the basic interest rate of the Brazilian economy. It is the main instrument of the monetary policy used by the Central Bank (BC) to control inflation.

Signings: sales production.

T

Take rate: expression that indicates the percentage of gain on each transaction.

TCO (Total Cost of Ownership): it is the sum of all possible costs related to purchasing and owning a product or service.

U

UN (United Nations)

Up-selling: marketing strategy to leverage sales by selling more units to an existing client.

Y

YoY (year over year)