

# **TOTVS S.A.**

Condensed individual and consolidated Interim Financial Statements  
as of and for the three and nine-months periods ended September 30,  
2023

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# Consolidated Operating and Financial Performance

Consolidated Result (in R\$ thousand)	3Q23	3Q22	Δ	2Q23	Δ	9M23	9M22	Δ
<b>Net Revenue</b>	<b>1,153,397</b>	<b>974,791</b>	<b>18.3%</b>	<b>1,087,915</b>	<b>6.0%</b>	<b>3,305,454</b>	<b>2,787,869</b>	<b>18.6%</b>
Management Revenue	1,038,020	891,474	16.4%	986,729	5.2%	2,996,889	2,559,136	17.1%
Business Performance Revenue	115,377	83,317	38.5%	101,186	14.0%	308,565	228,733	34.9%
<b>Adjusted Contribution Margin*</b>	<b>619,907</b>	<b>518,508</b>	<b>19.6%</b>	<b>590,408</b>	<b>5.0%</b>	<b>1,787,528</b>	<b>1,488,317</b>	<b>20.1%</b>
Management Adjusted Contribution Margin	561,003	476,175	17.8%	540,331	3.8%	1,633,354	1,376,139	18.7%
Biz Performance Contribution Margin	58,904	42,333	39.1%	50,077	17.6%	154,174	112,178	37.4%
<b>% Adjusted Contribution Margin</b>	<b>53.7%</b>	<b>53.2%</b>	<b>50 bp</b>	<b>54.3%</b>	<b>-60 bp</b>	<b>54.1%</b>	<b>53.4%</b>	<b>70 bp</b>
% Management Adjusted Contribution Margin	54.0%	53.4%	60 bp	54.8%	-80 bp	54.5%	53.8%	70 bp
% Biz Performance Contribution Margin	51.1%	50.8%	30 bp	49.5%	160 bp	50.0%	49.0%	100 bp
<b>Adjusted Sales and Marketing Expenses</b>	<b>(238,779)</b>	<b>(187,727)</b>	<b>27.2%</b>	<b>(234,141)</b>	<b>2.0%</b>	<b>(685,417)</b>	<b>(545,093)</b>	<b>25.7%</b>
<b>Adjusted G&amp;A Expenses and Others</b>	<b>(98,348)</b>	<b>(90,794)</b>	<b>8.3%</b>	<b>(96,980)</b>	<b>1.4%</b>	<b>(283,023)</b>	<b>(264,056)</b>	<b>7.2%</b>
<b>Equity Pickup</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>(100.0%)</b>
<b>Mgmt. + Biz Perform. Adjusted EBITDA</b>	<b>282,780</b>	<b>239,987</b>	<b>17.8%</b>	<b>259,287</b>	<b>9.1%</b>	<b>819,088</b>	<b>679,175</b>	<b>20.6%</b>
% Mgmt. + Biz Perf. Adjusted EBITDA	24.5%	24.6%	-10 bp	23.8%	70 bp	24.8%	24.4%	40 bp

(\*) The Adjusted Contribution Margin is a non-accounting measurement (not audited) prepared by the Company and consists of the contribution margin for the period, plus extraordinary costs and expenses with operational restructuring.

## Net Revenue

In the third quarter, Consolidated Net Revenue exceeded R\$1.2 billion, 19% above the same period of the previous year. This performance is a reflection of advances: (i) from Management Recurring Revenue, which grew 18% year-over-year, driven by the growth in Management SaaS Revenue; and (ii) from growth of 38% in Business Performance Revenue.

Throughout its history, TOTVS has been a company that seeks to innovate, increase its addressable market and, therefore, remain a permanent "growth company" (without forgetting profitability). In recent years, several new strategic initiatives have been implemented in this regard. Therefore, giving visibility to the market and monitoring their impact on TOTVS' growth is important. Thus, we include here the representation of Management SaaS and Business Performance, which are the main ones, in a longer perspective of 12 months. This quarter, Management SaaS and Business Performance revenues combined led consolidated growth, representing 42.9% of growth in consolidated Net Revenue over the last 12 months.

## Adjusted EBITDA

Adjusted EBITDA for the quarter reached R\$283 million, with an Adjusted EBITDA Margin of 24.5%, 70 basis points higher than 2Q23, attributed to the increase in EBITDA Margin from three business dimensions. The decrease of 10 basis points compared to 3Q22 is mainly due to the investments in the organic operation of JV Techfin, which will be discussed in the "Techfin dimension results" section.

In the 9-month accumulated, the Adjusted EBITDA Margin of 24.8% predominantly reflects the surge in Management Adjusted EBITDA, which more than compensates for the rise in investment in the Techfin dimension.

## 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. Starting this quarter, we have begun to disclose the Management operation result until EBITDA. It is important to note that all the expenses related to the Company's corporate structures are reflected in this dimension.

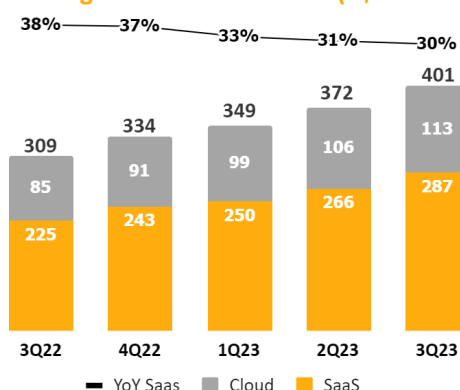
Management Result (in R\$ thousand)	3Q23	3Q22	Δ	2Q23	Δ	9M23	9M22	Δ
<b>Net Revenue</b>	<b>1,038,020</b>	<b>891,474</b>	<b>16.4%</b>	<b>986,729</b>	<b>5.2%</b>	<b>2,996,889</b>	<b>2,559,136</b>	<b>17.1%</b>
<b>Recurring</b>	<b>889,203</b>	<b>756,629</b>	<b>17.5%</b>	<b>847,036</b>	<b>5.0%</b>	<b>2,550,315</b>	<b>2,146,660</b>	<b>18.8%</b>
<b>Non Recurring</b>	<b>148,817</b>	<b>134,845</b>	<b>10.4%</b>	<b>139,693</b>	<b>6.5%</b>	<b>446,574</b>	<b>412,476</b>	<b>8.3%</b>
License	52,875	51,767	2.1%	48,840	8.3%	182,901	177,044	3.3%
Services	95,942	83,078	15.5%	90,853	5.6%	263,673	235,432	12.0%
<b>Adjusted Costs</b>	<b>(297,700)</b>	<b>(256,164)</b>	<b>16.2%</b>	<b>(268,448)</b>	<b>10.9%</b>	<b>(830,994)</b>	<b>(726,980)</b>	<b>14.3%</b>
<b>Gross Profit</b>	<b>740,320</b>	<b>635,310</b>	<b>16.5%</b>	<b>718,281</b>	<b>3.1%</b>	<b>2,165,895</b>	<b>1,832,156</b>	<b>18.2%</b>
Gross Margin	71.3%	71.3%	0 bp	72.8%	-150 bp	72.3%	71.6%	70 bp
<b>Research and Development</b>	<b>(171,260)</b>	<b>(152,147)</b>	<b>12.6%</b>	<b>(169,822)</b>	<b>0.8%</b>	<b>(510,502)</b>	<b>(437,697)</b>	<b>16.6%</b>
<b>Provision for Expected Credit Losses</b>	<b>(8,057)</b>	<b>(6,988)</b>	<b>15.3%</b>	<b>(8,128)</b>	<b>(0.9%)</b>	<b>(22,039)</b>	<b>(18,320)</b>	<b>20.3%</b>
<b>Management Adjusted Contrib. Margin</b>	<b>561,003</b>	<b>476,175</b>	<b>17.8%</b>	<b>540,331</b>	<b>3.8%</b>	<b>1,633,354</b>	<b>1,376,139</b>	<b>18.7%</b>
% Management Adjusted Contrib. Margin	54.0%	53.4%	60 bp	54.8%	-80 bp	54.5%	53.8%	70 bp
<b>Adjusted Sales and Marketing Expenses</b>	<b>(201,954)</b>	<b>(163,500)</b>	<b>23.5%</b>	<b>(200,795)</b>	<b>0.6%</b>	<b>(586,729)</b>	<b>(476,558)</b>	<b>23.1%</b>
<b>Adjusted G&amp;A Expenses and Others</b>	<b>(83,141)</b>	<b>(79,212)</b>	<b>5.0%</b>	<b>(82,854)</b>	<b>0.3%</b>	<b>(241,146)</b>	<b>(231,251)</b>	<b>4.3%</b>
<b>Equity Pickup</b>	-	-	-	-	-	-	7	(100.0%)
<b>Management Adjusted EBITDA</b>	<b>275,908</b>	<b>233,463</b>	<b>18.2%</b>	<b>256,682</b>	<b>7.5%</b>	<b>805,479</b>	<b>668,337</b>	<b>20.5%</b>
% Management Adjusted EBITDA	26.6%	26.2%	40 bp	26.0%	60 bp	26.9%	26.1%	80 bp

(\*) The Adjusted Contribution Margin is a non-accounting measurement (not audited) prepared by the Company and consists of the contribution margin for the period, plus extraordinary costs and expenses with operational restructuring.

## Net Revenue

Management Net Revenue grew 16% year-over-year, surpassing the R\$1 billion milestone, fueled by: (i) an 18% increase in Recurring Revenue, and (ii) a 10% increase in Non-Recurring Revenue. The sectors of Supermarkets, Education, Agribusiness, and Services were the highlights of the quarter, with growth over 20% on 3Q22.

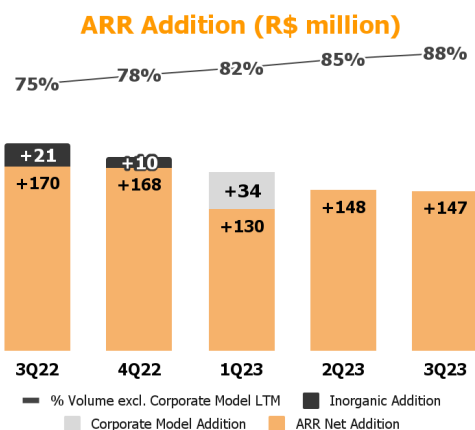
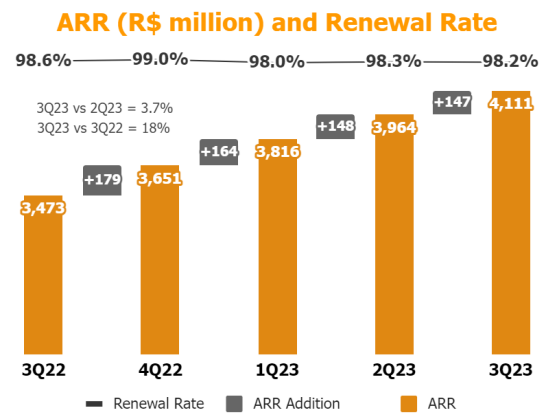
### Management SaaS Revenue (R\$ million)



## Recurring Revenue

The increase of Recurring Revenue year-over-year is primarily due to SaaS Revenue, which saw a 30% increase in the period, as depicted in the chart on the right. As to SaaS, the main highlights were: (i) growth of 34% of Cloud Revenue; and (ii) the 34% advance in new signings (new sales) year-over-year.

As previously noted in prior quarters, the continuous improvement in customers perception of product quality, as indicated by the increase in NPS (Net Promoter Score), has been one of the main drivers of sales. This factor, combined to the portfolio expansion, and TCO (Total Cost of Ownership) reduction has an immediate and positive impact on sales performance.



Moreover, the utilization of data science via Empodera (platform of sales intelligence) and IMG (Management Maturity Index) empowers TOTVS to explore, more and more the white spaces within their customer base, increasing the average sales ticket and resulting to the attainment of record-breaking volume produced in the last years.

Management's ARR closed 3Q23 at more than R\$4.1 billion, with an organic Net Addition of R\$147 million. This result is explained by the acceleration in the rhythm of sales in the base and for new clients, offsetting low inflation rates, and maintaining a Renewal Rate above 98%. Therefore, the LTM Volume component went from 85% in the prior quarter to

88% in 3Q23.

## Non-Recurring Revenues

Non-Recurring Revenues presented, in the quarter, increase of 10% year-over-year and 6.5% quarter-over-quarter, mainly reflecting the growth in Service Revenue, which started to consolidate the Revenue of the TRS franchise as of July. The organic growth rate of the Services line was 5.8%. Over the next quarters, we will realign the commercial strategy of this Unit to prioritize recurring revenues, as products demand fewer implementation and customization services. This is an approach that has been successfully implemented in other units, both owned and franchised.

## Gross Margin

Management's Adjusted Gross Margin reached 71.3% in the quarter, matching the same level in 3Q22. Compared with the last quarter, the 150 basis points reduction reflects: (i) ongoing investments in Cloud operations; (ii) normalized demand for services in large accounts compared to the previous period; and (iii) the initial impacts of collective bargaining agreements in Belo Horizonte, Rio de Janeiro, Recife and Argentina at the end of the quarter, the latter with a 48% readjustment due to hyperinflation in that country.

## Research & Development

The representation of Research and Development (R&D) expenses versus Recurring Revenue ended the third quarter at 19.3%, 80 basis points below 3Q22 and 2Q23. This decrease in the proportion allocated to R&D demonstrates the efficiency of the continuous investments made, which are directed towards the development and expansion of the product portfolio, allowing us to seize most of the opportunities in a market that is still far from reaching maturity.

In this context of constant evolution, TOTVS began the process of researching and evaluating the use of Artificial Intelligence (AI) in its operations. The company understands that there is great potential for applying AI to internal processes, whether administrative, support or development. We also see the applicability of co-pilots that help software users; finally, we see AI as a way to generate valuable insights, improving the customer experience and strengthening strategic decision-making capabilities. This is an innovation that is here to stay and will change the dynamics of businesses.

## Provision for Expected Credit Losses

The Provision for Expected Credit Losses accounted for 0.8% of Management's Revenue in the quarter and 0.7% in the nine-month period of 2023, highlighting the stability of a business model focused on Recurring Revenue, supported by a wide-ranging, diversified, pulverized, and resilient client base, as mentioned in earlier quarters.

## Management Adjusted Contribution Margin

In R\$ million	3Q23	3Q22	Δ	2Q23	Δ	9M23	9M22	Δ
<b>Net Revenue</b>	<b>1,038,020</b>	<b>891,474</b>	<b>16.4%</b>	<b>986,729</b>	<b>5.2%</b>	<b>2,996,889</b>	<b>2,559,136</b>	<b>17.1%</b>
<b>Management Contrib. Margin</b>	<b>561,003</b>	<b>476,175</b>	<b>17.8%</b>	<b>534,052</b>	<b>5.0%</b>	<b>1,625,754</b>	<b>1,376,139</b>	<b>18.1%</b>
% Management Contrib. Margin	54.0%	53.4%	60 bp	54.1%	-10 bp	54.2%	53.8%	40 bp
Oper. Restructuring Extraord. Adjustment	-	-	-	6,279	(100.0%)	7,600	-	-
<b>Management Adjusted Contrib. Margin</b>	<b>561,003</b>	<b>476,175</b>	<b>17.8%</b>	<b>540,331</b>	<b>3.8%</b>	<b>1,633,354</b>	<b>1,376,139</b>	<b>18.7%</b>
% Management Adjusted Contrib. Margin	54.0%	53.4%	60 bp	54.8%	-80 bp	54.5%	53.8%	70 bp

Adjusted Management Contribution Margin reached R\$561 million in 3Q23, and represented 54% of the dimension's revenue, both indicators surpassing 3Q22, explained, mainly by the continuity growth of Recurring Revenue.

In the 9-month accumulated, the Adjusted Contribution Margin showed an increase of 70 basis points in relation to the same period of the previous year, due to: (i) the growth of 19% of Recurring Revenue; and (ii) the advance of 12% of Service Revenue.

## Sales and Marketing Expenses

In R\$ million	3Q23	3Q22	Δ	2Q23	Δ	9M23	9M22	Δ
<b>Adjusted Sales and Marketing Expenses</b>	<b>(201,954)</b>	<b>(163,500)</b>	<b>23.5%</b>	<b>(200,795)</b>	<b>0.6%</b>	<b>(586,729)</b>	<b>(476,558)</b>	<b>23.1%</b>
% Net Revenue	19.5%	18.3%	120 bp	20.3%	-80 bp	19.6%	18.6%	100 bp
Sales and Marketing Expenses	(201,954)	(163,500)	23.5%	(201,838)	0.1%	(589,046)	(476,558)	23.6%
Oper. Restructuring Extraord. Adjustment	-	-	-	1,043	(100.0%)	2,317	-	-

Adjusted Sales and Marketing Expenses on Net Revenue ended the quarter at 19.5%. This increase of 120 basis points YoY, mainly associated with: (i) the return of face-to-face events in various segments and regions; (ii) the increase in variable compensation and commissions in view of the commercial performance in the period and the variations in the sales composition mix, either through the distribution channel (own or franchises), whether by the product package (own or partner); and (iii) the initial impact of collective bargaining agreements on the bases of Argentina, Belo Horizonte, Rio de Janeiro, and Recife at the end of the quarter, as already mentioned in the Gross Margin section. The 80 basis points decline against 2Q23 can be attributed to the Universo TOTVS event held in the second quarter of the current year.

## General and Administrative Expenses and Others

In R\$ million	3Q23	3Q22	Δ	2Q23	Δ	9M23	9M22	Δ
<b>Adjusted G&amp;A Expenses and Others</b>	<b>(83,141)</b>	<b>(79,212)</b>	<b>5.0%</b>	<b>(82,854)</b>	<b>0.3%</b>	<b>(241,146)</b>	<b>(231,251)</b>	<b>4.3%</b>
% Net Revenue	8.0%	8.9%	-90 bp	8.4%	-40 bp	8.0%	9.0%	-100 bp
<b>G&amp;A Expenses and Others</b>	<b>(92,709)</b>	<b>(84,490)</b>	<b>9.7%</b>	<b>(90,170)</b>	<b>2.8%</b>	<b>(261,000)</b>	<b>(250,919)</b>	<b>4.0%</b>
General and Administrative Expenses	(82,290)	(78,710)	4.5%	(77,587)	6.1%	(237,140)	(222,996)	6.3%
Provision for Contingencies	(3,747)	(6,640)	(43.6%)	(7,772)	(51.8%)	(12,373)	(20,856)	(40.7%)
Other Net Revenues	(6,672)	860	(875.8%)	(4,811)	38.7%	(11,487)	(7,067)	62.5%
<b>Extraordinary Items</b>	<b>9,568</b>	<b>5,278</b>	<b>81.3%</b>	<b>7,316</b>	<b>30.8%</b>	<b>19,854</b>	<b>19,668</b>	<b>0.9%</b>
Oper. Restructuring Extraord. Adjustment	53	-	-	25	112.0%	577	-	-
M&A Adjustment at Fair Value	8,256	-	-	5,064	63.0%	14,521	26,071	(44.3%)
Expenses with M&A Transactions	1,492	5,278	(71.7%)	1,364	9.4%	4,126	11,200	(63.2%)
Tax Credit	(233)	-	-	863	(127.0%)	630	(17,603)	(103.6%)

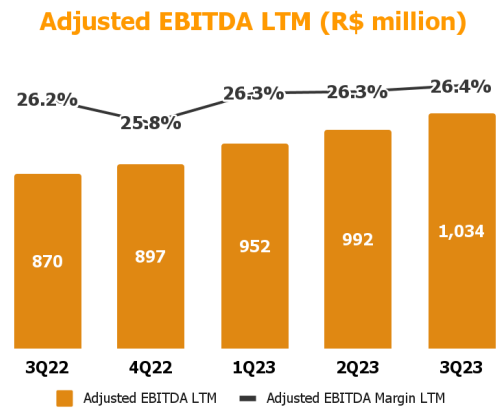
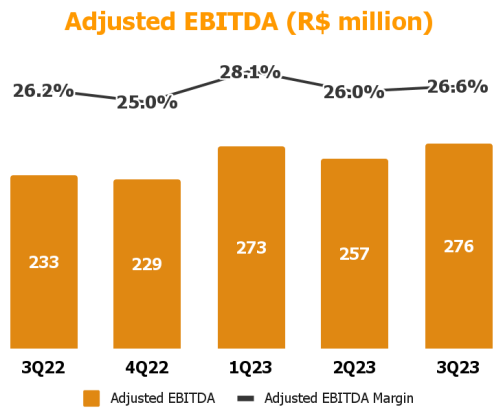
General and Administrative Expenses and Others net of extraordinary impacts finished the quarter at 8% of Net Revenue, 90 basis points lower than 3Q22, and 40 basis points lower than 2Q23. In the accumulated of nine months, this ratio decreased by 100 basis points, reaching 8%. This showcases the Company's commitment to enhancing efficiency and reducing fixed expenses in face of revenue growth, while keeping in mind that all corporate structures are fully disclosed in this dimension.

## Management EBITDA and EBITDA Margin

Management Adjusted EBITDA ended at R\$276 million, growth of 18% year-over-year, with an Adjusted EBITDA Margin of 26.6%, expansion of 40 basis points compared to 3Q22, majority related to the growth of 18% year-over-year of the Recurring Revenue.

The 9-months accumulated Adjusted EBITDA Margin of 26.9%, shows the strong financial health, scalability, and predictability of this Dimension's recurring model which initiated the migration to Subscription revenue in 2015 and has resulted in one of the highest levels of profitability in its history.

In the accumulated perspective of the last 12 months, Management's Adjusted EBITDA surpassed the R\$1 billion threshold, with Adjusted EBITDA Margin of 26.4%, 20 basis points higher than 3Q22.





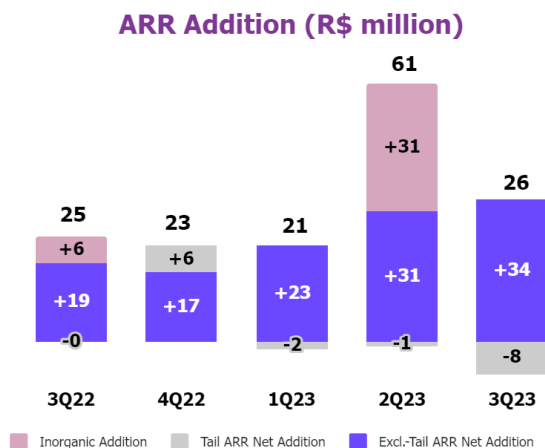
## Business Performance dimension results

The Business Performance dimension encompasses a range of solutions aimed at boosting sales, competitiveness, and client performance through Digital Marketing, Sales/Digital Commerce, and CX - Customer Experience solutions.

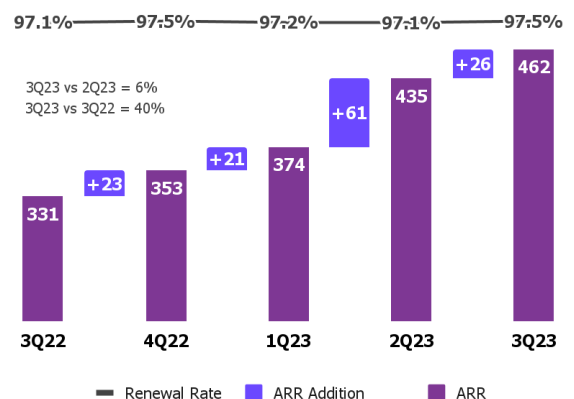
Biz Performance Result (in R\$ thousand)	3Q23	3Q22	Δ	2Q23	Δ	9M23	9M22	Δ
<b>Net Revenue</b>	<b>115,377</b>	<b>83,317</b>	<b>38.5%</b>	<b>101,186</b>	<b>14.0%</b>	<b>308,565</b>	<b>228,733</b>	<b>34.9%</b>
Recurring	112,478	81,729	37.6%	98,313	14.4%	301,322	225,030	33.9%
Non Recurring	2,899	1,588	82.6%	2,873	0.9%	7,243	3,703	95.6%
Costs	(27,133)	(19,634)	38.2%	(24,188)	12.2%	(73,681)	(56,875)	29.5%
<b>Gross Profit</b>	<b>88,244</b>	<b>63,683</b>	<b>38.6%</b>	<b>76,998</b>	<b>14.6%</b>	<b>234,884</b>	<b>171,858</b>	<b>36.7%</b>
Gross Margin	76.5%	76.4%	10 bp	76.1%	40 bp	76.1%	75.1%	100 bp
Research and Development	(27,009)	(19,760)	36.7%	(24,841)	8.7%	(74,692)	(56,234)	32.8%
Provision for Expected Credit Losses	(2,331)	(1,590)	46.6%	(2,080)	12.1%	(6,018)	(3,446)	74.6%
<b>Biz Performance Contribution Margin</b>	<b>58,904</b>	<b>42,333</b>	<b>39.1%</b>	<b>50,077</b>	<b>17.6%</b>	<b>154,174</b>	<b>112,178</b>	<b>37.4%</b>
% Biz Performance Contribution Margin	51.1%	50.8%	30 bp	49.5%	160 bp	50.0%	49.0%	100 bp
<b>Sales and Marketing Expenses</b>	<b>(36,825)</b>	<b>(24,227)</b>	52.0%	<b>(33,346)</b>	10.4%	<b>(98,688)</b>	<b>(68,535)</b>	44.0%
<b>G&amp;A Expenses and Others</b>	<b>(14,812)</b>	<b>(11,582)</b>	27.9%	<b>(14,126)</b>	4.9%	<b>(61,889)</b>	<b>(32,805)</b>	88.7%
<b>Biz Performance EBITDA</b>	<b>7,267</b>	<b>6,524</b>	<b>11.4%</b>	<b>2,605</b>	<b>179.0%</b>	<b>(6,403)</b>	<b>10,838</b>	<b>(159.1%)</b>
% Biz Performance EBITDA	6.3%	7.8%	-150 bp	2.6%	370 bp	-2.1%	4.7%	-680 bp
<b>Extraordinary Items</b>	<b>(395)</b>	-	-	-	-	<b>20,012</b>	-	-
M&A Adjustment at Fair Value	(395)	-	-	-	-	20,012	-	-
<b>Biz Performance Adjusted EBITDA</b>	<b>6,872</b>	<b>6,524</b>	<b>5.3%</b>	<b>2,605</b>	<b>163.8%</b>	<b>13,609</b>	<b>10,838</b>	<b>25.6%</b>
% Biz Performance Adjusted EBITDA	6.0%	7.8%	-180 bp	2.6%	340 bp	4.4%	4.7%	-30 bp

### Net Revenue

Net Revenue from Management grew 38% in comparison to the third quarter of 2022, propelled by the increase of 38% in Recurring Revenue. In comparison with the



### ARR (R\$ million) and Renewal Rate



previous quarter, the growth of 14% of Net Revenue is attributed to the organic Net Addition of ARR, totaling R\$30 million in 2Q23 and R\$26 million in 3Q23, once again driven by the sales performance of

RD Station and of conversational tool, as well as the maintenance of a Renewal Rate above 97%.

The Organic ARR Net Addition of R\$26 million propelled the Business Performance ARR for R\$462 million, an increase of 6% regarding to the second quarter of 2023 and 40% regarding to the 3Q22. It is important to highlight that ARR addition was affected by the weak performance from Tail. This is an operation focused on major accounts and with a go-to-market very similar to the Management solutions. Therefore, it is not part of the Business Performance stack multiproduct and, eventually, may be reclassified to the Management dimension portfolio.

When Tail result is disregard, the addition of ARR from other operations, amounts to R\$34 million, as seen in the chart on the left, a performance that reflects directly the advancement in the strategy of transitioning from single to multiproduct, once again with highlight for sales of CRM and the “conversational solutions”.

## Gross Margin

The Gross Margin of Business Performance reached 76.5% in 3Q23, expansion of 10 basis points regarding 3Q22 and 40 basis points regarding to 2Q23. This performance reinforces the potential of profitability from the SaaS model in this dimension, as demonstrated by the portfolio profile, which, for example, practically does not require implementation services for the client.

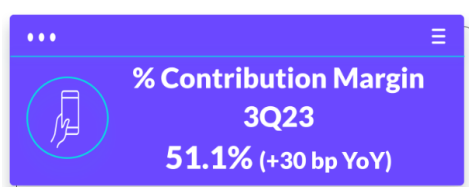
## Research & Development

Research and Development (R&D) expenses, as a percentage of Recurring Revenue from dimension, ended the quarter at 24%, 20 basis points lower than 3Q22 and 130 basis points lower than 2Q23. This dimension is inserted in an expanding market, characterized by a low penetration and, therefore, operates under a different mandate compared to the Management dimension, resulting in continuous investments focused on expanding the portfolio, improving functionalities and integrating the various Business Performance products, aiming to seize the opportunities of this market.

## Provision for Expected Credit Losses

The Provision for Expected Credit Losses in Business Performance represented 2% from Net Revenue in 3Q23, compared to 1.9% in 3Q22 and 2.1% versus in 2Q23.

## Business Performance Contribution Margin



The Business Performance Contribution Margin on Net Revenue from dimension reached 51.1%, 160 basis points over 2Q23, explained essentially by the growth of 14% in Recurring Revenue quarter-over-quarter.

Year-over-year, the increase of 30 basis points in the Contribution Margin in the quarter and 100 basis points in the 9-months, reinforces that, despite being a relatively new dimension, with its focus on accelerating Recurring Revenue, it is a profitable operation due to the operational efficiency provided by the SaaS model. This highlights the high value potential generated by this dimension. Regardless of the current mandate, TOTVS will remain untroubled by the complexities arising from the dynamic between growth and profitability.

## Sales and Marketing Expenses

Sales and Marketing Expenses on Net Revenue ended 3Q23 at 32%, with the same result of the last 9-months. This percentage, surpassing the Management dimension, is primarily attributed to the young and emerging market, especially in small and medium-sized companies, which require a major commercial effort, awareness and education about the benefits that digitizing sales operations can provide to clients.

## General and Administrative Expenses and Others

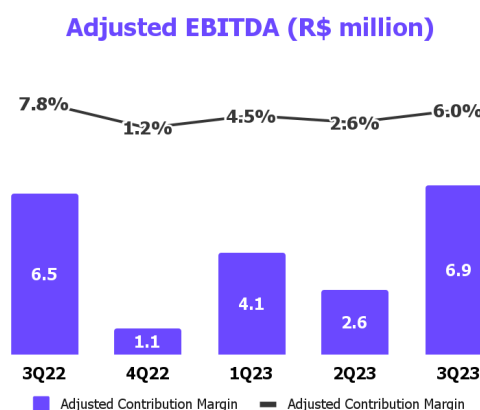
General and Administrative Expenses ("DGA") and Others, adjusted by extraordinary items, ended the quarter at 13.2% over Net Revenue, 70 basis points lower than the level of 3Q22, and 80 basis points lower than 2Q23. In the 9-months accumulated, this ratio was 13.6%, 80 basis points lower than 2022.

## Business Performance EBITDA and EBITDA Margin

Business Performance Adjusted EBITDA ended the quarter in R\$6.9 million, an increase year-over-year of 5.3%, with an Adjusted EBITDA Margin of 6.0%. When compared to 3Q22, the reduction of 180 basis points of Adjusted EBITDA Margin, was mainly caused by lower bonus provisions in that quarter.

In the 9-months accumulated, the Adjusted EBITDA Margin was 4.4%, 30 basis points lower than 2022, mainly due to the acquisitions of new operations that are still in deficit.

Important to reinforce that TOTVS is already one of the main players in the SMB Business Performance market stands out for its revenue growth rate and for already operating with positive margins since 2021.



# Management and Business Performance Below EBITDA Result

## Depreciation and Amortization Expenses

In R\$ thousand	3Q23	3Q22	Δ	2Q23	Δ	9M23	9M22	Δ
Depreciation	(35,187)	(30,494)	15.4%	(33,033)	6.5%	(98,488)	(91,181)	8.0%
Amortization	(36,352)	(29,141)	24.7%	(42,758)	(15.0%)	(110,978)	(83,680)	32.6%
<b>Depreciation and Amortization</b>	<b>(71,539)</b>	<b>(59,635)</b>	<b>20.0%</b>	<b>(75,791)</b>	<b>(5.6%)</b>	<b>(209,466)</b>	<b>(174,861)</b>	<b>19.8%</b>

The decrease of 15% in Amortization line compared to 2Q23, primarily due to adjustments in software license consumption in the Cloud operation in the last quarter, as mentioned in the last earnings release. The 6.5% of growth in relation to the 2Q23 in the Depreciation line is a result of the acquisition of electronic equipment in 3Q23.

## Financial Result

In R\$ thousand	3Q23	3Q22	Δ	2Q23	Δ	9M23	9M22	Δ
Financial Revenues	104,557	92,824	12.6%	87,401	19.6%	263,433	269,368	(2.2%)
Financial Expenses	(96,506)	(90,015)	7.2%	(91,082)	6.0%	(279,701)	(253,780)	10.2%
<b>Financial Result</b>	<b>8,051</b>	<b>2,809</b>	<b>186.6%</b>	<b>(3,681)</b>	<b>(318.7%)</b>	<b>(16,268)</b>	<b>15,588</b>	<b>(204.4%)</b>

The increase in the Financial Result in the quarter-over-quarter comparison is attributed to the increase of Company's cash position, mainly from August, when it was received R\$410 million after the closing of the JV TOTVS Techfin.

## Income Tax and Social Contribution

In R\$ thousand	3Q23	3Q22	Δ	2Q23	Δ	9M23	9M22	Δ
<b>EBT</b>	<b>210,119</b>	<b>177,883</b>	<b>18.1%</b>	<b>165,177</b>	<b>27.2%</b>	<b>543,571</b>	<b>500,234</b>	<b>8.7%</b>
Taxes at combined rate (34%)	(71,440)	(61,536)	16.1%	(56,160)	27.2%	(184,814)	(170,080)	8.7%
Law 11,196/05 - R&D Incentive	7,353	7,019	4.8%	7,196	2.2%	20,708	18,092	14.5%
Share Issue Expenses	-	-	-	-	-	-	26	(100.0%)
Interest on Equity	47,216	21,788	116.7%	-	-	47,216	20,617	129.0%
Effect of Different Taxation in Subsidiaries	(6,683)	(1,881)	255.3%	(4,728)	41.3%	(15,283)	(9,057)	68.7%
Management Bonus	(920)	(887)	3.7%	(693)	32.8%	(2,797)	(3,429)	(18.4%)
Government Subsidies	1,829	427	328.3%	785	133.0%	3,593	1,665	115.8%
Other	1,603	(437)	(466.8%)	255	528.6%	(6,144)	12,796	(148.0%)
<b>Income Tax and Social Contribution</b>	<b>(21,042)</b>	<b>(35,507)</b>	<b>(40.7%)</b>	<b>(53,345)</b>	<b>(60.6%)</b>	<b>(137,521)</b>	<b>(129,370)</b>	<b>6.3%</b>
Current Income Tax and Social Contribution	(22,839)	(27,986)	(18.4%)	(53,669)	(57.4%)	(139,376)	(113,212)	23.1%
Deferred Income Tax and Social Contribution	1,797	(7,521)	(123.9%)	324	454.6%	1,855	(16,158)	(111.5%)
% Current Effective Tax Rate	10.9%	15.7%	-480 bp	32.5%	-2160 bp	25.6%	22.6%	300 bp
% Total Effective Tax Rate	10.0%	20.0%	-1000 bp	32.3%	-2230 bp	25.3%	25.9%	-60 bp

The Total Effective Tax Rate ended the quarter at 10.0%, which means 1,000 basis points below 3Q22, due to the increase of 117% in the distribution of Interest on Equity.

## Techfin Dimension results

The Techfin dimension aims to simplify, expand, and democratize TOTVS' SMB clients' access to B2B financial services, comprising Supplier and Techfin consolidated under 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 the creation of ERP banking, which is the availability of financial services via integration with management softwares and 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 commented in the "Financial and Operational Highlights" section, with the announcement of the closing of the transaction with Itaú, which encompasses 100% of the outcome of this Dimension, the Company started to hold a 50% stake in this operation from August and its results will not be consolidated in the Cash Flow and Balance Sheet, being the result of the TOTVS Techfin operation added to the proportion of 50% in the Equity Pickup line.

In order to preserve the analysis of this business dimension, we will maintain the disclosure of the results considering **50% of the Income Statement**.

Techfin Results (in R\$ thousand)	3Q23	3Q22	Δ	2Q23	Δ	9M23	9M22	Δ
<b>Techfin Net Revenue</b>	<b>68,052</b>	<b>58,716</b>	<b>15.9%</b>	<b>44,436</b>	<b>53.1%</b>	<b>162,364</b>	<b>146,979</b>	<b>10.5%</b>
Funding Cost	(19,135)	(22,377)	(14.5%)	(20,693)	(7.5%)	(62,470)	(61,145)	2.2%
<b>Techfin Revenue - Net of funding</b>	<b>48,917</b>	<b>36,340</b>	<b>34.6%</b>	<b>23,743</b>	<b>106.0%</b>	<b>99,895</b>	<b>85,834</b>	<b>16.4%</b>
Operational Costs	(5,222)	(3,472)	50.4%	(3,786)	37.9%	(12,230)	(9,260)	32.1%
<b>Gross Profit</b>	<b>43,695</b>	<b>32,868</b>	<b>32.9%</b>	<b>19,957</b>	<b>118.9%</b>	<b>87,665</b>	<b>76,575</b>	<b>14.5%</b>
Research and Development	(6,601)	(5,019)	31.5%	(4,516)	46.2%	(15,809)	(11,470)	37.8%
Provision for Expected Credit Losses	(4,842)	(3,509)	38.0%	(3,379)	43.3%	(12,366)	(12,258)	0.9%
<b>Techfin Contribution Margin</b>	<b>32,253</b>	<b>24,340</b>	<b>32.5%</b>	<b>12,062</b>	<b>167.4%</b>	<b>59,490</b>	<b>52,847</b>	<b>12.6%</b>
% Techfin Contribution Margin	65.9%	67.0%	-110 bp	50.8%	1510 bp	59.6%	61.6%	-200 bp
Sales and Marketing Expenses	(7,170)	(5,907)	21.4%	(5,369)	33.5%	(17,460)	(13,563)	28.7%
G&A Expenses and Others	(12,980)	(9,209)	40.9%	(8,232)	57.7%	(29,496)	(23,315)	26.5%
<b>Techfin EBITDA</b>	<b>12,103</b>	<b>9,224</b>	<b>31.2%</b>	<b>(1,539)</b>	<b>(886.4%)</b>	<b>12,535</b>	<b>15,969</b>	<b>(21.5%)</b>
% Techfin EBITDA	24.7%	25.4%	-70 bp	-6.5%	3120 bp	12.5%	18.6%	-610 bp
Depreciation and Amortization	(5,048)	(5,055)	(0.1%)	(5,098)	(1.0%)	(15,442)	(18,033)	(14.4%)
Financial Result	1,879	212	788.4%	351	435.3%	2,297	87	>999%
Income Tax and Social Contribution	(3,205)	2,316	(238.4%)	2,318	(238.3%)	(426)	1,489	(128.6%)
<b>Net Income (Loss) from Techfin Dimension</b>	<b>5,730</b>	<b>6,696</b>	<b>(14.4%)</b>	<b>(3,968)</b>	<b>(244.4%)</b>	<b>(1,035)</b>	<b>(489)</b>	<b>111.7%</b>
% Net Income (Loss) from Techfin Dimension	11.7%	18.4%	-670 bp	-16.7%	2840 bp	-1.0%	-0.6%	-40 bp

### Techfin Revenue

Techfin Revenue presented a growth of 16% in comparison to 3Q22 and a 53% in comparison to the 2Q23. This result is mainly related to the performance of the Agribusiness segment, that boosted: (i) the increase of 16% in credit production quarter-over-quarter, and (ii) the increase in the average production term by approximately 11 days versus 2Q23 and by approximately 4 days versus the prior year's third quarter.

The Credit Portfolio net of Provision for Expected Credit Losses grew 9.7% year-over-year, as shown in the chart on the left, with an average term of 61.3 days. In comparison to 2Q23, the growth of 9.5% is due mainly by the increase of credit production, as previously stated.

The proportion of the credit portfolio allocated to Supplier (unassigned credit portfolio) versus allocated to FIDC was 38% in the quarter, reflecting the mix of production carried out. It is worth emphasizing that the variation in the production profile, as occurred this quarter, with a strong increase in agro contracts, can change the relationship between the FIDC and the Supplier. This relationship takes into account the FIDC regulations, which have limits on the percentage of receivables, with terms exceeding 180 days, in addition to aiming to optimize the cost of funding and the efficiency of cash use. Therefore, analyzing the FIDC result separately, it will not necessarily reflect the Supplier's consolidated result.

### **Techfin Revenue - Net of Funding**

Techfin's Revenue Net of Funding grew 106% quarter-over-quarter, driven by the already mentioned 53% growth in Techfin Revenue, together with the decrease of 7.5% in the Cost of Funding. This decrease in Funding Cost versus 2Q23 is primarily due to the initial benefits of the JV, that is already in operation, resulting in: (i) greater efficiency in the use of Supplier's cash and FIDC's cash as well; and (ii) a higher proportion of the Supplier's unassigned portfolio, which is using new own mechanisms of funding that employs direct financial loans (Law 4,131), with an all-in cost lower than that of FIDC.

These factors were likewise accountable for the decrease of 14% in the Cost of Funding in comparison to 3Q22, added to the growth of 16% from Techfin Revenue, resulted in a growth of 35% in Techfin's Revenue Net of Funding in the period.

### **Operating Costs**

Operating Costs ended the quarter 38% higher than in 2Q23, mainly due to credit insurance premiums from Supplier due to the increase of the already mentioned Techfin Revenue has grown 53% quarter-over-quarter.

### **Research & Development**

Research and Development (R&D) expenses grew 46% when compared to the second quarter of 2023, and in comparison to 3Q22 grew 32%. This growth is resulted, mainly, by the increase in investments aimed at the development and integration of solutions in the Techfin dimension.

### **Provision for Expected Credit Losses**

The Provision for Expected Credit Losses represented 0.48% of the Gross Credit Portfolio, 10 basis points over 3Q22 and 11 basis points higher than 2Q23. However, we have observed a reduction in all ranges from 1 to 90 days of overdue Credit Rights. This behavior of low levels of delinquency from 1 to 90 days was highlighted in previous quarters, resulting in this quarter in a reduction of 30 points based on delinquency over 90 days. It is important to remember that defaults over 91 days have a very high level of provisioning.

Moreover, it is evident that the escalation in the general credit default of the Micro, Small, and Medium-sized Enterprises (MSME) financial system had a mitigated impact on Supplier's operation, as the gap between the Brazilian average and Supplier's average widened from 200 basis points in 2Q23 to 240 basis points in 3Q23.

## **Techfin Contribution Margin**

Techfin Contribution Margin in relation to Revenue Net of Funding ended the quarter at 65.9%, reaching a 1,510 basis points increase in comparison to the second quarter of 2023. This growth is primarily attributed to the 106% increase in the Revenue Net of Funding quarter-over-quarter.

## **Other Techfin Operating Expenses**

Sales and Marketing Expenses increased 34% when compared to 2Q23, associated with the increase in sales investments and the provision for Bonuses. Administrative and Other Expenses increased 41% year-over-year and 58% quarter-over-quarter, mainly driven by the aforementioned increase in investments in Techfin, after the closing of the transaction with Itaú, aiming to accelerate TOTVS Techfin's strategy.

## **Techfin's EBITDA and EBITDA Margin**

Techfin's EBITDA ended the quarter at R\$12.1 million, a growth of 31% year-over-year and reversing the negative EBITDA in the previous quarter. Techfin's EBITDA Margin was 24.7%. This strong recovery is result of Supplier's EBITDA Margin, which rose from 17.4% in 2Q23 to 43.8% in 3Q23.

As previously explained, Supplier has semi-annual seasonality, especially depending on the agribusiness sector. Additionally, due to the average term of the Supplier's portfolio being less than one quarter, any unexpected fluctuations in production (up or down) may cause variations in the profitability of a specific quarter, since the main cost is funding, whose term is longer. Remembering, in 2Q23, in addition to seasonality, we had an atypical fluctuation that reduced production and, consequently, profitability; in 3Q23 we had a rapid normalization of production, with profitability recovering. It is also worth highlighting that with the JV, there is an important improvement in this dynamic between production and funding cost, as we start to use new instruments, in addition to increasing the adjustment windows for the funding volume.

## **Techfin's Net Income**

Techfin ended the quarter with Net Income of R\$5.7 million, an increase compared to 2Q23, mainly due to the increase in EBITDA and the expansion of Techfin's Financial Result, resulting from the contribution made by Itaú in the operation.



**EBITDA and Net Income Reconciliation**

In R\$ thousand	3Q23	3Q22	Δ	2Q23	Δ	9M23	9M22	Δ
<b>Consolidated Net Income</b>	<b>434,777</b>	<b>155,768</b>	<b>179.1%</b>	<b>103,897</b>	<b>318.5%</b>	<b>638,221</b>	<b>369,886</b>	<b>72.5%</b>
<i>Net Margin</i>	<i>36.2%</i>	<i>15.4%</i>	<i>2080 bp</i>	<i>9.3%</i>	<i>2690 bp</i>	<i>18.7%</i>	<i>12.9%</i>	<i>580 bp</i>
(-) Net Loss (Income) from Techfin Dimension	(241,298)	(13,392)	>999%	7,935	<(999%)	(227,769)	978	<(999%)
(+) Depreciation and Amortization	71,539	59,635	20.0%	75,791	(5.6%)	209,466	174,861	19.8%
(+) Financial Result	(8,051)	(2,809)	186.6%	3,681	(318.7%)	16,268	(15,588)	(204.4%)
(+) Income Tax and Social Contribution	21,042	35,507	(40.7%)	53,345	(60.6%)	137,521	129,370	6.3%
<b>EBITDA*</b>	<b>278,009</b>	<b>234,709</b>	<b>18.4%</b>	<b>244,649</b>	<b>13.6%</b>	<b>773,707</b>	<b>659,507</b>	<b>17.3%</b>
<i>% EBITDA Margin</i>	<i>24.1%</i>	<i>24.1%</i>	<i>0 bp</i>	<i>22.5%</i>	<i>160 bp</i>	<i>23.4%</i>	<i>23.7%</i>	<i>-30 bp</i>
<b>(-) Techfin Dimension EBITDA</b>	<b>12,103</b>	<b>9,224</b>	<b>31.2%</b>	<b>(1,539)</b>	<b>(886.4%)</b>	<b>12,535</b>	<b>15,969</b>	<b>(21.5%)</b>
<b>(-) Equity Pickup</b>	<b>4,402</b>	-	-	-	-	<b>4,402</b>	<b>7</b>	<b>&gt;999%</b>
<b>(+) Extraordinary Items</b>	<b>9,173</b>	<b>5,278</b>	<b>73.8%</b>	<b>14,638</b>	<b>(37.3%)</b>	<b>49,783</b>	<b>19,668</b>	<b>153.1%</b>
M&A Adjustment at Fair Value	7,861	-	-	5,064	55.2%	34,533	26,071	32.5%
Oper. Restructuring Extraord. Adjustment	53	-	-	7,347	(99.3%)	10,494	-	-
Expenses with M&A Transactions	1,492	5,278	(71.7%)	1,364	9.4%	4,126	11,200	(63.2%)
Tax Credit	(233)	-	-	863	(127.0%)	630	(17,603)	(103.6%)
<b>Adjusted EBITDA*</b>	<b>294,883</b>	<b>249,211</b>	<b>18.3%</b>	<b>257,748</b>	<b>14.4%</b>	<b>831,623</b>	<b>695,137</b>	<b>19.6%</b>
<i>% Adjusted EBITDA Margin</i>	<i>23.6%</i>	<i>23.8%</i>	<i>-20 bp</i>	<i>22.7%</i>	<i>90 bp</i>	<i>23.7%</i>	<i>23.5%</i>	<i>20 bp</i>

(\*) EBITDA and Adjusted EBITDA are separate non-accounting (unaudited) prepared by the Company and consist of Net Income for the period, plus income taxes, financial expenses net, financial income, discontinued operations and depreciation and amortization.

The non-financial data included in this report, such as ARR, churn, renewal rate, among others, are non-accounting measures and have not been examined by our independent auditors.



A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), prepared in accordance with the Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and the International Standard IAS 34 - Interim Financial Reporting, as issued by international Accounting Standards Board - IASB

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## Report on review of the interim financial information

To the Board Members and Shareholders of  
TOTVS S.A.  
São Paulo – SP

### Introduction

We have reviewed the accompanying individual and consolidated interim financial information of TOTVS S.A. ("Company"), contained in the Quarterly Information – ITR Form for the quarter ended September 30, 2023, comprising the balance sheet as of September 30, 2023 and related statements of income, of comprehensive income for the three and nine-month periods then ended, of changes in shareholders' equity and of cash flows for the nine-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation and fair presentation of the individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of the review

We conducted our review in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of the Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

### Other matters

#### Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the nine-month period ended September 30, 2023, prepared under responsibility of Company's management, and presented as supplementary information for IAS 34 purposes. These statements were submitted to review procedures carried out jointly with the audit of Company's quarterly

information to form a conclusion whether these statements are reconciled with interim financial information and book records, as applicable, and whether their forms and contents are in accordance with criteria defined in Technical Pronouncement CPC 09 – Statement of Value Added. Based on our review, we are not aware of any other event that make us believe that these statements of added value were not prepared, in all material respects, in accordance with individual and consolidated interim financial information taken as a whole.

São Paulo, November 1<sup>st</sup>, 2023

KPMG Auditores Independentes Ltda.

CRC 2SP014428/O-6

*Original report in Portuguese signed by*

Wagner Bottino

Accountant CRC 1SP196907/O-7

**TOTVS S.A.****Condensed Individual and Consolidated Statement of Financial Position**

(In thousands of reais)

Assets	Note	Individual		Consolidated		Liabilities and equity	Note	Individual		Consolidated	
		9/30/2023	12/31/2022	9/30/2023	12/31/2022			9/30/2023	12/31/2022	9/30/2023	12/31/2022
<b>Current assets</b>		<b>2,441,453</b>	<b>2,673,554</b>	<b>3,849,923</b>	<b>6,230,161</b>	<b>Current liabilities</b>		<b>581,656</b>	<b>667,495</b>	<b>1,297,166</b>	<b>3,336,366</b>
Cash and cash equivalents	6	1,919,780	1,709,966	3,056,726	2,735,765	Labor liabilities	15	235,859	192,616	414,207	317,684
Escrow account	19	6,785	9,587	13,150	10,391	Trade and other payables		95,791	97,467	133,117	128,647
Trade and other receivables	7	376,192	339,263	557,040	475,648	Taxes and contributions liabilities	16	71,616	58,841	110,232	95,042
Recoverable taxes	8	8,552	57,123	39,165	87,932	Commissions payable		52,999	53,159	64,990	65,518
Other assets	11	130,144	100,259	183,842	96,447	Dividends payable	22	1,625	128,477	1,628	130,363
Assets from Techfin Dimension	4	-	457,356	-	2,823,978	Loans and lease liabilities	17	80,850	45,633	90,498	57,455
						Debentures	18	7,327	58,701	7,327	58,701
						Accounts payable from acquisition of subsidiaries	19	6,874	9,676	377,285	52,700
						Other liabilities		28,715	22,925	97,882	66,657
						Liabilities related to the assets from Techfin Dimension	4	-	-	-	2,363,599
<b>Non-current assets</b>		<b>4,970,649</b>	<b>4,420,574</b>	<b>4,905,258</b>	<b>4,386,032</b>	<b>Non-current liabilities</b>		<b>2,117,961</b>	<b>2,118,017</b>	<b>2,446,452</b>	<b>2,694,978</b>
Escrow account	19	-	-	114,129	73,766	Loans and lease liabilities	17	109,061	132,999	120,379	155,078
Trade and other receivables	7	13,985	31,330	19,030	38,419	Debentures	18	1,490,692	1,488,308	1,490,692	1,488,308
Receivables from related parties	10	6,370	4,037	2,507	905	Provision for contingencies	20	91,623	84,649	115,007	107,491
Investments at fair value	5.2	23,559	18,074	110,891	111,231	Accounts payable from acquisition of subsidiaries	19	-	-	265,462	511,519
Deferred tax assets	9	69,261	68,455	123,031	119,048	Call option of non-controlling interests		404,324	383,004	404,324	383,004
Judicial deposits	20	35,225	30,220	39,673	34,244	Other liabilities		22,261	29,057	50,588	49,578
Recoverable taxes	8	-	-	1,191	14,216						
Other assets	11	51,188	65,362	57,318	71,563						
						<b>Shareholders' equity</b>	<b>21</b>	<b>4,712,485</b>	<b>4,308,616</b>	<b>5,011,563</b>	<b>4,584,849</b>
Equity-accounted investees	12	3,862,394	3,394,027	324,573	-	Share Capital		2,962,585	2,962,585	2,962,585	2,962,585
Property, plant and equipment	13	368,710	352,134	424,418	416,875	Capital reserves		716,037	723,183	716,037	723,183
Intangible assets	14	539,957	456,935	3,688,497	3,505,765	Treasury shares		(283,584)	(217,671)	(283,584)	(217,671)
						Profit Reserve		793,569	793,569	793,569	793,569
						Retained earnings		478,389	-	478,389	-
						Carrying value adjustments		45,489	46,950	45,489	46,950
						Non-controlling interests		-	-	299,078	276,233
<b>Total assets</b>		<b>7,412,102</b>	<b>7,094,128</b>	<b>8,755,181</b>	<b>10,616,193</b>	<b>Total shareholders' equity and liabilities</b>		<b>7,412,102</b>	<b>7,094,128</b>	<b>8,755,181</b>	<b>10,616,193</b>

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

(A free translation of the original in Portuguese)

## TOTVS S.A.

### Condensed Individual and Consolidated Statements of Profit or Loss

#### For the three and nine-months ended September 30, 2023 and 2022

(In thousands of reais, except for earnings per share)

	Note	Individual				Consolidated			
		07/01 to 09/30/2023	01/01 to 09/30/2023	07/01 to 09/30/2022	01/01 to 09/30/2022	07/01 to 09/30/2023	01/01 to 09/30/2023	07/01 to 09/30/2022	01/01 to 09/30/2022
Net revenue	26	714,625	2,083,124	618,589	1,784,900	1,153,397	3,305,454	974,791	2,787,869
Cost of software	27	(232,931)	(666,541)	(192,753)	(554,711)	(351,760)	(991,399)	(295,089)	(841,887)
<b>Gross profit</b>		<b>481,694</b>	<b>1,416,583</b>	<b>425,836</b>	<b>1,230,189</b>	<b>801,637</b>	<b>2,314,055</b>	<b>679,702</b>	<b>1,945,982</b>
<b>Operating income (expenses)</b>									
Research and development expenses	27	(127,677)	(378,389)	(114,255)	(329,648)	(210,101)	(620,885)	(181,779)	(524,377)
Selling and marketing expenses	27	(164,731)	(482,989)	(139,917)	(416,610)	(258,733)	(743,364)	(205,246)	(590,859)
Administrative expenses	27	(72,619)	(209,563)	(71,285)	(210,269)	(124,515)	(357,491)	(118,175)	(338,958)
Other operating income/ (expenses)	27	1,046	(1,232)	(786)	(1,280)	(6,220)	(32,476)	572	(7,149)
<b>Operating profit</b>		<b>117,713</b>	<b>344,410</b>	<b>99,593</b>	<b>272,382</b>	<b>202,068</b>	<b>559,839</b>	<b>175,074</b>	<b>484,639</b>
Finance income	28	64,025	155,482	57,043	160,214	104,557	263,433	92,824	269,368
Finance expenses	28	(70,322)	(210,139)	(74,657)	(201,712)	(96,506)	(279,701)	(90,015)	(253,780)
Share of profit/ (loss) of equity-accounted investees	12	61,006	136,487	57,054	159,291	4,402	4,402	-	7
<b>Profit before income and social contribution taxes</b>		<b>172,422</b>	<b>426,240</b>	<b>139,033</b>	<b>390,175</b>	<b>214,521</b>	<b>547,973</b>	<b>177,883</b>	<b>500,234</b>
Income tax and social contribution - current		15,470	(37,556)	3,585	(30,074)	(22,839)	(139,376)	(27,986)	(113,212)
Income tax and social contribution - deferred		(1,456)	807	(7,172)	(8,437)	1,797	1,855	(7,521)	(16,158)
<b>Total of Income tax and social contribution taxes</b>	9	<b>14,014</b>	<b>(36,749)</b>	<b>(3,587)</b>	<b>(38,511)</b>	<b>(21,042)</b>	<b>(137,521)</b>	<b>(35,507)</b>	<b>(129,370)</b>
<b>Profit from continuing operations</b>		<b>186,436</b>	<b>389,491</b>	<b>135,446</b>	<b>351,664</b>	<b>193,479</b>	<b>410,452</b>	<b>142,376</b>	<b>370,864</b>
Profit (Loss) from Techfin Dimension	4	241,298	227,769	13,392	(978)	241,298	227,769	13,392	(978)
<b>Profit for the period</b>		<b>427,734</b>	<b>617,260</b>	<b>148,838</b>	<b>350,686</b>	<b>434,777</b>	<b>638,221</b>	<b>155,768</b>	<b>369,886</b>
<b>Profit attributable to owners of the Company</b>		<b>427,734</b>	<b>617,260</b>	<b>148,838</b>	<b>350,686</b>	<b>427,734</b>	<b>617,260</b>	<b>148,838</b>	<b>350,686</b>
<b>Profit attributable to non-controlling</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,043</b>	<b>20,961</b>	<b>6,930</b>	<b>19,200</b>
<b>Earnings per share</b>									
Basic earnings per share (in Reais)	25	0.70841	1.02208	0.24571	0.57758	0.70841	1.02208	0.24571	0.57758
Diluted earnings per share (in Reais)	25	0.69729	1.00668	0.24221	0.56927	0.69729	1.00668	0.24221	0.56927

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

(A free translation of the original in Portuguese)

**TOTVS S.A.**

**Condensed Individual and Consolidated Statements of Comprehensive Income**

**For the three and nine-months ended September 30, 2023 and 2022**

(In thousands of Reais )

	Individual				Consolidated			
	07/01 to 09/30/2023	01/01 to 09/30/2023	07/01 to 09/30/2022	01/01 to 09/30/2022	07/01 to 09/30/2023	01/01 to 09/30/2023	07/01 to 09/30/2022	01/01 to 09/30/2022
<b>Profit for the period</b>	<b>427,734</b>	<b>617,260</b>	<b>148,838</b>	<b>350,686</b>	<b>434,777</b>	<b>638,221</b>	<b>155,768</b>	<b>369,886</b>
<b>Items that are or may be reclassified subsequently to profit or loss</b>								
Foreign operations - foreign currency translation adjustments	984	(1,461)	2,591	(6,882)	984	(1,461)	2,591	(6,882)
<b>Other comprehensive income</b>	<b>984</b>	<b>(1,461)</b>	<b>2,591</b>	<b>(6,882)</b>	<b>984</b>	<b>(1,461)</b>	<b>2,591</b>	<b>(6,882)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>428,718</b>	<b>615,799</b>	<b>151,429</b>	<b>343,804</b>	<b>435,761</b>	<b>636,760</b>	<b>158,359</b>	<b>363,004</b>
<b>Total comprehensive income attributable to:</b>								
Owners of the Company	428,718	615,799	151,429	343,804	428,718	615,799	151,429	343,804
Non-controlling interests	-	-	-	-	7,043	20,961	6,930	19,200

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

**TOTVS S.A.**
**Condensed Individual and Consolidated Statements of Changes in Shareholders' Equity**
**For the nine-months ended September 30, 2023 and 2022**

(In thousands of reais)

	Note	Capital Reserve				Profit reserve		Retained earnings	Carrying value adjustments	Total Equity	Non-controlling interests	Total shareholders' equity
		Capital	Treasury shares	Transaction between shareholders	Capital Reserve	Legal Reserve	Profit Reserve		Other comprehensive income			
<b>Balance at January 1, 2023</b>		<b>2,962,585</b>	<b>(217,671)</b>	<b>(24,323)</b>	<b>747,506</b>	<b>155,566</b>	<b>638,003</b>	-	<b>46,950</b>	<b>4,308,616</b>	<b>276,233</b>	<b>4,584,849</b>
<b>Capital transactions with shareholders</b>		-	<b>(65,913)</b>	-	<b>(7,146)</b>	-	-	<b>(138,871)</b>	-	<b>(211,930)</b>	<b>1,884</b>	<b>(210,046)</b>
Share-based compensation plan	21	-	-	-	39,217	-	-	-	-	39,217	-	39,217
Disposal of treasury shares	21	-	43,478	-	(43,478)	-	-	-	-	-	-	-
Purchase of treasury shares	21	-	(109,391)	-	-	-	-	-	-	(109,391)	-	(109,391)
Interest on shareholders' equity	22	-	-	-	-	-	-	(138,871)	-	(138,871)	-	(138,871)
Goodwill special reserve due to merger		-	-	-	(2,885)	-	-	-	-	(2,885)	-	(2,885)
Non-controlling interests		-	-	-	-	-	-	-	-	-	1,884	1,884
<b>Total comprehensive income</b>		-	-	-	-	-	-	<b>617,260</b>	<b>(1,461)</b>	<b>615,799</b>	<b>20,961</b>	<b>636,760</b>
Profit for the period		-	-	-	-	-	-	617,260	-	617,260	20,961	638,221
Cumulative adjustment for currency exchange		-	-	-	-	-	-	-	(1,461)	(1,461)	-	(1,461)
<b>Balance at September 30, 2023</b>		<b>2,962,585</b>	<b>(283,584)</b>	<b>(24,323)</b>	<b>740,360</b>	<b>155,566</b>	<b>638,003</b>	<b>478,389</b>	<b>45,489</b>	<b>4,712,485</b>	<b>299,078</b>	<b>5,011,563</b>

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

	Capital Reserve				Profit reserve			Carrying value adjustments			
	Capital	Treasury shares	Transaction between shareholders	Capital Reserve	Legal Reserve	Profit Reserve	Retained earnings	Other comprehensive income	Total Equity	Non-controlling interests	Total shareholders' equity
Balance at January 1, 2022	2,962,585	(133,195)	(24,323)	889,191	130,659	352,555	-	55,457	4,232,929	253,079	4,486,008
Capital transactions with shareholders	-	(84,697)	-	10,174	-	-	(60,575)	-	(135,098)	(127)	(135,225)
Share-based compensation plan	-	-	-	34,519	-	-	-	-	34,519	-	34,519
Disposal of treasury shares	-	24,270	-	(24,270)	-	-	-	-	-	-	-
Purchase of treasury shares	-	(108,967)	-	-	-	-	-	-	(108,967)	-	(108,967)
Non-controlling interests	-	-	-	-	-	-	-	-	-	(127)	(127)
Share issue expenses	-	-	-	(75)	-	-	-	-	(75)	-	(75)
Interest on shareholders' equity	-	-	-	-	-	-	(60,575)	-	(60,575)	-	(60,575)
Total comprehensive income	-	-	-	-	-	-	350,686	(6,882)	343,804	19,200	363,004
Profit for the period	-	-	-	-	-	-	350,686	-	350,686	19,200	369,886
Cumulative adjustment for currency exchange	-	-	-	-	-	-	-	(6,882)	(6,882)	-	(6,882)
Balance at September 30, 2022	2,962,585	(217,892)	(24,323)	899,365	130,659	352,555	290,111	48,575	4,441,635	272,152	4,713,787

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.



(A free translation of the original in Portuguese)

## TOTVS S.A.

### Condensed Individual and Consolidated Statement of Cash Flows

For the nine-months ended September 30, 2023 and 2022

(In thousands of Reais)

	Note	Individual		Consolidated	
		01/01 to 09/30/2023	01/01 to 09/30/2022	01/01 to 09/30/2023	01/01 to 09/30/2022
<b>Cash flow from operating activities</b>					
<b>Profit before income and social taxes</b>		<b>426,240</b>	<b>390,175</b>	<b>547,973</b>	<b>500,234</b>
Adjustments for:					
Depreciation and amortization	13/ 14	137,155	108,632	209,467	174,861
Share-based payments transactions	23	43,241	34,519	43,241	34,519
Losses (gain) on disposal of fixed assets and investments		692	(1,756)	524	(2,379)
Impairment loss on trade and other receivables	7	15,258	13,695	28,057	21,765
Share of profit/ (losses) of equity-accounted investees	12	(136,487)	(159,291)	(4,402)	(7)
Provision for contingencies, net of reversals	20	11,402	18,455	10,729	19,124
Reversal of provision net of additional provisions on other obligations and others		-	-	35,206	22,963
Interest and monetary variations and exchange variations differences, net		189,751	185,106	222,157	211,314
		<b>687,252</b>	<b>589,535</b>	<b>1,092,952</b>	<b>982,394</b>
<b>Changes in operating assets and liabilities</b>					
Trade and other receivables		(34,842)	(72,321)	(83,274)	(116,853)
Recoverable taxes		4,602	(28,071)	4,038	(59,747)
Judicial deposits		(3,730)	(1,868)	(4,154)	(1,923)
Other assets		(30,907)	(41,589)	(89,887)	(55,600)
Labor liabilities		76,408	70,874	131,419	103,466
Trade and other payables		(3,951)	8,998	(628)	11,123
Commissions payable		(160)	4,792	(528)	4,249
Taxes and contributions payable		(24,575)	13,347	(40,252)	978
Other liabilities		(10,247)	(11,156)	11,547	13,175
		<b>659,850</b>	<b>532,541</b>	<b>1,021,233</b>	<b>881,262</b>
<b>Cash generated from operating activities</b>		<b>659,850</b>	<b>532,541</b>	<b>1,021,233</b>	<b>881,262</b>
Interest paid		(221,292)	(177,839)	(222,546)	(179,570)
Tax paid		(62,852)	(22,263)	(143,388)	(91,838)
		<b>375,706</b>	<b>332,439</b>	<b>655,299</b>	<b>609,854</b>
<b>Net cash from operating activities</b>		<b>375,706</b>	<b>332,439</b>	<b>655,299</b>	<b>609,854</b>
<b>Cash flow generated by investing activities</b>					
Capital increase in subsidiaries/ associates	12.2	(37,104)	(120,844)	-	-
Dividends received		56,636	26,934	9,073	-
Acquisition of property, plant and equipment	13	(85,935)	(63,113)	(97,941)	(68,754)
Acquisition of intangible assets	14	(130,117)	(51,750)	(133,625)	(55,184)
Franchises loan		9,229	21,319	9,229	21,319
Acquisitions of subsidiaries, net of cash acquired		-	-	(83,199)	(179,754)
Payments from acquisitions of subsidiaries		-	-	(42,789)	(183,621)
Proceeds from sale of subsidiaries, net of cash		54	6,476	54	6,476
Proceeds from sale of property, plant and equipment		950	1,163	1,746	1,657
Fundo CVC investment		(4,147)	(11,766)	(4,147)	(11,766)
Cash generated by/ (used in) from Techfin Dimension		405,223	(28,516)	405,223	(166,687)
		<b>214,789</b>	<b>(220,097)</b>	<b>63,624</b>	<b>(636,314)</b>
<b>Net cash used in investing activities</b>		<b>214,789</b>	<b>(220,097)</b>	<b>63,624</b>	<b>(636,314)</b>
<b>Cash flow (used in) /generated by financing activities</b>					
Payment of principal of loans		-	-	(10,957)	(6,740)
Payment of principal of debentures		-	(1,500,000)	-	(1,500,000)
Payment of principal of lease liabilities		(36,872)	(33,841)	(43,942)	(41,613)
Proceeds from debentures and loans		32,083	1,494,084	32,083	1,494,549
Investment in non controlling		-	-	4,164	-
Share issue expenses		-	(75)	-	(75)
Receivables from related companies		(777)	(1,339)	(32)	(678)
Dividends and interest on shareholders' equity paid		(265,723)	(139,456)	(269,886)	(140,036)
Treasury shares, net		(109,392)	(108,967)	(109,392)	(108,967)
		<b>(380,681)</b>	<b>(289,594)</b>	<b>(397,962)</b>	<b>(303,560)</b>
<b>Net cash (used in)/ generated by financing activities</b>		<b>(380,681)</b>	<b>(289,594)</b>	<b>(397,962)</b>	<b>(303,560)</b>
<b>Net (Decrease) Increase in cash and cash equivalents</b>		<b>209,814</b>	<b>(177,252)</b>	<b>320,961</b>	<b>(330,020)</b>
Cash and cash equivalents at beginning of the period		1,709,966	1,743,262	2,735,765	2,871,072
Cash and cash equivalents at the end of the period		1,919,780	1,566,010	3,056,726	2,541,052

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

**TOTVS S.A.**  
**Condensed Individual and Consolidated Statements of Value Added**  
**For the nine-months ended September 30, 2023 and 2022**  
(In thousands of Reais)

	Individual		Consolidated	
	01/01 to 09/30/2023	01/01 to 09/30/2022	01/01 to 09/30/2023	01/01 to 09/30/2022
<b>1 – REVENUES</b>	<b>2,341,123</b>	<b>2,006,657</b>	<b>3,679,793</b>	<b>3,134,625</b>
1.1 Sales of goods, products and services	2,351,573	2,014,226	3,710,425	3,129,724
1.2 Other revenue	4,808	6,126	(2,575)	26,666
1.3 Impairment loss on trade and other receivables (recording)	(15,258)	(13,695)	(28,057)	(21,765)
<b>2 - RAW MATERIALS ACQUIRED FROM THIRD-PARTIES (includes ICMS and IPI taxes)</b>	<b>(461,027)</b>	<b>(590,372)</b>	<b>(728,714)</b>	<b>(837,729)</b>
2.1 Cost of goods and services sold	(116,436)	(104,588)	(134,112)	(122,686)
2.2 Materials, energy, outsourced services and other	(572,360)	(484,806)	(822,371)	(714,065)
2.3 Other	227,769	(978)	227,769	(978)
<b>3 - GROSS VALUE ADDED (1+2)</b>	<b>1,880,096</b>	<b>1,416,285</b>	<b>2,951,079</b>	<b>2,296,896</b>
<b>4 - DEPRECIATION AND AMORTIZATION</b>	<b>(137,155)</b>	<b>(108,632)</b>	<b>(209,467)</b>	<b>(174,861)</b>
<b>5 - NET VALUE ADDED PRODUCED BY THE ENTITY (3+4)</b>	<b>1,742,941</b>	<b>1,307,653</b>	<b>2,741,612</b>	<b>2,122,035</b>
<b>6 - VALUE ADDED RECEIVED THROUGH TRANSFERS</b>	<b>291,969</b>	<b>319,505</b>	<b>267,835</b>	<b>269,375</b>
6.1 Share of profit/ (losses) of equity-accounted investees	136,487	159,291	4,402	7
6.2 Finance income	155,482	160,214	263,433	269,368
<b>7 - TOTAL VALUE ADDED TO DISTRIBUTE (5+6)</b>	<b>2,034,910</b>	<b>1,627,158</b>	<b>3,009,447</b>	<b>2,391,410</b>
<b>8 - VALUE ADDED DISTRIBUTION</b>	<b>2,034,910</b>	<b>1,627,158</b>	<b>3,009,447</b>	<b>2,391,410</b>
<b>8.1 Personnel</b>	<b>865,644</b>	<b>772,219</b>	<b>1,468,597</b>	<b>1,229,352</b>
8.1.1 Direct Compensation	719,147	649,110	1,229,955	1,039,414
8.1.2 Benefits	97,774	78,686	155,539	119,724
8.1.3 FGTS (Unemployment fund)	48,723	44,423	83,103	70,214
<b>8.2 Taxes and contributions</b>	<b>340,457</b>	<b>300,036</b>	<b>618,658</b>	<b>534,424</b>
8.2.1 Federal	278,166	246,553	520,779	451,012
8.2.2 State	166	82	2,363	1,947
8.2.3 Local	62,125	53,401	95,516	81,465
<b>8.3 Interest and rent</b>	<b>211,549</b>	<b>204,217</b>	<b>283,971</b>	<b>257,748</b>
8.3.1 Interest	210,138	201,712	279,701	253,780
8.3.2 Rents	1,411	2,505	4,270	3,968
<b>8.4 Equity remuneration</b>	<b>617,260</b>	<b>350,686</b>	<b>638,221</b>	<b>369,886</b>
8.4.1 Interest on shareholders' equity	138,871	60,575	138,871	60,575
8.4.3 Retained profit for the period	478,389	290,111	478,389	290,111
8.4.4 Non-controlling interest in retained profits	-	-	20,961	19,200

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

## **TOTVS S.A.**

### **Notes to the Condensed Individual and Consolidated Interim Financial Statements**

(In thousands of Reais, unless otherwise stated)

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## **1. Operational context**

### **1.1 Reporting entity**

TOTVS S.A. ("TOTVS", "Company" or "Individual") is a publicly held corporation headquartered at Av. Braz Leme, 1000, in the city and state of São Paulo, whose shares are traded on the Novo Mercado of B3 S.A. – Brasil, Bolsa, Balcão ("B3"), under the code TOTS3.

### **1.2 Operations**

The Company's business purpose is to provide business solutions for companies of all sizes, through the development and sale of management software, productivity platforms, collaboration, and data intelligence, digital marketing as well as the provision of implementation, consulting, advisory, maintenance services, e-commerce and mobility. The solutions developed by the Company and its subsidiaries are segmented by the diverse economy industry, resulting in greater importance of these solutions for our clients' business.

The Company, through its Joint Venture TOTVS Techfin, provides financial services, issuance and credit card management business, including credit analysis and intermediation of financing requests in its businesses, with a light and smart business model, that unites data science, integration with ERPs and wide distribution, in addition to access to efficient funding to support the expansion of the operation .

## **2. Basis of preparation and presentation of the interim financial information**

### **2.1. Statement of compliance**

The condensed individual and consolidated interim financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, which comprise the rules issued by the Brazilian Securities and Exchange Commission (CVM), and Brazil's Financial Accounting Standards Board (CPC) pronouncements guidance and interpretations, which are in conformity with standards of the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) . All significant information in the condensed individual and consolidated interim financial statements, and solely such information, is disclosed and corresponds to that used by the Management of the Company and its subsidiaries.

### **2.2. Basis of presentation**

All amounts presented in this condensed individual and consolidated interim financial statements are expressed in thousands of reais, unless otherwise indicated.

TOTVS's condensed individual and consolidated Interim Financial Statements were approved at the Board of Directors' Meeting held on November 01, 2023, after a recommendation by the Audit Committee and observance from Fiscal Council at a meeting held on October 30, 2023.

Significant accounting policies adopted in preparing this condensed individual and consolidated interim financial statements have been consistently applied to the previous periods presented.

Accounting judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances, and are consistent with the information disclosed in note 3 of the financial statements of December 31, 2022.

This condensed individual and consolidated interim financial statements does not include all the requirements for annual or complete financial statements, and therefore should be read together with the complete financial statements of the Company and its subsidiaries for the year ended December 31, 2022.

### **2.3. Basis of preparation**

The condensed individual and consolidated Interim financial statements were prepared using historical cost as base value, except for the valuation of certain assets and liabilities, such as business combinations and financial instruments, which were measured at fair value.

- I. **Condensed individual and consolidated interim financial statements:** The condensed individual and consolidated interim financial statements were prepared in accordance with CPC 21 (R1) and IAS 34, which are applicable to the preparation of interim financial information, and in a manner consistent with accounting practices adopted in Brazil, including the standards issued by the CVM and pronouncements of the Accounting Pronouncements Committee (CPC) and in accordance with the IFRS issued by the IASB.
- II. **Changes in accounting policies and disclosures:** new standards, amendments and interpretations of standards were issued by the IASB and CPC, effective from January 1st, 2023, however, in Management's opinion, there are no a significant impact on condensed individual and consolidated interim financial statements disclosed by the Company and its subsidiaries.

## 2.4. Consolidation basis

The condensed individual and consolidated interim financial statements include the operations of the Company and the following subsidiaries, whose percentages of the interests held by the Company at the reporting date are summarized below:

Corporate Names	Head office	Interest	Main activity	% Interest	
				9/30/2023	12/31/2022
Soluções em Software e Serviços TTS Ltda. ("TTS")	BRA	Direct	Software Operation	100.00%	100.00%
TRS Gestão e Tecnologia S.A. ("TRS") (viii)	BRA	Indirect	Software Operation	100.00%	-
TOTVS Tecnologia em Software de Gestão Ltda. ("TOTVS Tecnologia")	BRA	Direct	Software Operation	100.00%	100.00%
Gesplan S.A. ("Gesplan")	BRA	Indirect	Software Operation	100.00%	100.00%
Wizco Sistemas Ltda. ("Wizco")	BRA	Indirect	Software Operation	100.00%	100.00%
Feedz Tecnologia S.A. ("Feedz")	BRA	Indirect	Software Operation	60.00%	60.00%
TOTVS Argentina S.A. ("TOTVS Argentina")	ARG	Direct	Software Operation	100.00%	100.00%
TOTVS México S.A. ("TOTVS México")	MEX	Direct	Software Operation	100.00%	100.00%
TOTVS Colômbia SAS ("TOTVS Colômbia")	COL	Indirect	Software Operation	100.00%	100.00%
TOTVS Incorporation ("TOTVS Inc.")	EUA	Direct	Software Operation	100.00%	100.00%
Dimensa S.A. ("Dimensa")	BRA	Direct	Software Operation	62.50%	62.50%
InovaMind Tech Ltda. ("InovaMind") (v)	BRA	Indirect	Software Operation	-	100.00%
Mobile2you Ltda. ("Mobile2you") (v)	BRA	Indirect	Software Operation	-	100.00%
Credit Core Tecnologia de Crédito Ltda. ("Vadu")	BRA	Indirect	Software Operation	100.00%	100.00%
Cobu Consulting & Business Ltda. ("Cobu")	BRA	Indirect	Software Operation	100.00%	100.00%
RBM Web - Sistemas Inteligentes LTDA ("RBM Web")	BRA	Indirect	Software Operation	100.00%	100.00%
TOTVS Hospitality Technology Argentina S.A. (former CM Soluciones Informatica S.A.) ("TOTVS Hospitality Argentina") (iv)	ARG	Direct	Software Operation	100.00%	100.00%
TOTVS Serviços de Desenvolvimento e Consultoria em Tecnologia da Informação Ltda. ("Eleve")	BRA	Direct	Software Operation	100.00%	100.00%
TOTVS Reservas Ltda. ("TOTVS Reservas")	BRA	Indirect	Software Operation	100.00%	100.00%
TOTVS Large Enterprise Tecnologia S.A. ("TOTVS Large")	BRA	Direct	Software Operation	100.00%	100.00%
TOTVS Hospitality Ltda. ("TOTVS Hospitality")	BRA	Direct	Software Operation	74.20%	74.20%
RJ Participações S.A. ("RJ Participações")	BRA	Indirect	Holding - Participation in other companies	80.00%	80.00%
R.J. Consultores en Sistemas de Información S.C. ("RJ México")	MEX	Indirect	Software Operation	80.00%	80.00%
R.J. Consultores e Informática Ltda. ("RJ Consultores")	BRA	Indirect	Software Operation	80.00%	80.00%

Wealth Systems Informática Ltda. ("WS")	BRA	Indirect	Software Operation	100.00%	100.00%
CMNet Participações S.A. ("CMNet Participações")	BRA	Indirect	Holding - Participation in other companies	100.00%	100.00%
TOTVS Hospitality Chile ("TOTVS Chile")	CHL	Indirect	Software Operation	100.00%	100.00%
TOTVS Hospitality Ltda. ("TOTVS Hospitality")	BRA	Indirect	Software Operation	25.80%	25.80%
Datasul S.A. de CV. ("Datasul México") (ii)	MEX	Direct	Software Operation	100.00%	100.00%
DTS Consulting Partner, SA de CV ("Partner") (ii)	MEX	Indirect	Software Operation	100.00%	100.00%
Bematech Argentina S.A. ("Bematech Argentina") (ii)	ARG	Indirect	Software Operation	100.00%	100.00%
TOTVS Hospitality Technology Portugal Lda. - Sociedade em Liquidação (former TOTVS Hospitality Technology Portugal Lda.) ("TOTVS Portugal") (ii) (vi)	PRT	Indirect	Software Operation	100.00%	100.00%
TOTVS Corporation ("TOTVS BVI") (iii)	BVI	Direct	Software Operation	-	100.00%
Datasul Argentina S.A. ("Datasul Argentina") (iii)	ARG	Direct	Software Operation	-	100.00%
VT Comércio Digital S.A. ("VT Comércio") (vii)	BRA	Direct	Software Operation	50.00%	50.00%
Tail Target Tecnologia de Informação Ltda. ("Tail") (i)	BRA	Indirect	Software Operation	-	100.00%
RD Gestão e Sistemas S.A. ("RD Station")	BRA	Indirect	Software Operation	92.04%	92.04%
RD Station Colômbia SAS ("RD Colômbia")	COL	Indirect	Software Operation	92.04%	92.04%
Tallos Tecnologia Integrada E Assessoria em Negocios S.A ("Tallos")	BRA	Indirect	Software Operation	100.00%	100.00%
Lexos Solução em Tecnologia Ltda. ("Lexos") (viii)	BRA	Indirect	Software Operation	100.00%	-
Exact Desenvolvimento e Programação de Software Ltda. ("Exact Sales") (viii)	BRA	Indirect	Software Operation	100.00%	-
TOTVS Renda Fixa Crédito Privado Fundo de Investimento em Cotas de Fundos de Investimento ("Fundo Restrito")	BRA	Direct	Restricted investment fund	100.00%	100.00%
CV Idexo Fundo de Investimento em Participações Multiestratégia Investimento no Exterior ("Fundo CV Idexo")	BRA	Direct	Participation Investment Fund	100.00%	100.00%

- (i) On January 1, 2023, the subsidiary Tail was merged by the, also subsidiary TOTVS Large by the net assets of R\$3,266 in which were evaluated by experts which issued the evaluation report of the Shareholders' equity in the base date on October 31, 2022. The variations in the accounts occurred after the base date until the data of effective merger were absorbed by the TOTVS Large.
- (ii) Dormant companies that will be closed.
- (iii) Closed company.
- (iv) Social denomination changed on August 23, 2023.
- (v) On January 2, 2023, the subsidiaries Inovamind and Mobile2you were merged by the, also subsidiary Dimensa by the net assets of R\$3,191 and R\$1,757, respectively. These companies were evaluated by experts which issued the evaluation reports of the Shareholders' equity in the base date on October 31, 2022. and their variations in the accounts occurred after the base date until the data of effective merger were absorbed by the Dimensa.
- (vi) Social denomination changed on May 31, 2023.
- (vii) On August 30, 2023 occurred the dissolution from VT Comércio, joint operation between TOTVS and VTEX, in which the closing process is in progress.
- (viii) Companies acquired in 2023 in accordance with note 3.

All balances and transactions between subsidiaries were eliminated in the condensed consolidated financial statements. Comparing the consolidated profit or loss between 2023 and 2022, must be considered the acquisition date of each subsidiary. Thus, the condensed individual and consolidated interim financial information as of September 30, 2022 does not include the profit or loss of the acquired subsidiaries Lexos, Exact and TRS which were included in the consolidated financial statements from the date of their respective acquisition in 2023. Investments in associates are accounted for under the equity method and are initially recognized at cost.

### **3 Business Combination**

The Company's acquisitions reinforce the software strategy to develop an ecosystem represented by three dimensions: (i) Management - ERP, HR and vertical solutions; (ii) Techfin - B2B credit, services and payments; and (iii) Business Performance - solutions with focus to increase the sales, competitiveness and customer performance, through digital marketing, sales/ digital commerce and CS - Customer Success solutions.

#### **Lexos**

On May 15, 2023, the Company celebrated a quota sale and purchase agreement for the acquisition of 100% of quotas of Capital from Lexos Soluções em Tecnologia Ltda., by the subsidiary TOTVS Large Enterprise Tecnologia S.A.. The paid amount, after the price adjustment was R\$9,479. In addition, the agreement provides the payment of complementary purchase price, subject to the achievement of targets established for Lexos related to the years of 2024 and 2025 and the fulfillment of other conditions

Lexos develops solutions focused on the integration of physical and virtual retail, marketplaces and e-commerces, facilitating multichannel sales, and helping customers to scale its sales in the main marketplaces in Brazil.

#### **Exact**

On June 5, 2023, the Company celebrated a share sale and purchase agreement for the acquisition of 100% of shares of Share Capital from Exact Desenvolvimento e Programação de Software S.A., by the subsidiary RD Gestão e Sistemas S.A.. The cash paid amount was R\$31,482. In addition, the agreement provides the payment of complementary purchase price, subject to the fulfillment of some conditions.

Exact Sales, a leading company in the Sales Engagement segment, offers solutions aimed at prospecting and qualifying companies' potential customers (prospects).

#### **TRS**

On July 3, 2023, the Company celebrated a share sale and purchase agreement for the acquisition of 100% of shares of Share Capital from the franchise TRS Gestão e Tecnologia S.A., by the subsidiary Soluções em Software e Serviços Ltda.. The total amount was R\$78,834, being the cash paid amount R\$55,490.

With this move, TOTVS now has a direct action in Brazil's South Region which allows it to accelerate the capture of the great economic potential of this region and to support the franchises' operation in neighboring territories.

Following a summary of the fair value at the acquisition date of the transferred consideration presented above:



<i>In thousands of reais</i>	Note	Lexos	Exact	TRS	Total
Cash payment		8,704	31,482	55,490	95,676
Contingent consideration	19	9,066	36,250	-	45,316
Amount withheld	19	2,000	4,500	20,844	27,344
Price adjustment		775	1,500	2,500	4,775
<b>Total consideration</b>		<b>20,545</b>	<b>73,732</b>	<b>78,834</b>	<b>173,111</b>

<i>Acquisition cash flow analysis</i>	Lexos	Exact	TRS	Total
Cash paid amount	8,704	31,482	55,490	95,676
Net (cash)/ debt acquired from subsidiary	21	(1,458)	(11,039)	(12,476)
<b>Acquisition net cash flow</b>	<b>8,725</b>	<b>30,024</b>	<b>44,451</b>	<b>83,200</b>

#### Identifiable intangible assets acquired and Goodwill

The following is the information related to identified assets acquired and preliminary liabilities assumed at fair value, goodwill and cost of the interest held that affected the condensed individual and consolidated interim financial statements position as at September 30, 2023:

<b>Preliminary fair value</b>	<b>Lexos</b>	<b>Exact</b>	<b>TRS</b>	<b>Total</b>
<i>At acquisitions date</i>	<i>05/15/2023</i>	<i>06/5/2023</i>	<i>07/3/2023</i>	
<b>Current assets</b>	<b>155</b>	<b>3,171</b>	<b>17,326</b>	<b>20,652</b>
Cash and cash equivalents	(21)	1,458	11,039	12,476
Trade and other receivables	165	1,159	5,492	6,816
Other current assets	11	554	795	1,360
<b>Non-current assets</b>	<b>4,426</b>	<b>40,161</b>	<b>23,162</b>	<b>67,749</b>
Property, plant and equipment	53	1,327	595	1,975
Software	2,496	18,385	86	20,967
Client portfolio	865	-	18,868	19,733
Trademark	211	20,365	-	20,576
Non-compete	801	-	82	883
Other non-current assets	-	84	3,531	3,615
<b>Current liabilities</b>	<b>3,116</b>	<b>6,510</b>	<b>13,667</b>	<b>23,293</b>
Labor liabilities	519	3,186	8,600	12,305
Other liabilities	2,597	3,324	5,067	10,988
<b>Non-current liabilities</b>	<b>-</b>	<b>11,359</b>	<b>2,618</b>	<b>13,977</b>
<b>Net assets and liabilities</b>	<b>1,465</b>	<b>25,463</b>	<b>24,203</b>	<b>51,131</b>
Cash payment	8,704	31,482	55,490	95,676
Short-term portion	775	1,500	2,500	4,775
Long-term portion (i)	11,066	40,750	20,844	72,660
<b>Goodwill</b>	<b>19,080</b>	<b>48,269</b>	<b>54,631</b>	<b>121,980</b>

(i) Long-term installments were recorded at present value at acquisition date.

The assets and liabilities at fair value presented from the acquired Lexos, Exact and TRS are preliminary. So, if new information obtained within a period of one year from the acquisition date about facts and circumstances that existed on the acquisition date and indicate adjustments in the amounts mentioned like: intangible assets, respective goodwill and assumed liabilities, or any provision that existed at the acquisition date, the acquisition accounting will be revised, as provided in CPC 15/ IFRS 3.

The goodwill of R\$121,980 comprises the value of future economic benefits of synergies arising from the acquisition and align with the Company's strategy and are allocated to the Business Performance and Management segments.

Contingent considerations were recorded at fair value on the acquisition date and are presented in note 19.

The condensed individual and consolidated interim financial statements position, in the ended period on September 30, 2023, Lexos and Exact, were included in the Business Performance segment in line with the TOTVS group's strategy and contributed with a net consolidated revenue from services and sales of R\$11,085 and net loss of R\$4,231, considering the period after each acquisition date mentioned above. TRS came to incorporate the Management Dimension and has contributed with net revenue from sale and services of R\$16,089 and a profit of R\$2,176.

If the acquisition had taken place on January 01, 2023, the Management estimates that the consolidated net revenue from services and sales would have been R\$74,493 and profit of R\$4,111.

The transaction cost involving the acquisitions of these companies as of September 30, 2023 was R\$1,385, recognized in profit or loss as administrative expenses.

#### **4 Techfin Dimension**

Techfin Dimension aims to simplify, expand and democratize the access of the SMB customers from TOTVS to B2B financial services, contemplating business from the subsidiary Supplier and new products.

On April 12, 2022, the Board of Directors from the Company approved the creation of a Joint Venture with Itaú Unibanco S.A. ("Itaú"), called TOTVS Techfin ("JV"), whose purpose is to operate a digital platform of financial services for small and medium companies, through the integration of a full range of financial services.

On June 22, 2023, Banco Central do Brasil (BACEN) issued a document, approving the change of corporate control from Supplier Sociedade de Crédito Direto S.A. as a consequence to Itaú Unibanco S.A. entry, which will be effective with the closing.

On July 31, 2023, after compliance with all applicable conditions precedent, occurred the closing of the Operation.

In this transaction, TOTVS and Itaú started to hold, each one, 50% of interest in the Share Capital from JV. For purposes of development of activities from JV, TOTVS and Itaú contributed with its respective expertises and assumed, in special, the following obligations:

- (i) TOTVS contributed with assets from its business dimension Techfin, including the totality shares of voting Share Capital from Supplier Administradora de Cartões de Crédito S.A. ("Supplier");

(ii) Itaú will be responsible to provide funding for the operations from JV, by the required deadline and volume and with its financial expertise, contributing with the development of financial products from JV. Itaú realized a primary contribution of R\$200,000 in the Share Capital from JV.

In addition, in the context of JV creation, Itaú commits to pay for TOTVS until R\$860,000 by the shares from JV, in which, R\$410,000 were paid in cash, in the transaction closing date, and until R\$450,000 which will be paid after 5 years, as complementary price (Earn-out) through the accomplishment of targets align with the purposes of growing and performance from JV.

We present following the assets and liabilities involved disclosed in segregated lines in the Statement of Financial Position in the period ended on July 31, 2023 and December 31, 2022 and results from Techfin Dimension disclosed as “Discontinued Operation” in the Statements of Profit or Loss from the Company on July 31, 2023 and September 30, 2022, in which in accordance with CPC31/ IFRS 5, met the criteria of hold for sale:

<b>ASSETS</b>	<b>Consolidated</b>		<b>LIABILITIES</b>	<b>Consolidated</b>	
	<b>07/31/2023</b>	<b>12/31/2022</b>		<b>07/31/2023</b>	<b>12/31/2022</b>
<b>Current assets</b>	<b>2,302,286</b>	<b>2,519,863</b>	<b>Current liabilities</b>	<b>1,932,518</b>	<b>2,358,728</b>
Cash and cash equivalents	267,913	164,755	Labor liabilities	23,217	23,088
Financial Investments	76,371	461,895	Trade and other payables	12,130	9,478
Trade and other receivables	1,929,288	1,836,965	Taxes and contributions liabilities	2,939	2,636
Recoverable taxes	10,409	4,078	Commissions payable	3,873	1,873
Other assets	18,305	52,170	Loans and lease liabilities	251,634	1,159
			Business partners payable	748,542	678,215
			Senior shares and mezzanine obligations	881,560	1,638,887
			Other liabilities	8,623	3,392
<b>Non-current assets</b>	<b>284,110</b>	<b>304,115</b>	<b>Non-current liabilities</b>	<b>13,536</b>	<b>4,871</b>
Deferred tax assets	51,731	47,290	Loans and lease liabilities	2,325	1,749
Judicial deposits	578	465	Provision for contingencies	2,670	1,166
Other assets	-	32	Payables from related parties	7,410	937
Property, plant and equipment	7,036	6,406	Other liabilities	1,131	1,019
Intangible assets	224,765	249,922			
<b>Total assets from Techfin Dimension</b>	<b>2,586,396</b>	<b>2,823,978</b>	<b>Total liabilities related to the assets from Techfin Dimension</b>	<b>1,946,054</b>	<b>2,363,599</b>

	Consolidated			
	07/01 to 07/31/2023	01/01 to 07/31/2023	07/01 to 09/30/2022	01/01 to 09/30/2022
<b>Net revenue</b>	<b>40,923</b>	<b>229,547</b>	<b>117,432</b>	<b>293,958</b>
(-) Costs	(17,085)	(120,374)	(52,996)	(142,278)
<b>Gross profit</b>	<b>23,838</b>	<b>109,173</b>	<b>64,436</b>	<b>151,680</b>
Research and development expenses	(3,732)	(27,978)	(12,716)	(28,872)
Selling and marketing expenses	(7,426)	(46,170)	(20,368)	(53,381)
Administrative expenses (i)	(10,509)	(55,414)	(23,116)	(75,215)
Other operating income, net	526	3,162	102	1,657
<b>Profit (Loss) before income and social contribution taxes</b>	<b>2,697</b>	<b>(17,227)</b>	<b>8,338</b>	<b>(4,131)</b>
Finance results	(274)	562	422	173
Income tax and social contribution	233	5,792	4,632	2,980
<b>Profit (Loss) from Techfin Dimension</b>	<b>2,656</b>	<b>(10,873)</b>	<b>13,392</b>	<b>(978)</b>
Gain generated by the JV Techfin business combination	238,642	238,642	-	-
<b>Profit (Loss) from Techfin Dimension (ii)</b>	<b>241,298</b>	<b>227,769</b>	<b>13,392</b>	<b>(978)</b>
Foreign operations - foreign currency translation adjustments	-	-	-	-
<b>Comprehensive income for the period</b>	<b>241,298</b>	<b>227,769</b>	<b>13,392</b>	<b>(978)</b>

(i) It contemplates amortization of intangibles allocated in the Supplier's acquisition in the amount of R\$2,640 from July 1 to July 31, 2023 (R\$7,920 from July 1 to September 30, 2022) and R\$18,481 from January 1 to July 31, 2023 (R\$29,647 from January 1 to September 30, 2022);

(ii) The rubric "Profit (loss) from Techfin Dimension" in the table above is disclosed in only one line in the rubric "Net income from discontinued operations" in the Statements of Profit or Loss, as CPC 31/ IFRS 5 determine.

Follow, the present the summary of the Statements of Cash Flow from Techfin Dimension:

	Consolidated	
	01/01 to 07/31/2023	01/01 to 09/30/2022
Operating activities	125,521	94,810
Investing activities	406,418	36,406
Financing activities	(428,781)	(12,816)
<b>Net cash generated by Techfin Dimension</b>	<b>103,158</b>	<b>118,400</b>

## 5 Financial instruments and sensitivity analysis of financial assets and liabilities

The Company and its subsidiaries evaluated their financial assets and liabilities based on market values using the information available and the appropriate valuation methodologies.

### 5.1 Financial instruments by category

The follow table compares the financial instruments of the Company and its subsidiaries by class, as presented in the condensed individual and consolidated interim financial statements:

<b>Consolidated</b>	<b>Note</b>	<b>Classification by category</b>	<b>9/30/2023</b>	<b>12/31/2022</b>
Cash and cash equivalents	6	Fair Value through profit or loss	3,025,344	2,696,169
Cash and cash equivalents	6	Amortized cost	31,382	39,596
Escrow account	19	Amortized cost	127,279	84,157
Trade and other receivables	7	Amortized cost	576,070	514,067
Franchises loan	11	Amortized cost	17,873	32,225
Receivables for investments sold	11	Amortized cost	22,788	54
Investments at fair value	5.2	Fair Value through profit or loss	110,891	111,231
<b>Financial Instruments assets</b>			<b>3,911,627</b>	<b>3,477,499</b>
Loans (i)	17	Amortized cost	32,084	575
Debentures	18	Amortized cost	1,498,019	1,547,009
Trade and other payables (ii)		Amortized cost	199,735	324,528
Accounts payable from acquisition of subsidiaries	19	Fair Value through profit or loss	511,760	454,367
Accounts payable from acquisition of subsidiaries	19	Amortized cost	130,987	109,852
Call option of non-controlling interests (iii)		Fair Value through profit or loss	404,324	383,004
Other liabilities		Amortized cost	14,543	18,364
<b>Financial liabilities</b>			<b>2,791,452</b>	<b>2,837,699</b>

(i) Leases are not included in accordance with CPC 06(R2).

(ii) Includes "Trade and other payables", "Commissions payable" and "dividends payable".

(iii) Represents the call option as a result of the transaction involving B3.

The fair value of financial assets and liabilities is included in the amount for which the instrument could be exchanged in a transaction between willing parties rather than in a forced sale or settlement. The methods and assumptions below were used to estimate fair value:

- Escrow accounts, trade and other receivables, trade and other payables and other short-term liabilities approximate their respective carrying amounts mainly due to the short-term maturities of these instruments.
- Financial assets at fair value not traded in an active market are estimated using a valuation technique, such as discounted cash flow or multiple revenues, considering the reasonableness of the range of values indicated thereby.
- Loans and debentures are initially recognized at fair value, net of costs incurred in the transaction and are subsequently stated at amortized cost. The Company and its subsidiaries use the risk-free discounted cash flow methodology to calculate the fair value of loans and debentures.
- Accounts payable from acquisition of subsidiaries, includes contingent payments relating to business combinations and their fair value is estimated based on the performance of operations applied to the multiples defined in the contract.

The amounts recognized in the statement of financial position regarding trade and other receivables, trade and other accounts payables, franchises loan and other payables, dividends payable at amortized cost, do not significantly differ from their fair values.

## 5.2 Investments at fair value

We present, the composition of investments at fair value and respective balances on September 30, 2023 and December 31, 2022:

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
CV Idexo Fundo de Investimento	23,559	18,074	23,559	18,074
GoodData	-	-	87,308	93,144
Other	-	-	24	13
<b>Total</b>	<b>23,559</b>	<b>18,074</b>	<b>110,891</b>	<b>111,231</b>

These investments are private companies which do not have a quoted market price in an active market. The fair value of these investments is measured by commonly used market valuation techniques, such as discounted cash flows or multiples, considering the reasonableness of the estimated range of values. The fair value measurement is the mid-point within the range that best represents the respective fair value. Additionally, these investments include an investment in GoodData in preferred shares, subject to preemptive right of subscription.

Follow the detail of each group:

**a) CV Idexo Fundo de Investimento em Participações**

On March 08, 2022 was constituted the CV Idexo Fundo de Investimento em Participações Multiestratégia Investimento no Exterior, a Corporate Venture Capital (CVC), whose purpose is to invest in startups with high potential of growth and innovation. The Company majority shareholder from the Fund, in which is managed by an independent manager.

**b) GoodData**

TOTVS' investments in startups are made within a medium-term strategy, with output planned for when the expected financial returns are achieved, and are recognized as financial instruments.

### **5.3 Sensitivity analysis of financial assets and liabilities**

The financial instruments of the Company and its subsidiaries are represented by accounts and other receivables, trade and other payables, loans and debentures, which are recorded at cost plus income or charges incurred or at fair value, where applicable, as at September 30, 2023 and December 31, 2022.

The main risks related to the Company's operations are linked to the variation of Brazilian Interbank Deposit Floating Rate (CDI).

**a) Financial assets**

In order to check the sensitivity of the index in the short-term investments to which the Company and its subsidiaries were exposed to risk in interest rate movement as of September 30, 2023, three different scenarios were defined. Based on projections disclosed by financial institutions, the average rate for CDI of 13.52% was defined as a probable scenario (scenario I) for the nine-months period. Based thereon, variations of 25% (scenario II) and 50% (scenario III) were calculated.

For each of these scenarios the "gross finance income" was estimated, with taxes on investment returns not included. The reference date for the portfolio was September 30, 2023, with a one-year projection to check the sensitivity of CDI to each scenario.

Operation	Note	Balances at 9/30/2023	Risk	Probable Scenario I	Scenario II	Scenario III
Consolidated financial investments	6	3,036,716	Reduction CDI	13.52%	10.14%	6.76%
<b>Estimated finance income</b>				<b>410,564</b>	<b>307,923</b>	<b>205,282</b>

## b) Financial liabilities

To evaluate the sensitivity of the indexes to which the Company and its subsidiaries are exposed when estimating the debts as at September 30, 2023, three different scenarios were created. Based on CDI rates in force at this date, the most probable scenario (scenario I) was determined for 2023 and, from this, variations of 25% (scenario II) and 50% (scenario III) were calculated.

For each scenario, the gross financial expense was calculated, without the related tax impacts and the maturity flow of each contract scheduled for 2023. The reference date used for the debentures was September 30, 2023, projecting the rates for one year and checking their sensitivity in each scenario.

Operation	Note	Balances at 9/30/2023	Risk	Probable Scenario I	Scenario II	Scenario III
			Increase CDI	13.52%	16.90%	20.28%
Debentures	18	1,498,019		202,532	253,165	303,798
<b>Estimated finance expense</b>				<b>202,532</b>	<b>253,165</b>	<b>303,798</b>

## 5.4 Changes in liabilities from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were or will be classified in the condensed individual and consolidated statement of cash flows as cash flows from financing activities.

The following is a breakdown of liabilities arising from financing activities for the nine-months period ended on September 30, 2023:

Consolidated	Note	12/31/2022	Cash flow from financing activities (i)	Non-cash items			9/30/2023
				Addition/ (Write off)	Interest incurred	Acquisition of subsidiary	
Loans	17	575	21,042	-	-	10,467	32,084
Leases	17	211,958	(51,956)	10,183	7,820	788	178,793
Debentures	18	1,547,009	(214,448)	-	165,458	-	1,498,019
Dividends and Interest on shareholders' equity payable	22	130,363	(269,886)	141,151	-	-	1,628
<b>Total</b>		<b>1,889,905</b>	<b>(515,248)</b>	<b>151,334</b>	<b>173,278</b>	<b>11,255</b>	<b>1,710,524</b>

(i) Includes interest paid allocated in the cash flow from operating activities.

## 5.5 Financial risk management

The main financial risks to which the Company and its subsidiaries are exposed when conducting their activities are:

### **a. Liquidity Risk**

The Company's and its subsidiaries' liquidity and cash flow are monitored daily by Company Management areas to ensure the generation of cash from operating activities and early fundraising, whenever necessary. The Company and its subsidiaries reinforce its commitment to resource management in order to maintain its schedule of commitments, not giving rise to liquidity risks for the Company and its subsidiaries.

Typically, the Company and its subsidiaries ensure that it have sufficient cash at sight to cover expected operating expenses, including the compliance with financial obligations; which excludes the potential impact of extreme situations that cannot be reasonably foreseen, such as natural disasters. The Company and its subsidiaries have access to a sufficient variety of funding sources.

### **b. Credit risk**

Credit risk is the risk that the counterparty in a deal will not fulfill an obligation set forth in a finance instrument or contract with a customer, which would cause a financial loss.

Regarding the credit risk associated with financial institutions, the Company and its subsidiaries distribute this exposure among financial institutions. Financial investments must be made in institutions whose risk rating is equal to or greater than the Sovereign Risk (Brazil Risk) assigned by the rating agencies Standard & Poor's, Moody's or Fitch and in the case of investment in investment funds, the referred classification will be replaced by the classification "Investment Grade", attributed by ANBIMA. The amount allocated to each issuer, except Union/federal government bonds, cannot exceed 30% of the total balances in current accounts plus financial investments, and also not correspond to more than 5% of the equity from the issuer/investment fund.

The exposure of the Company and its subsidiaries to credit risk is also influenced also by the individual characteristics of each customer. The Company and its subsidiaries establish a credit policy whereby every new customer has its credit capacity individually analyzed prior to the standard payment terms and conditions.

For the trade and other receivables from software operation of the Company and its subsidiaries, have a very diversified customer portfolio with low concentration level and establish an estimate of the provision for losses that represents its estimate of losses incurred in relation to trade and other receivables. The main component of this allowance is specific and related to significant individual risks.

### **c. Market risk**

Interest rate and inflation risk: interest rate risk arises from the portion of the debt and financial investments related to CDI, which can adversely affect the finance income or expenses in the event of unfavorable changes in the interest rate and inflation.

Exchange rate risk: this risk arises from the possibility of losses due to currency rate fluctuations that could increase the liabilities resulting from foreign currency purchase commitments or that could reduce the assets resulting from trade and other receivables in foreign currency.

Certain subsidiaries have international operations and are exposed to exchange risk arising from exposures in some currencies, such as the U.S. Dollar (USD), Argentinean Peso (ARS), Mexican Peso (MXN), Chilean Peso (CLP) and Colombian Peso (COP).



The Company and its subsidiaries ensure that its net exposure is maintained at an acceptable level in accordance with the policies and limits defined by Management and the economics and political factors in each of these companies. In the period ended in September 30, 2023, the balance of assets exceeds the negative balances from liabilities exposed, as follows:

9/30/2023						
Company	Trade and other payables	Cash and cash equivalents	Trade and other receivables	Other assets	Net exposure	Currency exposure
RJ Consultores México	(5)	1,450	1,080	93	2,618	Peso (MXN)
CMNet Participações	(110)	857	316	13	1,076	Peso CLP
TOTVS S.A.	(775)	85	2,105	-	1,415	USD
TOTVS Large	(299)	-	77	-	(222)	USD
TOTVS México	(5,046)	1,586	7,308	1,306	5,154	Peso (MXN)
TOTVS Argentina	(3,607)	7,112	9,503	367	13,375	Peso (ARS)
TOTVS Colômbia	(1,592)	3,117	2,015	1,272	4,812	Peso (COP)
TOTVS Incorporation (i)	(256)	-	-	87,308	87,052	USD
RD Colômbia	(51)	1,314	-	65	1,328	Peso (COP)
RD Station	(201)	-	-	-	(201)	USD
<b>Total</b>	<b>(11,942)</b>	<b>15,521</b>	<b>22,404</b>	<b>90,424</b>	<b>116,407</b>	

(i) Other assets in the amount of R\$87,308 on September 30, 2023 refers to financial investments as described in note 5.2.

#### d. Derivatives

The Company and its subsidiaries did not maintain financial derivative transactions in the reported periods.

### 5.6 Capital management

The Company's capital management is intended to ensure a strong credit rating with institutions and an optimal capital ratio in order to drive the Company's businesses and maximize value for shareholders.

The Company and its subsidiaries control its capital structure by adjusting and adapting to current economic conditions. To maintain this structure, the Company and its subsidiaries may pay dividends, repurchase shares, take out new loans and issue debentures.

The Company and its subsidiaries compose the net debt structure including loans, debentures and account payable from acquisition of subsidiaries, less the balance of cash and cash equivalents and escrow account.

	Note	Individual		Consolidated	
		9/30/2023	12/31/2022	9/30/2023	12/31/2022
Loans and lease liabilities	17	189,911	178,632	210,877	212,533
Debentures	18	1,498,019	1,547,009	1,498,019	1,547,009
Accounts payable from acquisition of subsidiaries	19	6,874	9,676	642,747	564,219
(-) Cash and cash equivalents	6	(1,919,780)	(1,709,966)	(3,056,726)	(2,735,765)
(-) Escrow account	19	(6,785)	(9,587)	(127,279)	(84,157)
<b>Net debt/ (cash)</b>		<b>(231,761)</b>	<b>15,764</b>	<b>(832,362)</b>	<b>(496,161)</b>
Shareholders' equity		4,712,485	4,308,616	4,712,485	4,308,616
Non-controlling interests		-	-	299,078	276,233
<b>Shareholders' equity and net debt</b>		<b>4,480,724</b>	<b>4,324,380</b>	<b>4,179,201</b>	<b>4,088,688</b>

## 6 Cash and cash equivalents

Cash and cash equivalents are maintained for meeting short-term cash requirements and for strategic investment or other purposes of the Company and its subsidiaries, and are redeemable within 90 days from the date of the respective transaction and subject to a minimal risk of change of value.

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Cash and banks	1,140	184	20,010	17,273
<b>Cash equivalents</b>	<b>1,918,640</b>	<b>1,709,782</b>	<b>3,036,716</b>	<b>2,718,492</b>
Investment fund	1,918,640	1,709,782	3,025,344	2,696,169
CDB	-	-	880	5,734
Others	-	-	10,492	16,589
	<b>1,919,780</b>	<b>1,709,966</b>	<b>3,056,726</b>	<b>2,735,765</b>

The Company and its subsidiaries have financial investment policies, which establish that the investments focus on low risk securities and investments in top-tier financial institutions.

The Company and its subsidiaries concentrate its investments in an exclusive investment fund. The fund is composed of investment fund shares whose portfolio is made up of highly-liquid fixed-income assets. The eligible assets in the portfolio structure are mainly government debt securities, which present low credit risk and volatility. The investments of the Company and its subsidiaries are substantially remunerated by reference to the CDI variation, which averaged 92.29% of the CDI for the period ended on September 30, 2023 (106.91% as of December 31, 2022). Following is the breakdown of the exclusive investment fund portfolio:

	9/30/2023	12/31/2022
<b>Post interest</b>		
Cash and CPR (i)	62.33%	41.37%
Private credit	4.18%	33.73%
Public titles	32.94%	20.62%
FIDC	-	2.42%
Derivatives	0.54%	2.01%
<b>Pre interest</b>		
Public titles	0.38%	1.60%
Private credit	0.17%	0.26%
Derivatives	-0.54%	-2.01%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

(i) CPR: committed operation backed by public securities.

## 7 Trade and other receivables

Amounts of trade and other receivables in the domestic and foreign market are as follows:

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Domestic market	427,321	411,091	622,931	563,740
Foreign market	2,105	1,823	13,107	12,878
<b>Trade of domestic and foreign market</b>	<b>429,426</b>	<b>412,914</b>	<b>636,038</b>	<b>576,618</b>
(-) Impairment loss on trade and other receivables	(39,249)	(42,321)	(59,968)	(62,551)
<b>Total trade and other receivables</b>	<b>390,177</b>	<b>370,593</b>	<b>576,070</b>	<b>514,067</b>
Current assets	376,192	339,263	557,040	475,648
Non-current assets (i)	13,985	31,330	19,030	38,419

- (i) Long-term trade and other receivables refer, basically, to the sale of software license, software implementation and customization services, and are presented net of adjustment to present value.

Changes in the impairment loss on trade and other receivables are as follows:

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Opening balance	42,321	59,784	62,551	159,110
Additional allowance	15,258	17,172	28,057	26,912
Write-off of impairment loss	(18,330)	(34,635)	(32,226)	(47,926)
Acquisition of subsidiaries	-	-	1,586	182
Techfin Dimension	-	-	-	(75,727)
<b>Ending balance</b>	<b>39,249</b>	<b>42,321</b>	<b>59,968</b>	<b>62,551</b>

## 7.1 Aging list of domestic and foreign market

Aging list of amounts trade and other receivables at September 30, 2023 and December 31, 2022, are as follow:

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Falling due	308,652	318,822	452,850	432,349
Unbilled	50,951	30,174	81,056	49,970
<b>Overdue</b>				
1 to 30 days	19,008	12,101	29,041	18,544
31 to 60 days	4,688	5,183	8,078	8,158
61 to 90 days	3,799	3,411	5,973	5,322
91 to 180 days	8,267	8,638	13,413	12,600
181 to 360 days	12,376	12,401	16,359	17,711
More than 361 days	21,685	22,184	29,268	31,964
<b>Gross trade and other receivables</b>	<b>429,426</b>	<b>412,914</b>	<b>636,038</b>	<b>576,618</b>
(-) Impairment loss on trade and other receivables (i)	(39,249)	(42,321)	(59,968)	(62,551)
<b>Net trade and other receivables</b>	<b>390,177</b>	<b>370,593</b>	<b>576,070</b>	<b>514,067</b>

(i) The impairment loss on trade and other receivables is net of the write-off due to loss recorded against trade and other receivables for R\$18,330 for Individual and R\$32,226 for consolidated.

Management believes that the risk related to software trade and other receivables in general is mitigated by the fact that the customer portfolio of the Company and its subsidiaries are diluted and also throughout various operating segments. In general, the Company and its subsidiaries do not require any guarantee on installment sales.

## 8 Recoverable taxes

The amounts of recoverable taxes for the period ended on September 30, 2023 and year ended on December 31, 2022 are as follows:

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Income tax to offset (i)	-	36,592	8,492	44,230
Social contribution tax to offset (i)	-	11,475	3,686	14,187
Other (ii)	8,552	9,056	28,178	43,731
	<b>8,552</b>	<b>57,123</b>	<b>40,356</b>	<b>102,148</b>
Current assets	8,552	57,123	39,165	87,932
Non-current assets	-	-	1,191	14,216

(i) Refers to withholding income and social contribution tax credits in the current year and income and social contribution tax credits to offset from previous years, as well as payments of estimated taxes in the current year.

(ii) Contemplates extemporaneous credit of PIS and COFINS which will be offset over the years.

## 9 Income taxes

Current and deferred income and social contribution taxes were recorded pursuant to the current rates in force. Deferred income and social contribution taxes are calculated on accumulated tax losses and social contribution negative basis, respectively, as well as temporary differences.

### 9.1 Reconciliation of income tax expenses

The reconciliation of expenses calculated by applying the Income and Social Contribution Tax rates is as follows:

	Individual		Consolidated	
	01/01 to 09/30/2023	01/01 to 09/30/2022	01/01 to 09/30/2023	01/01 to 09/30/2022
<b>Income before taxes</b>	<b>426,240</b>	<b>390,175</b>	<b>547,973</b>	<b>500,234</b>
Income and social contribution taxes at combined nominal rate of 34%	(144,922)	(132,660)	(186,311)	(170,080)
<b>Adjustments for the statement of effective rate</b>				
Share of profit/ (losses) of equity-accounted investees	48,664	56,417	1,497	-
Law No. 11196/05 (Incentive for research and development)	12,347	10,149	20,708	18,092
Interest on shareholders' equity	47,216	20,595	47,216	20,617
Effect of subsidiaries subject to special rates	-	-	(15,283)	(9,057)
Funding cost	-	26	-	26
Participation of Administrators	(2,501)	(1,652)	(2,797)	(3,429)
Workers' Meal Program (PAT)	2,004	541	3,593	1,665
Other (i)	443	8,073	(6,144)	12,796
<b>Income and social contribution tax expense</b>	<b>(36,749)</b>	<b>(38,511)</b>	<b>(137,521)</b>	<b>(129,370)</b>
Current income taxes	(37,556)	(30,074)	(139,376)	(113,212)
Deferred income taxes	807	(8,437)	1,855	(16,158)
<b>Effective rate</b>	<b>8.6%</b>	<b>9.9%</b>	<b>25.1%</b>	<b>25.9%</b>

(i) The line "Other" consolidated on September 30, 2023 was impacted by the account payable from acquisition complement of the subsidiary Tallos, company acquired by RD in 2022, in the amount of R\$6,939, in which RD does not recognize the deferred taxes in its financial statements in accordance with CPC 32/ IAS 12. On December 31, 2022, it was impacted due to the discontinued operation and monetary update gain by tax credits.

## 9.2 Breakdown of deferred income taxes

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
<b>Income tax losses</b>	-	-	<b>11,081</b>	<b>20,903</b>
<b>Deriving from temporary differences:</b>				
Difference between tax and accounting bases of goodwill	26,998	25,750	64,889	54,228
Tax benefit from goodwill amortization	(110,221)	(110,356)	(194,525)	(180,517)
Provision for commissions	18,411	19,244	21,388	22,497
Deferred income or revenues and/or to be invoice	3,792	10,011	10,741	18,255
Impairment loss on trade and other receivables	13,345	14,389	18,470	19,551
Provision for contingencies and other obligations	31,152	28,781	39,102	36,547
Provision for trade and other payables	24,409	18,413	31,596	24,932
Provision for share-based payments	38,440	36,120	45,690	40,875
Present value adjustment	450	846	38,093	26,597
Participation in profits and results	6,660	11,601	8,572	15,528
Other (i)	15,825	13,656	22,202	19,029
<b>Net deferred income and social contribution taxes</b>	<b>69,261</b>	<b>68,455</b>	<b>117,299</b>	<b>118,425</b>
Deferred tax assets	69,261	68,455	123,031	119,048
Deferred tax liabilities (ii)	-	-	5,732	623

(i) Contemplates deferred income and social taxes of temporary differences from leases.

(ii) Included in "other liabilities" in the non-current liability.

Net deferred income taxes of the Company and its subsidiaries are presented net under non-current assets or non-current liabilities by legal entities.

Changes in deferred income taxes are as follows:

	Individual	Consolidated
<b>Opening balance</b>	<b>68,455</b>	<b>118,425</b>
Expense in statement of profit or loss	807	1,855
Other	(1)	(2,981)
<b>Ending balance</b>	<b>69,261</b>	<b>117,299</b>

## 10 Related party balances and transactions

Related-parties transactions are carried out under conditions and prices established by the parties, and balances between the Individual and its subsidiaries are eliminated for purposes of consolidation.

### 10.1 Trade and other receivables and payables with subsidiaries and joint arrangements

The main balances of assets and liabilities on September 30, 2023 and December 31, 2022 and revenues and costs on September 30, 2023 and 2022 are presented:

Company	9/30/2023				01/01 to 09/30/2023		12/31/2022			01/01 to 09/30/2022	
	Trade and other receivables	Other Assets (iv)	Trade and other payables	Other Liabilities	Revenues	Costs	Trade and other receivables	Other Assets (iv)	Trade and other payables	Revenues	Costs
TOTVS Large	29	23	126	18	202	399	11	2	-	127	-
Wealth Systems (i)	-	-	74	-	1,581	769	158	-	-	1,880	672
Supplier (ii)	-	-	-	-	433	2,936	-	937	-	1,520	3,687
Tail	-	-	-	-	-	-	5	-	1	170	416
Dimensa (iii)	26	2,342	-	-	8,704	1,565	18	2,485	74	6,164	5,270
RD Station	8	1,373	2	-	651	825	-	-	15	532	13
Gesplan	-	3	14	-	150	188	-	-	28	-	292
Feedz	-	-	100	-	33	100	-	-	-	-	-
Vadu	-	-	44	-	-	339	-	-	-	-	64
Lexos	-	-	-	-	-	16	-	-	-	-	-
Hospitality	-	-	-	-	-	-	-	605	-	-	-
Techfin	28	2,507	-	-	2,605	97	14	-	-	430	-
VT Comércio	-	-	-	-	-	265	-	-	-	114	-
RJ Consultores	-	-	123	-	1,147	123	60	-	-	-	-
TRS	-	-	170	-	19	5,926	-	-	-	-	-
Other	5	122	-	-	39	-	14	8	-	18	-
<b>Total</b>	<b>96</b>	<b>6,370</b>	<b>653</b>	<b>18</b>	<b>15,564</b>	<b>13,548</b>	<b>280</b>	<b>4,037</b>	<b>118</b>	<b>10,955</b>	<b>10,414</b>

- (i) Refers to partnership contract between Wealth Systems and TOTVS for the sale of CRM ("Customer Relationship Management") solutions.
- (ii) Refers to partnership contract between Supplier and TOTVS for the sale of Techfin solutions, software licenses and contract of sharing costs and expenses.
- (iii) Refers to contract of sharing costs and expenses and contract of partnership for commercialization of solutions from Dimensa.
- (iv) "Other assets" refers to share-based compensation plans.

## 10.2 Transactions or relationships with shareholders and key Management personnel

The Company maintains property lease agreements with companies, in which some of the shareholders are key management members and also hold TOTVS shares, directly or indirectly. The amount paid as lease and condominium fees to related parties recognized for the nine-months period ended September 30, 2023 was R\$1,174 (R\$1,100 on September 30, 2022) in the individual and consolidated. All lease agreements with related parties are subject to adjustments by reference to the IGP-M inflation rate, every 12 months.

The Company has software license agreements and commercial partnership with GoodData, which on September 30, 2023 represented the amount of R\$4,892 (R\$5,320 on September 30, 2022) in the individual and consolidated. Through its subsidiary TOTVS Inc., the Company holds a minority interest in the GoodData capital, as well as a representative on the board. This investment was classified at fair value through profit or loss according to note 5.2.

The Company focuses its strategic social investment on the Instituto da Oportunidade Social (IOS), being the main sponsor of the Institute. Also, the Institute has the support of other partner companies and government partnerships. The amount of sponsorship in the nine-months period ended September 30, 2023 was R\$3,397 in the individual (R\$3,116 on September 30, 2022) and R\$6,132 in the consolidated (R\$5,786 on September 30, 2022), all of which with monetary resources.

Some of the Company's shareholders and key management personnel directly or indirectly hold 14.29% of the Company's shares as of September 30, 2023 (14.24% as of December 31, 2022). The indirect interest is held through LC-EH Empreendimentos e Participações S.A.

The Company and its subsidiaries also incurred small expenses and income over the period with related parties, where the total amount of expenses related to licenses services and

software maintenance in the individual was R\$396 and revenues of R\$140, basically, by services of software and cloud, and R\$396 and R\$177, respectively, in the consolidated.

### 10.3 Key management personal compensation

Expenses related to the Company's managing and statutory officers compensation are summarized as follows:

	Individual and Consolidated	
	01/01 to 09/30/2023	01/01 to 09/30/2022
Management compensation		
Salaries, fees and payroll charges	10,787	10,189
Direct and Indirect benefits (i)	1,645	1,394
Variable bonus	6,594	4,368
Share-based payments	21,615	22,318
<b>Total</b>	<b>40,641</b>	<b>38,269</b>

(i) Includes depreciation expense for vehicles on loan by some Management members.

## 11 Other assets

Breakdown of other assets at September 30, 2023 and December 31, 2022 is follows:

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Prepaid expenses (i)	93,631	88,939	103,166	95,885
Franchises loan (ii)	17,873	32,175	17,873	32,225
Advances to employees (iii)	40,041	17,737	62,268	29,003
Advances to suppliers (iv)	5,849	1,167	31,271	4,538
Dividends to receive	-	23,629	-	-
Receivables from investments disposed of (v)	22,788	-	22,788	-
Other assets	1,150	1,974	3,794	6,359
<b>Total</b>	<b>181,332</b>	<b>165,621</b>	<b>241,160</b>	<b>168,010</b>
Current assets	130,144	100,259	183,842	96,447
Non-current assets	51,188	65,362	57,318	71,563

(i) Includes the amounts of taxes paid and renewals of contracts with suppliers referring to expenses that will be incurred during next years;

(ii) Most franchise loans are adjusted monthly by Interbank Deposit Certificate (CDI);

(iii) 13th monthly salary advance, paid on June 30, 2023;

(iv) Contemplates, mostly, expenses with RD Summit event which will occur in November 2023;

(v) Price adjustment in the JV business combination

## 12 Equity-accounted investees

The investments of the Company and its subsidiaries are assessed under the equity method. Breakdown of equity-accounted investees in subsidiaries and joint arrangements is shown below:

## 12.1 Equity-accounted investees in subsidiaries and joint arrangements

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Equity-accounted investees in subsidiaries and joint arrangements	3,837,182	3,819,530	324,573	-
Techfin Dimension	-	(457,356)	-	-
Appreciation of assets	25,212	31,853	-	-
	<b>3,862,394</b>	<b>3,394,027</b>	<b>324,573</b>	<b>-</b>

## 12.2 Equity-accounted investees changes

Changes in equity-accounted investees for the nine-months period ended September 30, 2023 were as follows:

	12/31/2022	Additions / (reductions)	Dividends (ii)	Equity pick-up		Total	Foreign exchange/ Inflation (i)	Techfin Dimension	9/30/2023
				Equity pick-up	Amortization of PPA				
TOTVS Large (iii)	2,293,797	4,398	-	28,715	(6,642)	22,073	113	-	2,320,381
TOTVS Tecnologia	154,606	478	-	67,613	-	67,613	-	-	222,697
TOTVS Techfin	-	-	-	4,402	-	4,402	-	320,171	324,573
TTS	315,168	869	-	20,887	-	20,887	-	-	336,924
TOTVS Inc.	95,179	9,096	-	(11,804)	-	(11,804)	(3,717)	-	88,754
TOTVS Hospitality	47,232	-	(10,818)	9,795	-	9,795	-	-	46,209
VT Digital	6,093	-	(5,715)	4,951	-	4,951	-	-	5,329
TOTVS México	3,615	9,576	-	(9,318)	-	(9,318)	105	-	3,978
TOTVS Argentina	9,569	4,785	-	(8,056)	-	(8,056)	1,521	-	7,819
Dimensa	460,388	6,941	(3,801)	34,936	-	34,936	-	-	498,464
Eleve	6,613	200	(3,600)	3,393	-	3,393	-	-	6,606
CMNet Argentina	1,767	761	-	(2,385)	-	(2,385)	517	-	660
<b>Total</b>	<b>3,394,027</b>	<b>37,104</b>	<b>(23,934)</b>	<b>143,129</b>	<b>(6,642)</b>	<b>136,487</b>	<b>(1,461)</b>	<b>320,171</b>	<b>3,862,394</b>

(i) Includes the inflation adjustments of Argentine subsidiaries;

(ii) The dividends received are presented in the Statements of Cash Flow from investing activities;

(iii) The goodwill and intangibles in the value of R\$25,212 from TOTVS Large are presented in the investment composition of the individual. The amortization in the period ended on September 30, 2023 was R\$6,642.

## 12.3 Direct subsidiaries and joint arrangements information

	Summarized financial statements as at September 30, 2023				
	Assets	Liabilities	Shareholders' Equity	Net revenue	Profit or loss of the period
TOTVS Large	2,974,349	679,180	2,295,169	560,480	28,715
TOTVS Tecnologia	410,651	187,954	222,697	213,803	67,613
TOTVS Techfin	2,736,556	2,087,410	649,146	95,183	8,804
TTS	421,622	84,698	336,924	137,024	20,887
TOTVS Inc.	91,617	2,863	88,754	2,563	(11,804)
TOTVS Hospitality	77,973	15,697	62,276	57,556	13,201
VT Digital	5,707	378	5,329	7,287	4,951
TOTVS México	18,191	14,213	3,978	28,192	(9,318)
TOTVS Argentina	19,507	11,688	7,819	45,631	(8,056)
Dimensa	905,115	107,573	797,542	185,043	55,897
Eleve	8,558	1,952	6,606	9,939	3,393
CMNet Argentina	1,664	1,004	660	3,046	(2,385)



### 13 Property, plant and equipment

Property, plant and equipment of the Company and its subsidiaries are booked at the acquisition cost and depreciation of assets is calculated according to the straight-line method, and takes into consideration the estimated useful economic life of assets. The Company's property, plant and equipment is broken down as follow:

	Individual							Total
	Computers and electronic equipment	Vehicles	Furniture and fixtures	Facilities machinery and equipment	Leasehold improvements	Rights of use (i)	Other	
<b>Cost</b>								
<b>Balance in 12/31/2022</b>	<b>312,296</b>	<b>15,469</b>	<b>27,497</b>	<b>28,033</b>	<b>101,915</b>	<b>311,588</b>	<b>9,549</b>	<b>806,347</b>
Additions	76,163	4,504	144	373	2,395	18,646	2,356	104,581
Write-offs	(2,570)	(1,556)	(173)	(220)	(226)	(9,662)	(171)	(14,578)
<b>Balance in 9/30/2023</b>	<b>385,889</b>	<b>18,417</b>	<b>27,468</b>	<b>28,186</b>	<b>104,084</b>	<b>320,572</b>	<b>11,734</b>	<b>896,350</b>
<b>Depreciation</b>								
<b>Balance in 12/31/2022</b>	<b>(187,293)</b>	<b>(5,971)</b>	<b>(21,014)</b>	<b>(22,124)</b>	<b>(63,566)</b>	<b>(146,746)</b>	<b>(7,499)</b>	<b>(454,213)</b>
Depreciation for the period (iii)	(31,477)	(4,194)	(1,838)	(1,370)	(7,735)	(37,363)	(1,285)	(85,262)
Write-offs	2,158	932	436	355	226	7,595	133	11,835
<b>Balance in 9/30/2023</b>	<b>(216,612)</b>	<b>(9,233)</b>	<b>(22,416)</b>	<b>(23,139)</b>	<b>(71,075)</b>	<b>(176,514)</b>	<b>(8,651)</b>	<b>(527,640)</b>
<b>Residual value</b>								
<b>Balance in 9/30/2023</b>	<b>169,277</b>	<b>9,184</b>	<b>5,052</b>	<b>5,047</b>	<b>33,009</b>	<b>144,058</b>	<b>3,083</b>	<b>368,710</b>
<b>Balance in 12/31/2022</b>	<b>125,003</b>	<b>9,498</b>	<b>6,483</b>	<b>5,909</b>	<b>38,349</b>	<b>164,842</b>	<b>2,050</b>	<b>352,134</b>
Average annual depreciation rate	20% a 25%	33%	10% a 25%	6.7% a 25%	10% a 33%	10% a 33%	20%	

	Consolidated							Total
	Computers and electronic equipment	Vehicles	Furniture and fixtures	Facilities machinery and equipment	Leasehold improvements	Rights of use (i)	Other	
<b>Cost</b>								
<b>Balance in 12/31/2022</b>	<b>350,671</b>	<b>19,810</b>	<b>35,834</b>	<b>33,731</b>	<b>131,376</b>	<b>367,713</b>	<b>10,766</b>	<b>949,901</b>
Additions	83,800	6,217	200	507	3,894	20,613	3,323	118,554
Additions due to business combination	1,734	-	1,912	196	25	1,099	-	4,966
Exchange variation (ii)	(205)	(119)	9	(8)	(74)	(363)	5	(755)
Transfers	(155)	(2)	157	-	-	-	-	-
Write-offs	(4,090)	(2,324)	(1,120)	(425)	(2,421)	(25,167)	(183)	(35,730)
<b>Balance in 9/30/2023</b>	<b>431,755</b>	<b>23,582</b>	<b>36,992</b>	<b>34,001</b>	<b>132,800</b>	<b>363,895</b>	<b>13,911</b>	<b>1,036,936</b>
<b>Depreciation</b>								
<b>Balance in 12/31/2022</b>	<b>(211,274)</b>	<b>(7,781)</b>	<b>(26,352)</b>	<b>(24,952)</b>	<b>(81,686)</b>	<b>(172,480)</b>	<b>(8,501)</b>	<b>(533,026)</b>
Depreciation for the period (iii)	(35,985)	(5,292)	(2,370)	(1,963)	(10,362)	(44,607)	(1,638)	(102,217)
Additions due to business combination	(1,211)	-	(591)	(83)	(795)	(311)	-	(2,991)
Exchange variation (ii)	348	246	388	-	71	122	28	1,203
Transfers	108	(7)	(5)	7	(91)	-	(12)	-
Write-offs	3,573	1,161	828	484	2,041	16,280	146	24,513
<b>Balance in 9/30/2023</b>	<b>(244,441)</b>	<b>(11,673)</b>	<b>(28,102)</b>	<b>(26,507)</b>	<b>(90,822)</b>	<b>(200,996)</b>	<b>(9,977)</b>	<b>(612,518)</b>
<b>Residual value</b>								
<b>Balance in 9/30/2023</b>	<b>187,314</b>	<b>11,909</b>	<b>8,890</b>	<b>7,494</b>	<b>41,978</b>	<b>162,899</b>	<b>3,934</b>	<b>424,418</b>
<b>Balance in 12/31/2022</b>	<b>139,397</b>	<b>12,029</b>	<b>9,482</b>	<b>8,779</b>	<b>49,690</b>	<b>195,233</b>	<b>2,265</b>	<b>416,875</b>
Average annual depreciation rate	20% a 25%	33%	10% a 25%	6.7% a 25%	10% a 33%	10% a 33%	20%	

- (i) The Company and its subsidiaries applied exceptions to the standard for short-term and low value contracts, recorded in lease expenses in the amount of R\$1,411 in Individual and R\$4,270 in Consolidated as of September 30, 2023.
- (ii) Includes the inflation adjustments of Argentine subsidiaries.
- (iii) Depreciation and amortization lines in the Statements of Cash Flows and Statements of Value Added are presented net of PIS/ COFINS credits on depreciation of property, plant and equipment, in the value of R\$3,740.

Breakdown of right of use and lease liabilities for the period ended September 30, 2023 is as follows:

	Consolidated		
	Right to use real estate	Right of use computers and equipments	Total assets
<b>Balance in 12/31/2022</b>	<b>190,645</b>	<b>4,588</b>	<b>195,233</b>
Contract Remeasurement (i)	8,386	12,227	20,613
Write-offs	(8,894)	7	(8,887)
Additions due to business combination	788	-	788
Amortization	(39,424)	(5,183)	(44,607)
Interest incurred and exchange variation	(266)	25	(241)
<b>Balance in 9/30/2023</b>	<b>151,235</b>	<b>11,664</b>	<b>162,899</b>

- (i) Represents the annual update of the leases applied to the right of use real estates according to the indexes established in contracts.

## 14 Intangible assets

Intangible assets and changes in balances are as follows:

	Individual						Total
	Software (vi)	Trademarks & patents	Customer portfolio (v)	R&D (i)	Other (ii)	Goodwill	
<b>Cost</b>							
<b>Balance in 12/31/2022</b>	<b>451,615</b>	<b>67,841</b>	<b>283,418</b>	<b>46,012</b>	<b>19,786</b>	<b>292,873</b>	<b>1,161,545</b>
Additions	94,612	-	18,941	26,587	-	-	140,140
Write-offs	1	-	-	(1,660)	-	-	(1,659)
<b>Balance in 9/30/2023</b>	<b>546,228</b>	<b>67,841</b>	<b>302,359</b>	<b>70,939</b>	<b>19,786</b>	<b>292,873</b>	<b>1,300,026</b>
<b>Amortization</b>							
<b>Balance in 12/31/2022</b>	<b>(382,356)</b>	<b>(60,629)</b>	<b>(232,295)</b>	<b>(9,544)</b>	<b>(19,786)</b>	<b>-</b>	<b>(704,610)</b>
Amortization for the period	(31,183)	(2,479)	(12,752)	(9,219)	-	-	(55,633)
Write-offs	2	-	(3)	175	-	-	174
<b>Balance in 9/30/2023</b>	<b>(413,537)</b>	<b>(63,108)</b>	<b>(245,050)</b>	<b>(18,588)</b>	<b>(19,786)</b>	<b>-</b>	<b>(760,069)</b>
<b>Residual value</b>							
<b>Balance in 9/30/2023</b>	<b>132,691</b>	<b>4,733</b>	<b>57,309</b>	<b>52,351</b>	<b>-</b>	<b>292,873</b>	<b>539,957</b>
<b>Balance in 12/31/2022</b>	<b>69,259</b>	<b>7,212</b>	<b>51,123</b>	<b>36,468</b>	<b>-</b>	<b>292,873</b>	<b>456,935</b>
Average annual amortization rates	10% a 20%	6.7% a 8%	10% a 12.5%	20% a 50%	10% a 50%		
	Consolidated						Total
	Software (vi)	Trademarks & patents	Customer portfolio (v)	R&D (i)	Other (ii)	Goodwill	
<b>Cost</b>							
<b>Balance in 12/31/2022</b>	<b>770,310</b>	<b>142,297</b>	<b>595,436</b>	<b>65,747</b>	<b>81,221</b>	<b>2,836,657</b>	<b>4,491,668</b>
Additions	94,612	-	18,941	30,095	-	-	143,648
Additions due to business combination (iv)	15,981	20,585	22,062	-	883	108,469	167,980
Exchange variation (iii)	(12)	-	-	-	-	-	(12)
Write-offs	(7)	-	2	(1,658)	(4)	(15,344)	(17,011)
<b>Balance in 9/30/2023</b>	<b>880,884</b>	<b>162,882</b>	<b>636,441</b>	<b>94,184</b>	<b>82,100</b>	<b>2,929,782</b>	<b>4,786,273</b>
<b>Amortization</b>							
<b>Balance in 12/31/2022</b>	<b>(467,207)</b>	<b>(86,552)</b>	<b>(354,102)</b>	<b>(23,023)</b>	<b>(55,019)</b>	<b>-</b>	<b>(985,903)</b>
Amortization for the period	(56,380)	(7,944)	(34,569)	(10,235)	(1,862)	-	(110,990)
Additions due to business combination	(513)	-	(565)	-	-	-	(1,078)
Exchange variation (iii)	17	-	-	-	-	-	17
Write-offs	8	(1)	(1)	175	(3)	-	178
<b>Balance in 9/30/2023</b>	<b>(524,075)</b>	<b>(94,497)</b>	<b>(389,237)</b>	<b>(33,083)</b>	<b>(56,884)</b>	<b>-</b>	<b>(1,097,776)</b>
<b>Residual value</b>							
<b>Balance in 9/30/2023</b>	<b>356,809</b>	<b>68,385</b>	<b>247,204</b>	<b>61,101</b>	<b>25,216</b>	<b>2,929,782</b>	<b>3,688,497</b>
<b>Balance in 12/31/2022</b>	<b>303,103</b>	<b>55,745</b>	<b>241,334</b>	<b>42,724</b>	<b>26,202</b>	<b>2,836,657</b>	<b>3,505,765</b>
Average annual amortization rates	10% a 20%	6.7% a 8%	10% a 12.5%	20% a 50%	10% a 50%		

- (i) The development capitalization totaled R\$30,095 in the nine-months period ended September 30, 2023, that majority are related to the Company's strategic plan. The assets development amortization starts when development is completed and the asset is available for use or sale.
- (ii) Includes primarily non-compete rights arising from the purchase price allocation from business combinations.
- (iii) Includes the inflation adjustments of Argentine subsidiaries.
- (iv) The intangibles difference presented in the note 3 from Business Combination is regarding to the price allocation of intangibles adjustment from the acquisition of subsidiary Feedz, RBM, Tallos e Vadu in the amount of R\$17,236.
- (v) Over the period of nine-months ended on September 30, 2023, the Company acquired customer portfolio from franchises in the amount of R\$18,184, in which R\$10,436 was paid in cash and the remainder was offset with balances of mutual between the parties.
- (vi) Acquisition of licenses of software due to the investment of Cloud operation, being the provision, in the amount of R\$2,275, which did not transit through the cash flow from investing activities.

Amortization of intangible assets is based on their estimated useful lives. Intangible assets identified, the amounts recognized, and useful lives of assets resulting from a business combination are premised on a technical study by an independent specialist firm.

#### 14.1 Changes in goodwill

The breakdown of goodwill as of September 30, 2023 and December 31, 2022 is as follows:

	12/31/2022	Business combination	Impairment provision	9/30/2023
Gesplan	28,325	-	-	28,325
Feedz	92,328	(3,087)	-	89,241
Other goodwill	813,204	-	-	813,204
<b>CGU Technology</b>	<b>933,857</b>	<b>(3,087)</b>	-	<b>930,770</b>
RD Station	1,729,952	-	-	1,729,952
Tallos	35,853	1,782	-	37,635
<b>CGU Business Performance</b>	<b>1,765,805</b>	<b>1,782</b>	-	<b>1,767,587</b>
 <b>CGU Dimensa</b>	 <b>136,995</b>	 <b>(12,206)</b>	 <b>(15,344)</b>	 <b>109,445</b>
Lexos	-	19,080	-	19,080
Exact	-	48,269	-	48,269
TRS	-	54,631	-	54,631
<b>Total</b>	<b>2,836,657</b>	<b>108,469</b>	<b>(15,344)</b>	<b>2,929,782</b>

#### 14.2 Impairment of assets

The Company annually tests goodwill for impairment using the "value in use" methodology, through the discounted cash flow model of cash generating units, which represent the tangible and intangible assets used in the development and sale of different solutions for its clients.

In the nine-months period ended September 30, 2023, the Management from the Company evaluated assumptions used on December 31, 2022 for the recoverability of its assets and segregated the CGU Technology in two: CGU Technology and CGU Dimensa.

With this new scenario and recoverability of assets evaluation, the subsidiary Dimensa identified in its assets the need for a provision for loss in the condensed individual and consolidated interim financial statements, in the amount of R\$15,344.

## 15 Labor liabilities

Balances of salaries and charges payable are broken down as follows:

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
<b>Labor liabilities:</b>				
Salaries payable	31,335	33,821	64,707	59,893
Vacation payable	93,203	82,650	163,295	135,370
13th monthly salary payable	46,026	-	81,003	-
Profit sharing and bonus	21,806	35,958	31,364	53,421
Withholding Income Tax (IRRF) payable	20,411	21,299	34,679	36,197
Actuarial liabilities due to health care plan and retirement benefits (i)	3,052	2,785	3,052	2,785
Other (ii)	7,310	2,319	11,219	4,688
	<b>223,143</b>	<b>178,832</b>	<b>389,319</b>	<b>292,354</b>
<b>Payroll liabilities</b>				
FGTS (Unemployment Compensation Fund) payable	4,710	6,603	9,402	11,024
INSS (Social Security Tax) payable	8,006	7,181	15,486	14,306
	<b>12,716</b>	<b>13,784</b>	<b>24,888</b>	<b>25,330</b>
<b>Total</b>	<b>235,859</b>	<b>192,616</b>	<b>414,207</b>	<b>317,684</b>

- (i) Refers to the actuarial provision for the health care plan of the participants who contributed or still contribute with fixed installments to the plan costing and salary allowance provided for in union agreements, who will be entitled to remain in the plan after retirement;
- (ii) Including union contribution and unapproved dispute provision.

## 16 Taxes and contributions liabilities

Taxes and contributions liabilities are broken down as follows:

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Federal Social Security Tax on Gross Revenue (CPRB)	20,636	19,406	29,615	27,562
Service Tax (ISS) payable	7,487	7,132	11,528	11,071
PIS and COFINS payable	35,203	29,220	47,034	38,878
IRPJ and CSLL payable	4,574	-	14,926	12,496
Withholding IR and CSLL	1,295	1,155	3,416	3,369
Other taxes	2,421	1,928	3,929	3,047
<b>Total</b>	<b>71,616</b>	<b>58,841</b>	<b>110,448</b>	<b>96,423</b>
Current liabilities	71,616	58,841	110,232	95,042
Non-current liabilities (i)	-	-	216	1,381

- (i) Non-current liabilities correspond to installment payment of federal taxes of the acquired companies.

## 17 Loans and lease liabilities

Loans are initially recognized at fair value, net of transaction costs incurred, and are shown at amortized cost. Any difference between the borrowed amounts (net of transaction costs) and the total amount payable is recognized in the statement of profit or loss during the period when the loans are due, using the effective interest rate method.

The loans and lease liabilities transactions are as follows:

	Annual financial charges	Individual		Consolidated	
		9/30/2023	12/31/2022	9/30/2023	12/31/2022
Leases	2.00% to 16.98% p.a. (i)	157,828	178,632	178,793	211,958
Working capital	100% CDI	-	-	-	318
Guaranteed accounts and other	-	32,083	-	32,084	257
		<b>189,911</b>	<b>178,632</b>	<b>210,877</b>	<b>212,533</b>
Current liabilities		80,850	45,633	90,498	57,455
Non-current liabilities		109,061	132,999	120,379	155,078

(i) Rates for the lease of real property right of use range from 2.00% to 16.98% p.a. (nominal interest rate) and 7.82% to 15.25% p.a. for the lease of the right to use electronic equipment.

Amounts recorded in non-current liabilities as at September 30, 2023 and December 31, 2022 have the following maturity schedule:

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
2024	12,728	47,342	15,297	58,466
2025	47,346	43,163	54,149	51,844
2026 onwards	48,987	42,494	50,933	44,768
<b>Non-current liabilities</b>	<b>109,061</b>	<b>132,999</b>	<b>120,379</b>	<b>155,078</b>

Below is the breakdown of loans and lease liabilities as of September 30, 2023:

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
<b>Opening balance</b>	<b>178,632</b>	<b>182,547</b>	<b>212,533</b>	<b>335,614</b>
Additions from right of use leases	18,647	43,646	20,613	50,495
Additions from loans	32,083	-	32,083	465
Addition due to business combination	-	-	11,255	7,303
Techfin Dimension	-	-	-	(107,495)
Interest incurred	6,844	10,414	7,820	11,674
Write-offs of right-of-use leases	(2,579)	(2,155)	(10,430)	(10,037)
Interest amortization	(6,844)	(10,414)	(8,098)	(12,807)
Principal amortization	(36,872)	(45,406)	(54,899)	(62,679)
<b>Closing balance</b>	<b>189,911</b>	<b>178,632</b>	<b>210,877</b>	<b>212,533</b>

#### a) Lease liabilities

Lease obligations are guaranteed by chattel mortgage of leased assets. The table below shows gross liabilities of finance leases as of September 30, 2023 and December 31, 2022:

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
<b>Gross lease liabilities – minimum lease payments</b>				
Less than one year	56,001	53,900	67,189	67,735
More than one year and less than five years	115,832	137,549	127,368	160,873
More than five years	430	6,305	430	6,506
	<b>172,263</b>	<b>197,754</b>	<b>194,987</b>	<b>235,114</b>
Future financing charges on finance leases	(14,435)	(19,122)	(16,194)	(23,156)
<b>Present value of lease liabilities</b>	<b>157,828</b>	<b>178,632</b>	<b>178,793</b>	<b>211,958</b>
Current liabilities	48,767	45,633	58,414	57,285
Non-current liabilities	109,061	132,999	120,379	154,673

## 18 Debentures

On September 12, 2022, the Company approved the 4th issue of simple debentures, non-convertible, unsecured debentures, in a single series for public distribution with restricted placement efforts in the total amount of R\$1,500,000, at face value of R\$1. The Unit Face Value or the Unit Face Value leftover, as the case may be, remuneratory interest incurred corresponding to 100.00% of the accumulated variation of the average daily rates of the DI Interbank Deposits – DI, “over extra-group” plus an exponential spread equivalent to 1.35% per year on a 252 Business Day basis.

### 18.1 Composition

On September 30, 2023, the balance was broken down as follows:

Description	Debentures	Unit Price	Annual financial charges	Maturity	Individual and Consolidated	
					9/30/2023	12/31/2022
4th Issue of Debentures - Single Series	1,500,000	1	100% from CDI + Spread 1.35%	09/12/2027	1,498,019	1,547,009
<b>Total</b>					<b>1,498,019</b>	<b>1,547,009</b>
Current liabilities					7,327	58,701
Non-current liabilities					1,490,692	1,488,308

### 18.2 Changes

	Individual and Consolidated
	9/30/2023
<b>Opening Balance</b>	<b>1,547,009</b>
Interest incurred	165,458
(-) Interest amortization	(214,448)
<b>Ending balance</b>	<b>1,498,019</b>

The maturities of redemption in non-current liabilities are presented as follows:

	Individual and Consolidated	
	9/30/2023	12/31/2022
<b>Maturity</b>		
2026	742,887	740,503
2027	747,805	747,805
<b>Non-current liabilities</b>	<b>1,490,692</b>	<b>1,488,308</b>

### 18.3 Covenants

The debentures have redeemed in advance clauses ("covenants") normally applicable to these types of operations related to compliance with economic-financial ratios. The financial index applied to this deed derives from the coefficient of dividing the net debt by the Adjusted EBITDA, which must be equal to or less than 4 times. This indicator does not consider the debt and EBITDA of TOTVS Techfin S.A. and its subsidiaries.

These restrictive clauses (not revised by the independent auditors), have been complied with and do not limit the ability to conduct the normal course of operations.

### 19 Accounts payable from acquisition of subsidiaries

Accounts payable from the acquisitions of subsidiaries refer to amounts due to the previous shareholders of the acquired companies, with payment in installments or guarantees given. These amounts are recorded in current and non-current liabilities, as follows:

	Individual					
	9/30/2023			12/31/2022		
	Contingent payments	Other amounts payable	Total	Contingent payments	Other amounts payable	Total
Datasul MG	-	6,073	6,073	-	5,609	5,609
Seventeen	-	304	304	-	3,608	3,608
Other	-	497	497	-	459	459
<b>Total</b>	-	<b>6,874</b>	<b>6,874</b>	-	<b>9,676</b>	<b>9,676</b>
Current liabilities	-	6,874	6,874	-	9,676	9,676



	Consolidated					
	9/30/2023			12/31/2022		
	Contingent payments	Other amounts payable	Total	Contingent payments	Other amounts payable	Total
RD Station	244,982	31,474	276,456	224,337	33,141	257,478
Supplier	25,706	18,099	43,805	19,924	19,155	39,079
Vadu	25,636	6,314	31,950	25,882	15,634	41,516
RBM	-	2,223	2,223	15,510	5,163	20,673
Mobile2you	16,599	1,023	17,622	22,835	853	23,688
Gesplan	23,939	5,291	29,230	27,446	4,323	31,769
InovaMind	-	2,774	2,774	7,614	-	7,614
Feedz	60,905	7,456	68,361	61,176	7,030	68,206
Tallos	59,555	1,386	60,941	35,453	1,309	36,762
Tail	-	2,609	2,609	6,712	587	7,299
Lexos	9,610	2,100	11,710	-	-	-
Exact	36,996	6,146	43,142	-	-	-
TRS	-	24,015	24,015	-	-	-
Other	7,832	20,077	27,909	7,478	22,657	30,135
<b>Total</b>	<b>511,760</b>	<b>130,987</b>	<b>642,747</b>	<b>454,367</b>	<b>109,852</b>	<b>564,219</b>
Current liabilities	360,902	16,383	377,285	28,603	24,097	52,700
Non-current liabilities	150,858	114,604	265,462	425,764	85,755	511,519

The maturity of non-current liabilities is shown below:

Year	Consolidated	
	9/30/2023	12/31/2022
2024	1,500	344,798
2025	69,218	76,159
2026	85,995	34,467
2027	34,475	32,577
2028 onwards	74,274	23,518
<b>Non-current liabilities</b>	<b>265,462</b>	<b>511,519</b>

As of September 30, 2023 and December 31, 2022, the liabilities for the acquisition of investments had guarantees in the form of marketable securities, which consisted of CDB operations in the following amounts:

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Escrow account - current	6,785	9,587	13,150	10,391
Escrow account - non-current	-	-	114,129	73,766
<b>Total</b>	<b>6,785</b>	<b>9,587</b>	<b>127,279</b>	<b>84,157</b>

## 20 Provision for contingencies

In the ordinary course of their operations, the Company and its subsidiaries are parties to various legal proceedings relating to tax, social security, labor and civil matters. Provision for contingencies is set up by Management, supported by its legal counsel and an analysis of judicial proceedings pending judgment, has constituted at an amount considered sufficient to cover probable losses on the outcome of ongoing actions. The provisioned amounts reflect the best current estimate from the Management of the Company and its subsidiaries.

The amount of provisions set up as at September 30, 2023 and December 31, 2022 are as follows:

	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Tax	7,956	9,933	9,324	11,881
Labor	52,399	46,716	69,371	62,463
Civil	31,268	28,000	36,312	33,147
	<b>91,623</b>	<b>84,649</b>	<b>115,007</b>	<b>107,491</b>

### a) Changes in provisions

Changes in provisions for the nine-months period ended September 30, 2023 are as follows:

	Individual				Consolidated			
	Tax	Labor	Civil	Total	Tax	Labor	Civil	Total
<b>Balances in 12/31/2022</b>	<b>9,933</b>	<b>46,716</b>	<b>28,000</b>	<b>84,649</b>	<b>11,881</b>	<b>62,463</b>	<b>33,147</b>	<b>107,491</b>
(+) Additional provision	182	9,902	9,703	<b>19,787</b>	536	10,887	10,375	<b>21,798</b>
(+) Monetary adjustment	348	3,193	1,876	<b>5,417</b>	337	4,243	2,091	<b>6,671</b>
(+) Acquisition of subsidiaries	-	-	-	-	-	999	-	<b>999</b>
(-) Reversal of provision	(644)	(4,394)	(3,347)	<b>(8,385)</b>	(1,444)	(5,537)	(4,088)	<b>(11,069)</b>
(-) Write-off due to payment	(1,863)	(3,018)	(4,964)	<b>(9,845)</b>	(1,986)	(3,684)	(5,213)	<b>(10,883)</b>
<b>Balances in 9/30/2023</b>	<b>7,956</b>	<b>52,399</b>	<b>31,268</b>	<b>91,623</b>	<b>9,324</b>	<b>69,371</b>	<b>36,312</b>	<b>115,007</b>

The provisions reflect Management's best current estimate, which is based on information, external counsel has updated analyses and outcomes of previous legal proceedings in which the Company and its subsidiaries was defendant. TOTVS's risk monitoring and control constantly review this estimate.

Further information regarding other significant ongoing lawsuits is provided in Note 22 to the financial statements as of December 31, 2022.

### b) Judicial deposits

Judicial deposits linked or not to the provision for contingencies, are stated below and are recorded under non-current assets:

	Individual				Consolidated			
	Tax	Labor	Civil	Total	Tax	Labor	Civil	Total
<b>Balances in 12/31/2022</b>	<b>13,255</b>	<b>10,690</b>	<b>6,275</b>	<b>30,220</b>	<b>13,911</b>	<b>13,109</b>	<b>7,224</b>	<b>34,244</b>
(+) Addition in guarantees	-	1,954	2,341	<b>4,295</b>	348	2,741	2,341	<b>5,430</b>
(+) Monetary adjustment	828	764	366	<b>1,958</b>	866	821	386	<b>2,073</b>
(-) Write-off for loss	(5)	(182)	(404)	<b>(591)</b>	(5)	(716)	(486)	<b>(1,207)</b>
(-) Reversion by devolution	(290)	(344)	(23)	<b>(657)</b>	(290)	(495)	(82)	<b>(867)</b>
<b>Balances in 9/30/2023</b>	<b>13,788</b>	<b>12,882</b>	<b>8,555</b>	<b>35,225</b>	<b>14,830</b>	<b>15,460</b>	<b>9,383</b>	<b>39,673</b>

## 20.1 Contingent Liabilities

The Company and its subsidiaries are parties to other lawsuits whose risk of loss, according to evaluation of legal advisors, validated by internal legal and Company Management, are classified as possible losses and no provision was recognized, as follows:

Nature	Individual		Consolidated	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Tax	162,817	200,153	210,134	246,265
Labor	53,503	53,525	69,273	65,063
Civil	191,693	204,543	218,605	229,794
	<b>408,013</b>	<b>458,221</b>	<b>498,012</b>	<b>541,122</b>

In 2022, the Company received a communication from Receita Federal informing the non-approval of requests for compensation made with a negative balance of IRPJ for the year of 2017. On December 31, 2022, the amount involved was R\$17,594. On August 3, 2023, there was a partial decision in the first instance, in a decision order from the Company, which definitely reduced the possible contingent remaining R\$2,720, which was the subject of a voluntary appeal.

The breakdown of significant ongoing lawsuits are detailed in Note 22.2 to the financial statements for the year ended December 31, 2022.

## 21 Shareholders' equity

### a) *Share Capital*

As at September 30, 2023 and December 31, 2022, the Company's share capital was composed of 617,183,181 registered common shares issued and fully paid, with no par value, as follows:

Shareholder	9/30/2023		12/31/2022	
	Shares	%	Shares	%
LC EH Participações e Empreendimentos S.A.	80,282,970	13.01%	80,282,970	13.01%
GIC Private Limited	37,582,739	6.09%	37,582,739	6.09%
Canada Pension Plan	32,754,201	5.31%	32,754,201	5.31%
BlackRock Inc.	31,632,336	5.12%	31,632,336	5.13%
Laércio José de Lucena Cosentino	3,798,936	0.62%	5,734,635	0.93%
CSHG Senta Pua Fia	144,800	0.02%	144,800	0.02%
Other	417,603,737	67.66%	417,615,746	67.66%
<b>Outstanding shares</b>	<b>603,799,719</b>	<b>97.83%</b>	<b>605,747,427</b>	<b>98.15%</b>
Treasury shares	13,383,462	2.17%	11,435,754	1.85%
<b>Total in units</b>	<b>617,183,181</b>	<b>100.00%</b>	<b>617,183,181</b>	<b>100.00%</b>

### b) *Capital reserves*

The balance of capital reserves at September 30, 2023 and December 31, 2022 was broken down as follows:

	9/30/2023	12/31/2022
Goodwill reserve (i)	665,676	668,561
Premium on acquisition of non-controlling interests	(24,323)	(24,323)
Debentures converted into shares	44,629	44,629
Share-based compensation plan	108,299	112,560
Share issue expenses	(69,396)	(69,396)
Dilution of interest	352,540	352,540
Call option of non-controlling interests	(361,388)	(361,388)
	<b>716,037</b>	<b>723,183</b>

(i) Goodwill reserve is composed of R\$31,557 regarding integralization occurred in 2005 and R\$67,703 regarding societary reorganization with Bematech. In 2019 had an increase of goodwill reserve of R\$725,220 regarding the amount of capital contribution destined to the capital reserve.

### c) *Treasury shares*

As at September 30, 2023, changes in "Treasury Shares" were as follows:

	Number of shares (Units)	Value (in Thousand)	Average price per share (in Reais)
<b>Balances in 12/31/2022</b>	<b>11,435,754</b>	<b>R\$ 217,671</b>	<b>R\$ 19.03</b>
Repurchase	4,000,000	R\$ 109,391	R\$ 27.35
Used	(2,052,292)	R\$ (43,478)	R\$ 21.19
<b>Balances in 9/30/2023</b>	<b>13,383,462</b>	<b>R\$ 283,584</b>	<b>R\$ 21.19</b>

On February 16, 2023 the Board of Directors approved the share buyback program for the shares issued by the Company up to the limit of 4.000.000 common shares, to meet the grant of the Company's Share-Based Incentive Plan and to maximize the generation of long-term shareholder value through efficient management of the capital structure; and may also be held in treasury, sold or canceled in accordance with the law. In the period ended on September 30, 2023, all shares had already been repurchased.

During the nine-months period ended September 30, 2023, 2,052,292 treasury shares were used by the stock options and restricted share plans, which consumed R\$43,478 from the capital reserve.

## 22 Dividends and Interest on shareholders' equity

The Company's bylaws provide for mandatory minimum dividend equivalent to 25% of net income for the year, adjusted by the amount of the legal reserve set up, pursuant to Brazilian Corporation Law.

On July 24, 2023, was approved by the Board of Directors the payment of Interest on Shareholders' Equity in the amount of R\$138,871 which shall be attributed to the mandatory dividends of the fiscal year. The payment occurred on August 25, 2023.

On December 26, 2022, was approved by the Board of Directors the payment of Interest on Shareholders' Equity in the amount of R\$127,208 which shall be attributed to the mandatory dividends of the 2022 fiscal year with payment expected from January 27, 2023.

The balance of dividends and interest on equity payable in the Statement of Financial Position amounted to R\$1,625 in the individual and R\$1,628 in the consolidated on September 30, 2023 (R\$128,477 in the individual and R\$130,363 in the consolidated on December 31, 2022).

## 23 Share-based compensation plan

The main events associated with the stock option plan from the Company are described in Note 25 to the Financial Statements for the year ended December 31, 2022.

In the period of nine-months periods ended September 30, 2023, occurred four new grants of the current share-based compensation plan, which had the following assumptions:

Fair Value Assumptions					
Plans	Date	Market Value	Expectation of dividends	Vesting period	Fair value
Conselho	05/5/2023	R\$27.75	1.10%	3 years	R\$26.84
Destaques	05/5/2023	R\$27.75	1.10%	3 years	R\$26.84
Master	05/5/2023	R\$27.75	1.13%	5 years	R\$26.21
Performance	05/5/2023	R\$27.75	1.10%	3 years	R\$26.84

Changes in restricted shares for the period as follows:

Restricted shares	
	Amount (units)
Opening balance	8,678,658
Transactions:	
Exercised	(2,815,098)
Granted	4,201,670
Cancelled	(461,504)
Closing balance	9,603,726

The cumulative effect on Shareholders' Equity in the nine-month period ended September 30, 2023 was R\$39,217 (R\$34,393 as of September 30, 2022), recorded as share-based payment expenses.

## 24 Operating Segments

The presentation of information by operating segment is consistent with the internal report provided to the main operational decision-makers of the Company and its subsidiaries in three reportable segments.

**Management segment:** represents TOTVS software operation. This segment comprises the dimensions of management software, with ERP, HR and Vertical.

**Business Performance segment:** includes solutions focused on generating opportunities and converting customer sales, such as sales, digital marketing and customer experience.

**Techfin segment:** includes the business of providing financial services, such as technology products aimed at financial services, partnerships, products with assumption of some degree of credit risk and/or the definition and/or application of credit policies. This segment also consolidates the results of the subordinated shares of the Supplier FIDC, to which Supplier currently assigns the originated credits. According to the mention in the note 4, the creation of the JV with Itaú has resulted in a classification in only one line in the Statements of Profit or

Loss in the rubric “Profit (loss) from Techfin Dimension” as CPC 31/ IFRS 5 determine until July 31, 2023. After transaction conclusion, TOTVS takes share control of this operation and from August 1, 2023, reflects the results of this operation in share of profit/ (loss) of equity-accounted investees line, proportional to its participation in the Share Capital from the Company.

The statement of profit or loss for the period ended September 30, 2023 for these three reportable segments is as follows:

Statement of profit or loss	Management		Business Performance		Techfin (i)		Consolidated	
	01/01 to 09/30/2023	01/01 to 09/30/2022	01/01 to 09/30/2023	01/01 to 09/30/2022	01/01 to 09/30/2023	01/01 to 09/30/2022	01/01 to 09/30/2023	01/01 to 09/30/2022
Net revenue	2,996,889	2,559,136	308,565	228,733	162,364	146,980	3,467,818	2,934,849
(-) Costs	(838,594)	(726,980)	(73,681)	(56,875)	(74,700)	(70,405)	(986,975)	(854,260)
<b>Gross profit</b>	<b>2,158,295</b>	<b>1,832,156</b>	<b>234,884</b>	<b>171,858</b>	<b>87,665</b>	<b>76,575</b>	<b>2,480,844</b>	<b>2,080,589</b>
(+) Research and development expenses	(510,502)	(437,697)	(74,692)	(56,234)	(15,809)	(11,470)	(601,003)	(505,401)
(+) Impairment loss on trade and other receivables	(22,039)	(18,320)	(6,018)	(3,446)	(12,366)	(12,258)	(40,423)	(34,024)
<b>Margin contribution</b>	<b>1,625,754</b>	<b>1,376,139</b>	<b>154,174</b>	<b>112,178</b>	<b>59,490</b>	<b>52,847</b>	<b>1,839,418</b>	<b>1,541,164</b>
(-) Operating expenses	-	-	-	-	-	-	(1,057,577)	(865,697)
<i>Selling and marketing expenses</i>	-	-	-	-	-	-	(705,193)	(558,656)
<i>Administrative expenses</i>	-	-	-	-	-	-	(321,424)	(300,720)
<i>Other operating income (expenses)</i>	-	-	-	-	-	-	(30,961)	(6,322)
(-) Depreciation and amortization	-	-	-	-	-	-	(224,908)	(192,896)
(-) Share of profit / (loss) of equity-accounted investees	-	-	-	-	-	-	-	7
(-) Finance income (expenses)	-	-	-	-	-	-	(13,971)	15,676
(-) Income tax expenses	-	-	-	-	-	-	(137,947)	(127,879)
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>405,016</b>	<b>370,375</b>

(i) For comparative purposes was considered the pro forma profit or loss of 50% on September 30, 2023 and 2022.

The Company and its subsidiaries have disclosed information above for each reportable segment, as this information is regularly reviewed by the chief operating decision maker.

The following table conciliate the segments model presented above with the Statement of Profit or Loss for the periods ended on September 30, 2023 and 2022:

					01/01 to 09/30/2023
Statement of profit or loss	Statement of Profit or Loss	Reclassification (i)	(Loss) from Techfin Dimension (ii)	(Loss) from Techfin Dimension (iii)	Consolidated segments
Net revenue	3,305,454	-	114,773	47,591	3,467,818
(-) Costs	(991,399)	79,124	(58,663)	(16,037)	(986,975)
Gross profit	2,314,055	79,124	56,111	31,554	2,480,844
(+) Research and development expenses	(620,885)	35,691	(10,644)	(5,165)	(601,003)
(+) Impairment loss on trade and other receivables	-	(28,057)	(8,904)	(3,462)	(40,423)
Margin contribution	1,693,170	86,758	36,563	22,927	1,839,418
(-) Operating expenses	(1,133,331)	122,708	(33,094)	(13,862)	(1,057,579)
Selling and marketing expenses	(743,364)	55,631	(12,361)	(5,099)	(705,193)
Administrative expenses	(357,491)	67,077	(22,314)	(8,697)	(321,425)
Other operating income (expenses)	(32,476)	-	1,581	(67)	(30,962)
(-) Depreciation and amortization	-	(209,466)	(12,084)	(3,358)	(224,908)
(-) Share of profit / (loss) of equity-accounted investees	4,402	(4,402)	-	-	-
(-) Finance income (expenses)	(16,268)	-	282	2,016	(13,970)
(-) Income tax expenses	(137,521)	-	2,896	(3,322)	(137,947)
Profit (loss) for the period	410,452	(4,402)	(5,437)	4,402	405,015

	01/01 to 09/30/2022			
Statement of profit or loss	Statement of Profit or Loss	Reclassification (i)	(Loss) from Techfin Dimension (iv)	Consolidated segments
Net revenue	2,787,869	-	146,980	2,934,849
(-) Costs	(841,887)	58,032	(70,405)	(854,260)
<b>Gross profit</b>	<b>1,945,982</b>	<b>58,032</b>	<b>76,575</b>	<b>2,080,589</b>
(+) Research and development expenses	(524,377)	30,446	(11,470)	(505,401)
(+) Impairment loss on trade and other receivables	-	(21,766)	(12,258)	(34,024)
<b>Margin contribution</b>	<b>1,421,605</b>	<b>66,712</b>	<b>52,847</b>	<b>1,541,164</b>
(-) Operating expenses	(936,966)	108,148	(36,879)	(865,697)
<i>Selling and marketing expenses</i>	(590,859)	45,766	(13,563)	(558,656)
<i>Administrative expenses</i>	(338,958)	62,382	(24,144)	(300,720)
<i>Other operating income (expenses)</i>	(7,149)	-	827	(6,322)
(-) Depreciation and amortization	-	(174,860)	(18,036)	(192,896)
(-) Share of profit / (loss) of equity-accounted investees	7	-	-	7
(-) Finance income (expenses)	15,588	-	88	15,676
(-) Income tax expenses	(129,370)	-	1,492	(127,879)
<b>Profit (loss) for the period</b>	<b>370,864</b>	<b>-</b>	<b>(489)</b>	<b>370,375</b>

(i) Reclassification of depreciation, amortization and Impairment loss on trade and other receivables in highlighted lines;

(ii) Discontinued operation represents the profit or loss from January 1 to July 31, 2023, pro forma of 50%;

(iii) Opening share of profit / (loss) of equity-accounted investees line from August 1 to September 30, 2023;

(iv) Discontinued operation represents the profit or loss from January 1 to September 30, 2022, pro forma of 50%.

## 25 Earnings per share

The tables below show earnings and share data used to calculate basic and diluted earnings per share from individual:

Basic earnings per share	07/01 to 09/30/2023	01/01 to 09/30/2023	07/01 to 09/30/2022	01/01 to 09/30/2022
<b>Profit or loss for the period</b>				
Continuing operations	186,436	389,491	135,446	351,664
Techfin Dimension	241,298	227,769	13,392	(978)
<b>Profit attributable to the owners of the Company</b>	<b>427,734</b>	<b>617,260</b>	<b>148,838</b>	<b>350,686</b>
<b>Denominator (in thousands of shares)</b>				
Weighted average number of common shares outstanding	603,797	603,927	605,735	607,161
<b>Basic earnings per share (in Reais)</b>	<b>0.70841</b>	<b>1.02208</b>	<b>0.24571</b>	<b>0.57758</b>
<b>Basic earnings per share - continuing operations (in Reais)</b>	<b>0.30877</b>	<b>0.64493</b>	<b>0.22361</b>	<b>0.57919</b>
<b>Diluted earnings per share</b>	<b>07/01 to 09/30/2023</b>	<b>01/01 to 09/30/2023</b>	<b>07/01 to 09/30/2022</b>	<b>01/01 to 09/30/2022</b>
<b>Profit or loss for the period</b>				
Continuing operations	186,436	389,491	135,446	351,664
Techfin Dimension	241,298	227,769	13,392	(978)
<b>Profit attributable to the owners of the Company</b>	<b>427,734</b>	<b>617,260</b>	<b>148,838</b>	<b>350,686</b>
<b>Denominator (in thousands of shares)</b>				
Weighted average number of common shares outstanding	603,797	603,927	605,735	607,161
Weighted average number of stock options/restricted shares	9,625	9,236	8,773	8,862
<b>Weighted average number of common shares adjusted according to dilution effect</b>	<b>613,422</b>	<b>613,163</b>	<b>614,508</b>	<b>616,023</b>
<b>Diluted earnings per share (in Reais)</b>	<b>0.69729</b>	<b>1.00668</b>	<b>0.24221</b>	<b>0.56927</b>
<b>Diluted earnings per share - continuing operations (in Reais)</b>	<b>0.30393</b>	<b>0.63522</b>	<b>0.22041</b>	<b>0.57086</b>

There were no other transactions involving common shares or potential common shares between the reporting date and the date when these condensed individual and consolidated interim financial statements were concluded.



## 26 Gross sales revenue

Gross revenue and deductions used for the calculation of net revenue presented in the Company's statement of profit and loss for the three and nine-months periods ended September 30, 2023 and 2022 were as follows:

	Individual				Consolidated			
	07/01 to 09/30/2023	01/01 to 09/30/2023	07/01 to 09/30/2022	01/01 to 09/30/2022	07/01 to 09/30/2023	01/01 to 09/30/2023	07/01 to 09/30/2022	01/01 to 09/30/2022
<b>Recurring software</b>	<b>708,703</b>	<b>2,033,073</b>	<b>598,451</b>	<b>1,703,682</b>	<b>1,129,368</b>	<b>3,216,773</b>	<b>945,152</b>	<b>2,675,856</b>
<b>Nonrecurring software</b>	<b>103,161</b>	<b>336,740</b>	<b>104,331</b>	<b>327,302</b>	<b>172,785</b>	<b>520,625</b>	<b>156,661</b>	<b>479,318</b>
License fees	39,076	153,435	43,442	158,224	59,691	209,253	59,354	204,653
Nonrecurring services	64,085	183,305	60,889	169,078	113,094	311,372	97,307	274,665
<b>Operating revenue</b>	<b>811,864</b>	<b>2,369,813</b>	<b>702,782</b>	<b>2,030,984</b>	<b>1,302,153</b>	<b>3,737,398</b>	<b>1,101,813</b>	<b>3,155,174</b>
Sales canceled	(4,994)	(18,239)	(4,672)	(16,758)	(7,628)	(26,973)	(8,089)	(25,450)
Sales taxes	(92,245)	(268,450)	(79,521)	(229,326)	(141,128)	(404,971)	(118,933)	(341,855)
<b>Deductions</b>	<b>(97,239)</b>	<b>(286,689)</b>	<b>(84,193)</b>	<b>(246,084)</b>	<b>(148,756)</b>	<b>(431,944)</b>	<b>(127,022)</b>	<b>(367,305)</b>
<b>Total net revenue</b>	<b>714,625</b>	<b>2,083,124</b>	<b>618,589</b>	<b>1,784,900</b>	<b>1,153,397</b>	<b>3,305,454</b>	<b>974,791</b>	<b>2,787,869</b>

## 27 Costs and expenses by nature

The Company and its subsidiaries present below the information on operating expenses and costs by nature for the three and nine-months periods ended September 30, 2023 and 2022.

Nature	Individual				Consolidated			
	07/01 to 09/30/2023	01/01 to 09/30/2023	07/01 to 09/30/2022	01/01 to 09/30/2022	07/01 to 09/30/2023	01/01 to 09/30/2023	07/01 to 09/30/2022	01/01 to 09/30/2022
Salaries, benefits and payroll charges	302,804	865,644	269,489	772,219	524,195	1,468,597	433,385	1,229,352
Outsourced services and other inputs	153,872	453,156	129,907	376,452	240,533	678,891	195,926	563,093
Commissions	65,562	209,767	60,091	185,465	74,404	244,568	71,167	217,749
Depreciation and amortization	46,346	137,155	36,939	108,632	71,539	209,467	59,636	174,861
Provision for contingencies	4,114	11,402	3,603	18,455	3,500	10,729	5,501	19,124
Impairment loss on trade and other receivables	5,816	15,258	5,402	13,695	10,388	28,057	8,577	21,765
Other (i)	18,398	46,332	13,565	37,600	26,770	105,306	25,525	77,286
<b>Total</b>	<b>596,912</b>	<b>1,738,714</b>	<b>518,996</b>	<b>1,512,518</b>	<b>951,329</b>	<b>2,745,615</b>	<b>799,717</b>	<b>2,303,230</b>

Occupation	Individual				Consolidated			
	07/01 to 09/30/2023	01/01 to 09/30/2023	07/01 to 09/30/2022	01/01 to 09/30/2022	07/01 to 09/30/2023	01/01 to 09/30/2023	07/01 to 09/30/2022	01/01 to 09/30/2022
Cost of softwares	232,931	666,541	192,753	554,711	351,760	991,399	295,089	841,887
Research and Development Expenses	127,677	378,389	114,255	329,648	210,101	620,885	181,779	524,377
Selling and Marketing Expenses	164,731	482,989	139,917	416,610	258,733	743,364	205,246	590,859
Administrative Expenses	72,619	209,563	71,285	210,269	124,515	357,491	118,175	338,958
Other Operating Revenues/ Expenses (i)	(1,046)	1,232	786	1,280	6,220	32,476	(572)	7,149
<b>Total</b>	<b>596,912</b>	<b>1,738,714</b>	<b>518,996</b>	<b>1,512,518</b>	<b>951,329</b>	<b>2,745,615</b>	<b>799,717</b>	<b>2,303,230</b>

(i) In the period ended on September 30, 2023, the consolidated includes the earn-out complement from the subsidiary Tallos due to performance above than expected in the amount of R\$20,407 and an earn-out reversal from the subsidiary RBM regarding a review of purchase price allocation report in the amount of R\$3,000 in accordance to CPC 15/ IFRS 3.

## 28 Finance income and expenses

Finance income and costs incurred for the three and nine-months periods ended September 30, 2023 and 2022 were as follows:

	Individual				Consolidated			
	07/01 to 09/30/2023	01/01 to 09/30/2023	07/01 to 09/30/2022	01/01 to 09/30/2022	07/01 to 09/30/2023	01/01 to 09/30/2023	07/01 to 09/30/2022	01/01 to 09/30/2022
<b>Finance income</b>								
Short-term investment yield	60,537	146,661	55,661	153,797	98,193	248,590	90,545	246,677
Interest received	1,480	4,943	2,332	7,541	2,325	6,739	2,657	8,245
Inflation adjustment gains	4,401	9,109	948	4,076	5,439	11,816	1,224	4,814
Adjustment to present value	625	2,073	790	2,132	1,103	3,341	1,133	2,738
Foreign exchange gains	23	120	37	345	2,332	5,011	927	3,668
Other finance income (i)	(3,041)	(7,424)	(2,725)	(7,677)	(4,835)	(12,064)	(3,662)	3,226
	<b>64,025</b>	<b>155,482</b>	<b>57,043</b>	<b>160,214</b>	<b>104,557</b>	<b>263,433</b>	<b>92,824</b>	<b>269,368</b>
<b>Finance expenses</b>								
Interest expense	(58,537)	(173,526)	(63,425)	(167,828)	(61,535)	(183,122)	(64,962)	(173,921)
Inflation adjustment losses	(3,209)	(10,269)	(2,117)	(6,839)	(4,049)	(13,886)	(4,558)	(11,642)
Bank expenses	(1,174)	(3,134)	(992)	(3,115)	(1,495)	(3,918)	(1,269)	(3,818)
Adjustment to present value of liabilities	(6,426)	(21,860)	(7,887)	(23,150)	(22,890)	(61,947)	(16,837)	(50,329)
Foreign exchange losses	(132)	(363)	(67)	(397)	(1,429)	(6,198)	1,539	(2,967)
Other finance expenses (ii)	(844)	(987)	(169)	(383)	(5,108)	(10,630)	(3,928)	(11,103)
	<b>(70,322)</b>	<b>(210,139)</b>	<b>(74,657)</b>	<b>(201,712)</b>	<b>(96,506)</b>	<b>(279,701)</b>	<b>(90,015)</b>	<b>(253,780)</b>
<b>Net finance results</b>	<b>(6,297)</b>	<b>(54,657)</b>	<b>(17,614)</b>	<b>(41,498)</b>	<b>8,051</b>	<b>(16,268)</b>	<b>2,809</b>	<b>15,588</b>

(i) Includes the amounts of PIS e COFINS on finance income.

(ii) Includes inflation adjustments of Argentine subsidiaries

## 29 Private pension plan – defined contribution

The Company and its subsidiaries offer the TOTVS Private Pension Plan, currently managed by Bradesco Seguros, which receives contributions from the employees and the Company and its subsidiaries, as described in the Program Membership Agreement. The contributions are segregated in:

- Basic Contribution – contribution made by employee, corresponds to 2% of his salary; in the case of executive officers, the contribution ranges from 2% to 5%.
- Voluntary Contribution – made exclusively by employees, with no matching contribution by the Company.
- Company Contribution – corresponds to 100% of the basic contribution. The Company is allowed to make extraordinary contributions, at the amounts and frequency it chooses.

The private pension expenses for the nine-months period ended September 30, 2023 was R\$7,522 (R\$6,403 as of September 30, 2022).

### 30 Insurance coverage

Based on the opinions of their advisors, the Company and its subsidiaries maintain insurance coverage at amounts deemed sufficient to cover risks on their own, rent and leased assets, and civil liability risks. Insured assets include owned and leased vehicles, and the buildings where the Company and its subsidiaries operate.

On September 30, 2023, the mainly insurance coverage contracted are:

Type	Insurance Company	Effective		Maximum limit of Responsibility
		From	To	
Business Comprehensive	Mitsui	July/2023	July/2024	259,282
General Liability	Chubb Seguros	June/2023	June/2024	R\$8,000
Vehicles (i)	Porto Seguro	January/2023	January/2024	(*) FIPE
D&O Directors and Officers Liability (ii)	AIG Seguros/Star/Zurich	July/2023	July/2024	150,000
E&O – Errors and Omissions	AIG Seguros	July/2023	July/2024	5,000
Cyber - Comprehensive Cyber Risks (iii)	AIG Seguros/Tokio Marine	August/2023	September/2024	50,000
Cyber - Comprehensive Cyber Risks (iv)	AIG Seguros	July/2023	July/2024	5,000

(i) Market amount determined by FIPE - Fundação Instituto de Pesquisas Econômicas;

(ii) For Mexico, Argentina and United States operations, TOTVS has a local insurance policy is issued in each country with a coverage amount of USD1,000,000.00;

(iii) Coverage contracted for TOTVS S.A. effective until September 2024;

(iv) Coverage for the subsidiary TOTVS Large - unit Pinheiros (Tail).

### 31 Subsequent events

On October 30, 2023 the subsidiary Soluções em Software e Serviços TTS Ltda., entered into an Agreement for the Sale and Purchase to acquire the entire social capital of IP São Paulo Sistemas de Gestão Empresarial Ltda. franchise, for the amount of R\$137,600.

The closing of the acquisition depends on the approval of the Administrative Council for Economic Defense (CADE), as well as the checking of other usual conditions for this type of operation.

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## Guidances Tracking

The projection information disclosed through the Relevant Fact dated August 8<sup>th</sup>, 2023 and reflected below ("Projections") represented an estimate and involved market and other factors beyond TOTVS' control, therefore, they did not constitute a promise of performance or on the part of its administrators and are subject to change.

### OPEX TOTVS TECHFIN

The following results consider the operating costs and expenses (OPEX) of TOTVS TECHFIN only, therefore not including any information or data (present or estimated) relating to its subsidiary Supplier Administradora de Cartão de Crédito S.A. The same methodology was used for the Projections.

TOTVS TECHFIN's OPEX consists of the lines of Operating Costs, Research and Development, Sales and Marketing Expenses and Administrative and Other Expenses.

TOTVS Techfin	2Q23 Actual <sup>(1)</sup>	3Q23		4Q24 Projected
		Projected	Actual <sup>(1)</sup>	
<b>Operating Costs and Expenses (OPEX)<sup>(2)</sup></b>	R\$13.5 million	<b>R\$24 a 30 million</b>	<b>R\$20.2 million</b>	<b>R\$32 a 40 million</b>

<sup>(1)</sup> Realized value (Not a projection) reflected in the published results.

<sup>(3)</sup> OPEX consists of the lines of Operating Costs, Research and Development, Sales and Marketing Expenses and Administrative and Other Expenses.

The variation in the actual and projected TOTVS Techfin's Operating Costs and Expenses (OPEX) for the third quarter of 2023 is mainly due to the lower-than-projected pace of hiring new resources for the operation.

Therefore, as of today, the Company has not identified any reasons to modify the projection for the fourth quarter of 2024 (4Q24).