EARNINGS RELEASE 2Q22

VIDEO CONFERENCE - August 4th, 2022, 11am (Brasília)

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TOTVS

2Q22 EARNINGS RELEASE

São Paulo, August 3th, 2022 - TOTVS S.A. (B3: TOTS3), leader in the development of business solutions in Brazil, announces today its results for the **Second Quarter of 2022 (2Q22)**. The Company's consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil and in line with the International Financial Reporting Standards (IFRS).

NET REVENUE[1] GREW 30% YEAR-OVER-YEAR

- Net Revenue reached R$966MM in the period, being worth highlighting the 27% growth in Management Recurring Revenue driven by the 37% growth in SaaS Revenue
- Adjusted EBITDA margin of 23.7%, 10 basis points higher than in 1Q22, even without the positive effect of the Corporate Model License record revenue and still partial dilution of the 1Q22 collective bargain agreement
- Increase of 11.6 percentage points in Techfin Contribution Margin quarter over quarter
- In Business Performance, QoQ Recurring Revenue growth acceleration to 7.9%, and record-breaking ARR Net Addition

NET REVENUE[1]	SAAS REVENUE OF MANAGEMENT	BIZ PERFORMANCE RECORD BREAKING ARR NET ADDITION	TECHFIN CONTRIBUTION MARGIN
R$966 million	**R$284 million**	**R$21 million**	**63.1%**
+30% vs 2Q21	**+37% vs 2Q21**	**+36% vs 1Q22**	**+11.6 pp vs 1Q22**

MESSAGE FROM THE MANAGEMENT

TOTVS' value proposition is to improve companies' results, and, through technology, help them leverage their businesses, making them more profitable and growing their operations. This is an expanded proposition, which reflects the construction of our 3-D ecosystem, and that continues to benefit from the need for companies to invest in technology, regardless of the economic scenario.

We closed this second quarter with significant progress in our operations: we increased the consolidated EBITDA QoQ Margin, even without the record increase in the Corporate Model and with the still limited dilution of the substantial collective bargain agreement in the first quarter. Still, we maintained the 30% growth in our Net Operating Revenue. As to Techfin, we improved the QoQ Contribution Margin by over 11 p.p., accelerating the growth of Revenue Net of Funding while reducing the Provision for Expected Credit Losses. On Business Performance we had a strong reacceleration of QoQ Recurring Revenue growth, with a record-breaking ARR Net Addition in the quarter. Finally, regarding Management, we had a growth of over 37% in SaaS Revenue and an acceleration in the Volume component on the ARR Net Addition.

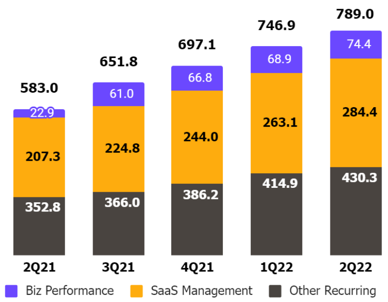
All of that in a very challenging scenario. Which is an indisputable reflection of a solid company with a resilient business model, a loyal and satisfied client base, a brand associated with innovation, a clear and winning strategy, and a focused execution of a committed and engaged team.

Also in this quarter, we published the sixth edition of our Integrated Report, which is an important document on which we consolidate our main ESG initiatives.

Our journey to become the Trusted Advisor of our clients continues. The process of consolidating the 3 dimensions in an integrated, interconnected, and interdependent way will increasingly help our clients to sell more and more intelligently with Biz Performance, to have a broader, simpler, and cheaper access to financial services with Techfin, and to have more efficiency in their Management processes

Dennis Herszkowicz - CEO

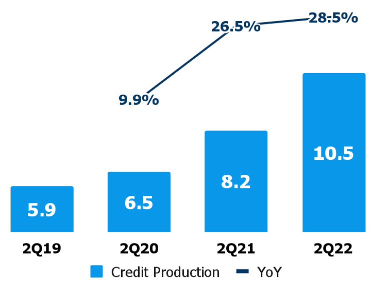
Recurring Revenue (R$ million)



Consolidated ARR
R$3.6 billion
Total Net Addition
+R$236 million (2Q22)

98.4%
Consolidated Renewal Rate

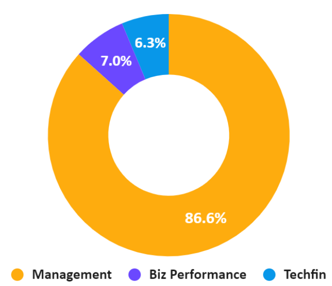
Credit Production LTM (R$ billion)



Credit Portfolio
R$1.8 billion
+18% vs 2Q21

Techfin Prov. Expect. Credit Losses
-29%
vs 1Q22

Contribution Margin 2Q22



Adjusted EBITDA
R$229 million
+10bp vs 1Q22

Op. Cash Generation/ Adjusted EBITDA
127%

1 Net Revenue (Non-GAAP) includes the concept of Techfin Revenue net of Funding Cost in the consolidation of the Company's revenues.

RECENT EVENTS

"Universo TOTVS" 2022 + Investor Day

For the first time carried out within TOTVS Universe, our 2022 Investor Day had as its core subject the construction of the three-dimensional ecosystem (Management, Biz Performance, and Techfin) to turn TOTVS into the "Trusted Advisor" of companies. Enabling the interaction between the Company's Executive Board and the market, this event attracted over 250 people among stock market professionals, analysts, and domestic and international investors. On its turn, "Universo TOTVS", which is one of the largest technology and business events in Brazil, attracted an audience of over 9,000 people, including clients, customers, partners, and developers throughout two days of this event full of contents that approached, besides product launches, innovations and trends within the Company's three business dimensions.

To check the Investor Day's contents, [click here.](#)

Integrated Report*

The sixth edition of our Integrated Report broadens the visibility of TOTVS' projects and initiatives related to priority SDGs (Sustainable Development Goals) and provides data on greenhouse gas emissions into the CDP (Carbon Disclosure Project) model, which is an important milestone for initiatives on the environmental pillar. In addition, this year's report now has limited assurance by an independent auditor

To read the Integrated Report, [click here.](#)

*Voluntary annual report based on the guidelines of the Global Report Initiative (GRI) and the International Integrated Reporting Council (IIRC)

MSCI raises TOTVS' score from "BBB" to "A"

This score rise positions TOTVS within a select group of global companies that are more distinguished in the software industry sector and reflects the Company's efforts to strengthen ESG aspects in its operations, proving that the organization's Sustainability Agenda is on the right path.

Share buyback program and Interest on Equity

The Company share buyback program of up to 4 million common shares was 100% completed in June 2022 and aimed to face the Company's Share-Based Compensation Plan, with a view to maximizing long-term value generation for shareholders through an efficient management of the capital structure.

The Board of Directors approved on august 1th the payment of interest on equity regarding the first semester of 2022 (1H22) on the amount of R$60.6 million, corresponding to R$0.10 per share, which the payment will take place on September 23, 2022 to shareholders holding the Company's shares on August 4, 2022.

For more information: Share Buyback Program, [click here](#) and Interest on Equity, [click here](#)

TOTVS stands out in the Institutional Investor ranking

The Company was elected "Most Honored Company" in the Technology, Media and Telecommunications (TMT) sector in the survey "The Latam Executive Team 2021", being recognized in all 8 categories of the General and MidCap rankings, with emphasis on the positions of first place in the Combined, Sell Side and Buy Side ranking in all MidCap TMT categories, with emphasis on Best CEO (Midcap), Best CFO (Midcap), Best IR Professional (General and Midcap), Best IR Team (Midcap) and Best ESG (Midcap).

For more Information: [click here](#)

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Rule of 40 (a+b)	**53.2%**	**45.1%**	**810 bp**	**57.4%**	**-420 bp**	**55.3%**	**44.8%**	**1050 bp**
(a) Net Revenue Growth	29.5%	20.4%	910 bp	33.8%	-430 bp	31.6%	19.0%	*1260 bp*
(b) Adjusted EBITDA Margin	23.7%	24.7%	-100 bp	23.6%	10 bp	23.7%	25.8%	-210 bp
Growth (in R$ millions)								
Non-GAAP Net Revenue [1]	**966.4**	**746.1**	**29.5%**	**945.6**	**2.2%**	**1,912.1**	**1,453.0**	**31.6%**
Consolidated Recurring Revenue	789.0	583.0	35.3%	746.9	5.6%	1,536.0	1,122.0	36.9%
% Consolidated Recurring Revenue	78.2%	76.4%	180 bp	76.1%	210 bp	77.2%	75.6%	160 bp
% Biz Perform. + Techfin Revenue	13.2%	9.0%	420 bp	12.4%	80 bp	12.8%	7.8%	500 bp
Consolidated ARR	3,586.7	2,657.0	35.0%	3,351.0	7.0%	n/a	n/a	-
Consolidated ARR Net Addition	207.1	121.7	70.2%	262.6	(21.1%)	469.7	211.8	121.7%
Consolidated SaaS Revenue	358.1	229.2	56.2%	331.1	8.2%	689.1	428.6	60.8%
Biz Performance Recurring Revenue [2]	74.4	56.6	31.4%	68.9	7.9%	143.3	108.0	32.7%
Credit Production	2,646.5	2,438.3	8.5%	2,562.6	3.3%	5,209.1	4,481.3	16.2%
Profitability (in R$ millions)								
Adjusted EBITDA Margin [3]	**23.7%**	**24.7%**	**-100 bp**	**23.6%**	**10 bp**	**23.7%**	**25.8%**	**-210 bp**
Adjusted EBITDA [4]	229.4	184.2	24.5%	223.3	2.7%	452.7	374.2	21.0%
Cash Earnings [5]	120.5	91.2	32.1%	116.6	3.3%	237.1	187.9	26.2%
Cash Earnings Margin	12.5%	12.2%	30 bp	12.3%	20 bp	12.4%	12.9%	-50 bp
Operating Cash Generation	290.5	167.6	73.4%	257.1	13.0%	547.6	325.4	68.3%
Op. Cash Generation / Adjusted EBITDA	126.6%	91.0%	3560 bp	115.1%	1150 bp	121.0%	87.0%	3400 bp
Supplier LTM ROE	41.4%	56.4%	-1500 bp	43.4%	-200 bp	n/a	n/a	-
Stock Market								
TOTS3 (in R$)	**23.3**	**37.7**	**(38.2%)**	**36.4**	**(36.1%)**	**n/a**	**n/a**	**-**
ADTV 30 (in R$ millions)	132.9	125.7	5.7%	155.8	(14.7%)	n/a	n/a	-
IBOV (pts)	98.5	126.8	(22.3%)	120.0	(17.9%)	n/a	n/a	-
IBrX 50 (pts)	16.5	21.3	(22.7%)	20.2	(18.4%)	n/a	n/a	-

(1) Non-GAAP Revenue net of Funding , represents the Techfin Revenue net of Funding Cost Consolidated in the Total Company's Revenue.

(2) Includes unaudited results from jan-may/21 of RD Station, for comparative purposes only.

(3) Adjusted EBITDA over the Non GAAP Revenue net of Funding.

(4) EBITDA adjusted by extraordinary items.

(5) Net Income without the effects of expenses with amortization of intangibles arising from acquisitions.

FINANCIAL AND OPERATIONAL RESULTS

On April 12, 2022, the Company announced the creation of a Joint Venture (JV) with Itaú Unibanco S.A., known as TOTVS Techfin, in which TOTVS and Itaú will each hold a 50% interest. According to IFRS-5, the transaction involving the creation of said JV meets the criteria of assets held for sale and, thus, the quarterly Income Statement reviewed by the external auditors ("GAAP") will state the results of Techfin operation in a consolidated way on the line "Techfin Dimension Net Income (Loss)".

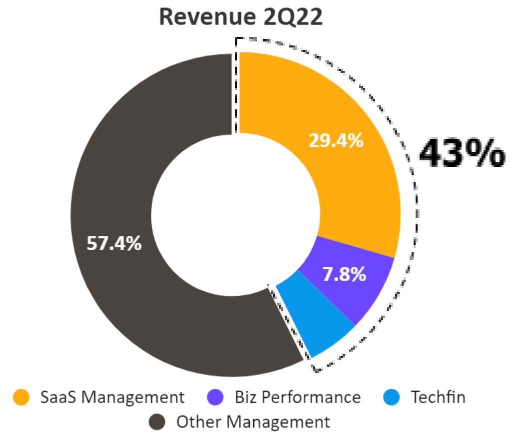
In order to preserve the analysis of the contribution margins of the 3 business dimensions and consolidated EBITDA, we will maintain in this report **the presentation standard** already used in previous quarters, which **we call the "Non-GAAP" standard**, that is, **without reclassifying TOTVS Techfin's revenue, costs and expenses lines** to the Techfin Dimension Net Income (Loss) line. Moreover, **we will keep depreciation and amortization expenses and provision for expected credit loss on specific lines of the Income Statement,** besides using the concept of **Net Funding Revenue in the Techfin dimension, including the consolidation of the Company's Net Revenue (Non-GAAP), which is the basis for the calculation of gross, contribution, EBITDA, and net margins**.

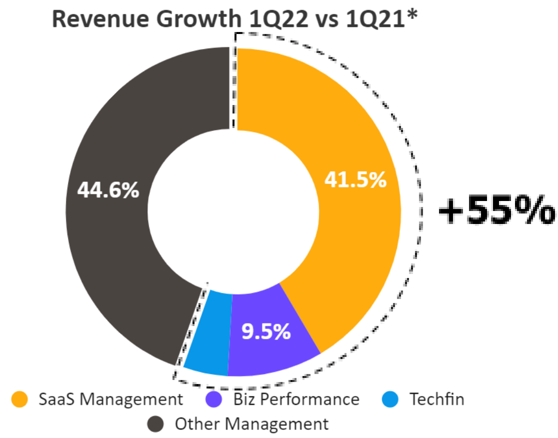
Finally, the reconciliation between the "GAAP" standard for the Income Statement of the quarterly financial information and the "Non-GAAP" standard is provided in **Appendix III** of this document.

Consolidated Results (Non-GAAP)

Consolidated Result (in R$ millions)	**2Q22**	2Q21	Δ	1Q22	Δ	**1H22**	1H21	Δ
Net Revenue	**966.4**	**746.1**	**29.5%**	**945.6**	**2.2%**	**1,912.1**	**1,453.0**	**31.6%**
Management Revenue	839.0	678.9	23.6%	828.7	1.2%	1,667.7	1,339.1	24.5%
Business Performance Revenue	75.6	23.6	220.5%	69.8	8.2%	145.4	28.0	420.2%
Techfin Revenue - Net of funding	51.9	43.7	18.8%	47.1	10.1%	99.0	85.9	15.2%
Consolidated Contribution Margin	**518.6**	**401.2**	**29.3%**	**508.2**	**2.1%**	**1,026.8**	**793.3**	**29.4%**
Management Contribution Margin	449.3	360.9	24.5%	450.6	(0.3%)	900.0	720.3	24.9%
Biz Performance Contribution Margin	36.5	12.0	204.0%	33.3	9.7%	69.8	13.5	416.6%
Techfin Contribution Margin	32.7	28.4	15.5%	24.3	34.9%	57.0	59.4	(4.1%)
% Consolidated Contribution Margin	***53.7%***	***53.8%***	***-10 bp***	***53.7%***	***0 bp***	***53.7%***	***54.6%***	***-90 bp***
% Management Contribution Margin	*53.6%*	*53.2%*	*40 bp*	*54.4%*	*-80 bp*	*54.0%*	*53.8%*	*20 bp*
% Biz Performance Contribution Margin	*48.4%*	*51.0%*	*-260 bp*	*47.7%*	*70 bp*	*48.0%*	*48.4%*	*-40 bp*
% Techfin Contribution Margin	*63.1%*	*65.0%*	*-190 bp*	*51.5%*	*1160 bp*	*57.6%*	*69.2%*	*-1160 bp*
Sales and Marketing Expenses	**(188.3)**	**(138.3)**	**36.1%**	**(184.3)**	**2.2%**	**(372.7)**	**(267.5)**	**39.3%**
Adjusted G&A Expenses and Others	**(100.9)**	**(78.1)**	**29.2%**	**(100.6)**	**0.4%**	**(201.5)**	**(151.0)**	**33.4%**
Equity Pickup	**-**	**(0.6)**	**(100.0%)**	**0.0**	**(100.0%)**	**0.0**	**(0.6)**	**(101.2%)**
Adjusted EBITDA	**229.4**	**184.2**	**24.5%**	**223.3**	**2.7%**	**452.7**	**374.2**	**21.0%**
Adjusted EBITDA Margin	*23.7%*	*24.7%*	*-100 bp*	*23.6%*	*10 bp*	*23.7%*	*25.8%*	*-210 bp*

Net Revenue





* Management Revenue, added to Techfin Revenue and Business Performance Revenue, considering the unconsolidated results of RD Station from Jan/2021 to May/2021.

Consolidated Net Revenue grew 30% in 2Q22 when compared with the same period of the previous year, being worth highlighting: (i) 27% growth in Recurring Management Revenue, driven by a 37% growth in SaaS revenues; (ii) consolidation of RD Station as of June 2021 on the Business Performance dimension, which, even comparatively (including RD in 2Q21), results in a 30% organic growth year-over-year of this Dimension; and (iii) 19% growth in Techfin Revenue net of Funding.

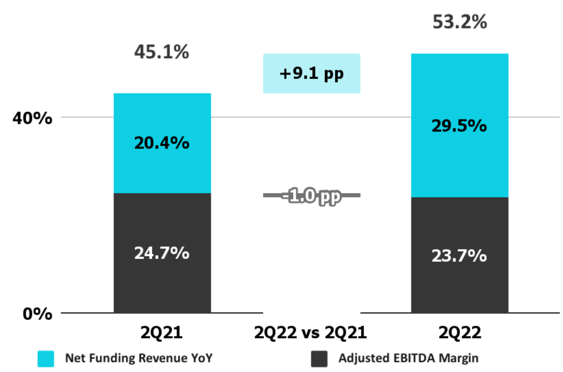
It is worth emphasizing that the consolidated Net Addition of ARR (Annualized Recurring Revenue) was again above R$200 million, with a record-breaking addition contribution of Business Performance.

Adjusted EBITDA

Adjusted EBITDA closed the quarter at R$229 million, and Adjusted EBITDA Margin at 23.7%, which means 10 basis points higher than 1Q22, even without the record-braking positive effect of R$36.6 million of revenue from the 1Q22 Corporate Model License and with a partial dilution of the almost 2.3 times greater year-over-year impact of collective bargain wage adjustments in 1Q22. This Margin performance was mainly due to: (i) the increase of 1,160 basis points of the Techfin Contribution Margin; and (ii) the increase of 70 basis points of the Business Performance Contribution Margin.

Rule of 40

The rule of 40 metric reached 53.2% in the quarter, which means 8.1 percentage points higher than the same period of the previous year, a result of 9.1 percentage points of increase in Net Revenue growth against 1.0 percentage point lower Adjusted EBITDA Margin. The Company has been able to grow in a balanced manner, with an increase in the relevance of recurring and transactional revenues, maintaining a healthy profitability, even in times of market volatility.



Management dimension results

The Management dimension is composed largely of the vision called until 1Q21 as "Technology Result", excluding the solutions that have become part of the Business Performance dimension and the new Techfin products.

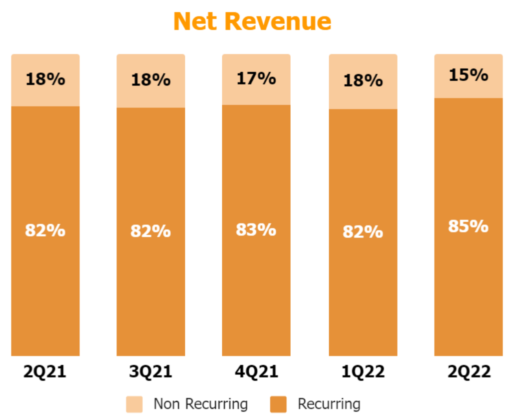
The results from the Management Dimension for this quarter reflect the incorporation of Gesplan and Vadu figures as of April.

Management Result (in R$ millions)	**2Q22**	2Q21	Δ	1Q22	Δ	**1H22**	1H21	Δ
Net Revenue	**839.0**	**678.9**	**23.6%**	**828.7**	**1.2%**	**1,667.7**	**1,339.1**	**24.5%**
Recurring	713.4	559.9	27.4%	676.6	5.4%	1,390.0	1,094.3	27.0%
Non Recurring	125.6	119.0	5.5%	152.0	(17.4%)	277.6	244.8	13.4%
License	44.5	46.4	(4.1%)	80.8	(44.9%)	125.3	105.5	18.7%
Services	81.1	72.6	11.7%	71.3	13.7%	152.4	139.3	9.4%
Costs	(239.6)	(193.9)	23.6%	(231.3)	3.6%	(470.8)	(376.8)	25.0%
Gross Profit	**599.4**	**485.0**	**23.6%**	**597.4**	**0.3%**	**1,196.8**	**962.4**	**24.4%**
Gross Margin	*71.4%*	*71.4%*	*0 bp*	*72.1%*	*-70 bp*	*71.8%*	*71.9%*	*-10 bp*
Research and Development	(145.4)	(119.5)	21.7%	(140.1)	3.8%	(285.6)	(232.5)	22.8%
Provision for Expected Credit Losses	(4.7)	(4.7)	0.0%	(6.7)	(30.0%)	(11.3)	(9.5)	19.0%
Management Contribution Margin	**449.3**	**360.9**	**24.5%**	**450.6**	**(0.3%)**	**900.0**	**720.3**	**24.9%**
% Management Contribution Margin	*53.6%*	*53.2%*	*40 bp*	*54.4%*	*-80 bp*	*54.0%*	*53.8%*	*20 bp*

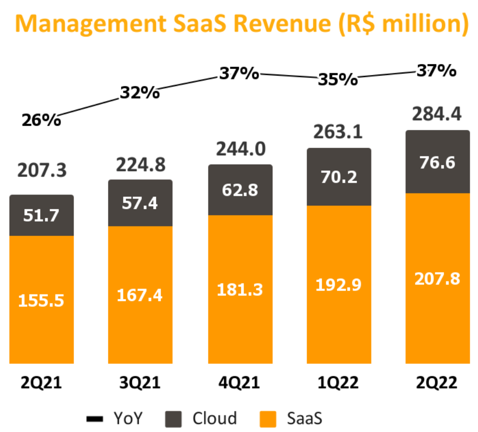
Net Revenue

Management Net Revenue grew 24% year-over-year in 2Q22, driven by the 27% growth in Recurring Revenue, especially in the Education, Construction, and Projects; and Distribution segments, which grew above 30%, besides Dimensa's operation, which grew 54% in the period (28% organic). Recurring Revenue represented 85% of the Net Revenue from Management, which is the highest level of quarterly recurrence ever recorded in this dimension.

Compared with 1Q22, Management Net Revenue grew 1.2%, even with a 45% seasonal reduction in revenues from Licenses in the period.



Recurring Revenue

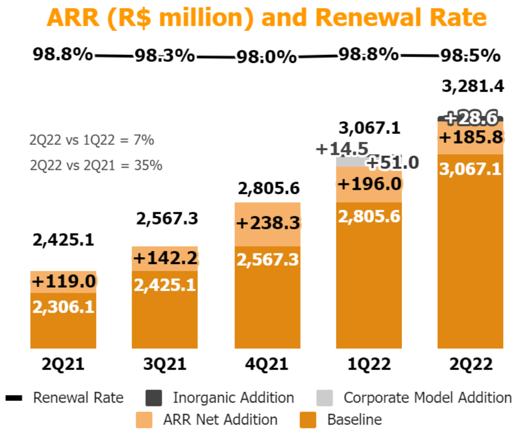


Recurring Revenue kept the pace of a 27.4% growth when compared with the same quarter of the previous year. This performance was due mainly to: (i) the increase in sales, especially SaaS, which will be addressed later; (ii) Pricing Power (capacity of inflation passthrough); (iii) the high renewal rate; and (iv) the consolidation of Gesplan and Vadu's earnings as of April 2022.

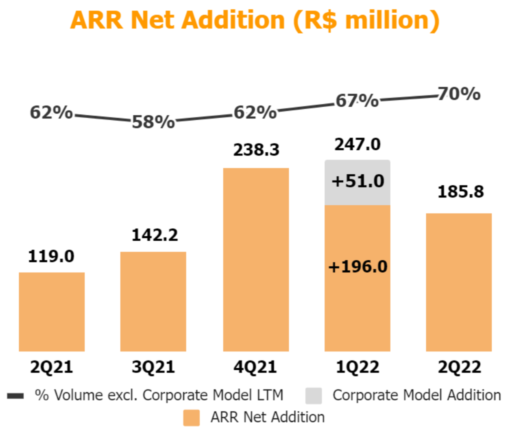
In the quarter-on-quarter comparison, growth was 5.4%. The deceleration in the quarter-on-quarter growth rate is a reflection of the seasonal positive impact of the increase in the Corporate Model, which occurred at a record pace in 1Q22. Therefore, excluding this effect, there would be acceleration in growth in this comparison.

Revenue from Management SaaS, as noted in the previous chart, continued to accelerate and grew 37% in 2Q22, compared with 2Q21, because of the combination of the following elements: (i) 48% growth in Cloud; (ii) new SaaS signings, which grew 29%; (iii) contractual inflation pass-through for the period; and (iv) maintenance of low churn levels.

As seen in the chart to the side, the Annualized Recurring Revenue (ARR) of Management reached R$3.3 billion, which translates into a net addition of R$214.3 million in the quarter, of which R$28.6 million refers to the consolidation of Gesplan and Vadu.



In the year-over-year comparison, the organic net addition of ARR in 2Q22 increased 56%. As shown in the chart below, the Sales Volume component has been increasing its share in the gross addition of ARR. This behavior can be observed even excluding the effects of the Corporate Model in 1Q21 and 1Q22, with the adjusted Volume growing from an LTM (last 12 months) level of 62% in 2Q21 to 67% in 1Q22, and 70% in 2Q22. This effect shows that, even with the Price component dropping to absolute levels similar to those observed in 2Q21, due to the inflation rates behavior on the period, and the Renewal Rate having a slight reduction versus the level of 1Q22, the growth in Volume allowed the Company to deliver a much higher Net Addition year-over-year. As already mentioned in previous quarters, the growth of the Sales Volume component reflects initiatives implemented by the Company that resulted in: (i) the increase in productivity and efficiency of sales distribution; (ii) the improvement of quality and NPS; (iii) the increase in the portfolio; and (iv) the reduction in the total cost of ownership for clients, among several other factors.



In the quarter-over-quarter comparison, the organic ARR net addition, excluding the corporate model, decreased by 5.2%, even with new progress in the volume of signings and with relative stability in the effect of the inflation pass-through (Price), due to the natural fluctuation in the Renewal Rate. It is worth highlighting that this behavior had been already seen in previous periods and within the average level of the last 12 months, which did not change the trend of keeping high Renewal Rate levels seen in the comparison between 1H22 versus 1H21.

Non-Recurring Revenue

Non-Recurring Revenue increased 5.5% in 2Q22 when compared with 2Q21, mainly due to the seasonal growth of 11% in Service revenue.

In the quarter-over-quarter comparison, the 17% decrease is explained by the 45% drop on the License line, which had a positive impact of R$36.6 million in the Corporate Model License revenue in 1Q22. This seasonal effect was partially offset by the 14% growth in Service Revenue, explained by the increase in service demand in the quarter, especially from larger clients and by the consolidation of Gesplan's Service revenue.

Gross Margin

The Gross Margin from Management reached 71.4% in the quarter, the same level of 2Q21, explained by the 27% growth of Recurring Revenue year over year that offset the 23.6% growth of Costs. This Cost growth still reflects the collective bargain agreement increase of salaries in the 1Q22, that was 2.3 times greater than 1Q21, while the average of inflationary indexes that impact revenue remained at stable levels, as commented in previous quarters.

Compared with 1Q22, the 70 basis points decrease in Gross Margin is explained mainly by the drop in License revenue, as already mentioned in the previous section.

Research & Development

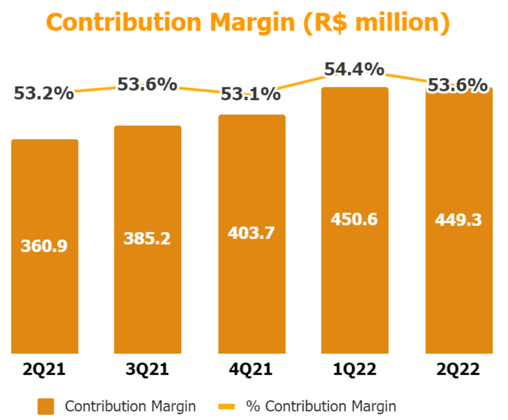
The share of Research and Development (R&D) expenses versus Recurring Revenue closed the quarter at 20.4%, which means 90 basis points below 2Q21 and 30 basis points below 1Q22. This lower share of R&D reflects the current dilution process of the collective bargain agreement in Sao Paulo that affected entirely 1Q22, as well as the efficiency in the allocation of resources invested to modernize the portfolio and increase product quality.

Provision for Expected Credit Losses

The Provision for Expected Credit Losses (formerly allowance for doubtful accounts) represented 0.6% of Management Revenue in the quarter, compared with 0.7% in 2Q21 and 0.8% in 1Q22, which reflects the business model based on Recurring Revenue, combined with a pulverized, diversified, and more resilient client base than the average of companies in the market, as already mentioned in previous quarters.

Management Contribution Margin

The Management Contribution Margin reached R$449 million in 2Q22, stable when compared with 1Q22, explained mainly by the continuous growth in Recurring Revenue, which offset the positive impact, in the previous quarter, of the record-breaking License Revenue of the Corporate Model. If we disregard this License Revenue from the Corporate Model in 1Q22, the Management Contribution Margin on Net Revenue grew 130 basis points, even with the only partial dilution of the impact on earnings of collective bargain agreement. Moreover, the percentage of the margin on Net Revenue from Management was 40 basis points above that of 2Q21, also because of the growth in Recurring Revenue in the period, combined with the discipline in managing costs and expenses.



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 CS - Customer Success - solutions.

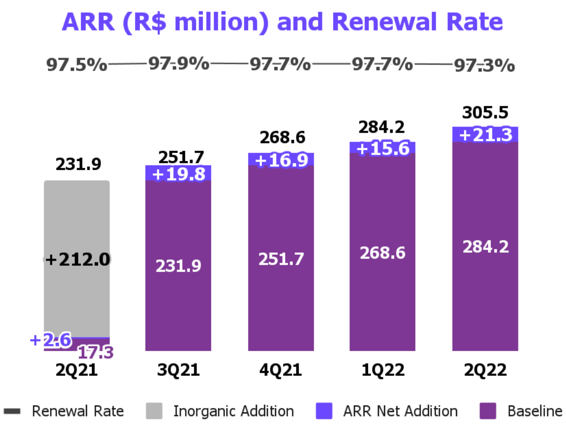
For comparison purposes, below we present earnings of this dimension, considering RD Station figures from January 2021 to May 2021.

Biz Performance Result (in R$ millions)	2Q22	2Q21*	Δ	1Q22	Δ	1H22	1H21*	Δ
Net Revenue	**75.6**	**57.9**	**30.4%**	**69.8**	**8.2%**	**145.4**	**110.3**	**31.8%**
Recurring	74.4	56.6	31.4%	68.9	7.9%	143.3	108.0	32.7%
Non Recurring	1.2	1.4	(10.8%)	0.9	32.7%	2.1	2.3	(9.4%)
Costs	(18.7)	(15.9)	17.5%	(18.5)	0.9%	(37.2)	(30.8)	20.8%
Gross Profit	**56.9**	**42.0**	**35.3%**	**51.3**	**10.9%**	**108.2**	**79.5**	**36.1%**
Gross Margin	*75.3%*	*72.5%*	*280 bp*	*73.5%*	*180 bp*	*74.4%*	*72.0%*	*240 bp*
Research and Development	(19.1)	(11.3)	69.7%	(17.3)	10.4%	(36.5)	(21.3)	71.6%
Provision for Expected Credit Losses	(1.2)	0.1	<(999%)	(0.7)	79.1%	(1.9)	(1.2)	56.6%
Biz Performance Contribution Margin	**36.5**	**30.8**	**18.5%**	**33.3**	**9.7%**	**69.8**	**57.1**	**22.4%**
% Biz Performance Contribution Margin	*48.4%*	*53.2%*	*-480 bp*	*47.7%*	*70 bp*	*48.0%*	*51.7%*	*-370 bp*

* Includes the months of jan-may/21 of RD Station, for comparison purposes only, which were not consolidated in the Company's results for that quarter.

Net Revenue

Net Revenue from Business Performance, on the same comparison basis, grew 30% in 2Q22 versus 2Q21, driven by the 31% growth in Recurring Revenue, making this line reach 98% of this dimension's total revenue. In the quarter-over-quarter comparison, there was a significant acceleration, with growth going from 1.7% in 1Q22 to 8.2% in 2Q22.



ARR from Business Performance grew 32% over 2Q21 and 7.5% over 1Q22, surpassing R$300 million, as a result of a record-breaking ARR Net Addition of R$21.3 million, 37% above the Net Addition in 1Q22, as shown in the chart on the right. This significant increase in ARR Net Addition was made possible mainly by the sales acceleration observed throughout the quarter, with emphasis on the up-selling expansion of the Entry-Level product and CRM cross-selling in the RD Station client base.

Gross Margin

The Gross Margin from Business Performance ended the quarter at the historical level of 75.3%, 280 basis points higher than 2Q21 and 180 basis points higher than 1Q22, explained mainly by the investment in Cloud infrastructure optimization carried out by 1Q22, which resulted in better operational efficiency.

Research & Development

Research and Development (R&D) expenses went from 25% in 1Q22 to 26% in 2Q22, as a percentage of this dimension's Recurring Revenue. As explained in previous quarters, this growth is bound to investments in expanding the portfolio's scope and functional depth. This investment aims to increase more and more the competitive advantage and take advantage of the opportunity of a market with low penetration. It is worth remembering that RD Station is a company focused on PLG (Product-Led Growth), which makes investments in R&D even more critical.

Provision for Expected Credit Losses

The Provision for Expected Credit Losses for Business Performance reached 1.6% of Net Revenue in 2Q22 and 1.3% of Net Revenue in 1H22, compared with 1.1% in 1H21. We do not see this fluctuation in the share of this provision in 2Q22 as a trend.

Business Performance Contribution Margin

The Business Performance Contribution Margin reached 48.4% in the quarter, 70 basis points higher than 1Q22, driven by the growth of 180 basis points in Gross Margin, without giving up on continuing investments in R&D. With the new scenario of inflation and higher interest rates, technology companies, particularly the youngest and fast-growing ones, are being demanded for better results. The dimension's performance shows that, for TOTVS, there has never been a dilemma between growth and profitability, even in a business dimension in which the moment and mandate are focused on accelerating revenue.

Techfin dimension results

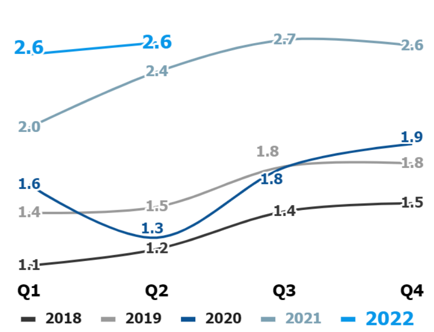
The Techfin dimension aims to simplify, expand, and democratize the access of TOTVS SMB clients to B2B financial services, comprising Supplier's business and new products. As previously mentioned, on April 12, 2022, the Company announced the creation of a Joint Venture with Itaú Unibanco S.A., called TOTVS Techfin, in which TOTVS and Itaú will each hold a 50% stake, which is still in the process of approval by CADE (Brazilian Antitrust Agency) and BACEN (Brazilian Central Bank). 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.

Techfin Results (in R$ millions)	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Techfin Net Revenue	**93.9**	**60.9**	**54.1%**	**82.6**	**13.6%**	**176.5**	**116.6**	**51.4%**
Funding Cost	(42.0)	(17.3)	143.1%	(35.5)	18.3%	(77.5)	(30.6)	153.0%
Techfin Revenue - Net of funding	**51.9**	**43.7**	**18.8%**	**47.1**	**10.1%**	**99.0**	**85.9**	**15.2%**
Operational Costs	(5.7)	(5.4)	5.5%	(5.9)	(3.6%)	(11.6)	(10.3)	12.9%
Gross Profit	**46.2**	**38.3**	**20.7%**	**41.2**	**12.1%**	**87.4**	**75.7**	**15.5%**
Research and Development	(6.2)	(5.8)	6.1%	(6.7)	(8.1%)	(12.9)	(10.3)	25.0%
Provision for Expected Credit Losses	(7.3)	(4.1)	77.7%	(10.2)	(28.9%)	(17.5)	(5.9)	196.1%
Techfin Contribution Margin	**32.7**	**28.4**	**15.5%**	**24.3**	**34.9%**	**57.0**	**59.4**	**(4.1%)**
% Techfin Contribution Margin	*63.1%*	*65.0%*	*-190 bp*	*51.5%*	*1160 bp*	*57.6%*	*69.2%*	*-1160 bp*

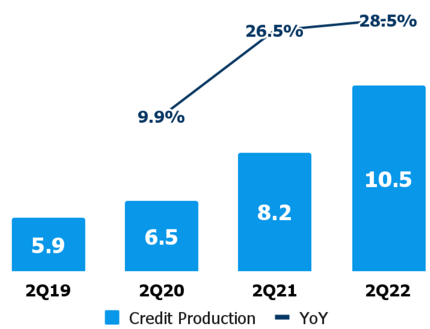
Techfin Revenue

Techfin Revenue grew 54% year-over-year in the quarter, mainly because of the 8.5% growth in Credit Production compared with 2Q21, and 16% growth in 1H22, besides the increase in the Selic rate in the period.

Credit Production (R$ billion)

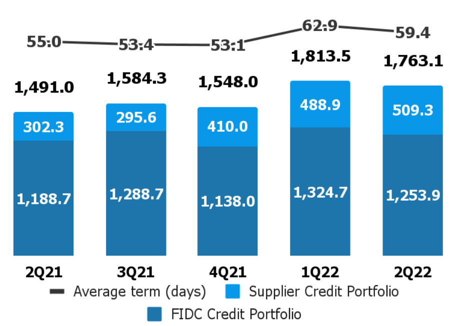


When compared with 1Q22, the 14% growth in Techfin's revenue is explained mainly by the following effects: (i) positive impact of the Selic rate increase; (ii) positive impact of the 3.3% increase in Credit Production; (iii) reduction of R$7.8 million in the negative impact related to the portfolio assignment to FIDC fund; and (iv) negative impact of the approximately 4-day reduction in the average term of Credit Production. Additionally, the FIDC's deferred revenue reached R$25.9 million in the quarter, versus R$26.3 million in 1Q22



As we can see in the chart above on the right, Techfin's Credit Production followed the historical behavior of 2Q18 and 2Q19, showing a slight growth in production over the first quarter of each year, which was not seen in 2020 due to the impact of the beginning of the pandemic or in 2021 because of the strong recovery of its impact. In addition, we went beyond the important figure of R$10 billion in Credit Production in the last 12 months (LTM), as seen in the graph on the left. We have seen a strong acceleration in LTM production in recent years, particularly in 2Q22, reaching 29%.

Net Credit Portfolio (R$ million)



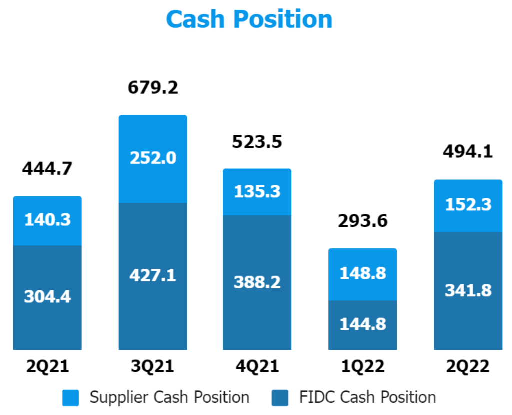
The Net Credit Portfolio of the Provision for expected credit losses, as observed in the graph on the right, had a 2.8% drop in the quarter on quarter, due chiefly to the reduction of the average term of the portfolio from 62.9 to 59.4 days.

The share of the portfolio at Supplier, compared to the FIDC portfolio, closed the quarter at 29%, again aiming to optimize the use of FIDC's Cash and Supplier's floating. It is noteworthy that the portfolio held at

Supplier has the same profile as the credits assigned to the FIDC and, consequently, such portfolio does not mean an additional risk to the FIDC's subordinate shares held by Supplier in view of its coverage for credit insurance.

Techfin Revenue - Net of Funding

Techfin Revenue Net of Funding grew 10% in the quarter when compared with 1Q22, driven by the 14% growth in Techfin Revenue, even with the 18% growth in the Funding cost. As explained in previous periods, the negative impact of the Funding Cost is related essentially to two mismatches: (i) in Selic rate growth periods, the new rate is immediately applied on the quotas remuneration, but it takes the average term of the credit portfolio to be applied to revenues; (ii) in periods of growth in production and in the credit portfolio, it is necessary to raise funds before they become revenue. This quarter, the mismatch resulted in a negative impact of R$2.6 million.



FIDC's Cash position closed the quarter at R$342 million, as shown in the chart above, explained by the funding made by FIDC in June, aiming to recompose the redemptions of quotas that took place during the quarter and, mainly, to face the seasonal increase in credit production in Q3, due to the agribusiness demand increase. It is worth highlighting, however, that the average cash for the period was R$231 million, 13% below the average cash in 1Q22, improving the operation efficiency.

We emphasize again that the creation of the JV Techfin with Itaú Unibanco will bring benefits for funding, not only in the sense of availability but also in costs, flexibility, and, therefore, efficiency, thus reducing considerably any seasonalities and mismatches, enabling Techfin and Supplier to be more profitable and competitive.

Operating Costs

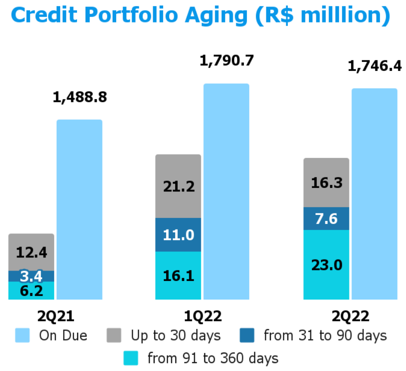
The 3.6% reduction in Operating Costs in the quarter, when compared with 1Q22, is due chiefly to the reduction in credit insurance premiums, which reflects the reduction in the total credit portfolio.

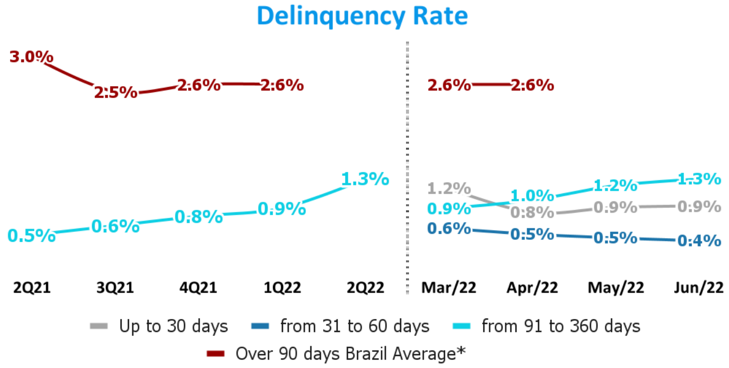
Research & Development

Research and Development (R&D) expenses had a quarter-over-quarter reduction due mainly to the punctual reduction in hiring temporary services combined with the reduction in the provision for bonuses and for the long-term incentive plan.

Provision for Expected Credit Losses

The Provision for expected credit losses dropped 29% between 2Q22 and 1Q22, going from 0.40% of Credit Production to 0.27%. This significant reduction reflects mainly the 31% drop in the portfolio overdue from 31 to 90 days, and 23% in the portfolio overdue up to 30 days, which shows the effectiveness of the actions taken in 1Q22.





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

Moreover, we can see in the chart on the left the increase in Default above 90 days as a result of the aging of the initial layers above the average in 1Q22, but substantially below the average market level published by the Central Bank of Brazil.

Techfin Contribution Margin

Techfin's Contribution Margin ended the quarter at 63.1%, which means a recovery of 11.6 percentages points over 1Q22, explained mainly by: (i) the 10% increase in Techfin Revenue Net of Funding; (ii) the reduction in the Provision for expected credit losses; and (iii) reduction in Operating Costs and R&D, as already previously mentioned. It is worth mentioning that this significant increase in the contribution margin reinforces that the performance of this line in the last quarter, as commented on the 1Q22 Earnings Release, was affected by several circumstantial effects in the period. The rapid recovery of the Contribution Margin proves the resilience of the model and Supplier's ability to adjust its operations to preserve the healthy credit losses track record, which is its most valuable asset.

Other Operating Expenses

In R$ millions	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Sales and Marketing Expenses	**(188.3)**	**(138.3)**	**36.1%**	**(184.3)**	**2.2%**	**(372.7)**	**(267.5)**	**39.3%**
% Net Revenue	*19.5%*	*18.5%*	*100 bp*	*19.5%*	*0 bp*	*19.5%*	*18.4%*	*110 bp*

In R$ millions	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Adjusted G&A Expenses and Others	**(100.9)**	**(78.1)**	**29.2%**	**(100.6)**	**0.4%**	**(201.5)**	**(151.0)**	**33.4%**
% Net Revenue	*10.4%*	*10.5%*	*-10 bp*	*10.6%*	*-20 bp*	*10.5%*	*10.4%*	*10 bp*
G&A Expenses and Others	**(87.1)**	**(74.4)**	**17.1%**	**(128.7)**	**(32.3%)**	**(215.9)**	**(149.2)**	**44.7%**
General and Administrative Expenses	(101.4)	(82.1)	23.5%	(93.7)	8.3%	(195.1)	(149.9)	30.2%
Provision for Contingencies	(3.2)	(4.8)	(33.9%)	(11.4)	(72.2%)	(14.6)	(13.9)	4.7%
Other Net Revenues (Expenses)	17.5	12.5	39.6%	(23.6)	(173.9%)	(6.2)	14.6	(142.4%)
Extraordinary Items	**(13.8)**	**(3.7)**	**268.9%**	**28.2**	**(148.9%)**	**14.4**	**(1.8)**	**(914.8%)**
Earn-out Adjustment at Fair Value	1.2	(0.8)	(238.8%)	24.9	(95.4%)	26.1	(0.8)	<(999%)
Expenses with M&A Transactions	2.7	5.8	(54.3%)	3.3	(18.6%)	5.9	7.8	(23.9%)
Tax Credit	(17.6)	(8.7)	101.9%	-	-	(17.6)	(8.7)	101.9%
Equity Pickup	**-**	**(0.6)**	**(100.0%)**	**0.0**	**(100.0%)**	**0.0**	**(0.6)**	**(101.2%)**

Sales and Marketing Expenses

Sales and Marketing Expenses on Net Revenue closed the quarter at 19.5%, maintaining the same level as in 1Q22. This result was achieved even with the significant increase in expenses with Advertising and Marketing, reflecting the investment of R$6.8 million in the successful "Universe TOTVS" 2022 event, since there was a reduction in expenses with franchise commissions due to the decrease in Licenses Revenue from the Management dimension, since there was no Corporate Model increment in the quarter.

General and Administrative Expenses and Others

General and Administrative Expenses ("G&A"), net of the extraordinary impacts of expenses with M&A transactions, closed the quarter at 10.2% of Net Revenue, the same level of 2Q21, and 60 basis points higher than in 1Q22. This growth, when compared with the previous quarter, is explained mainly by the 45% reduction in Licenses Revenue from Management combined with the partial dilution of the collective bargain agreement in the 1Q22.

The line Other Net Operating Revenues was affected in 2Q22 mainly by the following extraordinary factors: (i) R$17.6 million of revenue from tax credits; and (ii) R$1.2 million from earn-out at fair value adjustment of Supplier and Consinco.

Below EBITDA Results

Depreciation and Amortization Expenses

In R$ millions	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Depreciation	(30.7)	(26.7)	14.7%	(31.0)	(1.1%)	(61.7)	(52.8)	16.8%
Amortization	(38.7)	(33.0)	17.2%	(40.8)	(5.1%)	(79.5)	(66.2)	20.0%
Depreciation and Amortization	**(69.4)**	**(59.8)**	**16.1%**	**(71.8)**	**(3.3%)**	**(141.2)**	**(119.1)**	**18.6%**

The Depreciation and Amortization lines dropped 3.3% over 1Q22 due mainly to the conclusion of some Supplier's intangible amortization, which more than offset the Amortization increases arising from the consolidation of Gesplan and Vadu.

Financial Result

In R$ millions	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Financial Revenues	98.6	12.1	716.3%	77.8	26.7%	176.5	19.7	795.9%
Financial Expenses	(85.3)	(25.7)	232.3%	(78.6)	8.5%	(163.9)	(41.9)	291.0%
Financial Result	**13.3**	**(13.6)**	**(198.1%)**	**(0.8)**	**<(999%)**	**12.5**	**(22.2)**	**(156.4%)**

The positive effect of the Financial Result in the quarter, when compared with 1Q22, is explained mainly by the increase in financial revenue, especially the extraordinary effect of R$14.7 million from tax credits.

Income Tax and Social Contribution

In R$ millions	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
EBT	**187.1**	**114.6**	**63.3%**	**122.5**	**52.7%**	**309.6**	**234.7**	**32.0%**
Taxes at combined rate (34%)	(63.6)	(39.0)	63.3%	(41.7)	52.7%	(105.3)	(79.8)	32.0%
Law 11,196/05 - R&D Incentive	6.0	5.4	10.3%	5.1	17.3%	11.1	9.9	12.3%
Interest on Equity	-	0.0	(100.0%)	0.0	(100.0%)	0.0	0.0	(26.7%)
Effect of Different Taxation in Subsidiaries	(4.6)	(2.8)	62.4%	(3.7)	23.7%	(8.3)	(6.4)	30.4%
Management Bonus	(1.5)	(0.4)	247.4%	(1.0)	50.0%	(2.5)	(0.9)	180.9%
Government Subsidies	0.6	0.4	29.7%	0.8	(27.1%)	1.4	1.2	11.6%
Share Issue Expenses	-	-	-	0.0	(100.0%)	0.0	-	-
Other	5.2	0.4	>999%	2.9	80.4%	8.2	0.6	>999%
Income Tax and Social Contribution	**(57.9)**	**(35.9)**	**61.3%**	**(37.6)**	**54.2%**	**(95.5)**	**(75.4)**	**26.7%**
Current Income Tax and Social Contribution	(48.6)	(32.2)	51.0%	(46.1)	5.3%	(94.7)	(84.9)	11.5%
Deferred Income Tax and Social Contribution	(9.4)	(3.7)	149.9%	8.6	(209.4%)	(0.8)	9.6	(108.5%)
% Current Effective Tax Rate	*26.0%*	*28.1%*	*-210 bp*	*37.6%*	*-1160 bp*	*30.6%*	*36.2%*	*-560 bp*
% Total Effective Tax Rate	*31.0%*	*31.4%*	*-40 bp*	*30.7%*	*30 bp*	*30.8%*	*32.1%*	*-130 bp*

The Effective Tax Rate ended the quarter at 31%, a level similar to 1Q22. In the entire semester, the reduction of 130 basis points in the Effective Tax Rate year-over-year is explained mainly by the impact arising from the payment of Income Taxes on the delivery of vested restricted shares to participants in the share-based long-term incentive plan.

Adjusted Net Income and Cash Earnings

In R$ millions	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Adjusted EBITDA	**229.4**	**184.2**	**24.5%**	**223.3**	**2.7%**	**452.7**	**374.2**	**21.0%**
Adjusted EBITDA Margin	*23.7%*	*24.7%*	-100 bp	*23.6%*	10 bp	*23.7%*	*25.8%*	-210 bp
Depreciation and Amortization	(69.4)	(59.8)	16.1%	(71.8)	(3.3%)	(141.2)	(119.1)	18.6%
Financial Result	13.3	(13.6)	(198.1%)	(0.8)	<(999%)	12.5	(22.2)	(156.4%)
Bellow EBITDA Extraordinary Items [1]	(14.7)	-	-	-	-	(14.7)	-	-
Income Tax and Social Contribution	(57.9)	(35.9)	61.3%	(37.6)	54.2%	(95.5)	(75.4)	26.7%
Taxes on Extraordinary Items	9.7	1.3	662.1%	(9.6)	(201.1%)	0.1	0.6	(82.6%)
Non-Controlling Net Income	(6.7)	-	-	(5.5)	22.2%	(12.3)	-	-
Adjusted Controller's Net Income	**103.6**	**76.2**	**36.0%**	**98.1**	**5.6%**	**201.6**	**158.1**	**27.5%**
Adjusted Net Margin [2]	*10.7%*	*10.2%*	*50 bp*	*10.4%*	*30 bp*	*10.5%*	*10.9%*	*-40 bp*
Net Effect of Amortization	16.9	15.0	12.6%	18.6	(9.0%)	35.5	29.7	19.3%
Cash Earnings [3]	**120.5**	**91.2**	**32.1%**	**116.6**	**3.3%**	**237.1**	**187.9**	**26.2%**
Cash Earnings Margin	*12.5%*	*12.2%*	*30 bp*	*12.3%*	*20 bp*	*12.4%*	*12.9%*	*-50 bp*

[1] Financial Revenue from tax credit

[2]) Adjusted Controller's Net Income as % of the Revenue net of Funding Cost

[3] Net Income without the effects of expenses with amortization of intangibles arising from acquisitions

Cash Earnings grew year-over-year 32% in the quarter and 26% in the semester, due mainly to the growth in Adjusted EBITDA and by the reduction in the negative Financial Result adjusted by the Extraordinary Items below EBITDA, chiefly as a consequence of the Net Cash position.

Cash Flow

As commented at the beginning of the "Financial and Operating Results" section, under IFRS-5, the transaction involving the creation of a Joint Venture (JV) with Itaú Unibanco S.A. meets the criteria of assets held for sale and, thus, the consolidated Cash Flow activities of the Techfin operation will stated in the “Net cash generated (used) from Techfin Dimension” line.

In R$ millions	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
EBT (GAAP)	**188.6**	**121.5**	**55.3%**	**130.6**	**44.4%**	**319.2**	**243.9**	**30.9%**
Non-Cash Items	136.3	79.2	72.2%	178.0	(23.4%)	314.3	156.1	101.4%
Change in Working Capital	(34.4)	(33.1)	4.1%	(51.6)	(33.2%)	(86.0)	(74.5)	15.4%
Operating Cash Generation	**290.5**	**167.6**	**73.4%**	**257.1**	**13.0%**	**547.6**	**325.4**	**68.3%**
Interest paid	(93.5)	(3.1)	>999%	(3.0)	>999%	(96.5)	(6.8)	>999%
Income Tax and Social Cont. paid	(9.6)	(23.3)	(58.7%)	(50.1)	(80.8%)	(59.7)	(68.6)	(12.9%)
Net Cash from Operating Activities	**187.3**	**141.1**	**32.8%**	**204.0**	**(8.2%)**	**391.3**	**250.1**	**56.5%**
Acquisition of Subsidiaries	(80.4)	(1,706.1)	(95.3%)	(180.6)	(55.5%)	(261.1)	(1,725.1)	(84.9%)
Fixed Assets	(17.2)	(12.4)	38.7%	(14.4)	19.9%	(31.6)	(21.6)	46.3%
Intangibles	(23.5)	(13.2)	78.4%	(9.7)	141.9%	(33.2)	(23.6)	40.7%
Financial Investments	(3.5)	-	-	(4.2)	(16.7%)	(7.7)	-	-
Franchises Loan	4.7	(18.2)	(126.1%)	4.5	6.2%	9.2	(21.2)	(143.6%)
Net cash generated (used) from Techfin Dim.	(5.9)	(5.2)	14.8%	(142.5)	(95.8%)	(148.4)	(198.6)	(25.3%)
Net Cash used in Investing Act.	**(125.8)**	**(1,755.0)**	**(92.8%)**	**(346.9)**	**(63.7%)**	**(472.7)**	**(1,990.1)**	**(76.2%)**
Increase (Decrease) Gross Debt	(20.7)	1,474.6	(101.4%)	(13.9)	48.9%	(34.6)	1,465.5	(102.4%)
Shareholders Remuneration	(178.7)	(101.2)	76.6%	(9.3)	>999%	(187.9)	(107.6)	74.6%
Share Issue Expenses	-	-	-	(0.1)	(100.0%)	(0.1)	-	-
Net Cash gen. by (used in) Financ. Act.	**(199.4)**	**1,373.4**	**(114.5%)**	**(23.2)**	**758.0%**	**(222.6)**	**1,357.9**	**(116.4%)**
Incr. (Dec.) in Cash and Cash Eq.	(137.8)	(240.4)	(42.7%)	(166.2)	(17.1%)	(304.0)	(382.1)	(20.4%)
Cash and Equiv. Beginning of the Period	2,704.9	886.1	205.3%	2,871.1	(5.8%)	2,871.1	1,027.7	179.4%
Cash and Equiv. End of the Period	**2,567.1**	**645.7**	**297.6%**	**2,704.9**	**(5.1%)**	**2,567.1**	**645.7**	**297.6%**
Free Cash Flow*	**209.6**	**99.4**	**110.8%**	**182.2**	**15.0%**	**391.8**	**188.2**	**108.2%**

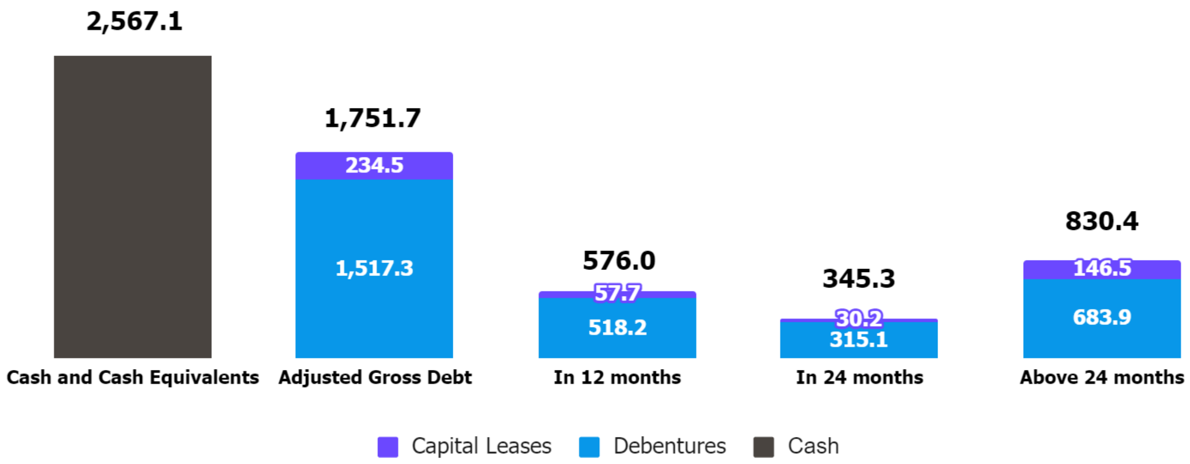
* Net cash from operating activities (+) Net cash from investing activities (–) Interest paid net of income tax (–) Amounts paid in the acquisition of equity interests (–) Net Cash Techfin Dimension

Free Cash Flow ended the quarter at R$209.6 million, 15% higher than in 1Q22, explained mainly by the 44% growth in EBT and the offsetting of taxes arising from the fulfillment of ancillary tax obligations for the year 2021 that impacted the lines of Income Tax and Social Contribution paid, as well as Labor Liabilities. These positive effects were partially offset by the growth of Interest paid on Debentures. When compared with 2Q21, the 111% growth in Free Cash Flow is explained mainly by the EBT and the financial income from the Net Cash position in the period.

Gross and Net Debt

In R$ millions	2Q22	2Q21	Δ	1Q22	Δ
Capital Leases	234.5	242.2	(3.2%)	242.0	(3.1%)
Debentures	1,517.3	1,497.7	1.3%	1,554.4	(2.4%)
Gross Debt	**1,751.7**	**1,739.8**	**0.7%**	**1,796.4**	**(2.5%)**
(-) Cash and Cash Equivalents	(2,567.1)	(645.7)	297.6%	(2,704.9)	(5.1%)
Net Debt (Cash)	**(815.3)**	**1,094.2**	**(174.5%)**	**(908.5)**	**(10.3%)**

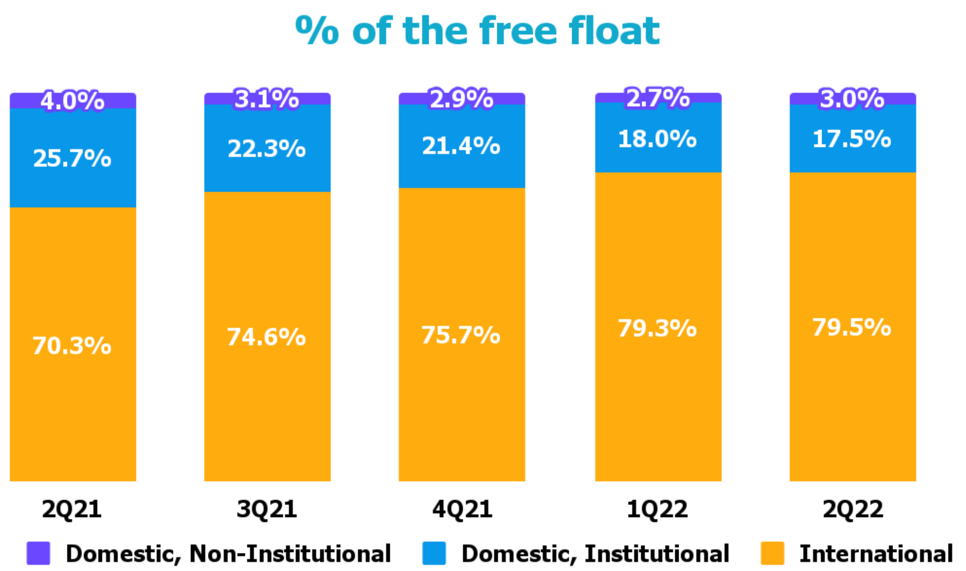
Gross Debt closed the quarter at R$1.8 billion, down 2.5% year-over-year and growing 0.7% year-over-year.



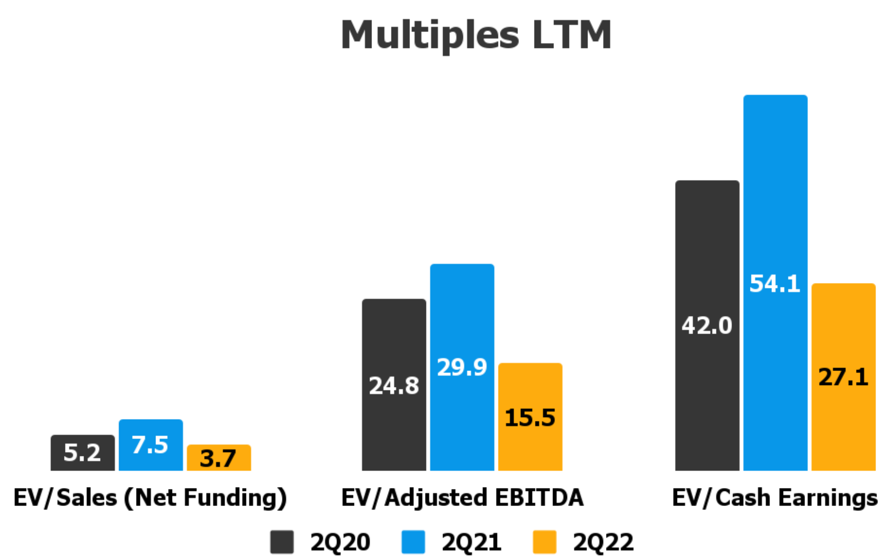
The Cash and cash equivalents balance ended the quarter at R$2.6 billion, which corresponds to approximately 1.2x the Adjusted Gross Debt and 4.1x the Adjusted Gross Debt maturing in the next 12 months, showing the Company's solid financial position to perform its strategy of building a business ecosystem in 3 dimensions (Management, Techfin, and Business Performance) while keeping its choice to execute the M&A strategy, especially in a market that has begun to provide more and better opportunities.

SHAREHOLDING COMPOSITION

TOTVS closed 2Q22 with a Capital Stock of approximately R$3 billion, comprised of 617,183,181 common shares, of which 83.9% are in free-float with the following composition:



Given the current context of the capital market, we present below the recent evolution of TOTVS' multiples of Sales (Net of Funding), Adjusted EBITDA and Cash Earnings in the accumulated view of the last 12 months (LTM).



About TOTVS

An absolute leader in systems and platforms for business management, TOTVS delivers productivity to more than 75 thousand clients by the digitization of businesses. Going far beyond ERP, it offers financial services and business performance solutions, investing approximately R$2 billion in research and development in the last five years to meet the requirements of 12 sectors of the economy. As a Brazilian Company, TOTVS believes in a "Brazil that makes it happen" and supports the growth and sustainability of thousands of businesses and entrepreneurs, across the whole country, through its technology. For further information, please visit: www.totvs.com.br

THE COSTUMER'S SUCCESS
IS OUR SUCCESS

TECHNOLOGY + KNOWLEDGE
ARE OUR DNA

WE VALUE GOOD PROFESSIONALS
WHO ARE GOOD PEOPLE

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

APPENDIX I

Consolidated Income Statement (Non-GAAP)

In R$ millions	**2Q22**	2Q21	Δ	1Q22	Δ	**1H22**	1H21	Δ
Net Revenue	**1,008.5**	**763.4**	**32.1%**	**981.1**	**2.8%**	**1,989.6**	**1,483.6**	**34.1%**
Techfin Funding Cost	(42.0)	(17.3)	143.1%	(35.5)	18.3%	(77.5)	(30.6)	153.0%
Net Funding Revenue	**966.4**	**746.1**	**29.5%**	**945.6**	**2.2%**	**1,912.1**	**1,453.0**	**31.6%**
Management Revenue	839.0	678.9	23.6%	828.7	1.2%	1,667.7	1,339.1	24.5%
Business Performance Revenue	75.6	23.6	220.5%	69.8	8.2%	145.4	28.0	420.2%
Techfin Revenue - Net of funding	51.9	43.7	18.8%	47.1	10.1%	99.0	85.9	15.2%
Operating Costs	**(263.9)**	**(206.7)**	**27.7%**	**(255.7)**	**3.2%**	**(519.6)**	**(397.2)**	**30.8%**
Management Operating Costs	(239.6)	(193.9)	23.6%	(231.3)	3.6%	(470.8)	(376.8)	25.0%
Business Performance Operating Costs	(18.7)	(7.5)	149.9%	(18.5)	0.9%	(37.2)	(10.2)	266.3%
Techfin Costs	(5.7)	(5.4)	5.5%	(5.9)	(3.6%)	(11.6)	(10.3)	12.9%
Gross Profit	**702.5**	**539.4**	**30.3%**	**689.9**	**1.8%**	**1,392.4**	**1,055.8**	**31.9%**
Operating Expenses	**(528.7)**	**(411.2)**	**28.6%**	**(566.6)**	**(6.7%)**	**(1,095.3)**	**(798.9)**	**37.1%**
Research and Development	(170.7)	(129.2)	32.1%	(164.2)	4.0%	(334.9)	(246.8)	35.7%
Sales and Marketing Expenses	(188.3)	(138.3)	36.1%	(184.3)	2.2%	(372.7)	(267.5)	39.3%
Provision for Expected Credit Losses	(13.1)	(8.9)	47.5%	(17.6)	(25.2%)	(30.7)	(15.8)	94.6%
General and Administrative Expenses	(101.4)	(82.1)	23.5%	(93.7)	8.3%	(195.1)	(149.9)	30.2%
Provision for Contingencies	(3.2)	(4.8)	(33.9%)	(11.4)	(72.2%)	(14.6)	(13.9)	4.7%
Depreciation and Amortization	(69.4)	(59.8)	16.1%	(71.8)	(3.3%)	(141.2)	(119.1)	18.6%
Other Net Revenues (Expenses)	17.5	12.5	39.6%	(23.6)	(173.9%)	(6.2)	14.6	(142.4%)
Equity Pickup	-	(0.6)	(100.0%)	0.0	(100.0%)	0.0	(0.6)	(101.2%)
EBIT	**173.8**	**128.2**	**35.6%**	**123.3**	**40.9%**	**297.1**	**256.9**	**15.7%**
Financial Result	13.3	(13.6)	(198.1%)	(0.8)	<(999%)	12.5	(22.2)	(156.4%)
Earnings Before Taxes (EBT)	**187.1**	**114.6**	**63.3%**	**122.5**	**52.7%**	**309.6**	**234.7**	**32.0%**
Income Tax and Social Contribution	(57.9)	(35.9)	61.3%	(37.6)	54.2%	(95.5)	(75.4)	26.7%
Net Income from Continuing Operation	**129.1**	**78.6**	**64.2%**	**85.0**	**52.0%**	**214.1**	**159.3**	**34.4%**
Net Margin Continued Operation	*13.4%*	*10.5%*	*26.8%*	*9.0%*	*440 bp*	*11.2%*	*11.0%*	*20 bp*
Consolidated Net Income	**129.1**	**78.6**	**64.2%**	**85.0**	**52.0%**	**214.1**	**159.3**	**34.4%**
Non-Controlling Net Income	(6.7)	-	-	(5.5)	22.2%	(12.3)	-	-
Controller's Net Income	**122.4**	**78.6**	**55.6%**	**79.5**	**54.0%**	**201.8**	**159.3**	**26.7%**
Controller's Net Margin	*12.7%*	*10.5%*	*220 bp*	*8.4%*	*430 bp*	*10.6%*	*11.0%*	*-40 bp*

APPENDIX II

EBITDA and Net Income Reconciliation

In R$ millions	**2Q22**	2Q21	Δ	1Q22	Δ	**1H22**	1H21	Δ
Consolidated Net Income	**129.1**	**78.6**	**64.2%**	**85.0**	**52.0%**	**214.1**	**159.3**	**34.4%**
Non-GAAP Net Margin	*13.4%*	*10.5%*	*290 bp*	*9.0%*	*440 bp*	*11.2%*	*11.0%*	*20 bp*
Depreciation and Amortization	69.4	59.8	16.1%	71.8	(3.3%)	141.2	119.1	18.6%
Financial Result	(13.3)	13.6	(198.1%)	0.8	<(999%)	(12.5)	22.2	(156.4%)
Income Tax and Social Contribution	57.9	35.9	61.3%	37.6	54.2%	95.5	75.4	26.7%
EBITDA	**243.2**	**187.9**	**29.4%**	**195.1**	**24.6%**	**438.3**	**376.0**	**16.6%**
Non-GAAP EBITDA Margin	*25.2%*	*25.2%*	*0 bp*	*20.6%*	*460 bp*	*22.9%*	*25.9%*	*-300 bp*
Extraordinary Items	**(13.8)**	**(3.7)**	**268.9%**	**28.2**	**(148.9%)**	**14.4**	**(1.8)**	**(914.8%)**
Earn-out Adjustment at Fair Value	1.2	(0.8)	(238.8%)	24.9	(95.4%)	26.1	(0.8)	<(999%)
Expenses with M&A Transactions	2.7	5.8	(54.3%)	3.3	(18.6%)	5.9	7.8	(23.9%)
Tax Credit	(17.6)	(8.7)	101.9%	-	-	(17.6)	(8.7)	101.9%
Adjusted EBITDA	**229.4**	**184.2**	**24.5%**	**223.3**	**2.7%**	**452.7**	**374.2**	**21.0%**
Non-GAAP Adjusted EBITDA Margin	*23.7%*	*24.7%*	-100 bp	*23.6%*	10 bp	*23.7%*	*25.8%*	-210 bp

APPENDIX III

Income Statement Reconciliation

In R$ millions	2Q22 GAAP Income Statement* (a)	2Q22 Deprec. and Amort. Reclass.** (b)	2Q22 Techfin Dimension (c)	2Q22 Non-GAAP Income Statement (a+b+c)	1H22 GAAP Income Statement* (a)	1H22 Deprec. and Amort. Reclass.** (b)	1H22 Techfin Dimension (c)	1H22 Non-GAAP Income Statement (a+b+c)
Net Revenue	**914.6**	**-**	**51.9**	**966.4**	**1,813.1**	**-**	**99.0**	**1,912.1**
Management Revenue	839.0	-	-	839.0	1,667.7	-	-	1,667.7
Business Performance Revenue	75.6	-	-	75.6	145.4	-	-	145.4
Techfin Revenue - Net of funding	-	-	51.9	51.9	-	-	99.0	99.0
Costs	**(277.5)**	**19.2**	**(5.7)**	**(263.9)**	**(546.8)**	**38.7**	**(11.6)**	**(519.6)**
Gross Profit	**637.1**	**19.2**	**46.195**	**702.5**	**1,266.3**	**38.7**	**87.415**	**1,392.4**
Gross Margin	*69.7%*		*89.1%*	*72.7%*	*69.8%*		*88.3%*	*72.8%*
Operating Expenses (Revenues)	**(461.9)**	**(19.2)**	**(47.6)**	**(528.7)**	**(959.8)**	**(38.7)**	**(96.8)**	**(1,095.3)**
Research and Development	(175.9)	11.4	(6.2)	(170.7)	(345.7)	23.7	(12.9)	(334.9)
Sales and Marketing Expenses	(194.3)	13.6	(7.6)	(188.3)	(385.6)	28.2	(15.3)	(372.7)
General and Administrative Expenses	(109.2)	21.0	(16.4)	(104.6)	(220.8)	40.9	(29.8)	(209.7)
Depreciation and Amortization	-	(59.4)	(10.0)	(69.4)	-	(118.3)	(22.9)	(141.2)
Provision for Expected Credit Losses	-	(5.9)	(7.3)	(13.1)	-	(13.2)	(17.5)	(30.7)
Other Net Revenues (Expenses)	17.5	-	(0.1)	17.5	(7.7)	-	1.6	(6.2)
EBIT	**175.1**	**(0.0)**	**(1.4)**	**173.8**	**306.5**	**0.0**	**(9.4)**	**297.1**
Financial Revenues	98.7	-	(0.1)	98.6	176.5	-	(0.1)	176.5
Financial Expenses	(85.2)	-	(0.1)	(85.3)	(163.8)	-	(0.2)	(163.9)
Equity Pickup	-	-	-	-	0.0	-	-	0.0
Earnings Before Taxes (EBT)	**188.6**	**(0.0)**	**(1.5)**	**187.1**	**319.2**	**0.0**	**(9.6)**	**309.6**
Income Tax and Social Contribution	(57.1)	-	(0.9)	(57.9)	(93.9)	-	(1.7)	(95.5)
Techfin Dim. Net Income (Loss)	(2.4)	-	2.4	-	(11.3)	-	11.3	-
Consolidated Net Income	**129.1**	**(0.0)**	**0.0**	**129.1**	**214.1**	**0.0**	**(0.0)**	**214.1**
Non-Controlling Net Income	(6.7)	-	-	(6.7)	(12.3)	-	-	(12.3)
Controlling Net Income	**122.4**	**(0.0)**	**0.0**	**122.4**	**201.8**	**0.0**	**(0.0)**	**201.8**
Controlling Net Margin	*13.4%*			*12.7%*	*11.1%*			*10.6%*

* As established in IFRS-5, the transaction involving the creation of the JV with Itaú Unibanco S.A. meets the criteria of assets held for sale and, therefore, the quarterly financial information will present the result of the consolidated Techfin operation in the line "Techfin Dimension Net Income (Loss)"

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

APPENDIX IV

Balance Sheet

In R$ millions	2Q22	2Q21	Δ	1Q22	Δ
ASSETS					
Current Assets	**6,075.3**	**3,686.3**	**64.8%**	**5,989.6**	**1.4%**
Cash and Cash Equivalents	2,567.1	645.7	297.6%	2,704.9	(5.1%)
Financial Investments	4.4	-	-	4.3	2.6%
Trade Receivables	587.0	502.1	16.9%	546.5	7.4%
Provision for Expected Credit Losses	(74.8)	(79.6)	(6.0%)	(69.3)	8.0%
Recoverable Taxes	74.0	42.3	75.0%	78.3	(5.5%)
Escrow Account	9.8	9.1	8.2%	9.6	2.3%
Other Assets	149.4	91.1	63.9%	109.5	36.4%
Techfin Dimension Assets	2,758.4	2,475.6	11.4%	2,605.8	5.9%
Non-current Assets	**4,143.4**	**3,916.9**	**5.8%**	**4,093.7**	**1.2%**
Long-term assets	**406.0**	**391.9**	**3.6%**	**400.2**	**1.4%**
Trade Receivables	53.5	60.9	(12.1%)	56.4	(5.2%)
Recoverable Taxes	18	-	-	-	-
Deferred Tax Assets	101.1	84.9	19.2%	112.7	(10.2%)
Judicial Deposits	32.1	43.6	(26.3%)	28.8	11.5%
Investments at Fair Value	96.5	89.3	8.1%	84.6	14.1%
Escrow Account	31.3	34.4	(9.0%)	36.4	(14.0%)
Other Assets	73.6	78.9	(6.6%)	81.4	(9.5%)
Investments	2.9	2.8	5.2%	2.7	9.2%
Property, Plant and Equipment	405.2	385.1	5.2%	407.4	(0.5%)
Intangible	3,329.2	3,137.1	6.1%	3,283.4	1.4%
TOTAL ASSETS	**10,218.6**	**7,603.2**	**34.4%**	**10,083.3**	**1.3%**
LIABILITIES					
Current Liabilities	**3,527.6**	**2,726.6**	**29.4%**	**3,300.4**	**6.9%**
Labor Liabilities	353.4	319.7	10.5%	278.2	27.0%
Trade and Other Payables	102.0	102.2	(0.2%)	102.8	(0.8%)
Taxes and Contributions Liabilities	90.2	68.3	32.0%	71.9	25.5%
Debentures	518.2	3.0	>999%	430.9	20.3%
Lease Liabilities	56.7	51.4	10.2%	58.1	(2.5%)
Dividends Payable	1.2	1.0	14.5%	70.9	(98.3%)
Accounts Payable from Acq. of Subsid.	48.7	160.2	(69.6%)	95.9	(49.2%)
Commissions Payable	62.3	60.6	2.9%	67.5	(7.7%)
Other Liabilities	114.5	66.7	71.6%	96.8	18.2%
Techfin Dimension Liabilities	2,180.4	1,893.4	15.2%	2,027.4	7.5%
Non-current Liabilities	**2,094.1**	**2,153.4**	**(2.8%)**	**2,216.2**	**(5.5%)**
Lease Liabilities	177.8	190.7	(6.8%)	183.8	(3.3%)
Debentures	999.0	1,494.7	(33.2%)	1,123.6	(11.1%)
Accounts Payable from Acq. of Subsid.	376.2	269.7	39.5%	365.3	3.0%
Tax Obligations	2.1	3.4	(37.5%)	2.4	(11.3%)
Deferred Income Taxes	2.5	2.3	8.3%	1.3	93.2%
Provision for Contingencies	109.2	125.3	(12.8%)	113.7	(4.0%)
Call Option of Non-controlling Interests	381.0	-	-	373.5	2.0%
Other Liabilities	46.3	67.3	(31.1%)	52.5	(11.8%)
Shareholders' Equity	**4,596.9**	**2,723.2**	**68.8%**	**4,566.6**	**0.7%**
Share Capital	2,962.6	1,519.4	95.0%	2,962.6	0.0%
Treasury Shares	(217.9)	(133.3)	63.5%	(133.1)	63.7%
Capital Reserves	856.0	894.8	(4.3%)	878.5	(2.6%)
Profit Reserve	685.1	404.3	69.5%	562.7	21.8%
Carrying Value Adjustments	46.0	38.1	20.7%	37.4	22.8%
Non-controlling Interest	265.2	-	-	258.6	2.6%
TOTAL LIABILITIES AND EQUITY	**10,218.6**	**7,603.2**	**34.4%**	**10,083.3**	**1.3%**

APPENDIX V

Cash Flow

In R$ millions	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
EBT	**188.6**	**121.5**	**55.3%**	**130.6**	**44.4%**	**319.2**	**243.9**	**30.9%**
Adjustments:	**136.3**	**79.2**	**72.2%**	**178.0**	**(23.4%)**	**314.3**	**156.1**	**101.4%**
Depreciation and Amortization	59.4	44.7	32.8%	59.0	0.7%	118.3	89.0	33.0%
Share-based Payments Expense	1.6	8.1	(80.6%)	13.7	(88.6%)	15.3	15.2	0.9%
Losses on Disposal of Fixed Assets and Inv.	(0.7)	0.3	(318.7%)	0.2	(422.9%)	(0.5)	0.0	<(999%)
Provision for Expected Credit Losses	5.9	4.8	21.8%	7.3	(20.2%)	13.2	9.9	33.8%
Equity Pickup	-	0.6	(100.0%)	(0.0)	(100.0%)	(0.0)	0.6	(101.2%)
Prov. for Contingencies, Net of Reversals	2.7	4.8	(44.0%)	10.9	(75.4%)	13.6	13.9	(1.9%)
Provision (Reversal) for Other Obligations	(2.0)	-	-	24.9	(107.8%)	23.0	-	-
Net Inter. Monet. and Exchange Var.	69.4	15.9	336.4%	62.0	12.1%	131.4	27.6	376.2%
Changes in Op. Assets and Liabilities:	**(34.4)**	**(33.1)**	**4.1%**	**(51.6)**	**(33.2%)**	**(86.0)**	**(74.5)**	**15.4%**
Trade Receivables	(35.7)	(9.3)	284.7%	(57.0)	(37.3%)	(92.8)	(16.6)	460.2%
Recoverable Taxes	(38.5)	(4.6)	730.9%	(9.6)	300.9%	(48.1)	(5.4)	791.1%
Judicial Deposits	(2.8)	1.1	(346.6%)	0.7	(484.5%)	(2.1)	0.8	(346.7%)
Other Assets	(38.5)	(21.9)	75.9%	(5.6)	592.3%	(44.1)	(43.7)	1.0%
Labor Liabilities	92.7	42.4	118.6%	3.1	>999%	95.7	48.3	98.2%
Trade and Other Payables	(1.4)	(9.1)	(85.2%)	(3.0)	(55.4%)	(4.4)	(32.2)	(86.3%)
Commissions Payable	(5.2)	(3.0)	70.2%	9.4	(155.4%)	4.2	5.8	(27.9%)
Taxes and Contributions Payable	(6.2)	(3.1)	96.5%	4.8	(227.1%)	(1.3)	(11.6)	(88.7%)
Other Accounts Payable	1.1	(25.5)	(104.5%)	5.7	(80.0%)	6.8	(20.1)	(133.9%)
Operating Cash Generation	**290.5**	**167.6**	**73.4%**	**257.1**	**13.0%**	**547.6**	**325.4**	**68.3%**
Interest paid	(93.5)	(3.1)	>999%	(3.0)	>999%	(96.5)	(6.8)	>999%
Tax Paid	(9.6)	(23.3)	(58.7%)	(50.1)	(80.8%)	(59.7)	(68.6)	(12.9%)
Net Cash from Operating Activities	**187.3**	**141.1**	**32.8%**	**204.0**	**(8.2%)**	**391.3**	**250.1**	**56.5%**
Acquisition of Subsidiaries, Net of Cash	(29.9)	(1,705.0)	(98.2%)	(67.6)	(55.7%)	(97.5)	(1,705.0)	(94.3%)
Acquisition of Intangible Assets	(23.5)	(13.2)	78.4%	(9.7)	141.9%	(33.2)	(23.6)	40.7%
Proceeds from Sale of Subsid., Net of Cash	0.0	0.3	(88.4%)	6.4	(99.4%)	6.4	5.4	19.5%
Financial Investments	(3.5)	-	-	(4.2)	(16.7%)	(7.7)	-	-
Franchises Loan	4.7	(18.2)	(126.1%)	4.5	6.2%	9.2	(21.2)	(143.6%)
Proceeds from Sale of Prop. Plant and Equip.	1.0	0.9	15.2%	0.2	415.7%	1.2	1.4	(12.4%)
Payments from Acquisitions of Subsidiaries	(50.5)	(1.4)	>999%	(119.4)	(57.7%)	(170.0)	(25.5)	567.8%
Acquisitions of Prop. Plant and Equip.	(18.2)	(13.3)	37.2%	(14.6)	25.2%	(32.8)	(23.0)	42.8%
Net cash generated (used) from Techfin Dim.	(5.9)	(5.2)	14.8%	(142.5)	(95.8%)	(148.4)	(198.6)	(25.3%)
Net Cash used in Investing Act.	**(125.8)**	**(1,755.0)**	**(92.8%)**	**(346.9)**	**(63.7%)**	**(472.7)**	**(1,990.1)**	**(76.2%)**
Payment of Princ. of Loans and Financing	(1.6)	-	-	(5.2)	(70.1%)	(6.7)	(0.8)	714.0%
Payment of Principal of Lease Liabilities	(19.2)	(14.8)	29.6%	(8.7)	119.7%	(27.9)	(23.0)	21.2%
Dividends and Interest on Equity Paid	(69.7)	(101.2)	(31.1%)	(9.3)	652.9%	(79.0)	(107.6)	(26.6%)
Proceeds from debentures, loans and finan.	-	1,489.4	(100.0%)	-	-	-	1,489.4	(100.0%)
Share Issue Expenses	-	-	-	(0.1)	(100.0%)	(0.1)	-	-
Net Treasury Shares	(109.0)	-	-	-	-	(109.0)	-	-
Net Cash gen. by (used in) Financ. Act.	**(199.4)**	**1,373.4**	**(114.5%)**	**(23.2)**	**758.0%**	**(222.6)**	**1,357.9**	**(116.4%)**
Incr. (Dec.) in Cash and Cash Eq.	**(137.8)**	**(240.4)**	**(42.7%)**	**(166.2)**	**(17.1%)**	**(304.0)**	**(382.1)**	**(20.4%)**
Cash and Equiv. Beginning of the Period	2,704.9	886.1	205.3%	2,871.1	(5.8%)	2,871.1	1,027.7	179.4%
Cash and Equiv. End of the Period	2,567.1	645.7	297.6%	2,704.9	(5.1%)	2,567.1	645.7	297.6%

GLOSSARY

A

ADTV (Average Daily Trading Volume)

ARR (Annual Recurring Revenue)

C

CADE (*Conselho Administrativo de Defesa Econômica*): Brazilian Antitrust Agency.

CAC Customer Acquisition Cost

Carve-out: the process by which a company sells a generally smaller and autonomous portion of its business (a division, a product line, a group of contracts, a subsidiary, etc.) to an interested party.

Cash Earnings: is a non-accounting metrics that represents Net Profit without the effects of amortization expenses of intangible assets arising from company acquisitions and the corresponding impacts of income tax and social contribution on such amortization. This measurement is important to monitor the progress of net income without the effects of acquisitions, considering the relevance of the Company's acquisition strategy.

Contribution Margin: It represents how much the sale of a product or service contributes to covering costs and expenses, and generating profit.

Cross-selling: marketing strategy to leverage sales with the sale of other portfolio offerings, in addition to the customer's existing solution.

E

Earn-out: a portion corresponding to the payment of the part of the acquisition price of a company and linked to compensation to the selling partners in relation to the company's future profits.

EBITDA (Earning Before Interest, Tax, Depreciation and Amortization): is a non-accounting measure prepared by the Company and consists of net income for the year or period, plus financial income and expenses, income tax and social contribution, and depreciation and amortization costs and expenses

ESG (Environmental, Social and Governance)

F

FIDC (*Fundo de Investimento em Direitos Creditórios*): securitization fund.

G

Global Report Initiative (GRI): a multi-stakeholder organization that defines global Sustainability Reporting Standards developed with contributions from different stakeholders and focused on the public interest.

GMV (Gross Merchandise Volume): It represents the total sales value of products/services through the marketplace in a given period. It is a metric to estimate the size of the platform, but not its health.

H

Headcount: count of the total employees of an organization.

I

IBOV (*Índice Bovespa*): Bovespa Index. It is the most important indicator of the average performance of the prices of shares traded on the B3 stock exchange - Brazil, Bolsa, Balcão. It is formed by the shares with the highest volume traded in recent months.

IBrX-50 (*índice Brasil 50*): Brazil 50 Index. The average performance indicator for the prices of the 50 most actively traded and best representative stocks of the Brazilian stock market.

IIRC (International Integrated Reporting Council)

J

JV (Joint Venture): it comprises the economic association between two companies, whether in the same field or not, during a specific and limited period, for a specific purpose.

L

LGPD (*Lei Geral de Proteção de Dados*): The Brazilian General Data Protection Law.

LTV (LifeTime Value): It is a metric that defines the average customer lifecycle value. How much money it generates for the company from purchases and services for as long as he maintains a relationship with.

LTM (Last Twelve Months)

M

Midcap: is defined as companies between $2 billion and $10 billion in market capitalization.

N

NPS (Net Promoter Score): an indicator measured through a survey with the customer, in order to measure the probability of the customer recommending the company, product or service received.

O

OMS (Order Management System): Distribution Management System, designed for the management of distribution and logistical planning through the automation of sales orders to be distributed by a company and the automation of commercial, inventory and credit analysis processes, in addition to sorting the approved orders for delivery sequencing in cargo loading, considering any restrictions of each customer.

P

PLG (Product Led Growth): It is defined as "instances in which the use of the product is the main driver for user acquisition, retention and expansion", therefore, PLG is both a growth strategy and an innovative business model. It is an end-user focused growth model, based entirely on the product.

Pricing Power: is the ability to readjust prices at times of cost and expense inflation. It is a characteristic of differentiated companies and those with Pricing Power can seek a better balance between impact on costs, price and sales production and, consequently, have greater potential to maintain a healthy relationship between growth and profitability, without damaging the relationship with customers.

Pro forma: pro forma financial information provides information about the impact of a particular transaction, on a recurring basis, showing how an entity's historical financial statements could have been affected if such transaction had been completed at an earlier date.

Q

QoQ (Quarter over Quarter)

R

Revenue net of Funding: format usually adopted by the financial market, which comprises the revenue net of the cost consisting of the remuneration of the senior and mezzanine quotas of FIDC.

Renewal Rate: shows the percentage of clients that remained on the recurrence base at the end of the period, compared to the base in the beginning of the period, taking as reference the recurring revenue.

Rule of 40: balanced combination of growth and profitability (resulting in a sum of more than 40 percentage points).

ROE (Return on equity)

S

SaaS (software as a service)

SDG (Sustainable Development Goals)

Selic (*Sistema Especial de Liquidação e Custódia*): in English 'Special System for Settlement and Custody', the basic interest rate of the Brazilian economy. It is the main instrument of the monetary policy used by the Central Bank (BC) to control inflation.

Signings: sales production.

T

Take rate: expression that indicates the percentage of gain on each transaction.

TCO (Total Cost of Ownership): it is the sum of all possible costs related to purchasing and owning a product or service.

U

UN (United Nations)

Up-selling: marketing strategy to leverage sales by selling more units to an existing client.

Y

YoY: year over year.