



EARNINGS VIDEO CONFERENCE 2Q23

» Investor Relations

Dennis Herszkowicz - CEO
Gilsomar Maia - CFO/ IRO
Eduardo Neubern - CEO Techfin
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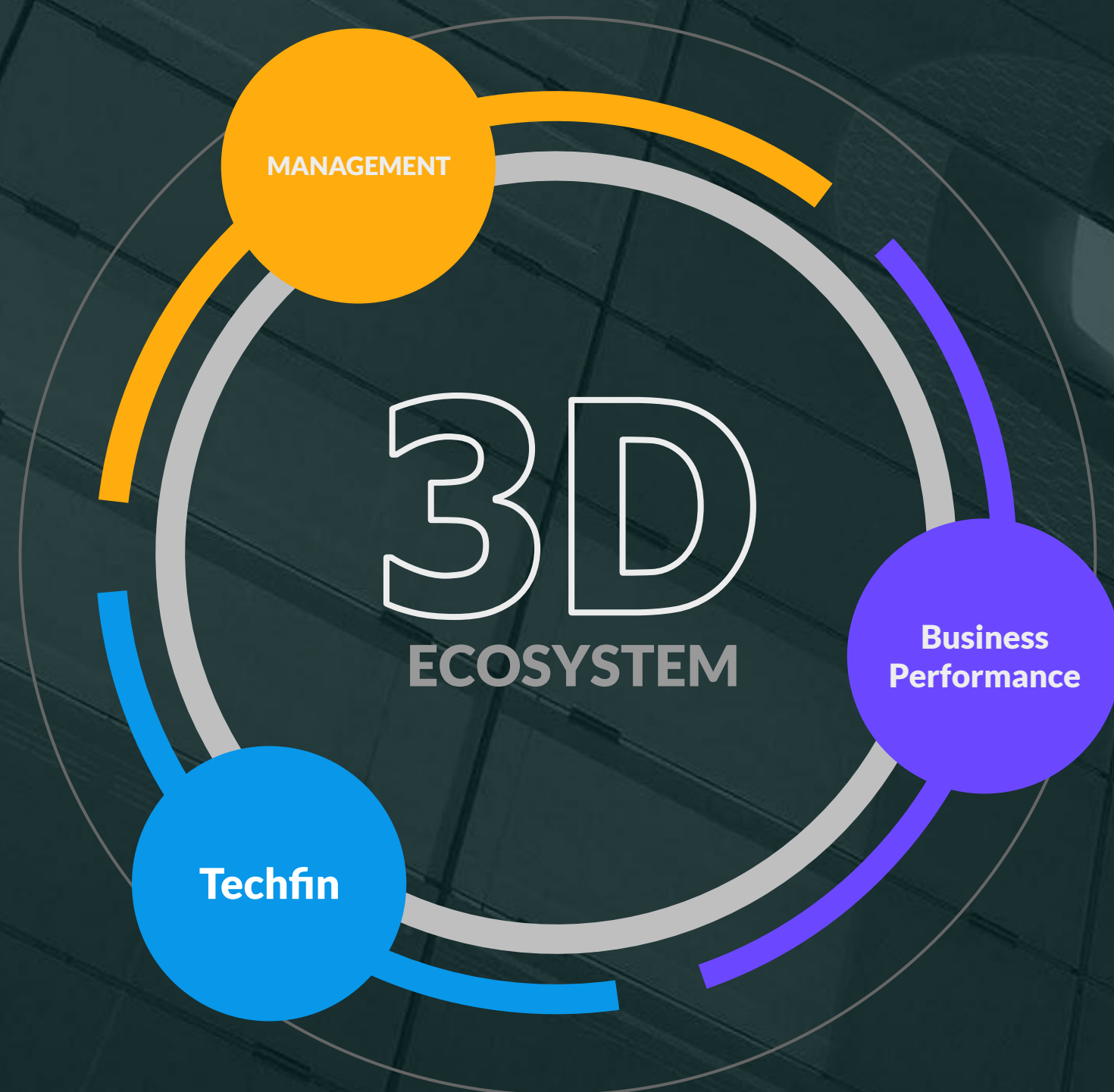
2023/ August



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2Q23 RESULTS HIGHLIGHTS

- + $\frac{2}{3}$ YoY growth in Consolidated Revenue came from SaaS from Management and Business Performance
- + Recurring Revenue from Business Performance grew 32% over 2Q22, with record breaking Organic Net Addition
- + EBITDA Margin 110 basis points lower than in 2Q22, mainly reflecting the reduction in Techfin Credit Production



01

Financial & Operating Highlights

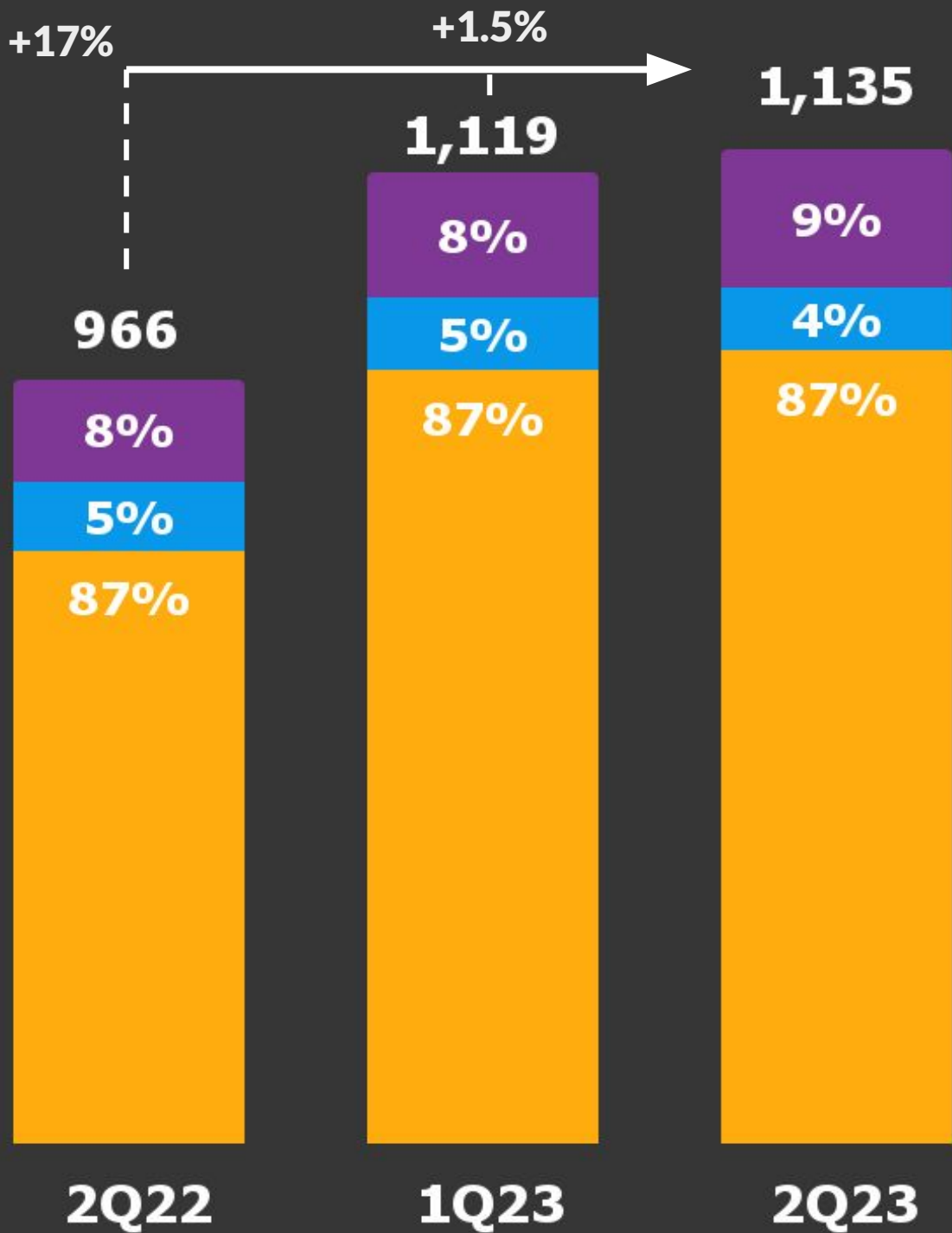




GROWTH



CONSOLIDATED REVENUE



Management Techfin Biz Performance

2Q23 REVENUE



Management
R\$987 million
+18% vs 2Q22

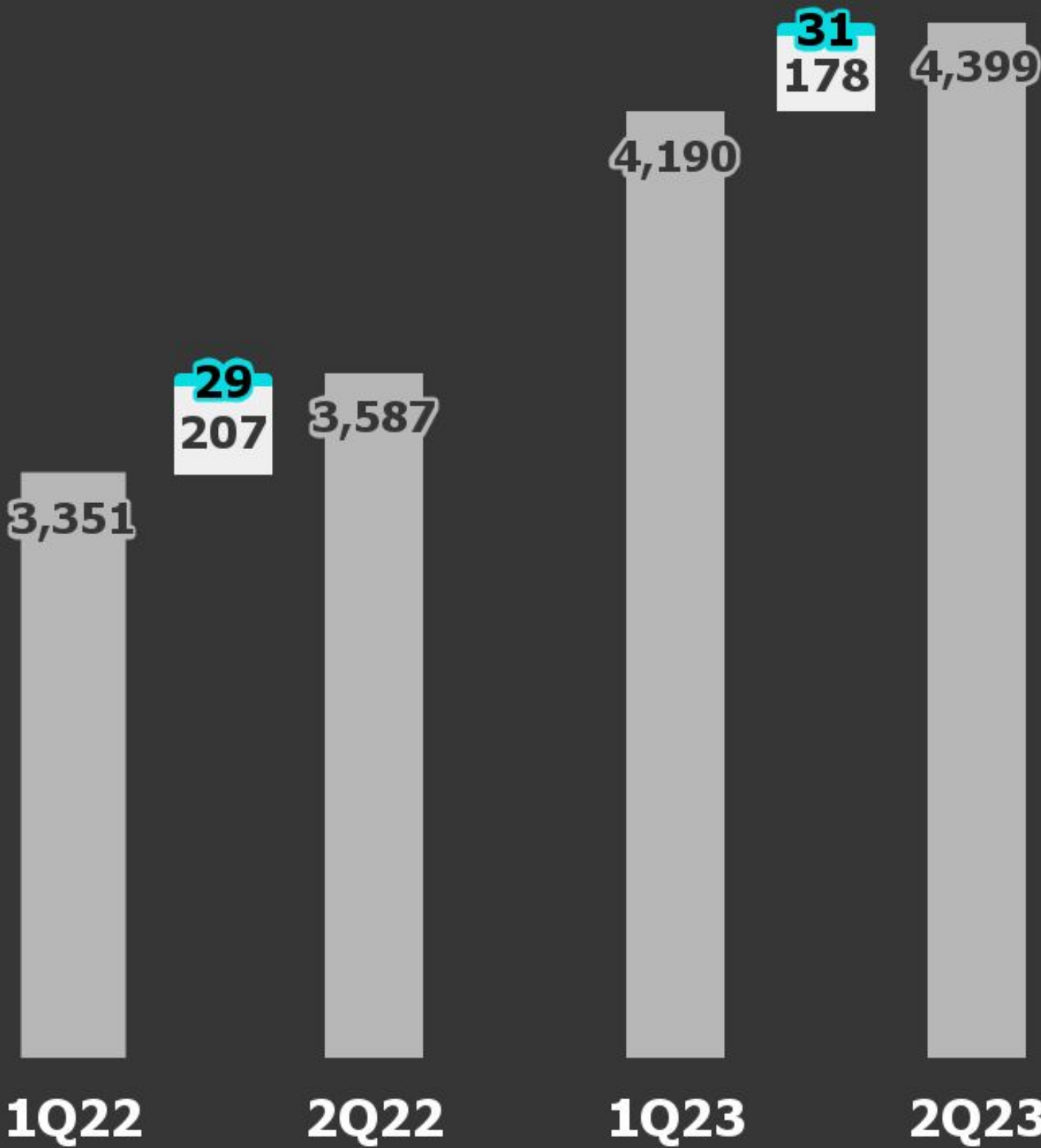


Biz Performance
R\$101 million
+34% vs 2Q22



Techfin
R\$47 million
-8.5% vs 2Q22

CONSOLIDATED ARR



ARR ARR Net Addition Inorganic Addition



PROFITABILITY



6

CONTRIBUTION MARGIN



Management

R\$540 million

+20% vs 2Q22



Biz Performance

R\$50 million

+37% vs 2Q22

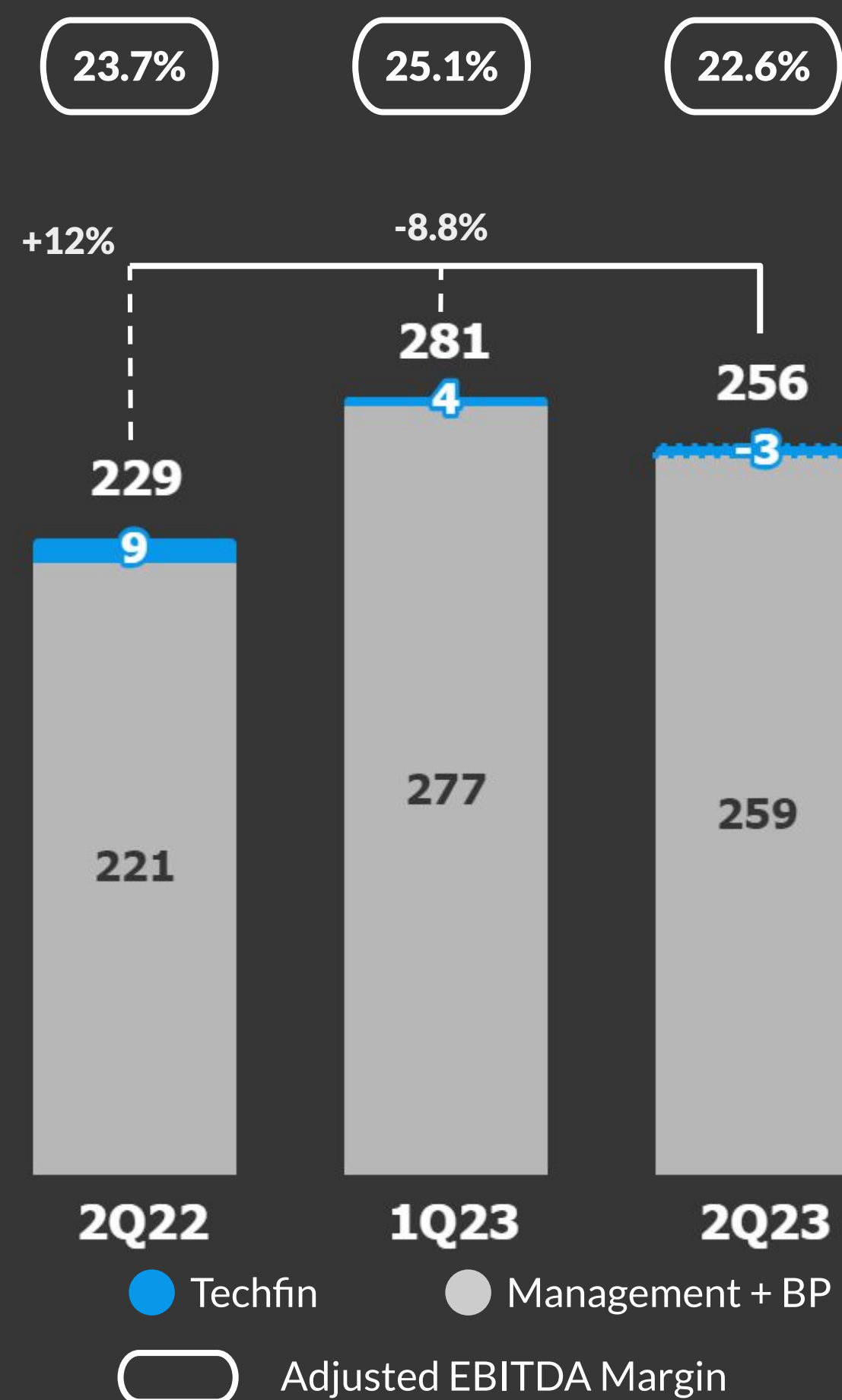


Techfin

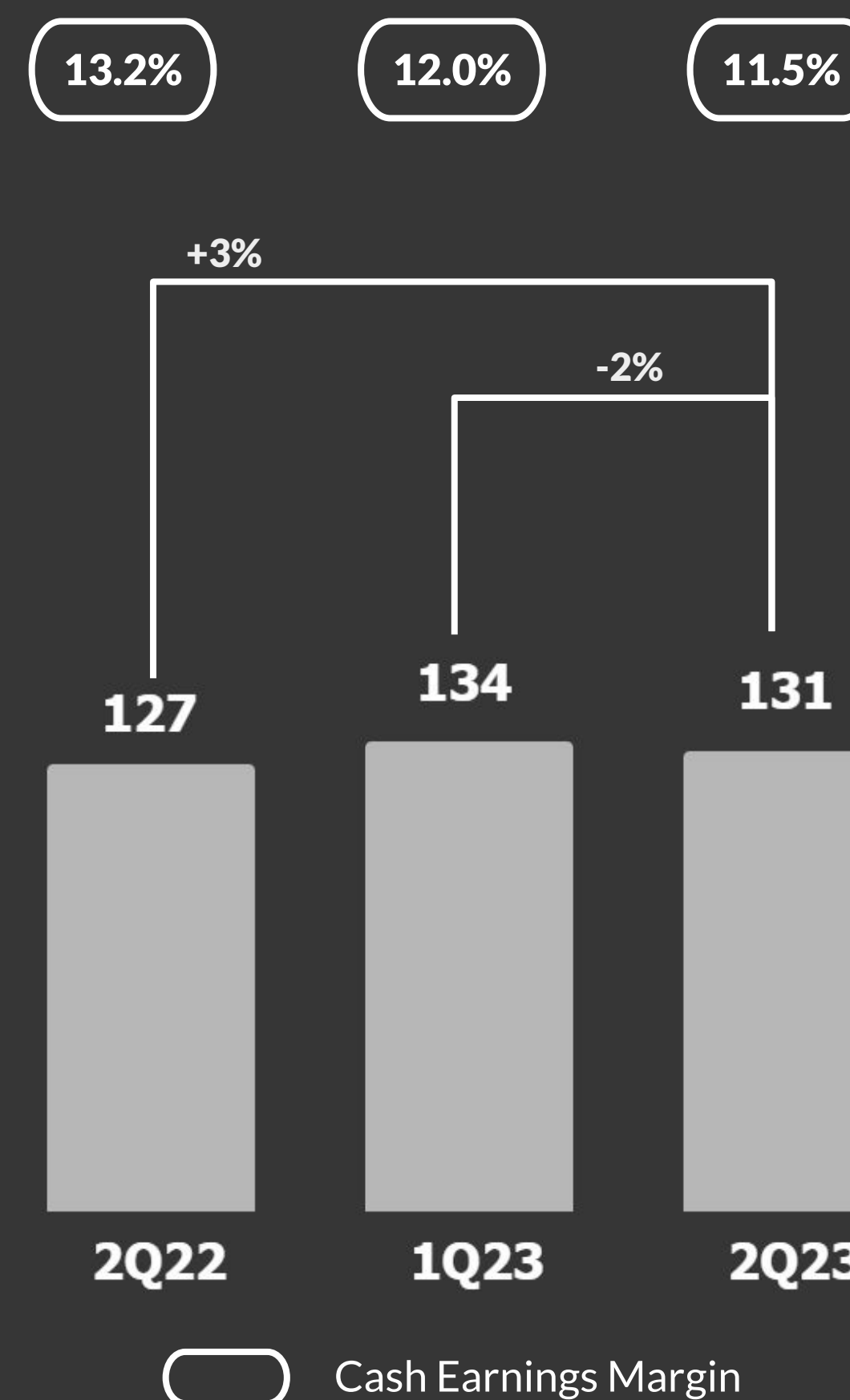
R\$24 million

-26% vs 2Q22

ADJUSTED EBITDA



CASH EARNINGS





02

3-Dimensional Ecosystem



18% growth in Net Revenue vs 2Q22, with emphasis on the growth in Recurring Revenue and SaaS Revenue, which grew 31% YoY

RECURRING REVENUE

R\$847 million (+19% vs 2Q22)

SaaS Signings: +32% vs. 2Q22

Cloud: +38% vs. 2Q22

% Management Recurring Revenue: 86%

ARR NET ADDITION

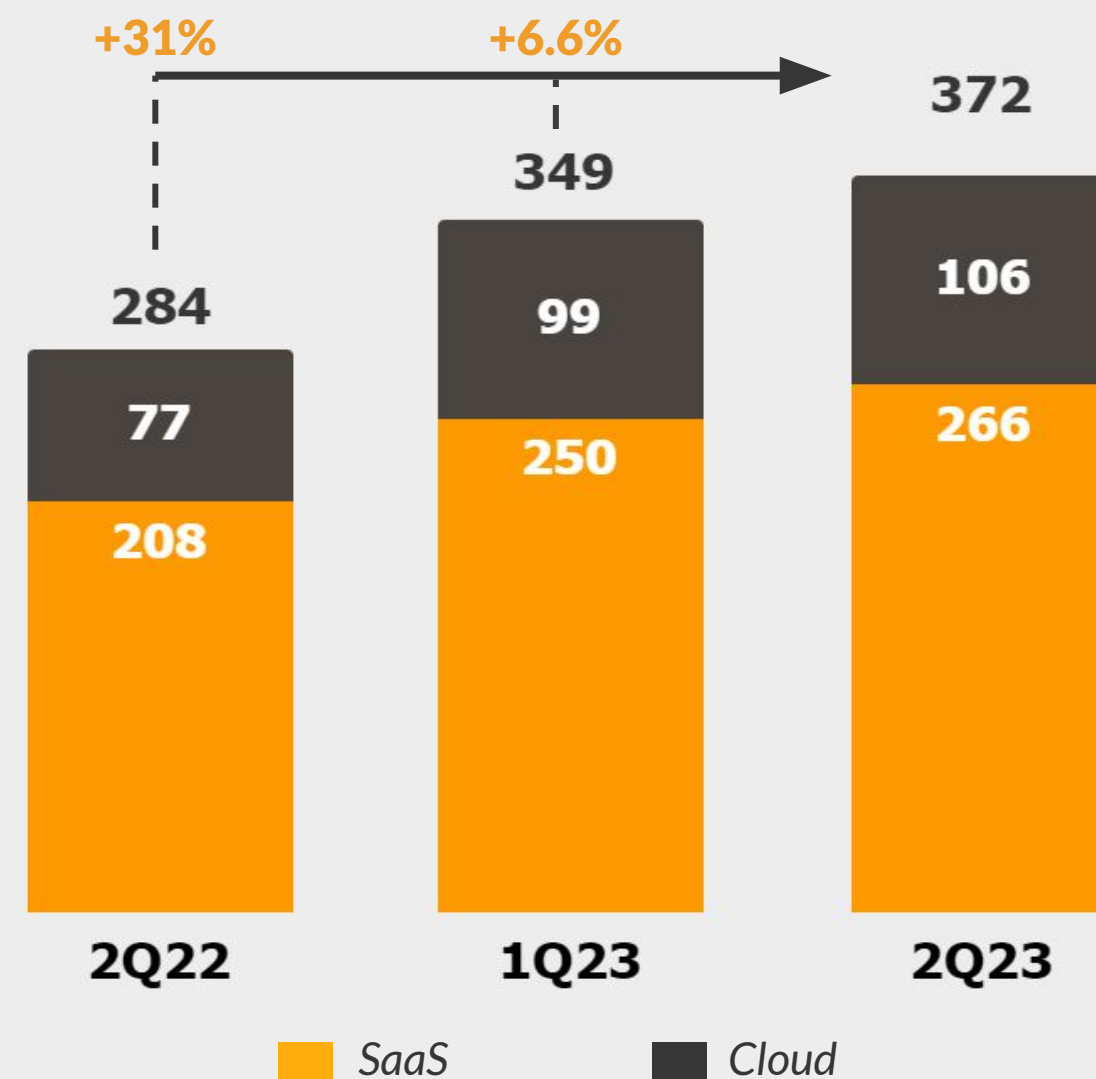
R\$148 million

ARR Gross Addition LTM (excl. Corporate Model)

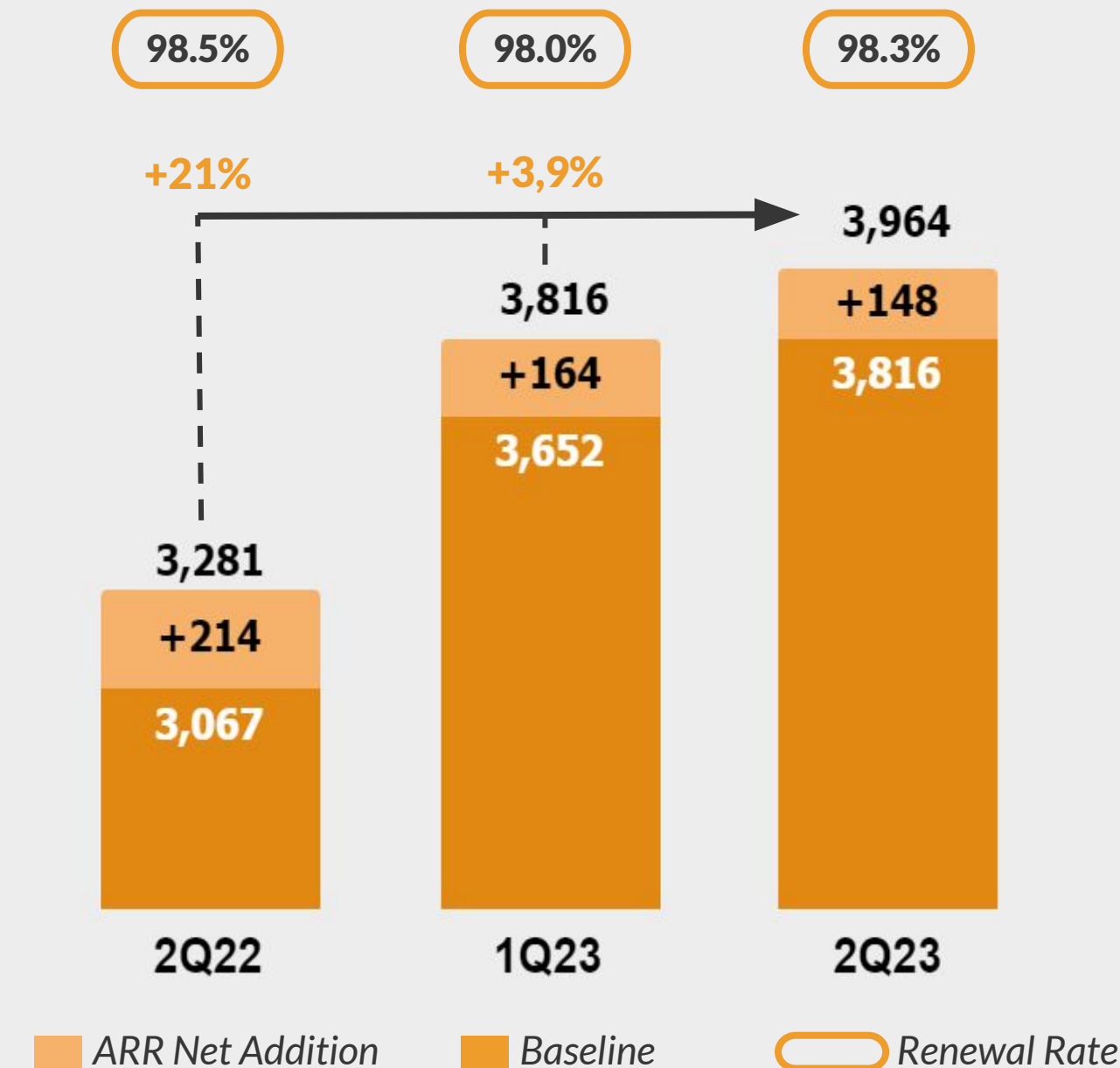
~85% Volume - new signings (Sales)

~15% Price - contractual adj. (inflation pass-through)

SaaS - MANAGEMENT (R\$ million)



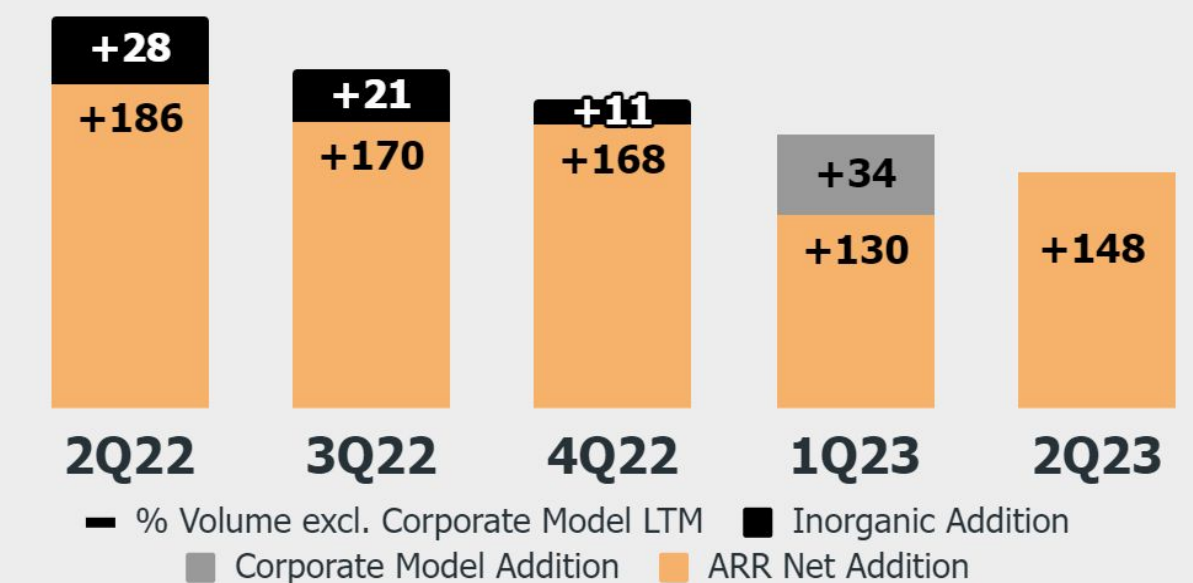
ARR (R\$ million) and RENEWAL RATE



Highlights

ARR Addition (R\$ million) Volume LTM (excl. Corporate Model)

70% — 75% — 78% — 82% — 85%

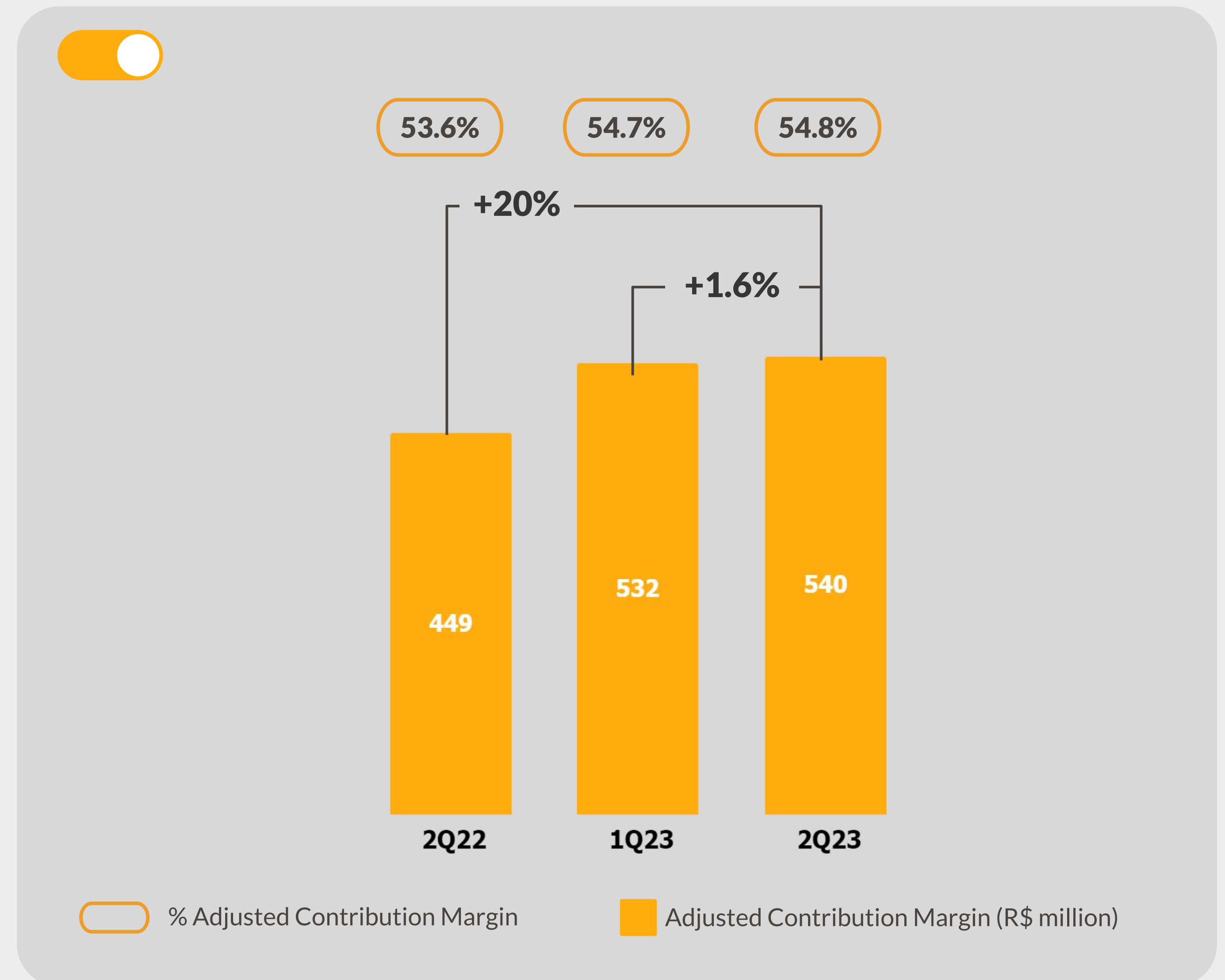


- 15 p.p. growth in Volume year over year, increasing representativeness vs. Price
- Reduction of value added from Price component by 70% vs. 2Q22 and 40% vs. 1Q23, reflecting the reduction in inflation index (IGP-M and IPCA) applied in the readjustment of recurring contracts

ADJUSTED CONTRIBUTION MARGIN ⁽¹⁾

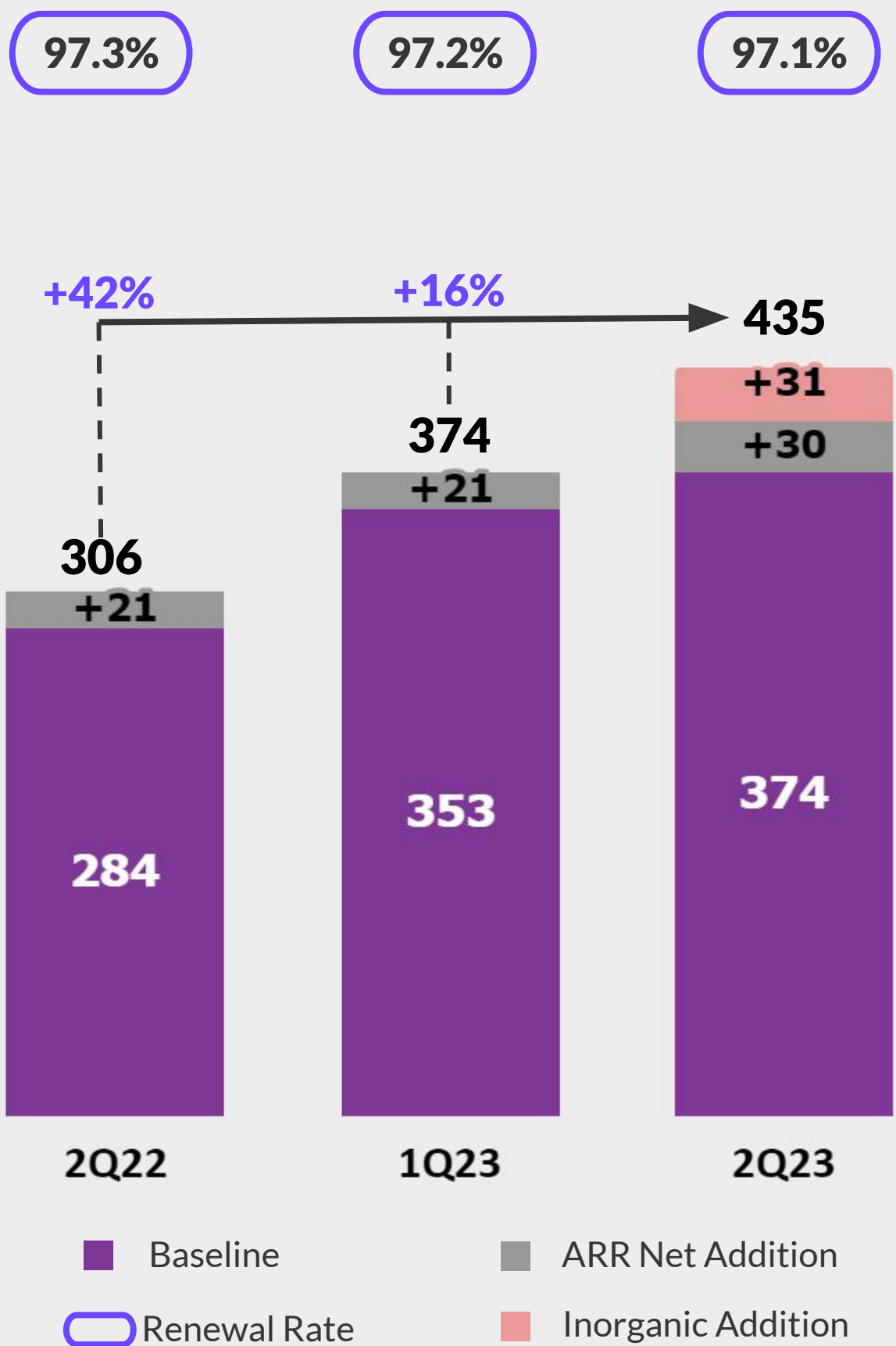
The Adjusted Management Contribution Margin reached R\$540 million, associated with the continuous evolution of Recurring Revenue, which offset the seasonal reduction from License revenue.

The Adjusted Contribution Margin on Net Revenue from Management reached 54.8%, the highest level in recent years.

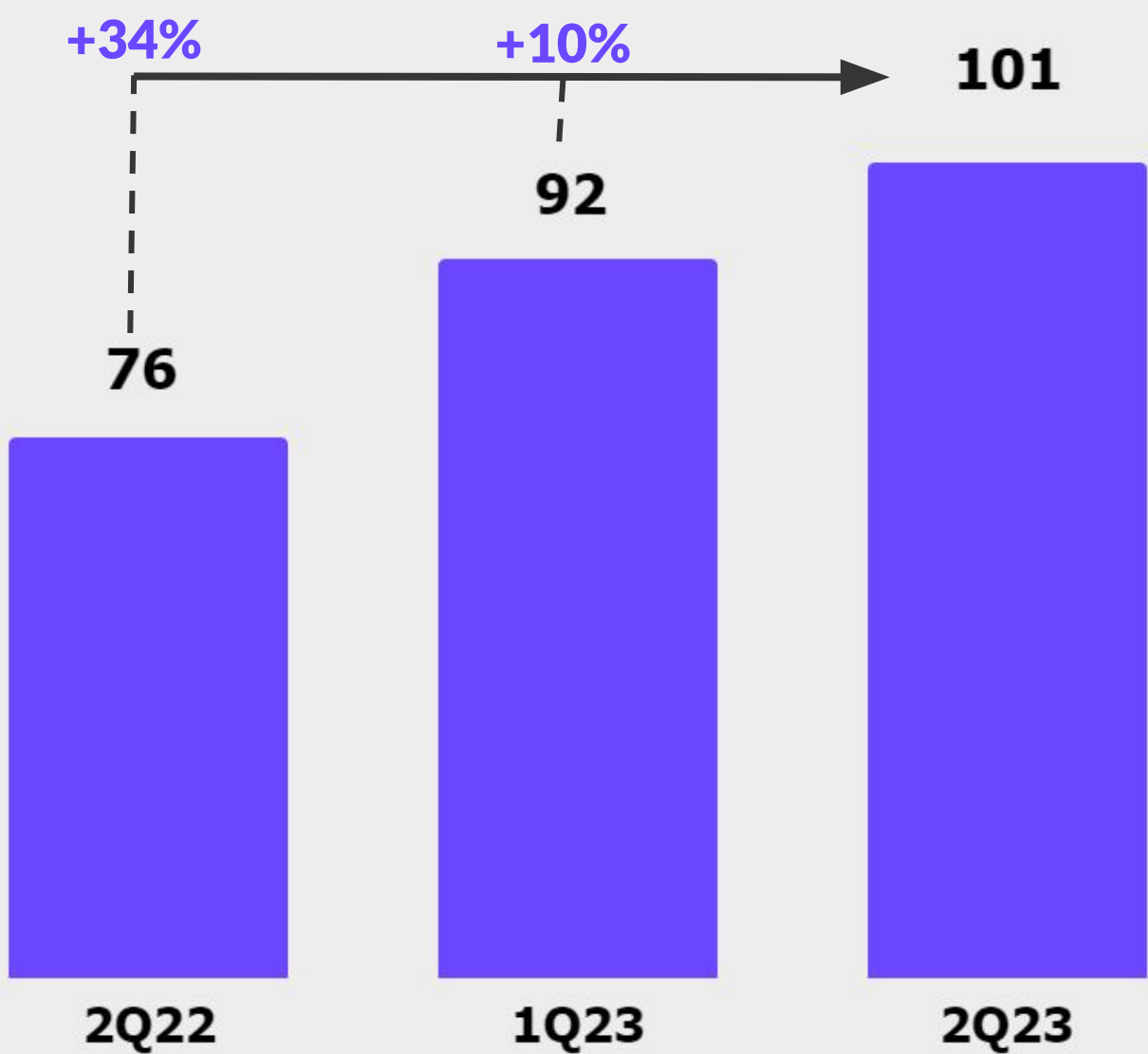


Net Revenue grew 34% versus 2Q22, driven by the quarterly record break of Net ARR Addition of R\$30 million

ARR (R\$ million) and RENEWAL RATE



REVENUE (R\$ million)



×

Highlights

ARR Addition

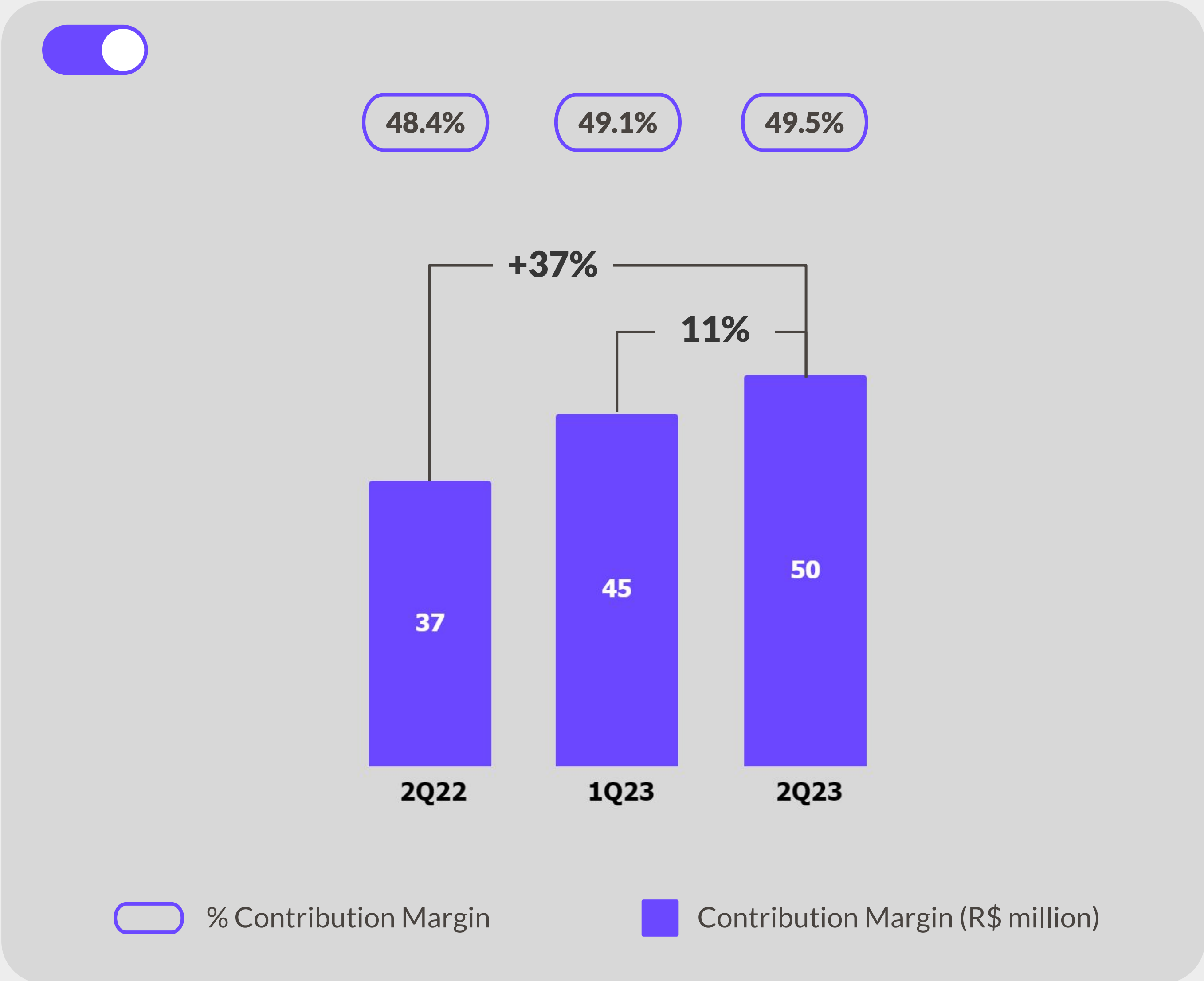
- The R\$30 million record breaking off ARR Net Addition, added to the Inorganic Addition of R\$31 million, referring to the acquisitions of Lexos and Exact Sales, raised the Business Performance ARR to R\$435 million, surpassing 1Q23 by 16%

Digital Commerce

- GMV (Gross Merchandise Volume) grew +105% versus 2Q22 reaching R\$167million in 2Q23, maintaining its growth trajectory, more than doubling in size versus 2Q22

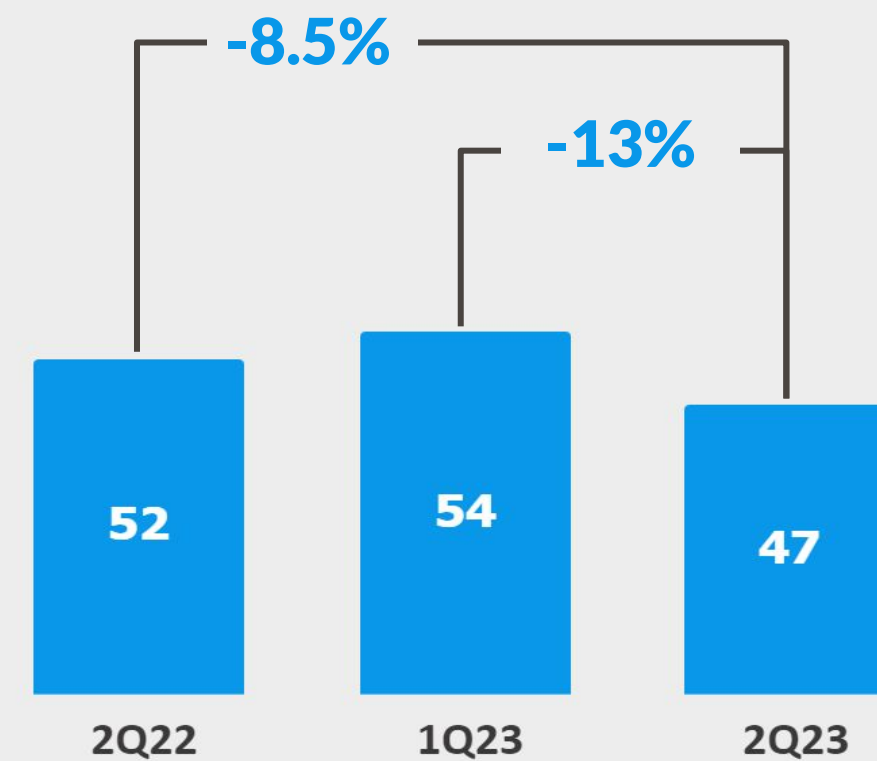
CONTRIBUTION MARGIN

Growth of 110 basis points year over year.
Despite being a young business dimension and currently focused on accelerating Recurring Revenue, it is a profitable operation because of the operational leverage of the SaaS model. This reinforces **the dimension's high potential to generate value.**

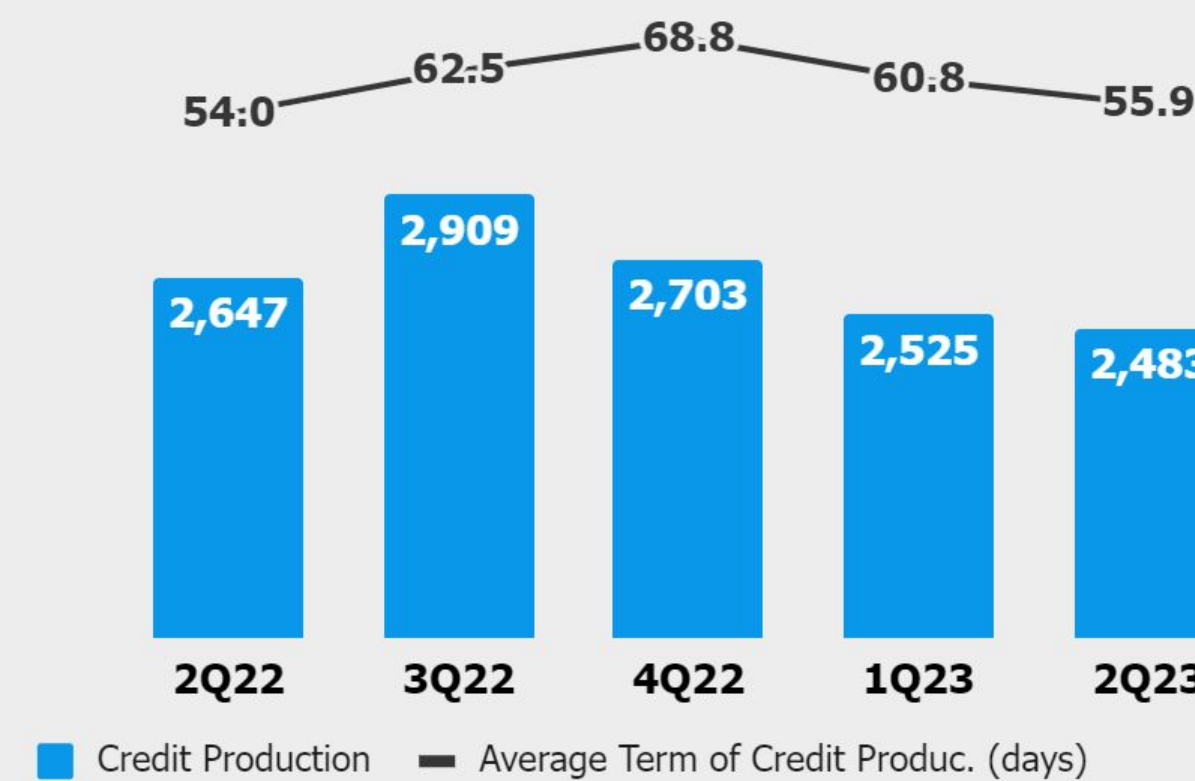


The Provision for Expected Credit Losses represented 0.37% of the Gross Credit Portfolio, 4 basis points below 2Q22 and 1Q23, with **Delinquency > 90 days** 200 basis points below the Brazil Average

Techfin Revenue - Net of Funding (R\$ mn)



Credit Production (R\$ million)

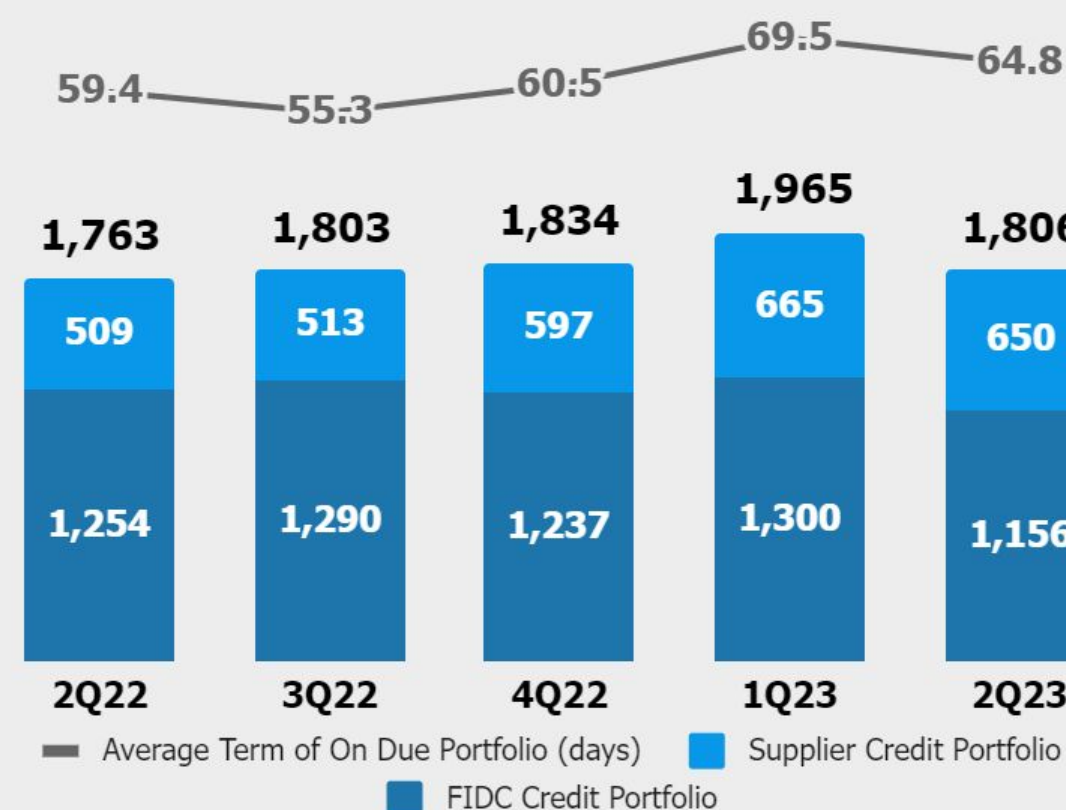


Supplier's pipeline - "Mais Negócios" product (cross-sell with TOTVS)

70%
Prospecting
Affiliates

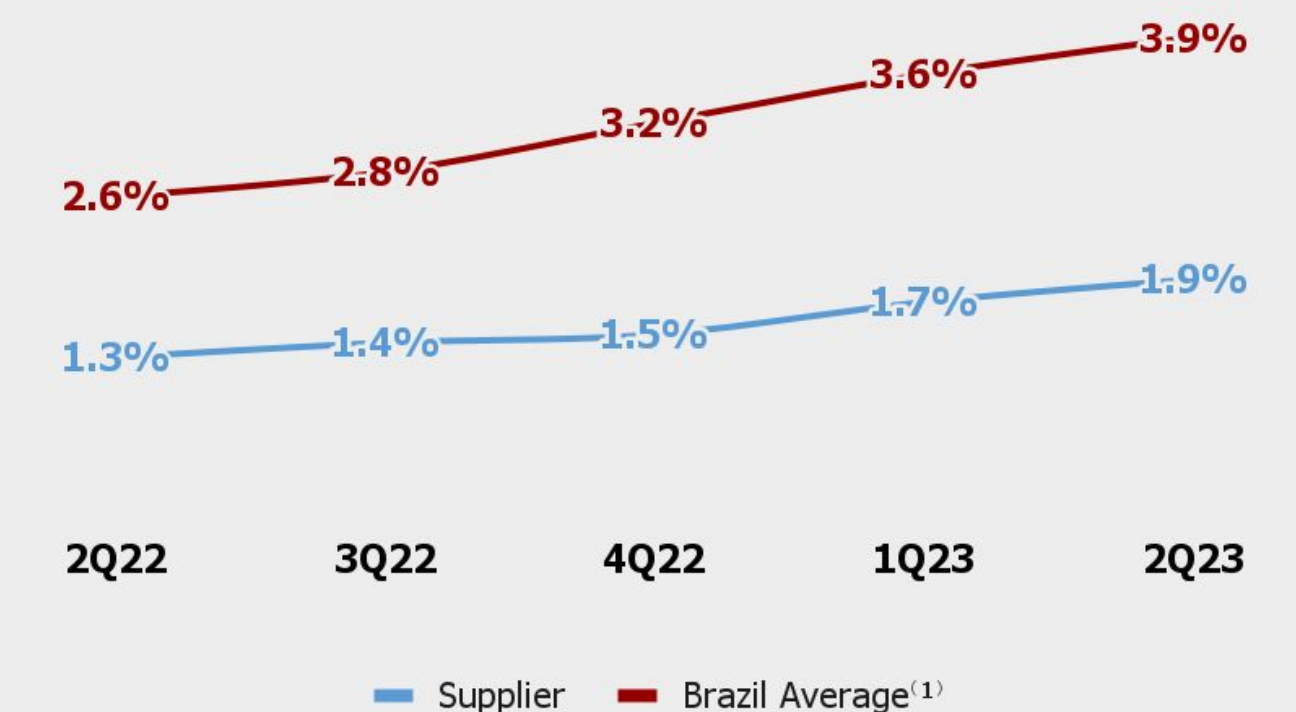
67%
Affiliates in
Implementation

Credit Portfolio (R\$ million)



Highlights

Delinquency above 90 days



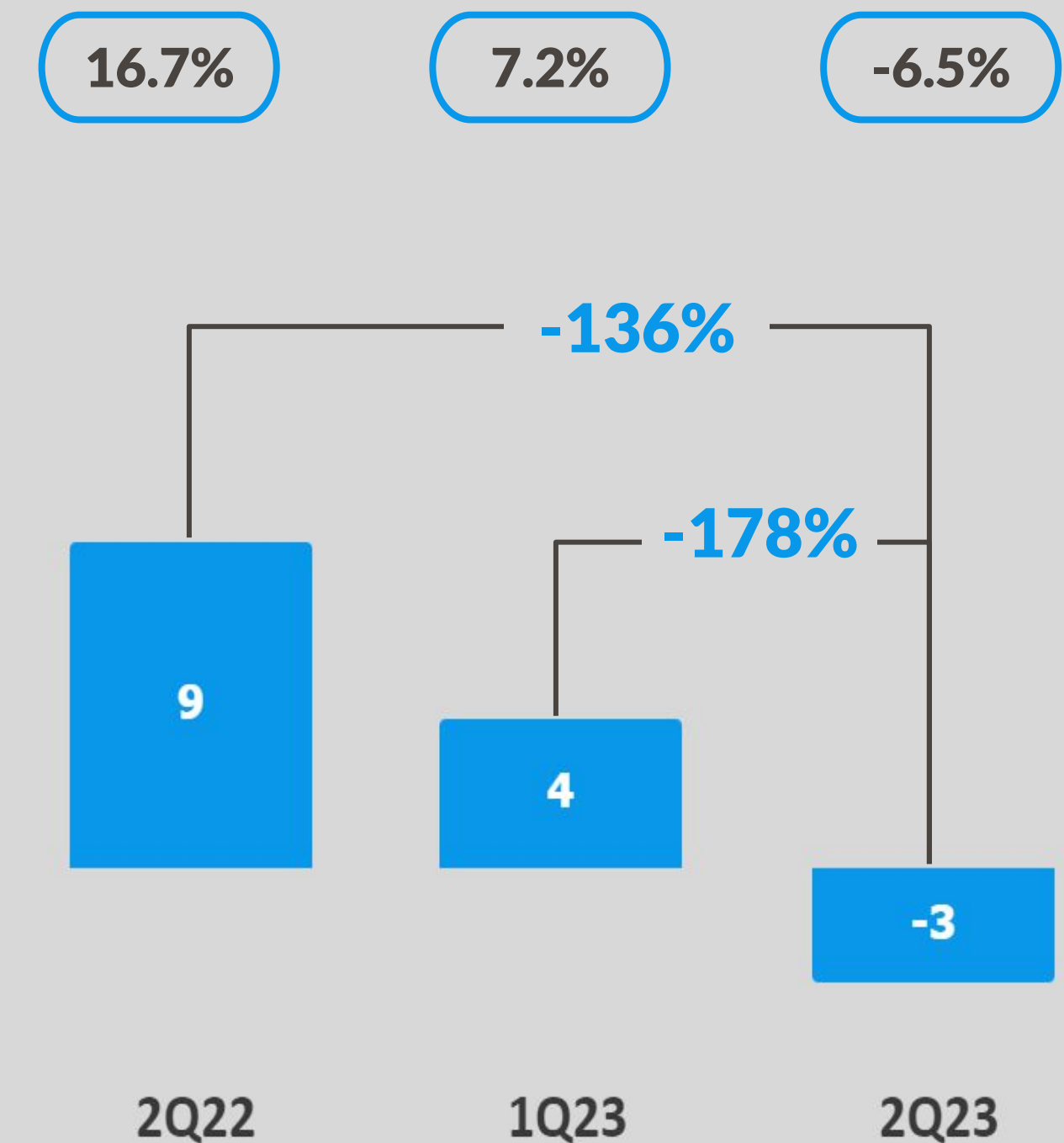
- The growth in the % of delinquency from 1Q23 to 2Q23 is mainly associated with the seasonal reduction in Credit Portfolio
- The difference between the Brazil Average and the Supplier's increased from 190 basis points in 1Q23 to 200 basis points in 2Q23

EBITDA

The negative EBITDA is mainly associated with the reduction in Revenue net of Funding.

Supplier ended the quarter with a positive EBITDA margin of 17.4%, despite the challenging scenario observed in the credit market in the first half of 2023.

% EBITDA
SUPPLIER 2Q23
17.4%



■ EBITDA TECHFIN (R\$ million)

○ % EBITDA TECHFIN



03



TOTVS TECHFIN

Post Closing

Differentials



With **transformational potential**, this singular and autonomous operation will be focused on the development and distribution of financial services for the **B2B market**, amplifying, simplifying and democratizing access to a wide range of financial products, **benefiting Small and Medium-sized Companies** and the entire production chain in the country.

LARGE ADDRESSABLE MARKET

Focus:

Companies + SMB + TOTVS Clients

LIGHT AND SMART BUSINESS MODEL

↑ Agility (vs. banks)

↑ Optimization Risk x Return

↑ Asset Light

ACCESS TO SHAREHOLDERS' ASSETS

TOTVS:

Integration + Data + Distribution

ITAÚ:

Funding + Expertise + Portfolio

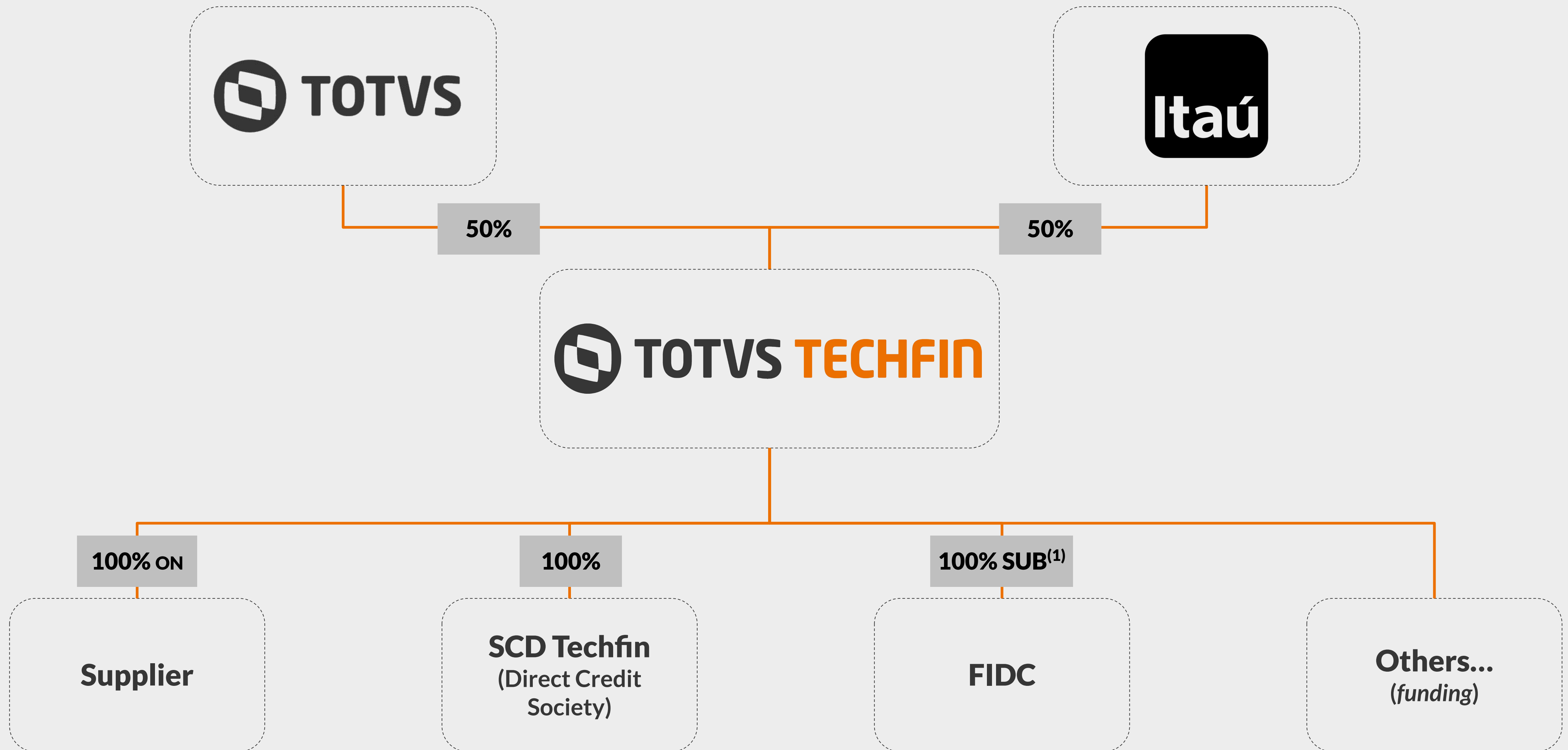
AUTONOMOUS OPERATION

Independence

Own Portfolio, Data Science and UX

Own Credit Policy

Funding from Itaú and market







Marcos Cavagnoli
Payments - Corporate
Dir. of Itaú Unibanco



Márcio Domingues
Commercial Bank Dir. of
Itaú BBA



Flávio Souza
Itaú BBA CEO
TOTVS Techfin Chairman

BOARD OF DIRECTORS



Dennis Herszkowicz
CEO TOTVS
TOTVS Techfin Vice-Chairman



Gilsomar Maia
TOTVS CFO



Gustavo Bastos
TOTVS Platforms
Officer



TECHFIN
Eduardo Neubern
TECHFIN CEO



Supplier
Board of Directors
Eduardo Neubern Márcio Tupiassu
Flávio Kamada Eduardo Wagner⁽¹⁾



Márcio Tupiassu
CFO
+20 years of experience
Itaú BBA, Citi, HSBC



Carol D'Alessandro
Commercial
+20 years of experience
Techfin, Itaú BBA, Liber, Safra



Mário Rodrigues
Products | Mkt | CX
+20 years of experience
Techfin, Serasa, Alpagatas,
Telefônica



Flávio Kamada
Credit
+27 years of experience
Itaú BBA, HSBC, BV



Gerson Teixeira
Technology
+20 years of experience
Techfin, Serasa, Itaú,
Porto Seguro



Mauro Wulkan
Founder and
CEO of Supplier

Note: (1) Eduardo Wagner is founder and Vice President of Supplier

COVERAGE + FREQUENCY + RELEVANCE = PRINCIPALITY

BEST-IN-CLASS JOURNEY | ERP Banking

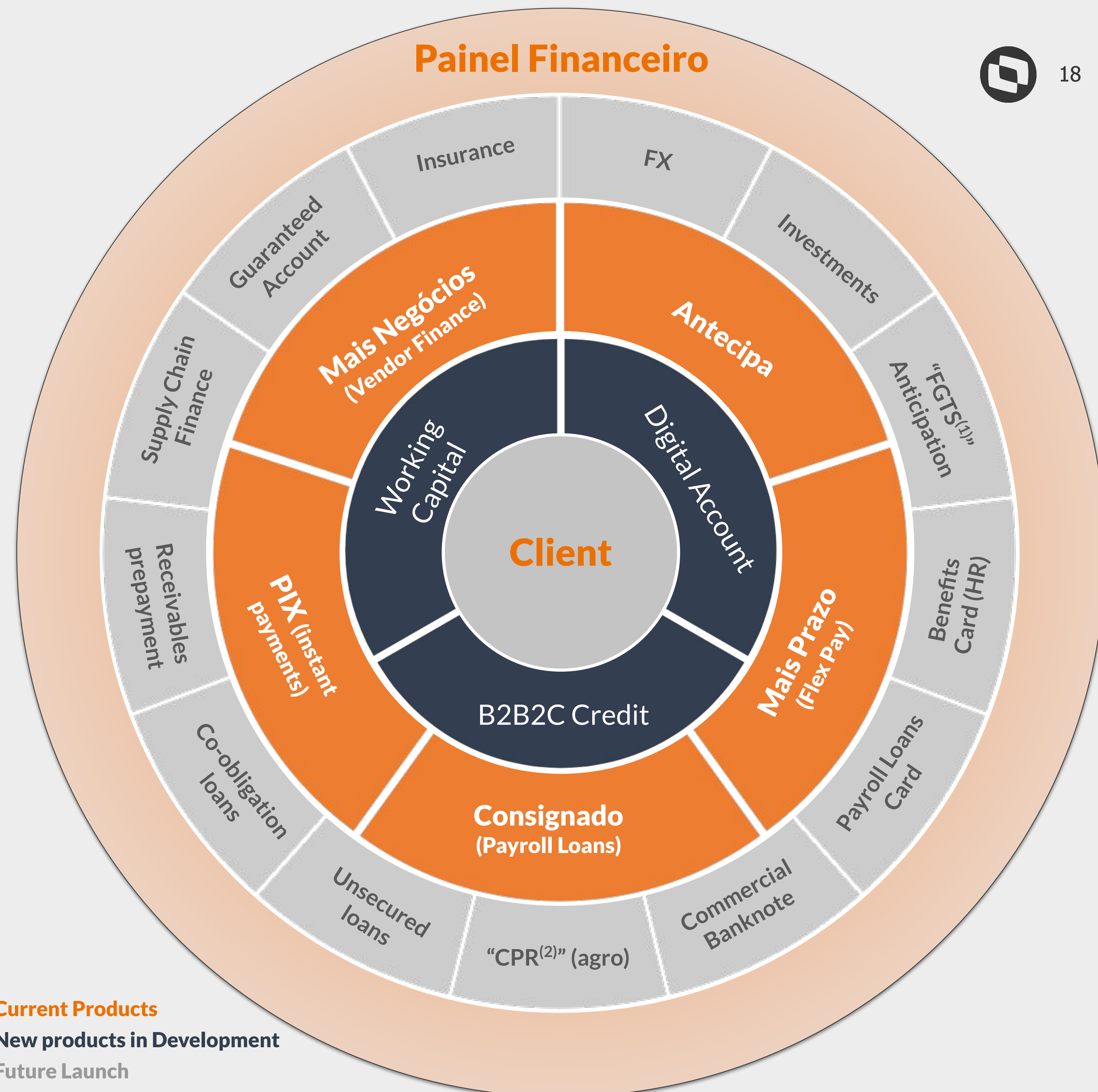
- ❑ Contextualized offers at right timing (ERP data)
- ❑ Adoption and usage in the right management software touchpoints (PLG)
- ❑ Segmentation and pricing based on usage behavior
- ❑ Frictionless journey and automatic, real-time reconciliation
- ❑ Hybrid/flexible approach: integrated and non-integrated products

PROPRIETARY CREDIT STRATEGY (ERP DATA)

- ❑ Modeling / Credit Policy
- ❑ Credit analysis/ collection

MULTI-CHANNEL GO-TO-MARKET STRATEGY

- ❑ Brand Awareness
- ❑ New Product communication
- ❑ Distribution and Growth / Conversion



- Current Products
- New products in Development
- Future Launch



04

ESG



MSCI raises TOTVS' score to “AA”

This upgrade reflects the Company's efforts to strengthen ESG aspects in its operations, evidencing the adequacy of the organization's Sustainability Agenda.

TOTVS stands out in the Institutional Investor's ranking

The Company was ranked in first place in all categories of the MidCap TMT LATAM, with emphasis on Best Board, Best Investor Day and Best ESG Program (General and MidCap)

Integrated Report 2022

Voluntary initiative of accountability and communication of performance in Sustainability and ESG for our stakeholders, the seventh edition of the Integrated Report highlights:

- **(E PILLAR)** expansion of the coverage of the carbon inventory with the inclusion of the operations of RD Station, Supplier, international market and incorporation of data related to scope 3;
- **(S PILLAR)** advances in the diversity and inclusion agenda; and the
- **(G PILLAR)** information security and data protection and privacy initiatives.

Integrated Report





04

FINAL REMARKS



Investing in technology is essential to drive results and transform companies. In this context, Brazil still has a long way to go in terms of investments in technology, and TOTVS is present to provide innovative solutions that help its clients to evolve



MANAGEMENT

Growth in Recurring Revenue, followed by a consistent Contribution Margin

Solid result with the addition of R\$148 million in ARR, increasing the representativeness of the Volume component



BUSINESS PERFORMANCE

Business dimension that already has more than R\$430 million in ARR and Contribution Margin of 49.5%

With Revenue growth of 34% year-over-year and 10% quarter-over-quarter, the dimension had a record breaking ARR Net Addition of R\$30 million

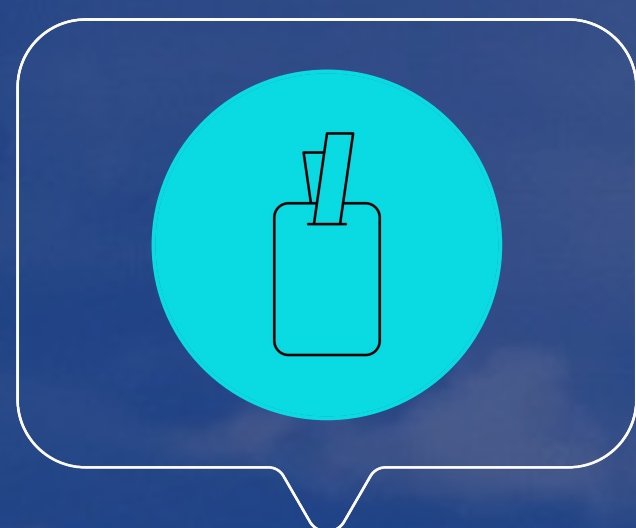


TECHFIN

Beginning of a journey with transformational potential

The closing of the JV with Itaú started a unique and autonomous operation, focused on the development and distribution of financial services for SMB B2B

THANKS



Investors Relations

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[company/totvs](https://www.linkedin.com/company/totvs)



We value good professionals who are good people



We are driven by results



We invest in technology that makes it possible



We build long-term relationships with our clients



When we collaborate, we become stronger

#SOMOSTOTVERS

