

# **TOTVS S.A.**

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

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# Consolidated Operating and Financial Performance

Consolidated Result (in R\$ thousand)	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
<b>Net Revenue</b>	<b>1,087,915</b>	<b>914,571</b>	<b>19.0%</b>	<b>1,064,142</b>	<b>2.2%</b>	<b>2,152,057</b>	<b>1,813,078</b>	<b>18.7%</b>
Management Revenue	986,729	838,996	17.6%	972,140	1.5%	1,958,869	1,667,662	17.5%
Business Performance Revenue	101,186	75,575	33.9%	92,002	10.0%	193,188	145,416	32.9%
<b>Adjusted Contribution Margin*</b>	<b>590,408</b>	<b>485,889</b>	<b>21.5%</b>	<b>577,213</b>	<b>2.3%</b>	<b>1,167,621</b>	<b>969,809</b>	<b>20.4%</b>
Management Adjusted Contribution Margin	540,331	449,345	20.2%	532,020	1.6%	1,072,351	899,964	19.2%
Biz Performance Contribution Margin	50,077	36,544	37.0%	45,193	10.8%	95,270	69,845	36.4%
<b>% Adjusted Contribution Margin</b>	<b>54.3%</b>	<b>53.1%</b>	<b>120 bp</b>	<b>54.2%</b>	<b>10 bp</b>	<b>54.3%</b>	<b>53.5%</b>	<b>80 bp</b>
% Management Adjusted Contribution Margin	54.8%	53.6%	120 bp	54.7%	10 bp	54.7%	54.0%	70 bp
% Biz Performance Contribution Margin	49.5%	48.4%	110 bp	49.1%	40 bp	49.3%	48.0%	130 bp
<b>Adjusted Sales and Marketing Expenses</b>	<b>(234,141)</b>	<b>(180,716)</b>	<b>29.6%</b>	<b>(212,497)</b>	<b>10.2%</b>	<b>(446,638)</b>	<b>(357,366)</b>	<b>25.0%</b>
<b>Adjusted G&amp;A Expenses</b>	<b>(96,980)</b>	<b>(84,445)</b>	<b>14.8%</b>	<b>(87,695)</b>	<b>10.6%</b>	<b>(184,675)</b>	<b>(173,262)</b>	<b>6.6%</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>259,287</b>	<b>220,728</b>	<b>17.5%</b>	<b>277,021</b>	<b>(6.4%)</b>	<b>536,308</b>	<b>439,188</b>	<b>22.1%</b>
% Mgmt. + Biz Perf. Adjusted EBITDA	23.8%	24.1%	-30 bp	26.0%	-220 bp	24.9%	24.2%	70 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 second quarter, the consolidated Net Revenue surpassed R\$1 billion, representing a growth of 19% when compared to the same period in the previous year. This performance reflects the progress made: (i) in Management Recurring Revenue, which grew 19% year-over-year, driven by the growth in SaaS Revenue, which represented 52% of the Company's total growth in 2Q23; and (ii) the growth of 34% in Business Performance Revenue. Together, SaaS revenues from Management and Business Performance led the total growth, accounting for two-thirds of the consolidated Net Revenue growth in 2Q23. Combined Net Revenue from Management and Business Performance grew 19% year-over-year, accelerating in comparison to the 18% in 1Q23. In the case of Management, this acceleration demonstrates the good performance of new sales, since the contribution of inflation passthrough was 50% lower in 2Q23, quarter-over-quarter.

## Adjusted EBITDA

Adjusted EBITDA of Management + Business Performance ended the quarter at R\$259 million, with an Adjusted EBITDA Margin of 23.8%, a decrease of 30 basis points over 2Q22, mainly related to the investment in the Universo TOTVS 2023, which will be discussed in the Sales and Marketing Expenses section. Compared with 1Q23, the reduction of 220 basis points is associated mainly with the positive effect in 1Q23 of the incremental License of R\$36.1 million from Corporate Model.

## Management dimension results

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

Management Result (in R\$ thousand)	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
<b>Net Revenue</b>	<b>986,729</b>	<b>838,996</b>	<b>17.6%</b>	<b>972,140</b>	<b>1.5%</b>	<b>1,958,869</b>	<b>1,667,662</b>	<b>17.5%</b>
Recurring	847,036	713,401	18.7%	814,076	4.0%	1,661,112	1,390,031	19.5%
Non Recurring	139,693	125,595	11.2%	158,064	(11.6%)	297,757	277,631	7.2%
License	48,840	44,526	9.7%	81,186	(39.8%)	130,026	125,277	3.8%
Services	90,853	81,069	12.1%	76,878	18.2%	167,731	152,354	10.1%
Costs	(274,727)	(239,559)	14.7%	(266,167)	3.2%	(540,894)	(470,816)	14.9%
<b>Gross Profit</b>	<b>712,002</b>	<b>599,437</b>	<b>18.8%</b>	<b>705,973</b>	<b>0.9%</b>	<b>1,417,975</b>	<b>1,196,846</b>	<b>18.5%</b>
Gross Margin	72.2%	71.4%	80 bp	72.6%	-40 bp	72.4%	71.8%	60 bp
Research and Development	(169,822)	(145,424)	16.8%	(169,420)	0.2%	(339,242)	(285,550)	18.8%
Provision for Expected Credit Losses	(8,128)	(4,668)	74.1%	(5,854)	38.8%	(13,982)	(11,332)	23.4%
<b>Management Contribution Margin</b>	<b>534,052</b>	<b>449,345</b>	<b>18.9%</b>	<b>530,699</b>	<b>0.6%</b>	<b>1,064,751</b>	<b>899,964</b>	<b>18.3%</b>
% Management Contribution Margin	54.1%	53.6%	50 bp	54.6%	-50 bp	54.4%	54.0%	40 bp
Oper. Restructuring Extraord. Adjustment	6,279	-	-	1,321	375.3%	7,600	-	-
<b>Management Adjusted Contrib. Margin*</b>	<b>540,331</b>	<b>449,345</b>	<b>20.2%</b>	<b>532,020</b>	<b>1.6%</b>	<b>1,072,351</b>	<b>899,964</b>	<b>19.2%</b>
% Management Adjusted Contrib. Margin	54.8%	53.6%	120 bp	54.7%	10 bp	54.7%	54.0%	70 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.

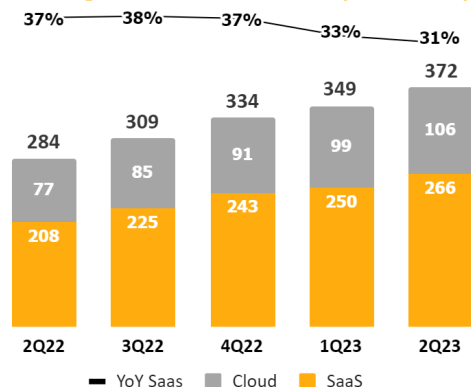
### Net Revenue

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

### Recurring Revenue

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

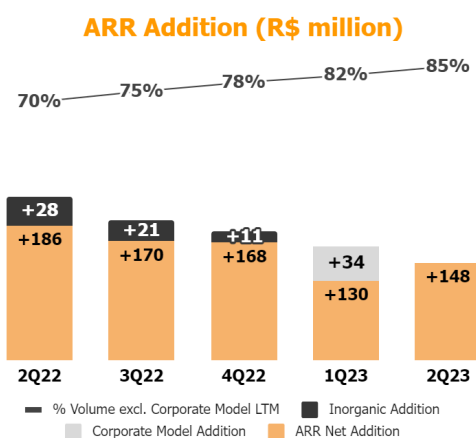
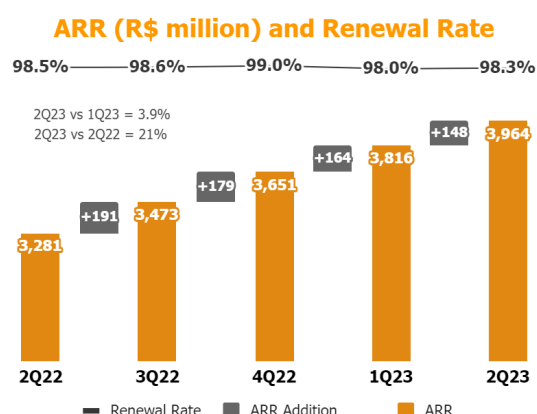
Management SaaS Revenue (R\$ million)



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

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

As shown in the chart below, the organic net addition of ARR growth compared to 1Q23 due to the increase of the sales volume during the period, combined with the, already mentioned increase in the Renewal Rate, despite the consistent drop in



inflation indexes (IGP-M and IPCA) which caused a decrease in the price component, which was around 40% compared to 1Q23 and more than 70% versus 2Q22. This combination resulted in a new increase in the relevance of the Volume component in the gross addition of ARR in the last 12 months (considering only the addition of Volume and Price added in the last 12 months, not considering the churn component), which went from 82% in the previous quarter to 85% in 2Q23. As this percentage has been growing, this means that the percentage in 2Q23, in particular, was even higher than 85%.

## Non-Recurring Revenues

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

## Gross Margin



Adjusted Gross Margin from Management, that is, net of the R\$6.3 million impact related to an operational restructuring on part of the Company's consulting operation, reached 72.8% in the quarter,

which means 140 basis points higher than in 2Q22. This increase in Gross Margin was due to the 19% growth in Recurring Revenue year-over-year, higher than the 12% growth in adjusted Costs. Gross Margin remained stable versus 1Q23, even when we exclude the 1Q23 effects of the incremental Licenses Revenue from Corporate Model, as stated in the previous section.

## Research & Development

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

## Provision for Expected Credit Losses

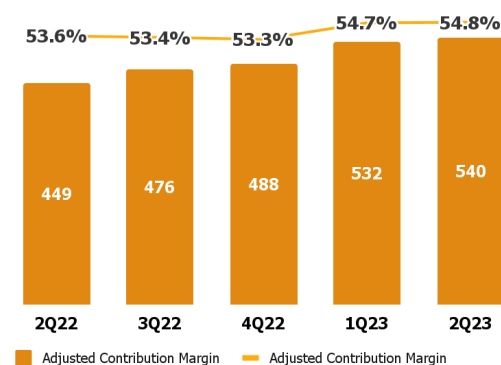
The Provision for Expected Credit Losses represented 0.8% of revenues from Management in the quarter, versus 0.6% in 2Q22 and 1Q23. In the six-month period of 2023, this provision represented 0.7%, the same level compared with the same period of 2022, which shows that the monthly level lies within a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

## Adjusted Management Contribution Margin

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

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

### Adjusted Contribution Margin (R\$ million)



## Business Performance dimension results

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

Biz Performance Result (in R\$ thousand)	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
<b>Net Revenue</b>	<b>101,186</b>	<b>75,575</b>	<b>33.9%</b>	<b>92,002</b>	<b>10.0%</b>	<b>193,188</b>	<b>145,416</b>	<b>32.9%</b>
Recurring	98,313	74,369	32.2%	90,531	8.6%	188,844	143,301	31.8%
Non Recurring	2,873	1,206	138.2%	1,471	95.3%	4,344	2,115	105.4%
Costs	(24,188)	(18,700)	29.3%	(22,360)	8.2%	(46,548)	(37,241)	25.0%
<b>Gross Profit</b>	<b>76,998</b>	<b>56,875</b>	<b>35.4%</b>	<b>69,642</b>	<b>10.6%</b>	<b>146,640</b>	<b>108,175</b>	<b>35.6%</b>
Gross Margin	76.1%	75.3%	80 bp	75.7%	40 bp	75.9%	74.4%	150 bp
Research and Development	(24,841)	(19,140)	29.8%	(22,842)	8.8%	(47,683)	(36,474)	30.7%
Provision for Expected Credit Losses	(2,080)	(1,191)	74.6%	(1,607)	29.4%	(3,687)	(1,856)	98.7%
<b>Biz Performance Contribution Margin</b>	<b>50,077</b>	<b>36,544</b>	<b>37.0%</b>	<b>45,193</b>	<b>10.8%</b>	<b>95,270</b>	<b>69,845</b>	<b>36.4%</b>
% Biz Performance Contribution Margin	49.5%	48.4%	110 bp	49.1%	40 bp	49.3%	48.0%	130 bp

### Net Revenue

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

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

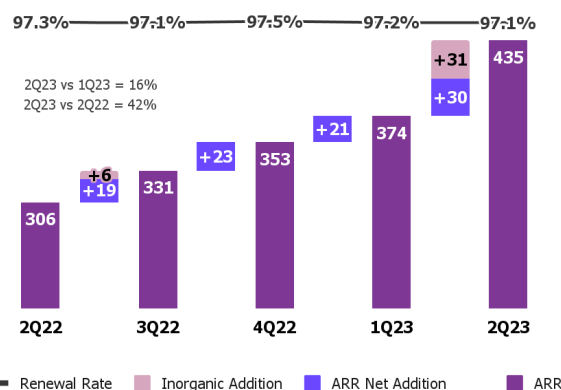


Additionally, the GMV (Gross Merchandise Volume) of the Digital Commerce offer upheld its growth trajectory, escalating to R\$167 million in the quarter, representing a growth rate that more than doubled in size in comparison to 2Q22.

### Gross Margin

The Gross Margin from Business Performance ended the quarter at 76.1%, which is 80 basis points higher than 2Q22 and 40 basis points higher than 1Q23. The profitability potential of SaaS model of this dimension is shown by its portfolio profile, which offers solutions with lower levels of implementation

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



services to client. This means that the company can generate revenue from numerous clients without the need for scaling their support teams on the same degree. This makes the SaaS model a highly profitable and scalable business.

## Research & Development

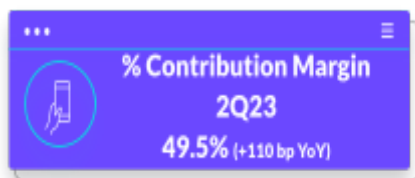
Research and Development (R&D) expenses as a percentage of this dimension's Recurring Revenue ended the quarter at 25.3%, a level similar to 1Q23 and 50 basis points below 2Q22. It is worth highlighting that this dimension has a different mandate from the Management mandate; therefore, the level of investment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

## Provision for Expected Credit Losses

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

## Business Performance Contribution Margin

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



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



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

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

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

### Sales and Marketing Expenses

In R\$ thousand	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
<b>Adjusted Sales and Marketing Expenses</b>	<b>(234,141)</b>	<b>(180,716)</b>	<b>29.6%</b>	<b>(212,497)</b>	<b>10.2%</b>	<b>(446,638)</b>	<b>(357,366)</b>	<b>25.0%</b>
<i>% of Total Net Revenue</i>	<i>21.5%</i>	<i>19.8%</i>	<i>170 bp</i>	<i>20.0%</i>	<i>150 bp</i>	<i>20.8%</i>	<i>19.7%</i>	<i>110 bp</i>
<b>Sales and Marketing Expenses</b>	<b>(235,184)</b>	<b>(180,716)</b>	<b>30.1%</b>	<b>(213,771)</b>	<b>10.0%</b>	<b>(448,955)</b>	<b>(357,366)</b>	<b>25.6%</b>
<b>Extraord. Adj. from Oper. Restructuring</b>	<b>1,043</b>	<b>-</b>	<b>-</b>	<b>1,274</b>	<b>(18.1%)</b>	<b>2,317</b>	<b>-</b>	<b>-</b>

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

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

## General and Administrative Expenses and Others

In R\$ thousand	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
<b>Adjusted G&amp;A Expenses</b>	<b>(96,980)</b>	<b>(84,445)</b>	<b>14.8%</b>	<b>(87,695)</b>	<b>10.6%</b>	<b>(184,675)</b>	<b>(173,262)</b>	<b>6.6%</b>
<i>% of Total Net Revenue</i>	<i>8.9%</i>	<i>9.2%</i>	<i>-30 bp</i>	<i>8.2%</i>	<i>70 bp</i>	<i>8.6%</i>	<i>9.6%</i>	<i>-100 bp</i>
<b>G&amp;A Expenses and Others</b>	<b>(104,296)</b>	<b>(70,657)</b>	<b>47.6%</b>	<b>(111,072)</b>	<b>(6.1%)</b>	<b>(215,368)</b>	<b>(187,652)</b>	<b>14.8%</b>
General and Administrative Expenses	(91,737)	(84,860)	8.1%	(88,749)	3.4%	(180,486)	(165,675)	8.9%
Provision for Contingencies	(7,772)	(3,321)	134.0%	(854)	810.1%	(8,626)	(14,256)	(39.5%)
Other Net Revenues (Expenses)	(4,787)	17,524	(127.3%)	(21,469)	(77.7%)	(26,256)	(7,721)	240.1%
<b>Extraordinary Items</b>	<b>7,316</b>	<b>(13,788)</b>	<b>(153.1%)</b>	<b>23,377</b>	<b>(68.7%)</b>	<b>30,693</b>	<b>14,390</b>	<b>113.3%</b>
M&A Adjustment at Fair Value	5,064	1,158	337.3%	21,608	(76.6%)	26,672	26,071	2.3%
Oper. Restructuring Extraord. Adjustment	25	-	-	499	(95.0%)	524	-	-
Expenses with M&A Transactions	1,364	2,657	(48.7%)	1,270	7.4%	2,634	5,922	(55.5%)
Tax Credit	863	(17,603)	(104.9%)	-	-	863	(17,603)	(104.9%)

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

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

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

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

# Management and Business Performance Below EBITDA Result

## Depreciation and Amortization Expenses

In R\$ thousand	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
Depreciation	(33,033)	(30,176)	9.5%	(30,268)	9.1%	(63,301)	(60,687)	4.3%
Amortization	(42,758)	(27,940)	53.0%	(31,868)	34.2%	(74,626)	(54,539)	36.8%
<b>Depreciation and Amortization</b>	<b>(75,791)</b>	<b>(58,116)</b>	<b>30.4%</b>	<b>(62,136)</b>	<b>22.0%</b>	<b>(137,927)</b>	<b>(115,226)</b>	<b>19.7%</b>

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

## Financial Result

In R\$ thousand	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
Financial Revenues	87,401	98,694	(11.4%)	71,475	22.3%	158,876	176,544	(10.0%)
Financial Expenses	(91,082)	(85,213)	6.9%	(92,113)	(1.1%)	(183,195)	(163,765)	11.9%
<b>Financial Result</b>	<b>(3,681)</b>	<b>13,481</b>	<b>(127.3%)</b>	<b>(20,638)</b>	<b>(82.2%)</b>	<b>(24,319)</b>	<b>12,779</b>	<b>(290.3%)</b>

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

## Income Tax and Social Contribution

In R\$ thousand	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
<b>EBT</b>	<b>165,177</b>	<b>189,881</b>	<b>(13.0%)</b>	<b>168,275</b>	<b>(1.8%)</b>	<b>333,452</b>	<b>322,351</b>	<b>3.4%</b>
Taxes at combined rate (34%)	(56,160)	(64,132)	(12.4%)	(57,214)	(1.8%)	(113,374)	(108,544)	4.4%
Law 11,196/05 - R&D Incentive	7,196	5,977	20.4%	6,159	16.8%	13,355	11,073	20.6%
Share Issue Expenses	-	-	-	-	-	-	26	(100.0%)
Interest on Equity	-	(1,171)	(100.0%)	-	-	-	(1,171)	(100.0%)
Effect of Different Taxation in Subsidiaries	(4,728)	(4,055)	16.6%	(3,872)	22.1%	(8,600)	(7,176)	19.8%
Management Bonus	(693)	(1,525)	(54.6%)	(1,184)	(41.5%)	(1,877)	(2,542)	(26.2%)
Government Subsidies	785	499	57.3%	979	(19.8%)	1,764	1,238	42.5%
Other	255	7,320	(96.5%)	(8,002)	(103.2%)	(7,747)	13,233	(158.5%)
<b>Income Tax and Social Contribution</b>	<b>(53,345)</b>	<b>(57,087)</b>	<b>(6.6%)</b>	<b>(63,134)</b>	<b>(15.5%)</b>	<b>(116,479)</b>	<b>(93,863)</b>	<b>24.1%</b>
Current Income Tax and Social Contribution	(53,669)	(43,068)	24.6%	(62,868)	(14.6%)	(116,537)	(85,226)	36.7%
Deferred Income Tax and Social Contribution	324	(14,019)	(102.3%)	(266)	(221.8%)	58	(8,637)	(100.7%)
% Current Effective Tax Rate	32.5%	22.7%	980 bp	37.4%	-490 bp	34.9%	26.4%	850 bp
% Total Effective Tax Rate	32.3%	30.1%	220 bp	37.5%	-520 bp	34.9%	29.1%	580 bp

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

## Techfin Dimension results

The Techfin Dimension aims to simplify, expand, and democratize TOTVS' SMB clients' access to B2B financial services, comprising Supplier's business and new products. As previously mentioned, on April 12th, 2022, the Company announced the creation of a Joint Venture with Itaú Unibanco S.A., called TOTVS Techfin, in which TOTVS and Itaú will hold, each, 50% of interest. This partnership aims to speed up the goals of this dimension, which is expected to foster not only small and medium-sized businesses but also the country's entire productive chain.

This operation comprises 2 Business Units: Supplier is a company with more than 20 years in the market, profitable and consolidated in its niche and the organic operation of Techfin was created just over 3 years ago and has been building its portfolio of solutions based on strong competitive advantages, such as a digital B2B journey and integrated with management software, in addition to being what we call it TOTVS-centric, that is, focused on SMB companies that are TOTVS' clients.

In accordance with CPC31 / IFRS5, the transaction involving the creation of the Joint Venture with Itaú meets the criteria of assets held for sale. Therefore, we present below the result of the Techfin Dimension disclosed in segregated lines in Company's income statement.

It is presented the Net income (Loss) from Techfin dimension, detailed by Revenues, Costs and Expenses:

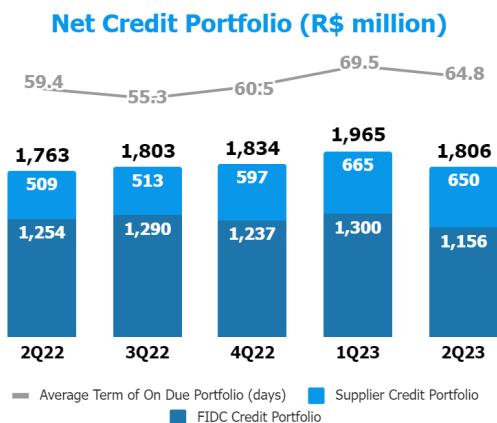
Techfin Results (in R\$ thousand)	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
<b>Techfin Net Revenue</b>	<b>88,872</b>	<b>93,895</b>	<b>(5.3%)</b>	<b>99,752</b>	<b>(10.9%)</b>	<b>188,624</b>	<b>176,527</b>	<b>6.9%</b>
Funding Cost	(41,386)	(42,020)	(1.5%)	(45,283)	(8.6%)	(86,669)	(77,537)	11.8%
<b>Techfin Revenue - Net of funding</b>	<b>47,486</b>	<b>51,875</b>	<b>(8.5%)</b>	<b>54,469</b>	<b>(12.8%)</b>	<b>101,955</b>	<b>98,990</b>	<b>3.0%</b>
Operational Costs	(7,572)	(5,680)	33.3%	(6,444)	17.5%	(14,016)	(11,575)	21.1%
<b>Gross Profit</b>	<b>39,914</b>	<b>46,195</b>	<b>(13.6%)</b>	<b>48,025</b>	<b>(16.9%)</b>	<b>87,939</b>	<b>87,415</b>	<b>0.6%</b>
Research and Development	(9,032)	(6,180)	46.1%	(9,384)	(3.8%)	(18,416)	(12,902)	42.7%
Provision for Expected Credit Losses	(6,758)	(7,271)	(7.1%)	(8,290)	(18.5%)	(15,048)	(17,498)	(14.0%)
<b>Techfin Contribution Margin</b>	<b>24,124</b>	<b>32,744</b>	<b>(26.3%)</b>	<b>30,351</b>	<b>(20.5%)</b>	<b>54,475</b>	<b>57,015</b>	<b>(4.5%)</b>
% Techfin Contribution Margin	50.8%	63.1%	-1230 bp	55.7%	-490 bp	53.4%	57.6%	-420 bp
Sales and Marketing Expenses	(10,738)	(7,626)	40.8%	(9,842)	9.1%	(20,580)	(15,312)	34.4%
G&A Expenses and Others	(16,464)	(16,478)	(0.1%)	(16,567)	(0.6%)	(33,031)	(28,213)	17.1%
<b>Techfin EBITDA</b>	<b>(3,078)</b>	<b>8,640</b>	<b>(135.6%)</b>	<b>3,942</b>	<b>(178.1%)</b>	<b>864</b>	<b>13,490</b>	<b>(93.6%)</b>
% Techfin EBITDA	-6.5%	16.7%	-2320 bp	7.2%	-1370 bp	0.8%	13.6%	-1280 bp
Depreciation and Amortization	(10,195)	(11,276)	(9.6%)	(10,593)	(3.8%)	(20,788)	(25,956)	(19.9%)
Financial Result	702	(156)	(550.0%)	134	423.9%	836	(250)	(434.4%)
Income Tax and Social Contribution	4,636	(861)	(638.4%)	923	402.3%	5,559	(1,654)	(436.1%)
<b>Net Income (Loss) from Techfin Dimension</b>	<b>(7,935)</b>	<b>(3,653)</b>	<b>117.2%</b>	<b>(5,594)</b>	<b>41.8%</b>	<b>(13,529)</b>	<b>(14,370)</b>	<b>(5.9%)</b>
% Net Income (Loss) from Techfin Dimension	-16.7%	-7.0%	-970 bp	-10.3%	-640 bp	-13.3%	-14.5%	120 bp

### Techfin Revenue

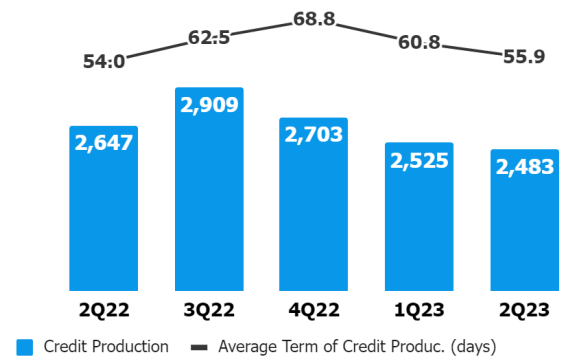
Techfin revenue decreased 5.3% versus 2Q22, chiefly because of the 6.2% reduction in Supplier's Credit Production, as shown in the chart on the side. When compared with 1Q23, the decrease of 11% in Techfin Revenue is due to: (i) the reduction of 4.9 days in the average term of Credit Production; and (ii)

the 1.6% reduction in Credit Production, also reflecting the challenging credit scenario that remained throughout the second quarter, besides the economic slowdown in some segments, such as the steel chain. It is imperative to bear in mind that in this demanding scenario, Supplier will invariably prioritize keeping losses at healthy levels, despite a decrease in production and credit portfolio.

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



### Supplier Credit Production (R\$ million)



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

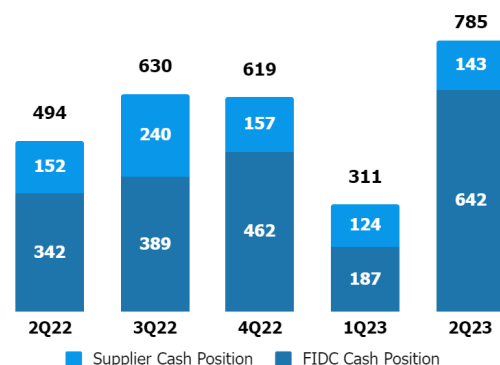
### Techfin Revenue - Net of Funding

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

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

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

### Cash Position (R\$ million)



## Operating Costs

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

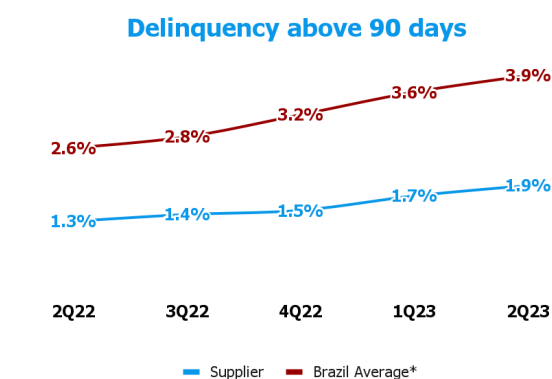
## Research & Development

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

## Provision for Expected Credit Losses

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

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



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

## Techfin Contribution Margin

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

## Other Techfin Operating Expenses

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

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

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

Supplier, individually, has been a very profitable operation, concluding the quarter with a positive EBITDA Margin, despite the unfavorable conditions, as already commented. Furthermore, the consolidated negative result of the Techfin Dimension comes entirely from the organic operation, in view of the investments in the development of a complete organic portfolio , which totaled R\$13.5 million in this quarter.

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



**EBITDA and Net Income Reconciliation**

In R\$ thousand	2Q23	2Q22	Δ	1Q23	Δ	1H23	1H22	Δ
<b>Consolidated Net Income</b>	<b>103,897</b>	<b>129,141</b>	<b>(19.5%)</b>	<b>99,547</b>	<b>4.4%</b>	<b>203,444</b>	<b>214,118</b>	<b>(5.0%)</b>
<i>Net Margin</i>	9.2%	13.4%	-420 bp	8.9%	30 bp	9.0%	11.2%	-220 bp
Loss (Net Income) from Techfin Dimension	7,935	3,653	117.2%	5,594	41.8%	13,529	14,370	(5.9%)
Depreciation and Amortization	75,791	58,116	30.4%	62,136	22.0%	137,927	115,226	19.7%
Financial Result	3,681	(13,481)	(127.3%)	20,638	(82.2%)	24,319	(12,779)	(290.3%)
Income Tax and Social Contribution	53,345	57,087	(6.6%)	63,134	(15.5%)	116,479	93,863	24.1%
<b>EBITDA*</b>	<b>244,649</b>	<b>234,516</b>	<b>4.3%</b>	<b>251,049</b>	<b>(2.5%)</b>	<b>495,698</b>	<b>424,798</b>	<b>16.7%</b>
<i>EBITDA Margin</i>	22.5%	25.6%	-310 bp	23.6%	-110 bp	23.0%	23.4%	-40 bp
<b>EBITDA Dimension Techfin</b>	<b>(3,078)</b>	<b>8,640</b>	<b>(135.6%)</b>	<b>3,942</b>	<b>(178.1%)</b>	<b>864</b>	<b>13,490</b>	<b>(93.6%)</b>
<b>Extraordinary Items</b>	<b>14,638</b>	<b>(13,788)</b>	<b>(206.2%)</b>	<b>25,972</b>	<b>(43.6%)</b>	<b>40,610</b>	<b>14,390</b>	<b>182.2%</b>
M&A Adjustment at Fair Value	5,064	1,158	337.3%	21,608	(76.6%)	26,672	26,071	2.3%
Oper. Restructuring Extraord. Adjustment	7,347	-	-	3,094	137.5%	10,441	-	-
Expenses with M&A Transactions	1,364	2,657	(48.7%)	1,270	7.4%	2,634	5,922	(55.5%)
Tax Credit	863	(17,603)	(104.9%)	-	-	863	(17,603)	(104.9%)
<b>Adjusted EBITDA*</b>	<b>256,209</b>	<b>229,368</b>	<b>11.7%</b>	<b>280,963</b>	<b>(8.8%)</b>	<b>537,172</b>	<b>452,678</b>	<b>18.7%</b>
<i>Adjusted EBITDA Margin</i>	22.6%	23.7%	-110 bp	25.1%	-250 bp	23.8%	23.7%	10 bp

(\*) 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 June 30, 2023, comprising the balance sheet as of June 30, 2023 and related statements of income, of comprehensive income for the three and six-month periods then ended, of changes in shareholders' equity and of cash flows for the six-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation and fair presentation of the individual interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement 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 interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1), 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).

### Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the 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 statement of value added (DVA) for the six-month period ended June 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, August 04, 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	
		6/30/2023	12/31/2022	6/30/2023	12/31/2022			6/30/2023	12/31/2022	6/30/2023	12/31/2022
<b>Current assets</b>		<b>2,604,858</b>	<b>2,673,554</b>	<b>6,418,775</b>	<b>6,230,161</b>	<b>Current liabilities</b>		<b>666,552</b>	<b>667,495</b>	<b>3,755,770</b>	<b>3,336,366</b>
Cash and cash equivalents	6	1,626,706	1,709,966	2,720,311	2,735,765	Labor liabilities	15	244,584	192,616	406,082	317,684
Escrow account	19	6,571	9,587	12,206	10,391	Trade and other payables		160,834	97,467	200,244	128,647
Trade and other receivables	7	363,160	339,263	529,777	475,648	Taxes and contributions liabilities	16	61,992	58,841	97,955	95,042
Recoverable taxes	8	37,989	57,123	74,849	87,932	Commissions payable		56,369	53,159	67,997	65,518
Other assets	11	123,963	100,259	175,915	96,447	Dividends payable	22	1,429	128,477	1,432	130,363
Assets from Techfin Dimension	4	446,469	457,356	2,905,717	2,823,978	Loans and lease liabilities	17	49,807	45,633	59,469	57,455
						Debentures	18	61,331	58,701	61,331	58,701
						Accounts payable from acquisition of subsidiaries	19	6,660	9,676	315,309	52,700
						Other liabilities		23,546	22,925	86,703	66,657
						Liabilities related to the assets from Techfin Dimension	4	-	-	2,459,248	2,363,599
<b>Non-current assets</b>		<b>4,578,470</b>	<b>4,420,574</b>	<b>4,504,523</b>	<b>4,386,032</b>	<b>Non-current liabilities</b>		<b>2,121,022</b>	<b>2,118,017</b>	<b>2,479,740</b>	<b>2,694,978</b>
Escrow account	19	-	-	81,709	73,766	Loans and lease liabilities	17	122,373	132,999	135,510	155,078
Trade and other receivables	7	17,330	31,330	22,560	38,419	Debentures	18	1,489,864	1,488,308	1,489,864	1,488,308
Receivables from related parties	10	10,410	4,037	7,214	905	Provision for contingencies	20	89,274	84,649	112,691	107,491
Investments at fair value	5.2	21,337	18,074	105,384	111,231	Accounts payable from acquisition of subsidiaries	19	-	-	299,133	511,519
Deferred tax assets	9	70,718	68,455	117,297	119,048	Call option of non-controlling interests		398,029	383,004	398,029	383,004
Judicial deposits	20	34,384	30,220	39,283	34,244	Other liabilities		21,482	29,057	44,513	49,578
Recoverable taxes	8	-	-	4,092	14,216						
Other assets	11	55,360	65,362	61,847	71,563						
Equity-accounted investees	12	3,465,677	3,394,027	-	-	<b>Shareholders' equity</b>	<b>21</b>	<b>4,395,754</b>	<b>4,308,616</b>	<b>4,687,788</b>	<b>4,584,849</b>
Property, plant and equipment	13	368,426	352,134	423,663	416,875	Share Capital		2,962,585	2,962,585	2,962,585	2,962,585
Intangible assets	14	534,828	456,935	3,641,474	3,505,765	Capital reserves		693,915	723,183	693,915	723,183
						Treasury shares		(283,774)	(217,671)	(283,774)	(217,671)
						Profit Reserve		793,569	793,569	793,569	793,569
						Retained earnings		189,526	-	189,526	-
						Carrying value adjustments		39,933	46,950	39,933	46,950
						Non-controlling interests		-	-	292,034	276,233
<b>Total assets</b>		<b>7,183,328</b>	<b>7,094,128</b>	<b>10,923,298</b>	<b>10,616,193</b>	<b>Total shareholders' equity and liabilities</b>		<b>7,183,328</b>	<b>7,094,128</b>	<b>10,923,298</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 six-months ended June 30, 2023 and 2022**  
(In thousands of reais, except for earnings per share)

	Note	Individual				Consolidated			
		04/01 to 06/30/2023	01/01 to 06/30/2023	04/01 to 06/30/2022	01/01 to 06/30/2022	04/01 to 06/30/2023	01/01 to 06/30/2023	04/01 to 06/30/2022	01/01 to 06/30/2022
Net revenue	26	678,666	1,368,500	576,717	1,166,311	1,087,915	2,152,057	914,571	1,813,078
Cost of software	27	(224,119)	(433,610)	(182,234)	(361,958)	(330,517)	(639,639)	(277,486)	(546,798)
<b>Gross profit</b>		<b>454,547</b>	<b>934,890</b>	<b>394,483</b>	<b>804,353</b>	<b>757,398</b>	<b>1,512,418</b>	<b>637,085</b>	<b>1,266,280</b>
<b>Operating income (expenses)</b>									
Research and development expenses	27	(124,781)	(250,712)	(109,200)	(215,393)	(206,527)	(410,784)	(174,671)	(342,598)
Selling and marketing expenses	27	(164,092)	(318,257)	(136,962)	(276,693)	(254,690)	(484,631)	(194,333)	(385,613)
Administrative expenses	27	(71,455)	(136,944)	(66,520)	(138,984)	(122,536)	(232,976)	(109,205)	(220,783)
Other operating income/ (expenses)	27	(913)	(2,285)	1,809	(494)	(4,787)	(26,256)	17,524	(7,721)
<b>Operating profit</b>		<b>93,306</b>	<b>226,692</b>	<b>83,610</b>	<b>172,789</b>	<b>168,858</b>	<b>357,771</b>	<b>176,400</b>	<b>309,565</b>
Finance income	28	49,710	91,457	52,982	103,171	87,401	158,876	98,694	176,544
Finance expenses	28	(68,894)	(139,817)	(67,442)	(127,055)	(91,082)	(183,195)	(85,213)	(163,765)
Share of profit/ (loss) of equity-accounted investees	12	48,139	75,486	71,063	102,237	-	-	-	7
<b>Profit before income and social contribution taxes</b>		<b>122,261</b>	<b>253,818</b>	<b>140,213</b>	<b>251,142</b>	<b>165,177</b>	<b>333,452</b>	<b>189,881</b>	<b>322,351</b>
Income tax and social contribution - current		(19,473)	(53,026)	(8,772)	(33,659)	(53,669)	(116,537)	(43,068)	(85,226)
Income tax and social contribution - deferred		552	2,263	(5,395)	(1,265)	324	58	(14,019)	(8,637)
<b>Total of Income tax and social contribution taxes</b>	9	<b>(18,921)</b>	<b>(50,763)</b>	<b>(14,167)</b>	<b>(34,924)</b>	<b>(53,345)</b>	<b>(116,479)</b>	<b>(57,087)</b>	<b>(93,863)</b>
<b>Profit from continuing operations</b>		<b>103,340</b>	<b>203,055</b>	<b>126,046</b>	<b>216,218</b>	<b>111,832</b>	<b>216,973</b>	<b>132,794</b>	<b>228,488</b>
(Loss) from Techfin Dimension	4	(7,935)	(13,529)	(3,653)	(14,370)	(7,935)	(13,529)	(3,653)	(14,370)
<b>Profit for the period</b>		<b>95,405</b>	<b>189,526</b>	<b>122,393</b>	<b>201,848</b>	<b>103,897</b>	<b>203,444</b>	<b>129,141</b>	<b>214,118</b>
<b>Profit attributable to owners of the Company</b>		<b>95,405</b>	<b>189,526</b>	<b>122,393</b>	<b>201,848</b>	<b>95,405</b>	<b>189,526</b>	<b>122,393</b>	<b>201,848</b>
<b>Profit attributable to non-controlling</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,492</b>	<b>13,918</b>	<b>6,748</b>	<b>12,270</b>
<b>Earnings per share</b>									
Basic earnings per share (in Reais)	25	0.15820	0.31379	0.20141	0.33205	0.15820	0.31379	0.20141	0.33205
Diluted earnings per share (in Reais)	25	0.15576	0.30916	0.19833	0.32725	0.15576	0.30916	0.19833	0.32725

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 six-months ended June 30, 2023 and 2022**

(In thousands of Reais )

	Individual				Consolidated			
	04/01 to 06/30/2023	01/01 to 06/30/2023	04/01 to 06/30/2022	01/01 to 06/30/2022	04/01 to 06/30/2023	01/01 to 06/30/2023	04/01 to 06/30/2022	01/01 to 06/30/2022
<b>Profit for the period</b>	<b>95,405</b>	<b>189,526</b>	<b>122,393</b>	<b>201,848</b>	<b>103,897</b>	<b>203,444</b>	<b>129,141</b>	<b>214,118</b>
<b>Items that are or may be reclassified subsequently to profit or loss</b>								
Foreign operations - foreign currency translation adjustments	(4,572)	(7,017)	8,545	(9,472)	(4,572)	(7,017)	8,545	(9,472)
<b>Other comprehensive income</b>	<b>(4,572)</b>	<b>(7,017)</b>	<b>8,545</b>	<b>(9,472)</b>	<b>(4,572)</b>	<b>(7,017)</b>	<b>8,545</b>	<b>(9,472)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>90,833</b>	<b>182,509</b>	<b>130,938</b>	<b>192,376</b>	<b>99,325</b>	<b>196,427</b>	<b>137,686</b>	<b>204,646</b>
<b>Total comprehensive income attributable to:</b>								
Owners of the Company	90,833	182,509	130,938	192,376	90,833	182,509	130,938	192,376
Non-controlling interests	-	-	-	-	8,492	13,918	6,748	12,270

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 six-months ended June 30, 2023 and 2022**

(In thousands of reais)

	Note	Capital Reserve			Profit reserve		Carrying value adjustments		Total Equity	Non-controlling interests	Total shareholders' equity	
		Capital	Treasury shares	Transaction between shareholders	Capital Reserve	Legal Reserve	Profit Reserve	Retained earnings				Other comprehensive income
Balance at January 1, 2023		2,962,585	(217,671)	(24,323)	747,506	155,566	638,003	-	46,950	4,308,616	276,233	4,584,849
Capital transactions with shareholders		-	(66,103)	-	(29,268)	-	-	-	-	(95,371)	1,883	(93,488)
Share-based compensation plan	21	-	-	-	16,905	-	-	-	-	16,905	-	16,905
Disposal of treasury shares	21	-	43,288	-	(43,288)	-	-	-	-	-	-	-
Purchase of treasury shares	21	-	(109,391)	-	-	-	-	-	-	(109,391)	-	(109,391)
Goodwill special reserve due to merger		-	-	-	(2,885)	-	-	-	-	(2,885)	-	(2,885)
Non-controlling interests		-	-	-	-	-	-	-	-	-	1,883	1,883
Total comprehensive income		-	-	-	-	-	-	189,526	(7,017)	182,509	13,918	196,427
Profit for the period		-	-	-	-	-	-	189,526	-	189,526	13,918	203,444
Cumulative adjustment for currency exchange		-	-	-	-	-	-	-	(7,017)	(7,017)	-	(7,017)
Balance at June 30, 2023		2,962,585	(283,774)	(24,323)	718,238	155,566	638,003	189,526	39,933	4,395,754	292,034	4,687,788

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, 2022</b>	<b>2,962,585</b>	<b>(133,195)</b>	<b>(24,323)</b>	<b>889,191</b>	<b>130,659</b>	<b>352,555</b>	<b>-</b>	<b>55,457</b>	<b>4,232,929</b>	<b>253,079</b>	<b>4,486,008</b>
<b>Capital transactions with shareholders</b>	<b>-</b>	<b>(84,749)</b>	<b>-</b>	<b>(8,863)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(93,612)</b>	<b>(127)</b>	<b>(93,739)</b>
Share-based compensation plan	-	-	-	15,303	-	-	-	-	15,303	-	15,303
Disposal of treasury shares	-	24,218	-	(24,218)	-	-	-	-	-	-	-
Purchase of treasury shares	-	(108,967)	-	-	-	-	-	-	(108,967)	-	(108,967)
Non-controlling interests	-	-	-	-	-	-	-	-	-	(127)	(127)
Share issue expenses	-	-	-	(75)	-	-	-	-	(75)	-	(75)
Dilution of interest	-	-	-	127	-	-	-	-	127	-	127
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>201,848</b>	<b>(9,472)</b>	<b>192,376</b>	<b>12,270</b>	<b>204,646</b>
Profit for the period	-	-	-	-	-	-	201,848	-	201,848	12,270	214,118
Cumulative adjustment for currency exchange	-	-	-	-	-	-	-	(9,472)	(9,472)	-	(9,472)
<b>Balance at June 30, 2022</b>	<b>2,962,585</b>	<b>(217,944)</b>	<b>(24,323)</b>	<b>880,328</b>	<b>130,659</b>	<b>352,555</b>	<b>201,848</b>	<b>45,985</b>	<b>4,331,693</b>	<b>265,222</b>	<b>4,596,915</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 Statement of Cash Flows

For the six-months ended June 30, 2023 and 2022

(In thousands of Reais)

	Note	Individual		Consolidated	
		01/01 to 06/30/2023	01/01 to 06/30/2022	01/01 to 06/30/2023	01/01 to 06/30/2022
<b>Cash flow from operating activities</b>					
<b>Profit before income and social taxes</b>		<b>253,818</b>	<b>251,142</b>	<b>333,452</b>	<b>322,351</b>
Adjustments for:					
Depreciation and amortization	13/ 14	90,809	71,696	137,927	115,226
Share-based payments transactions	23	22,787	15,431	22,787	15,303
Losses (gain) on disposal of fixed assets and investments		620	(806)	689	(468)
Impairment loss on trade and other receivables	7	9,442	8,293	17,669	13,188
Share of profit/ (losses) of equity-accounted investees	12	(75,486)	(102,237)	-	(7)
Provision for contingencies, net of reversals	20	7,294	13,755	7,231	13,626
Reversal of provision net of additional provisions on other obligations and others		-	-	27,183	22,963
Interest and monetary variations and exchange variations differences, net		128,081	114,853	153,601	131,410
		<b>437,365</b>	<b>372,127</b>	<b>700,539</b>	<b>633,592</b>
<b>Changes in operating assets and liabilities</b>					
Trade and other receivables		(19,339)	(50,448)	(54,645)	(92,750)
Recoverable taxes		(5,315)	(16,315)	(7,181)	(48,108)
Judicial deposits		(3,317)	(1,998)	(4,380)	(2,060)
Other assets		(47,978)	(27,919)	(89,193)	(44,114)
Labor liabilities		64,268	70,718	104,183	95,741
Trade and other payables		(2,521)	(3,548)	5,530	(4,393)
Commissions payable		3,210	4,493	2,479	4,173
Taxes and contributions payable		(8,818)	6,511	(19,263)	(1,311)
Other liabilities		(12,842)	(7,697)	3,247	6,823
<b>Cash generated from operating activities</b>		<b>404,713</b>	<b>345,924</b>	<b>641,316</b>	<b>547,593</b>
Interest paid		(109,988)	(95,476)	(110,932)	(96,540)
Tax paid		(29,726)	(22,263)	(80,033)	(59,710)
<b>Net cash from operating activities</b>		<b>264,999</b>	<b>228,185</b>	<b>450,351</b>	<b>391,343</b>
<b>Cash flow generated by investing activities</b>					
Capital increase in subsidiaries/ associates	12.2	(27,116)	(112,457)	-	-
Dividends received		44,541	3,084	-	-
Acquisition of property, plant and equipment	13	(53,660)	(30,654)	(60,678)	(32,786)
Acquisition of intangible assets	14	(48,158)	(30,706)	(50,090)	(33,195)
Franchises loan		11,713	9,218	11,713	9,218
Acquisitions of subsidiaries, net of cash acquired		-	-	(38,748)	(97,536)
Payments from acquisitions of subsidiaries		-	-	(37,484)	(169,980)
Proceeds from sale of subsidiaries, net of cash		54	6,438	54	6,438
Proceeds from sale of property, plant and equipment		660	981	1,214	1,213
Fundo CVC investment		(4,532)	(3,490)	(4,532)	(7,683)
Cash generated by/ (used in) from Techfin Dimension		(4,777)	(11,350)	(4,777)	(148,435)
<b>Net cash used in investing activities</b>		<b>(81,275)</b>	<b>(168,936)</b>	<b>(183,328)</b>	<b>(472,746)</b>
<b>Cash flow (used in) /generated by financing activities</b>					
Payment of principal of loans		-	-	(10,957)	(6,740)
Payment of principal of lease liabilities		(24,171)	(22,166)	(28,771)	(27,870)
Investment in non controlling		-	-	4,164	-
Share issue expenses		-	(75)	-	(75)
Receivables from related companies		(6,373)	(861)	(6,309)	-
Dividends and interest on shareholders' equity paid		(127,048)	(78,962)	(131,212)	(78,962)
Treasury shares, net		(109,392)	(108,968)	(109,392)	(108,968)
<b>Net cash (used in)/ generated by financing activities</b>		<b>(266,984)</b>	<b>(211,032)</b>	<b>(282,477)</b>	<b>(222,615)</b>
<b>Net (Decrease) Increase in cash and cash equivalents</b>		<b>(83,260)</b>	<b>(151,783)</b>	<b>(15,454)</b>	<b>(304,018)</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		1,626,706	1,591,479	2,720,311	2,567,054

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 six-months ended June 30, 2023 and 2022**  
(In thousands of Reais)

	Individual		Consolidated	
	01/01 to 06/30/2023	01/01 to 06/30/2022	01/01 to 06/30/2023	01/01 to 06/30/2022
<b>1 – REVENUES</b>	<b>1,538,032</b>	<b>1,312,719</b>	<b>2,401,184</b>	<b>2,047,880</b>
1.1 Sales of goods, products and services	1,544,704	1,316,115	2,415,900	2,036,011
1.2 Other revenue	2,770	4,897	2,953	25,057
1.3 Impairment loss on trade and other receivables (recording)	(9,442)	(8,293)	(17,669)	(13,188)
<b>2 - RAW MATERIALS ACQUIRED FROM THIRD-PARTIES (includes ICMS and IPI taxes)</b>	<b>(470,728)</b>	<b>(407,422)</b>	<b>(659,221)</b>	<b>(576,629)</b>
2.1 Cost of goods and services sold	(76,481)	(68,492)	(88,535)	(81,163)
2.2 Materials, energy, outsourced services and other	(380,718)	(324,560)	(557,157)	(481,096)
2.3 Other	(13,529)	(14,370)	(13,529)	(14,370)
<b>3 - GROSS VALUE ADDED (1+2)</b>	<b>1,067,304</b>	<b>905,297</b>	<b>1,741,963</b>	<b>1,471,251</b>
<b>4 - DEPRECIATION AND AMORTIZATION</b>	<b>(90,809)</b>	<b>(71,696)</b>	<b>(137,927)</b>	<b>(115,226)</b>
<b>5 - NET VALUE ADDED PRODUCED BY THE ENTITY (3+4)</b>	<b>976,495</b>	<b>833,601</b>	<b>1,604,036</b>	<b>1,356,025</b>
<b>6 - VALUE ADDED RECEIVED THROUGH TRANSFERS</b>	<b>166,943</b>	<b>205,408</b>	<b>158,876</b>	<b>176,551</b>
6.1 Share of profit/ (losses) of equity-accounted investees	75,486	102,237	-	7
6.2 Finance income	91,457	103,171	158,876	176,544
<b>7 - TOTAL VALUE ADDED TO DISTRIBUTE (5+6)</b>	<b>1,143,438</b>	<b>1,039,009</b>	<b>1,762,912</b>	<b>1,532,576</b>
<b>8 - VALUE ADDED DISTRIBUTION</b>	<b>1,143,438</b>	<b>1,039,009</b>	<b>1,762,912</b>	<b>1,532,576</b>
<b>8.1 Personnel</b>	<b>562,839</b>	<b>502,730</b>	<b>944,403</b>	<b>795,971</b>
8.1.1 Direct Compensation	465,835	422,165	788,873	671,762
8.1.2 Benefits	64,671	51,240	101,114	78,015
8.1.3 FGTS (Unemployment fund)	32,333	29,325	54,416	46,194
<b>8.2 Taxes and contributions</b>	<b>250,588</b>	<b>205,780</b>	<b>429,318</b>	<b>356,740</b>
8.2.1 Federal	209,584	170,826	365,299	303,284
8.2.2 State	111	48	1,334	1,123
8.2.3 Local	40,893	34,906	62,685	52,333
<b>8.3 Interest and rent</b>	<b>140,485</b>	<b>128,651</b>	<b>185,747</b>	<b>165,747</b>
8.3.1 Interest	139,817	127,055	183,195	163,765
8.3.2 Rents	668	1,596	2,552	1,982
<b>8.4 Equity remuneration</b>	<b>189,526</b>	<b>201,848</b>	<b>203,444</b>	<b>214,118</b>
8.4.3 Retained profit for the period	189,526	201,848	189,526	201,848
8.4.4 Non-controlling interest in retained profits	-	-	13,918	12,270

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 subsidiary TOTVS Techfin, provides financial services, issuance and credit card management business, including credit analysis and intermediation of financing requests in its businesses.

TOTVS Techfin is formed by the subsidiaries Supplier Administradora ("Supplier"), Supplier Sociedade de Crédito Direto ("Supplier SCD") and also holds subordinated quotas of a securitization fund known as Fundo de Investimento em Direitos Creditórios ("Supplier FIDC"), which purchases, sales and securitizes own credit rights. The investment in FIDC has been included in Company's condensed consolidated interim financial information from previous periods. According to material facts disclosed on April 12, 2022, the negotiation for the creation of a joint venture between TOTVS and Itaú resulted in a classification of these assets as held for sale ("Dimension Techfin") according to CPC 31/ IFRS 5 (see note 4).

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

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

The condensed individual interim financial statements was prepared and is 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. The condensed consolidated interim financial statements, which are in conformity with the accounting standards adopted in Brazil and with standards of the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and pronouncements issued by the Accounting Federal Council (CFC) and Brazilian Securities and Exchange Commission (CVM). 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 August 04, 2023, after a recommendation by the Audit Committee and observance from Fiscal Council at a meeting held on July 31, 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 interim financial statements were prepared in accordance with CPC 21 (R1), 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). The condensed consolidated interim financial statements were prepared in accordance with IAS 34 and CPC 21 (R1), applicable to the preparation of interim financial information, in conformity with the international accounting standards issued by the IASB (IFRS) and accounting practices adopted in Brazil including the standards issued by the CVM and pronouncements of the Accounting Pronouncements Committee (CPC).
- 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 P&L or shareholders' equity 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	
				6/30/2023	12/31/2022
Soluções em Software e Serviços TTS Ltda. ("TTS")	BRA	Direct	Software Operation	100.00%	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%
VT Comércio Digital S.A. ("VT Comércio")	BRA	Direct	Software Operation	50.00%	50.00%
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%
CM Soluciones Informatica S.A. ("CM 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 Techfin S.A. (former Katrina Participações S.A.) ("TOTVS Techfin") (vi)	BRA	Direct	Software Operation	100.00%	100.00%
Supplier Administradora de Cartão de Crédito S.A. ("Supplier Administradora") (vi)	BRA	Indirect	Financial services and credit operations	100.00%	100.00%
Cartão de compra Supplier Fundo de Investimento em Direitos Creditórios ("Supplier FIDC") (vi)	BRA	Indirect	Financial services and credit operations	-	-
Supplier Sociedade De Credito Direto S.A ("Supplier SCD") (vi)	BRA	Indirect	Financial services and credit operations	100.00%	100.00%
Datasul S.A. de CV. ("Datasul México") (ii)	MEX	Direct	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%
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 Technology Portugal Lda. ("TOTVS Portugal") (ii)	PRT	Indirect	Software Operation	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%
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") (vii)	BRA	Indirect	Software Operation	100.00%	-
Exact Desenvolvimento e Programação de Software Ltda. ("Exact Sales") (vii)	BRA	Indirect	Software Operation	100.00%	-
Magic Write Software Ltda. ("Magic Write")	BRA	Indirect	Software Operation	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 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) In the process of filing the act which modifies its social denomination for TOTVS Hospitality Technology Argentina S.A..
- (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.
- (vii) In according to material fact from April 12, 2022, the Board of Directors approved the creation of a Joint Venture with Itaú regarding Techfin Dimension operation which involves the companies from Supplier's group and presented in these individual and consolidated financial statements as "Assets from Techfin Dimension" as mentioned in the note 3.
- (viii) Companies acquired in 2023, being Lexos controlled by the TOTVS Large and Exact controlled by the RD, in according to 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 June 30, 2022 does not include the profit or loss of the acquired subsidiaries Tallos, Feedz, Lexos and Exact which were included in the consolidated financial statements from the date of their respective acquisition. 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 cash paid amount was R\$8,704. 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).

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

<b>In thousands of reais</b>	<b>Note</b>	<b>Lexos</b>	<b>Exact</b>	<b>Total</b>
Cash payment		8,704	31,482	40,186
Contingent consideration	19	9,066	35,504	44,570
Amount withheld	19	2,000	4,500	6,500
Price adjustment		1,000	1,500	2,500
Total consideration		<b>20,770</b>	<b>72,986</b>	<b>93,756</b>

<b>Acquisition cash flow analysis</b>	<b>Lexos</b>	<b>Exact</b>	<b>Total</b>
Cash paid amount	8,704	31,482	40,186
Net (cash)/ debt acquired from subsidiary	20	(1,458)	(1,438)
<b>Acquisition net cash flow</b>	<b>8,724</b>	<b>30,024</b>	<b>38,748</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 June 30, 2023:

<b>Preliminary fair value</b>	<b>Lexos</b>	<b>Exact</b>	<b>Total</b>
<i>At acquisitions date</i>	<i>05/15/2023</i>	<i>06/5/2023</i>	
<b>Current assets</b>	<b>156</b>	<b>3,247</b>	<b>3,403</b>
Cash and cash equivalents	-	1,458	1,458
Trade and other receivables	135	1,159	1,294
Other current assets	21	630	651
<b>Non-current assets</b>	<b>4,736</b>	<b>40,556</b>	<b>45,292</b>
Property, plant and equipment	53	1,335	1,388
Software	2,987	18,741	21,728
Client portfolio	664	-	664
Trademark	231	20,365	20,596
Non-compete	801	-	801
Other non-current assets	-	115	115
<b>Current liabilities</b>	<b>2,998</b>	<b>6,497</b>	<b>9,495</b>
Labor liabilities	519	3,186	3,705
Other liabilities	2,479	3,311	5,790
<b>Non-current liabilities</b>	<b>-</b>	<b>11,354</b>	<b>11,354</b>
<b>Net assets and liabilities</b>	<b>1,894</b>	<b>25,952</b>	<b>27,846</b>
Cash payment	8,704	31,482	40,186
Short-term portion	1,000	1,500	2,500
Long-term portion (i)	11,066	40,004	51,070
<b>Goodwill</b>	<b>18,876</b>	<b>47,034</b>	<b>65,910</b>

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

The assets acquired and liabilities assumed at fair value presented above 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\$65,910 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 segment.

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 June 30, 2023, the acquired companies, were included in the Business Performance segment in line with the TOTVS group's strategy and contributed with a net consolidated revenue from services of R\$2,991 and net loss of R\$1,939, considering the period after each acquisition date mentioned above.

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\$14,947 and profit of R\$211.

The transaction cost involving the acquisitions of these companies as of June 30, 2023 was R\$570, 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.

In this transaction, TOTVS and Itaú will hold, each one, 50% of interest in the JV. For purposes of development of activities from JV, TOTVS and Itaú will contribute with its respective expertises and will assume, in special, the following obligations:

- (i) TOTVS should contribute 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, to contribute with the development of financial products from JV. Itaú will realize 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 will be paid in cash, in the transaction closing date, and until R\$450,000 to 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.

With the BACEN authorization, all regulatory approvals were obtained, being the closing of the operation subject to the fulfillment of other conditions precedent provided for in the terms of the Association and Investment Agreement and Other Covenants, celebrated on April 12, 2022.

According to CPC 31/ IFS 5, this transaction meets the criteria of held for sale. Thus, we present following the assets and liabilities involved disclosed in segregated lines in the Statement of Financial Position in the period ended on June 30, 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 June 30, 2023 and June 30, 2022:

ASSETS	Consolidated		LIABILITIES	Consolidated	
	6/30/2023	12/31/2022		6/30/2023	12/31/2022
<b>Current assets</b>	<b>2,617,342</b>	<b>2,519,863</b>	<b>Current liabilities</b>	<b>2,448,190</b>	<b>2,358,728</b>
Cash and cash equivalents	142,889	164,755	Labor liabilities	21,560	23,088
Financial Investments	641,501	461,895	Trade and other payables	11,641	9,478
Trade and other receivables	1,803,682	1,836,965	Taxes and contributions liabilities	2,323	2,636
Recoverable taxes	8,428	4,078	Commissions payable	3,105	1,873
Other assets	20,842	52,170	Dividends payable	3,024	-
			Loans and lease liabilities	252,852	1,159
			Business partners payable	703,919	678,215
			Senior shares and mezzanine obligations	1,449,766	1,638,887
			Other liabilities	-	3,392
<b>Non-current assets</b>	<b>288,375</b>	<b>304,115</b>	<b>Non-current liabilities</b>	<b>11,058</b>	<b>4,871</b>
Investments at fair value	1,691	-	Loans and lease liabilities	1,144	1,749
Deferred tax assets	52,899	47,290	Provision for contingencies	1,642	1,166
Judicial deposits	539	465	Payables from related parties	7,214	937
Other assets	-	32	Other liabilities	1,058	1,019
Property, plant and equipment	5,416	6,406			
Intangible assets	227,830	249,922			
<b>Total assets from Techfin Dimension</b>	<b>2,905,717</b>	<b>2,823,978</b>	<b>Total liabilities related to the assets from Techfin Dimension</b>	<b>2,459,248</b>	<b>2,363,599</b>

	Consolidated			
	04/01 to 06/30/2023	01/01 to 06/30/2023	04/01 to 30/06/2023	01/01 to 06/30/2023
<b>Net revenue</b>	88,872	188,624	93,895	176,527
(-) Costs	(50,257)	(103,289)	(47,783)	(89,281)
<b>Gross profit</b>	<b>38,615</b>	<b>85,335</b>	<b>46,112</b>	<b>87,246</b>
Research and development expenses	(11,761)	(24,246)	(7,514)	(16,156)
Selling and marketing expenses	(19,051)	(38,744)	(14,996)	(33,010)
Administrative expenses (i)	(22,458)	(44,905)	(26,181)	(52,102)
Other operating income (expenses)	1,382	2,636	(59)	1,553
<b>Profit (Loss) before income and social contribution taxes</b>	<b>(13,273)</b>	<b>(19,924)</b>	<b>(2,638)</b>	<b>(12,469)</b>
Finance results	702	836	(157)	(250)
Income tax and social contribution	4,636	5,559	(858)	(1,651)
<b>(Loss) from Techfin Dimension (ii)</b>	<b>(7,935)</b>	<b>(13,529)</b>	<b>(3,653)</b>	<b>(14,370)</b>
<b>Foreign operations - foreign currency translation adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the period</b>	<b>(7,935)</b>	<b>(13,529)</b>	<b>(3,653)</b>	<b>(14,370)</b>

(i) It contemplates amortization of intangibles allocated in the Supplier's acquisition in the amount of R\$7,920 on 2Q23 (R\$9,454 on 2Q22) and R\$15,840 on June 30, 2022 (R\$21,727 on June 30, 2022);

(ii) The rubric "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:

	<b>Consolidated</b>	
	<b>01/01 to 06/30/2023</b>	<b>01/01 to 06/30/2023</b>
Operating activities	174,210	(6,000)
Investing activities	(161,062)	(92,783)
Financing activities	(35,014)	(49,652)
<b>Net cash (used) by Techfin Dimension</b>	<b>(21,866)</b>	<b>(148,435)</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>6/30/2023</b>	<b>12/31/2022</b>
Cash and cash equivalents	6	Fair Value through profit or loss	2,684,716	2,696,169
Cash and cash equivalents	6	Amortized cost	35,595	39,596
Escrow account	19	Amortized cost	93,915	84,157
Trade and other receivables	7	Amortized cost	552,337	514,067
Franchises loan	11	Amortized cost	18,559	32,225
Receivables for investments sold		Amortized cost	-	54
Investments at fair value	5.2	Fair Value through profit or loss	105,384	111,231
<b>Financial Instruments assets</b>			<b>3,490,506</b>	<b>3,477,499</b>
Loans (i)	17	Amortized cost	-	575
Debentures	18	Amortized cost	1,551,195	1,547,009
Trade and other payables (ii)		Amortized cost	269,673	324,528
Accounts payable from acquisition of subsidiaries	19	Fair Value through profit or loss	510,661	454,367
Accounts payable from acquisition of subsidiaries	19	Amortized cost	103,781	109,852
Call option of non-controlling interests (iii)		Fair Value through profit or loss	398,029	383,004
Other liabilities		Amortized cost	16,716	18,364
<b>Financial liabilities</b>			<b>2,850,055</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 June 30, 2023 and December 31, 2022:

	Individual		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
CV Idexo Fundo de Investimento	21,337	18,074	21,337	18,074
GoodData	-	-	84,023	93,144
Other	-	-	24	13
<b>Total</b>	<b>21,337</b>	<b>18,074</b>	<b>105,384</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 will be 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 June 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 June 30, 2023, three different scenarios were defined. Based on projections disclosed by financial institutions, the average rate for CDI is 13.65% for the six-months period was defined as a probable scenario (scenario I). 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 June 30, 2023, with a one-year projection to check the sensitivity of CDI to each scenario.

Operation	Note	Balances at 6/30/2023	Risk	Probable Scenario I	Scenario II	Scenario III
Consolidated financial investments	6	2,700,231	Reduction CDI	13.65%	10.24%	6.83%
<b>Estimated finance income</b>				<b>368,582</b>	<b>276,504</b>	<b>184,426</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 June 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 debts was June 30, 2023, projecting the rates for one year and checking their sensitivity in each scenario.

Operation	Note	Balances at 6/30/2023	Risk	Probable Scenario I	Scenario II	Scenario III
Debentures	18	1,551,195	Increase CDI	13.65%	17.06%	20.48%
<b>Estimated finance expense</b>				<b>211,738</b>	<b>264,634</b>	<b>317,685</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 six-months period ended on June 30, 2023:

Consolidated	Note	12/31/2022	Cash flow	Non-cash items			6/30/2023
			from financing activities (i)	Addition/ (Write off)	Interest incurred	Acquisition of subsidiary	
Loans	17	575	(11,042)	-	-	10,467	-
Leases	17	211,958	(34,269)	11,260	5,156	874	194,979
Debentures	18	1,547,009	(105,349)	-	109,535	-	1,551,195
Dividends payable	22	130,363	(128,931)	-	-	-	1,432
<b>Total</b>		<b>1,889,905</b>	<b>(279,591)</b>	<b>11,260</b>	<b>114,691</b>	<b>11,341</b>	<b>1,747,606</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 institution, except federal government bonds, cannot exceed 30% of the total balances in current accounts plus financial investments, and also not correspond more than 5% of the equity of the financial institution.

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 loans and 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 June 30, 2023, the balance of assets exceeds the negative balances exposed, as follows:

Company	6/30/2023					Currency exposure
	Trade and other payables	Cash and cash equivalents	Trade and other receivables	Other assets (i)	Net exposure	
RJ Consultores México	(5)	1,129	1,153	41	2,318	Peso (MXN)
CMNet Participações	(136)	888	407	3	1,162	Peso CLP
TOTVS S.A.	(674)	92	1,151	-	569	USD
TOTVS Large	(299)	-	51	-	(248)	USD
TOTVS México	(1,469)	2,470	7,922	854	9,777	Peso (MXN)
TOTVS Argentina	(2,074)	6,971	8,266	129	13,292	Peso (ARS)
TOTVS Incorporation (i)	(234)	-	-	84,023	83,789	USD
RD Colômbia	(72)	689	-	48	665	Peso (COP)
RD Station	(1,153)	-	-	-	(1,153)	USD
Feedz Tecnologia S.A	-	-	6,467	-	6,467	USD
<b>Total</b>	<b>(6,116)</b>	<b>12,239</b>	<b>25,417</b>	<b>85,098</b>	<b>116,638</b>	

(i) Other assets in the amount of R\$84,023 on June 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, issue debentures and promissory notes.

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	
		6/30/2023	12/31/2022	6/30/2023	12/31/2022
Loans and lease liabilities	17	172,180	178,632	194,979	212,533
Debentures	18	1,551,195	1,547,009	1,551,195	1,547,009
Accounts payable from acquisition of subsidiaries	19	6,660	9,676	614,442	564,219
(-) Cash and cash equivalents	6	(1,626,706)	(1,709,966)	(2,720,311)	(2,735,765)
(-) Escrow account	19	(6,571)	(9,587)	(93,915)	(84,157)
<b>Net debt/ (cash)</b>		<b>96,758</b>	<b>15,764</b>	<b>(453,610)</b>	<b>(496,161)</b>
Shareholders' equity		4,395,754	4,308,616	4,395,754	4,308,616
Non-controlling interests		-	-	292,034	276,233
<b>Shareholders' equity and net debt</b>		<b>4,492,512</b>	<b>4,324,380</b>	<b>4,234,178</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	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Cash and banks	816	184	20,080	17,273
<b>Cash equivalents</b>	<b>1,625,890</b>	<b>1,709,782</b>	<b>2,700,231</b>	<b>2,718,492</b>
Investment fund	1,625,890	1,709,782	2,684,716	2,696,169
CDB	-	-	4,057	5,734
Others	-	-	11,458	16,589
	<b>1,626,706</b>	<b>1,709,966</b>	<b>2,720,311</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 87.99% of the CDI for the period ended on June 30, 2023 (106.91% as of December 31, 2022). Following is the breakdown of the exclusive investment fund portfolio:

	6/30/2023	12/31/2022
<b>Post interest</b>		
Cash and CPR (i)	60.46%	41.37%
Private credit	5.24%	33.73%
Public titles	33.77%	20.62%
FIDC	-	2.42%
Derivatives	0.52%	2.01%
<b>Pre interest</b>		
Public titles	0.42%	1.60%
Private credit	0.11%	0.26%
Derivatives	-0.52%	-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	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Domestic market	424,179	411,091	605,520	563,740
Foreign market	1,151	1,823	12,366	12,878
<b>Trade of domestic and foreign market</b>	<b>425,330</b>	<b>412,914</b>	<b>617,886</b>	<b>576,618</b>
(-) Impairment loss on trade and other receivables	(44,840)	(42,321)	(65,549)	(62,551)
<b>Total trade and other receivables</b>	<b>380,490</b>	<b>370,593</b>	<b>552,337</b>	<b>514,067</b>
Current assets	363,160	339,263	529,777	475,648
Non-current assets (i)	17,330	31,330	22,560	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	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Opening balance	42,321	59,784	62,551	159,110
Additional allowance	9,442	17,172	17,669	26,912
Write-off of impairment loss	(6,923)	(34,635)	(14,671)	(47,926)
Acquisition of subsidiaries	-	-	-	182
Techfin Dimension	-	-	-	(75,727)
Ending balance	44,840	42,321	65,549	62,551

### 7.1 Aging list of domestic and foreign market

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

	Individual		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Falling due	313,920	318,822	457,159	432,349
Unbilled	41,076	30,174	64,979	49,970
<b>Overdue</b>				
1 to 30 days	10,265	12,101	14,983	18,544
31 to 60 days	5,713	5,183	7,908	8,158
61 to 90 days	4,209	3,411	6,633	5,322
91 to 180 days	9,751	8,638	14,753	12,600
181 to 360 days	13,358	12,401	16,743	17,711
More than 360 days	27,038	22,184	34,728	31,964
<b>Gross trade and other receivables</b>	<b>425,330</b>	<b>412,914</b>	<b>617,886</b>	<b>576,618</b>
(-) Impairment loss on trade and other receivables (i)	(44,840)	(42,321)	(65,549)	(62,551)
<b>Net trade and other receivables</b>	<b>380,490</b>	<b>370,593</b>	<b>552,337</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\$6,923 for Individual and R\$14,310 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 June 30, 2023 and year ended on December 31, 2022 are as follows:

	Individual		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Income tax to offset (i)	16,703	36,592	29,032	44,230
Social contribution tax to offset (i)	13,015	11,475	16,648	14,187
Other (ii)	8,271	9,056	33,261	43,731
	<b>37,989</b>	<b>57,123</b>	<b>78,941</b>	<b>102,148</b>
Current assets	37,989	57,123	74,849	87,932
Non-current assets	-	-	4,092	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 06/30/2023	01/01 to 06/30/2022	01/01 to 06/30/2023	01/01 to 06/30/2022
<b>Income before taxes</b>	<b>253,818</b>	<b>251,142</b>	<b>333,452</b>	<b>322,351</b>
Income and social contribution taxes at combined nominal rate of 34%	(86,298)	(85,388)	(113,374)	(109,599)
<b>Adjustments for the statement of effective rate</b>				
Share of profit/ (losses) of equity-accounted investees	27,171	36,266	-	-
Law No. 11196/05 (Incentive for research and development)	7,899	6,623	13,355	11,073
Effect of subsidiaries subject to special rates	-	-	(8,600)	(7,176)
Participation of Administrators	(1,756)	(1,010)	(1,877)	(2,542)
Workers' Meal Program (PAT)	953	605	1,764	1,238
Other (i)	1,268	7,980	(7,747)	13,143
<b>Income and social contribution tax expense</b>	<b>(50,763)</b>	<b>(34,924)</b>	<b>(116,479)</b>	<b>(93,863)</b>
Current income taxes	(53,026)	(33,659)	(116,537)	(85,226)
Deferred income taxes	2,263	(1,265)	58	(8,637)
<b>Effective rate</b>	<b>20.0%</b>	<b>13.9%</b>	<b>34.9%</b>	<b>29.1%</b>

(i) The line "Other" consolidated on June 30, 2023 was impacted by the account payable from acquisition complement of the subsidiary Tallos, company acquired by RD in 2022, in which RD does not recognize the deferred taxes in its financial statements in accordance with CPC 32.

## 9.2 Breakdown of deferred income taxes

	Individual		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
<b>Income tax losses</b>	-	-	<b>13,849</b>	<b>20,903</b>
<b>Deriving from temporary differences:</b>				
Difference between tax and accounting bases of goodwill	26,420	25,750	62,320	54,228
Tax benefit from goodwill amortization	(110,172)	(110,356)	(190,888)	(180,517)
Provision for commissions	19,744	19,244	22,725	22,497
Deferred income or revenues and/or to be invoice	6,814	10,011	14,251	18,255
Impairment loss on trade and other receivables	15,246	14,389	20,332	19,551
Provision for contingencies and other obligations	30,353	28,781	38,315	36,547
Provision for trade and other payables	20,873	18,413	27,818	24,932
Provision for share-based payments	31,687	36,120	37,406	40,875
Present value adjustment	541	846	33,433	26,597
Participation in profits and results	12,601	11,601	16,287	15,528
Other (i)	16,611	13,656	19,707	19,029
<b>Net deferred income and social contribution taxes</b>	<b>70,718</b>	<b>68,455</b>	<b>115,555</b>	<b>118,425</b>
Deferred tax assets	70,718	68,455	117,297	119,048
Deferred tax liabilities (ii)	-	-	1,742	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	2,263	58
Other	-	(2,928)
<b>Ending balance</b>	<b>70,718</b>	<b>115,555</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 associates companies

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

Company	6/30/2023				01/01 to 06/30/2023		12/31/2022			01/01 to 06/30/2022	
	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	28	-	42	57	116	272	11	2	-	71	-
Wealth Systems (i)	-	-	89	-	1,075	529	158	-	-	1,286	399
Supplier (ii)	-	1,516	-	-	382	2,569	-	937	-	985	2,885
Tail	-	-	-	-	-	-	5	-	1	156	291
Dimensa (iii)	21	2,517	119	-	5,624	1,177	18	2,485	74	3,910	3,619
RD Station	-	557	71	-	405	433	-	-	15	345	-
Gesplan	-	-	16	-	-	121	-	-	28	-	96
Feedz	-	-	-	-	13	-	-	-	-	-	-
Vadu	-	-	34	-	-	199	-	-	-	-	32
Lexos	-	-	-	-	-	2	-	-	-	-	-
Hospitality	-	-	-	21	-	-	-	605	-	-	-
Techfin	68	5,699	97	-	2,358	97	14	-	-	-	-
VT Comércio	-	2	-	-	-	194	-	-	-	-	-
RJ Consultores	-	-	-	-	150	-	60	-	-	-	-
Other	5	119	-	-	28	(2)	14	8	-	-	-
<b>Total</b>	<b>122</b>	<b>10,410</b>	<b>468</b>	<b>78</b>	<b>10,151</b>	<b>5,591</b>	<b>280</b>	<b>4,037</b>	<b>118</b>	<b>6,753</b>	<b>7,322</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 six-months period ended June 30, 2023 was R\$772 (R\$702 as of June 30, 2022). 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 June 30, 2023 represented the amount of R\$3,360 (R\$3,797 as of June 30, 2022). 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 six-months period ended June 30, 2023 was R\$4,180 (R\$3,631 as of June 30, 2022), all of which with monetary resources.

Some of the Company's shareholders and key management personnel directly or indirectly hold 14.31% of the Company's shares as of June 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 was R\$331 and revenues of R\$125, basically, by services of software and cloud.

### 10.3 Key management personal compensation

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

	<b>Individual and Consolidated</b>	
	<b>01/01 to 06/30/2023</b>	<b>01/01 to 06/30/2022</b>
Management compensation		
Salaries, fees and payroll charges	7,195	6,582
Direct and Indirect benefits (i)	1,124	710
Variable bonus	4,646	2,679
Share-based payments	12,622	14,447
<b>Total</b>	<b>25,587</b>	<b>24,418</b>

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

## 11 Other assets

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

	Individual		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Prepaid expenses (i)	107,226	88,939	117,192	95,885
Franchises loan (ii)	18,559	32,175	18,559	32,225
Advances to employees	42,491	17,737	65,712	29,003
Advances to suppliers	5,736	1,167	25,649	4,538
Dividends to receive	3,024	23,629	3,024	-
Other assets	2,287	1,974	7,626	6,359
<b>Total</b>	<b>179,323</b>	<b>165,621</b>	<b>237,762</b>	<b>168,010</b>
Current assets	123,963	100,259	175,915	96,447
Non-current assets	55,360	65,362	61,847	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);

## 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 associated companies is shown below:

### 12.1 Equity-accounted investees in subsidiaries

	Individual	
	6/30/2023	12/31/2022
Equity-accounted investees in subsidiaries and associates	3,884,721	3,819,530
Techfin Dimension	(446,469)	(457,356)
Appreciation of assets	27,425	31,853
	<b>3,465,677</b>	<b>3,394,027</b>

### 12.2 Equity-accounted investees changes

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

	12/31/2022	Additions / (reductions)	Dividends (ii)	Equity pick-up			Foreign exchange/ Inflation (i)	6/30/2023
				Equity pick-up	Amortization of PPA	Total		
TOTVS Large (iii)	2,293,797	2,573	-	8,411	(4,429)	3,982	68	2,300,420
TOTVS Tecnologia	154,606	233	-	44,401	-	44,401	-	199,240
TTS	315,168	500	-	12,859	-	12,859	-	328,527
TOTVS Inc.	95,179	5,336	-	(8,311)	-	(8,311)	(7,063)	85,141
TOTVS Hospitality	47,232	-	(10,818)	6,780	-	6,780	-	43,194
VT Digital	6,093	-	(5,717)	3,586	-	3,586	-	3,962
TOTVS México	3,615	7,138	-	(6,257)	-	(6,257)	(272)	4,224
TOTVS Argentina	9,569	3,548	-	(5,726)	-	(5,726)	353	7,744
Dimensa	460,388	6,941	(3,801)	23,196	-	23,196	-	486,724
Eleve	6,613	87	(3,600)	2,293	-	2,293	-	5,393
CMNet Argentina	1,767	761	-	(1,317)	-	(1,317)	(103)	1,108
<b>Total</b>	<b>3,394,027</b>	<b>27,117</b>	<b>(23,936)</b>	<b>79,915</b>	<b>(4,429)</b>	<b>75,486</b>	<b>(7,017)</b>	<b>3,465,677</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\$27,425 from TOTVS Large are presented in the investment composition of the individual. The amortization in the period ended on June 30, 2023 was R\$4,429.

### 12.3 Direct subsidiaries information

Summarized financial statements of subsidiaries as at June 30, 2023					
	Assets	Liabilities	Shareholders' Equity	Net revenue	Profit or loss of the period
TOTVS Large	2,915,361	642,366	2,272,995	357,130	8,411
TOTVS Tecnologia	381,420	182,180	199,240	139,813	44,401
TTS	370,558	42,031	328,527	79,413	12,859
TOTVS Inc.	88,214	3,073	85,141	1,601	(8,311)
TOTVS Hospitality	73,929	15,712	58,217	38,178	9,138
VT Digital	4,764	802	3,962	5,328	3,586
TOTVS México	20,093	15,869	4,224	19,427	(6,257)
TOTVS Argentina	18,618	10,874	7,744	26,107	(5,726)
Dimensa	894,063	115,304	778,759	121,013	37,114
Eleve	7,510	2,117	5,393	6,695	2,293
CMNet Argentina	1,756	648	1,108	1,925	(1,317)

### 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	47,499	3,015	48	292	496	18,471	2,310	72,131
Write-offs	(1,217)	(733)	(103)	(193)	(224)	(7,833)	(2)	(10,305)
<b>Balance in 6/30/2023</b>	<b>358,578</b>	<b>17,751</b>	<b>27,442</b>	<b>28,132</b>	<b>102,187</b>	<b>322,226</b>	<b>11,857</b>	<b>868,173</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)	(19,714)	(2,829)	(1,050)	(816)	(5,181)	(24,988)	(707)	(55,285)
Write-offs	1,109	531	101	193	226	7,593	(2)	9,751
<b>Balance in 6/30/2023</b>	<b>(205,898)</b>	<b>(8,269)</b>	<b>(21,963)</b>	<b>(22,747)</b>	<b>(68,521)</b>	<b>(164,141)</b>	<b>(8,208)</b>	<b>(499,747)</b>
<b>Residual value</b>								
<b>Balance in 6/30/2023</b>	<b>152,680</b>	<b>9,482</b>	<b>5,479</b>	<b>5,385</b>	<b>33,666</b>	<b>158,085</b>	<b>3,649</b>	<b>368,426</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	
Cost								
<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	51,167	4,466	94	405	1,323	19,839	3,223	80,517
Additions due to business combination	776	-	311	435	25	1,099	-	2,646
Exchange variation (ii)	(246)	(143)	(12)	(9)	(107)	(506)	-	(1,023)
Transfers	(155)	(2)	157	-	-	-	-	-
Write-offs	(2,400)	(1,189)	(957)	(372)	(2,424)	(16,701)	(5)	(24,048)
<b>Balance in 6/30/2023</b>	<b>399,813</b>	<b>22,942</b>	<b>35,427</b>	<b>34,190</b>	<b>130,193</b>	<b>371,444</b>	<b>13,984</b>	<b>1,007,993</b>
Depreciation								
<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)	(22,539)	(3,546)	(1,400)	(1,063)	(6,921)	(29,820)	(897)	(66,186)
Additions due to business combination	(575)	-	(157)	(207)	(8)	(311)	-	(1,258)
Exchange variation (ii)	271	99	405	1	104	213	13	1,106
Transfers	101	-	(5)	7	(91)	-	(12)	-
Write-offs	2,209	751	424	309	2,038	9,300	3	15,034
<b>Balance in 6/30/2023</b>	<b>(231,807)</b>	<b>(10,477)</b>	<b>(27,085)</b>	<b>(25,905)</b>	<b>(86,564)</b>	<b>(193,098)</b>	<b>(9,394)</b>	<b>(584,330)</b>
Residual value								
<b>Balance in 6/30/2023</b>	<b>168,006</b>	<b>12,465</b>	<b>8,342</b>	<b>8,285</b>	<b>43,629</b>	<b>178,346</b>	<b>4,590</b>	<b>423,663</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\$668 in Individual and R\$2,552 in Consolidated as of June 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\$2,885.

Breakdown of right of use and lease liabilities for the period ended June 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)	7,745	12,094	19,839
Write-offs	(7,409)	8	(7,401)
Additions due to business combination	788	-	788
Amortization	(26,317)	(3,503)	(29,820)
Interest incurred and exchange variation	(313)	20	(293)
<b>Balance in 6/30/2023</b>	<b>165,139</b>	<b>13,207</b>	<b>178,346</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	88,884	-	14,349	14,553	-	-	117,786
Write-offs	1	-	-	(1,659)	-	-	(1,658)
<b>Balance in 6/30/2023</b>	<b>540,500</b>	<b>67,841</b>	<b>297,767</b>	<b>58,906</b>	<b>19,786</b>	<b>292,873</b>	<b>1,277,673</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	(21,747)	(2,101)	(8,335)	(6,226)	-	-	(38,409)
Write-offs	3	-	(2)	173	-	-	174
<b>Balance in 6/30/2023</b>	<b>(404,100)</b>	<b>(62,730)</b>	<b>(240,632)</b>	<b>(15,597)</b>	<b>(19,786)</b>	<b>-</b>	<b>(742,845)</b>
<b>Residual value</b>							
<b>Balance in 6/30/2023</b>	<b>136,400</b>	<b>5,111</b>	<b>57,135</b>	<b>43,309</b>	<b>-</b>	<b>292,873</b>	<b>534,828</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	88,884	5	14,349	16,480	-	-	119,718
Additions due to business combination (iv)	18,316	20,601	2,222	-	800	50,964	92,903
Exchange variation (iii)	(28)	-	-	-	-	-	(28)
Write-offs	(7)	(1)	2	(1,656)	(5)	(347)	(2,014)
<b>Balance in 6/30/2023</b>	<b>877,475</b>	<b>162,902</b>	<b>612,009</b>	<b>80,571</b>	<b>82,016</b>	<b>2,887,274</b>	<b>4,702,247</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	(38,108)	(5,485)	(22,897)	(6,936)	(1,200)	-	(74,626)
Additions due to business combination	(446)	-	-	-	-	-	(446)
Exchange variation (iii)	20	-	-	-	-	-	20
Write-offs	8	(1)	(1)	177	(1)	-	182
<b>Balance in 6/30/2023</b>	<b>(505,733)</b>	<b>(92,038)</b>	<b>(377,000)</b>	<b>(29,782)</b>	<b>(56,220)</b>	<b>-</b>	<b>(1,060,773)</b>
<b>Residual value</b>							
<b>Balance in 6/30/2023</b>	<b>371,742</b>	<b>70,864</b>	<b>235,009</b>	<b>50,789</b>	<b>25,796</b>	<b>2,887,274</b>	<b>3,641,474</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\$16,480 in the six-months period ended June 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) Includes the price allocation of intangibles adjustment from the acquisition of subsidiary Feedz and RBM, in the amount of R\$17,240.
- (v) Over the period of six-months ended on June 30, 2023, the Company acquired customer portfolio from franchises in the amount of R\$14,349, 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, in which the amount was acquired with payment in installments, and therefore, did not transit through the cash flow from investing activities in the amount of R\$65,715.

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 June 30, 2023 and December 31, 2022 is as follows:

	12/31/2022	Business combination	6/30/2023
Inovamind Tech	18,141	-	18,141
Mobile2You	29,220	-	29,220
Credit Core (Vadu)	56,092	-	56,092
Gesplan	28,325	-	28,325
RBM	33,542	(12,206)	21,336
Feedz	92,328	(3,087)	89,241
Other goodwill	800,089	-	800,089
<b>CGU Technology</b>	<b>1,057,737</b>	<b>(15,293)</b>	<b>1,042,444</b>
RD Station	1,729,952	-	1,729,952
Tail	13,115	-	13,115
Tallos	35,853	-	35,853
Lexos	-	18,876	18,876
Exact	-	47,034	47,034
<b>Total</b>	<b>2,836,657</b>	<b>50,617</b>	<b>2,887,274</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 six-months period ended June 30, 2023, the Management from the Company evaluated assumptions used on December 31, 2022 for the recoverability of its assets and did not identify the need for a provision for loss in the condensed individual and consolidated interim financial statements.

### 15 Labor liabilities

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

	Individual		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
<b>Labor liabilities:</b>				
Salaries payable	31,367	33,821	62,650	59,893
Vacation payable	92,870	82,650	156,449	135,370
13th monthly salary payable	29,431	-	50,677	-
Profit sharing and bonus	40,353	35,958	58,961	53,421
Withholding Income Tax (IRRF) payable	30,724	21,299	42,963	36,197
Actuarial liabilities due to health care plan and retirement benefits (i)	2,963	2,785	2,963	2,785
Other	2,989	2,319	6,750	4,688
	<b>230,697</b>	<b>178,832</b>	<b>381,413</b>	<b>292,354</b>
<b>Payroll liabilities</b>				
FGTS (Unemployment Compensation Fund) payable	6,183	6,603	10,228	11,024
INSS (Social Security Tax) payable	7,704	7,181	14,441	14,306
	<b>13,887</b>	<b>13,784</b>	<b>24,669</b>	<b>25,330</b>
<b>Total</b>	<b>244,584</b>	<b>192,616</b>	<b>406,082</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.

## 16 Taxes and contributions liabilities

Taxes and contributions liabilities are broken down as follows:

	Individual		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Federal Social Security Tax on Gross Revenue (CPRB)	20,159	19,406	28,722	27,562
Service Tax (ISS) payable	7,405	7,132	11,414	11,071
PIS and COFINS payable	31,702	29,220	42,546	38,878
IRPJ and CSLL payable	-	-	10,083	12,496
Withholding IR and CSLL	1,590	1,155	3,724	3,369
Other taxes	1,136	1,928	1,964	3,047
<b>Total</b>	<b>61,992</b>	<b>58,841</b>	<b>98,453</b>	<b>96,423</b>
Current liabilities	61,992	58,841	97,955	95,042
Non-current liabilities (i)	-	-	498	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:

	<b>Annual financial charges</b>	<b>Individual</b>		<b>Consolidated</b>	
		<b>6/30/2023</b>	<b>12/31/2022</b>	<b>6/30/2023</b>	<b>12/31/2022</b>
Leases	2.00% to 16.98% p.a. (i)	172,180	178,632	194,979	211,958
Working capital	100% CDI	-	-	-	318
Guaranteed accounts and other	-	-	-	-	257
		<b>172,180</b>	<b>178,632</b>	<b>194,979</b>	<b>212,533</b>
Current liabilities		49,807	45,633	59,469	57,455
Non-current liabilities		122,373	132,999	135,510	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 June 30, 2023 and December 31, 2022 have the following maturity schedule:

	<b>Individual</b>		<b>Consolidated</b>	
	<b>6/30/2023</b>	<b>12/31/2022</b>	<b>6/30/2023</b>	<b>12/31/2022</b>
2024	25,574	47,342	30,929	58,466
2025	47,527	43,163	53,468	51,844
2026 onwards	49,272	42,494	51,113	44,768
<b>Non-current liabilities</b>	<b>122,373</b>	<b>132,999</b>	<b>135,510</b>	<b>155,078</b>

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

	<b>Individual</b>		<b>Consolidated</b>	
	<b>6/30/2023</b>	<b>12/31/2022</b>	<b>6/30/2023</b>	<b>12/31/2022</b>
<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	18,471	43,646	19,839	50,495
Additions from loans	-	-	-	465
Addition due to business combination	-	-	11,341	7,303
Techfin Dimension	-	-	-	(107,495)
Interest incurred	4,639	10,414	5,156	11,674
Write-offs of right-of-use leases	(751)	(2,155)	(8,579)	(10,037)
Interest amortization	(4,640)	(10,414)	(5,583)	(12,807)
Principal amortization	(24,171)	(45,406)	(39,728)	(62,679)
<b>Closing balance</b>	<b>172,180</b>	<b>178,632</b>	<b>194,979</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 June 30, 2023 and December 31, 2022:

	Individual		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
<b>Gross lease liabilities – minimum lease payments</b>				
Less than one year	57,759	53,900	68,718	67,735
More than one year and less than five years	130,800	137,549	144,923	160,873
More than five years	430	6,305	430	6,506
	<b>188,989</b>	<b>197,754</b>	<b>214,071</b>	<b>235,114</b>
Future financing charges on finance leases	(16,809)	(19,122)	(19,092)	(23,156)
<b>Present value of lease liabilities</b>	<b>172,180</b>	<b>178,632</b>	<b>194,979</b>	<b>211,958</b>
Current liabilities	49,807	45,633	59,469	57,285
Non-current liabilities	122,373	132,999	135,510	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, will bear interest 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 June 30, 2023, the balance was broken down as follows:

Description	Debentures	Unit Price	Annual financial charges	Maturity	Individual and Consolidated	
					6/30/2023	12/31/2022
4th Issue of Debentures - Single Series	1,500,000	1	100% from CDI + Spread 1.35%	09/12/2027	1,551,195	1,547,009
<b>Total</b>					<b>1,551,195</b>	<b>1,547,009</b>
Current liabilities					61,331	58,701
Non-current liabilities					1,489,864	1,488,308

### 18.2 Changes

	Individual and Consolidated
	6/30/2023
<b>Opening Balance</b>	<b>1,547,009</b>
Interest incurred	109,535
(-) Interest amortization	(105,349)
<b>Ending balance</b>	<b>1,551,195</b>

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

	Individual and Consolidated	
	6/30/2023	12/31/2022
<b>Maturity</b>		
2026	742,059	740,503
2027	747,805	747,805
<b>Non-current liabilities</b>	<b>1,489,864</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, no audited, 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					
	6/30/2023			12/31/2022		
	Contingent payments	Other amounts payable	Total	Contingent payments	Other amounts payable	Total
Datasul MG	-	5,881	5,881	-	5,609	5,609
Seventeen	-	298	298	-	3,608	3,608
Other	-	481	481	-	459	459
<b>Total</b>	-	<b>6,660</b>	<b>6,660</b>	-	<b>9,676</b>	<b>9,676</b>
Current liabilities	-	6,660	6,660	-	9,676	9,676

	Consolidated					
	6/30/2023			12/31/2022		
	Contingent payments	Other amounts payable	Total	Contingent payments	Other amounts payable	Total
RD Station	237,897	30,478	<b>268,375</b>	224,337	33,141	<b>257,478</b>
Supplier	22,855	17,526	<b>40,381</b>	19,924	19,155	<b>39,079</b>
Vadu	24,802	6,083	<b>30,885</b>	25,882	15,634	<b>41,516</b>
RBM	8,130	3,571	<b>11,701</b>	15,510	5,163	<b>20,673</b>
Mobile2you	16,109	891	<b>17,000</b>	22,835	853	<b>23,688</b>
Gesplan	23,429	5,277	<b>28,706</b>	27,446	4,323	<b>31,769</b>
InovaMind	8,016	-	<b>8,016</b>	7,614	-	<b>7,614</b>
Feedz	59,131	7,220	<b>66,351</b>	61,176	7,030	<b>68,206</b>
Tallos	58,153	1,360	<b>59,513</b>	35,453	1,309	<b>36,762</b>
Tail	-	2,527	<b>2,527</b>	6,712	587	<b>7,299</b>
Lexos	9,066	3,034	<b>12,100</b>	-	-	<b>-</b>
Exact	35,504	6,000	<b>41,504</b>	-	-	<b>-</b>
Other	7,569	19,814	<b>27,383</b>	7,478	22,657	<b>30,135</b>
<b>Total</b>	<b>510,661</b>	<b>103,781</b>	<b>614,442</b>	<b>454,367</b>	<b>109,852</b>	<b>564,219</b>
Current liabilities	301,389	13,920	<b>315,309</b>	28,603	24,097	<b>52,700</b>
Non-current liabilities	209,272	89,861	<b>299,133</b>	425,764	85,755	<b>511,519</b>

The maturity of non-current liabilities is shown below:

Year	Consolidated	
	6/30/2023	12/31/2022
2024	60,551	344,798
2025	67,640	76,159
2026	80,455	34,467
2027	38,162	32,577
2028 onwards	52,325	23,518
<b>Non-current liabilities</b>	<b>299,133</b>	<b>511,519</b>

As of June 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	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Escrow account - current	6,571	9,587	12,206	10,391
Escrow account - non-current	-	-	81,709	73,766
<b>Total</b>	<b>6,571</b>	<b>9,587</b>	<b>93,915</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 June 30, 2023 and December 31, 2022 are as follows:

	Individual		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Tax	7,837	9,933	10,071	11,881
Labor	52,885	46,716	69,285	62,463
Civil	28,552	28,000	33,335	33,147
	<b>89,274</b>	<b>84,649</b>	<b>112,691</b>	<b>107,491</b>

#### a) Changes in provisions

Changes in provisions for the six-months period ended June 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	8,450	5,452	<b>14,084</b>	533	9,078	5,490	<b>15,101</b>
(+) Monetary adjustment	229	2,089	1,334	<b>3,652</b>	302	2,970	1,466	<b>4,738</b>
(-) Reversal of provision	(644)	(3,072)	(3,074)	<b>(6,790)</b>	(659)	(3,586)	(3,625)	<b>(7,870)</b>
(-) Write-off due to payment	(1,863)	(1,298)	(3,160)	<b>(6,321)</b>	(1,986)	(1,640)	(3,143)	<b>(6,769)</b>
<b>Balances in 6/30/2023</b>	<b>7,837</b>	<b>52,885</b>	<b>28,552</b>	<b>89,274</b>	<b>10,071</b>	<b>69,285</b>	<b>33,335</b>	<b>112,691</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	-	1,585	2,330	<b>3,915</b>	348	2,359	2,331	<b>5,038</b>
(+) Monetary adjustment	540	506	235	<b>1,281</b>	570	550	260	<b>1,380</b>
(-) Write-off for loss	(5)	(171)	(258)	<b>(434)</b>	(5)	(457)	(259)	<b>(721)</b>
(-) Reversion by devolution	(290)	(289)	(19)	<b>(598)</b>	(290)	(289)	(79)	<b>(658)</b>
<b>Balances in 6/30/2023</b>	<b>13,500</b>	<b>12,321</b>	<b>8,563</b>	<b>34,384</b>	<b>14,534</b>	<b>15,272</b>	<b>9,477</b>	<b>39,283</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	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Tax	175,069	200,153	219,325	246,265
Labor	50,493	53,525	65,114	65,063
Civil	177,747	204,543	204,070	229,794
	<b>403,309</b>	<b>458,221</b>	<b>488,509</b>	<b>541,122</b>

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

Shareholder	6/30/2023		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	5,477,508	0.89%	5,734,635	0.93%
CSHG Senta Pua Fia	144,800	0.02%	144,800	0.02%
Other	415,916,205	67.39%	417,615,746	67.66%
<b>Outstanding shares</b>	<b>603,790,759</b>	<b>97.83%</b>	<b>605,747,427</b>	<b>98.15%</b>
Treasury shares	13,392,422	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 June 30, 2023 and December 31, 2022 was broken down as follows:

	6/30/2023	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	86,177	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>693,915</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 June 30, 2023, changes in "Treasury Shares" were as follows:

	<b>Number of shares (Units)</b>	<b>Value (in Thousand)</b>	<b>Average price per share (in Reais)</b>
<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	(2,043,332)	R\$ (43,288)	R\$ 21.19
<b>Balances in 6/30/2023</b>	<b>13,392,422</b>	<b>R\$ 283,774</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 June 30, 2023, all shares had already been repurchased.

During the six-months period ended June 30, 2023, 2,043,332 treasury shares were used by the stock options and restricted share plans, which consumed R\$43,288 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 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\$1,429 in the individual and R\$ 1,432 in the consolidated on June 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 six-months periods ended June 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)
<b>Opening balance</b>	<b>8,678,658</b>
Transactions:	
Exercised	(2,802,797)
Granted	4,201,670
Cancelled	(423,036)
<b>Closing balance</b>	<b>9,654,495</b>

The cumulative effect on Shareholders' Equity in the six-month period ended June 30, 2023 was R\$16,905 (R\$15,303 as of June 30, 2022), recorded as share-based payment expenses.

RD Station has an individual share based compensation plan whose expense is recognized in the period by the rendered services was R\$593 in the six-months period ended June 30, 2023 (R\$2,348 on June 30, 2022).

## 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 of assets from Techfin operation as held for sale, and then, are presented in a only one line in the Statements of Profit or Loss in the rubric "Profit (loss) from Techfin Dimension" as CPC 31/ IFRS 5 determine.

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

	Management		Business Performance		Techfin		Consolidated	
	01/01 to 06/30/2023	01/01 to 06/30/2022	01/01 to 06/30/2023	01/01 to 06/30/2022	01/01 to 06/30/2023	01/01 to 06/30/2022	01/01 to 06/30/2023	01/01 to 06/30/2022
<b>Statement of profit or loss</b>								
Net revenue	1,958,869	1,667,662	193,188	145,416	188,624	176,527	2,340,681	1,989,605
(-) Costs	(540,894)	(470,816)	(46,548)	(37,241)	(100,685)	(89,112)	(688,127)	(597,169)
<b>Gross profit</b>	<b>1,417,975</b>	<b>1,196,846</b>	<b>146,640</b>	<b>108,175</b>	<b>87,939</b>	<b>87,415</b>	<b>1,652,554</b>	<b>1,392,436</b>
(+) Research and development expenses	(339,242)	(285,550)	(47,683)	(36,474)	(18,416)	(12,902)	(405,341)	(334,926)
(+) Impairment loss on trade and other receivables	(13,982)	(11,332)	(3,687)	(1,856)	(15,048)	(17,498)	(32,717)	(30,686)
<b>Margin contribution</b>	<b>1,064,751</b>	<b>899,964</b>	<b>95,270</b>	<b>69,845</b>	<b>54,475</b>	<b>57,015</b>	<b>1,214,496</b>	<b>1,026,824</b>
(-) Operating expenses	-	-	-	-	-	-	(717,934)	(588,545)
<i>Selling and marketing expenses</i>	-	-	-	-	-	-	(469,535)	(372,678)
<i>Administrative expenses</i>	-	-	-	-	-	-	(224,778)	(209,699)
<i>Other operating income (expenses)</i>	-	-	-	-	-	-	(23,621)	(6,168)
(-) Depreciation and amortization	-	-	-	-	-	-	(158,715)	(141,184)
(-) Share of profit / (loss) of equity-accounted investees	-	-	-	-	-	-	-	7
(-) Finance income (expenses)	-	-	-	-	-	-	(23,483)	12,530
(-) Income tax expenses	-	-	-	-	-	-	(110,920)	(95,514)
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>203,444</b>	<b>214,118</b>

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 June 30, 2023 and 2022:

	01/01 to 06/30/2023				01/01 to 06/30/2022			
	Statement of Profit or Loss	Reclassification (i)	Techfin (ii)	Consolidated segments	Statement of Profit or Loss	Reclassification (i)	Techfin (ii)	Consolidated segments
Net revenue	2,152,057	-	188,624	2,340,681	1,813,078	-	176,527	1,989,605
(-) Costs	(639,639)	52,197	(100,685)	(688,127)	(546,798)	38,741	(89,112)	(597,169)
<b>Gross profit</b>	<b>1,512,418</b>	<b>52,197</b>	<b>87,939</b>	<b>1,652,554</b>	<b>1,266,280</b>	<b>38,741</b>	<b>87,415</b>	<b>1,392,436</b>
(+) Research and development expenses	(410,784)	23,859	(18,416)	(405,341)	(342,598)	20,574	(12,902)	(334,926)
(+) Impairment loss on trade and other receivables	-	(17,669)	(15,048)	(32,717)	-	(13,188)	(17,498)	(30,686)
<b>Margin contribution</b>	<b>1,101,634</b>	<b>58,387</b>	<b>54,475</b>	<b>1,214,496</b>	<b>923,682</b>	<b>46,127</b>	<b>57,015</b>	<b>1,026,824</b>
(-) Operating expenses	(743,863)	79,540	(53,611)	(717,934)	(614,117)	69,099	(43,527)	(588,545)
<i>Selling and marketing expenses</i>	(484,631)	35,676	(20,580)	(469,535)	(385,613)	28,244	(15,309)	(372,678)
<i>Administrative expenses</i>	(232,976)	43,864	(35,666)	(224,778)	(220,783)	40,855	(29,771)	(209,699)
<i>Other operating income (expenses)</i>	(26,256)	-	2,635	(23,621)	(7,721)	-	1,553	(6,168)
(-) Depreciation and amortization	-	(137,927)	(20,788)	(158,715)	-	(115,226)	(25,958)	(141,184)
(-) Share of profit / (loss) of equity-accounted investees	-	-	-	-	7	-	-	7
(-) Finance income (expenses)	(24,319)	-	836	(23,483)	12,779	-	(249)	12,530
(-) Income tax expenses	(116,479)	-	5,559	(110,920)	(93,863)	-	(1,651)	(95,514)
<b>Profit for the period</b>	<b>216,973</b>	<b>-</b>	<b>(13,529)</b>	<b>203,444</b>	<b>228,488</b>	<b>-</b>	<b>(14,370)</b>	<b>214,118</b>

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

(ii) Contemplates the Profit or Loss from Techfin Dimension which was classified as held for sale, according to the note 4, therefore, the profit or loss allocated in only one line of "Profit (loss) from Techfin Dimension" in the Statement of Profit or Loss.

## 25 Earnings per share

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

<b>Basic earnings per share</b>	<b>04/01 to 06/30/2023</b>	<b>01/01 to 06/30/2023</b>	<b>04/01 to 06/30/2022</b>	<b>01/01 to 06/30/2022</b>
<b>Profit or loss for the period</b>				
Continuing operations	103,340	203,055	126,046	216,218
Techfin Dimension	(7,935)	(13,529)	(3,653)	(14,370)
<b>Profit attributable to the owners of the Company</b>	<b>95,405</b>	<b>189,526</b>	<b>122,393</b>	<b>201,848</b>
<b>Denominator (in thousands of shares)</b>				
Weighted average number of common shares outstanding	603,082	603,994	607,692	607,886
<b>Basic earnings per share (in Reais)</b>	<b>0.15820</b>	<b>0.31379</b>	<b>0.20141</b>	<b>0.33205</b>
<b>Basic earnings per share - continuing operations (in Reais)</b>	<b>0.17135</b>	<b>0.33619</b>	<b>0.20742</b>	<b>0.35569</b>
<b>Diluted earnings per share</b>	<b>04/01 to 06/30/2023</b>	<b>01/01 to 06/30/2023</b>	<b>04/01 to 06/30/2022</b>	<b>01/01 to 06/30/2022</b>
<b>Profit or loss for the period</b>				
Continuing operations	103,340	203,055	126,046	216,218
Techfin Dimension	(7,935)	(13,529)	(3,653)	(14,370)
<b>Profit attributable to the owners of the Company</b>	<b>95,405</b>	<b>189,526</b>	<b>122,393</b>	<b>201,848</b>
<b>Denominator (in thousands of shares)</b>				
Weighted average number of common shares outstanding	603,082	603,994	607,692	607,886
Weighted average number of stock options/restricted shares	9,433	9,038	9,431	8,907
<b>Weighted average number of common shares adjusted according to dilution effect</b>	<b>612,515</b>	<b>613,032</b>	<b>617,123</b>	<b>616,793</b>
<b>Diluted earnings per share (in Reais)</b>	<b>0.15576</b>	<b>0.30916</b>	<b>0.19833</b>	<b>0.32725</b>
<b>Diluted earnings per share - continuing operations (in Reais)</b>	<b>0.16871</b>	<b>0.33123</b>	<b>0.20425</b>	<b>0.35055</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 six-months periods ended June 30, 2023 and 2022 were as follows:

	Individual				Consolidated			
	04/01 to 06/30/2023	01/01 to 06/30/2023	04/01 to 06/30/2022	01/01 to 06/30/2022	04/01 to 06/30/2023	01/01 to 06/30/2023	04/01 to 06/30/2022	01/01 to 06/30/2022
<b>Recurring software</b>	<b>673,212</b>	<b>1,324,369</b>	<b>562,771</b>	<b>1,103,199</b>	<b>1,067,421</b>	<b>2,087,405</b>	<b>887,591</b>	<b>1,728,680</b>
<b>Nonrecurring software</b>	<b>101,120</b>	<b>233,580</b>	<b>91,714</b>	<b>221,192</b>	<b>165,133</b>	<b>347,841</b>	<b>144,820</b>	<b>320,877</b>
License fees	38,835	114,360	35,645	113,351	56,704	149,565	51,429	143,869
Nonrecurring services	62,285	119,220	56,069	107,841	108,429	198,276	93,391	177,008
<b>Operating revenue</b>	<b>774,332</b>	<b>1,557,949</b>	<b>654,485</b>	<b>1,324,391</b>	<b>1,232,554</b>	<b>2,435,246</b>	<b>1,032,411</b>	<b>2,049,557</b>
Sales canceled	(8,113)	(13,245)	(3,583)	(8,275)	(11,669)	(19,346)	(5,714)	(13,552)
Sales taxes	(87,553)	(176,204)	(74,185)	(149,805)	(132,970)	(263,843)	(112,126)	(222,927)
<b>Deductions</b>	<b>(95,666)</b>	<b>(189,449)</b>	<b>(77,768)</b>	<b>(158,080)</b>	<b>(144,639)</b>	<b>(283,189)</b>	<b>(117,840)</b>	<b>(236,479)</b>
<b>Total net revenue</b>	<b>678,666</b>	<b>1,368,500</b>	<b>576,717</b>	<b>1,166,311</b>	<b>1,087,915</b>	<b>2,152,057</b>	<b>914,571</b>	<b>1,813,078</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 six-months periods ended June 30, 2023 and 2022.

<b>Nature</b>	Individual				Consolidated			
	04/01 to 06/30/2023	01/01 to 06/30/2023	04/01 to 06/30/2022	01/01 to 06/30/2022	04/01 to 06/30/2023	01/01 to 06/30/2023	04/01 to 06/30/2022	01/01 to 06/30/2022
Salaries, benefits and payroll charges	280,954	562,839	251,458	502,730	482,045	944,403	407,324	795,971
Outsourced services and other inputs	157,474	299,284	133,518	246,545	231,068	438,359	191,801	367,163
Commissions	69,071	144,205	55,633	125,374	82,055	170,163	66,793	146,583
Depreciation and amortization	51,938	90,809	35,636	71,696	75,792	137,927	58,113	115,226
Provision for contingencies	6,890	7,294	3,144	13,755	7,127	7,231	2,729	13,626
Impairment loss on trade and other receivables	5,258	9,442	3,063	8,293	10,208	17,669	5,859	13,188
Other (i)	13,775	27,935	10,655	25,129	30,762	78,534	5,552	51,756
<b>Total</b>	<b>585,360</b>	<b>1,141,808</b>	<b>493,107</b>	<b>993,522</b>	<b>919,057</b>	<b>1,794,286</b>	<b>738,171</b>	<b>1,503,513</b>

<u>Occupation</u>	<b>Individual</b>				<b>Consolidated</b>			
	<b>04/01 to 06/30/2023</b>	<b>01/01 to 06/30/2023</b>	<b>04/01 to 06/30/2022</b>	<b>01/01 to 06/30/2022</b>	<b>04/01 to 06/30/2023</b>	<b>01/01 to 06/30/2023</b>	<b>04/01 to 06/30/2022</b>	<b>01/01 to 06/30/2022</b>
Cost of softwares	224,119	433,610	182,234	361,958	330,517	639,639	277,486	546,798
Research and Development Expenses	124,781	250,712	109,200	215,393	206,527	410,784	174,671	342,598
Selling and Marketing Expenses	164,092	318,257	136,962	276,693	254,690	484,631	194,333	385,613
Administrative Expenses	71,455	136,944	66,520	138,984	122,536	232,976	109,205	220,783
Other Operating Revenues/ Expenses (i)	913	2,285	(1,809)	494	4,787	26,256	(17,524)	7,721
<b>Total</b>	<b>585,360</b>	<b>1,141,808</b>	<b>493,107</b>	<b>993,522</b>	<b>919,057</b>	<b>1,794,286</b>	<b>738,171</b>	<b>1,503,513</b>

(i) In the period ended on June 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 in accordance with CPC 15 / IFRS 3 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 six-months periods ended June 30, 2023 and 2022 were as follows:

	<b>Individual</b>				<b>Consolidated</b>			
	<b>04/01 to 06/30/2023</b>	<b>01/01 to 06/30/2023</b>	<b>04/01 to 06/30/2022</b>	<b>01/01 to 06/30/2022</b>	<b>04/01 to 06/30/2023</b>	<b>01/01 to 06/30/2023</b>	<b>04/01 to 06/30/2022</b>	<b>01/01 to 06/30/2022</b>
<u>Finance income</u>								
Short-term investment yield	47,432	86,124	50,685	98,135	84,047	150,397	80,667	156,132
Interest received	1,569	3,463	2,428	5,209	2,060	4,415	2,649	5,587
Inflation adjustment gains	2,346	4,707	1,635	3,127	3,162	6,376	1,826	3,590
Adjustment to present value	698	1,449	706	1,342	1,141	2,237	858	1,605
Foreign exchange gains	53	97	70	308	904	2,679	2,036	2,741
Other finance income (i)	(2,388)	(4,383)	(2,542)	(4,950)	(3,913)	(7,228)	10,658	6,889
	<b>49,710</b>	<b>91,457</b>	<b>52,982</b>	<b>103,171</b>	<b>87,401</b>	<b>158,876</b>	<b>98,694</b>	<b>176,544</b>
<u>Finance expenses</u>								
Interest expense	(56,180)	(114,989)	(56,140)	(104,402)	(59,481)	(121,587)	(58,524)	(108,958)
Inflation adjustment losses	(3,827)	(7,060)	(2,029)	(4,722)	(5,318)	(9,837)	(2,597)	(7,083)
Bank expenses	(1,031)	(1,960)	(1,211)	(2,123)	(1,274)	(2,423)	(1,438)	(2,549)
Adjustment to present value of liabilities	(7,732)	(15,435)	(7,715)	(15,263)	(19,613)	(39,057)	(16,405)	(33,492)
Foreign exchange losses	(52)	(231)	(238)	(330)	(1,887)	(4,769)	(1,485)	(4,506)
Other finance expenses (ii)	(72)	(142)	(109)	(215)	(3,509)	(5,522)	(4,764)	(7,177)
	<b>(68,894)</b>	<b>(139,817)</b>	<b>(67,442)</b>	<b>(127,055)</b>	<b>(91,082)</b>	<b>(183,195)</b>	<b>(85,213)</b>	<b>(163,765)</b>
<b>Net finance results</b>	<b>(19,184)</b>	<b>(48,360)</b>	<b>(14,460)</b>	<b>(23,884)</b>	<b>(3,681)</b>	<b>(24,319)</b>	<b>13,481</b>	<b>12,779</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 six-months period ended June 30, 2023 was R\$4,923 (R\$4,203 as of June 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 June 30, 2023, the mainly insurance coverage contracted are:

Type	Insurance Company	Effective		Maximum limit of Responsibility
		From	To	
Business Comprehensive	Mitsui	July/2022	July/2023	R\$260,182
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/2022	July/2023	R\$100,000
E&O – Errors and Omissions	AIG Seguros	July/2022	July/2023	R\$5,000
Cyber - Comprehensive Cyber Risks (iii)	AIG Seguros/Tokio Marine	July/2022	September/2023	R\$40,000
Cyber - Comprehensive Cyber Risks (iv)	AIG Seguros	July/2022	July/2023	R\$5,000

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

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

(iii) Coverage contracted for TOTVS S.A. effective until September 2023.

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

### 31 Subsequent events

On July 3, 2023 the subsidiary Soluções em Software e Serviços TTS Ltda. entered into an Agreement for the Sale and Purchase, to acquire the entire share capital of TRS Gestão e Tecnologia S.A., for the amount of R\$78,835. With headquarters in the city of Porto Alegre and a branch in the city of Caxias do Sul, TRS is the franchise of TOTVS Franchising System that serves more than 700 customers in more than 100 cities in the State of Rio Grande do Sul.

On July 24, 2023, the Board of Directors, approved the payment of interest on shareholders' equity in the gross total amount of R\$138,871, corresponding to R\$0.23 per share of the

Company, which shall be attributed to the mandatory dividends of the fiscal year. The interest on shareholders' equity will be paid to the beneficiary shareholders on August 25, 2023.

On July 31, 2023 was signed the transaction closing involving the Joint Venture creation with Itaú as mentioned in the note 4. Thus, Itaú holds 50% of share capital from TOTVS Techfin S.A., on the other hand to the primary contribution of R\$200 million in the company and a payment of R\$410 million for TOTVS, on the same date, and until R\$450 million additional to be paid after 5 years.

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