

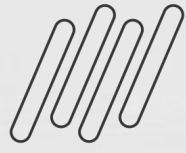


EARNINGS VIDEOCONFERENCE **1Q23**

» **Investor Relations**

Dennis Herszkowicz - CEO
Gilsomar Maia - CFO/ IRO
Sérgio Sérgio - IR Head
Juliano Tubino - New Businesses Officer

◀ **2023/ May**



LEGAL NOTICE

All information contained in this presentation and any statements that may be made during this videoconference connected to TOTVS' business prospects, projections, and operating and financial goals are based on beliefs and assumptions of the Company's Management, as well as information currently available. Forward-looking statements are not any guarantee of performance. They involve risks, uncertainties and assumptions as they refer to future events and, hence, depend on circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions, and other operating factors may also affect the future results of TOTVS and may lead those results to differ materially from those mentioned in such forward-looking statements.

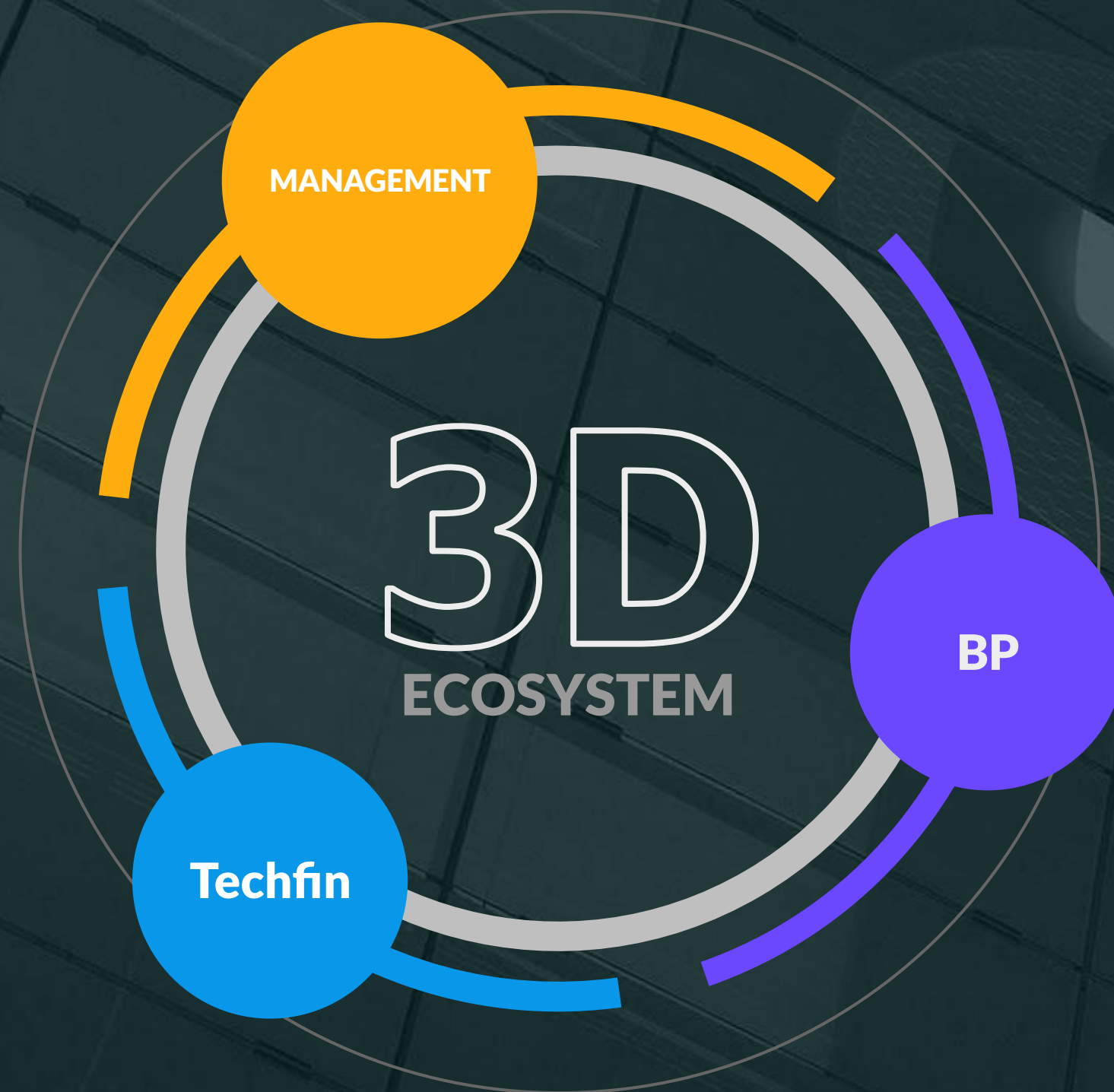




1Q23 RESULTS HIGHLIGHTS

Rare balance between growth and profitability remains:

- + **Management SaaS Revenue advances 33%** representing half of the **18% YoY growth in Net Revenue**
- + **1Q23 Business Performance Net Revenue grew 32% versus 1Q22**
- + **Adjusted EBITDA Margin from Management + Business Performance of 26%**, 170 basis points above 1Q22 and 310 basis points above 4Q22



BUILDING A 3D ECOSYSTEM
INTERCONNECTED AND INTERDEPENDENT



01

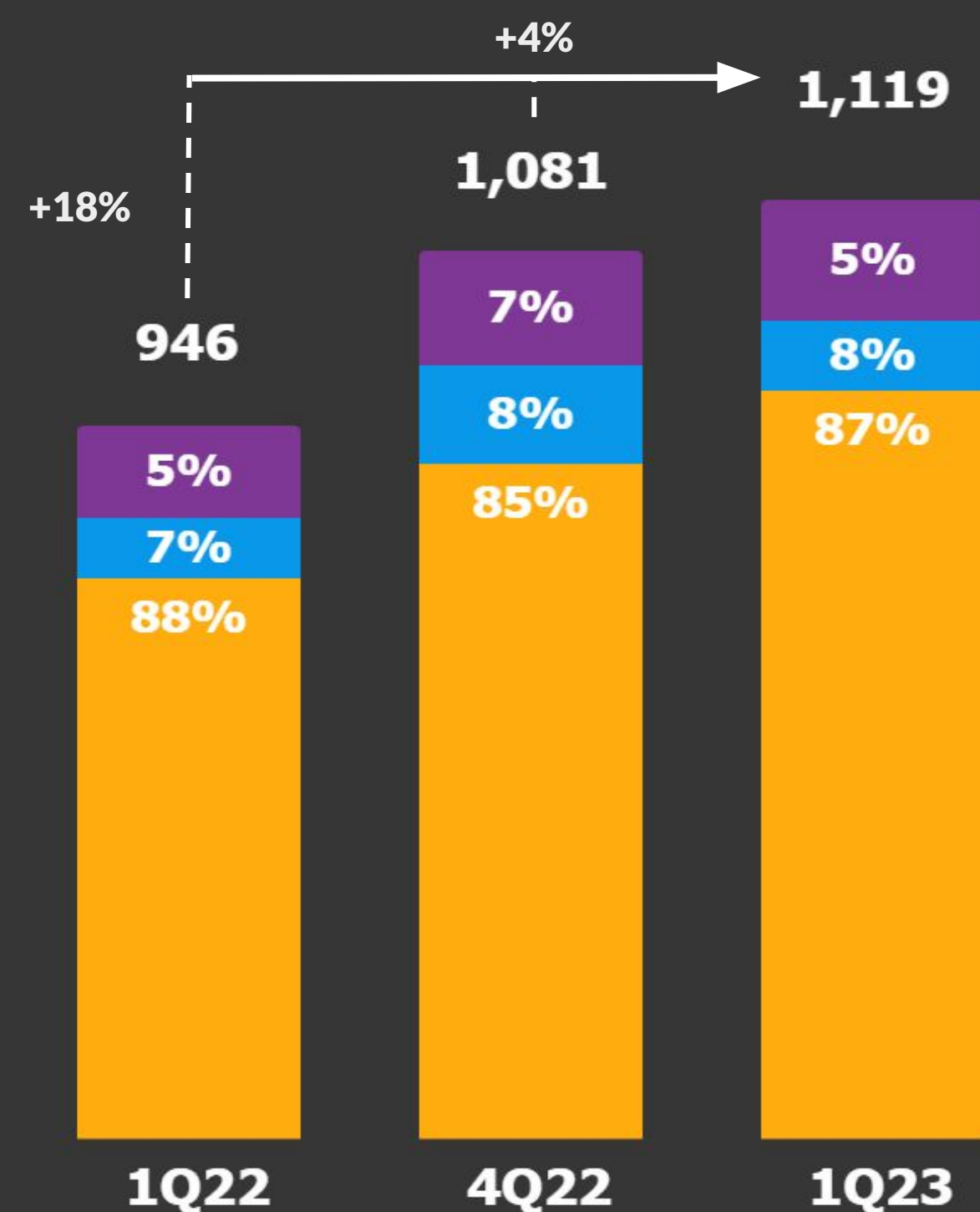
Financial & Operating Highlights





GROWTH

CONSOLIDATED REVENUE



Management Techfin Biz Performance

1Q23 REVENUE



Management
R\$972 million
+17% vs 1Q22

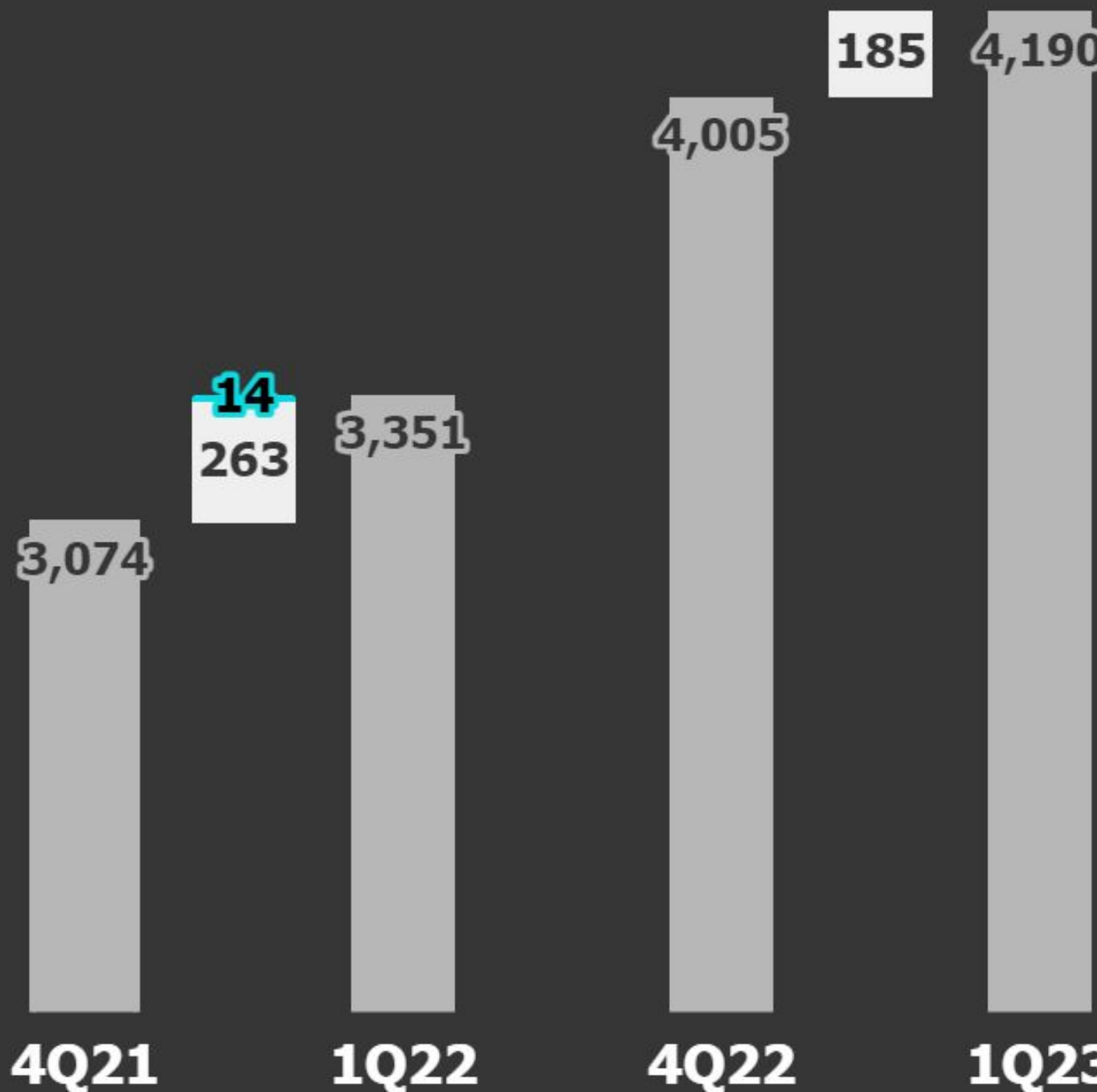


Biz Performance
R\$92 million
+32% vs 1Q22



Techfin
R\$55 million
+16% vs 1Q22

CONSOLIDATED ARR



ARR ARR Net Addition Inorganic Addition



PROFITABILITY



6

CONTRIBUTION MARGIN



Management

R\$532 million

+18% vs 1Q22



Biz Performance

R\$45 million

+36% vs 1Q22

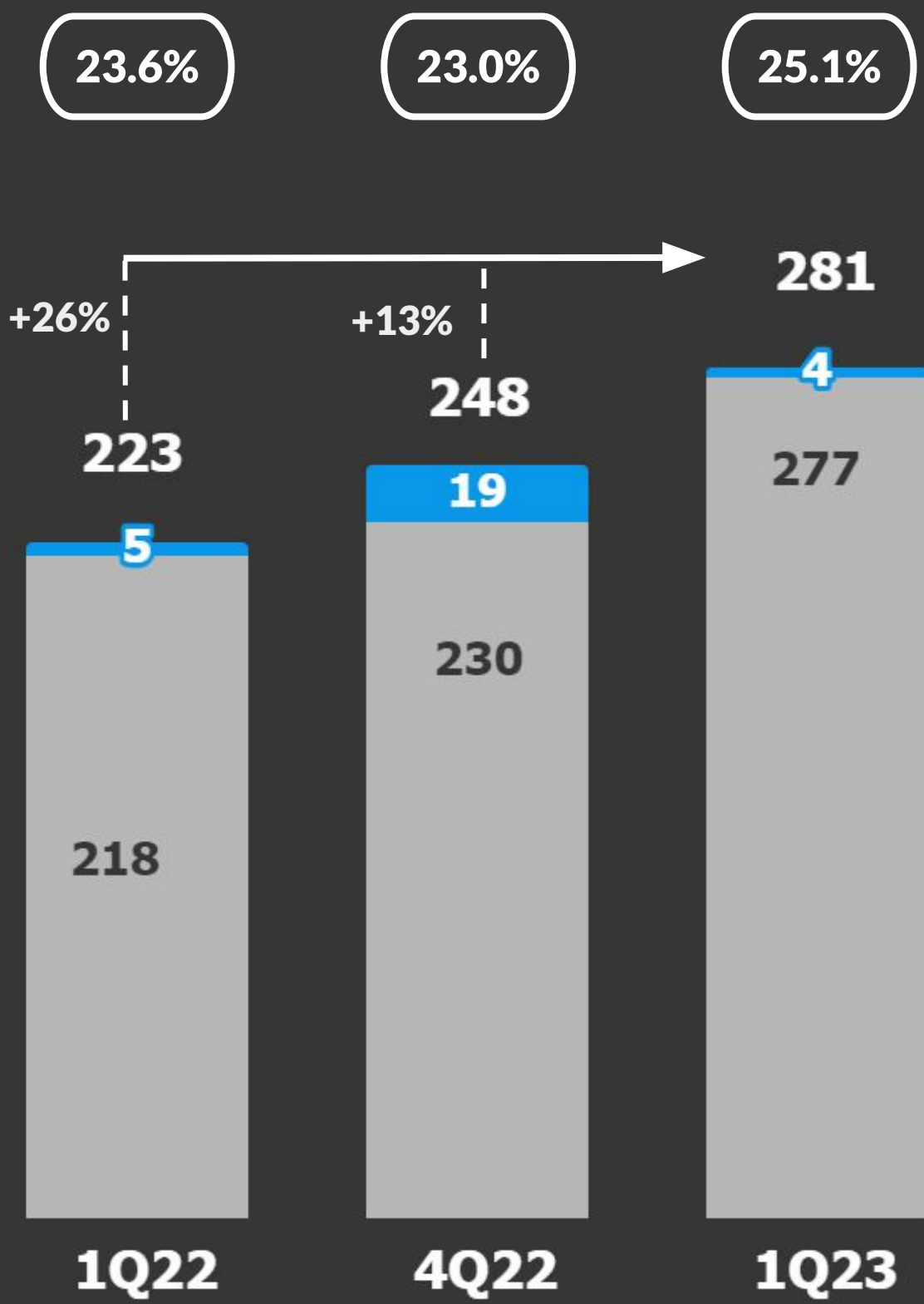


Techfin

R\$30 million

+25% vs 1Q22

ADJUSTED EBITDA



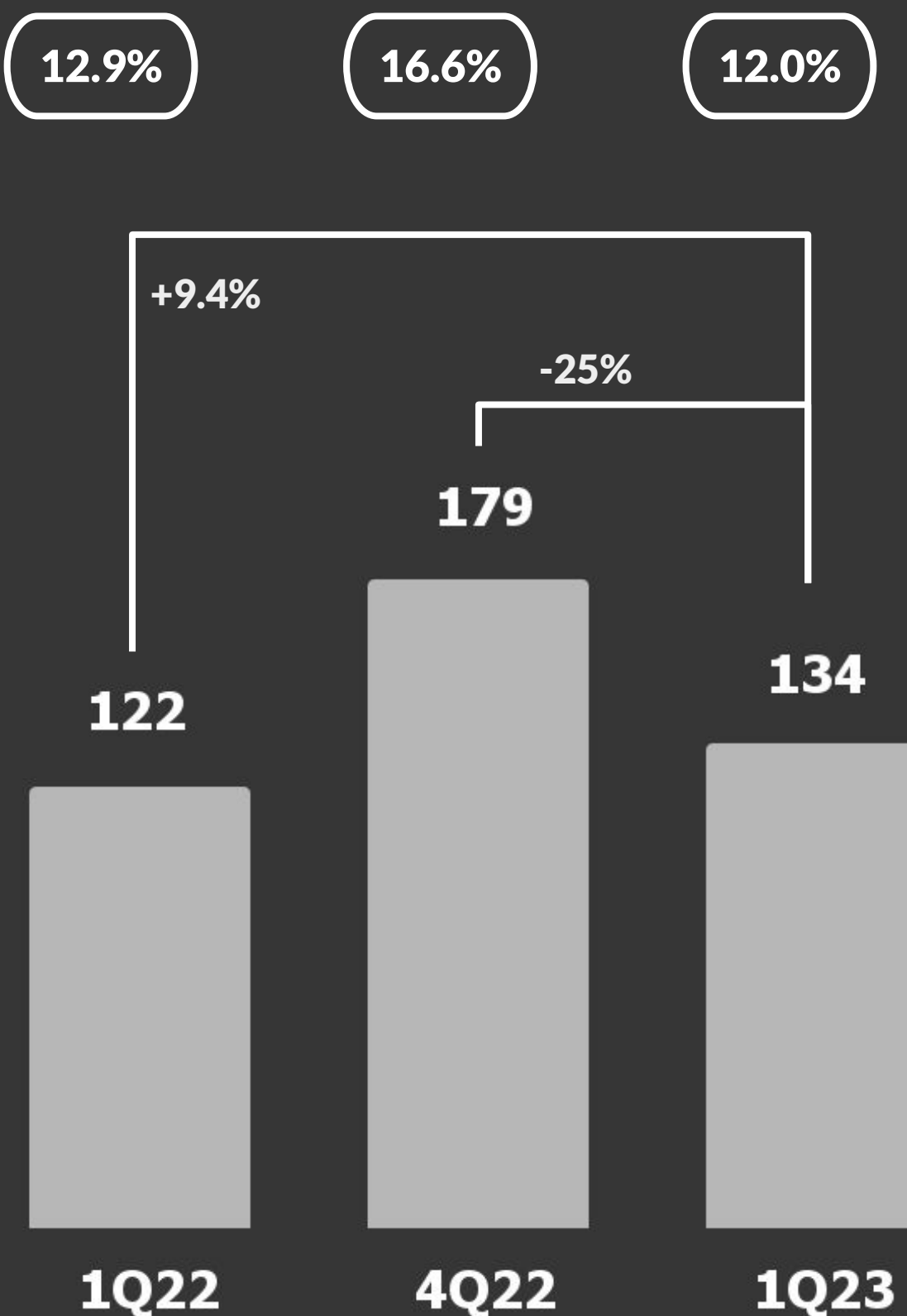
Techfin

Gestão + BP



Adjusted EBITDA Margin

CASH EARNINGS



Cash Earnings Margin



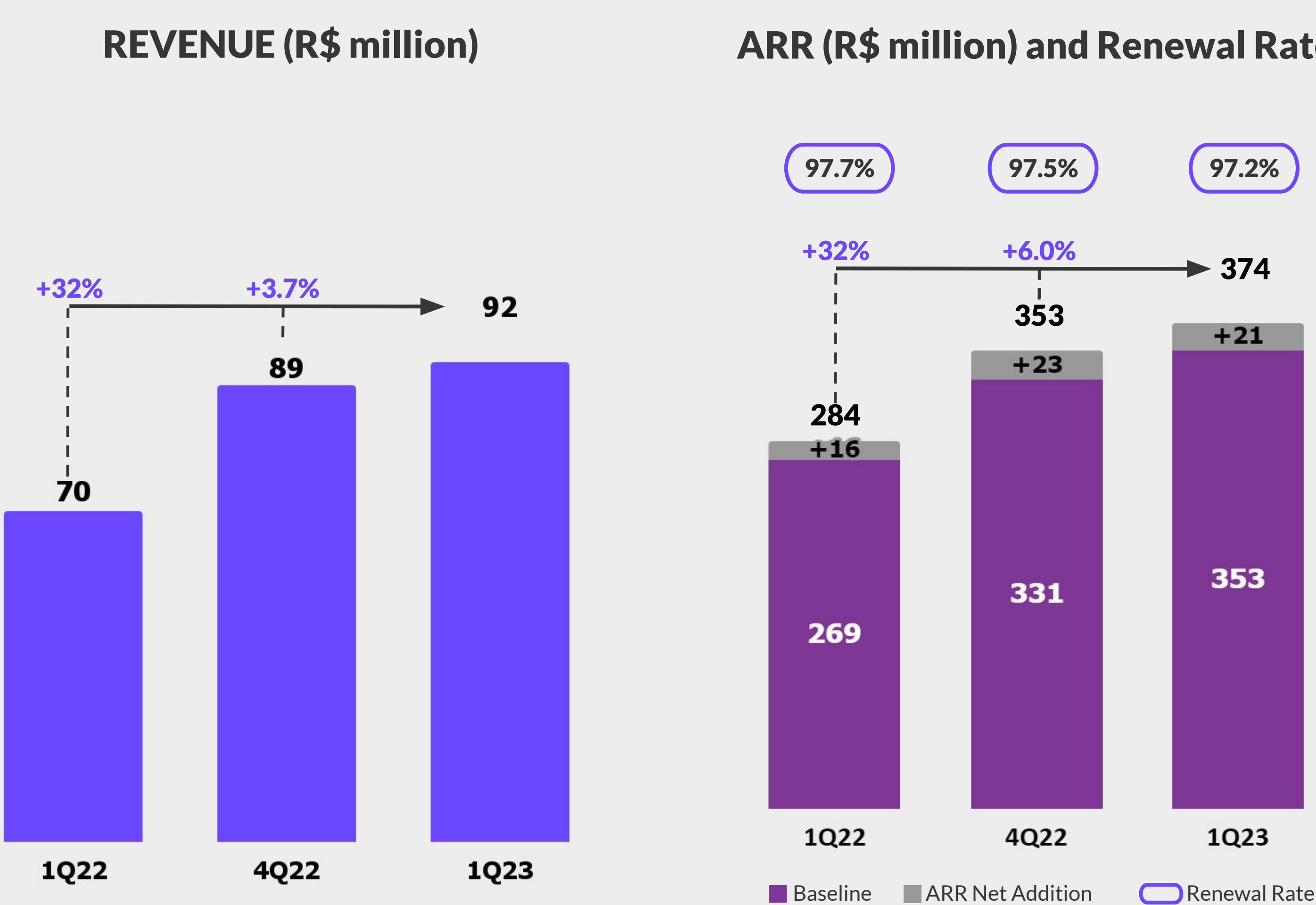
02

3-Dimensional Ecosystem





Net Revenue for the quarter grew 32% versus 1Q22, driven by the 31% increase in Recurring Revenue.



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Highlights

RD Station

- Consolidation of RD Station as the center of the dimension, in this way, the e-commerce operations, Tail, Tallos and all other offers were consolidated in the structure of RD Station.

Revenue

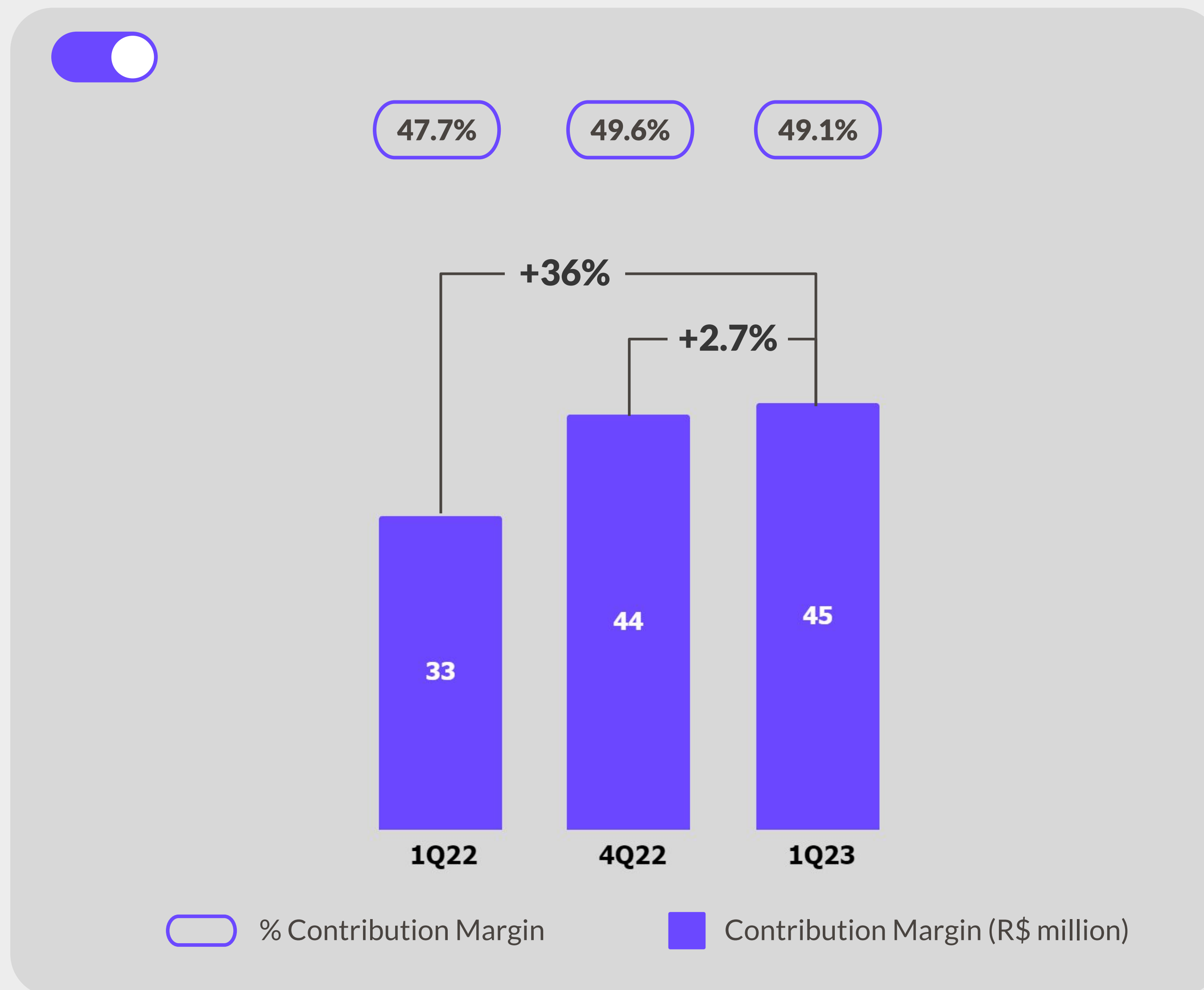
- CRM and Tallos were featured in the Revenue and ARR addition for the quarter. Tallos has been performing better than originally expected

Digital Commerce

- GMV (Gross Merchandise Volume) grew +85% versus 1Q22 reaching R\$137MM in 1Q23

CONTRIBUTION MARGIN

Growth of 140 basis points year over year.
Despite being a young business dimension and focused on Recurring Revenue, **this is a profitable operation, with the operational leverage of the SaaS model, which reinforces the dimension's high potential for value generation.**



17% growth in Net Revenue vs 1Q22, with emphasis on the growth in Recurring Revenue and SaaS Revenue, which grew 33% YoY

RECURRING REVENUE

R\$814 million (+20% vs 1Q22)

Signings SaaS: **+29%** vs. 1Q22

Cloud: **+41%** vs. 1Q22

% Management Recurring Revenue: **84%**

ARR NET ADDITION

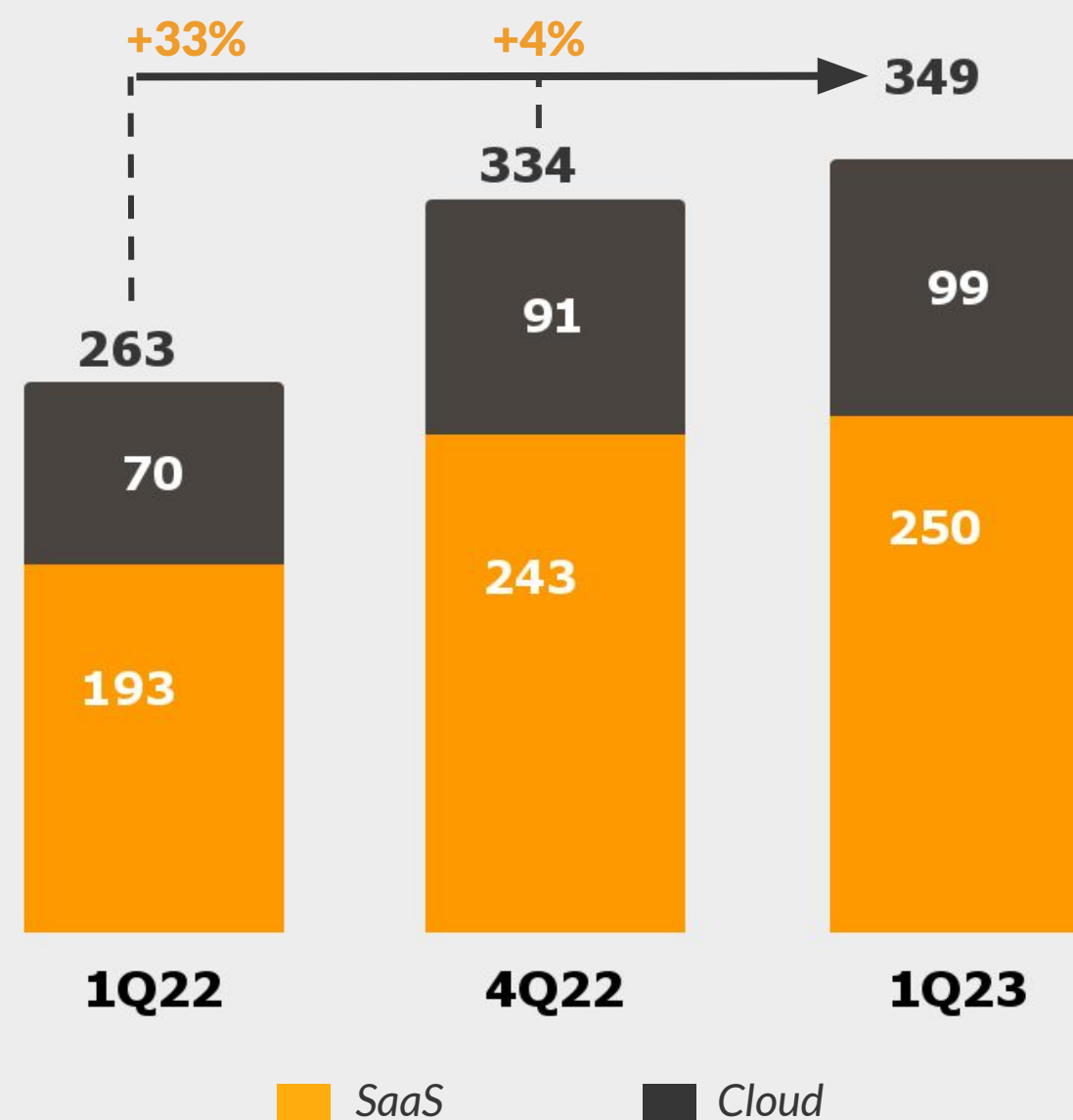
R\$164 million

ARR Gross Addition LTM (excl. Corporate Model)

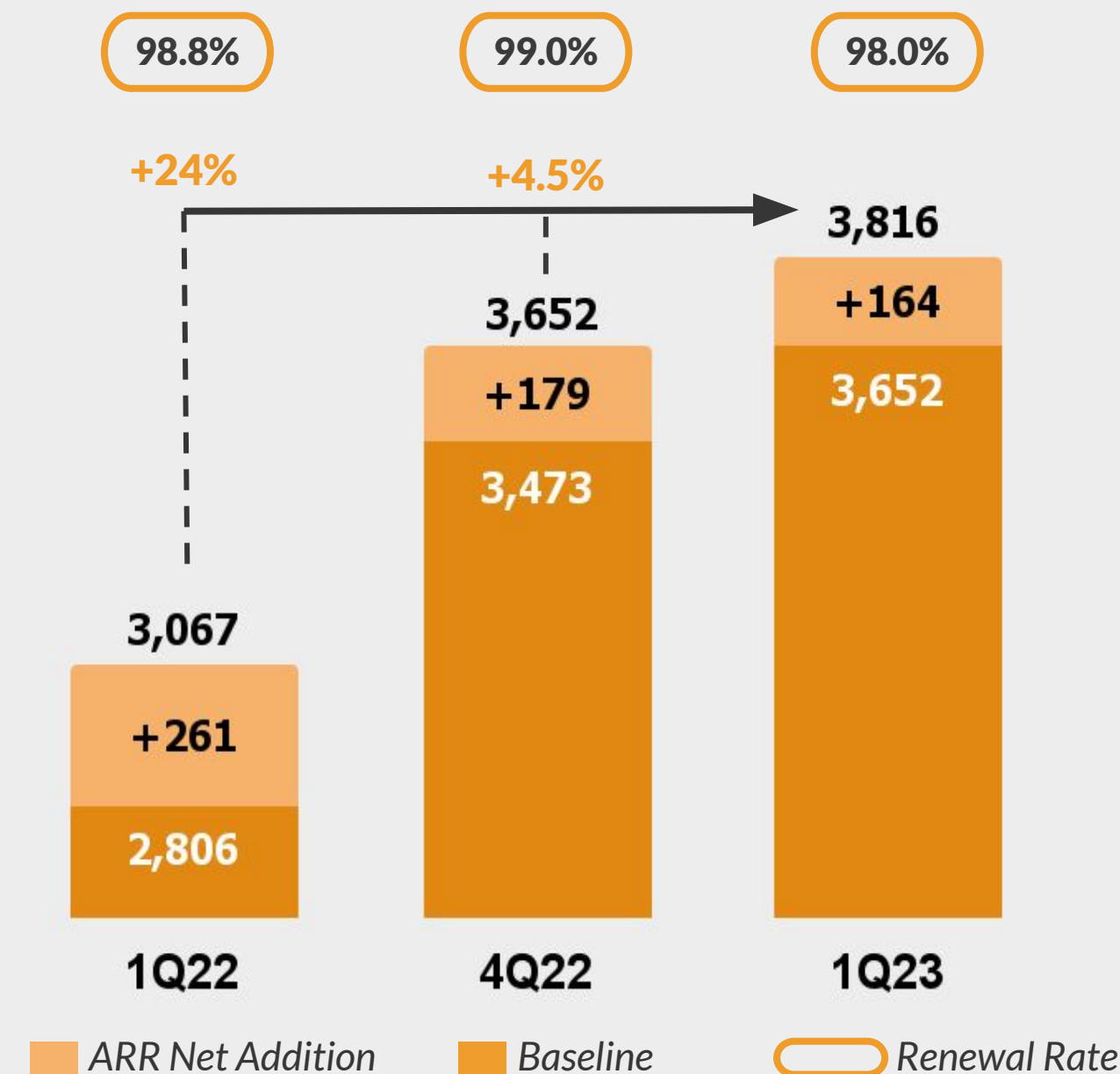
~**82% Volume** - new signings (sales)

~**18% Preço** - contractual adj. (inflation pass-through)

SaaS - MANAGEMENT (R\$ million)

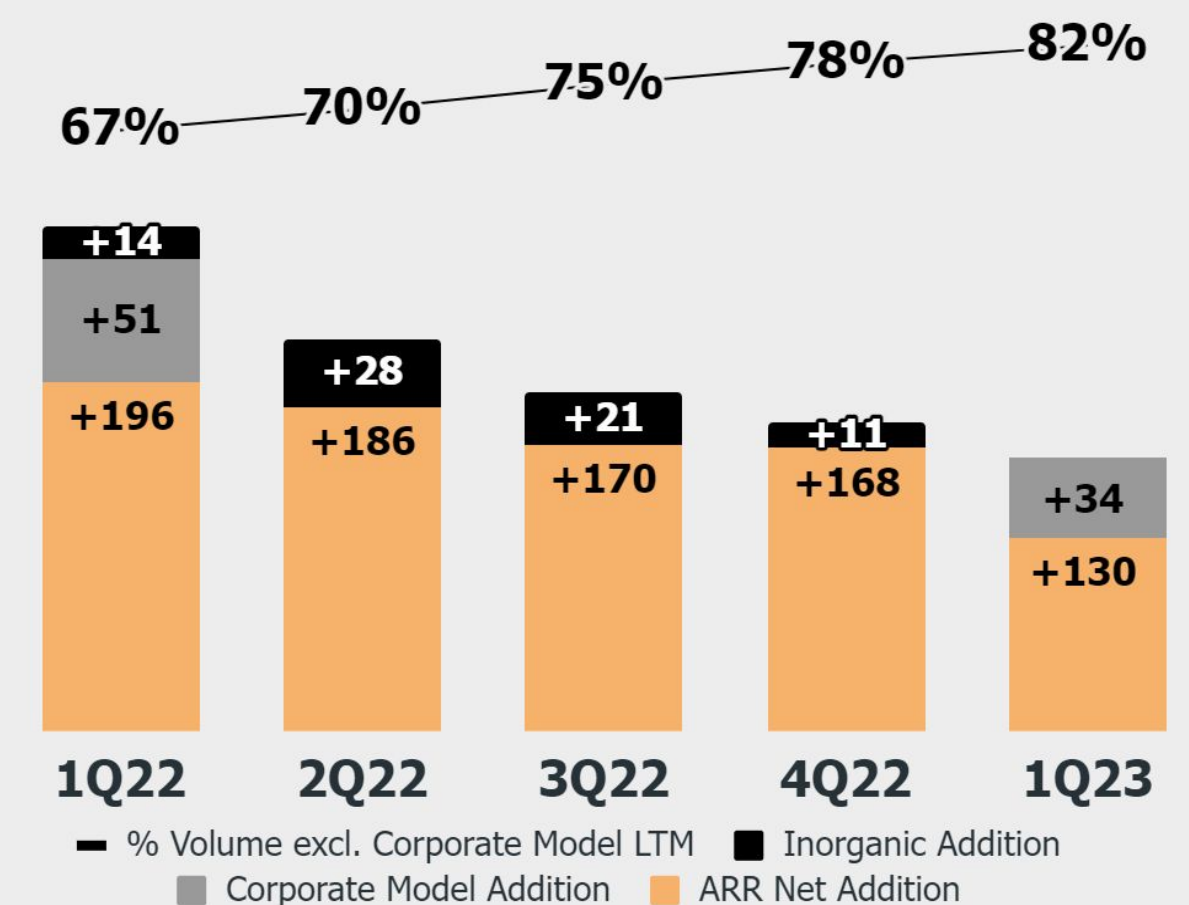


ARR (R\$MM) E TAXA DE RENOVAÇÃO



Highlights

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

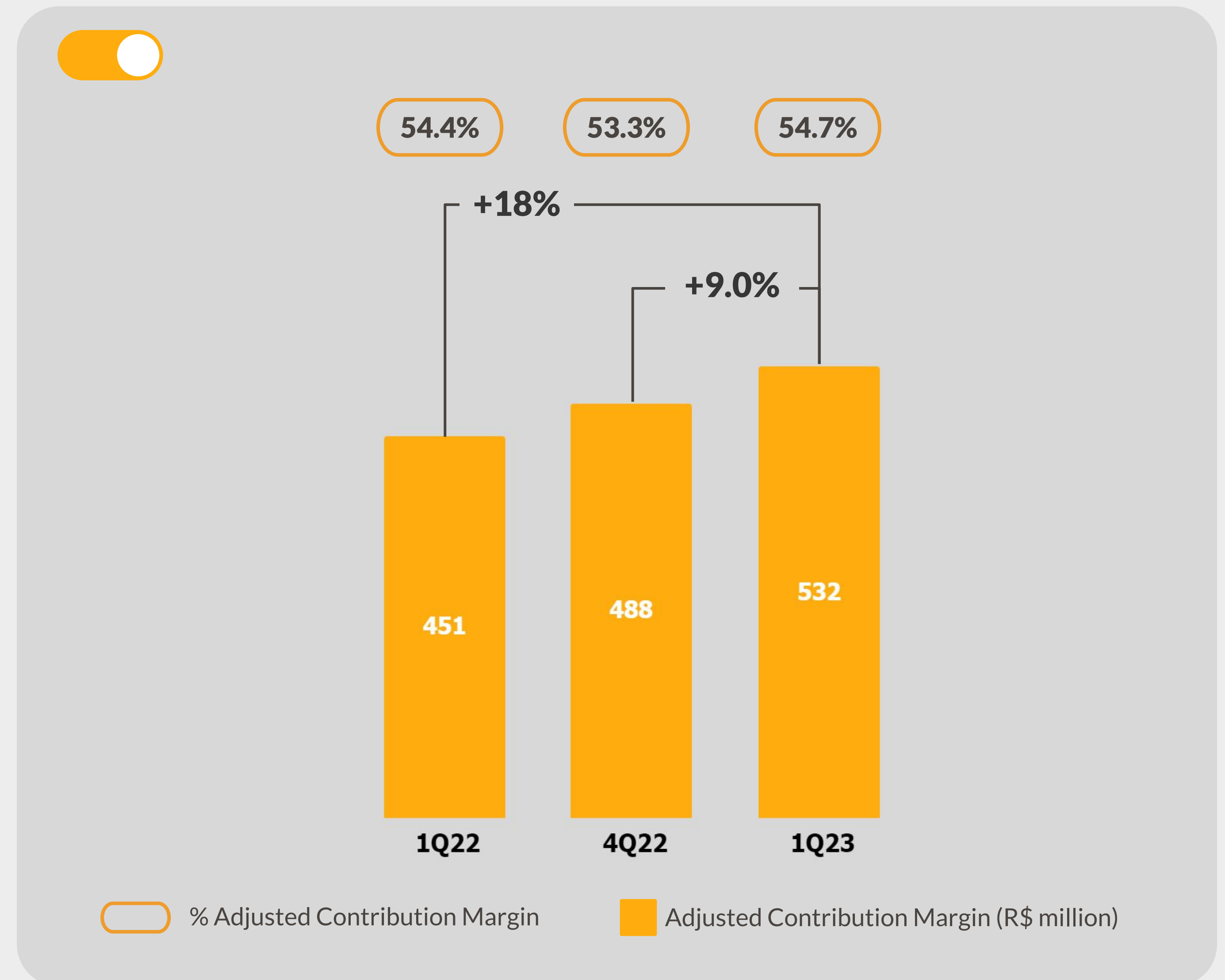


- 15 p.p. growth in Volume year-over-year, increasing representativeness vs. Price
- Reduction of 55% of the value added by the Price component year over year, reflecting the reduction of inflation indices (IGP-M and IPCA) in the period

ADJUSTED CONTRIBUTION MARGIN ⁽¹⁾

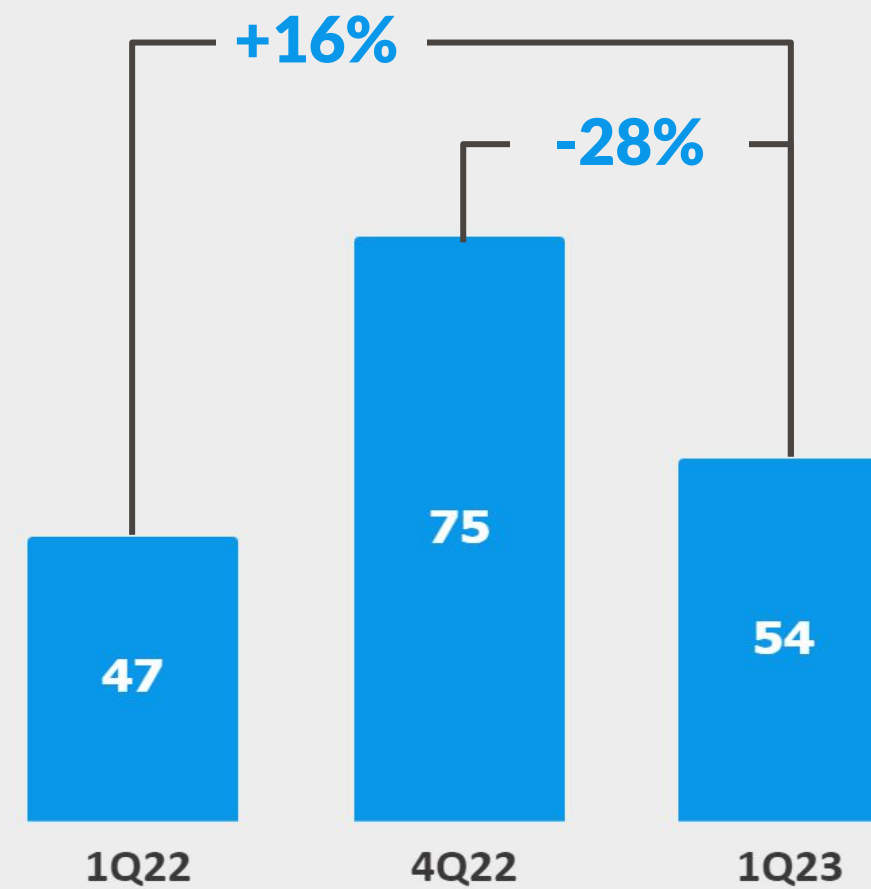
The Adjusted Management Contribution Margin reached R\$532 million, mainly associated with the continued evolution of Recurring Revenue and the positive impact of the seasonal revenue from Corporate Model.

The Contribution Margin on Net Revenue from Management reached 54.7%, growth of 30 bp QoQ and 140 bp YoY, the highest level in recent years.

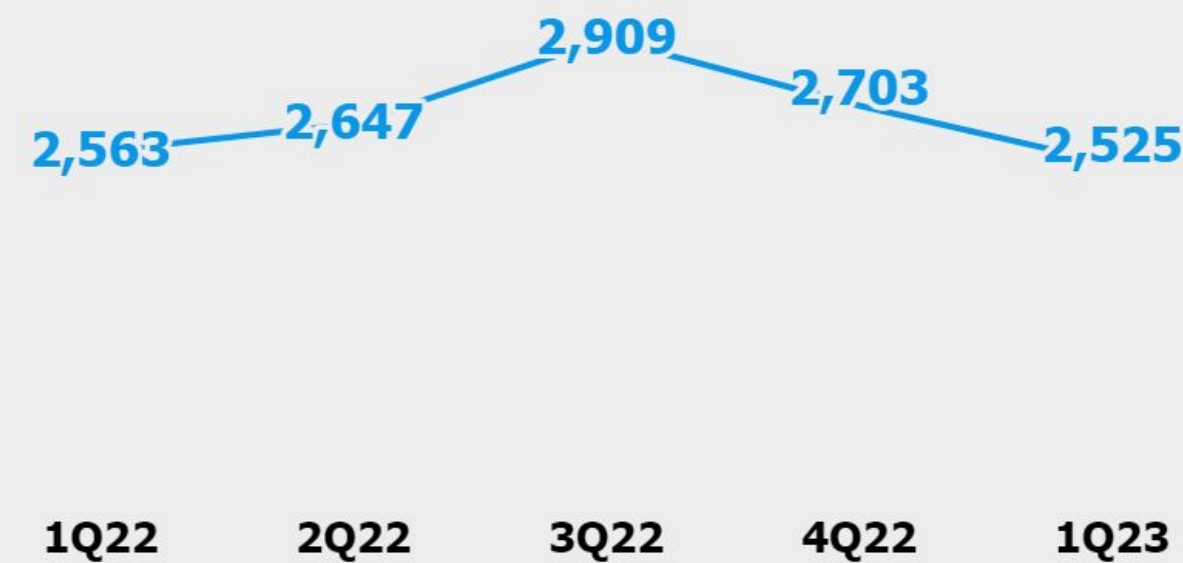


Revenue Net of Funding grew 16% over 1Q22,
with **Delinquency above 90 days** 190 basis points below the Brazilian Average

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



Credit Production (R\$ mn)

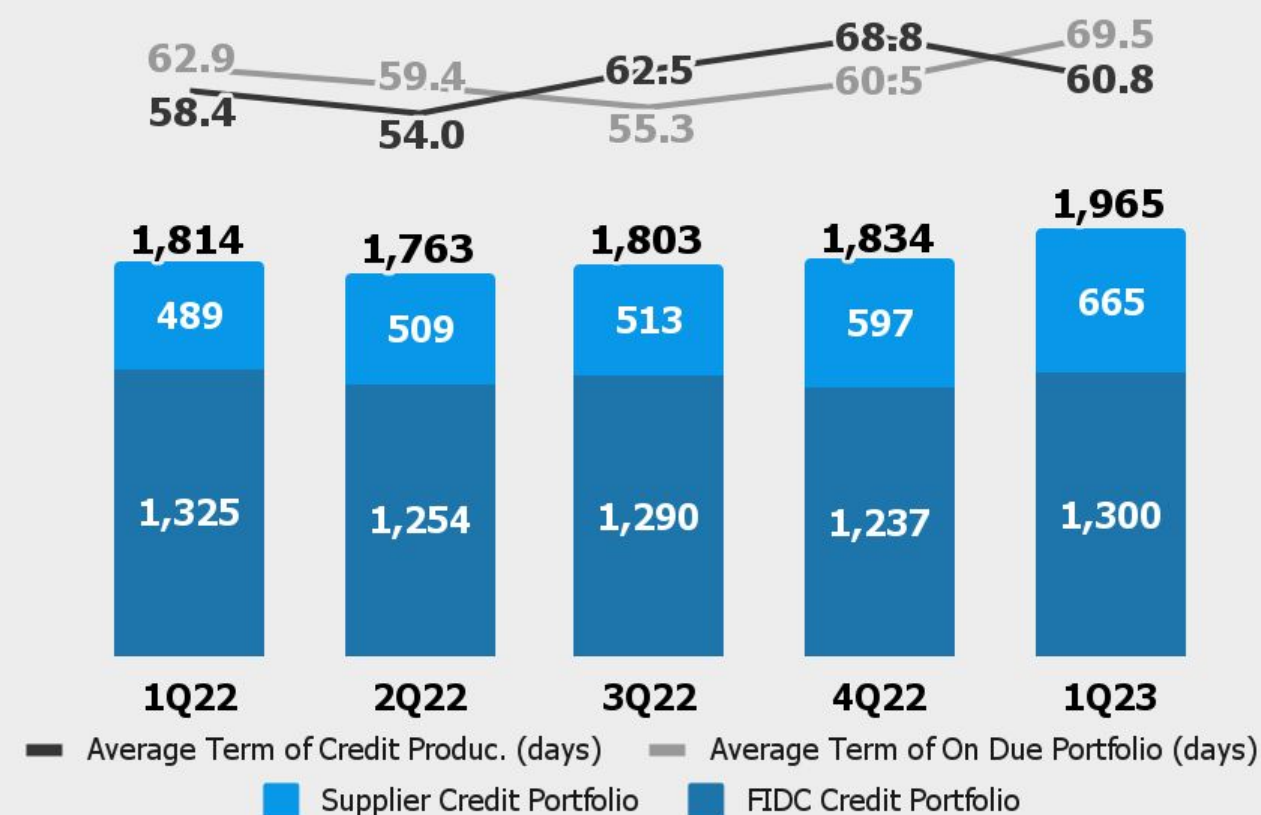


Supplier's pipeline - "Mais Negócios" product (cross-sell with TOTVS)

65%
Prospecting
Affiliates

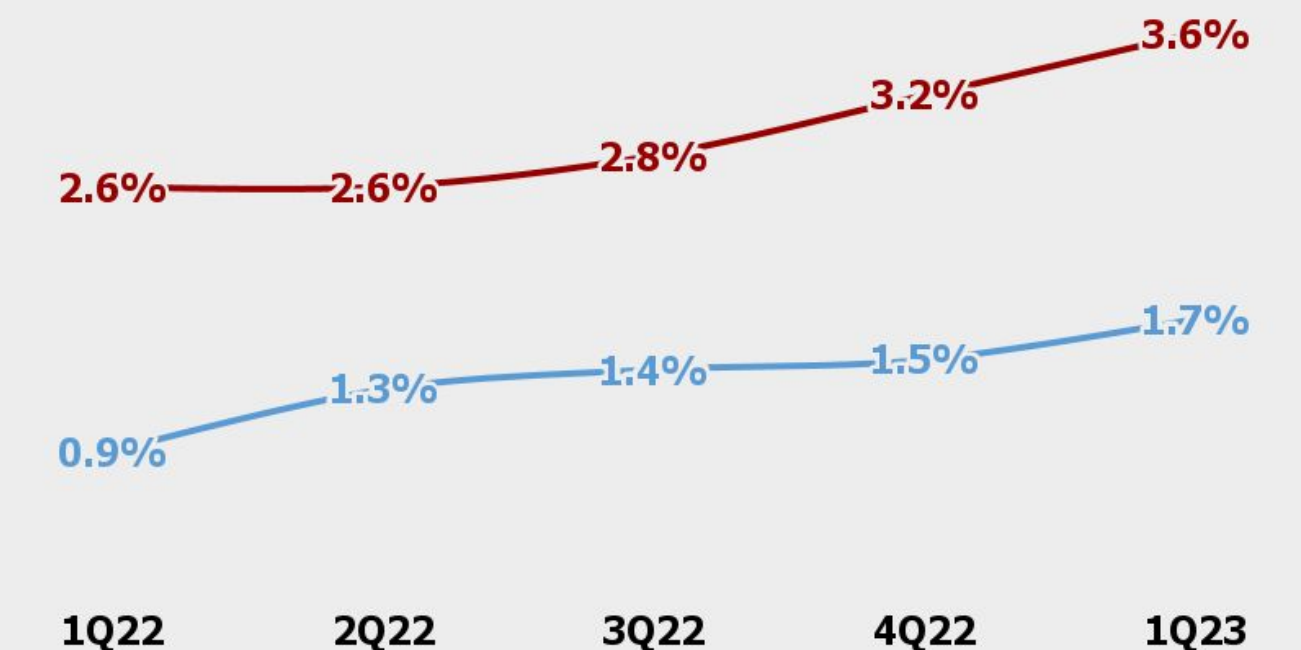
48%
Affiliates in
Implementation

Credit Portfolio (R\$ mn)



Highlights

Delinquency above 90 days



- Even with the increase in delinquency of the Brazilian Average, the impact was small on Supplier since the difference between the Brazilian Average and the Supplier increased from 170 basis points in 4Q22 to 190 basis points in 1Q23
- The delinquency history below the market average is one of Supplier's most valuable assets

EBITDA

Techfin's EBITDA Margin ended the quarter at 7.2%, 17.3 percentage points below 4Q22, due to the reduction in Techfin Revenue Net of Funding and the fixed cost and funding structures

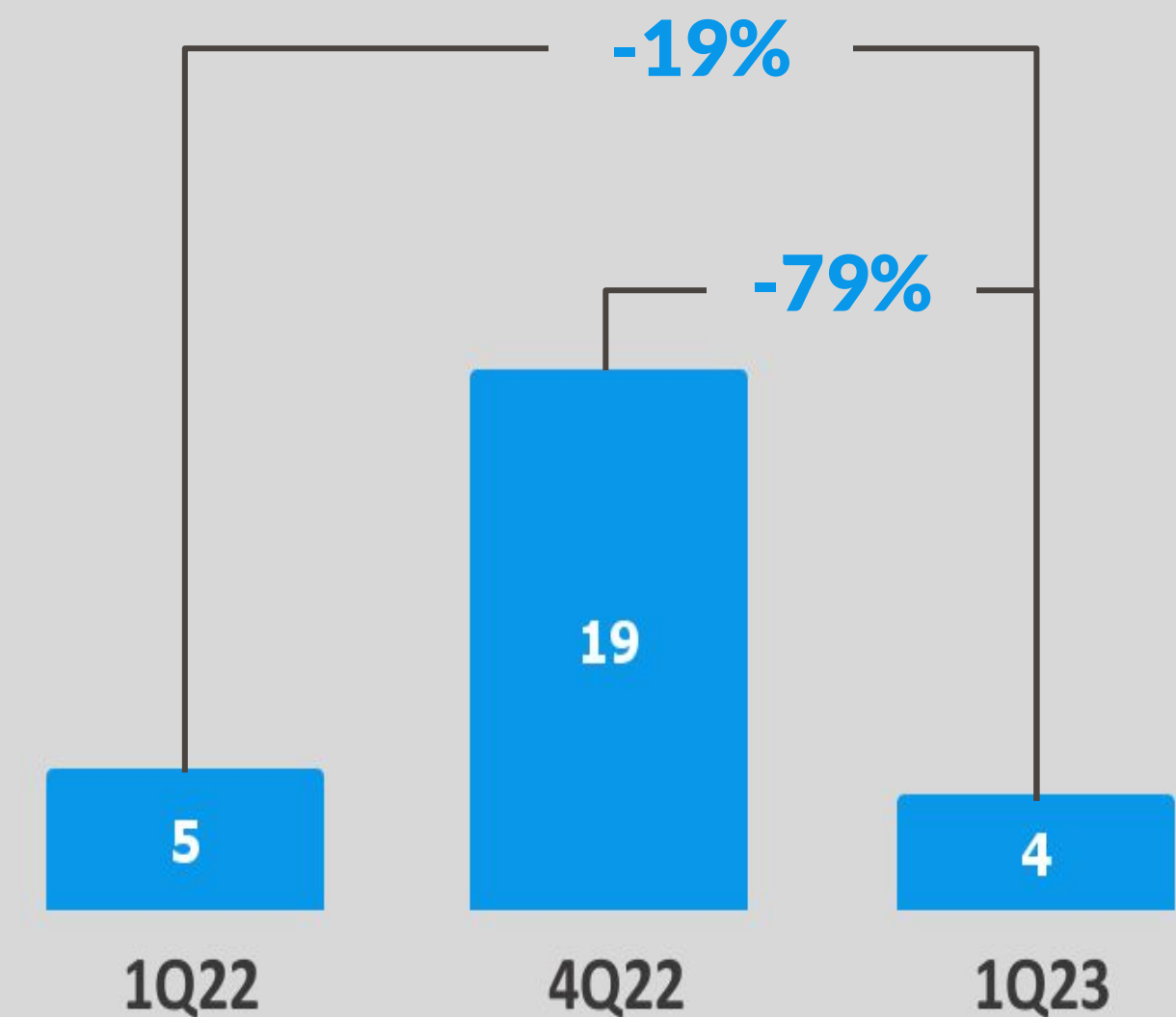
GROSS PROFIT
R\$48MM
+17% vs 1Q22

CONTRIBUTION
MARGIN
R\$30MM
+25% vs 1Q22

10.3%

24.5%

7.2%



 EBITDA TECHFIN (R\$ million)
 % EBITDA TECHFIN



03

ESG





Annual and Extraordinary General Meetings

Attended by +80% of the voting capital and had all the proposed matters approved, among them: capital budgeting, Management's global compensation and amendment to the Company's Incentive Plan



Maintenance of TOTVS' rating by Fitch

Maintenance of the rating reflects, among others: the Company's leadership in the Software Solutions sector, with a diversified portfolio of solutions that are increasingly integrated and better evaluated by its customers and the Company's cash generation capacity with consistent margins in volatile macroeconomic scenarios



04

FINAL REMARKS



In 2023 we will continue advancing on the journey to build the 3D ecosystem! We see ourselves ready and in a privileged position to take advantage of current and future opportunities, whether organically, through strategic partnerships and, with no doubt, through M&A too.



MANAGEMENT

**Growth in Management
Recurring Revenue with the
highest Contribution Margin
in recent years**

Reflect of the continuous evolution
of Recurring Revenue and
productivity gains, which translate
into operational leverage



BUSINESS PERFORMANCE

**RD Station at the center of the
Strategy and maintaining a
good level of growth**

The construction of the largest
Business Performance ecosystem
in Brazil continues at an
accelerated pace of growth,
highlighting the recent results of
the acquired companies

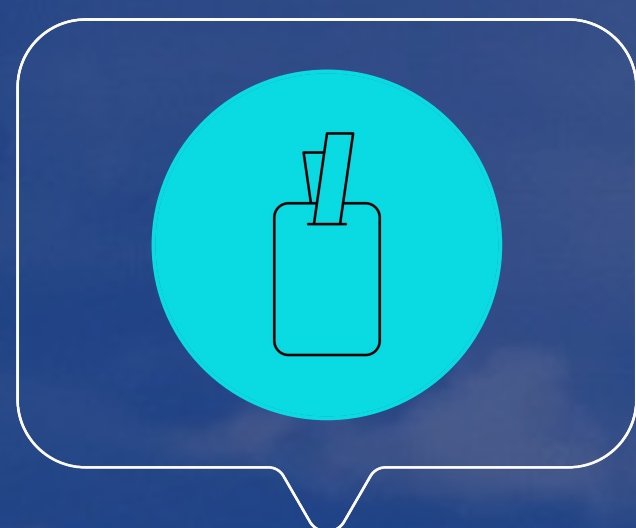


TECHFIN

**Composed by 2 operations:
Supplier and the organic
operation of Techfin**

We continue to prepare for the
closing of the JV with Itaú, which
will expand the portfolio of
solutions and provide a digital
journey for customers

THANKS



Investors Relations

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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

