





REPORT FROM THE STATUTORY AUDIT COMMITTEE

Short version



The Audit Committee ("COAUD") of TOTVS was created on May 28, 2007, being provided for in the Company's Bylaws on April 5, 2018, and on November 4, 2021 the Company's Board of Directors approved such Committee's Charter and the establishment of the Statutory Audit Committee ("CAE") that succeeded the former COAUD. Under the Company's Bylaws and the Charter of the Statutory Audit Committee, the Committee's responsibilities are to ensure the suitable operation of the internal and external audit processes and management, mechanisms and controls connected to risk management, and the consistency of financial policies with strategic guidelines and the business risk profile. The CAE is also responsible for ensuring the quality, integrity, and compliance of the Company's financial statements, making recommendations to the Management regarding the approval of financial reports and any actions aimed at improving internal controls and reducing risks.

In 2022, the Committee met twelve times, with eleven ordinary meetings and one extraordinary meeting, and its Coordinator reported the Committee's activities and recommendations at all ordinary meetings of the Board of Directors.

The CAE was composed of the independent members of the Board, Messrs. Gilberto Mifano (Coordinator) and Mauro Rodrigues da Cunha, and Ms. Lavínia Junqueira (an external and independent member of the Committee), who were elected on November 4, 2021, with a term of office to be effective until the first meeting of the Board of Directors held subsequently to the Company's Annual General Meeting in 2022. On April 19, 2022, the independent members of the Board, Mr. Gilberto Mifano (Coordinator) and Ms. Tania Chocolat, in addition to Ms. Lavínia Junqueira (an external and independent member), were elected and their terms of office will remain effective until the first meeting of the Board of Directors held subsequently to the Company's Annual General Meeting in 2024.

Among the various subjects and topics addressed and discussed by the CAE, to be recommended to the Board of Directors and the Board of Executive Officers, the following ones are worth highlighting: **(i) Independent Auditors:** discussion of the Service Agreement of the external auditors, with a recommendation of renewing it; Planning, Scope, and Annual Work Plan, besides the main conclusions reached in the Quarterly Reviews and an Opinion for issuing the 2022 Financial Statements; works for the Voluntary Restatement of the financial statements for the fiscal years 2020, 2019, and 2018, after the accounting reclassification of the Depreciation and Amortization accounts and the Provision for Expected Credit Losses; any weaknesses, deficiencies, and points for improvement of the Internal Controls Report and the notes on General IT Controls and Access Profiles and Function Segregation with their respective action plans; ISAE 3402/2022 report; assessment of Additional Services and monitoring of payments to independent auditors; and annual cycle of independent auditors' quality assessment. **(ii) Internal Audit:** discussion of the Risk Matrix and annual schedule of auditing work; assessment of Reports on works performed and corrective actions on the points identified; monitoring of compliance with the schedule, scope of hours, and results of investigations carried out; 2022 Internal Auditors' Activities and Budget Report; Internal Auditors' annual assessment cycle; and recommendations for improvements in the area. **(iii) Internal Controls, Corporate Risk Management, Compliance, and Client/Customer Ombudsman:** assessment of the Priority Risk Map, ranking of impacts, and likelihood of occurrence; follow-up of risk mitigation plans; monitoring the risks of relevant projects, aiming at mitigating losses in their performance; action plans to improve General IT Controls; actions to mitigate notes of the Internal Controls Report of the independent auditors; Client Experience project; franchise indicators and results; Service Management Project (PSA) and its implementation in franchises; action plans to meet the Compliance Program; monitoring of Information Security, Data Privacy, and Cybersecurity events; follow-up the adoption of compliance policies and practices; NPS survey results, Economic Churn indicator, and retention actions; D&O insurance renewal. **(iv) Financial Management, Provisions, and Indicators:** assessment and opinion on the Financial Statements and proposals for the statement and distribution of Dividends and JCP (interests on stockholders' equity); monitoring of annual impairment tests and recoverability of deferred tax assets; follow-up of the allowance for expected credit losses policy; follow-up of the capitalization of R&D investments; monitoring of the Company's Foreign Exchange Exposure; discussion of the Disclosure of Results to the market and the Earnings Release; follow-up of the topics discussed at the Tax and Labor Affairs committees; follow-up and recommendations on Due Diligence reports, assessment and risks in operations involving mergers and acquisitions; follow-up of any earn-out Additional Payments planned for the companies purchased; follow-up of the Liquidity and Credit Risk and indicators of the subsidiary Supplier; follow-up of actions connected to the COVID-19 Pandemic and the Business Continuity Plan; monitoring of the risk map of Civil, Labor, and Tax Litigations and their respective allowances. **(v) Corporate Governance:** follow-up of the processes for updating the Reference Form, the Report of the Brazilian Code of Corporate Governance, and the Integrated Report; follow-up of questions submitted and responses from the Board of Executive Officers to official letters received from Regulatory Authorities; review of the standards for triggering the Crisis



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Management plan, and and review of the plan itself; discussion of the review or changes of Corporate Policies; recommendation on the Committee's Budget; follow-up of Complaints and activities of the Ethics and Conduct Committee, and recommendation regarding the appointment of new members for the 2022-2024 term of office; assessment of the report on the Greenhouse Gas Emissions Inventory Project; follow-up on the reflexes and adherence to the legal requirements of the LGPD (data protection law); assessment of the governance aspects of the Franchise Network; assess Transactions with Related Parties and make recommendations; and the Committee's own annual self-assessment cycle.

2022 Annual Financial Statements:

The members of the Statutory Audit Committee of TOTVS S.A., in the performance of their legal duties and responsibilities, as provided for in the Statutory Audit Committee's Charter, proceeded to examine and review the financial statements, accompanied by the independent auditors' preliminary opinion and of the Management's annual report for the fiscal year ended December 31, 2022 (hereinafter, the "2022 Annual Financial Statements") and, considering the information provided by the Company's Management and by KPMG Auditores Independentes Ltda., as well as the proposal for the allocation of income for the 2022 fiscal year, have unanimously reached the conclusion that such annual financial statements reflect fairly, in all relevant aspects, the equity and financial positions of the Company and its subsidiaries, and recommended that the Company's Board of Directors should approve such documents, which shall be submitted to the Annual Shareholders' Meeting pursuant to the Brazilian Corporations Act.

São Paulo, February 6th, 2023.

Gilberto Mifano

Coordinator of the Statutory Audit Committee and member of the Board of Directors

Tânia Sztamfater Chocolat

Member of the Statutory Audit Committee and of the Board of Directors

Lavínia Moraes de Almeida Nogueira Junqueira

Member of the Statutory Audit Committee