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**Sérgio Sério:**

Good morning everyone and welcome to TOTVS's Third Quarter 2025 Earnings Conference Call.

I'm Sergio Serio, and I'm pleased to be here today with Dennis and Maia. As usual, we'll start with the highlights of the quarter and followed by our Q&A session. Before we begin, please note that any forward-looking statements made during this call are based on current expectations and assumptions, these statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied.

With that, I'll hand the call over to Dennis, who will begin on **slide 3**.

Dennis, go ahead.

**Dennis Herszkowicz:**

Thanks, Sergio. Good morning, everyone. Well, we've ended another quarter with very positive results in all our operations. I'll speak about that shortly. But first, I'd like to start with some strategic context, highlighting a few points from my message in the release. Techfin's journey continues to be pioneering and innovative. It's based on something that ERP Banking is transforming for financial services for SMBs.

There are two pillars that support that. First, a contextualized ERP journey drives far higher conversion rates than traditional channels. And second, the use of ERP data allows for superior credit modeling, resulting in higher approval rates, merger limits and lower delinquency. Two years after the start of our joint venture with Itaú, this thesis has been validated. Our data shows 3.3 times higher credit limits, 67% lower delinquency than the market average, and an average ticket that is three times higher. These tangible results give us full confidence that we've built an innovative business with strong and hard to replicate competitive advantages.

Now, moving on to our great financial results on **slide 4** for 3Q, consolidated ARR edition was once again robust, achieving BRL220 million, up 27% year over year. This drove accelerated growth in SaaS management revenue, leading to recurring revenue to over 91% of total consolidated revenue.

On profitability, EBITDA grew 23% year over year, surpassing BRL400 million for the first time in a single quarter with a 100 basis point margin expression to 26%. Net income increased 10% year over year, reaching BRL249 million, while earnings per share LTM 35%.

Now I'll hand over to Maia who will talk about the results of the business units starting on **slide 5**. Maia.

**Gilsomar Maia:**

Thank you, Dennis. Good morning.

The ARR for the management unit achieved BRL5.7 billion in 3Q25 with net additions of BRL197 million, up 25% versus 3Q24. This performance reflects the sustained momentum in SaaS and cloud sales, both among existing clients and new clients, with a particularly strong contribution from our franchise network. As a result, recurring revenue growth accelerated from 20% in 2Q to 21% this quarter, driving an 18% increase in Management net revenue.

SaaS revenue once again stands out, growing 28% in the quarter. Operating leverage driven from this revenue expansion led to a 23% increase in EBITDA and a 110 bp margin expansion year over year, reaching 27.6%. It's worth highlighting that a few quarters ago we

began disclosing the EBITDA margin of more mature operations with the integration of the RD Station business unit, illustrating that unit's margin increase potential.

Applying a similar analysis to the Management BU, we can see that the most advanced integrated operations have already achieved a 29% margin, 140 basis points above the BU's overall average.

Now turning to RD Station on **slide 6**, net revenue grew 15% year over year, reflecting a 16% increase in recurring revenue SaaS ARR net addition reached BRL23 million, the highest level since 2023, representing 47% year over year growth. This strong result came even though the new pricing model for RD Station Conversas was launched only in September, initially for new clients only, and will be extended to the existing base during the fourth quarter.

As a reminder, this new model separates SaaS revenue from the transactional component related to WhatsApp messaging, prioritizing more profitable and predictable recurring SaaS revenue. Accordingly, both the accelerated ARR additions this quarter and the new Conversas pricing model will act as growth drivers for the coming quarters. EBITDA was 17% higher year over year with a 12.6% EBITDA margin, reflecting 20 bps of operational leverage. This performance benefited from scalability gains and continued progress in integrating operations with the Management BU. We believe that the changes implemented over the recent quarters have positioned RD Station on a much stronger strategic footing, making it more competitive, diversified and resilient. Results to date already exceed our initial expectations when these changes began.

Moving on to Techfin, on **slide 7**. Funding net revenue grew 30% year over year, reaching BRL102 million in the quarter. This performance was supported by positive seasonality in agribusiness, with the increasing contribution of other industries in credit origination. Adjusted net income of Techfin achieved BRL16 million, up 72% year over year. Year to date, adjusted profit has more than tripled compared to the same period last year, confirming the unit's consistent growth and product profitability trajectory. With that, I hand back over to Sergio for the Q&A session.

## **QUESTION AND ANSWERS SESSION**

### **Sérgio Sério:**

Thank you, Maia. So let's start off.

The first question is from Marcelo Peev from JP Morgan.

Marcelo, go ahead.

### **Marcelo Peev (JP Morgan):**

Thank you. Good morning everyone. Good morning, Dennis, Maia and Sergio. I have two questions on my side. First of all, I'd like to talk about operating leverage that we saw in Q3 in the Management division. I know that revenue has grown well, but for many quarters now we haven't seen a sequential improvement of the margin. Could you give us some more information about that sequential improvement and talk about the elements?

The second one is about the disclosure for more mature operations and Management with 29% margin. I'd like to focus on the non-mature. Is there anything structural or specific in those operations that hinder them from achieving the net level of the more mature

operations? I'd like to compare the characteristics of these two operations groups. Thank you.

**Dennis Herszkowicz:**

Thank you, Marcelo. Good morning to you as well. I'll start off and then Maia, if necessary, could add. I believe that according to your first question, there are two things. First of all, the fact that recurring revenue is still gaining relevance and increasing as it has. That revenue has a very positive gross revenue at approximately 80%. So naturally that will lead to operating leverage and when does not generate it? when you have a specific seasonal event. And that could happen. But it also happened in 1Q24 where we still had the effect of the mismatch between the IPCA and IGPM. I think it was in Q3 last year when we brought in the chart that clearly showed us the margin gain that we had from 2020 to 2022 where the IGPM was positive. And we were able to capture that difference -- that favorable difference. And we never lose what we captured. But it also the loss of margin was 250bps, if I'm not mistaken, from '22 to mid '24, when once again there was a mismatch or no longer a mismatch, excuse me.

So now we're back to the regular dynamics of the Management BU of slower growth of recurring revenue leads to an improvement in the margin. Maia, would you like to add to that? Otherwise, I'll answer the second question.

Okay, so about the cutout that we had. Marcelo. We remembered when we did that same type of cutout in RD and that was probably a good indication of where the trend was moving. And that was the same intention. So we wanted to show that we already have relevant parts of the operation running at significantly higher margins than the consolidated. But your question specifically was about what's lower, right, in terms of margin.

So no, there is no concrete -- there are no concrete elements or structural elements that would make these operations not achieve similar margins to the margins that we see in the more mature operations in the cutout that we did now, the analysis we're talking about M&As that were that we had after 2023 for M&As after 2023, as time goes by and the maturity of integration and consequently the synergies are extracted, there's no reason for the operations not to have the margins in line. And we have the margin recovery for we had that when it was way down in 4Q 2022 and since then all the results of it have been better quarter after quarter. And even the more recent M&A that it had, such as Quiver and Agger, they are companies that have margins that are even higher, so Tomens [ph] is taking wide steps to be in line with the levels that the more mature and integrated operations already have.

**Sérgio Sérgio:**

Thank you, Marcelo. Vitor, go ahead.

**Vitor Tomita (Goldman Sachs):**

Good morning, Dennis, Maia, Sergio, thank you for taking our questions.

We have two questions on our side, mainly focusing on Techfin. The first question is that the third quarter was very strong this year and I'd like to know about how you see the agribusiness seasonality compared to 2024. Last year's fourth quarter was very strong. Would you say that the fourth quarter of 2025 has room to be as strong as we saw the third? Especially in agribusiness, seasonality may be more advanced this year.

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The other question is that there were some conversations about changing the IOF tax in this quarter, some noise about that. Do you see any negative or positive impacts in this quarter about those conversations maybe on the side of companies delaying or advancing their demand because of credit?

**Gilsomar Maia:**

Good morning, Vitor. This is Maia speaking. Well, starting off with the first question regarding the seasonality of agribusiness, no, we haven't seen many changes regarding the seasonality. What we have seen is a market with activities that are more difficult than a year ago. Obviously, with the high interest rates and the dynamic that we've seen in agribusiness of some names having more difficulty, it's creating a less favorable environment to work in agribusiness, especially in transactions.

Despite that, Techfin has been able to work around these difficult moments in agribusiness and has diversified not only in names but also in sectors of automation that were offsetting that more difficult moment in agribusiness in the fourth quarter. I don't believe that we'll see many changes in that. In my opinion, now that I look at the fourth quarter, I believe that the agribusiness seasonality will continue. And on the other hand, Techfin should look for alternatives and take advantage of their own scoring models for the data that they have access to. Has helped Techfin to be a player that has been working in a unique way even in these situations in the market and maintaining the loss rates as we already know it.

About the IOF, there was a lot of noise what happened in the market and to be honest, we don't clearly see any major changes, at least based on our point of view, because of the IOF tax. But obviously there was a lot of noise and concern in the market with that about how that could impact and make operations more expensive in the industry. So.

**Vitor Tomita (Goldman Sachs):**

That's correct, of course. Thank you very much.

**Sérgio Sério:**

Thank you, Vitor, Next question. Maria Clara, Itaú.

**Maria Clara (Itaú):**

Thank you for the opportunity. This is Maria Clara. Congratulations for the robust results and also congratulations for your birthday.

I wanted to explore a little bit further about the Management growth, both in terms of the solution and the channel. I understand that you're very diversified, but is there anything that you're performing at the end? And could you tell us a little bit about the growth and the mix, which would be very interesting? Regarding the channel, I'd like to talk about the franchises and the highlights you gave. Could you further comment about this as well?

Thank you very much.

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**Dennis Herszkowicz:**

Well, thank you once again, Maria Clara. Actually, I was talking about this and because we do not report our results every three or four years, I end up having opponents talking to me on the day of this report and then I will ask them about the results and whether they were good or not.

Now, regarding the different possibilities, Maria Clara, in terms of solution and the breakdown and the solution mix, it is really very similar to what we had throughout the year. In other words, diversification of the portfolio. And this is one of the strongest areas for us here. There is no single solution that is our pillar. We have a combination. So we're talking about migration to the cloud, we're talking about increased consumption in the cloud by clients who have already migrated. And we always talk about the Management suite, which continues growing constantly in terms of offer. We're also talking about the core solutions for each segment. So, when you go to Education, Healthcare, Manufactures, Services, we have many specific solutions to each and every one of these sectors, which we call core.

We have very important solutions there. And of course, more and more we have solutions that specialize in functionality, be it in the specific functionality of the financial area or workflow, and so on and so forth. So it's significant diversification. But the Cloud, of course, is still very representative, especially when we talk about AI. So we are sure that this is something that will continue having a highlight in our portfolio.

Regarding the channel mix, well, we did want to make a comment about franchises because their performance was very positive. We can see the bar going up, and we always say that the life of the company as a whole is, as it happens in the Olympic Games, the bar can only go up, even if it's 1cm. It always goes up; it never goes down. So we had a very positive performance. We were very happy and it was almost as if a public acknowledgment to them in this third quarter.

**Maria Clara (Itaú):**

Well, in terms of franchise, and a follow-up, was there any change in the payment to franchises or any change in the strategy?

**Dennis Herszkowicz:**

No, nothing, Maria Clara. Absolutely nothing. In terms of incentives and payment, life remains the same. We always have some minor adjustments made, but structurally speaking, we are very confident that their performance in this third quarter has nothing to do with adjustments made on the day to day. It is a really very positive work. Our franchises are business people. They are our partners at the end of the day. So, as they believe more and more in the strategy and increase the level of investment on their side, naturally their result will show up. So, once again it was a way to acknowledge their work in this third quarter.

**Maria Clara (Itaú):**

Understood. This is very clear. I thank you very much.

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**Sérgio Sério:**

Well, thank you, Maria Clara. Next question, Luis Chagas, XP. Luis, your audio is open.

**Luis Chagas (XP Investimentos):**

Well, good morning. Congratulations everyone. And I also wish you a happy birthday. I have two questions here. The first one is about Techfin and perhaps a more long term view. You have evolved a lot in the past year, especially this year. So, I wanted to better understand what your roadmap is for Techfin, both in the short term, thinking about 2026 and also the future perspectives in the long run.

And the next question is about the business growing with a better retention rate. But perhaps thinking about one year ago [ph], maybe your growth expectation was different and the macro has changed. So, I would like to know what your perspective is for registration and I know that you were adjusting a few things multi products. So, could you comment about RD?

**Dennis Herszkowicz:**

Well, thank you very much and once again thank you for the compliment. In terms of Techfin, it's what I mentioned in the release today. On one side, we have an acceleration in our numbers. They are still far from what I believe the potential is and where the business will reach. We have a perspective of a huge market where our shares are still very small, but we built something from scratch, disruptive in terms of approach and the way of doing it. So, I would say that the numbers we see today already show growth, but they are far from where we believe we'll get and what we focus on. So we have the element that this disruptive, innovating and pioneer approach has been proven. RB banking, as we call it, are based on two large pillars. On one side, the contextualized journey in RD generating conversion rates when we hire these that are much better than traditionally. And on the other side we have ERP data so that we can have better credit modeling. With that we will have higher approval rates with better threshold and low default and losses rate. An operation with risk profile and profitability that are far better.

So two years after this strategy along with Itaú has been proven, are we where we would like to be? No, not yet. There is a lot to be done and that is very clear. At the end of the year, beginning of '26, we will continue launching other credit products.

We will also continue expanding the projects that have already been launched, such as Operational Capital. But this is a pilot project and we always have an explanation to give. A credit business demands you to test your model, to attach your hypothesis and data that has never been used in the past to make sure the results are exactly what you imagined. And it's important to have that in place for you to confirm that your assumptions are correct otherwise you will test again.

So the roadmap is for us to launch more credit products this year and early next year and accelerate the products that have already been launched. And next year we will have cash management solutions, including the digital account, which is a very important element for the generation of Principality, as we call our clients.

So this is the scenario for Techfin talking about RD. More specifically, let me start by calling your attention to something you've known me for a while and I usually am very candid. Next quarter we will change the way we acknowledge revenue in RD. They are very

beneficial for the business and separate recurring revenue between seasonal and other things that really make RD more competitive and profitable as well. So we made this very clear after the release we trying to remove any element of concern or doubt and most of the reports did not include the adjusted numbers that were there available in detail.

Of course I know that we have a lot of releases going out at the same time analysis cover more than one sector but it really bother us that we have done our homework. We have made everything available for analysis and when we look at the tables or even the text with the analysis, what we see is a gap of 6%,7% in the revenue which is not correct. So those who were careful enough to make this adjustment, and I would like to mention Goldman, JP, Itaú, Safra and XP, I would like to thank them for that. And so if you haven't had a chance yet, this is my criticism here.

Having said this, RD is moving really well and the changes made are changes that we are sure that are already providing good results. And if you look at the addition of the third quarter this year, when compared to the same thing last year, we're talking about a growth of 47%. And when we include revenue it also shows a minor acceleration. We are confident that the adjustments made are the right ones. And once again the most obvious and clear indicator to demonstrate that it is actually the addition of. So many times it's capturing the work that was done in previous quarters when these changes hadn't been fully implemented. So as a result, we hadn't seen the results yet. So, once again, the message here in RD is of calm confidence and a message that we're on the right path and we really believe that 2026 will be a very positive year for RD.

I'll take this opportunity and remind you I know that in my final message, we're right in the middle of the RD summit. I'm going to rush over there. Right after this call. I have a session with Cléber Moraes from AWS, the CEO of AWS in Brazil. So if you have an opportunity, come by. We have great things for you to see.

**Luis Chagas (XP Investimentos):**

Okay. Thank you, Dennis. Thank you, everyone.

**Sérgio Sério:**

Thank you, Luis. Next question is from Silvio Doria, from Safra. Go ahead.

Silvio, Can you hear us?

**Silvio Doria (Safra)**

Now I can. Okay. Hi, everyone. Thanks for taking my question. I have one. You mentioned that the margin without dementia was 29%. So tell me about the evolution of that business. I know there's a gradual improvement, but are we close to see a positive contribution of Dimensa [ph] to the margin?

I'm saying that because it's been making a lot of acquisitions, businesses with very good margins. So when will we see a positive contribution to the margin coming from Dimensa specifically?

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**Gilsomar Maia:**

Good morning, Silvio. Dennis mentioned that in RD's question. I think Marcelo's question was actually about Dimensa, when he asked about operations that are not that advanced in integration and management, if they have any structural limitations to reach the same level of the operations that are more advanced at 29% at the third quarter.

To reiterate what Dennis mentioned about Dimensa, we had a more comprehensive change that was made last year, maybe two years ago, where we changed a number of different things, even the executive team. And since then, what we've been seeing is a continuous advance in terms of margin at Dimensa. Additionally, Dimensa has also made acquisitions and brought on improvements in margin. Agger was a company that brought in that characteristic. So it's a matter of time. So, it's hard to give you that idea, more a more precise idea about that. But to reiterate what Dennis said, it's, It's a matter of time and scale as well.

If we compare the Dimensa business alone, there's a matter of scale as well. But after a while it will reach the levels that we have in the other management operations. So, it's very similar to cash generation, level of recurrence, high customer retention, in its essence. Obviously, it's a different market, it's financial services. So, the basic characteristics of the business are all present

**Sérgio Sérgio:**

Thank you, Silvio. Last question for the call today is from Leo, at UBS. You can unmute.

**Leo Olmos (UBS):**

Good morning everyone. Sorry I haven't updated the table, Dennis, I'll take a look at that.

We didn't talk about Linx. If you can mention growth, EBITDA margin, capitalization of expenses and cash generation. If not, then I have another question.

**Dennis Herszkowicz:**

Yes, in fact, Leo, we announced the acquisition, but we still didn't get it. We need to wait for the Brazilian Antitrust Agency to approve (CADE). So, given the complementarity of the operations. Right. The only thing I can remind you regarding Linx is the approval of at our general assembly meeting, that was a step for governance. So we had 99.99% of approval. I was even kidding with everyone at the IR team because I thought we would have 100% approval. So we had 3,540 out of 586 million. Right? Over 3,000 voted again, so it was almost 100%.

**Leo Olmos (UBS):**

Okay, let me ask the other one. Can you talk about the rollout of solutions and more details about how it's impacting cloud -- AI is impacting Cloud. I know for the one -- someone to have access to those features you have to have Cloud. And if someday we will be able to see any percentage of TOTVS revenues coming from AI?

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**Dennis Herszkowicz:**

Well, Leo, without a doubt, yes, about -- but how it, what it's going to be called and even the format of charging for it, I still can't tell you, to be honest. But soon we'll have that growing percentage of the share of AI in our revenues. Without a doubt that will be. It will happen. AI, it's not a bubble, it's here to stay. It's huge technology, it's horizontal technologies. At the end of the day, it's going to impact everything. It's going to impact our cost and lead to new products and be embedded in existing products. And maybe it won't even be possible to clearly classify what is AI revenue. Because imagine as I already am embedding AI elements in ERP, that's an AI revenue or not. That's why I'm saying I don't really know exactly how we can show that. But the percentage of AI in our business will continue to grow and even at a faster rate than when we -- than what we see now. I have no doubt about that.

So about how we're moving, we're still on a path that we really believe in. It's a path of combining things. So on one side we have AI applied to our internal processes so that TOTVS can become increasingly more efficient and productive. So we've been doing that in basically all of our different departments and processes that are minimally relevant. And we also have the application of AI in our products, meaning the ones that will actually be consumed by our customers and lead to revenues.

On that side we can also break that down into two. So on one side we obviously do work in the creation of agents that will lead to revenue that will be consumed by our customers. And you've seen some of those agents back in June at the TOTVS Universe. And since then we've been launching other agents. But there's a second part to that, that's not really seen by you, which is the structure part. Actually the infrastructure of AI, we see OpenAI, we see others, we see hyperscalers investing hundreds of millions, maybe even trillions of dollars in data center and energy infrastructure.

We don't really invest the same amount, but we are investing a lot based on the point of view of creating the infrastructure for the logic side. So agnostic AI layers that works with all models available and eventually in the future, our own models, the entire part of building our agents or that could be used by third parties. We're considering working with all the API's in our products, also all the cloud work, helping our customers to organize their data sets. Our back office that Maia runs has to be prepared for new business models and new ways of billing. So that's a very important investment and it's silent. It's really hard to be seen for people that are on the outside. But without a doubt, that's the biggest AI infrastructure work currently in Brazil. We are spearheading those investments and I'm absolutely sure that we will have great results coming from everything that we're doing.

**Sérgio Sério:**

Thank you, Leo. We would like to thank everyone for your questions today. Before I hand back over to Dennis for his final words, just a message from the IR team. As soon as we end the call, we'll have a satisfaction survey available. It takes just a minute. We'd love to hear your feedback and because we always want to improve this moment, all of you. So thank you.

If you could answer that for us, over to Dennis.

**Dennis Herszkowicz:**

Okay, thank you. Thank you, Sergio. I'd like to reinforce the invitation that I just made. If you can visit us at the RD Summit. It's the biggest digital marketing event in Latin America by far. It's being held at Expo Center Norte. That's the same place where we'd have the Investor Day and TOTVS Universe. It was yesterday, today and tomorrow.

Once again, I would like to thank everyone for yet another quarter of great results. I always like to say we're in the middle of the fourth quarter already and if we consider the ARR additions that we've had so far, and the recurrent base that we have we can say that 2026 is already being built in this amazing year of 2025.

Thank you, everyone. See you next quarter.