

EARNINGS RELEASE 4Q24

VIDEO CONFERENCE - February 13th, 2025 at 11:00 am (BRT)

*Click [here](#) to register for the live transmission in Portuguese with simultaneous translation to english
For more information, access ri.totvs.com/en*





4Q24

EARNINGS RELEASE

São Paulo, February 12th, 2025 - TOTVS S.A. (B3: TOTS3), leader in the development of business solutions in Brazil, announces its results for the **Fourth Quarter of 2024 (4Q24)**.

4Q24 AND FULL-YEAR 2024 RESULTS CONSOLIDATE THE EVOLUTION OF PROFITABILITY

- Consolidated Net Revenue⁽¹⁾ grew 17.5% in 2024 vs. 2023, reaching R\$5.4 billion
- Adjusted EBITDA Margin reached 24.7% in 4Q24, up 340 basis points compared to 4Q23
- EBITDA Margin of the RD Station business unit grew more than 3x in 2024 vs. 2023

4Q24 NET REVENUE⁽¹⁾

R\$1.4billion
+18% vs 4Q23

4Q24 ADJUSTED EBITDA

R\$354million
+37% vs 4Q23

4Q24 ADJUSTED
NET INCOME

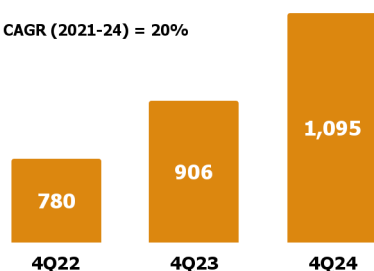
R\$237million
+42% vs 4Q23

4Q24 FREE CASH FLOW

R\$272million
+75% vs 4Q23

Management Recurring Revenue (R\$ million)

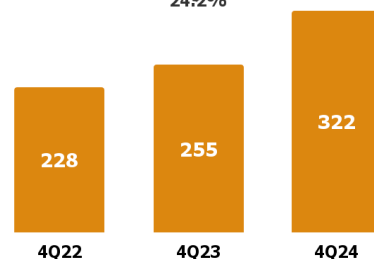
CAGR (2021-24) = 20%



■ Recurring Revenue

Management Adj. EBITDA (R\$ million)

25.1% — 24.2% — 26.1%



■ Adjusted EBITDA — Adjusted EBITDA Margin

Management ARR

R\$5billion

+3.6% vs 3Q24
+17% vs 4Q23

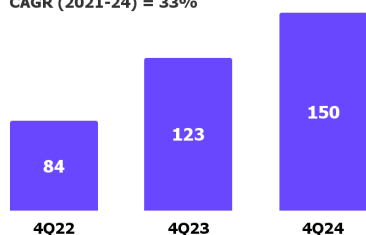
Management
ARR Net Addition

R\$172million

+9% vs 3Q24

RD Station Revenue (R\$ million)

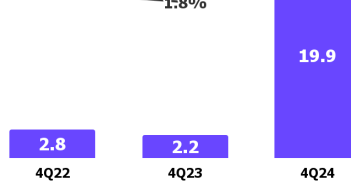
CAGR (2021-24) = 33%



■ Recurring Revenue

RD Station Adj. EBITDA (R\$ million)

3.3% — 1.8% — 13.3%



■ Adjusted EBITDA — Adjusted EBITDA Margin

RD Station ARR

R\$581million

+4.0% vs 3Q24
+22% vs 4Q23

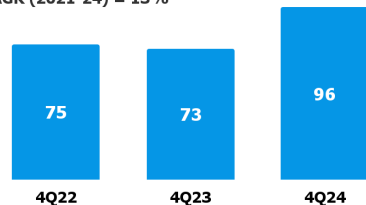
RD Station EBITDA

R\$20million

+14% vs 3Q24
+795% vs 4Q23

Techfin Revenue Net of Funding (R\$ million)

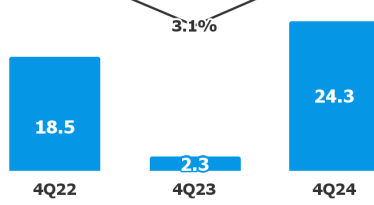
CAGR (2021-24) = 13%



■ Revenue - Net of funding

Techfin Adjusted EBITDA (R\$ million)

24.5% — 3.1% — 25.2%



■ % Adjusted EBITDA ■ Adjusted EBITDA

Delinquency over 90 days

1.2%

330 basis points lower than
Brazil Average⁽²⁾

Credit Production

+R\$3.2billion

+19% vs 4Q23

(1) The Revenue Net of Funding (Non-GAAP) incorporates the notion of Techfin Revenue at 50%, net of funding cost, in the consolidation of the Company's revenues, in all periods.
(2) Source: Brazilian Central Bank (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito) > tabelas.xls > Tabela 23 > MPMe



RECENT EVENTS

Closing of VAREJONLINE acquisition

Transaction completion announced at the end of December 2024



Upon satisfaction of all precedent conditions, the acquisition of Varejonline was concluded on December 30th, 2024. Varejonline's results will be consolidated in the results of the Management business unit starting from the first quarter of 2025.

For more information, please [click here](#)

Interest on Equity (IoE)

The 2H24 distribution has been approved

The Board of Directors resolved, on November 25th, to distribute Interest on Equity (IoE) for the second half of 2024 (2H24) in the amount of R\$128.7million, corresponding to R\$0.22 per share, which payment took place on December 27th, 2024, to shareholders of the Company on December 3rd, 2024.

For more information, please [click here](#)



RD Summit

Brazil's largest digital marketing event

The RD Summit was convened in Sao Paulo city for the second year in a row, attracting an average daily attendance of 21,000 participants (a 10% increase over 2023) across the three-day event. The event showcased numerous innovations benefiting both clients and the entire RD Station ecosystem, consolidating its standing as Brazil's premier digital marketing event.

For more information, please [click here](#) (Portuguese only)

Sustainalytics - ESG Risk Ratings

TOTVS is featured among the 2025 Top-Rated ESG Companies

Morningstar ranking, Sustainalytics globally assesses the ESG risk of companies. With a score of 14.3, considered low risk, TOTVS achieved a prominent position among companies in the Software and Services sector. Furthermore, when comparing TOTVS' performance with major global software players, it stood out for presenting the lowest ESG risk rating, reinforcing its ongoing commitment to sustainability and responsible governance.

For further information, please [click here](#)



Election of new Vice President for the RD Station business unit

Gustavo Avelar has assumed this role and will maintain the multi-product platform strategy

With extensive experience in technology, e-commerce and SaaS, Gustavo Avelar takes over the RD Station business unit to continue the multi-product platform strategy, integrating RD and other companies acquired in the business unit, in addition to accelerating integration with the Management business unit, combining the Management outbound/field sales machine with RD's digital inbound.

For further information, please [click here](#)



FINANCIAL AND OPERATING RESULTS

Message from the CEO

First of all, I wish all of you a 2025 full of health and success. I also want to take this opportunity to say thanks for a fantastic 2024. This concluding message of 2024 (and introductory statement of 2025) conveys two important messages:

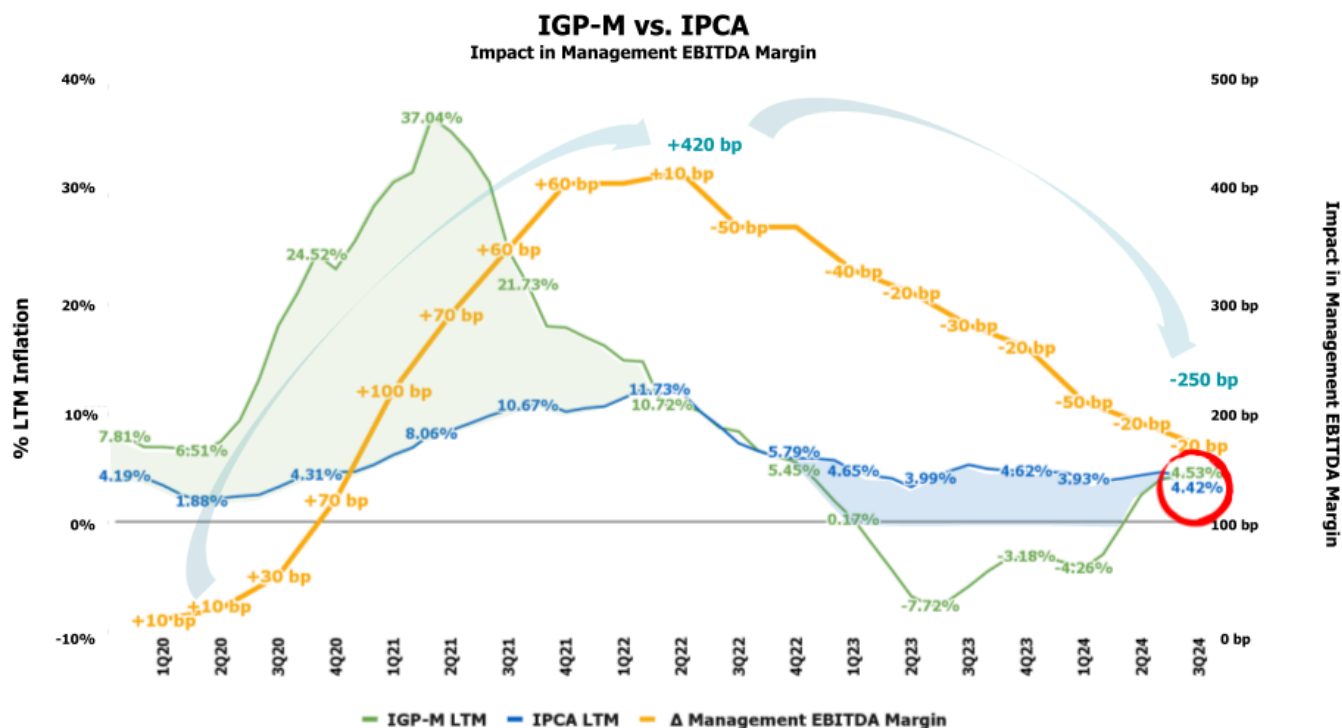
1. 4Q24 marked the definitive turning point in TOTVS' profitability gain scenario (and across all its Business Units);
2. 2024 confirmed the fact that the Management business unit addressable market is far from reaching maturity.

The chart below explains point 1. 4Q24 had a sequential acceleration in revenue, especially recurring revenue, with very strong gains in EBITDA margin, adjusted net income, and free cash flow across the consolidated figures.

	4Q24 vs 4Q23	2024 vs 2023
Net Revenue	+18.1%	+17.5%
Adjusted EBITDA	+37.0%	+18.4%
Adjusted Net Income	+41.5%	+19.6%
Company Free Cash Flow	+74.9%	+35.1%

The same thing happened when analyzing the Business Unit individually, i.e., we are simultaneously speeding up on all our avenues, even in a challenging scenario. Our strategy and, particularly, our execution capacity, has been the key differentiator in achieving our results.

In Management, business unit, the chart below, presented in the last quarter, shows that the future will bring margin gains.





As for RD, growth and significant margin gains demonstrate the strength of this business unit, which has become multi-product, multi-channel, multi-interlocutor, multi-client, among others.

And regarding Techfin, we have entered the upward inflection of the J curve that we mentioned in the creation of the JV, accelerating to bring Brazil's (and the world's) first ERP Banking solution.

Now, I would like to better explain point 2 mentioned above. When cloud computing emerged, along with SaaS, a frequent assessment was that they would increase the disruption power, as they would reduce the entry cost for new competitors.. This happened in most B2B software markets. However, specifically in management software, this did not happen. The reason is simple: the functional dimension of ERP is very difficult to be replicated by new entrants, and it is more relevant than the technology/architectural dimension, where Cloud and SaaS billing models fit together. This simple issue has led to a misunderstanding of the impacts brought by Cloud (and SaaS) on TOTVS' (and its competitors') business. In practice, cloud computing represented another gigantic increase in the addressable market, which is still far from being completely captured by ERP companies.

The traditional concepts of market share and market penetration were originally created for CPG (Consumer Packaged Goods) markets, in which the addressable market is hardly changed over time. As I've been saying, "toothpaste keeps being essentially the same product for the past 100 years". This is not the case with management software. Over the past few years, all changes in the business scenario have been directly reflected in an increase in the functional scope of ERP, which means an automatic increase in the addressable market, and the advent of cloud computing represented the biggest change. In short, TOTVS is enabled to capture the customer spending on the entire environment in which its applications run. These expenses, in most cases, exceed the spending on the application itself. This movement has been ongoing for the past decade and is still far from over. Therefore, it is a mistake to assume that TOTVS' market share, as well as the high percentage of companies that use management software means a penetrated market.

The practical conclusion is exactly the opposite. As the addressable market grows rapidly (due to constant increases in scope and the advent of cloud computing, AI and other technologies), TOTVS' market share means a huge competitive advantage because, especially in the SMB market, these increases translate into cross-selling and up-selling. Herein lies the secret to 23 consecutive quarters of double-digit growth.

I close this message by emphasizing the trust we place in our team and our customers. Our team is highly engaged, demonstrating a clear understanding of its mission and the relevance of what we deliver. Our systems handle 25% of the nation's GDP. We are driven by a commitment to ensuring the ongoing growth and evolution of our customer's operations.

Dennis Herszkowicz - CEO



Financial and Operating Highlights

The Company maintained the analysis of the 3 business units, with 100% disclosure of the Income Statement, Balance Sheets, and Cash Flow of TOTVS Techfin, in the "Techfin business unit Results" section and the consolidated "Non-GAAP" standard, adding Revenue and EBITDA related to 50% of the Techfin business unit.

Depreciation and amortization expenses as well as provision for expected credit losses are presented on specific lines of the Income Statement, besides keeping the concept of Revenue Net of Funding, in the Techfin business unit, including in the consolidation of the Company's Net Revenue (Non-GAAP), which is the basis for the calculation of gross, EBITDA, and net margins.

	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Growth (in R\$ million)								
Non-GAAP Net Revenue ⁽¹⁾	1,432.0	1,213.0	18.1%	1,369.0	4.6%	5,377.8	4,576.9	17.5%
Management + RD Station Recurring Revenue	1,241.9	1,025.7	21.1%	1,191.0	4.3%	4,640.6	3,837.1	20.9%
% Management + RD Station Recurring Revenue	86.7%	84.6%	210 bp	87.0%	-30 bp	86.3%	83.8%	250 bp
Techfin Revenue - Net of funding ⁽²⁾	48.1	36.5	31.8%	39.2	22.8%	153.8	136.4	12.7%
Consolidated ARR	5,538.3	4,688.7	18.1%	5,343.5	3.6%	n/a	n/a	-
Consolidated ARR Net Addition ⁽³⁾	194.7	188.2	3.5%	180.4	7.9%	741.7	713.9	3.9%
Management + RD Station SaaS Revenue	688.9	530.5	29.9%	652.9	5.5%	2,519.1	1,922.2	31.1%
Management Recurring Revenue vs. ARR ⁽⁴⁾	89.9%	87.7%	220 bp	89.3%	60 bp	n/a	n/a	-
RD Station Recurring Revenue	146.9	119.9	22.5%	140.1	4.8%	547.0	412.4	32.6%
Credit Production	3,259.4	2,735.6	19.1%	3,047.2	7.0%	11,716.3	10,629.3	10.2%
Profitability (in R\$ million)								
Adjusted EBITDA Margin ⁽⁵⁾	24.7%	21.3%	340 bp	24.5%	20 bp	24.0%	23.8%	20 bp
Adjusted EBITDA ⁽⁶⁾	353.8	258.3	37.0%	334.7	5.7%	1,290.9	1,089.9	18.4%
Adjusted Net Income ⁽⁷⁾	236.8	167.3	41.5%	226.1	4.7%	767.3	641.6	19.6%
Adjusted Net Margin	16.5%	13.8%	270 bp	16.5%	0 bp	14.3%	14.0%	30 bp
ROIC (LTM) ⁽⁸⁾	19.3%	16.3%	300 bp	17.5%	180 bp	n/a	n/a	-
NOPLAT ⁽⁹⁾	241.1	162.5	48.3%	228.3	5.6%	777.0	633.4	22.7%
Oper. Cash Generation (Mgmt + RD Station)	430.9	345.4	24.8%	331.3	30.1%	1,448.7	1,366.6	6.0%
Op. Cash Generation / Adjusted EBITDA	126.1%	134.3%	-820 bp	100.2%	2590 bp	113.7%	127.0%	-1330 bp
Free Cash Flow to Firm	272.3	155.7	74.9%	182.5	49.2%	747.9	553.8	35.1%
Stock Market								
TOTS3 (in R\$)	26.75	33.69	(20.6%)	28.56	(6.3%)	n/a	n/a	-
ADTV 30 (in R\$ million)	109.9	140.4	(21.7%)	77.5	41.8%	n/a	n/a	-
TOTS3 TSR ⁽¹⁰⁾	n/a	33.7	(19.3%)	28.6	(5.6%)	n/a	n/a	-
IBOV (thousands pts)	120.3	134.2	(10.4%)	131.8	(8.7%)	n/a	n/a	-
IBrX 50 (thousands pts)	20.4	22.2	(8.1%)	22.2	(7.9%)	n/a	n/a	-

⁽¹⁾ Non-GAAP Revenue net of Funding, represents the Techfin Revenue at 50% and net of Funding Cost consolidated in the Total Company's Revenue, in all periods

⁽²⁾ Considers Techfin's results at 50% in all periods

⁽³⁾ Organic ARR Net Addition from Management + RD Station

⁽⁴⁾ Ratio Calculation Rationale = Recurring Revenue / [(Current Quarter ARR + Previous Quarter ARR) / 8]

⁽⁵⁾ Adjusted EBITDA over the Non GAAP Revenue net of Funding, considering the Techfin's Results revenue at 50% in all periods

⁽⁶⁾ EBITDA adjusted by extraordinary items and added with 50% of Techfin EBITDA in all periods

⁽⁷⁾ Net Income adjusted by the extraordinary items, effects of the partnership agreement for the Dimensa operation and without the effects of expenses with amortization of intangibles arising from acquisitions

⁽⁸⁾ ROIC = (NOPLAT LTM) / [(Shareholders' Equity) - (Net Debt or Cash) at the beginning of the period]

⁽⁹⁾ NOPLAT = Adjusted Net Income - (Adjusted Financial Result) x 66 %

⁽¹⁰⁾ TSR = Share price at the end of the period plus dividends paid during the period



Consolidated Results (Non-GAAP)

To facilitate analysis and understanding of the behavior of Cost and Expense lines, starting this quarter, the tables below will present the values of these lines adjusted for extraordinary items.

Consolidated Result (in R\$ million)	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Consolidated Net Revenue	1,432.0	1,213.0	18.1%	1,369.0	4.6%	5,377.8	4,576.9	17.5%
GAAP Net Revenue	1,383.9	1,176.5	17.6%	1,329.8	4.1%	5,224.0	4,440.4	17.6%
Management Revenue	1,233.8	1,053.8	17.1%	1,186.1	4.0%	4,665.2	4,018.6	16.1%
RD Station Revenue	150.1	122.7	22.3%	143.7	4.4%	558.8	421.9	32.5%
Techfin Revenue - Net of funding ⁽¹⁾	48.1	36.5	31.8%	39.2	22.8%	153.8	136.4	12.7%
Adjusted EBITDA ⁽²⁾	353.8	258.3	37.0%	334.7	5.7%	1,290.9	1,089.9	18.4%
Mgmt. + RD Station Adjusted EBITDA	341.7	257.1	32.9%	330.5	3.4%	1,274.6	1,076.2	18.4%
Management Adjusted EBITDA	321.8	254.9	26.2%	313.0	2.8%	1,220.1	1,059.8	15.1%
RD Station Adjusted EBITDA	19.9	2.2	794.5%	17.4	14.0%	54.5	16.5	231.0%
Techfin Adjusted EBITDA ⁽³⁾	12.2	1.1	962.3%	4.3	183.8%	16.3	13.7	19.4%
Adjusted EBITDA Margin	24.7%	21.3%	340 bp	24.5%	20 bp	24.0%	23.8%	20 bp
% Mgmt. + RD Station Adjusted EBITDA	24.7%	21.9%	280 bp	24.8%	-10 bp	24.4%	24.2%	20 bp
% Management Adjusted EBITDA	26.1%	24.2%	190 bp	26.4%	-30 bp	26.2%	26.4%	-20 bp
% RD Station Adjusted EBITDA	13.3%	1.8%	1150 bp	12.1%	120 bp	9.8%	3.9%	590 bp
% Techfin Adjusted EBITDA	25.2%	3.1%	2210 bp	10.9%	1430 bp	10.6%	10.0%	60 bp

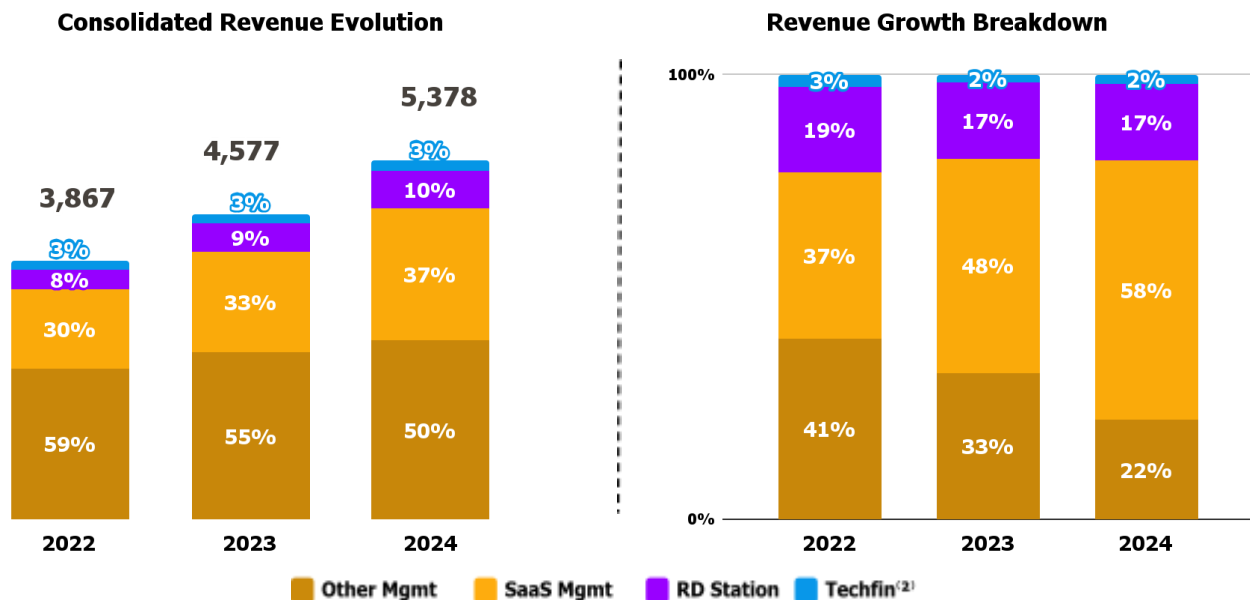
⁽¹⁾ Considers Techfin's results at 50% in all periods

⁽²⁾ In accordance with CVM Resolution 156/22, the reconciliation between Adjusted EBITDA and Net Income is presented in Appendix III of this document

⁽³⁾ EBITDA adjusted by extraordinary items and considering 50% of Techfin EBITDA in all periods

Net Revenue

New Growth Levers ⁽³⁾



⁽¹⁾ Sum of revenues from SaaS Management, RD Station and Techfin

⁽²⁾ Considers Techfin revenue at 50% in all periods

Consolidated Net Revenue growth sped up sequentially in 4Q24 to 18% compared to the prior-year period, reaching R\$1.4 billion. This rapid revenue expansion, besides exceeding R\$5.0 billion and rising 17.5% compared to 2023, contributes to the year 2025 beginning with a large part of its growth already booked, since more than 86% of the year's revenue is recurring in nature, with a consolidated ARR exceeding R\$5.5 billion in 4Q24.

This performance reflects the strategy of increasing our relevance and consolidating ourselves as our clients' Trusted Advisor. As a result, we had another year of evolution in all revenue lines, with emphasis on: (i) the 20% year over year



increase in Management Recurring Revenue, driven by SaaS Management revenue; and (ii) the 33% year over year growth in RD Station's Revenue. Together, these two lines increased 21% versus 2023.

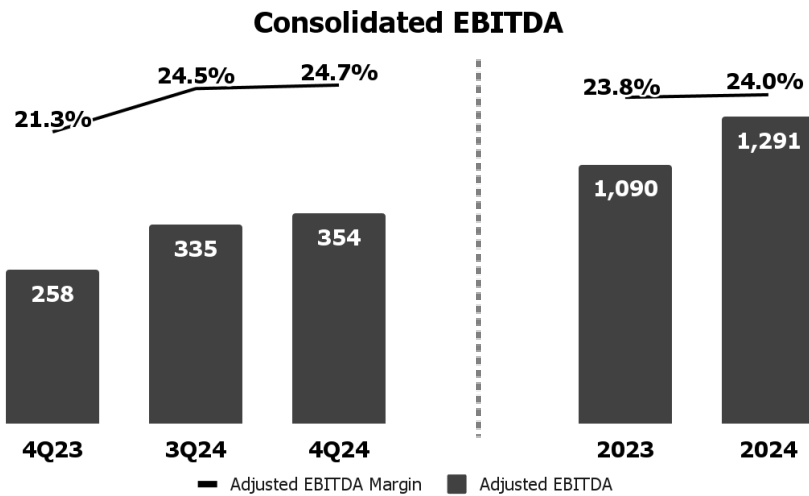
The charts above show that the new growth levers, represented by SaaS Management, RD, and Techfin, accounted for 78% of TOTVS' growth in 2024, versus 59% in 2022. This evolution highlights TOTVS' ability to reinvent itself—an organization with decades of experience that remains young, modern, and continuously seizing new opportunities.

Consolidated EBITDA

Adjusted EBITDA ended the quarter at R\$354 million, boasting a Margin of 24.7%, which means 20 basis points higher than in 3Q24. This result highlights the Company's sustained advancement in sequential profitability despite the adverse effects of historical fourth-quarter seasonal factors, including the RD Summit and collective bargaining agreement on wages, especially within the Management business unit during September and October. Upon conducting a year over year analysis, this advance becomes even clearer, with the margin surpassing 4Q23 by 340 basis points, a consequence of margin growth across the three business units.

This same margin expansion behavior is also seen in the full year of 2024, with Adjusted EBITDA reaching R\$1.3 billion, an 18% growth compared to the same period in the previous year, and an Adjusted EBITDA Margin of 24.0%, an increase of 20 basis points compared to 2023.

These growths in all comparisons demonstrate the important recovery in profitability in the three business units, driven: (i) in Management, by the end of the IGP-M and IPCA mismatch, combined with the integrations of the latest acquisitions and with the support of the accelerated growth of recurring revenue; (ii) in RD Station, by the rapid gain in scale in a business with a very favorable unit economics; and, (iii) in Techfin, by the end of the "J curve" that we predicted upon the creation of the JV with Itaú.





Adjusted EBITDA

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
EBITDA GAAP	302.2	209.8	44.1%	337.7	(10.5%)	1,203.5	983.5	22.4%
(+) Techfin Adjusted EBITDA	12.2	1.1	962.3%	4.3	183.8%	16.3	13.7	19.4%
(-) Equity Pickup	4.2	(1.2)	(447.4%)	2.1	103.7%	(1.6)	3.2	(149.2%)
(+) Extraordinary Items	43.6	46.2	(5.5%)	(5.2)	(935.5%)	69.5	95.9	(27.6%)
M&A Adjustment at Fair Value	13.9	38.4	(63.7%)	0.7	>999%	40.1	72.9	(45.0%)
Adjustment from Oper. Restructuring	4.1	2.0	101.0%	(0.5)	<(999%)	8.3	12.5	(33.5%)
Expenses with M&A Transactions	2.8	5.7	(51.7%)	3.1	(11.1%)	12.8	9.8	29.7%
Tax Credit	-	-	-	-	-	-	0.6	(100.0%)
Lost (Earn) in Disposed Assets	7.3	-	-	(8.6)	(185.3%)	(7.2)	-	-
Adj. - Payroll Tax Surcharge	15.5	-	-	-	-	15.5	-	-
Adjusted EBITDA	353.8	258.3	37.0%	334.7	5.7%	1,290.9	1,089.9	18.4%

Among the Extraordinary Items that affected the result for the quarter, these ones are worth mentioning: (i) the M&A adjustment at fair value of R\$13.9 million related to the adjustments and additions of Feedz and Exact Sales, which were partially offset by the reversal of the earn-out of Lexos and RJ Sistemas, as well as by the adjustment of the earn-out of Supplier, settled in 4Q24; (ii) the R\$7.3 million impairment because of the discontinuation of some development projects in Management; and (iii) the R\$4.1 million expense with terminations related to the adjustment of some non-core operations in Management.

It is also worth noting the R\$15.5 million impact in 4Q24, refers to the provision for social security contributions, mainly related to the vacation payable liabilities at the end of 2024. This provision reflects the payroll tax reintroduction, which reinstated the obligation for companies in 17 sectors to pay social security contributions based on payroll. With this, companies in these sectors will start paying 5% on payroll as of January 2025. Conversely, the Social Security Contribution on Gross Revenue (CPRB), previously at 4.5% in our industry sector until December 2024, will drop to 3.9% in 2025. As of January, TOTVS has already fully passed on the net impact of this 2025 change to the current contracts and the price list applied to new sales, so as not to have a financial impact arising from this issue.

Depreciation and amortization expenses

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Depreciation	(39.1)	(36.0)	8.7%	(40.0)	(2.2%)	(153.3)	(134.5)	14.0%
Amortization	(42.5)	(37.3)	13.7%	(46.8)	(9.4%)	(173.0)	(148.3)	16.7%
Depreciation and Amortization	(81.6)	(73.3)	11.3%	(86.9)	(6.1%)	(326.3)	(282.8)	15.4%

The 9.4% reduction in Amortization expenses compared to 3Q24 is mainly due to the purchase price allocation (PPA) adjustment assessment of some assets of the newly acquired companies. Year-to-date, the 15% increase in Depreciation and Amortization expenses is primarily attributable to the assets arising from acquisitions in the period.



Financial Result

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Financial Revenues	54.1	92.3	(41.4%)	67.3	(19.7%)	278.3	355.8	(21.8%)
Financial Expenses	(60.6)	(85.1)	(28.8%)	(70.7)	(14.3%)	(293.0)	(343.3)	(14.7%)
Adjusted Financial Result	(6.5)	7.2	(189.8%)	(3.3)	94.7%	(14.7)	12.5	(217.4%)
PVA of Call Option - Dimensa	(9.5)	(8.3)	13.8%	(10.7)	(11.7%)	(32.1)	(29.7)	8.3%
Extraordinary PVA - Earn-outs	0.7	(0.0)	<(999%)	(5.7)	(112.9%)	(2.6)	(0.2)	946.3%
Financial Result	(15.2)	(1.1)	>999%	(19.8)	(23.1%)	(49.3)	(17.4)	183.3%

The reduction in Financial Revenues and Financial Expenses, both in the quarter and the year, results from the decrease in Gross Cash and Gross Debt positions, driven by the amortization of Debentures and earn-outs from acquisitions made in previous periods, as well as the execution of the successful share buyback program and the payment for recently concluded acquisitions, as presented in the 'Gross and Net Debt' section.

Income Tax and Social Contribution

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
EBT (Management + RD Station)	201.2	136.5	47.4%	229.0	(12.1%)	829.5	680.1	22.0%
Taxes at nominal rate (34%)	(68.4)	(46.4)	47.4%	(77.9)	(12.1%)	(282.0)	(231.2)	22.0%
Law 11,196/05 - R&D Incentive	9.9	9.2	7.4%	8.3	19.7%	33.9	29.9	13.5%
Interest on Equity	43.8	48.4	(9.5%)	46.3	(5.4%)	90.2	95.6	(5.7%)
Effect of Different Taxation in Subsidiaries	(1.9)	(6.4)	(70.1%)	(1.7)	10.8%	(13.6)	(21.6)	(37.0%)
Management Bonus	(1.1)	(1.4)	(22.6%)	(1.0)	7.6%	(3.7)	(4.2)	(13.0%)
Workers' Meal Program	0.6	(0.0)	<(999%)	0.3	71.2%	2.7	3.6	(24.8%)
Other	1.2	(12.6)	(109.8%)	(0.5)	(361.0%)	(9.8)	(18.7)	(47.6%)
Income Tax and Social Contribution	(15.9)	(9.1)	74.6%	(26.1)	(39.2%)	(182.3)	(146.6)	24.4%
<i>% Income Tax Rate excl RD Station Deferred Tax Prov.</i>	<i>7.9%</i>	<i>6.7%</i>	<i>120 bp</i>	<i>11.4%</i>	<i>-350 bp</i>	<i>22.0%</i>	<i>21.6%</i>	<i>40 bp</i>
Deferred Tax Provision - RD Station	-	-	-	90.9	(100.0%)	90.9	-	-
Income Tax and Social Contribution	(15.9)	(9.1)	74.6%	64.8	(124.5%)	(91.4)	(146.6)	(37.7%)
Current Income Tax and Social Contribution	(39.7)	(31.7)	25.2%	(28.9)	37.2%	(191.8)	(171.1)	12.1%
Deferred Income Tax and Social Contribution	23.8	22.6	5.3%	93.7	(74.6%)	100.4	24.4	310.5%
<i>% Total Effective Tax Rate</i>	<i>7.9%</i>	<i>6.7%</i>	<i>120 bp</i>	<i>-28.3%</i>	<i>3620 bp</i>	<i>11.0%</i>	<i>21.6%</i>	<i>-1060 bp</i>

The quarter-over-quarter decrease of 350 basis points in the Total Effective Rate, is mainly due to the payment of Interest on Equity ("IoE") announced on November 25th, 2024. The increase of 120 basis points, in the year-on-year comparison, is mainly associated with the execution of the share buyback program that negatively impacted the Company's Equity and, consequently, the amount of IoE declared in the period.

As mentioned in the previous quarter, the operation of RD Station met the criteria required to make up Deferred Income Tax assets, allowing the registration of Tax Credits in the total amount of R\$91 million on 3Q24. When these effects are disregarded, in 2024 full year, the Effective Rate was 22%, a level similar to that presented in 2023.



Adjusted Net Income

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Mgmt. + RD Station Adjusted EBITDA	341.7	257.1	32.9%	330.5	3.4%	1,274.6	1,076.2	18.4%
Mgmt. + RD Station Extraordinary Items	(43.6)	(46.2)	(5.5%)	5.2	(935.5%)	(69.5)	(95.9)	(27.6%)
Mgmt. + RD Station EBITDA	298.1	211.0	41.3%	335.7	(11.2%)	1,205.1	980.3	22.9%
Depreciation and Amortization	(81.6)	(73.3)	11.3%	(86.9)	(6.1%)	(326.3)	(282.8)	15.4%
Financial Result	(15.2)	(1.1)	>999%	(19.8)	(23.1%)	(49.3)	(17.4)	183.3%
Income Tax and Social Contribution	(15.9)	(9.1)	74.6%	64.8	(124.5%)	(91.4)	(146.6)	(37.7%)
Net Income (Loss) from Discontinued Operation	-	-	-	-	-	(1.1)	227.8	(100.5%)
Non-Controlling Net Income - Dimensa	(4.5)	(8.7)	(47.7%)	(4.8)	(6.7%)	(17.9)	(29.6)	(39.5%)
Equity Pick-up - Techfin	4.2	(1.2)	(447.4%)	2.1	103.7%	(1.6)	3.2	(149.2%)
GAAP Net Income	185.0	117.6	57.4%	291.0	(36.4%)	717.5	734.8	(2.4%)
Net Margin	13.4%	10.0%	340 bp	21.9%	-850 bp	13.7%	16.5%	-280 bp
Net Result from Discontinued Operation ⁽¹⁾	-	0.0	(100.0%)	-	-	1.1	(233.2)	(100.5%)
Net Extraordinary Items ⁽²⁾	29.3	30.5	(4.0%)	(90.6)	(132.3%)	(41.5)	63.5	(165.4%)
PVA of Call Option, Net ⁽³⁾	6.3	5.5	13.8%	7.1	(11.7%)	21.2	19.6	8.3%
Net Effect of Amort. of Acquisitions' Intangibles ⁽⁴⁾	16.3	13.7	18.4%	18.6	(12.5%)	69.1	56.9	21.3%
Adjusted Net Income	236.8	167.3	41.5%	226.1	4.7%	767.3	641.6	19.6%
Adjusted Net Margin ⁽⁵⁾	16.5%	13.8%	270 bp	16.5%	0 bp	14.3%	14.0%	30 bp

⁽¹⁾ Until July/2023, subtract 50% of the Net Income/Loss from Discontinued Operation (Techfin Business Unit). From August/2023, subtract the Profit and price adjustment of the sale of 50% of Techfin to Itaú.

⁽²⁾ Extraordinary items Net of Income Tax: (i) from Management + RD Station EBITDA; (ii) from Tax Credit arising from the constitution of Deferred Income Tax of RD Station; (iii) from the PV adjustments arising from earn-out adjustments; and (iv) from Techfin Result (50%)

⁽³⁾ Present Value Adjustment Finance Expense arising from the Call Option to purchase non-controlling interests, as per the partnership agreement with B3 for the Dimensa operation

⁽⁴⁾ Amortization of intangibles arising from acquisitions, except goodwill, Net of Income taxes

⁽⁵⁾ Adjusted Net Income as % of the Revenue net of Funding Cost, considering the Techfin's Results revenue at 50% in all periods

The Adjusted Net Income reached R\$237million in 4Q24, marking a 42% increase over 3Q24 and with an Adjusted Net Margin of 16.5%, which is 270 basis points higher than 4Q23. This performance improvement resulted chiefly from a 33% increase in Adjusted EBITDA attributable to Management + RD.

As mentioned in the previous quarter, the recent acquisitions, combined with earn-out adjustments and the Company's share buyback program, directly impacted the Financial Result, which was partially offset by the Income Tax and Social Contribution line, leading Adjusted Net Income to end the year 2024 with 20% growth over the previous year and to reach R\$767 million, with an Adjusted Net Margin of 14.3%, which represents 30 basis points higher than 2023.

It is also worth mentioning the 300 basis point increase in Return on Invested Capital (ROIC) in 2024 compared to 2023, which reinforces the Company's strong operating performance in the period.



GAAP Cash Flow (Management and RD Station)

The following statement reflects the combined Cash Flow of the Management and RD Station business units as per the GAAP standards. The detailed view of the GAAP Cash Flow is stated in [Exhibit IV](#) to this document.

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
EBT (GAAP)	205.4	135.3	51.8%	231.1	(11.1%)	827.9	683.3	21.2%
Non-Cash Items	195.7	230.8	(15.2%)	164.9	18.7%	715.7	775.8	(7.7%)
Change in Working Capital	29.8	(20.7)	(243.8%)	(64.7)	(146.0%)	(94.9)	(92.4)	2.7%
Operating Cash Generation	430.9	345.4	24.8%	331.3	30.1%	1,448.7	1,366.6	6.0%
Interest paid	(1.5)	(2.4)	(35.5%)	(76.2)	(98.0%)	(177.9)	(224.9)	(20.9%)
Income Tax and Social Cont. paid	(27.0)	(46.2)	(41.7%)	(33.4)	(19.4%)	(156.2)	(189.6)	(17.6%)
Net Cash from Operating Activities	402.4	296.8	35.6%	221.7	81.5%	1,114.6	952.1	17.1%
Acquisition of Subsidiaries and Investments, Net	(205.5)	(27.1)	659.4%	6.6	<(999%)	(1,102.3)	(148.1)	644.5%
Fixed Assets	(37.1)	(23.6)	57.4%	(18.7)	98.1%	(108.3)	(119.8)	(9.6%)
Intangibles	(24.2)	(20.3)	19.3%	(20.1)	20.4%	(122.5)	(153.9)	(20.5%)
Franchises Loan	10.8	3.9	174.6%	(18.8)	(157.4%)	(0.6)	13.2	(104.5%)
Net cash Received (Invested) Techfin Dim.	-	-	-	-	-	-	405.2	(100.0%)
Net Cash from Investing Act.	(256.1)	(67.0)	282.1%	(51.0)	402.3%	(1,333.6)	(3.4)	>999%
Increase (Decrease) Gross Debt	-	-	-	(25.0)	(100.0%)	(70.4)	21.1	(433.2%)
Investments from Non-controlling Interest	-	-	-	-	-	-	4.2	(100.0%)
Payment of Principal of Lease Liabilities	(14.0)	(15.1)	(7.4%)	(16.8)	(16.5%)	(60.9)	(59.1)	3.1%
Shareholders Remuneration	(345.0)	(142.3)	142.5%	(179.3)	92.4%	(836.7)	(521.6)	60.4%
Net Cash from Financ. Act.	(359.0)	(157.4)	128.1%	(221.1)	62.4%	(968.0)	(555.3)	74.3%
Incr. (Dec.) in Cash and Cash Equivalent	(212.7)	72.4	(393.7%)	(50.4)	322.0%	(1,187.0)	393.4	(401.7%)
Cash and Equiv. Beginning of the Period	2,154.8	3,056.7	(29.5%)	2,205.2	(2.3%)	3,129.2	2,735.8	14.4%
Cash and Equiv. End of the Period	1,942.2	3,129.1	(37.9%)	2,154.8	(9.9%)	1,942.2	3,129.2	(37.9%)

The Gross Cash position ("Cash and Cash Equivalent") ended the period with the amount of R\$1.9billion, a result 9.9% below 3Q24, mostly associated with: (i) the payment of Interest on Equity and the execution of the Company's Share Buyback Program, comprised in the amount of R\$345 million in the Shareholder Remuneration line; and (ii) the payment of the acquisition of VarejOnline and the earn-out of Tallos, both contained in the amount of R\$206 million, in the line of Acquisition of Subsidiaries and Investments.

Free Cash Flow (In R\$ million)	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Operating Cash Generation	430.9	345.4	24.8%	331.3	30.1%	1,448.7	1,366.6	6.0%
(-) Income Tax and Social Cont. paid	(27.0)	(46.2)	(41.7%)	(33.4)	(19.4%)	(156.2)	(189.6)	(17.6%)
(-) Investing in Fixed and Intangibles Assets	(61.3)	(43.9)	39.7%	(38.9)	57.8%	(230.7)	(273.7)	(15.7%)
(-) Payment of Principal of Lease Liabilities	(14.0)	(15.1)	(7.4%)	(16.8)	(16.5%)	(60.9)	(59.1)	3.1%
(-) Revenue from financial investment, net of Taxes	(56.3)	(84.5)	(33.3%)	(59.7)	(5.6%)	(253.0)	(320.7)	(21.1%)
(+) Income Tax paid Adjust. w/ JV Techfin Sale	-	-	-	-	-	-	30.2	(100.0%)
Free Cash Flow to Firm	272.3	155.7	74.9%	182.5	49.2%	747.9	553.8	35.1%

In this quarter and throughout 2024, TOTVS, once again, demonstrated its solidity, predictability, and Operational and Financial capacity, closing 4Q24 with Free Cash Flow of R\$272million, an increase of 75% compared to 4Q23 and 49% compared to 3Q24.

In the full year period, the performance was even more significant, since, compared to 2023, Revenue increased 17.5%, Adjusted EBITDA 18.4%, and Free Cash Flow 35,1%. This result is mainly associated with: (i) the 21% growth of the EBIT; (ii) the Company's constant search to gain CAPEX efficiency in the T-Cloud operation, reflected in the reduction of Investing in Fixed and Intangible Assets; and (iii) the aforementioned efficiency in the line of Income Tax (IR) and Social Contribution (CSLL) paid.

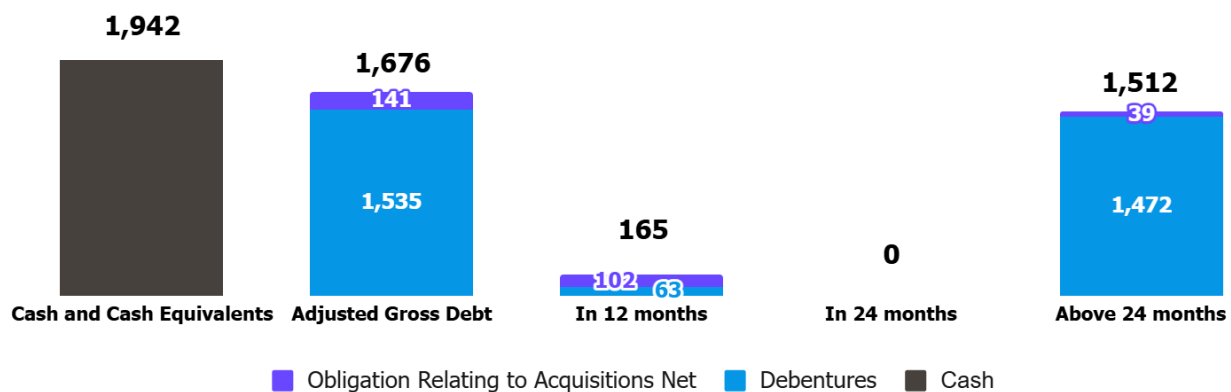


Gross and Net Debt

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ
Loans and Financing	-	32.1	(100.0%)	-	-
Debentures	1,535.1	1,546.7	(0.7%)	1,489.5	3.1%
Financial Liabilities	1,535.1	1,578.8	(2.8%)	1,489.5	3.1%
Obligation Relating to Acquisitions Net	141.1	564.0	(75.0%)	304.7	(53.7%)
Total Gross Debt	1,676.2	2,142.8	(21.8%)	1,794.1	(6.6%)
(-) Cash and Cash Equivalents	(1,942.2)	(3,129.2)	(37.9%)	(2,154.8)	(9.9%)
Net Debt (Cash)	(265.9)	(986.4)	(73.0%)	(360.7)	(26.3%)
Cash and Equiv. from Dimensa	(579.0)	(645.0)	(10.2%)	(559.1)	3.6%
Dimensa Gross Debt	41.7	41.1	1.5%	38.9	7.3%
Net Debt (Cash) - excl. Dimensa	271.3	(382.5)	(170.9%)	159.5	70.1%

Gross Debt totaled R\$1.7billion at the end of 4Q24, with more than 90% of its total maturity over 24 months, as shown in the chart below. Concurrent execution of the share buyback program and payment of interest on equity, led net debt, disregarding Dimensa, to close the quarter at R\$271 million, corresponding to 0.2x of 2024 EBITDA. This is a comfortable position within the prevailing high-interest-rate scenario.

Cash and Total Gross Debt





Management business unit 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.

In order to assist in the analysis and behavior of Cost and Expense lines, starting this quarter, the table below will present these lines already adjusted for extraordinary items.

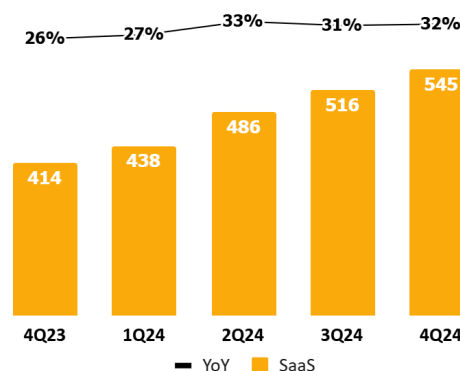
Management Result (in R\$ million)	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Net Revenue	1,233.8	1,053.8	17.1%	1,186.1	4.0%	4,665.2	4,018.6	16.1%
Recurring	1,095.0	905.7	20.9%	1,050.9	4.2%	4,093.6	3,424.7	19.5%
Non Recurring	138.7	148.0	(6.3%)	135.2	2.6%	571.6	593.9	(3.7%)
Costs	(351.2)	(297.2)	18.2%	(340.5)	3.1%	(1,321.7)	(1,091.9)	21.0%
Adjusted Gross Profit	882.5	756.6	16.6%	845.5	4.4%	3,343.5	2,926.6	14.2%
<i>Adjusted Gross Margin</i>	<i>71.5%</i>	<i>71.8%</i>	<i>-30 bp</i>	<i>71.3%</i>	<i>20 bp</i>	<i>71.7%</i>	<i>72.8%</i>	<i>-110 bp</i>
Research and Development	(204.1)	(184.5)	10.6%	(197.4)	3.4%	(777.4)	(695.8)	11.7%
Provision for Expected Credit Losses	(13.8)	(6.2)	121.8%	(9.4)	47.1%	(45.6)	(28.4)	60.4%
Sales and Marketing Expenses	(239.9)	(218.0)	10.0%	(230.6)	4.0%	(917.5)	(806.7)	13.7%
G&A Expenses and Others	(103.0)	(92.9)	10.8%	(95.1)	8.3%	(382.8)	(335.9)	14.0%
Management Adjusted EBITDA	321.8	254.9	26.2%	313.0	2.8%	1,220.1	1,059.8	15.1%
<i>% Management Adjusted EBITDA</i>	<i>26.1%</i>	<i>24.2%</i>	<i>190 bp</i>	<i>26.4%</i>	<i>-30 bp</i>	<i>26.2%</i>	<i>26.4%</i>	<i>-20 bp</i>
Extraordinary Items	(20.5)	(6.2)	232.5%	5.9	(445.2%)	(35.3)	(35.9)	(1.8%)
Extraord. Adj. - Operatl. Restructuring	(4.1)	(2.0)	101.0%	0.5	<(999%)	(7.8)	(12.5)	(38.0%)
M&A Adjustment at Fair Value	7.6	1.6	381.7%	-	-	(8.0)	(12.9)	(38.4%)
Expenses with M&A Transactions	(2.8)	(5.7)	(51.7%)	(3.1)	(11.1%)	(12.8)	(9.8)	29.7%
Tax Credit	-	-	-	-	-	-	(0.6)	(100.0%)
Earns (Loss) in Disposed Assets	(7.3)	-	-	8.6	(185.3%)	7.2	-	-
Adj. - Payroll Tax Surcharge	(13.9)	-	-	-	-	(13.9)	-	-
Management EBITDA	301.2	248.7	21.1%	319.0	(5.6%)	1,184.8	1,023.8	15.7%
<i>% Management EBITDA</i>	<i>24.4%</i>	<i>23.6%</i>	<i>80 bp</i>	<i>26.9%</i>	<i>-250 bp</i>	<i>25.4%</i>	<i>25.5%</i>	<i>-10 bp</i>

Recurring Revenue

Recurring Revenue for the quarter grew 21% year over year, representing an acceleration compared to the 20% growth recorded in the previous quarter. As a result, the representation of Recurring Revenue in Total Net Revenue continues to expand, reaching 89% in 4Q24 and ending the year at 88%, an increase of 250 basis points over 2023, bringing positive profitability effects and also making our solutions more accessible to customers.

This performance is again highlighted by the sales of SaaS Management, which continues with solid demand, leading to a new growth of 32% year over year, raising the recurring revenue of this modality to R\$545million in the quarter.

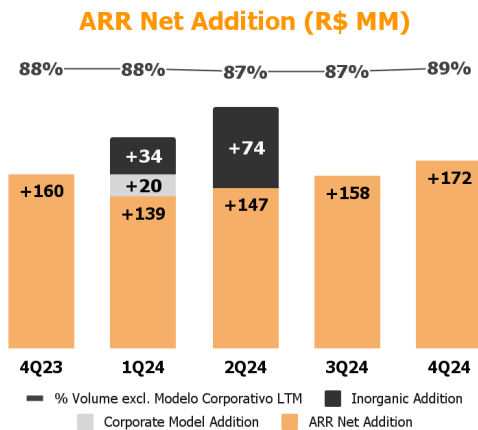
Management SaaS Revenue (R\$ million)



The growing demand and consumption of cloud computing are reflected in the 2024 increase of 31% in Cloud revenue compared to 2023, with special emphasis on T-Cloud solutions (including PaaS - Platform as a Service). This Cloud Subscription offering has low operational migration risks, provides high added value for customers, allowing easier integration between different systems and platforms, which guarantees access and more efficient use of TOTVS solutions. In addition, this offering is also beneficial for TOTVS because of its scalability, flexibility, process



optimization, and greater efficiency and agility in implementing the solutions. Therefore, as mentioned in previous quarters, we see enormous opportunities for growth in this offering, since SaaS+Cloud revenue already represents, approximately, 50% of the recurring revenue of this business unit, even though its penetration has not yet reached half of the Management customer base.



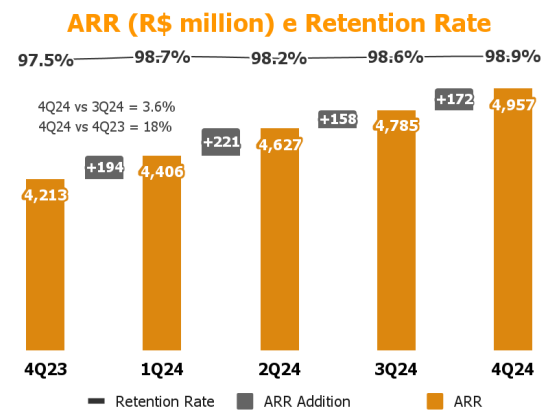
4Q24 showed continued progress in Sales Volume and Pricing, with a 40% quarter-over-quarter increase in the pass-through of inflation rates, reflecting the recovery of the accumulated 12-month IGP-M inflation rate. These factors, associated with a retention rate of almost 99%, led the Net Addition of ARR to reach R\$172 million, an increase of 9% quarter-over-quarter, with the Management ARR reaching almost R\$5 billion.

Three primary factors account for the sales volume performance observed in this quarter and over the past few years. First, the NPS (Net Promoter Score), a metric that portrays customer likelihood to recommend TOTVS as a partner (Trusted Advisor), including customer satisfaction

regarding the quality of products and services provided by TOTVS. Customer satisfaction creates a ripple effect, which positively impacts sales, since supporting customers expands sales opportunities within the existing customer base, besides helping to attract new customers through “word-of-mouth” marketing, which is a very powerful tool in the Brazilian management software market.

A second factor is the expansion of the portfolio to facilitate up-selling and cross-selling opportunities by offering a broader range of solutions capable of meeting the needs of customers across various segments of the economy at different stages of maturity, sizes, and even geographic locations.

The third factor to consider is the decreased total cost of ownership (TCO) of the solutions. This metric is particularly pertinent to lowering the "barrier to entry" for new customers to begin using Management solutions, which typically results in more intensive use of the solutions in a shorter period of time.



Non-Recurring Revenues

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Non Recurring Revenues	138.7	148.0	(6.3%)	135.2	2.6%	571.6	593.9	(3.7%)
Licenses	46.3	58.2	(20.4%)	48.9	(5.4%)	218.9	239.9	(8.7%)
Services	92.4	89.9	2.9%	86.3	7.1%	352.7	354.0	(0.4%)

The reductions in License Revenues in the quarterly and annual comparisons portray the Company's focus on the recurring models, with the constant search for a reduction in the TCO, which is very important for TOTVS to continue to be increasingly competitive and better positioned as the Trusted Advisor for its clients.

Such a TCO reduction effort is also reflected in the comparatively slow growth of Service Revenue, which is significantly below the average growth rate of the Total Management Revenue.



Gross Margin

In this quarter, the Management Gross Margin remained at a similar level to that of 4Q23 and 3Q24, reaching 71.5%, reflecting the planned reduction in the relevance of License Revenue, as well as collective bargaining agreements of some relevant operations in the countryside during this period.

It is important to explain that for many years TOTVS has focused on generating Recurring Revenue, which is the most profitable and long-lasting, as well as on reducing TCO, which makes our solutions more accessible. This focus impacts the Gross Margin. Likewise, acquisitions in this business unit usually bring companies with lower Gross Margin, which also puts pressure on performance in this metric.

On the other hand, these movements help sustain revenue growth and have increased the EBITDA Margin. Therefore, the balance is quite positive for TOTVS.

Research & Development

In this quarter, Research and Development (R&D) expenses comprised 18.6% of recurring revenue, down 180 basis points from 4Q23 and 20 basis points from 3Q24. This decrease is mainly associated with the vigorous growth in Recurring Revenue, which more than offset the salary adjustments resulting from the collective bargaining agreements already mentioned above.

R&D expenditures constituted 19% of Recurring Revenue in the full year, a decrease of 130 basis points from 2023. This reduction did not compromise the sustained investment in R&D required to ensure the stability, depth, and functional breadth of existing solutions or to facilitate innovations within the solution portfolio.

Provision for Expected Credit Losses

Expected Credit Losses provisions constituted 1.1% of management revenue during the quarter and 1.0% year to date in 2024. This level, consistent with historically low levels, correlates with a minor number of sizable clients undergoing judicial reorganization in 2Q24 and 4Q24. However, it is worth mentioning that the customer base as a whole maintains historical resilience, thanks to a business model with recurring revenue, supported by a dispersed and diversified customer base.

Sales and Marketing Expenses

Sales and Marketing Expenses represented 19.4% of Net Management Revenue in 4Q24, stable compared to 3Q24 and representing a 120 basis point decrease from 4Q23.

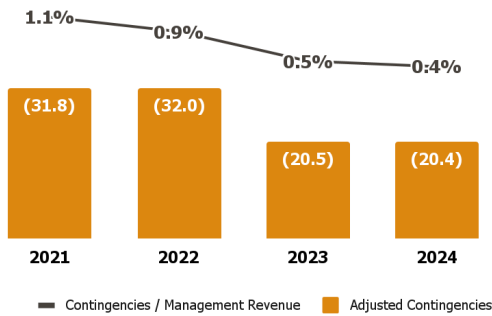
In the full year, this line constituted 19.7% of Net Management Revenue, reflecting a 40 basis point decline from the 2023 figure. This reduction is even more significant when considering the performance of a major TOTVS brand-building advertising campaign, and the expanded TOTVS Universe event, which occupied a 50% larger venue than in 2023. Therefore, the sales team's enhanced efficiency facilitated increased investment in Advertising and Marketing and Events, resulting in a higher margin on overall Sales and Marketing Expenses.



General, Administrative and Other Expenses

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Adjusted G&A Expenses and Others	(103.0)	(92.9)	10.8%	(95.1)	8.3%	(382.8)	(335.9)	14.0%
% Management Net Revenue	8.3%	8.8%	-50 bp	8.0%	30 bp	8.2%	8.4%	-20 bp
General and Administrative Expenses	(100.0)	(90.9)	10.0%	(102.2)	(2.2%)	(378.0)	(311.6)	21.3%
Provision for Contingencies	(9.9)	(9.8)	0.6%	(4.5)	117.5%	(20.4)	(20.5)	(0.5%)
Other Net Revenues (Expenses)	6.8	7.7	(11.5%)	11.6	(41.1%)	15.6	(3.8)	(509.7%)

Contingencies (R\$ million)

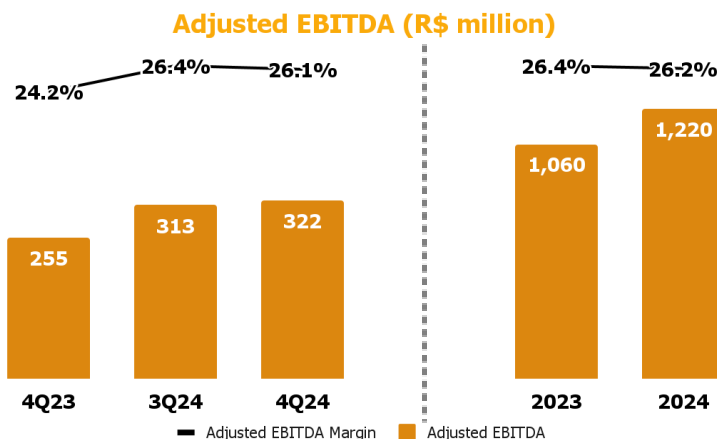


General, Administrative, and Other Expenses closed the quarter at 8.3% of Net Revenue, which is 50 basis points lower than the level reported in 4Q23 and 30 basis points higher than 3Q24. This increase compared to the previous quarter is mainly due to the R\$5.3 million rise in the Provision for contingencies line, which has presented a more concentrated seasonality in the fourth quarter over the past 3 years. It is worth mentioning that the full year view reveals a consistent reduction in the Provision for Contingencies in the flow of new shares, with a downward behavior in recent years, albeit with minor quarterly variations. At the end of 2024, this expense represented 0.4% of Management Revenue, which is equivalent to a reduction of 10 basis points compared to 2023.

In 2024, General and Administrative Expenses increased by 21%, primarily due to the structure of the acquired operations during the period, as well as the current corporate structure, which was established throughout 2H23 and fully impacted the year of 2024. These expenses accounted for 8.2% of Net Revenue, a reduction of 20 basis points, mainly reflecting the operational leverage capacity of the recurring revenue-based business model. It is worth noting that corporate structures, such as the Board of Directors and the majority of executives, are fully allocated to this business unit.

EBITDA

EBITDA showed further growth this quarter, reaching R\$322 million, a 26% year over year increase, with a margin of 26.1%, up 190 basis points from 4Q23. This performance was driven by the sequential acceleration of Recurring Revenue, the convergence of IGP-M to IPCA, and progress in the integration of recent acquisitions, which initially lowered the average margin of the Management unit.



In 2024, the Adjusted Management EBITDA reached R\$1.2 billion, reflecting a 15% year over year increase from 2023 and a 26.2% margin—amongst the highest in the Company's history. This result was reached despite the considerable negative impact of the IGP-M and IPCA rate mismatch over practically three quarters of 2024 and the recent integration of acquired entities. Given that these factors are no longer a concern, the Management BU's is projected to further enhance its profitability.



RD Station business unit Results

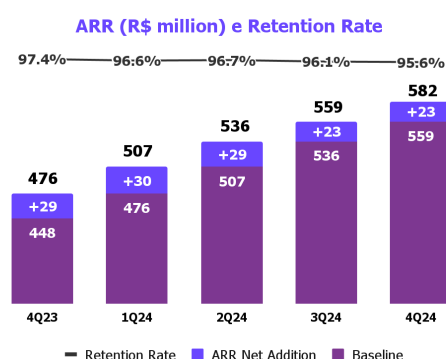
This business unit represents the portfolio of solutions focused on increasing sales, competitiveness and customer performance (business performance), through Digital Marketing, Sales/Digital Commerce and CX - Customer Experience solutions. With the evolution of this portfolio, this business unit was renamed to RD Station (previously named Business Performance).

In addition, with the aim of assisting in the analysis and behavior of the Costs and Expenses lines, starting this quarter, the table below will show these lines adjusted for extraordinary items.

RD Station Result (in R\$ million)	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Net Revenue	150.1	122.7	22.3%	143.7	4.4%	558.8	421.9	32.5%
Recurring	146.9	119.9	22.5%	140.1	4.8%	547.0	412.4	32.6%
Non Recurring	3.2	2.8	14.2%	3.6	(12.1%)	11.8	9.5	24.3%
Costs	(37.8)	(28.9)	30.7%	(36.3)	4.2%	(139.4)	(97.4)	43.1%
Adjusted Gross Profit	112.3	93.8	19.7%	107.4	4.5%	419.4	324.5	29.2%
<i>Adjusted Gross Margin</i>	<i>74.8%</i>	<i>76.4%</i>	<i>-160 bp</i>	<i>74.8%</i>	<i>0 bp</i>	<i>75.1%</i>	<i>76.9%</i>	<i>-180 bp</i>
OPEX	(92.4)	(91.6)	0.9%	(90.0)	2.7%	(364.9)	(308.1)	18.5%
Research and Development	(24.6)	(27.6)	(11.1%)	(27.9)	(11.9%)	(110.0)	(101.5)	8.4%
Provision for Expected Credit Losses	(2.9)	(2.1)	35.0%	(3.8)	(23.7%)	(13.8)	(8.0)	72.5%
Sales and Marketing Expenses	(50.3)	(45.5)	10.6%	(43.3)	16.3%	(179.5)	(142.2)	26.2%
G&A Expenses and Others	(14.6)	(16.3)	(10.1%)	(15.1)	(2.9%)	(61.6)	(56.4)	9.3%
RD Station Adjusted EBITDA	19.9	2.2	794.5%	17.4	14.0%	54.5	16.5	231.0%
<i>% RD Station Adjusted EBITDA</i>	<i>13.3%</i>	<i>1.8%</i>	<i>1150 bp</i>	<i>12.1%</i>	<i>120 bp</i>	<i>9.8%</i>	<i>3.9%</i>	<i>590 bp</i>
Extraordinary Items	(23.1)	(40.0)	(42.3%)	(0.7)	>999%	(34.2)	(60.0)	(43.0%)
M&A Adjustment at Fair Value	(21.6)	(40.0)	(46.1%)	(0.7)	>999%	(32.1)	(60.0)	(46.5%)
Adjustment from Oper. Restructuring	-	-	-	-	-	(0.6)	-	-
Adj. - Payroll Tax Surcharge	(1.5)	-	-	-	-	(1.5)	-	-
RD Station EBITDA	(3.2)	(37.8)	(91.5%)	16.7	(119.1%)	20.3	(43.5)	(146.6%)
<i>% RD Station EBITDA</i>	<i>-2.1%</i>	<i>-30.8%</i>	<i>2870 bp</i>	<i>11.6%</i>	<i>-1370 bp</i>	<i>3.6%</i>	<i>-10.3%</i>	<i>1390 bp</i>

Net Revenue

RD Station's Net Revenue demonstrated sustained, accelerated growth, exhibiting a 22% increase in 4Q24 compared to 4Q23. The dynamics of calculating the net addition of ARR is composed of: (i) new sales, both for new and cross and up-selling customers; (ii) price increases, essentially because of inflation passthrough; (iii) and the Retention Rate of contracts. In this quarter, we had a good recovery in new sales, however, the Retention Rate remained at levels below the average of the last quarters. As a result, the net result was stable compared to 3Q24, considering the inherent seasonality of the 4Q, which typically experiences reduced activity due to fewer business days in an inbound-focused operation.



As this business unit advances in a profound and very positive transformation to a multi-product, multi-channel, and multi-profile operation, the trend is that there is solid room for Retention Rate recovery.

In the full year of 2024, the 32% growth rate was mainly driven by the additions of ARR and the strengthening of the multi-product strategy, with notable contributions from RD Conversas, CRM, and Digital Marketing solutions. In addition, the cross-sell with Management BU strategy has been gaining traction, with sales from the Management field sales team accounting for over 30% of the addition of ARR in 4Q24 and 20% in full year.



Gross Margin

Gross Margin closed 4Q24 at 74.8%, remaining stable compared to 3Q24 but lower than in 2023 as it reflects the increase in the share of RD Conversas, Lexos, and Exact Sales in the revenue composition. As mentioned in previous quarters, these solutions are fairly new and still have gains in scale and productivity below those achieved by more mature solutions like RD Station Marketing and RD Station CRM, which already have well-established and more efficient structures. So, as these new solutions grow, their margins exhibit a trend toward convergence with those of their more mature counterparts.

Operating Expenses

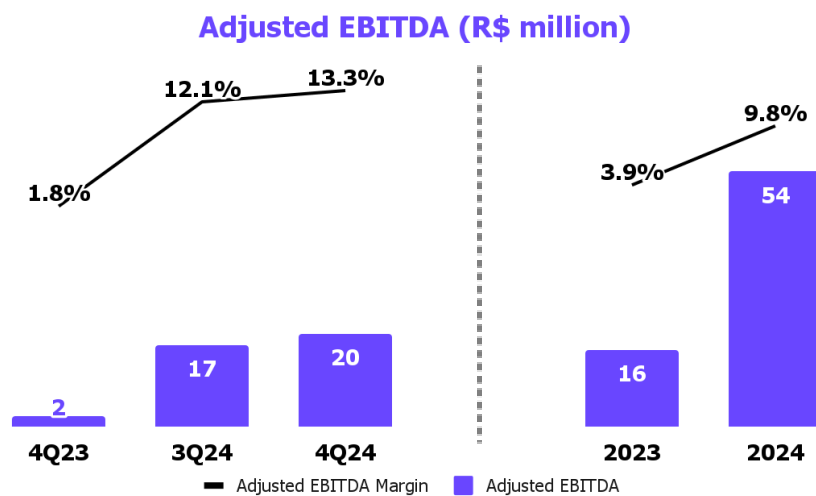
In 4Q24, Operating Expenses ended the quarter representing 61.6% of Net Revenue, a reduction of 13 percentage points over 4Q23, which demonstrated the ability to dilute expenses and the quality of RD's unit economics. Furthermore, the 2024 RD Summit proved successful again, attracting an average daily attendance of 21,000 participants over its three-day duration—a 10% increase from 2023—and total net expenditure remained consistent with 2023, approximating R\$14 million. This result reflects the growth in ticket sales and sponsorship attainment, thus highlighting the RD Summit's engagement capacity and importance to the ecosystem, solidifying its position as Brazil's foremost digital marketing event.

In the full year, operating expenses grew by 18%, while Net Revenue grew by 32%, diluting even most of the fixed expenses and reinforcing the high scalability of the business unit's pure SaaS unit economics.

EBITDA

The EBITDA concluded the quarter at R\$20 million, representing a 13% margin—the unit's highest historical performance. This performance amidst a quarter of holding the RD Summit event, reflects the enhanced operational efficiency and scalability of the business model.

During the last 12 months, a significant expansion in the Adjusted EBITDA Margin to 10% was observed, marking a robust 590 basis point rise, more than doubling the 2023 performance. The primary driver of this expansion was the gains in scale stemming from Revenue acceleration and the progress of the integration process of Tallos, Lexos, and Exact Sales. As mentioned in previous quarters, this operation has a powerful unit economics that tends to be further improved with the multi-product strategy and the cross-selling with the field sales team of the Management operation.





Techfin business unit Results

With the announcement of the closing of the transaction with Itaú, the Company started to hold a 50% stake in this operation from August 2023. Its results are not 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.

We provide below a section considering **100% of the TOTVS Techfin operation**.

Techfin Results (in R\$ million)	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Techfin Revenue - Net of funding	96.3	73.1	31.8%	78.4	22.8%	307.5	272.9	12.7%
Credit products	131.0	117.2	11.7%	112.3	16.6%	440.4	437.2	0.7%
Adjusted Funding Cost	(38.5)	(45.8)	(15.9%)	(36.6)	5.0%	(143.9)	(170.7)	(15.7%)
Fee Revenue ⁽¹⁾	3.8	1.6	132.8%	2.7	39.8%	11.0	6.4	72.9%
Provision for Expected Credit Losses	(7.3)	(8.5)	(15.0%)	(7.6)	(4.0%)	(30.6)	(33.3)	(8.0%)
Adjusted OPEX	(64.7)	(62.2)	4.0%	(62.3)	3.9%	(244.2)	(212.2)	15.1%
Techfin Adjusted EBITDA	24.3	2.3	962.3%	8.6	183.8%	32.7	27.4	19.4%
% Techfin Adjusted EBITDA	25.2%	3.1%	2210 bp	10.9%	1430 bp	10.6%	10.0%	60 bp
Adjusted Bellow EBITDA	(14.0)	(4.7)	198.1%	(4.4)	214.7%	(32.1)	(31.8)	0.9%
Net Effect of Amortization	5.2	5.2	0.0%	5.2	0.0%	20.9	20.9	0.0%
Adjusted Net Income (Loss) from Techfin	15.5	2.8	451.2%	9.3	66.2%	21.4	16.4	30.4%
% Net Income (Loss) from Techfin	16.1%	3.9%	1220 bp	11.9%	420 bp	7.0%	6.0%	100 bp
Extraordinary Items, Net	(1.9)	-	-	-	-	(3.7)	-	-
Net Effect of Amortization	(5.2)	(5.2)	0.0%	(5.2)	0.0%	(20.9)	(20.9)	0.0%
Net Income (Loss) from Techfin	8.4	(2.4)	(448.1%)	4.1	103.7%	(3.1)	(4.5)	(29.9%)
Other Results ⁽²⁾	4.2	(1.2)	(448.8%)	2.1	103.7%	(1.6)	(7.7)	(79.5%)
Equity Pickup - TOTVS	4.2	(1.2)	(447.4%)	2.1	103.7%	(1.6)	3.2	(149.2%)

⁽¹⁾ Revenue fee from payment products such as credit cards and PIX.

⁽²⁾ Result allocated to partner shareholders + Net Result from Techfin before the JV with Itaú

Operational Infos (in R\$ million)	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Credit products								
Credit Production	3,259.4	2,735.6	19.1%	3,047.2	7.0%	11,716.3	10,629.3	10.2%
Average Term of Credit Production (days)	69.6	70.3	(1.0%)	64.2	8.4%	n/a	n/a	-
Credit Portfolio, Net	2,135.3	2,086.9	2.3%	2,142.2	(0.3%)	n/a	n/a	-
Average Term of On Due Portfolio (days)	59.0	68.1	(13.4%)	62.8	(6.1%)	n/a	n/a	-
Credit Operation Cash Position	266.2	334.9	(20.5%)	386.3	(31.1%)	n/a	n/a	n/a
Fee Products								
TPV - Techfin Pix	2,140.1	1,311.1	63.2%	1,807.9	18.4%	6,856.2	3,799.4	80.5%

Techfin Revenue Net of Funding

Over the past several years, agribusiness has accounted for a relevant share of Techfin's Credit Production, exhibiting a pronounced seasonal increase in the latter half of the year, particularly during the Q3, coinciding with the beginning of the Brazilian agricultural harvest. In 2024, this industry sector faced adverse conditions related mainly to drought in some important regions, with some agricultural input companies undergoing court-supervised reorganization. Despite this challenging scenario, Revenue Net of Funding for 4Q24 grew 32% compared to 4Q23 and 23% compared to 3Q24. This performance is mainly due to the growth of 19% year over year and 7% quarter-over-quarter in Credit Production, which reached R\$3.3 billion in the quarter, driven by the increase in the production volume of the other industry sectors, which contributes to a greater diversification of the portfolio and the consequent dilution of the share of agribusiness in the total credit production of this operation in the quarter.

In 2024, Techfin's revenue reached R\$308million, an increase of 13% compared to 2023, mainly due to the 10% growth in credit production in the period, which reached more than R\$11.7million.



Adjusted Operating Costs and Expenses

In the quarter, Techfin's Operating Costs and Expenses grew approximately 4% year over year and quarter over quarter, mainly due to the continuity of investments made to expand the product portfolio. In this context, Techfin's OPEX ended 4Q24 at R\$21.3 million, consistent with the adjusted 4Q24 financial projection.

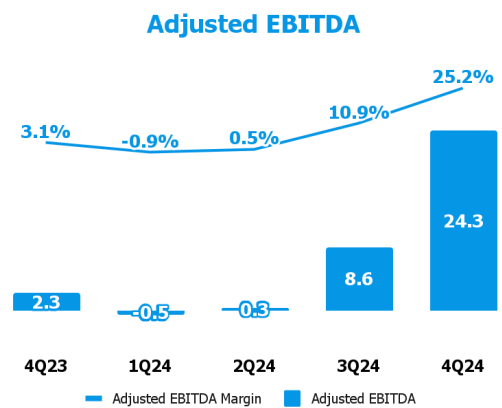
Provision for Expected Credit Losses

The Provision for Expected Credit Losses remained stable compared to 3Q24 and 4Q23, representing 0.33% of the Gross Credit Portfolio in the quarter. Despite the more challenging Credit scenario, including in agribusiness, Techfin maintained its discipline and low default rates in the 1 to 90-day ranges of overdue Receivables, contributing to the improvement in default above 90 days, which ended 4Q24 at 1.2%, which is 330 basis points below the Brazilian Average.

EBITDA

Techfin's Adjusted EBITDA reached R\$24 million in the quarter, almost three times as much as in 3Q24, mainly driven by the growth in Revenue Net Funding in the period. The Adjusted EBITDA Margin experienced significant growth, increasing from 10.9% in 3Q24 to 25.2% in 4Q24.

Compared to the same period of the previous year, both the Adjusted EBITDA and the Adjusted EBITDA Margin grew significantly. A little more than a year since the JV officially began, it is possible to state that the business unit has already entered the expected upward inflection point of the profitability "J" curve. This result is directly associated with the growth in Revenue Net of Funding, as commented in the previous paragraph, and the continuous advances in the integration process of Supplier and Techfin operations, which, as commented in previous quarters, has allowed TOTVS TECHFIN greater fluidity and gain in operational efficiency in investments made to develop the first Brazilian 'ERP Banking'.



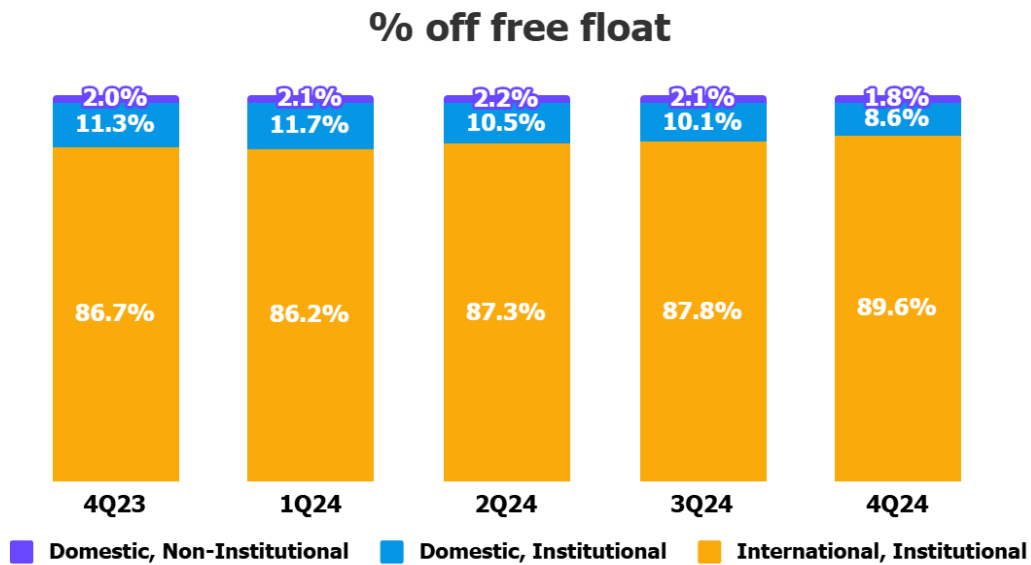
Net Income

Techfin ended the quarter with Adjusted Net Income of R\$16 million, 5x higher than 4Q23, primarily due to a greater than 10x surge in Adjusted EBITDA in the same period.



SHAREHOLDING COMPOSITION

TOTVS closed 4Q24 with a Capital Stock of approximately R\$3 billion, composed of 599,401,581 common shares, of which approximately 89% are in free-float with the following composition:



Foreign institutional investors reached 90% participation in the free float, the highest percentage since 2016. In a scenario of strong outflow of external resources from B3, this may mean a perception on the part of this investor profile that TOTVS is a high-quality asset, combining double-digit growth for 23 consecutive quarters, with profitability gains and that currently trades at a large discount to its international peers.

This report contains forward-looking statements. Such information does not refer to historical facts only, but reflects the wishes and expectations of TOTVS's management. Words such as "anticipates", "wants", "expects", "foresees", "intends", "plans", "predicts", "projects", "aims" and the like are intended to identify statements that necessarily involve both known and unknown risks. Known risks involve, but are not limited to, uncertainties not limited to the impact of price and product competitiveness, the acceptance of products on the market, product transitions from the Company and its competitors, regulatory approvals, currency type, currency fluctuations, supply and production hurdles, and sales volatility, among other risks. This report includes pro forma statements prepared by the Company solely for informational purposes; these statements are unaudited. This report presents the most current information available up to date; TOTVS has no obligation to update it with new information and/or future events.



APPENDIX I

Consolidated Income Statement

Below, we are considering the result of the Techfin Dimension at 100% in the “Net Income (Loss) from Discontinued Operation” line until July 2023, according to IFRS-5, and at 50% in the “Equity Pickup” from August 2023 on.

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Net Revenue	1,383.9	1,176.5	17.6%	1,329.8	4.1%	5,224.0	4,440.4	17.6%
Management Revenue	1,233.8	1,053.8	17.1%	1,186.1	4.0%	4,665.2	4,018.6	16.1%
RD Station Revenue	150.1	122.7	22.3%	143.7	4.4%	558.8	421.9	32.5%
Operating Costs	(393.5)	(326.1)	20.6%	(376.8)	4.4%	(1,466.4)	(1,196.9)	22.5%
Management Operating Costs	(355.4)	(297.2)	19.6%	(340.5)	4.4%	(1,326.8)	(1,099.5)	20.7%
RD Station Operating Costs	(38.0)	(28.9)	31.5%	(36.3)	4.8%	(139.6)	(97.4)	43.4%
Adjusted Gross Profit	990.4	850.4	16.5%	953.0	3.9%	3,757.6	3,243.5	15.8%
Operating Expenses	(773.9)	(712.7)	8.6%	(704.2)	9.9%	(2,878.8)	(2,546.0)	13.1%
Research and Development	(234.6)	(212.1)	10.6%	(225.3)	4.1%	(893.3)	(797.3)	12.0%
Sales and Marketing Expenses	(295.4)	(264.0)	11.9%	(273.9)	7.9%	(1,103.5)	(951.7)	15.9%
Provision for Expected Credit Losses	(16.6)	(8.3)	99.7%	(13.1)	26.8%	(59.4)	(36.4)	63.1%
General and Administrative Expenses	(121.0)	(109.0)	11.0%	(111.4)	8.6%	(458.5)	(388.7)	17.9%
Provision for Contingencies	(9.9)	(12.4)	(19.8%)	(4.5)	118.3%	(20.8)	(23.1)	(9.8%)
Depreciation and Amortization	(81.6)	(73.3)	11.3%	(86.9)	(6.1%)	(326.3)	(282.8)	15.4%
Other Net Revenues (Expenses)	(14.8)	(33.5)	(55.8%)	11.0	(234.8%)	(17.1)	(66.0)	(74.1%)
EBIT	216.5	137.7	57.2%	248.8	(13.0%)	878.8	697.5	26.0%
Financial Result	(15.2)	(1.1)	>999%	(19.8)	(23.1%)	(49.3)	(17.4)	183.3%
Equity Pickup	4.2	(1.2)	(447.4%)	2.1	103.7%	(1.6)	3.2	(149.2%)
Earnings Before Taxes (EBT)	205.4	135.3	51.8%	231.1	(11.1%)	827.9	683.3	21.2%
Income Tax and Social Contribution	(15.9)	(9.1)	74.6%	64.8	(124.5%)	(91.4)	(146.6)	(37.7%)
Net Income (Loss) from Discontinued Operation	-	-	-	-	-	(1.1)	227.8	(100.5%)
Consolidated Net Income	189.5	126.2	50.2%	295.8	(35.9%)	735.4	764.4	(3.8%)
Non-Controlling Net Income	(4.5)	(8.7)	(47.7%)	(4.8)	(6.7%)	(17.9)	(29.6)	(39.5%)
GAAP Net Income	185.0	117.6	57.4%	291.0	(36.4%)	717.5	734.8	(2.4%)
<i>Net Margin</i>	<i>13.4%</i>	<i>10.0%</i>	<i>340 bp</i>	<i>21.9%</i>	<i>-850 bp</i>	<i>13.7%</i>	<i>16.5%</i>	<i>-280 bp</i>



APPENDIX II

Reconciliation of the Consolidated Income Statement

In R\$ million	4Q24			2024		
	GAAP Income Statement*	Deprec. and Amort. Reclass.**	Consolidated Income Statement	GAAP Income Statement*	Deprec. and Amort. Reclass.**	Consolidated Income Statement
	(a)	(b)	(a+b)	(a)	(b)	(a+b)
Net Revenue	1,383.9	-	1,383.9	5,224.0	-	5,224.0
Management Revenue	1,233.8	-	1,233.8	4,665.2	-	4,665.2
RD Station Revenue	150.1	-	150.1	558.8	-	558.8
Costs	(426.8)	33.3	(393.5)	(1,594.1)	127.8	(1,466.4)
Gross Profit	957.1	33.3	990.4	3,629.9	127.8	3,757.6
<i>Gross Margin</i>	<i>69.2%</i>		<i>71.6%</i>	<i>69.5%</i>		<i>71.9%</i>
Operating Expenses (Revenues)	(740.7)	(33.3)	(773.9)	(2,751.0)	(127.8)	(2,878.8)
Research and Development	(247.7)	13.1	(234.6)	(945.3)	51.9	(893.3)
Sales and Marketing Expenses	(301.8)	6.3	(295.4)	(1,135.9)	32.5	(1,103.5)
General and Administrative Expenses	(159.7)	28.8	(130.9)	(593.4)	114.1	(479.3)
Depreciation and Amortization	-	(81.6)	(81.6)	-	(326.3)	(326.3)
Provision for Expected Credit Losses	(16.6)	-	(16.6)	(59.4)	-	(59.4)
Other Net Revenues (Expenses)	(14.8)	-	(14.8)	(17.1)	-	(17.1)
EBIT	216.4	0.0	216.5	878.8	(0.0)	878.8
Financial Revenues	54.1	-	54.1	278.3	-	278.3
Financial Expenses	(69.3)	-	(69.3)	(327.6)	-	(327.6)
Equity Pickup	4.2	-	4.2	(1.6)	-	(1.6)
Earnings Before Taxes (EBT)	205.4	0.0	205.4	827.9	(0.0)	827.9
Income Tax and Social Contribution	(15.9)	-	(15.9)	(91.4)	-	(91.4)
Techfin Dim. Net Income (Loss)	-	-	-	(1.1)	-	(1.1)
Consolidated Net Income	189.5	0.0	189.5	735.4	(0.0)	735.4
Non-Controlling Net Income	(4.5)	-	(4.5)	(17.9)	-	(17.9)
GAAP Net Income	185.0	0.0	185.0	717.5	(0.0)	717.5
<i>Net Margin</i>	<i>13.4%</i>		<i>13.4%</i>	<i>13.7%</i>		<i>13.7%</i>

* The quarterly financial information of the Techfin operation is presented at 50% in the line "Equity Pickup"

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



APPENDIX III

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

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
Consolidated Net Income	189.5	126.2	50.2%	295.8	(35.9%)	735.4	764.4	(3.8%)
(-) Net Income (Loss) Techfin Dim.	-	-	-	-	-	(1.1)	227.8	(100.5%)
(+) Depreciation and Amortization	81.6	73.3	11.3%	86.9	(6.1%)	326.3	282.8	15.4%
(-) Financial Results	(15.2)	(1.1)	>999%	(19.8)	(23.1%)	(49.3)	(17.4)	183.3%
(+) Income Tax and Social Contribution	15.9	9.1	74.6%	(64.8)	(124.5%)	91.4	146.6	(37.7%)
EBITDA GAAP	302.2	209.8	44.1%	337.7	(10.5%)	1,203.5	983.5	22.4%
(+) Techfin Adjusted EBITDA	12.2	1.1	962.3%	4.3	183.8%	16.3	13.7	19.4%
(-) Equity Pickup	4.2	(1.2)	(447.4%)	2.1	103.7%	(1.6)	3.2	(149.2%)
(+) Extraordinary Items	43.6	46.2	(5.5%)	(5.2)	(935.5%)	69.5	95.9	(27.6%)
M&A Adjustment at Fair Value	13.9	38.4	(63.7%)	0.7	>999%	40.1	72.9	(45.0%)
Adjustment from Oper. Restructuring	4.1	2.0	101.0%	(0.5)	<(999%)	8.3	12.5	(33.5%)
Expenses with M&A Transactions	2.8	5.7	(51.7%)	3.1	(11.1%)	12.8	9.8	29.7%
Tax Credit	-	-	-	-	-	-	0.6	(100.0%)
Loss (Gain) with Disposed Assets	7.3	-	-	(8.6)	(185.3%)	(7.2)	-	-
Adj. - Payroll Tax Surcharge	15.5	-	-	-	-	15.5	-	-
Adjusted EBITDA	353.8	258.3	37.0%	334.7	5.7%	1,290.9	1,089.9	18.4%



APPENDIX IV

Cash Flow GAAP

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
EBT	205.4	135.3	51.8%	231.1	(11.1%)	827.9	683.3	21.2%
Adjustments:	195.7	230.8	(15.2%)	164.9	18.7%	715.7	775.8	(7.7%)
Depreciation and Amortization	81.6	73.3	11.3%	86.9	(6.1%)	326.3	282.8	15.4%
Share-based Payments Expense	4.7	21.1	(77.6%)	21.6	(78.1%)	52.4	64.3	(18.5%)
Loss (Gain) with Disposed Assets	8.5	0.9	864.4%	(11.2)	(175.6%)	(9.8)	1.4	(798.0%)
Provision for Expected Credit Losses	16.6	8.3	99.7%	13.1	26.8%	59.4	36.4	63.1%
Equity Pickup	(4.2)	1.2	(447.4%)	(2.1)	103.7%	1.6	(3.2)	(149.2%)
Prov. for Contingencies, Net of Reversals	9.9	12.4	(19.9%)	4.5	118.1%	20.9	23.1	(9.5%)
Provision (Reversal) for Other Obligations	16.5	35.5	(53.4%)	(20.1)	(182.1%)	(5.2)	70.7	(107.4%)
Net Inter. Monet. and Exchange Var.	62.0	78.1	(20.6%)	72.2	(14.0%)	270.1	300.3	(10.0%)
Changes in Op. Assets and Liabilities:	29.8	(20.7)	(243.8%)	(64.7)	(146.0%)	(94.9)	(92.4)	2.7%
Trade Receivables	5.8	12.7	(54.1%)	(9.0)	(164.8%)	(70.6)	(70.6)	0.1%
Recoverable Taxes	(15.8)	(50.3)	(68.5%)	(16.5)	(3.9%)	(51.3)	(46.2)	10.9%
Judicial Deposits	1.7	(1.3)	(226.5%)	(1.1)	(253.8%)	1.7	(5.5)	(130.3%)
Other Assets	26.8	52.2	(48.7%)	(23.1)	(215.8%)	(83.6)	(37.7)	121.8%
Labor Liabilities	(26.0)	(34.5)	(24.5%)	3.8	(781.9%)	81.1	97.0	(16.3%)
Trade and Other Payables	38.4	20.3	88.9%	(24.1)	(259.3%)	50.1	19.7	154.3%
Commissions Payable	5.5	(2.4)	(330.9%)	11.2	(51.0%)	3.9	(2.9)	(235.4%)
Taxes and Contributions Payable	0.8	13.0	(93.6%)	2.9	(71.4%)	(3.3)	(27.3)	(87.8%)
Other Accounts Payable	(7.4)	(30.5)	(75.7%)	(8.8)	(15.7%)	(22.9)	(19.0)	20.5%
Operating Cash Generation	430.9	345.4	24.8%	331.3	30.1%	1,448.7	1,366.6	6.0%
Interest paid	(1.5)	(2.4)	(35.5%)	(76.2)	(98.0%)	(177.9)	(224.9)	(20.9%)
Tax Paid	(27.0)	(46.2)	(41.7%)	(33.4)	(19.4%)	(156.2)	(189.6)	(17.6%)
Net Cash from Operating Activities	402.4	296.8	35.6%	221.7	81.5%	1,114.6	952.1	17.1%
Acquisitions of Prop. Plant and Equip.	(38.7)	(25.3)	53.0%	(20.3)	90.4%	(119.9)	(123.3)	(2.7%)
Acquisition of Intangible Assets	(24.2)	(20.3)	19.3%	(20.1)	20.4%	(122.5)	(153.9)	(20.5%)
Franchises Loan	10.8	3.9	174.6%	(18.8)	(157.4%)	(0.6)	13.2	(104.5%)
Dividends Received	-	-	-	-	-	-	9.1	(100.0%)
Acquisition of Subsidiaries, Net of Cash	(38.9)	(5.7)	585.8%	-	-	(622.4)	(88.9)	600.4%
Payments from Acquisitions of Subsidiaries	(159.7)	(0.7)	>999%	-	-	(474.7)	(43.5)	991.3%
Proceeds from Sale of Subsid., Net of Cash	(1.4)	-	-	22.0	(106.2%)	41.8	0.1	>999%
Proceeds from Sale of Prop. Plant and Equip.	1.7	1.8	(4.9%)	1.6	2.5%	11.6	3.5	231.1%
CVC Fund Investments	(5.6)	(20.7)	(72.9%)	(15.4)	(63.5%)	(47.0)	(24.8)	89.3%
Net cash Received (Invested) Techfin Dim.	-	-	-	-	-	-	405.2	(100.0%)
Net Cash used in Investing Act.	(256.1)	(67.0)	282.1%	(51.0)	402.3%	(1,333.6)	(3.4)	>999%
Payment of Princ. of Loans and Financing	-	-	-	-	-	(40.4)	(11.0)	268.5%
Payment of Principal of Lease Liabilities	(14.0)	(15.1)	(7.4%)	(16.8)	(16.5%)	(60.9)	(59.1)	3.1%
Proceeds from debentures, loans and finan.	-	-	-	1,475.0	(100.0%)	1,475.0	32.1	>999%
Payment of Principal of Debentures	-	-	-	(1,500.0)	(100.0%)	(1,505.0)	-	-
Investments from Non-controlling Interest	-	-	-	-	-	-	4.2	(100.0%)
Dividends and Interest on Equity Paid	(128.7)	(142.3)	(9.5%)	(136.6)	(5.8%)	(265.4)	(412.2)	(35.6%)
Net Treasury Shares	(216.3)	-	-	(42.7)	406.9%	(571.4)	(109.4)	422.3%
Net Cash gen. by (used in) Financ. Act.	(359.0)	(157.4)	128.1%	(221.1)	62.4%	(968.0)	(555.3)	74.3%
Incr. (Dec.) in Cash and Cash Eq.	(212.7)	72.4	(393.7%)	(50.4)	322.0%	(1,187.0)	393.4	(401.7%)
Cash and Equiv. Beginning of the Period	2,154.8	3,056.7	(29.5%)	2,205.2	(2.3%)	3,129.2	2,735.8	14.4%
Cash and Equiv. End of the Period	1,942.2	3,129.1	(37.9%)	2,154.8	(9.9%)	1,942.2	3,129.2	(37.9%)



APPENDIX V

Balance Sheet (GAAP)

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ
ASSETS					
Current Assets	2,763.6	3,906.3	(29.3%)	3,058.5	(9.6%)
Cash and Cash Equivalents	1,942.2	3,129.2	(37.9%)	2,154.8	(9.9%)
Trade Receivables	625.7	600.7	4.2%	647.8	(3.4%)
Provision for Expected Credit Losses	(62.4)	(62.2)	0.2%	(65.8)	(5.3%)
Recoverable Taxes	83.5	87.8	(4.9%)	80.3	4.0%
Escrow Account	14.0	13.2	6.1%	13.7	2.2%
Other Assets	160.6	137.6	16.7%	227.8	(29.5%)
Non-current Assets	5,768.2	4,922.6	17.2%	5,721.8	0.8%
Long-term assets	785.9	514.5	52.8%	733.0	7.2%
Trade Receivables	13.8	16.5	(16.4%)	16.5	(16.5%)
Receivables from Related Parties	5.1	3.8	33.4%	5.2	(3.5%)
Deferred Tax Assets	253.5	147.4	72.0%	231.2	9.6%
Judicial Deposits	28.4	33.8	(16.1%)	31.9	(11.1%)
Investments at Fair Value	179.8	127.5	41.1%	163.5	10.0%
Escrow Account	188.8	116.8	61.7%	181.6	4.0%
Other Assets	116.5	68.7	69.6%	103.0	13.1%
Investments	321.8	323.4	(0.5%)	317.6	1.3%
Property, Plant and Equipment	399.2	413.5	(3.5%)	397.5	0.4%
Intangible	4,261.2	3,671.2	16.1%	4,273.7	(0.3%)
TOTAL ASSETS	8,531.7	8,828.9	(3.4%)	8,780.4	(2.8%)
LIABILITIES					
Current Liabilities	1,144.2	1,348.7	(15.2%)	1,254.0	(8.8%)
Labor Liabilities	438.7	376.0	16.7%	473.3	(7.3%)
Trade and Other Payables	212.0	155.3	36.5%	170.4	24.4%
Taxes and Contributions Liabilities	122.6	107.4	14.1%	113.9	7.6%
Debentures	62.8	55.2	13.8%	18.5	240.1%
Loans and Financing	-	32.1	(100.0%)	-	-
Lease Liabilities	58.1	58.6	(0.8%)	58.2	(0.1%)
Dividends Payable	1.2	1.8	(31.4%)	1.1	15.8%
Accounts Payable from Acq. of Subsid.	115.7	421.8	(72.6%)	244.9	(52.8%)
Commissions Payable	69.1	62.6	10.4%	63.6	8.6%
Other Liabilities	64.0	78.0	(18.0%)	110.0	(41.9%)
Non-current Liabilities	2,400.4	2,467.5	(2.7%)	2,418.3	(0.7%)
Lease Liabilities	68.3	106.7	(36.0%)	78.2	(12.7%)
Debentures	1,472.3	1,491.5	(1.3%)	1,471.0	0.1%
Accounts Payable from Acq. of Subsid.	228.2	272.1	(16.1%)	255.0	(10.5%)
Tax Obligations	0.0	0.0	(9.5%)	0.0	(2.6%)
Deferred Income Taxes	13.7	8.6	58.9%	15.6	(12.0%)
Provision for Contingencies	106.3	112.0	(5.1%)	100.9	5.3%
Call Option of Non-controlling Interests	444.8	412.7	7.8%	435.3	2.2%
Other Liabilities	66.8	63.8	4.6%	62.3	7.2%
Shareholders' Equity	4,987.1	5,012.7	(0.5%)	5,108.1	(2.4%)
Share Capital	2,962.6	2,962.6	0.0%	2,962.6	0.0%
Treasury Shares	(350.2)	(283.4)	23.5%	(606.6)	(42.3%)
Capital Reserves	281.8	738.3	(61.8%)	730.8	(61.4%)
Profit Reserve	1,715.4	1,262.7	35.9%	1,659.3	3.4%
Carrying Value Adjustments	71.7	40.4	77.4%	56.6	26.8%
Non-controlling Interest	305.8	292.1	4.7%	305.5	0.1%
TOTAL LIABILITIES AND EQUITY	8,531.7	8,828.9	(3.4%)	8,780.4	(2.8%)



APPENDIX VI

Aging of M&A Amortizations Effect (Management + Business Performance)

In R\$ million	4Q24
Up to 12 months	81.0
from 13 to 24 months	81.1
from 25 to 36 months	80.3
from 37 to 48 months	68.3
over 48 months	274.0
Total	584.7

Aging of M&A Amortizations Effect (Techfin 100%)

In R\$ million	4Q24
Up to 12 months	9.0
from 13 to 24 months	6.6
from 25 to 36 months	6.6
from 37 to 48 months	6.6
over 48 months	26.8
Total	55.4



APPENDIX VII

Techfin's Cash Flow (100%)

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ	2024	2023	Δ
EBT	13.6	(3.0)	(552.4%)	2.7	396.5%	2.7	(4.2)	(162.9%)
Non-Cash Items	50.4	57.6	(12.5%)	51.0	(1.1%)	210.8	240.8	(12.4%)
Change in Working Capital	(143.8)	112.7	(227.7%)	(249.6)	(42.4%)	(199.7)	(187.4)	6.5%
Operating Cash Generation	(79.8)	167.2	(147.7%)	(195.9)	(59.3%)	13.8	49.1	(71.9%)
Interest paid	(3.6)	(11.3)	(67.8%)	(0.5)	613.8%	(4.6)	(11.4)	(60.1%)
Income Tax and Social Cont. paid	(0.4)	(0.1)	464.5%	(0.1)	180.0%	(0.8)	(0.1)	654.2%
Net Cash from Operating Activities	(83.7)	155.9	(153.7%)	(196.5)	(57.4%)	8.4	37.6	(77.6%)
Fixed Assets	(0.5)	(1.0)	(52.6%)	0.3	(239.9%)	(0.6)	(1.7)	(67.5%)
Intangibles	-	(0.1)	(100.0%)	(0.1)	(100.0%)	(3.2)	(0.8)	319.3%
Financial Rescues (Invest.)	151.2	(129.2)	(217.0%)	83.2	81.6%	150.1	218.1	(31.2%)
Net Cash used in Investing Act.	150.7	(130.2)	(215.7%)	83.5	80.5%	146.4	215.7	(32.1%)
Increase (Decrease) Gross Debt	118.1	(600.0)	(119.7%)	240.7	(50.9%)	366.2	-	-
Payment of Principal of Lease Liabilities	(1.8)	(0.4)	322.9%	(0.4)	337.7%	(3.1)	(1.4)	124.5%
Red. (Inv.) of Senior Quotas	(124.6)	466.3	(126.7%)	(113.0)	10.2%	(458.0)	(410.1)	11.7%
Capital Increase, Net of Expenses	-	-	-	-	-	-	204.7	(100.0%)
Shareholders Remuneration	-	-	-	-	-	-	(12.1)	(100.0%)
Net Cash gen. by (used in) Financ. Act.	(8.2)	(134.1)	(93.9%)	127.3	(106.5%)	(95.0)	(218.9)	(56.6%)
Incr. (Dec.) in Cash and Cash Equivalent	58.7	(108.4)	(154.2%)	14.3	311.7%	59.8	34.4	74.0%
Cash and Equiv. Beginning of the Period	200.2	307.5	(34.9%)	186.0	7.7%	186.0	164.8	12.9%
Cash and Equiv. End of the Period	259.0	199.2	30.0%	200.2	29.3%	245.8	199.2	23.4%
Revenue from financial investment, net of Taxes	2.8	5.7	(51.1%)	3.8	(27.5%)	15.4	11.6	33.0%
Free Cash Flow to Firm *	(85.1)	160.0	(153.2%)	(200.0)	(57.4%)	(9.3)	33.6	(127.6%)

* Operating Cash Generation (-) Income Tax and Social Cont. paid (-) Investing in Fixed Assets and Intangibles (-) Payment of Principal of Lease Liabilities (-) Short-term investment yield



APPENDIX VIII

Techfin's Balance Sheet (100%)

In R\$ million	4Q24	4Q23	Δ	3Q24	Δ
ASSETS					
<u>Current Assets</u>	2,689.5	2,640.4	1.9%	2,686.8	0.1%
Cash and Cash Equivalents	259.0	199.2	30.0%	200.2	29.3%
Financial Investments	154.2	279.0	(44.7%)	299.0	(48.4%)
Trade Receivables	2,148.5	2,080.8	3.3%	2,138.4	0.5%
Other Assets	127.8	81.4	57.1%	49.2	159.9%
<u>Non-current Assets</u>	223.6	260.4	(14.1%)	234.8	(4.7%)
<u>Long-term assets</u>	41.6	46.4	(10.4%)	46.2	(10.0%)
Other Assets	41.6	46.4	(10.4%)	46.2	(10.0%)
Property, Plant and Equipment	7.0	7.2	(2.7%)	4.7	48.6%
Intangible	175.1	206.9	(15.4%)	183.9	(4.8%)
TOTAL ASSETS	2,913.1	2,900.8	0.4%	2,921.6	(0.3%)
LIABILITIES					
<u>Current Liabilities</u>	2,259.5	2,243.5	0.7%	2,277.0	(0.8%)
Loans and Financing	372.7	1.6	>999%	251.4	48.2%
Business Partners Payable	715.1	779.1	(8.2%)	764.0	(6.4%)
Senior and Mezzanine Quotas	1,111.1	1,410.5	(21.2%)	1,200.6	(7.5%)
Other Liabilities	60.6	52.4	15.7%	61.0	(0.7%)
<u>Non-current Liabilities</u>	10.0	10.5	(5.2%)	9.4	6.4%
Loans and Financing	2.4	1.8	32.1%	0.9	172.7%
Provision for Contingencies	0.9	2.5	(62.2%)	1.7	(44.9%)
Other Liabilities	6.7	6.3	6.7%	6.8	(2.0%)
Shareholders' Equity	643.6	646.7	(0.5%)	635.2	1.3%
TOTAL LIABILITIES AND EQUITY	2,913.1	2,900.8	0.4%	2,921.6	(0.3%)



APPENDIX IX

Techfin's Credit Rights by Maturity

Credit Rights by Maturity (In R\$ million)	4Q24	4Q23	Δ	3Q24	Δ
On Due	2,135.0	2,069.8	3.1%	2,125.3	0.5%
Notes overdue					
Up to 30 days	10.4	15.1	(31.4%)	14.3	(27.6%)
from 31 to 60 days	3.1	5.5	(44.2%)	5.1	(39.0%)
from 61 to 90 days	3.0	4.0	(25.0%)	3.3	(9.3%)
from 91 to 180 days	9.6	10.7	(10.5%)	10.4	(7.6%)
from 181 to 360 days	17.4	21.0	(17.3%)	17.2	1.3%
over 360 days	133.4	103.6	28.8%	131.1	1.7%
Gross Trade Receivables	2,311.8	2,229.8	3.7%	2,306.7	0.2%
Provision for Expected Credit Losses	(165.9)	(142.9)	16.1%	(164.2)	1.1%
Total	2,145.9	2,086.9	2.8%	2,142.5	0.2%



APPENDIX X

Amortization of Goodwill from Acquisition

Acquisition goodwill represents the difference between the amount paid for the acquisition of a company and the fair value of its net assets. In Brazil, the amortization of this goodwill can generate a significant tax benefit, allowing the deduction of the amortized value from the calculation basis for Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), thus reducing the tax burden of the acquiring company.

The goodwill relating to acquisitions is not amortized in accounting. As shown in the table below, the goodwill totaled **R\$3.4billion** in 4Q24, of which R\$640 million was already amortized for IRPJ/CSLL purposes.

Goodwill (R\$ million)	
Total	3,382.1
Used as a benefit until 12/30	(639.9)
Balance to be used:	2,742.2
Balance of unincorporated companies:	2,112.4
Built-in balance to be used:	629.8
2025	(165.8)
2026	(164.1)
2027	(136.6)
>2027	(163.4)



GLOSSARY

A

Adjusted Net Income: is a non-accounting measure that represents Net Income without the net effects of the respective impacts of income tax and social contribution from: (i) extraordinary expenses; (ii) financial expenses for adjustment to present value arising from the option to purchase a non-controlling interest, as provided for in the partnership agreement of Dimensa's operation with B3; (iii) extraordinary impacts on financial expenses for adjustment to present value arising from earn-outs adjustments; and (iv) the portion of Income attributed to Dimensa's non-controlling shareholders.

ADTV Average Daily Trading Volume of shares.

ARR (Annual Recurring Revenue): It denotes the yearly income generated from recurring agreements. It is an important indicator of the company's revenue predictability.

B

Business Performance Dimension: a division of TOTVS that offers solutions for enhancing business performance, such as digital marketing, customer management, and automation tools.

C

CAC (Customer Acquisition Cost): it is an indicator that reveals the average expenditure a company incurs in acquiring a new customer. It is calculated by dividing the total marketing and sales investment by the number of customers acquired within a specific timeframe.

Corporate Model: under this payment model for management software, customers receive unlimited access to contracted systems. Annual agreement fees are adjusted in the first quarter based on customer performance in the previous year, as determined by updated contractual metrics like gross revenue. The updated fees have an impact on both License Revenue and Recurring Revenues. With Licenses, the increase reflects only customers who expanded their business year after year, increasing to a higher range in the price list, while with Recurring Revenue the impact is the net balance between customers who "went up" and those who "went down" in the price list.

E

Earn-out: it is a portion corresponding to the payment of the part of the acquisition price of a company, usually tied to performance and to certain targets of the acquired company.

EBITDA: acronym of Earnings Before Interest, Income Tax (IRPJ) and Social Contribution on Earnings, Depreciation and Amortization. It is a non-accounting measurement prepared

by the Company that comprises net income for the year or period, excluding the effects of revenues and financial expenses, of income Tax and of social contribution and of costs and expenses from depreciation and amortization.

eNPS (Employee Net Promoter Score): it comprises an employee engagement index. It measures how likely employees are to recommend the company as a good place to work.

F

FIDC (Credit Rights Investment Fund): it is a type of investment fund that pools funds from multiple investors to purchase credit rights, that is, the FIDC buys debts from companies or individuals and divides them into smaller portions that are sold to investors.

G

GDP is the Law 13.709/2018, called the General Data Protection Law.

Global Report Initiative (GRI): is a multi-stakeholder organization that sets global sustainability reporting standards developed with input from different stakeholders and focused on the public interest.

GMV (Gross Merchandise Volume): It represents the overall number of goods and services sold on its marketplace during a specific timeframe. It is a metric adopted to estimate the size of one's platform, but not its health.

I

IBOV (Bovespa Index): it is the most important indicator of the average performance of stock prices traded on B3 - Brasil, Bolsa, Balcão.

IbRX-50 (Brazil 50 Index): an indicator of the average price performance of the 50 most tradable and representative assets of the Brazilian stock market.

IGP-M (General Market Price Index): a comprehensive Brazilian inflation index that measures the variation of prices at different stages of production, from raw materials to finished goods. This can be compared to the American indicators PPI (Producer Price Index) and PCE (Personal Consumption Expenditures), which monitor not just retail prices but also intermediate product prices and company production costs. It is widely used to update contracts fees, such as rentals, and to index investments.

Inflation in costs and expenses: operating costs and expenses can be influenced by inflation. As a Technology company, the main line is Personnel. Employees' salary bases are readjusted through the negotiation process between workers' unions and companies. This adjustment is generally annual and aims to compensate for the loss of purchasing power caused by inflation. Therefore, the variation of the IPCA and/or INPC over the last 12 months is used as the



basis for this negotiation. Each region in which the Company operates is associated with a specific union in the sector and has adjustment anniversaries on different dates, the most relevant being listed below according to the concentration of number of employees: (i) São Paulo readjusted in January; (ii) Belo Horizonte and Rio de Janeiro readjusted in September; (iii) Joinville readjusted in October; and (iv) Santa Catarina in August.

Inflation in revenue: the Company periodically adjusts the prices of its products and services, aiming at business sustainability and monitoring market variations. The price list is regularly reviewed and the vast majority of Recurring Revenue contracts provide for automatic annual adjustments, taking into account several factors, the main one being inflation.

In the case of the Management Dimension, approximately 80% of the Recurring Revenue base is automatically renewed each year and its values are readjusted according to the accumulated inflation of the last 12 months, calculated on the contract anniversary. If inflation is negative, the value of the contract is not reduced. The inflation indices most used for these adjustments are the IGP-M and the IPCA, and the new contracts, by default, are linked to the IPCA, causing this index to increase its representation over time. The other approximately 20% of the company's recurring revenue contracts are adjusted annually by a performance mechanism, with the corporate model being the most common and also the Intera Unlimited model which has been gaining representation. Finally, there is less than 5% of contracts that do not have automatic renewal and depend on commercial negotiation at each renewal.

In the case of the Business Performance Dimension, most annual adjustments to current contracts also occur on the anniversary of the contracts and take into account the last update of the price table. This table can be updated more than once a year and normally takes into account the inflation of the period (generally IPCA), added to other market effects, such as the price charged by competitors.

INPC (National Consumer Price Index): a Brazilian inflation index that, like the IPCA, measures the price variation of a selection of goods and services consumed by Brazilian families. However, the major difference between the two is the target audience. The INPC monitors the price variation for families with an income of up to 5 minimum wages. The IPCA monitors the price variation for families with an income of up to 40 minimum wages.

Interest on Equity: is a form of remuneration paid to the partners or shareholders of a company, calculated on the value of the equity. This remuneration is considered an expense for the company, which means it can be deducted from the net income before calculating the Corporate Income Tax (IRPJ) and the Social Contribution on Net Income (CSLL), thus reducing the company's tax burden while distributing dividends to shareholders. It is worth noting that the payment of Interest on Equity is limited to the lower value among: (i) 50% of the net profit for the fiscal year; (ii) 50% of retained earnings and profit reserves; and (iii) the variation of the Long-Term Interest Rate (TJLP) on the equity.

IPCA (Broad National Consumer Price Index): a Brazilian inflation index that measures the average variation of prices paid by urban consumers for goods and services that Brazilians consume on a daily basis, such as food, rent, transportation, etc. Comparable to the American CPI (Consumer Price Index), this indicator holds significant influence over key decisions in Brazil, particularly in determining the interest rate by the Central Bank.

L

Lei do Bem: Law 11.196/05, popularly known as Lei do Bem, was created to stimulate and encourage Brazilian companies to invest in Research, Development and Innovation (R&D). This law offers several tax benefits to companies that carry out R&D activities, aiming to boost innovation and competitiveness in the private sector in Brazil. In the case of TOTVS, the main benefit is the reduction of Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL) obtained through the deduction of a portion of R&D expenses from the calculation basis of these taxes, thus reducing its tax burden.

LTV (Life Time Value): it is a metric that defines the average value of the customer's life cycle. It represents the financial resources acquired by the company through customer purchases and services over the duration of their relationship with the company.

LTM (Last Twelve Months): sum of the last twelve months.

M

Management Dimension: a segment of TOTVS's business focused on business management solutions, which includes the offer of ERPs and other software for business management.

N

NPS (Net Promoter Score): is a measure obtained from customer surveys to evaluate the likelihood of recommending the company, product, or service.

P

Payroll Exemption: It is a measure that aims to reduce companies' labor costs, replacing the social security contribution on the payroll with a contribution on gross revenue. In other words, instead of paying a percentage of each employee's salary, the company pays a percentage of the total value of its sales. Currently, TOTVS uses, in most of its operations, the benefit of payroll exemption, replacing the 20% rate on INSS on payroll for a rate of 4.5% of Social Security Contribution on Gross Revenue (CPRB).

PLG (Product-Led Growth): is described as a scenario where the product's usage is the major factor driving users' acquisition, retention, and expansion. Thus, PLG can be



considered both a growth strategy and an innovative business model. It is a growth model focused on the end user, based entirely on the product.

contract and not in the first quarter and the fact that it only affects Recurring Revenue.

R

Renewal Rate: represents the percentage of clients that remained in the recurring base at the end of the period, compared with the base at the beginning of the period, using the Recurring Revenue as a reference.

Revenue Net of funding cost: a structure usually adopted by the financial market, which makes up the revenue net of the cost formed by the remuneration of the FIDC's senior and mezzanine shares.

S

SDGs (Sustainable Development Goals): a collection of 17 global goals established by the United Nations General Assembly in 2015. These goals represent a call to action for all countries, rich and poor, to eradicate poverty, protect the planet, and ensure that all people enjoy peace and prosperity.

Selic (Special Settlement and Custody System): it is the basic interest rate of the Brazilian economy. It is the major monetary policy metric used by the Brazilian Central Bank (BC) to control inflation.

Signings: the Company's sales and growth indicator that shows how much TOTVS is managing to expand its customer base, whether by up-selling or cross-selling, and to increase its recurring revenues, especially in increasingly competitive markets.

T

Take rate: it is a metric that represents the percentage of a transaction's value retained by a platform or intermediary as revenue. This concept is commonly used in marketplaces, fintechs, e-commerce, and online service platforms business models, where the company acts as an intermediary between sellers and buyers.

TCO (Total Cost of Ownership): it denotes the sum of all possible costs related to the purchase and possession of a product or service.

Techfin Dimension: TOTVS's financial services division, responsible for providing credit and financing solutions to customers, which is seamlessly incorporated into the company's management systems.

U

Unlimited Intera Model: This model is similar to the corporate model, differing only in the anniversary of the adjustment, which is made on the anniversary of the