

TOTVS S.A.

Condensed individual and consolidated Interim Financial Statements
as of and for the three-months periods ended March 31, 2023

Contents

Consolidated Operating and Financial Performance	3
Report on review of the interim financial information	20
Condensed Individual and Consolidated Statement of Financial Position	22
Condensed Individual and Consolidated Statements of Profit or Loss	23
Condensed Individual and Consolidated Statements of Comprehensive Income	24
Condensed Individual and Consolidated Statements of Changes in Shareholders' Equity	25
Condensed Individual and Consolidated Statement of Cash Flows	26
Condensed Individual and Consolidated Statements of Value Added	27
Notes to the Condensed Individual and Consolidated Interim Financial Statements	28
1. Operational context	28
2. Basis of preparation and presentation of the interim financial information	28
3 Techfin Dimension	31
4 Financial instruments and sensitivity analysis of financial assets and liabilities	33
5 Cash and cash equivalents	39
6 Trade and other receivables	40
7 Recoverable taxes	41
8 Income taxes	41
9 Related party balances and transactions	42
10 Other assets	44
11 Equity-accounted investees	44
12 Property, plant and equipment	46
13 Intangible assets	47
14 Labor liabilities	49
15 Taxes and contributions liabilities	50
16 Loans and lease liabilities	50
17 Debentures	52
18 Accounts payable from acquisition of subsidiaries	53
19 Provision for contingencies	54
20 Shareholders' equity	56
21 Dividends and Interest on shareholders' equity	57
22 Share-based compensation plan	57
23 Operating Segments	58
24 Earnings per share	60
25 Gross sales revenue	60
26 Costs and expenses by nature	61
27 Finance income and expenses	61
28 Private pension plan – defined contribution	62
29 Insurance coverage	62

Consolidated Operating and Financial Performance

Consolidated Result (in R\$ thousand)	1Q23	1Q22	Δ	4Q22	Δ
Net Revenue	1,064,142	898,507	18.4%	1,005,063	5.9%
Management Revenue	972,140	828,666	17.3%	916,362	6.1%
Business Performance Revenue	92,002	69,841	31.7%	88,701	3.7%
Adjusted Contribution Margin	577,213	483,920	19.3%	532,178	8.5%
Adjusted Management Contribution Margin	532,020	450,619	18.1%	488,190	9.0%
Biz Performance Contribution Margin	45,193	33,301	35.7%	43,988	2.7%
% Adjusted Contribution Margin	54.2%	53.9%	30 bp	52.9%	130 bp
% Adjusted Management Contribution Margin	54.7%	54.4%	30 bp	53.3%	140 bp
% Biz Performance Contribution Margin	49.1%	47.7%	140 bp	49.6%	-50 bp
Sales and Marketing Expenses	(212,497)	(176,650)	20.3%	(195,154)	8.9%
Adjusted G&A Expenses	(87,695)	(88,817)	(1.3%)	(106,634)	(17.8%)
Equity Pickup	-	7	(100.0%)	(449)	(100.0%)
Mgmt. + Biz Perform. Adjusted EBITDA	277,021	218,460	26.8%	229,941	20.5%
% Mgmt. + Biz Perf. Adjusted EBITDA	26.0%	24.3%	170 bp	22.9%	310 bp

(*) The Adjusted Contribution Margin is a non-accounting measurement (not audited) prepared by the Company and consists of the contribution margin for the period, plus extraordinary costs and expenses with operational restructuring.

Net Revenue

Net Revenue ended the quarter above R\$1 billion, which means an increase of over 18% compared with the same period of the previous year. This performance reflected the progress made in all revenue lines, with emphasis on: (i) Management's Recurring Revenue, which grew 20% year-over-year, driven by the growth of SaaS Revenue, which represented 50% of the Company's total growth in 1Q23; and (ii) the 32% growth of Business Performance Revenue.

Adjusted EBITDA

Adjusted EBITDA ended the quarter at R\$277 million, with an Adjusted EBITDA Margin of 26%, which means an increase of 310 basis points over 4Q22 and 170 basis points over 1Q22, due to the Margin breakthrough in the Management and Business Performance dimensions, particularly the Management's Contribution Margin, which exceeded R\$500 million in the quarter and reached the highest level of Net Revenue in the last years.

Management dimension results

The Management dimension represents the portfolio of solutions focused on the efficiency of our clients' back and middle office operations, through ERP/HR and Vertical solutions specialized in 12 segments of the economy. The results of the 2022 quarters stated for this dimension comprise the figures of Inovamind from January, Mobile2You from February, besides Gesplan, Vadu, Feedz, and RBM from October to December.

Management Result (in R\$ thousand)	1Q23	1Q22	Δ	4Q22	Δ
Net Revenue	972,140	828,666	17.3%	916,362	6.1%
Recurring	814,076	676,630	20.3%	788,674	3.2%
Non Recurring	158,064	152,036	4.0%	127,688	23.8%
License	81,186	80,751	0.5%	49,510	64.0%
Services	76,878	71,285	7.8%	78,178	(1.7%)
Costs	(266,167)	(231,257)	15.1%	(261,477)	1.8%
Gross Profit	705,973	597,409	18.2%	654,885	7.8%
Gross Margin	72.6%	72.1%	50 bp	71.5%	110 bp
Research and Development	(169,420)	(140,126)	20.9%	(162,997)	3.9%
Provision for Expected Credit Losses	(5,854)	(6,664)	(12.2%)	(3,698)	58.3%
Management Contribution Margin	530,699	450,619	17.8%	488,190	8.7%
% Management Contribution Margin	54.6%	54.4%	20 bp	53.3%	130 bp
Oper. Restructuring Extraord. Adjustment	1,321	-	-	-	-
Adjusted Management Contrib. Margin	532,020	450,619	18.1%	488,190	9.0%
% Adjusted Management Contrib. Margin	54.7%	54.4%	30 bp	53.3%	140 bp

(*) The Adjusted Contribution Margin is a non-accounting measurement (not audited) prepared by the Company and consists of the contribution margin for the period, plus extraordinary costs and expenses with operational restructuring.

Net Revenue

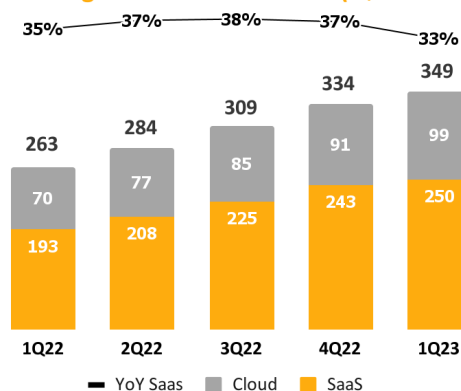
Net Revenue from Management increased 17% versus 1Q22, driven by: (i) 20% year-over-year growth in Recurring Revenue; and (ii) an increase of R\$36.1 million in Corporate Model Licenses, with emphasis on the year-over-year increase in the Distribution segment that had growth of almost 40%, and in the Manufacturing and Construction and Projects segments that grew over 37%.

Recurring Revenue

The Recurring Revenue growth in the quarter reflects the SaaS Revenue growth in the period, which increased 33% year-over-year, as noted in the chart on the side. As to SaaS, the major highlights were: (i) 41% growth in Cloud revenue; and (ii) 29% increase in new signings, which equate to new sales.

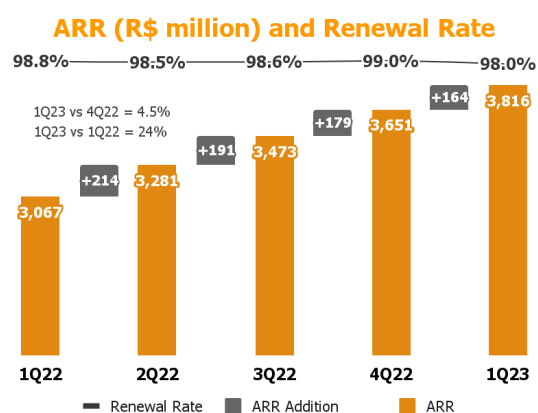
As already discussed in previous quarters, the good performance of new signings has, as one of the main reasons, the constant progress in the perception of

Management SaaS Revenue (R\$ million)

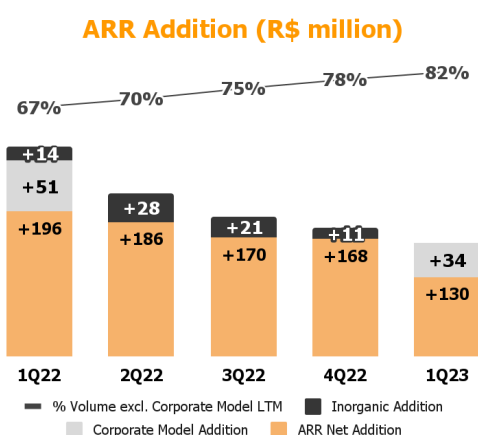


product quality by clients, reflected on the NPS (Net Promoter Score) indicator, which, once again, reached its highest historical level. With TOTVS, the increase in NPS impacts sales performance quickly and positively and, when combined with the expansion of the portfolio and the reduction of TCO (Total Cost of Ownership), creates the conditions for the company to reach high levels of new signings and, consequently, the “Volume” component in the addition of Annualized Recurring Revenue (ARR).

In this quarter, the Management ARR reached, as provided in the chart on the side, over R\$3.8 billion, with a total addition of R\$164 million in the quarter. The 1Q23 Renewal Rate was 98%, slightly below the average of recent years, explained mainly by a fluctuation in the renewal of Dimensa contracts in the quarter. Different from other TOTVS's Management operations, Dimensa is focused on just over a hundred large financial market accounts, which can generate greater volatility in its quarterly rates, in the case of a delay in the renewing of some contract.



As already mentioned in previous years, the Corporate Model is applied in 1Q, generating impact in the revenues from Licenses and ARR. With Licenses, the increase reflects only clients that grew year-over-year, changing price range, while in ARR the impact represents the net balance between clients who “went up” and those who “went down” in the price list, according to their updated contractual metric. In this year, even with the increase in licenses of the Corporate Model contributing at a level similar to that of 2022 with revenue from Licenses, the impact on the addition of ARR was proportionally lower as we had an increase in the amount of clients that had a reduction in monthly fees in 1Q23, reflecting the reduction in inflation rates that usually correct the revenues of the companies.



Disregarding the effects of Corporate Model, the reduction in the Net Addition of ARR, when compared with 4Q22, reflects: (i) the aforementioned 100 basis point reduction in the renewal rate, influenced by Dimensa; and (ii) the strong and expected reduction in inflation rates, which was responsible for the reduction of Price component of approximately 55% versus 1Q22 and 40% versus 4Q22. On the other hand, the new signings continued with a very positive performance, reaching a new record for a first quarter, which presents seasonality of sales, mainly in the beginning of the period, since in the 1Q there

are fewer working days and less economic movement. In view of this, as previously predicted and verified in the chart at the side, there was a further increase in the relevance of the Volume component in the gross addition of ARR in the last 12 months, from 78% in the previous quarter to 82% in 1Q23. It is important to mention that this percentage is regarding to the average of the last 12 months and not the percentage of the quarter in question. As this percentage has been growing, it means that the percentage in 1Q23 in particular was even higher than 82%.

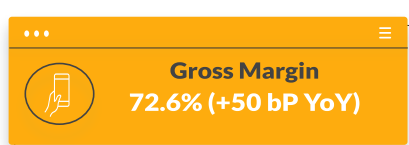
Non-Recurring Revenue

Non-Recurring Revenue in 1Q23 increased 24% quarter-over-quarter, explained mainly by the increase in licenses of the Corporate Model that reached R\$36.1 million. This performance is the result of growth above the market average of clients under this modality, reinforcing the perception that our clients are more resilient than the average of Brazilian companies.



Gross Margin

Gross Margin from Management reached 72.6% in the quarter, which is 110 basis points higher than in 4Q22, mainly because of the already mentioned increase in License Revenue in the period. Year-over-year, the 50 basis point increase on this line is mainly because of the 20% Recurring Revenue growth, driven by the expansion of the SaaS model and the optimization of the service margin, reflecting the maintenance of the remote implementation level above 90%.



Research & Development

Research and Development (R&D) expenses, as a percentage of Recurring Revenue from Management, reached 20.9% in 1Q23, a level similar to 20.7% in 1Q22 and 4Q22, even in view of the impact of the adjustments resulting from collective bargaining agreements in the state of São Paulo in January, which represents approximately 50% of the R&D base and shows the discipline in the execution of the Company's investment strategy and the gain in productivity.

It is worth highlighting the importance of investments in R&D, both in the Management dimension itself, with the increase in the NPS and, consequently, an increase in the Volume of new signings and maintenance of high levels of Recurring Revenue renewal rate, as well as in the development of the 3D strategy through additional investments made in Management, aiming at integrating solutions with the Techfin and Business Performance dimensions.

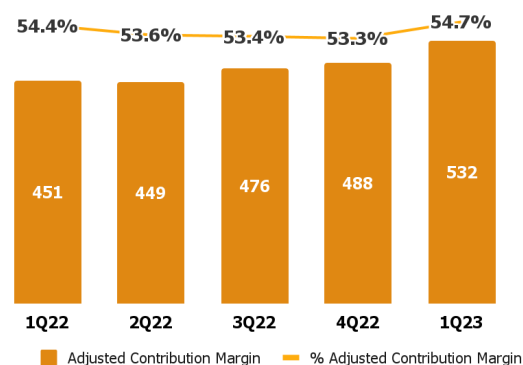
Provision for Expected Credit Losses

The Provision for Expected Credit Losses reached 0.6% of Management Net Revenue in 1Q23, which is the same average level as in 2022, being 20 basis points below 1Q22 and 20 basis points above 4Q22, when the reversals of provisions made in previous quarters were more relevant, as commented in the previous Earnings Release.

Adjusted Management Contribution Margin

The Adjusted Contribution Margin from Management exceeded, for the first time, the R\$500 million mark and reached R\$532 million in the quarter, reflecting the continuous growth of Recurring Revenue, combined with the positive impact of the seasonal Corporate

Adjusted Contribution Margin (R\$ million)



Increment revenue and productivity gain, which means operational leverage.

It is also worth noting the performance of the Contribution Margin on Net Revenue from Management, which in this quarter reached the highest level from last years, showing a growth of 30 basis points compared with 1Q22, mainly because of the 20% growth in Recurring Revenue and the 12% reduction in the Provision for Expected Credit Losses in the period.

Business Performance dimension results

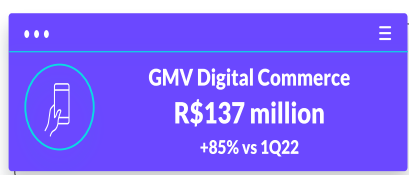
The Business Performance dimension represents the portfolio of solutions focused on increasing sales, competitiveness, and client performance through Digital Marketing, Sales/Digital Commerce, and CX - Customer Experience solutions.

Biz Performance Result (in R\$ thousand)	1Q23	1Q22	Δ	4Q22	Δ
Net Revenue	92,002	69,841	31.7%	88,701	3.7%
Recurring	90,531	68,932	31.3%	86,994	4.1%
Non Recurring	1,471	909	61.8%	1,707	(13.8%)
Costs	(22,360)	(18,541)	20.6%	(21,720)	2.9%
Gross Profit	69,642	51,300	35.8%	66,981	4.0%
Gross Margin	75.7%	73.5%	220 bp	75.5%	20 bp
Research and Development	(22,842)	(17,334)	31.8%	(21,545)	6.0%
Provision for Expected Credit Losses	(1,607)	(665)	141.7%	(1,448)	11.0%
Biz Performance Contribution Margin	45,193	33,301	35.7%	43,988	2.7%
% Biz Performance Contribution Margin	49.1%	47.7%	140 bp	49.6%	-50 bp

Net Revenue

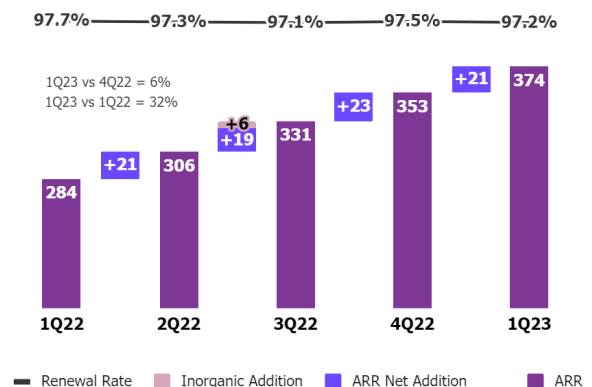
Net Revenue from Business Performance grew 32% in 1Q23 versus 1Q22, with Recurring Revenue again as the major driver. The 3.7% growth in Revenue quarter-over-quarter comparison, was very positive, as there is a favorable seasonality of the net ARR addition in Q4.

The R\$21 million Net Addition of ARR in the period led to a Business Performance ARR of R\$374 million, surpassing the 4Q22 in 6%. This is a very positive performance, as the net addition of ARR remained at a similar level to the previous quarter, seasonally stronger in new signings. This result reflected the sales performance evolution of RD Station's



million in the quarter, 85% above 1Q22.

ARR (R\$ million) and Renewal Rate



multi-product strategy, which speeds up cross-sell and upsell, with one more time the highlight being the sales of CRM and Tallos, a solution for "conversational commerce" acquired in August from last year, which has been performing better than originally expected.

Additionally, the GMV (Gross Merchandise Volume) of the Digital Commerce offer maintained its growth trajectory, reaching R\$137

Gross Margin

The Gross Margin of Business Performance ended the quarter at 75.7%, which is 220 basis points above 1Q22 and 20 basis points above 4Q22, thus showing the potential for profitability and scalability of the SaaS model of this dimension, mainly because of the profile of its current portfolio that offers solutions with a lower level of implementation services to the clients.

Research & Development

Research and Development (R&D) expenses as a percentage of Recurring Revenue in this dimension went from 24.8% in 4Q22 to 25.2% in 1Q23. This increase is associated with investments made to expand the portfolio, in the evolution

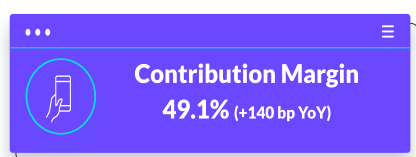
of functionalities with maintenance of competitive differentials, as well as in the integration between the different Business Performance products, aiming to take advantage of the opportunity of a market with low penetration. It is also worth reminding that RD Station is a company focused on growth via PLG (Product-Led Growth), which makes R&D investments its main growth lever.

Provision for Expected Credit Losses

The Provision for Expected Credit Losses of Business Performance reached 1.7% on the 1Q23 Net Revenue, a level similar to that of 4Q22 and 2022, which reflects a primarily recurring business model and a multi-product, pulverized client base.

Business Performance Contribution Margin

The Business Performance Contribution Margin on Net Revenue of this dimension reached 49.1% in the quarter, which means 50 basis points below 4Q22, explained essentially by the 6% quarter-over-quarter increase in Research and Development and the 11% growth in the Provision for Expected Credit Losses.



Year-over-year, the 140 basis points increase in the Contribution Margin shows, as the Company has been highlighting, that despite being a young business dimension and currently directed to speed up the Recurring Revenue, this is a profitable operation that counts on the operational leverage of the SaaS model, which reinforces the high potential for value generation of this dimension. Despite the current mandate, the correlation between growth and profitability will remain a non-issue for TOTVS.

Other Operating Expenses and post-EBITDA Result (Management and Business Performance dimensions)

As previously mentioned, the commitment to create a JV with Itaú, which is still in the process of being approved by BACEN (Central Bank of Brazil), besides other requirements to be met, meets the accounting criteria of "assets held for sale". This classification makes the results of the Techfin operation to be stated in the quarterly financial information exclusively on the line "Net Income (Loss) from Techfin dimension".

In view of this and with the aim of, at the same time, maintaining as much comparability as possible and the ability to monitor the consolidated results of each dimension, we are presenting below the "Other Operating Expenses" and the "Post-EBITDA Results" of the consolidation of the Management and Business Performance dimensions separately, and the results of the Techfin dimension are stated in the section "Techfin dimension Results".

In R\$ thousand	1Q23	1Q22	Δ	4Q22	Δ
Adjusted Sales and Marketing Expenses	(212,497)	(176,650)	20.3%	(195,154)	8.9%
<i>% of Net Total Revenue</i>	<i>20.0%</i>	<i>19.7%</i>	<i>30 bp</i>	<i>19.4%</i>	<i>60 bp</i>
Sales and Marketing Expenses	(213,771)	(176,650)	21.0%	(195,154)	9.5%
Oper. Restructuring Extraord. Adjustment	1,274	-	-	-	-

In R\$ thousand	1Q23	1Q22	Δ	4Q22	Δ
Adjusted G&A Expenses	(87,695)	(88,817)	(1.3%)	(106,634)	(17.8%)
<i>% of Net Total Revenue</i>	<i>8.2%</i>	<i>9.9%</i>	<i>-170 bp</i>	<i>10.6%</i>	<i>-240 bp</i>
G&A Expenses and Others	(111,072)	(116,995)	(5.1%)	(118,878)	(6.6%)
General and Administrative Expenses	(88,749)	(80,815)	9.8%	(100,404)	(11.6%)
Provision for Contingencies	(854)	(10,935)	(92.2%)	(13,445)	(93.6%)
Other Net Revenues (Expenses)	(21,469)	(25,245)	(15.0%)	(5,029)	326.9%
Extraordinary Items	23,377	28,178	(17.0%)	12,244	90.9%
M&A Adjustment at Fair Value	21,608	24,913	(13.3%)	2,597	732.0%
Loss (Earnings) in Investment Sale	-	-	-	4,689	(100.0%)
Oper. Restructuring Extraord. Adjustment	499	-	-	-	-
Expenses with M&A Transactions	1,270	3,265	(61.1%)	3,963	(68.0%)
Tax Credit	-	-	-	995	(100.0%)
Equity Pickup	-	7	(100.0%)	(449)	(100.0%)

Sales and Marketing Expenses

Adjusted Sales and Marketing Expenses on the Net Revenue ended the quarter at 20.0%, which is 60 basis points higher than 4Q22, explained mainly by: (i) the seasonal effect of Revenues from the Corporate Model

of Licenses, which generates a proportional increase in commission expenses; and (ii) the effect of collective bargaining agreements in the State of São Paulo in January, when salaries had a readjustment of 5.9%.

When compared with 1Q22, the 30-point increase in the representativeness of this line on the Net Revenue is mainly because of the effect of collective bargaining agreements that took place at the end of 3Q22, in 4Q22, and in the beginning of 1Q23 and, to a lesser extent, to the greater representativeness of the Business Performance dimension. It is worth stressing that, because of the timing and mandate of the dimension, the percentage of the Sales and Marketing line on the Net Revenue of this operation is higher than that of the Management dimension, having ended the quarter at approximately 31%.

General and Administrative Expenses and Others

General and Administrative Expenses ("DGA"), net of extraordinary impacts of R\$1.3 million in expenses with M&A transactions, ended the quarter representing 8.2% of Net Revenue, 140 basis points lower than in 4Q22, mainly due to: (i) the lower volume of legal expenses, associated with the lower volume of court decisions in the period; and (ii) reduction in consulting expenses. These reductions offset the effect of the collective bargaining agreements in São Paulo in January, when wages were readjusted by 5.9%, as mentioned above.

The Provision for Contingencies ended the quarter at R\$0.9 million, a level significantly lower in the year-on-year and quarter-on-quarter comparison, also associated with the lower volume of court decisions that took place in January and February.

The line Other Net Operating Income and Expenses in 1Q23 was mostly impacted by: (i) by the major earn-out adjustment of R\$21.6 million of the Tallos and Tail, reflecting the high performance than originally forecast; and (ii) by the Operacional Restructuring Extraordinary Adjustment, referring to the demobilization of a small portion of the operation in Argentina and the vertical operation of hotels in Portugal.

These effects added together, made Administrative and Other Adjusted Expenses end the quarter representing 8.2% of Net Revenue, a decrease of 170 basis points over 1Q22 and 240 basis points over 4Q22.

Management and Business Performance Below EBITDA Result

Depreciation and Amortization Expenses

In R\$ thousand	1Q23	1Q22	Δ	4Q22	Δ
Depreciation	(30,268)	(30,511)	(0.8%)	(30,931)	(2.1%)
Amortization	(31,868)	(26,599)	19.8%	(30,337)	5.0%
Depreciation and Amortization	(62,136)	(57,110)	8.8%	(61,268)	1.4%

The 8.8% increase in the Depreciation and Amortization lines in comparison with 1Q22 is related mainly to the beginning of amortizations arising from the acquisitions of the companies Feedz, Gesplan, Tallos, RBM, and Vadu throughout 2022. The 5% increase in Amortization expenses in comparison with 4Q22 is mainly because of the beginning of amortization of new R&D projects that were completed at the end of 2022.

Financial Result

In R\$ thousand	1Q23	1Q22	Δ	4Q22	Δ
Financial Revenues	71,475	77,850	(8.2%)	92,644	(22.8%)
Financial Expenses	(92,113)	(78,552)	17.3%	(87,712)	5.0%
Financial Result	(20,638)	(702)	>999%	4,932	(518.5%)

The variation in Financial Revenues, when compared with 1Q22 and 4Q22, is related to the impact of approximately R\$20 million in financial investment revenues, because of losses calculated by the exclusive investment fund that manages the Company's excess cash, whose assets had 0.9% of exposure to debt securities of Americanas S.A. through investment in shares of other funds that held such private debt securities in their portfolio. In view of the current scenario of the corporate credit market and the Company's conservative investment stance, it was decided to adjust the investment policy as follows: (i) limiting the exposure to private credit to 7% of the equity of the exclusive fund; (ii) only credits classified by ANBIMA as Investment Grade; (iii) exclusively bank credit securities. The remainder of the equity is invested in public securities, in compliance with the Company's Treasury Management Policy.

The behavior of Financial Expenses, when compared with 4Q22, is essentially related to the net effect of adjustment to the present value of earn-outs of acquisitions that took place, in the last quarter.

Income Tax and Social Contribution

In R\$ thousand	1Q23	1Q22	Δ	4Q22	Δ
EBT	168,275	132,470	27.0%	161,361	4.3%
Taxes at combined rate (34%)	(57,214)	(44,412)	28.8%	(54,862)	4.3%
Law 11,196/05 - R&D Incentive	6,159	5,096	20.9%	5,996	2.7%
Share Issue Expenses	-	26	(100.0%)	-	-
Interest on Equity	-	-	-	43,106	(100.0%)
Effect of Different Taxation in Subsidiaries	(3,872)	(3,121)	24.1%	(8,498)	(54.4%)
Management Bonus	(1,184)	(1,017)	16.4%	(658)	79.9%
Government Subsidies	979	739	32.5%	245	299.6%
Other	(8,002)	5,913	(235.3%)	2,837	(382.1%)
Income Tax and Social Contribution	(63,134)	(36,776)	71.7%	(11,834)	433.5%
Current Income Tax and Social Contribution	(62,868)	(42,158)	49.1%	(40,355)	55.8%
Deferred Income Tax and Social Contribution	(266)	5,382	(104.9%)	28,521	(100.9%)
<i>% Current Effective Tax Rate</i>	<i>37.4%</i>	<i>31.8%</i>	<i>560 bp</i>	<i>25.0%</i>	<i>1240 bp</i>
<i>% Total Effective Tax Rate</i>	<i>37.5%</i>	<i>27.8%</i>	<i>970 bp</i>	<i>7.3%</i>	<i>3020 bp</i>

The Total Effective Rate of Income Tax and Social Contribution (IR and CSLL) ended the quarter at 37.5%, mainly due to the effect of the adjustment on Tallos' earn-out, as commented on in the General and Administrative Expenses and Others section, since RD Station, which consolidates the result of this operation, has not yet reached the requirements to record Deferred Assets from Income Tax and Social Contribution.

Techfin dimension results

In accordance with CPC31 / IFRS5, the transaction involving the creation of the Joint Venture with Itaú meets the criteria of assets held for sale. Therefore, we present below the result of the Techfin dimension disclosed in segregated lines in Company's income statement.

The Techfin dimension aims to simplify, expand, and democratize TOTVS' SMB clients' access to B2B financial services, comprising Supplier's business and new products. As previously mentioned, on April 12th, 2022, the Company announced the creation of a Joint Venture with Itaú Unibanco S.A., called TOTVS Techfin, in which TOTVS and Itaú will hold, each, 50% of interest. The transaction is subject to compliance with other precedent conditions to become definitive, including approval by 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.

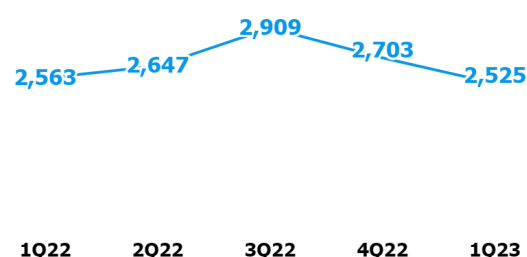
It is presented the Net income (Loss) from Techfin dimension, detailed by Revenues, Costs and Expenses:

Techfin Results (in R\$ thousand)	1Q23	1Q22	Δ	4Q22	Δ
Techfin Net Revenue	99,752	82,632	20.7%	117,926	(15.4%)
Funding Cost	(45,283)	(35,517)	27.5%	(42,462)	6.6%
Techfin Revenue - Net of funding	54,469	47,115	15.6%	75,464	(27.8%)
Operational Costs	(6,444)	(5,895)	9.3%	(6,772)	(4.8%)
Gross Profit	48,025	41,220	16.5%	68,692	(30.1%)
Research and Development	(9,384)	(6,722)	39.6%	(8,384)	11.9%
Provision for Expected Credit Losses	(8,290)	(10,227)	(18.9%)	(16,007)	(48.2%)
Techfin Contribution Margin	30,351	24,271	25.1%	44,301	(31.5%)
% Techfin Contribution Margin	55.7%	51.5%	420 bp	58.7%	-300 bp
Sales and Marketing Expenses	(9,842)	(7,686)	28.1%	(9,967)	(1.3%)
G&A Expenses and Others	(16,567)	(11,735)	41.2%	(15,832)	4.6%
Techfin EBITDA	3,942	4,850	(18.7%)	18,502	(78.7%)
% Techfin EBITDA	7.2%	10.3%	-310 bp	24.5%	-1730 bp
Depreciation and Amortization	(10,593)	(14,680)	(27.8%)	(10,519)	0.7%
Financial Result	134	(94)	(242.6%)	145	(7.6%)
Income Tax and Social Contribution	923	(793)	(216.4%)	(4,240)	(121.8%)
Net Income (Loss) from Techfin Dimension	(5,594)	(10,717)	(47.8%)	3,888	(243.9%)
% Net Income (Loss) from Techfin Dimension	-10.3%	-22.7%	1240 bp	5.2%	-1550 bp

Techfin Revenue

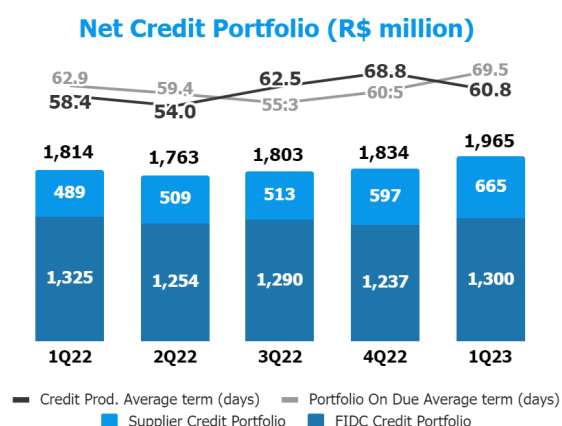
Techfin Revenue grew 21% compared with 1Q22, mainly due to the effect of Selic rate increase over 2022. Credit Production maintained a similar level compared with 1Q22, having ended the quarter at R\$2.5 billion, due to: (i) adjustments in the credit limits promoted throughout 2022, due to the greater default arising from production in 4Q21; and (ii) reduction in Credit Production in some

Supplier Credit Production (R\$ million)



segments, example of the steel chain, which reflected a slowdown in the economy itself in early 2023.

When compared with 4Q22, the 15% reduction in Techfin Revenue is due to the combination of seasonality at the beginning of the year, particularly in Agribusiness, which reduced the average term of Credit Production in 8 days, as shown in the chart about the Net Credit Portfolio, and which, together with the economic slowdown of some segments, contributed to the 6.6% decrease in total Credit Production in 1Q23.



The Net Credit Portfolio of the Provision for Expected Credit Losses, as observed in the chart on the left, had a 8.4% increase in the year-over-year figures, with an average term of 69.5 days. The increase in the Credit Portfolio, even in view of the reduction in production, is due to the fact that some Agribusiness credit agreements from last quarters have not yet reached their maturity. The same factor also explains the slight increase in the portfolio mix maintained at Supplier, contributing to the maintenance of deferred revenue to be appropriated by the FIDC at a level similar to last quarter (which ended the period at R\$25.1 million).

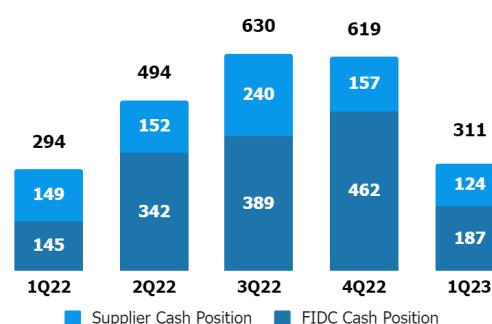
This effect of a larger mix in the portfolio kept at Supplier tends to be reduced from April, when a substantial part of the maturities of Agribusiness agreements, which are longer, produced in the last quarters, begins.

Techfin Revenue - Net of Funding

Techfin Revenue Net Funding Revenue grew 16% when compared to 1Q22, driven by the 21% growth in Techfin Revenue.

Compared to 4Q22, the 27.8% drop is the result of the combination: (i) Funding Cost growth of almost 7% above Techfin Revenue growth, which is mostly associated with the reduction in Cash Position, both from the Supplier and from the FIDC, as seen in the chart to the side, since the financial income generated by the surplus cash applied reduces the Funding Cost of the operation; (ii) the lower volume of credit production, mentioned above; (iii) and the reduction in the average term, also explained in the section above. We emphasize that this lower performance of some segments in 1Q23 is explained by a slowdown in economic activity and not by a reduction in Supplier's credit limits, since default rates remain quite healthy.

Cash Position (R\$ million)



Operating Costs

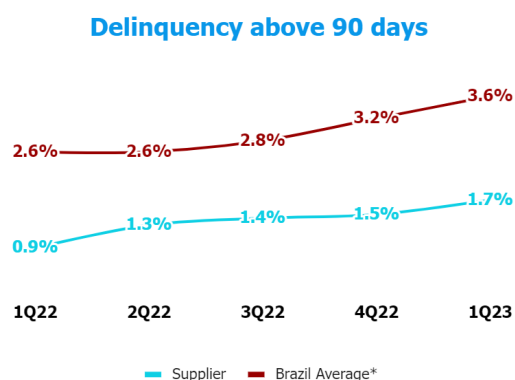
Operating Costs ended the quarter 4.8% below 4Q22, mainly due to the reduction in credit insurance premiums, reflecting the reduction in Credit Production, especially in the agribusiness segment.

Research & Development

Research and Development (R&D) expenses ended the quarter 12% higher than in 4Q22, mainly because of the anticipation of initial investments expected in the execution of Techfin's strategy via JV with Itaú.

Provision for Expected Credit Losses

The Provision for Expected Losses represented 0.42% of the Gross Credit Portfolio, 15 basis points below 1Q22 and 44 basis points below 4Q22. This reduction took place because of the expected normalization of the default performance. It is worth recalling that: (i) in 4Q21 we had an unusual increase in delinquency, which resulted in an adjustment in credit limits from 1Q22, which was fit to settle that situation; and (ii) in 4Q22 we had the provision of the entire outstanding amount of an affiliate that entered into judicial recovery.



*Fonte: Banco Central do Brasil (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito) > tabelas.xls > Tabela 23 > MPMe

The increase in general credit defaults in the financial system of Micro, Small and Medium-sized companies (MSMe), as observed on the Brazilian Average shown in the delinquency chart above 90 days, had a small impact on Supplier's operation, since the difference between the Brazilian Average and Supplier Average increased from 170 basis points in 4Q22 to 190 basis points in 1Q23. The positive delinquency history is one of Supplier's most valuable assets and the Company will continue to pursue this healthy history, even if it results in a reduction in Credit Production growth in some periods.

Techfin Contribution Margin

Techfin's Contribution Margin on Techfin Revenue net of Funding ended the quarter at 55.7%, which means 420 basis points above 1Q22, because of the 16% increase in the Techfin Revenue net of Funding and the 19% decrease in the Provision for Expected Credit Losses as already mentioned above.

When compared with 4Q22, the reduction of 300 basis points is due to, mainly, the reduction of 28% in Techfin Revenue Net of Funding; there was also a 12% increase in R&D investments, as mentioned in the respective sections mentioned above. These effects suppressed the important reduction of 48% in the Provision for Expected Credit Losses.

Other Techfin Operating Expenses

Sales and Marketing Expenses maintained a level similar to that of 4Q22, related to team maintenance and sales expenses at the beginning of the year.

Administrative and Other Expenses, in turn, grew by 4.6% versus 4Q22, because of the aforementioned beginning of the expansion of investments aimed at accelerating Techfin's strategy of our JV with Itaú.

Techfin's EBITDA Margin and Net Income

Techfin's EBITDA Margin ended the quarter at 7.2%, which means 3.1 percentage points below 1Q22 and 17.3 percentage points below 4Q22. The reduction compared to 4Q22 reflects: (i) the aforementioned

reduction in Techfin Revenue Net of *Funding*, and (ii) fixed costs and expenses, which have already started to state the beginning of investments on the lines of R&D, Administrative Expenses and Others, with the purpose of speeding up the Techfin's strategy via JV with Itaú.

Techfin ended the quarter with a loss of R\$5.6 million, an increase of R\$5.1 million over 1Q22 and decrease of R\$9.5 million over 4Q22. It is worth highlighting that the Techfin dimension comprises Supplier, which is a mature and profitable niche operation, and also the organic Techfin, which is incipient and it is the central focus of the JV, and is still in the early stages of maturity. This second operation will require investments to expand the portfolio and build competitive differentials in the market to reflect its enormous market potential.

In addition, Supplier will continue to preserve the quality of its credit portfolio, which is its most precious asset, and, if necessary, it will keep its conservative position in granting credit limits, even if it momentarily impacts Production and, consequently, revenue generation rates.

EBITDA and Net Income Reconciliation

In R\$ thousand	1Q23	1Q22	Δ	4Q22	Δ
Consolidated Net Income	99,547	84,977	17.1%	153,415	(35.1%)
<i>Net Margin</i>	<i>8.9%</i>	<i>9.0%</i>	<i>-10 bp</i>	<i>14.2%</i>	<i>-530 bp</i>
Net Income (Loss) from Techfin Dimension	5,594	10,717	(47.8%)	(3,888)	(243.9%)
Depreciation and Amortization	62,136	57,110	8.8%	61,268	1.4%
Financial Result	20,638	702	>999%	(4,932)	(518.5%)
Income Tax and Social Contribution	63,134	36,776	71.7%	11,834	433.5%
EBITDA	251,049	190,282	31.9%	217,697	15.3%
<i>EBITDA Margin</i>	<i>23.6%</i>	<i>21.2%</i>	<i>240 bp</i>	<i>21.7%</i>	<i>190 bp</i>
EBITDA Dimension Techfin	3,942	4,850	(18.7%)	18,502	(78.7%)
Extraordinary Items	25,972	28,178	(7.8%)	12,244	112.1%
M&A Adjustment at Fair Value	21,608	24,913	(13.3%)	2,597	732.0%
Loss (Earnings) in Investment Sale	-	-	-	4,689	(100.0%)
Oper. Restructuring Extraord. Adjustment	3,094	-	-	-	-
Expenses with M&A Transactions	1,270	3,265	(61.1%)	3,963	(68.0%)
Tax Credit	-	-	-	995	(100.0%)
Adjusted EBITDA	280,963	223,310	25.8%	248,443	13.1%
<i>Adjusted EBITDA Margin</i>	<i>25.1%</i>	<i>23.6%</i>	<i>150 bp</i>	<i>23.0%</i>	<i>210 bp</i>

(*) EBITDA and Adjusted EBITDA are separate non-accounting (unaudited) prepared by the Company and consist of Net Income for the period, plus income taxes, financial expenses net, financial income, discontinued operations and depreciation and amortization.

The non-financial data included in this report, such as ARR, churn, renewal rate, among others, are non-accounting measures and have not been examined by our independent auditors.



A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), prepared in accordance with the Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and the International Standard IAS 34 - Interim Financial Reporting, as issued by international Accounting Standards Board - IASB

Report on review of the interim financial information

To the Board Members and Shareholders of
TOTVS S.A.
São Paulo – SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of TOTVS S.A. ("Company"), contained in the Quarterly Information – ITR Form for the quarter ended March 31, 2023, comprising the balance sheet as of March 31, 2023 and related statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the three-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation and fair presentation of the individual interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the review

We conducted our review in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1), applicable to the preparation of the Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of the Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statement of value added (DVA) for the three-month period ended March 31, 2023, prepared under responsibility of Company's

management, and presented as supplementary information for IAS 34 purposes. These statements were submitted to review procedures carried out jointly with the audit of Company's quarterly information to form a conclusion whether these statements are reconciled with interim financial information and book records, as applicable, and whether their forms and contents are in accordance with criteria defined in Technical Pronouncement CPC 09 – Statement of Value Added. Based on our review, we are not aware of any other event that make us believe that these statements of added value were not prepared, in all material respects, in accordance with individual and consolidated interim financial information taken as a whole.

São Paulo, May 05, 2023

KPMG Auditores Independentes Ltda.
CRC 2SP014428/O-6
Original report in Portuguese signed by

Wagner Petelin
Accountant CRC 1SP142133/O-7

TOTVS S.A.
Condensed Individual and Consolidated Statement of Financial Position

(In thousands of reais)

Assets	Note	Individual		Consolidated		Liabilities and equity	Note	Individual		Consolidated	
		3/31/2023	12/31/2022	3/31/2023	12/31/2022			3/31/2023	12/31/2022	3/31/2023	12/31/2022
Current assets		2,427,125	2,673,554	5,858,886	6,230,161	Current liabilities		483,967	667,495	2,983,881	3,336,366
Cash and cash equivalents	5	1,431,442	1,709,966	2,536,064	2,735,765	Labor liabilities	14	195,814	192,616	321,109	317,684
Escrow account	18	6,451	9,587	12,707	10,391	Trade and other payables		74,921	97,467	112,005	128,647
Trade and other receivables	6	361,065	339,263	506,234	475,648	Taxes and contributions liabilities	15	59,685	58,841	94,422	95,042
Recoverable taxes	7	61,456	57,123	96,001	87,932	Commissions payable		61,653	53,159	73,849	65,518
Other assets	10	112,121	100,259	117,905	96,447	Dividends payable	21	1,429	128,477	3,316	130,363
Assets from Techfin Dimension	3	454,590	457,356	2,589,975	2,823,978	Loans and lease liabilities	16	48,209	45,633	57,686	57,455
						Debentures	17	8,728	58,701	8,728	58,701
						Accounts payable from acquisition of subsidiaries	18	6,540	9,676	96,737	52,700
						Other liabilities		26,988	22,925	80,644	66,657
						Liabilities related to the assets from Techfin Dimension	3	-	-	2,135,385	2,363,599
Non-current assets		4,478,164	4,420,574	4,376,708	4,386,032	Non-current liabilities		2,115,265	2,118,017	2,663,997	2,694,978
Escrow account	18	-	-	77,066	73,766	Loans and lease liabilities	16	125,213	132,999	139,660	155,078
Trade and other receivables	6	24,649	31,330	31,655	38,419	Debentures	17	1,489,073	1,488,308	1,489,073	1,488,308
Receivables from related parties	9	4,065	4,037	1,134	905	Provision for contingencies	19	83,380	84,649	106,350	107,491
Investments at fair value	4.2	17,385	18,074	108,091	111,231	Accounts payable from acquisition of subsidiaries	18	-	-	486,183	511,519
Deferred tax assets	8	70,166	68,455	116,865	119,048	Call option of non-controlling interests		390,444	383,004	390,444	383,004
Judicial deposits	19	32,602	30,220	37,644	34,244	Other liabilities		27,155	29,057	52,287	49,578
Recoverable taxes	7	-	-	8,091	14,216						
Other assets	10	64,523	65,362	71,662	71,563						
Equity-accounted investees	11	3,425,189	3,394,027	-	-	Shareholders' equity	20	4,306,057	4,308,616	4,587,716	4,584,849
Property, plant and equipment	12	366,123	352,134	422,161	416,875	Share Capital		2,962,585	2,962,585	2,962,585	2,962,585
Intangible assets	13	473,462	456,935	3,502,339	3,505,765	Capital reserves		738,255	723,183	738,255	723,183
						Treasury shares		(326,979)	(217,671)	(326,979)	(217,671)
						Profit Reserve		793,569	793,569	793,569	793,569
						Retained earnings		94,121	-	94,121	-
						Carrying value adjustments		44,506	46,950	44,506	46,950
						Non-controlling interests		-	-	281,659	276,233
Total assets		6,905,289	7,094,128	10,235,594	10,616,193	Total shareholders' equity and liabilities		6,905,289	7,094,128	10,235,594	10,616,193

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

(A free translation of the original in Portuguese)

TOTVS S.A.

Condensed Individual and Consolidated Statements of Profit or Loss

For the three-months ended March 31, 2023 and 2022

(In thousands of reais, except for earnings per share)

		Individual		Consolidated	
	Note	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Net revenue	25	689,833	589,594	1,064,142	898,507
Cost of software	26	(209,491)	(179,724)	(309,122)	(269,312)
Gross profit		480,342	409,870	755,020	629,195
Operating income (expenses)					
Research and development expenses	26	(125,931)	(106,193)	(204,257)	(167,927)
Selling and marketing expenses	26	(154,166)	(139,731)	(229,941)	(191,280)
Administrative expenses	26	(65,489)	(72,464)	(110,440)	(111,578)
Other operating income/ (expenses)	26	(1,365)	(2,303)	(21,469)	(25,245)
Operating profit		133,391	89,179	188,913	133,165
Finance income	27	41,747	50,189	71,475	77,850
Finance expenses	27	(70,923)	(59,613)	(92,113)	(78,552)
Share of profit/ (loss) of equity-accounted investees	11	27,342	31,174	-	7
Profit before income and social contribution taxes		131,557	110,929	168,275	132,470
Income tax and social contribution - current		(33,553)	(24,887)	(62,868)	(42,158)
Income tax and social contribution - deferred		1,711	4,130	(266)	5,382
Total of Income tax and social contribution taxes	8	(31,842)	(20,757)	(63,134)	(36,776)
Profit from continuing operations		99,715	90,172	105,141	95,694
Profit (loss) from Techfin Dimension	3	(5,594)	(10,717)	(5,594)	(10,717)
Profit for the period		94,121	79,455	99,547	84,977
Profit attributable to owners of the Company		94,121	79,455	94,121	79,455
Profit attributable to non-controlling		-	-	5,426	5,522
Earnings per share					
Basic earnings per share (in Reais)	24	0.15559	0.13066	0.15559	0.13066
Diluted earnings per share (in Reais)	24	0.15340	0.12889	0.15340	0.12889

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

(A free translation of the original in Portuguese)

TOTVS S.A.
Condensed Individual and Consolidated Statements of Comprehensive Income
For the three and nine-months ended March 31, 2023 and 2022

(In thousands of Reais)

	Individual		Consolidated	
	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Profit for the period	94,121	79,455	99,547	84,977
Items that are or may be reclassified subsequently to profit or loss				
Foreign operations - foreign currency translation adjustments	(2,444)	(18,017)	(2,444)	(18,017)
Other comprehensive income	(2,444)	(18,017)	(2,444)	(18,017)
Total comprehensive income for the period, net of tax	91,677	61,438	97,103	66,960
Total comprehensive income attributable to:				
Owners of the Company	91,677	61,438	91,677	61,438
Non-controlling interests	-	-	5,426	5,522

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

TOTVS S.A.
Condensed Individual and Consolidated Statements of Changes in Shareholders' Equity
For the three-months ended March 31, 2023 and 2022

(In thousands of reais)

	Note	Capital Reserve				Profit reserve			Carrying value adjustments	Total Equity	Non-controlling interests	Total shareholders' equity
		Capital	Treasury shares	Transaction between shareholders	Capital Reserve	Legal Reserve	Profit Reserve	Retained earnings	Other comprehensive income			
Balance at January 1, 2023		2,962,585	(217,671)	(24,323)	747,506	155,566	638,003	-	46,950	4,308,616	276,233	4,584,849
Capital transactions with shareholders		-	(109,308)	-	15,072	-	-	-	-	(94,236)	-	(94,236)
Share-based compensation plan	22	-	-	-	18,041	-	-	-	-	18,041	-	18,041
Disposal of treasury shares	22	-	84	-	(84)	-	-	-	-	-	-	-
Purchase of treasury shares	22	-	(109,392)	-	-	-	-	-	-	(109,392)	-	(109,392)
Goodwill special reserve due to merger	-	-	-	-	(2,885)	-	-	-	-	(2,885)	-	(2,885)
Total comprehensive income		-	-	-	-	-	-	94,121	(2,444)	91,677	5,426	97,103
Profit for the period	-	-	-	-	-	-	-	94,121	-	94,121	5,426	99,547
Cumulative adjustment for currency exchange	-	-	-	-	-	-	-	-	(2,444)	(2,444)	-	(2,444)
Balance at March 31, 2023		2,962,585	(326,979)	(24,323)	762,578	155,566	638,003	94,121	44,506	4,306,057	281,659	4,587,716

	Note	Capital Reserve				Profit reserve			Carrying value adjustments	Total Equity	Non-controlling interests	Total shareholders' equity
		Capital	Treasury shares	Transaction between shareholders	Capital Reserve	Legal Reserve	Profit Reserve	Retained earnings	Other comprehensive income			
Balance at January 1, 2022		2,962,585	(133,195)	(24,323)	889,191	130,659	352,555	-	55,457	4,232,929	253,079	4,486,008
Capital transactions with shareholders		-	54	-	13,610	-	-	-	-	13,664	-	13,664
Share-based compensation plan	-	-	-	-	13,739	-	-	-	-	13,739	-	13,739
Disposal of treasury shares	-	-	54	-	(54)	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	(75)	-	-	-	-	(75)	-	(75)
Total comprehensive income		-	-	-	-	-	-	79,455	(18,017)	61,438	5,522	66,960
Profit for the period	-	-	-	-	-	-	-	79,455	-	79,455	5,522	84,977
Cumulative adjustment for currency exchange	-	-	-	-	-	-	-	-	(18,017)	(18,017)	-	(18,017)
Balance at March 31, 2022		2,962,585	(133,141)	(24,323)	902,801	130,659	352,555	79,455	37,440	4,308,031	258,601	4,566,632

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

(A free translation of the original in Portuguese)

TOTVS S.A.
Condensed Individual and Consolidated Statement of Cash Flows
For the three-months ended March 31, 2023 and 2022

(In thousands of Reais)

		Individual		Consolidated	
	Note	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Cash flow from operating activities					
Profit before income and social taxes		131,557	110,929	168,275	132,470
Adjustments for:					
Depreciation and amortization	12/ 13	38,871	36,059	62,136	57,110
Share-based payments transactions	22	17,346	13,739	17,346	13,739
Losses (gain) on disposal of fixed assets and investments		890	(148)	955	209
Impairment loss on trade and other receivables	6	4,184	5,229	7,461	7,329
Share of profit/ (losses) of equity-accounted investees	11	(27,342)	(31,174)	-	(7)
Provision for contingencies, net of reversals	19	402	10,611	105	10,936
Reversal of provision net of additional provisions on other obligations and others		-	-	21,607	24,913
Interest and monetary variations and exchange variations differences, net		65,042	54,824	79,053	61,964
		230,950	200,069	356,938	308,663
Changes in operating assets and liabilities					
Trade and other receivables		(19,305)	(42,170)	(31,283)	(57,017)
Recoverable taxes		(696)	(5,814)	4,883	(9,605)
Judicial deposits		(1,743)	527	(2,716)	724
Other assets		(14,217)	113	(34,452)	(5,568)
Labor liabilities		3,198	1,624	3,425	3,062
Trade and other payables		(22,610)	(1,566)	(16,706)	(3,207)
Commissions payable		8,494	10,369	8,331	9,359
Taxes and contributions payable		(7,674)	3,514	(12,907)	4,840
Other liabilities		(1,251)	(3,480)	12,853	5,855
Cash generated from operating activities		175,146	163,186	288,366	257,106
Interest paid		(107,668)	(2,509)	(108,686)	(3,038)
Tax paid		(25,013)	(24,389)	(51,550)	(50,073)
Net cash from operating activities		42,465	136,288	128,130	203,995
Cash flow generated by investing activities					
Capital increase in subsidiaries/ associates	11.2	(11,979)	(101,643)	-	-
Dividends received		-	3,084	-	-
Acquisition of property, plant and equipment	12	(34,106)	(13,724)	(37,927)	(14,557)
Acquisition of intangible assets	13	(28,123)	(7,881)	(28,830)	(9,709)
Franchises loan		6,195	4,471	6,195	4,471
Acquisitions of subsidiaries, net of cash acquired		-	-	-	(67,589)
Payments from acquisitions of subsidiaries		-	-	(11,732)	(119,449)
Proceeds from sale of subsidiaries, net of cash		-	6,398	-	6,398
Proceeds from sale of property, plant and equipment		169	195	496	197
Fundo CVC investment		-	-	-	(4,192)
Cash generated by/ (used in) from Techfin Dimension		(5,012)	(6,214)	(5,012)	(142,509)
Net cash used in investing activities		(72,856)	(115,314)	(76,810)	(346,939)
Cash flow (used in) /generated by financing activities					
Payment of principal of loans		-	-	(440)	(4,899)
Payment of principal of lease liabilities		(11,665)	(8,140)	(13,912)	(9,006)
Share issue expenses		-	(75)	-	(75)
Receivables from related companies		(29)	(147)	(230)	-
Dividends and interest on shareholders' equity paid		(127,047)	(9,258)	(127,047)	(9,258)
Treasury shares, net		(109,392)	-	(109,392)	-
Net cash (used in)/ generated by financing activities		(248,133)	(17,620)	(251,021)	(23,238)
Net (Decrease) Increase in cash and cash equivalents		(278,524)	3,354	(199,701)	(166,182)
Cash and cash equivalents at beginning of the period		1,709,966	1,743,262	2,735,765	2,871,072
Cash and cash equivalents at the end of the period		1,431,442	1,746,616	2,536,064	2,704,890

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

TOTVS S.A.
Condensed Individual and Consolidated Statements of Value Added
For the Three-months ended March 31, 2023 and 2022
(In thousands of Reais)

	Individual		Consolidated	
	3/31/2023	3/31/2022	3/31/2023	3/31/2022
1 – REVENUES	775,632	660,774	1,189,992	1,003,204
1.1 Sales of goods, products and services	778,484	665,034	1,195,015	1,009,137
1.2 Other revenue	1,332	969	2,438	1,396
1.3 Impairment loss on trade and other receivables (recording)	(4,184)	(5,229)	(7,461)	(7,329)
2 - RAW MATERIALS ACQUIRED FROM THIRD-PARTIES (includes ICMS and IPI taxes)	(226,577)	(208,570)	(326,263)	(303,212)
2.1 Cost of goods and services sold	(40,103)	(35,136)	(45,767)	(41,508)
2.2 Materials, energy, outsourced services and other	(180,880)	(162,717)	(274,902)	(250,987)
2.3 Other	(5,594)	(10,717)	(5,594)	(10,717)
3 - GROSS VALUE ADDED (1+2)	549,055	452,204	863,729	699,992
4 - DEPRECIATION AND AMORTIZATION	(38,871)	(36,059)	(62,136)	(57,110)
5 - NET VALUE ADDED PRODUCED BY THE ENTITY (3+4)	510,184	416,145	801,593	642,882
6 - VALUE ADDED RECEIVED THROUGH TRANSFERS	69,089	81,363	71,475	77,857
6.1 Share of profit/ (losses) of equity-accounted investees	27,342	31,174	-	7
6.2 Finance income	41,747	50,189	71,475	77,850
7 - TOTAL VALUE ADDED TO DISTRIBUTE (5+6)	579,273	497,508	873,068	720,739
8 - VALUE ADDED DISTRIBUTION	579,273	497,508	873,068	720,739
8.1 Personnel	281,886	251,588	462,357	390,660
8.1.1 Direct Compensation	235,094	212,356	387,613	331,144
8.1.2 Benefits	30,711	24,788	48,044	37,083
8.1.3 FGTS (Unemployment fund)	16,081	14,444	26,700	22,433
8.2 Taxes and contributions	131,965	106,307	217,364	165,911
8.2.1 Federal	111,428	88,722	185,769	139,520
8.2.2 State	27	16	566	485
8.2.3 Local	20,510	17,569	31,029	25,906
8.3 Interest and rent	71,301	60,158	93,800	79,191
8.3.1 Interest	70,923	59,613	92,113	78,552
8.3.2 Rents	378	545	1,687	639
8.4 Equity remuneration	94,121	79,455	99,547	84,977
8.4.3 Retained profit for the period	94,121	79,455	94,121	79,455
8.4.4 Non-controlling interest in retained profits	-	-	5,426	5,522

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

TOTVS S.A.

Notes to the Condensed Individual and Consolidated Interim Financial Statements

(In thousands of Reais, unless otherwise stated)

1. Operational context

1.1 Reporting entity

TOTVS S.A. ("TOTVS", "Company" or "Individual") is a publicly held corporation headquartered at Av. Braz Leme, 1000, in the city and state of São Paulo, whose shares are traded on the Novo Mercado of B3 S.A. – Brasil, Bolsa, Balcão ("B3").

1.2 Operations

The Company's business purpose is to provide business solutions for companies of all sizes, through the development and sale of management software, productivity platforms, collaboration, and data intelligence, digital marketing as well as the provision of implementation, consulting, advisory, maintenance services, e-commerce and mobility. The solutions developed by the Company and its subsidiaries are segmented by the diverse economy industry, resulting in greater importance of these solutions for our clients' business.

The Company, through its subsidiary TOTVS Techfin, provides financial services, issuance and credit card management business, including credit analysis and intermediation of financing requests in its businesses.

TOTVS Techfin is formed by the subsidiaries Supplier Administradora ("Supplier"), Supplier Sociedade de Crédito Direto ("Supplier SCD") and also holds subordinated quotas of a securitization fund known as Fundo de Investimento em Direitos Creditórios ("Supplier FIDC"), which purchases, sales and securitizes own credit rights. The investment in FIDC has been included in Company's condensed consolidated interim financial information from previous periods. According to material facts disclosed on April 12, 2022, the negotiation for the creation of a joint venture between TOTVS and Itaú resulted in a classification of these assets as held for sale ("Dimension Techfin") according to CPC 31/ IFRS 5 (see note 3).

2. Basis of preparation and presentation of the interim financial information

2.1. Statement of compliance

The condensed individual interim financial statements was prepared and is presented in accordance with the accounting practices adopted in Brazil, which comprise the rules issued by the Brazilian Securities and Exchange Commission (CVM), and Brazil's Financial Accounting Standards Board (CPC) pronouncements guidance and interpretations. The condensed consolidated interim financial statements, which are in conformity with the accounting standards adopted in Brazil and with standards of the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and pronouncements issued by the Accounting Federal Council (CFC) and Brazilian Securities and Exchange Commission (CVM). All significant information in the condensed individual and consolidated interim financial statements, and solely such information, is disclosed and corresponds to that used by the Management of the Company and its subsidiaries.

2.2. Basis of presentation

All amounts presented in this condensed individual and consolidated interim financial statements are expressed in thousands of reais, unless otherwise indicated.

TOTVS's condensed individual and consolidated Interim Financial Statements were approved at the Board of Directors' Meeting held on May 05, 2023, after a recommendation by the Audit Committee at a meeting held on April 28, 2023.

Significant accounting policies adopted in preparing this condensed individual and consolidated interim financial statements have been consistently applied to the previous periods presented.

Accounting judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances, and are consistent with the information disclosed in note 3 of the financial statements of December 31, 2022.

This condensed individual and consolidated interim financial statements does not include all the requirements for annual or complete financial statements, and therefore should be read together with the complete financial statements of the Company and its subsidiaries for the year ended December 31, 2022.

2.3. Basis of preparation

The condensed individual and consolidated Interim financial statements were prepared using historical cost as base value, except for the valuation of certain assets and liabilities, such as business combinations and financial instruments, which were measured at fair value.

- I. **Condensed individual and consolidated interim financial statements:** The condensed individual interim financial statements were prepared in accordance with CPC 21 (R1), which are applicable to the preparation of interim financial information, and in a manner consistent with accounting practices adopted in Brazil, including the standards issued by the CVM and pronouncements of the Accounting Pronouncements Committee (CPC). The condensed consolidated interim financial statements were prepared in accordance with IAS 34 and CPC 21 (R1), applicable to the preparation of interim financial information, in conformity with the international accounting standards issued by the IASB (IFRS) and accounting practices adopted in Brazil including the standards issued by the CVM and pronouncements of the Accounting Pronouncements Committee (CPC).
- II. **Changes in accounting policies and disclosures:** There are no new standards, amendments and interpretations of standards issued as of January 1st, 2023 that, in Management's opinion, may have a significant impact on P&L or equity disclosed by the Company and its subsidiaries.

2.4. Consolidation basis

The condensed individual and consolidated interim financial statements include the operations of the Company and the following subsidiaries, whose percentages of the interests held by the Company at the reporting date are summarized below:

Corporate Names	Head office	Interest	Main activity	% Interest	
				3/31/2023	12/31/2022
Soluções em Software e Serviços TTS Ltda. ("TTS")	BRA	Direct	Software Operation	100.00%	100.00%
TOTVS Tecnologia em Software de Gestão Ltda. ("TOTVS Tecnologia")	BRA	Direct	Software Operation	100.00%	100.00%
Gesplan S.A. ("Gesplan")	BRA	Indirect	Software Operation	100.00%	100.00%
Wizco Sistemas Ltda. ("Wizco")	BRA	Indirect	Software Operation	100.00%	100.00%
Feedz Tecnologia S.A. ("Feedz")	BRA	Indirect	Software Operation	60.00%	60.00%
VT Comércio Digital S.A. ("VT Comércio")	BRA	Direct	Software Operation	50.00%	50.00%
TOTVS Argentina S.A. ("TOTVS Argentina")	ARG	Direct	Software Operation	100.00%	100.00%
TOTVS México S.A. ("TOTVS México")	MEX	Direct	Software Operation	100.00%	100.00%
TOTVS Colômbia SAS ("TOTVS Colômbia")	COL	Indirect	Software Operation	100.00%	100.00%
TOTVS Incorporation ("TOTVS Inc.")	EUA	Direct	Software Operation	100.00%	100.00%
Dimensa S.A. ("Dimensa")	BRA	Direct	Software Operation	62.50%	62.50%
InovaMind Tech Ltda. ("InovaMind") (v)	BRA	Indirect	Software Operation	-	100.00%
Mobile2you Ltda. ("Mobile2you") (vi)	BRA	Indirect	Software Operation	-	100.00%
Credit Core Tecnologia de Crédito Ltda. ("Vadu")	BRA	Indirect	Software Operation	100.00%	100.00%
Cobu Consulting & Business Ltda. ("Cobu")	BRA	Indirect	Software Operation	100.00%	100.00%
RBM Web - Sistemas Inteligentes LTDA ("RBM Web")	BRA	Indirect	Software Operation	100.00%	100.00%
CM Soluciones Informatica S.A. ("CM Argentina") (iv)	ARG	Direct	Software Operation	100.00%	100.00%
TOTVS Serviços de Desenvolvimento e Consultoria em Tecnologia da Informação Ltda. ("Eleve")	BRA	Direct	Software Operation	100.00%	100.00%
TOTVS Techfin S.A. (former Katrina Participações S.A.) ("TOTVS Techfin") (vii)	BRA	Direct	Software Operation	100.00%	100.00%
Supplier Administradora de Cartão de Crédito S.A. ("Supplier Administradora") (vii)	BRA	Indirect	Financial services and credit operations	100.00%	100.00%
Cartão de compra Supplier Fundo de Investimento em Direitos Creditórios ("Supplier FIDC") (vii)	BRA	Indirect	Financial services and credit operations	-	-
Supplier Sociedade De Credito Direto S.A ("Supplier SCD") (vii)	BRA	Indirect	Financial services and credit operations	100.00%	100.00%
Datasul S.A. de CV. ("Datasul México") (ii)	MEX	Direct	Software Operation	100.00%	100.00%
TOTVS Corporation ("TOTVS BVI") (ii)	BVI	Direct	Software Operation	100.00%	100.00%
Datasul Argentina S.A. ("Datasul Argentina") (iii)	ARG	Direct	Software Operation	-	100.00%
TOTVS Reservas Ltda. ("TOTVS Reservas")	BRA	Indirect	Software Operation	100.00%	100.00%
TOTVS Large Enterprise Tecnologia S.A. ("TOTVS Large")	BRA	Direct	Software Operation	100.00%	100.00%
TOTVS Hospitality Ltda. ("TOTVS Hospitality")	BRA	Direct	Software Operation	74.20%	74.20%
RJ Participações S.A. ("RJ Participações")	BRA	Indirect	Holding - Participation in other companies	80.00%	80.00%
R.J. Consultores en Sistemas de Información S.C. ("RJ México")	MEX	Indirect	Software Operation	80.00%	80.00%
R.J. Consultores e Informática Ltda. ("RJ Consultores")	BRA	Indirect	Software Operation	80.00%	80.00%
Wealth Systems Informática Ltda. ("WS")	BRA	Indirect	Software Operation	100.00%	100.00%
CMNet Participações S.A. ("CMNet Participações")	BRA	Indirect	Holding - Participation in other companies	100.00%	100.00%
TOTVS Hospitality Technology Portugal Lda. ("TOTVS Portugal") (ii)	PRT	Indirect	Software Operation	100.00%	100.00%
TOTVS Hospitality Chile ("TOTVS Chile")	CHL	Indirect	Software Operation	100.00%	100.00%
TOTVS Hospitality Ltda. ("TOTVS Hospitality")	BRA	Indirect	Software Operation	25.80%	25.80%
Tail Target Tecnologia de Informação Ltda. ("Tail") (i)	BRA	Indirect	Software Operation	-	100.00%
RD Gestão e Sistemas S.A. ("RD Station")	BRA	Indirect	Software Operation	92.04%	92.04%
RD Station Colômbia SAS ("RD Colômbia")	COL	Indirect	Software Operation	92.04%	92.04%
Tallos Tecnologia Integrada E Assessoria em Negocios S.A ("Tallos")	BRA	Indirect	Software Operation	100.00%	100.00%
DTS Consulting Partner, SA de CV ("Partner") (ii)	MEX	Indirect	Software Operation	100.00%	100.00%
Bematech Argentina S.A. ("Bematech Argentina") (ii)	ARG	Indirect	Software Operation	100.00%	100.00%
TOTVS Renda Fixa Crédito Privado Fundo de Investimento em Cotas de Fundos de Investimento ("Fundo Restrito")	BRA	Direct	Restricted investment fund	100.00%	100.00%
CV Idexo Fundo de Investimento em Participações Multiestratégia Investimento no Exterior ("Fundo CV Idexo")	BRA	Direct	Participation Investment Fund	100.00%	100.00%

- (i) On January 1, 2023, the subsidiary Tail was merged by the, also subsidiary TOTVS Large by the net assets of R\$3,266 in which were evaluated by experts which issued the evaluation report of the Shareholders' equity in the base date on October 31, 2022. The variations in the accounts occurred after the base date until the data of effective merger were absorbed by the TOTVS Large.
- (ii) Dormant companies that will be closed.
- (iii) Closed company.
- (iv) In the process of filing the act which modifies its social denomination for TOTVS Hospitality Technology Argentina S.A..
- (v) On January 2, 2023, the subsidiary Inovamind was merged by the, also subsidiary Dimensa by the net assets of R\$3,191 in which were evaluated by experts which issued the evaluation report of the Shareholders' equity in the base date on October 31, 2022. The variations in the accounts occurred after the base date until the data of effective merger were absorbed by the Dimensa.
- (vi) On January 2, 2023, the subsidiary Mobile2you was merged by the, also subsidiary Dimensa by the net assets of R\$1,757 in which were evaluated by experts which issued the evaluation report of the Shareholders' equity in the base date on October 31, 2022. The variations in the accounts occurred after the base date until the data of effective merger were absorbed by the Dimensa.
- (vii) In according to material fact from April 12, 2022, the Board of Directors approved the creation of a Joint Venture with Itaú regarding Techfin Dimension operation which involves the companies from Supplier's group and presented in these individual and consolidated financial statements as "Assets from Techfin Dimension" as mentioned in the note 3.

All balances and transactions between subsidiaries were eliminated in the condensed consolidated financial statements. Comparing the consolidated profit or loss between 2023 and 2022, must be considered the acquisition date of each subsidiary. Thus, the condensed individual and consolidated interim financial information as of March 31, 2022 does not include the profit or loss of subsidiaries Mobile2you, Vadu, Gesplan, Tallos and Feedz which were included in the consolidated financial statements from the date of their respective acquisition. Investments in associates are accounted for under the equity method and are initially recognized at cost.

3 Techfin Dimension

Techfin dimension aims to simplify, expand and democratize the access of the SMB customers from TOTVS to B2B financial services, contemplating business from the subsidiary Supplier and new products.

On April 12, 2022, the Board of Directors from the Company approved the creation of a Joint Venture with Itaú Unibanco S.A. ("Itaú"), called TOTVS Techfin ("JV"), whose purpose is to operate a digital platform of financial services for small and medium companies, through the integration of a full range of financial services.

In this transaction, TOTVS and Itaú will hold, each one, 50% of interest in the JV. For purposes of development of activities from JV, TOTVS and Itaú will contribute with its respective expertises and will assume, in special, the following obligations:

- (i) TOTVS should contribute with assets from its business dimension Techfin, including the totality shares of voting Share Capital from Supplier Administradora de Cartões de Crédito S.A. ("Supplier");
- (ii) Itaú will be responsible to provide funding for the operations from JV, by the required deadline and volume and with its financial expertise, to contribute with the development of financial products from JV. Itaú will realize a primary contribution of R\$200,000 in the Share Capital from JV.

In addition, in the context of JV creation, Itaú commits to pay for TOTVS until R\$860,000 by the shares from JV, in which, R\$410,000 will be paid in cash, in the transaction closing date, and

until R\$450,000 to be paid after 5 years, as complementary price (Earn-out) through the accomplishment of targets align with the purposes of growing and performance from JV.

The closing of the operation depends of the approval from Banco Central do Brasil (BACEN), as well as the verification of other usual conditions for this type of operation, comprehending a societary reorganization with the contribution of certain assets and rights for the capital from JV, by TOTVS. Until the disclosure date of these condensed individual and consolidated interim financial statements, these conditions had not yet been reached.

According to CPC 31/ IFS 5, this transaction meets the criteria of held for sale. Thus, we present following the assets and liabilities involved in the Techfin Dimension disclosed in segregated lines in the Statement of Financial Position and Statements of Profit or Loss from the Company on March 31, 2023:

	Consolidated		Consolidated
ASSETS	31/03/2023	LIABILITIES	31/03/2023
Current assets	2,298,180	Current liabilities	2,130,022
Cash and cash equivalents	128,303	Labor liabilities	15,987
Financial Investments	186,850	Trade and other payables	3,553
Trade and other receivables	1,965,965	Taxes and contributions liabilities	2,452
Recoverable taxes	5,455	Commissions payable	2,148
Other assets	11,607	Dividends payable	3,024
		Loans and lease liabilities	1,176
		Business partners payable	713,764
		Senior shares and mezzanine obligations	1,387,918
Non-current assets	291,795	Non-current liabilities	5,363
Deferred tax assets	48,213	Loans and lease liabilities	1,449
Judicial deposits	508	Provision for contingencies	1,617
Other assets	29	Payables from related parties	1,164
Property, plant and equipment	5,877	Other liabilities	1,133
Intangible assets	237,168		
Total assets from Techfin Dimension	2,589,975	Total liabilities related to the assets from Techfin Dimension	2,135,385

	Consolidated	
	3/31/2023	3/31/2022
Net revenue	99,752	82,632
(-) Costs	(53,031)	(41,497)
Gross profit	46,721	41,135
Research and development expenses	(12,485)	(8,643)
Selling and marketing expenses	(19,693)	(18,014)
Administrative expenses (i)	(22,447)	(25,922)
Other operating income (expenses)	1,253	1,612
Profit (Loss) before income and social contribution taxes	(6,651)	(9,832)
Finance results	134	(93)
Income tax and social contribution	923	(792)
Profit (Loss) from Techfin Dimension (ii)	(5,594)	(10,717)
Foreign operations - foreign currency translation adjustments	-	-
Comprehensive income for the period	(5,594)	(10,717)

(i) It contemplates amortization of intangibles allocated in the Supplier's acquisition in the amount of R\$7,920 on March 31, 2023 (R\$12,273 on March 31, 2022).

(ii) The rubric "Loss from Techfin Dimension" in the table above is disclosed in only one line in the rubric "Net income from discontinued operations" in the Statements of Profit or Loss, as CPC 31/ IFRS 5 determine.

Follow, the present the summary of the Statements of Cash Flow from Techfin Dimension:

	Consolidated	
	3/31/2023	3/31/2022
Operating activities	(18,610)	(116,633)
Investing activities	285,234	258,491
Financing activities	(303,076)	(128,384)
Net cash generated by/ (used) from Techfin Dimension	(36,452)	13,474

4 Financial instruments and sensitivity analysis of financial assets and liabilities

The Company and its subsidiaries evaluated their financial assets and liabilities based on market values using the information available and the appropriate valuation methodologies.

4.1 Financial instruments by category

The follow table compares the financial instruments of the Company and its subsidiaries by class, as presented in the condensed individual and consolidated interim financial statements:

Consolidated	Note	Classification by category	3/31/2023	12/31/2022
Cash and cash equivalents	5	Fair Value through profit or loss	2,495,937	2,696,169
Cash and cash equivalents	5	Amortized cost	40,127	39,596
Escrow account	18	Amortized cost	89,773	84,157
Trade and other receivables	6	Amortized cost	537,889	514,067
Franchises loan	10	Amortized cost	22,536	32,225
Receivables for investments sold	10	Amortized cost	-	54
Investments at fair value	4.2	Fair Value through profit or loss	108,091	111,231
Financial Instruments assets			3,294,353	3,477,499
Loans (i)	16	Amortized cost	50	575
Debentures	17	Amortized cost	1,497,801	1,547,009
Trade and other payables (ii)		Amortized cost	189,170	324,528
Accounts payable from acquisition of subsidiaries	18	Fair Value through profit or loss	485,687	454,367
Accounts payable from acquisition of subsidiaries	18	Amortized cost	97,233	109,852
Call option of non-controlling interests (iii)		Fair Value through profit or loss	390,444	383,004
Other liabilities		Amortized cost	15,832	18,364
Financial liabilities			2,676,217	2,837,699

(i) Leases are not included in accordance with CPC 06(R2).

(ii) Includes "Trade and other payables", "Commissions payable" and "dividends payable".

(iii) Represents the call option as a result of the transaction involving B3.

The fair value of financial assets and liabilities is included in the amount for which the instrument could be exchanged in a transaction between willing parties rather than in a forced sale or settlement. The methods and assumptions below were used to estimate fair value:

- Escrow accounts, trade and other receivables, trade and other payables and other short-term liabilities approximate their respective carrying amounts mainly due to the short-term maturities of these instruments.
- Financial assets at fair value not traded in an active market are estimated using a valuation technique, such as discounted cash flow or multiple revenues, considering the reasonableness of the range of values indicated thereby.
- Loans and debentures are initially recognized at fair value, net of costs incurred in the transaction and are subsequently stated at amortized cost. The Company and its subsidiaries use the risk-free discounted cash flow methodology to calculate the fair value of loans and debentures.
- Accounts payable from acquisition of subsidiaries, includes contingent payments relating to business combinations and their fair value is estimated based on the performance of operations applied to the multiples defined in the contract.
- Liabilities for obligations with senior and mezzanine shares refer to other Supplier FIDC shareholders and are stated at amortized cost.

The amounts recognized in the statement of financial position regarding trade and other receivables, trade and other accounts payables, franchises loan and other payables, dividends payable at amortized cost, do not significantly differ from their fair values.

4.2 Investments at fair value

We present, the composition of investments at fair value and respective balances on March 31, 2023 and December 31, 2022:

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
CV Idexo Fundo de Investimento	17,385	18,074	17,385	18,074
GoodData	-	-	90,693	93,144
Other	-	-	13	13
Total	17,385	18,074	108,091	111,231

These investments are private companies which do not have a quoted market price in an active market. The fair value of these investments is measured by commonly used market valuation techniques, such as discounted cash flows or multiples, considering the reasonableness of the estimated range of values. The fair value measurement is the mid-point within the range that best represents the respective fair value. Additionally, these investments include an investment in GoodData in preferred shares, subject to preemptive right of subscription.

Follow the detail of each group:

a) CV Idexo Fundo de Investimento em Participações

On March 08, 2022 was constituted the CV Idexo Fundo de Investimento em Participações Multiestratégia Investimento no Exterior, a Corporate Venture Capital (CVC), whose purpose is to invest in startups with high potential of growth and innovation. The Company majority shareholder from the Fund, in which will be managed by an independent manager.

b) GoodData

TOTVS' investments in startups are made within a medium-term strategy, with output planned for when the expected financial returns are achieved, and are recognized as financial instruments.

4.3 Sensitivity analysis of financial assets and liabilities

The financial instruments of the Company and its subsidiaries are represented by accounts and other receivables, trade and other payables, loans and debentures, which are recorded at cost plus income or charges incurred or at fair value, where applicable, as at March 31, 2023 and December 31, 2022.

The main risks related to the Company's operations are linked to the variation of Brazilian Interbank Deposit Floating Rate (CDI).

a) Financial assets

In order to check the sensitivity of the index in the short-term investments to which the Company and its subsidiaries were exposed to risk in interest rate movement as of March 31, 2023, three different scenarios were defined. Based on projections disclosed by financial institutions, the average rate for CDI is 13.65% for the three-months period was defined as a probable scenario (scenario I). Based thereon, variations of 25% (scenario II) and 50% (scenario III) were calculated.

For each of these scenarios the "gross finance income" was estimated, with taxes on investment returns not included. The reference date for the portfolio was March 31, 2023, with a one-year projection to check the sensitivity of CDI to each scenario.

Operation	Balances at 3/31/2023	Risk	Probable Scenario I	Scenario II	Scenario III
Consolidated financial investments (Note 5)	2,510,646	Reduction CDI	13.65%	10.24%	6.83%
Estimated finance income			342,703	257,090	171,477

b) Financial liabilities

To evaluate the sensitivity of the indexes to which the Company and its subsidiaries are exposed when estimating the debts as at March 31, 2023, three different scenarios were created. Based on CDI rates in force at this date, the most probable scenario (scenario I) was determined for 2023 and, from this, variations of 25% (scenario II) and 50% (scenario III) were calculated.

For each scenario, the gross financial expense was calculated, without the related tax impacts and the maturity flow of each contract scheduled for 2023. The reference date used for the debts was March 31, 2023, projecting the rates for one year and checking their sensitivity in each scenario.

Operation	Balances at 3/31/2023	Risk	Probable Scenario I	Scenario II	Scenario III
		Increase CDI	13,65%	17,06%	20,48%
Loans (Note 16) (i)	50		7	9	10
Debentures (Note 17)	1,497,801		204.450	255.525	306.750
Estimated finance expense			204,457	255,534	306,760

(i) Leases are not include

4.4 Changes in liabilities from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were or will be classified in the condensed individual and consolidated statement of cash flows as cash flows from financing activities.

The following is a breakdown of liabilities arising from financing activities for the three-months period ended on March 31, 2023:

Consolidated	12/31/2022	Cash flow from financing activities (i)	Non-cash items		3/31/2023
			Addition/ (Write off)	Interest incurred	
Loans (Note 16)	575	(525)	-	-	50
Leases (Note 16)	211,958	(17,164)	(152)	2,654	197,296
Debentures (Note 17)	1,547,009	(105,349)	-	56,141	1,497,801
Dividends payable (Note 21)	130,363	(127,047)	-	-	3,316
Total	1,889,905	(250,085)	(152)	58,795	1,698,463

(i) Includes interest paid allocated in the cash flow from operating activities.

4.5 Financial risk management

The main financial risks to which the Company and its subsidiaries are exposed when conducting their activities are:

a. Liquidity Risk

The Company's and its subsidiaries' liquidity and cash flow are monitored daily by Company Management areas to ensure the generation of cash from operating activities and early fundraising, whenever necessary. The Company and its subsidiaries reinforce its commitment to resource management in order to maintain its schedule of commitments, not giving rise to liquidity risks for the Company and its subsidiaries.

Typically, the Company and its subsidiaries ensure that it have sufficient cash at sight to cover expected operating expenses, including the compliance with financial obligations; which excludes the potential impact of extreme situations that cannot be reasonably foreseen, such as natural disasters. The Company and its subsidiaries have access to a sufficient variety of funding sources.

b. Credit risk

Credit risk is the risk that the counterparty in a deal will not fulfill an obligation set forth in a finance instrument or contract with a customer, which would cause a financial loss.

Regarding the credit risk associated with financial institutions, the Company and its subsidiaries distribute this exposure among financial institutions. Financial investments must be made in institutions whose risk rating is equal to or greater than the Sovereign Risk (Brazil Risk) assigned by the rating agencies Standard & Poor's, Moody's or Fitch and in the case of investment in investment funds, the referred classification will be replaced by the classification "Investment Grade", attributed by ANBIMA. The amount allocated to each institution, except federal government bonds, cannot exceed 30% of the total balances in current accounts plus financial investments, and also not correspond more than 5% of the equity of the financial institution.

The exposure of the Company and its subsidiaries to credit risk is also influenced also by the individual characteristics of each customer. The Company and its subsidiaries establish a credit policy whereby every new customer has its credit capacity individually analyzed prior to the standard payment terms and conditions.

For the trade and other receivables from software operation of the Company and its subsidiaries, have a very diversified customer portfolio with low concentration level and establish an estimate of the provision for losses that represents its estimate of losses incurred in relation to trade and other receivables. The main component of this allowance is specific and related to significant individual risks.

c. Market risk

Interest rate and inflation risk: interest rate risk arises from the portion of the debt and financial investments related to CDI, which can adversely affect the finance income or expenses in the event of unfavorable changes in the interest rate and inflation.

Exchange rate risk: this risk arises from the possibility of losses due to currency rate fluctuations that could increase the liabilities resulting from loans and foreign currency purchase commitments or that could reduce the assets resulting from trade and other receivables in foreign currency.

Certain subsidiaries have international operations and are exposed to exchange risk arising from exposures in some currencies, such as the U.S. dollar (USD), Euro (EUR), Argentinean peso (ARS), Mexican peso (MXN), Chilean peso (CLP) and Colombian peso (COP).

The Company and its subsidiaries ensure that its net exposure is maintained at an acceptable level in accordance with the policies and limits defined by Management and the economics and political factors in each of these companies. In the period ended in March 31, 2023, the balance of assets exceeds the negative balances exposed, as follows:

3/31/2023						
Company	Trade and other payables	Cash and cash equivalents	Trade and other receivables	Other assets (i)	Net exposure	Currency exposure
RJ Consultores México	(32)	683	1,074	46	1,771	Peso (MXN)
CMNet Participações	(120)	1,639	442	2	1,963	Peso (CLP), EUR and ARS
TOTVS S.A.	(674)	119	1,098	-	543	USD
TOTVS Large	(299)	-	26	-	(273)	USD
TOTVS México	(1,425)	1,846	8,881	1,178	10,480	Peso (MXN)
TOTVS Argentina	(2,213)	7,691	7,770	255	13,503	Peso (ARS)
TOTVS Incorporation (i)	(207)	-	-	90,693	90,486	USD
RD Colômbia	(71)	457	-	34	420	Peso (COP)
RD Station	(15)	-	-	-	(15)	USD
Feedz Tecnologia S.A	(27)	-	-	-	(27)	USD
Total	(5,083)	12,435	19,291	92,208	118,851	

(i) Other assets in the amount of R\$90.693 on March 31, 2023 refers to financial investments as described in note 4.2.

d. Derivatives

The Company and its subsidiaries did not maintain financial derivative transactions in the reported periods.

4.6 Capital management

The Company's capital management is intended to ensure a strong credit rating with institutions and an optimal capital ratio in order to drive the Company's businesses and maximize value for shareholders.

The Company and its subsidiaries control its capital structure by adjusting and adapting to current economic conditions. To maintain this structure, the Company and its subsidiaries may pay dividends, repurchase shares, take out new loans, issue debentures and promissory notes.

The Company and its subsidiaries compose the net debt structure including loans, debentures and account payable from acquisition of subsidiaries, less the balance of cash and cash equivalents and escrow account.

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Loans and lease liabilities (Note 16)	173,422	178,632	197,346	212,533
Debentures (Note 17)	1,497,801	1,547,009	1,497,801	1,547,009
Accounts payable from acquisition of subsidiaries (Note 18)	6,540	9,676	582,920	564,219
(-) Cash and cash equivalents (Note 5)	(1,431,442)	(1,709,966)	(2,536,064)	(2,735,765)
(-) Escrow account (Note 18)	(6,451)	(9,587)	(89,773)	(84,157)
Net (cash) debt	239,870	15,764	(347,770)	(496,161)
Shareholders' equity	4,306,057	4,308,616	4,306,057	4,308,616
Non-controlling interests	-	-	281,659	276,233
Shareholders' equity and net debt	4,545,927	4,324,380	4,239,946	4,088,688

5 Cash and cash equivalents

Cash and cash equivalents are maintained for meeting short-term cash requirements and for strategic investment or other purposes of the Company and its subsidiaries, and are redeemable within 90 days from the date of the respective transaction and subject to a minimal risk of change of value.

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Cash and banks	1,079	184	25,418	22,625
Cash equivalents	1,430,363	1,709,782	2,510,646	2,713,140
Investment fund	1,430,363	1,709,782	2,495,937	2,696,169
CDB	-	-	14,709	15,595
Others	-	-	-	1,376
	1,431,442	1,709,966	2,536,064	2,735,765

The Company and its subsidiaries have financial investment policies, which establish that the investments focus on low risk securities and investments in top-tier financial institutions.

The Company and its subsidiaries concentrate its investments in an exclusive investment fund. The fund is composed of investment fund shares whose portfolio is made up of highly-liquid fixed-income assets. The eligible assets in the portfolio structure are mainly government debt securities, which present low credit risk and volatility. The investments of the Company and its subsidiaries are substantially remunerated by reference to the CDI variation, which averaged 75.81% of the CDI for the period ended in March 31, 2023 (106.91% as of December 31, 2022). Following is the breakdown of the exclusive investment fund portfolio:

	3/31/2023	12/31/2022
Post interest		
Cash and CPR (i)	62.57%	41.37%
Private credit	6.83%	33.73%
Public titles	30.05%	20.62%
FIDC	-	2.42%
Derivatives	0.54%	2.01%
Pre interest		
Public titles	0.49%	1.60%
Private credit	0.06%	0.26%
Derivatives	-0.54%	-2.01%
Total	100.00%	100.00%

(i) CPR: committed operation backed by public securities.

6 Trade and other receivables

Amounts of trade and other receivables in the domestic and foreign market are as follows:

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Domestic market	424,301	411,091	582,464	563,740
Foreign market	1,098	1,823	12,957	12,878
Trade of domestic and foreign market	425,399	412,914	595,421	576,618
(-) Impairment loss on trade and other receivables	(39,685)	(42,321)	(57,532)	(62,551)
Total trade and other receivables	385,714	370,593	537,889	514,067
Current assets	361,065	339,263	506,234	475,648
Non-current assets (i)	24,649	31,330	31,655	38,419

(i) Long-term trade and other receivables refer basically to the sale of software license, software implementation and customization services, and are presented net of adjustment to present value.

Changes in the impairment loss on trade and other receivables are as follows:

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Opening balance	42,321	59,784	62,551	159,110
Additional allowance	4,184	17,172	7,461	26,912
Write-off of impairment loss	(6,820)	(34,635)	(12,480)	(47,926)
Acquisition of subsidiaries	-	-	-	182
Techfin Dimension	-	-	-	(75,727)
Ending balance	39,685	42,321	57,532	62,551

6.1 Aging list of domestic and foreign market

Aging list of amounts trade and other receivables at March 31, 2023 and December 31, 2022, are as follow:

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Falling due	320,032	318,822	437,079	432,349
Unbilled	38,312	30,174	58,861	49,970
Overdue				
1 to 30 days	13,535	12,101	22,539	18,544
31 to 60 days	5,201	5,183	9,814	8,158
61 to 90 days	5,337	3,411	7,528	5,322
91 to 180 days	9,638	8,638	13,965	12,600
181 to 360 days	11,538	12,401	15,064	17,711
More than 360 days	21,806	22,184	30,571	31,964
Gross trade and other receivables	425,399	412,914	595,421	576,618
(-) Impairment loss on trade and other receivables (i)	(39,685)	(42,321)	(57,532)	(62,551)
Net trade and other receivables	385,714	370,593	537,889	514,067

(i) The impairment loss on trade and other receivables is net of the write-off due to loss recorded against trade and other receivables for R\$6,820 for Individual and R\$12,480 for consolidated.

Management believes that the risk related to software trade and other receivables in general is mitigated by the fact that the customer portfolio of the Company and its subsidiaries are diluted and also throughout various operating segments. In general, the Company and its subsidiaries do not require any guarantee on installment sales.

7 Recoverable taxes

The amounts of recoverable taxes for the periods ended on March 31, 2023 and December 31, 2022 are as follows:

	Individual		Consolidated	
	3/31/2023	2022	3/31/2023	2022
Income tax to offset (i)	39,429	36,592	48,471	44,230
Social contribution tax to offset (i)	12,732	11,475	16,005	14,187
Other (ii)	9,295	9,056	39,616	43,731
	61,456	57,123	104,092	102,148
Current assets	61,456	57,123	96,001	87,932
Non-current assets	-	-	8,091	14,216

(i) Refers to withholding income and social contribution tax credits in the current year and income and social contribution tax credits to offset from previous years, as well as payments of estimated taxes in the current year.

(ii) Contemplates extemporaneous credit of PIS and COFINS which will be offset over the years.

8 Income taxes

Current and deferred income and social contribution taxes were recorded pursuant to the current rates in force. Deferred income and social contribution taxes are calculated on income and social contribution tax losses carryforwards, respectively, as well as temporary differences.

8.1 Reconciliation of income tax expenses

The reconciliation of expenses calculated by applying the Income and Social Contribution Tax rates is as follows:

	Individual		Consolidated	
	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Income before taxes	131,557	110,929	168,275	132,470
Income and social contribution taxes at combined nominal rate of 34%	(44,729)	(37,716)	(57,214)	(45,040)
Adjustments for the statement of effective rate				
Share of profit/ (losses) of equity-accounted investees	10,049	11,352	-	-
Law No. 11196/05 (Incentive for research and development)	3,571	3,090	6,159	5,096
Effect of subsidiaries subject to special rates	-	-	(3,872)	(3,121)
Participation of Administrators	(1,105)	(608)	(1,184)	(1,017)
Workers' Meal Program (PAT)	603	447	979	739
Other (i)	(231)	2,678	(8,002)	6,567
Income and social contribution tax expense	(31,842)	(20,757)	(63,134)	(36,776)
Current income taxes	(33,553)	(24,887)	(62,868)	(42,158)
Deferred income taxes	1,711	4,130	(266)	5,382
Effective rate	24.2%	18.7%	37.5%	27.8%

(i) The effective rate in the ended period of March 31, 2023 was impacted by the account payable from acquisition complement of the subsidiary Tallos, since RD does not recognize the deferred taxes in its financial statements in accordance with CPC 32.

8.2 Breakdown of deferred income taxes

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Income tax losses	-	-	17,562	20,903
Deriving from temporary differences:				
Difference between tax and accounting bases of goodwill	25,964	25,750	60,061	54,228
Tax benefit from goodwill amortization	(110,304)	(110,356)	(187,624)	(180,517)
Provision for commissions	21,817	19,244	24,959	22,497
Deferred income or revenues and/or to be invoice	7,751	10,011	15,969	18,255
Impairment loss on trade and other receivables	13,493	14,389	17,710	19,551
Provision for contingencies and other obligations	28,349	28,781	36,159	36,547
Provision for trade and other payables	19,008	18,413	26,231	24,932
Provision for share-based payments	41,378	36,120	47,316	40,875
Present value adjustment	702	846	30,112	26,597
Participation in profits and results	8,306	11,601	10,702	15,528
Other (i)	13,702	13,656	16,903	19,029
Net deferred income and social contribution taxes	70,166	68,455	116,060	118,425
Deferred tax assets	70,166	68,455	116,865	119,048
Deferred tax liabilities (ii)	-	-	805	623

(i) Contemplates deferred income and social taxes of temporary differences from leases.

(ii) Included in "other liabilities" in the non-current liability.

Net deferred income taxes of the Company and its subsidiaries are presented net under non-current assets or non-current liabilities by legal entities.

Changes in deferred income taxes are as follows:

	Individual	Consolidated
Opening balance	68,455	118,425
Expense in statement of profit or loss	1,711	(266)
Other	-	(2,099)
Ending balance	70,166	116,060

9 Related party balances and transactions

Related-parties transactions are carried out under conditions and prices established by the parties, and balances between the Individual and its subsidiaries are eliminated for purposes of consolidation.

9.1 Trade and other receivables and payables with subsidiaries and associates companies

The main balances of assets and liabilities on March 31, 2023 and December 31, 2022 and revenues and costs on March 31, 2023 and 2022 are presented:

Company	3/31/2023						12/31/2022			3/31/2022	
	Trade and other receivables	Other Assets (iv)	Trade and other payables	Other Liabilities	Revenues	Costs	Trade and other receivables	Other Assets (iv)	Trade and other payables	Revenues	Costs
TOTVS Large	11	-	-	90	38	126	11	2	-	-	-
Wealth Systems (i)	-	-	-	-	553	276	158	-	-	662	156
Supplier (ii)	-	1,164	-	-	181	1,737	-	937	-	498	1,790
Tail	-	-	-	-	-	-	5	-	1	74	149
Dimensa (iii)	31	2,773	-	-	2,752	796	18	2,485	74	1,909	1,867
RD Station	-	-	4	-	202	210	-	-	15	-	-
Gesplan	-	-	16	-	-	70	-	-	28	-	-
Feedz	-	-	-	-	6	-	-	-	-	-	-
Vadu	-	-	-	-	-	32	-	-	-	-	-
Hospitality	-	-	-	462	-	-	-	605	-	-	-
Techfin	322	-	-	29	873	-	14	-	-	-	-
VT Comércio	-	-	97	-	-	97	-	-	-	-	-
RJ Consultores	-	-	-	-	105	-	60	-	-	-	-
Other	8	128	-	7	19	-	14	8	-	-	-
Total	372	4,065	117	588	4,729	3,344	280	4,037	118	3,143	3,962

- (i) Refers to partnership contract between Wealth Systems and TOTVS for the sale of CRM ("Customer Relationship Management") solutions.
- (ii) Refers to partnership contract between Supplier and TOTVS for the sale of Techfin solutions, software licenses and contract of sharing costs and expenses.
- (iii) Refers to contract of sharing costs and expenses and contract of partnership for commercialization of solutions from Dimensa.
- (iv) Refers to share-based compensation plans.

9.2 Transactions or relationships with shareholders and key Management personnel

The Company maintains property lease agreements with companies, in which some of the shareholders are key management members and also hold TOTVS shares, directly or indirectly. The amount paid as lease and condominium fees to related parties recognized for the three-months period ended March 31, 2023 was R\$386 (R\$351 as of March 31, 2022). All lease agreements with related parties are subject to adjustments by reference to the IGP-M inflation rate, every 12 months.

The Company has software license agreements and commercial partnership with GoodData, which on March 31, 2023 represented the amount of R\$1,797 (R\$2,442 as of March 31, 2022). Through its subsidiary TOTVS Inc., the Company holds a minority interest in the GoodData capital, as well as a representative on the board. This investment was classified at fair value through profit or loss according to note 4.2.

The Company focuses its strategic social investment on the Instituto da Oportunidade Social (IOS), being the main sponsor of the Institute. Also, the Institute has the support of other partner companies and government partnerships. The amount of sponsorship in the three-months period ended March 31, 2023 was R\$1,904 (R\$1,773 as of March 31, 2022), all of which with monetary resources.

Some of the Company's shareholders and key management personnel directly or indirectly hold 14.24% of the Company's shares as of March 31, 2023 (14.24% as of December 31, 2022). The indirect interest is held through LC-EH Empreendimentos e Participações S.A.

The Company and its subsidiaries also incurred small expenses and income over the period with related parties, where the total amount was R\$ 151 and R\$74, respectively.

9.3 Key management personal compensation

Expenses related to the Company's managing and statutory officers compensation are summarized as follows:

	Individual and Consolidated	
	3/31/2023	3/31/2022
Management compensation		
Salaries, fees and payroll charges	3,478	3,215
Direct and Indirect benefits (i)	577	426
Variable bonus	2,991	1,638
Share-based payments	7,871	6,888
Total	14,917	12,167

(i) Includes depreciation expense for vehicles on loan by some Management members.

10 Other assets

Breakdown of other assets at March 31, 2023 and December 31, 2022 is follows:

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Prepaid expenses (i)	97,138	88,939	106,013	95,885
Franchises loan (ii)	22,536	32,175	22,536	32,225
Advances to employees	19,442	17,737	33,069	29,003
Advances to suppliers	5,620	1,167	16,866	4,538
Dividends to receive	29,344	23,629	3,024	-
Receivables from investments disposed of (iii)	-	54	-	54
Other assets	2,564	1,920	8,059	6,305
Total	176,644	165,621	189,567	168,010
Current assets	112,121	100,259	117,905	96,447
Non-current assets	64,523	65,362	71,662	71,563

(i) Includes the amounts of taxes paid and renewals of contracts with suppliers referring to expenses that will be incurred during next years;

(ii) Most franchise loans are adjusted monthly by Interbank Deposit Certificate (CDI);

(iii) Amounts to receive from sale of interest.

11 Equity-accounted investees

The investments of the Company and its subsidiaries are assessed under the equity method. Breakdown of equity-accounted investees in subsidiaries and associated companies is shown below:

11.1 Equity-accounted investees in subsidiaries

	Controladora	
	31/03/2023	31/12/2022
Investimentos em controladas e coligadas (i)	3.850.139	3.819.530
Dimensão Techfin	(454.590)	(457.356)
Ágio sobre mais valia de ativos	29.640	31.853
	3.425.189	3.394.027

(i) In December 2022 was registered the provision for investment losses.

11.2 Equity-accounted investees changes

Changes in equity-accounted investees for the three-months period ended March 31, 2023 were as follows:

	12/31/2022	Additions / (reductions)	Dividends (ii)	Equity pick-up			Foreign exchange/ Inflation (i)	3/31/2023
				Equity pick-up	Amortization of PPA	Total		
TOTVS Large (iii)	2,293,797	1,976	-	(5,965)	(2,214)	(8,179)	94	2,287,688
TOTVS Tecnologia	154,606	145	-	21,370	-	21,370	-	176,121
TTS	315,168	210	-	6,303	-	6,303	-	321,681
TOTVS Inc.	95,179	2,756	-	(3,090)	-	(3,090)	(2,427)	92,418
TOTVS Hospitality	47,232	-	-	3,988	-	3,988	-	51,220
VT Digital	6,093	-	(5,715)	1,773	-	1,773	-	2,151
TOTVS México	3,615	4,431	-	(2,499)	-	(2,499)	13	5,560
TOTVS Argentina	9,569	1,847	-	(1,807)	-	(1,807)	(119)	9,490
Dimensa	460,388	-	-	9,044	-	9,044	-	469,432
Eleve	6,613	96	-	1,186	-	1,186	-	7,895
CMNet Argentina	1,767	518	-	(747)	-	(747)	(5)	1,533
Total	3,394,027	11,979	(5,715)	29,556	(2,214)	27,342	(2,444)	3,425,189

(i) Includes the inflation adjustments of Argentine subsidiaries.

(ii) The dividends received are presented in the Statements of Cash Flow from investing activities.

(iii) The goodwill and intangibles in the value of R\$29,640 from TOTVS Large are presented in the investment composition of the individual. The amortization in the period ended on March 31, 2023 was R\$2,214.

11.3 Direct subsidiaries information

Summarized financial statements of subsidiaries as at March 31, 2023					
	Assets	Liabilities	Shareholders' Equity	Net revenue	Profit or loss of the period
TOTVS Large	2,834,287	576,239	2,258,048	171,960	(5,965)
TOTVS Tecnologia	339,596	163,475	176,121	56,560	21,370
TTS	360,450	38,769	321,681	39,151	6,303
TOTVS Inc.	95,575	3,157	92,418	682	(3,090)
TOTVS Hospitality	83,121	14,086	69,035	17,799	5,375
VT Digital	8,606	6,455	2,151	2,574	1,773
TOTVS México	17,011	11,451	5,560	7,163	(2,499)
TOTVS Argentina	20,094	10,604	9,490	11,032	(1,807)
Dimensa	899,697	148,606	751,091	55,401	14,470
Eleve	10,039	2,144	7,895	3,394	1,186
CMNet Argentina	2,429	896	1,533	923	(747)

12 Property, plant and equipment

Property, plant and equipment of the Company and its subsidiaries are booked at the acquisition cost and depreciation of assets is calculated according to the straight-line method, and takes into consideration the estimated useful economic life of assets. The Company's property, plant and equipment is broken down as follow:

	Individual							Total
	Computers and electronic equipment	Vehicles	Furniture and fixtures	Facilities machinery and equipment	Leasehold improvements	Rights of use (i)	Other	
Cost								
Balance in 12/31/2022	312,296	15,469	27,497	28,033	101,915	311,588	9,549	806,347
Additions	31,385	2,261	13	94	352	6,967	1	41,073
Write-offs	(126)	(214)	-	-	-	(7,590)	(3)	(7,933)
Balance in 3/31/2023	343,555	17,516	27,510	28,127	102,267	310,965	9,547	839,487
Depreciation								
Balance in 12/31/2022	(187,293)	(5,971)	(21,014)	(22,124)	(63,566)	(146,746)	(7,499)	(454,213)
Depreciation for the period (iii)	(9,311)	(1,414)	(527)	(409)	(2,654)	(12,362)	(322)	(26,999)
Write-offs	73	184	-	-	-	7,590	1	7,848
Balance in 3/31/2023	(196,531)	(7,201)	(21,541)	(22,533)	(66,220)	(151,518)	(7,820)	(473,364)
Residual value								
Balance in 3/31/2023	147,024	10,315	5,969	5,594	36,047	159,447	1,727	366,123
Balance in 12/31/2022	125,003	9,498	6,483	5,909	38,349	164,842	2,050	352,134
Average annual depreciation rate	20% a 25%	33%	10% a 25%	6.7% a 25%	10% a 33%	10% a 33%	20%	

	Consolidated							Total
	Computers and electronic equipment	Vehicles	Furniture and fixtures	Facilities machinery and equipment	Leasehold improvements	Rights of use (i)	Other	
Cost								
Balance in 12/31/2022	350,671	19,810	35,834	33,731	131,376	367,713	10,766	949,901
Additions	33,558	3,197	43	171	919	7,724	39	45,651
Exchange variation (ii)	(45)	5	16	(2)	(39)	(46)	-	(111)
Write-offs	(592)	(544)	(136)	(56)	(2,090)	(16,206)	(6)	(19,630)
Balance in 3/31/2023	383,592	22,468	35,757	33,844	130,166	359,185	10,799	975,811
Depreciation								
Balance in 12/31/2022	(211,274)	(7,781)	(26,352)	(24,952)	(81,686)	(172,480)	(8,501)	(533,026)
Depreciation for the period (iii)	(10,669)	(1,765)	(702)	(518)	(3,512)	(14,870)	(394)	(32,430)
Exchange variation (ii)	59	(6)	(7)	(5)	36	(62)	2	17
Write-offs	527	311	84	30	1,771	9,064	2	11,789
Balance in 3/31/2023	(221,357)	(9,241)	(26,977)	(25,445)	(83,391)	(178,348)	(8,891)	(553,650)
Residual value								
Balance in 3/31/2023	162,235	13,227	8,780	8,399	46,775	180,837	1,908	422,161
Balance in 12/31/2022	139,397	12,029	9,482	8,779	49,690	195,233	2,265	416,875
Average annual depreciation rate	20% a 25%	33%	10% a 25%	6.7% a 25%	10% a 33%	10% a 33%	20%	

- (i) The Company and its subsidiaries applied exceptions to the standard for short-term and low value contracts, recorded in lease expenses in the amount of R\$378 in Individual and R\$1,687 in Consolidated as of March 31, 2023.
- (ii) Includes the inflation adjustments of Argentine subsidiaries.
- (iii) Depreciation and amortization lines in the Statement of Cash Flows and Statements of Value Added are presented net of PIS/ COFINS credits on depreciation of property, plant and equipment, in the value of R\$2,151.

Breakdown of right of use and lease liabilities for the period ended March 31, 2023 is as follows:

	Consolidated		
	Right to use real estate	Right of use computers and equipments	Total assets
Balance in 12/31/2022	190,645	4,588	195,233
Contract Remeasurement (i)	4,789	2,935	7,724
Write-offs	(7,142)	-	(7,142)
Amortization	(13,209)	(1,661)	(14,870)
Interest incurred and exchange variation	(137)	29	(108)
Balance in 3/31/2023	174,946	5,891	180,837

- (i) Represents the annual update of the leases applied to the right of use real estate according to the indexes established in contracts.

13 Intangible assets

Intangible assets and changes in balances are as follows:

	Individual						Total
	Software	Trademarks & patents	Customer portfolio (v)	R&D (i)	Other (ii)	Goodwill	
Cost							
Balance in 12/31/2022	451,615	67,841	283,418	46,012	19,786	292,873	1,161,545
Additions	12,553	-	14,021	5,462	-	-	32,036
Write-offs	-	-	-	(1,659)	-	-	(1,659)
Balance in 3/31/2023	464,168	67,841	297,439	49,815	19,786	292,873	1,191,922
Amortization							
Balance in 12/31/2022	(382,356)	(60,629)	(232,295)	(9,544)	(19,786)	-	(704,610)
Amortization for the period	(5,971)	(1,050)	(3,916)	(3,086)	-	-	(14,023)
Write-offs	-	-	-	173	-	-	173
Balance in 3/31/2023	(388,327)	(61,679)	(236,211)	(12,457)	(19,786)	-	(718,460)
Residual value							
Balance in 3/31/2023	75,841	6,162	61,228	37,358	-	292,873	473,462
Balance in 12/31/2022	69,259	7,212	51,123	36,468	-	292,873	456,935
Average annual amortization rates	10% a 20%	6.7% a 8%	10% a 12.5%	20% a 50%	10% a 50%		

	Consolidated						Total
	Software	Trademarks & patents	Customer portfolio (v)	R&D (i)	Other (ii)	Goodwill	
Cost							
Balance in 12/31/2022	770,310	142,297	595,436	65,747	81,221	2,836,657	4,491,668
Additions	12,553	1	14,021	6,168	-	-	32,743
Additions due to business combination (iv)	40	5	226	-	-	(3,087)	(2,816)
Exchange variation (iii)	(5)	-	-	-	-	-	(5)
Write-offs	-	-	-	(1,661)	-	-	(1,661)
Balance in 3/31/2023	782,898	142,303	609,683	70,254	81,221	2,833,570	4,519,929
Amortization							
Balance in 12/31/2022	(467,207)	(86,552)	(354,102)	(23,023)	(55,019)	-	(985,903)
Amortization for the period	(13,914)	(2,862)	(11,056)	(3,488)	(537)	-	(31,857)
Exchange variation (iii)	(5)	-	-	-	-	-	(5)
Write-offs	-	-	-	175	-	-	175
Balance in 3/31/2023	(481,126)	(89,414)	(365,158)	(26,336)	(55,556)	-	(1,017,590)
Residual value							
Balance in 3/31/2023	301,772	52,889	244,525	43,918	25,665	2,833,570	3,502,339
Balance in 12/31/2022	303,103	55,745	241,334	42,724	26,202	2,836,657	3,505,765
Average annual amortization rates	10% a 20%	6.7% a 8%	10% a 12.5%	20% a 50%	10% a 50%		

(i) The development capitalization totaled R\$6,168 in the three-months period ended March 31, 2023, that majority are related to the Company's strategic plan. The assets development amortization starts when development is completed and the asset is available for use or sale.

(ii) Includes primarily non-compete rights arising from the purchase price allocation from business combinations.

(iii) Includes the inflation adjustments of Argentine subsidiaries.

(iv) Price allocation of intangibles adjustment from the acquisition of subsidiary Feedz.

- (v) Over the period of three-months ended on March 31, 2023, the Company acquired customer portfolio from franchises in the amount of R\$14,021, in which R\$10,108 was paid in cash and the remainder was offset with balances of mutual between the parties.

Amortization of intangible assets is based on their estimated useful lives. Intangible assets identified, the amounts recognized, and useful lives of assets resulting from a business combination are premised on a technical study by an independent specialist firm.

13.1 Changes in goodwill

The breakdown of goodwill as of March 31, 2023 and December 31, 2022 is as follows:

	12/31/2022	Business combination	3/31/2023
Inovamind Tech	18,141	-	18,141
Mobile2You	29,220	-	29,220
Credit Core (Vadu)	56,092	-	56,092
Gesplan	28,325	-	28,325
RBM	33,542	-	33,542
Feedz	92,328	(3,087)	89,241
Other goodwill	800,089	-	800,089
CGU Technology	1,057,737	(3,087)	1,054,650
RD Station	1,729,952	-	1,729,952
Tail	13,115	-	13,115
Tallos	35,853	-	35,853
Total	2,836,657	(3,087)	2,833,570

13.2 Impairment of assets

The Company annually tests goodwill for impairment using the “value in use” methodology, through the discounted cash flow model of cash generating units, which represent the tangible and intangible assets used in the development and sale of different solutions for its clients.

In the three-months period ended March 31, 2023, the Management from the Company evaluated assumptions used on December 31, 2022 for the recoverability of its assets and did not identify the need for a provision for loss in the condensed individual and consolidated interim financial statements.

14 Labor liabilities

Balances of salaries and charges payable are broken down as follows:

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Labor liabilities:				
Salaries payable	33,763	33,821	60,792	59,893
Vacation payable	85,484	82,650	141,214	135,370
13th monthly salary payable	15,449	-	26,496	-
Profit sharing and bonus	26,064	35,958	34,646	53,421
Withholding Income Tax (IRRF) payable	16,584	21,299	28,080	36,197
Actuarial liabilities due to health care plan and retirement benefits (i)	2,874	2,785	2,874	2,785
Other	3,660	2,319	5,911	4,688
	183,878	178,832	300,013	292,354
Payroll liabilities				
FGTS (Unemployment Compensation Fund) payable	4,520	6,603	7,673	11,024
INSS (Social Security Tax) payable	7,416	7,181	13,423	14,306
	11,936	13,784	21,096	25,330
Total	195,814	192,616	321,109	317,684

- (i) Refers to the actuarial provision for the health care plan of the participants who contributed or still contribute with fixed installments to the plan costing and salary allowance provided for in union agreements, who will be entitled to remain in the plan after retirement.

15 Taxes and contributions liabilities

Taxes and contributions liabilities are broken down as follows:

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Federal Social Security Tax on Gross Revenue (CPRB)	19,554	19,406	27,874	27,562
Service Tax (ISS) payable	7,107	7,132	10,797	11,071
PIS and COFINS payable	28,433	29,220	38,647	38,878
IRPJ and CSLL payable	-	-	9,968	12,496
Withholding IR and CSLL	1,176	1,155	3,354	3,369
Other taxes	3,415	1,928	4,631	3,047
Total	59,685	58,841	95,271	96,423
Current liabilities	59,685	58,841	94,422	95,042
Non-current liabilities (i)	-	-	849	1,381

- (i) Non-current liabilities correspond to installment payment of federal taxes of the acquired.

16 Loans and lease liabilities

Loans are initially recognized at fair value, net of transaction costs incurred, and are shown at amortized cost. Any difference between the borrowed amounts (net of transaction costs) and the total amount payable is recognized in the statement of profit or loss during the period when the loans are due, using the effective interest rate method.

The loans and lease liabilities transactions are as follows:

	Annual financial charges	Individual		Consolidated	
		3/31/2023	12/31/2022	3/31/2023	12/31/2022
Leases	2.00% to 16.98% p.a. (i)	173,422	178,632	197,296	211,958
Working capital	100% CDI	-	-	-	318
Guaranteed accounts and other	-	-	-	50	257
		173,422	178,632	197,346	212,533
Current liabilities		48,209	45,633	57,686	57,455
Non-current liabilities		125,213	132,999	139,660	155,078

(i) Rates for the lease of real property right of use range from 2.00% to 16.98% nominal interest rate) and 7.82% to 15.25% for the lease of the right to use electronic equipment.

Amounts recorded in non-current liabilities as at March 31, 2023 and December 31, 2022 have the following maturity schedule:

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
2024	35,060	47,342	41,322	58,466
2025	44,665	43,163	50,828	51,844
2026 onwards	45,488	42,494	47,510	44,768
Non-current liabilities	125,213	132,999	139,660	155,078

Below is the breakdown of loans and lease liabilities as of March 31, 2023:

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Opening balance	178,632	182,547	212,533	335,614
Additions from right of use leases	6,967	43,646	7,724	50,495
Additions from loans	-	-	-	465
Addition due to business combination	-	-	-	7,303
Techfin Dimension	-	-	-	(107,495)
Interest incurred	2,319	10,414	2,654	11,674
Write-offs of right-of-use leases	(512)	(2,155)	(7,876)	(10,037)
Interest amortization	(2,319)	(10,414)	(3,337)	(12,807)
Principal amortization	(11,665)	(45,406)	(14,352)	(62,679)
Closing balance	173,422	178,632	197,346	212,533

a) Lease liabilities

Lease obligations are guaranteed by chattel mortgage of leased assets. The table below shows gross liabilities of finance leases as of March 31, 2023 and December 31, 2022:

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Gross lease liabilities – minimum lease payments				
Less than one year	56,113	53,900	66,878	67,735
More than one year and less than five years	134,602	137,549	150,022	160,873
More than five years	-	6,305	-	6,506
	190,715	197,754	216,900	235,114
Future financing charges on finance leases	(17,293)	(19,122)	(19,604)	(23,156)
Present value of lease liabilities	173,422	178,632	197,296	211,958
Current liabilities	48,209	45,633	57,636	57,285
Non-current liabilities	125,213	132,999	139,660	154,673

17 Debentures

On September 12, 2022, the Company approved the 4th issue of simple debentures, non-convertible, unsecured debentures, in a single series for public distribution with restricted placement efforts in the total amount of R\$1,500,000, at face value of R\$1. The Unit Face Value or the Unit Face Value leftover, as the case may be, will bear interest corresponding to 100.00% of the accumulated variation of the average daily rates of the DI Interbank Deposits – DI, “over extra-group” plus an exponential spread equivalent to 1.35% per year on a 252 Business Day basis.

17.1 Composition

On March 31, 2023, the balance was broken down as follows:

Description	Debentures	Unit Price	Annual financial charges	Maturity	Individual and Consolidated	
					3/31/2023	12/31/2022
4th Issue of Debentures - Single Series	1,500,000	1	100% from CDI + Spread 1.35%	09/12/2027	1,497,801	1,547,009
Total					1,497,801	1,547,009
Current liabilities					8,728	58,701
Non-current liabilities					1,489,073	1,488,308

17.2 Changes

	Individual and Consolidated
	3/31/2023
Opening Balance	1,547,009
Interest incurred	56,141
(-) Interest amortization	(105,349)
Ending balance	1,497,801

The maturities of redemption in non-current liabilities are presented as follows:

	Individual and Consolidated	
	3/31/2023	12/31/2022
Maturity		
2026	741,268	740,503
2027	747,805	747,805
Non-current liabilities	1,489,073	1,488,308

17.3 Covenants

The debentures have redeemed in advance clauses (“covenants”) normally applicable to these types of operations related to compliance with economic-financial ratios. The financial index applied to this deed derives from the coefficient of dividing the net debt by the Adjusted EBITDA, which must be equal to or less than 4 times. This indicator does not consider the debt and EBITDA of TOTVS Techfin S.A. and its subsidiaries.

These restrictive clauses, no audited, have been complied with and do not limit the ability to conduct the normal course of operations.

18 Accounts payable from acquisition of subsidiaries

Accounts payable from the acquisitions of subsidiaries refer to amounts due to the previous shareholders of the acquired companies, with payment in installments or guarantees given. These amounts are recorded in current and non-current liabilities, as follows:

	Individual					
	3/31/2023			12/31/2022		
	Contingent payments	Other amounts payable	Total	Contingent payments	Other amounts payable	Total
Datasul MG	-	5,747	5,747	-	5,609	5,609
Seventeen	-	322	322	-	3,608	3,608
Other	-	471	471	-	459	459
Total	-	6,540	6,540	-	9,676	9,676
Current liabilities		6,540	6,540		9,676	9,676

	Consolidated					
	3/31/2023			12/31/2022		
	Contingent payments	Other amounts payable	Total	Contingent payments	Other amounts payable	Total
RD Station	231,017	33,956	264,973	224,337	33,141	257,478
Supplier	22,303	16,992	39,295	19,924	19,155	39,079
Vadu	37,228	5,867	43,095	25,882	15,634	41,516
RBM	15,510	5,290	20,800	15,510	5,163	20,673
Mobile2you	23,639	872	24,511	22,835	853	23,688
Gesplan	22,929	5,196	28,125	27,446	4,323	31,769
InovaMind	7,898	-	7,898	7,614	-	7,614
Feedz	59,422	7,000	66,422	61,176	7,030	68,206
Tallos	58,119	-	58,119	35,453	1,309	36,762
Tail	-	2,475	2,475	6,712	587	7,299
Other	7,622	19,585	27,207	7,478	22,657	30,135
Total	485,687	97,233	582,920	454,367	109,852	564,219
Current liabilities	83,309	13,428	96,737	28,603	24,097	52,700
Non-current liabilities	402,378	83,805	486,183	425,764	85,755	511,519

The maturity of non-current liabilities is shown below:

Year	Consolidated	
	3/31/2023	12/31/2022
2024	294,206	344,798
2025	69,637	76,159
2026	47,322	34,467
2027	33,718	32,577
2028 onwards	41,300	23,518
Non-current liabilities	486,183	511,519

As of March 31, 2023 and December 31, 2022, the liabilities for the acquisition of investments had guarantees in the form of marketable securities, which consisted of CDB operations in the following amounts:

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Escrow account - current	6,451	9,587	12,707	10,391
Escrow account - non-current	-	-	77,066	73,766
Total	6,451	9,587	89,773	84,157

19 Provision for contingencies

In the ordinary course of their operations, the Company and its subsidiaries are parties to various legal proceedings relating to tax, social security, labor and civil matters. Provision for contingencies is set up by Management, supported by its legal counsel and an analysis of judicial proceedings pending judgment, has constituted at an amount considered sufficient to cover probable losses on the outcome of ongoing actions. The provisioned amounts reflect the best current estimate from the Management of the Company and its subsidiaries.

The amount of provisions set up as at March 31, 2023 and December 31, 2022 are as follows:

	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Tax	7,877	9,933	9,833	11,881
Labor	47,426	46,716	63,122	62,463
Civil	28,077	28,000	33,395	33,147
	83,380	84,649	106,350	107,491

a) Changes in provisions

Changes in provisions for the three-months period ended March 31, 2023 are as follows:

	Individual				Consolidated			
	Tax	Labor	Civil	Total	Tax	Labor	Civil	Total
Balances in 12/31/2022	9,933	46,716	28,000	84,649	11,881	62,463	33,147	107,491
(+) Additional provision	181	2,796	2,187	5,164	321	2,880	2,259	5,460
(+) Monetary adjustment	97	990	653	1,740	131	1,430	861	2,422
(-) Reversal of provision	(645)	(2,114)	(2,003)	(4,762)	(656)	(2,620)	(2,079)	(5,355)
(-) Write-off due to payment	(1,689)	(962)	(760)	(3,411)	(1,844)	(1,031)	(793)	(3,668)
Balances in 3/31/2023	7,877	47,426	28,077	83,380	9,833	63,122	33,395	106,350

The provisions reflect Management's best current estimate, which is based on information, external counsel has updated analyses and outcomes of previous legal proceedings in which the Company and its subsidiaries was defendant. TOTVS's risk monitoring and control constantly review this estimate.

Further information regarding other significant ongoing lawsuits is provided in Note 22 to the financial statements as of December 31, 2022.

b) Judicial deposits

Judicial deposits linked or not to the provision for contingencies, are stated below and are recorded under non-current assets:

	Individual				Consolidated			
	Tax	Labor	Civil	Total	Tax	Labor	Civil	Total
Balances in 12/31/2022	13,255	10,690	6,275	30,220	13,911	13,109	7,224	34,244
(+) Addition in guarantees	-	1,448	816	2,264	290	2,165	816	3,271
(+) Monetary adjustment	273	263	103	639	282	286	117	685
(-) Write-off for loss	(5)	(54)	(56)	(115)	(5)	(88)	(56)	(149)
(-) Reversion by devolution	(290)	(116)	-	(406)	(291)	(116)	-	(407)
Balances in 3/31/2023	13,233	12,231	7,138	32,602	14,187	15,356	8,101	37,644

19.1 Contingent Liabilities

The Company and its subsidiaries are parties to other lawsuits whose risk of loss, according to evaluation of legal advisors, validated by internal legal and Company Management, are classified as possible losses and no provision was recognized, as follows:

Nature	Individual		Consolidated	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Tax	193,027	200,153	236,383	246,265
Labor	47,592	53,525	60,786	65,063
Civil	171,761	204,543	196,185	229,794
	412,380	458,221	493,354	541,122

The breakdown of significant ongoing lawsuits are detailed in Note 22.2 to the financial statements for the year ended December 31, 2022.

20 Shareholders' equity

a) Share Capital

As at March 31, 2023 the Company's share capital was composed of 617,183,181 registered common shares issued and fully paid, with no par value (617,183,181 as of December 31, 2022), as follows:

Shareholder	3/31/2023		12/31/2022	
	Shares	%	Shares	%
LC EH Participações e Empreendimentos S.A.	80,282,970	13.01%	80,282,970	13.01%
GIC Private Limited	37,582,739	6.09%	37,582,739	6.09%
Canada Pension Plan	32,754,201	5.31%	32,754,201	5.31%
BlackRock Inc.	31,632,336	5.13%	31,632,336	5.13%
Laércio José de Lucena Cosentino	5,734,635	0.93%	5,734,635	0.93%
CSHG Senta Pua Fia	144,800	0.02%	144,800	0.02%
Other	413,620,069	67.01%	417,615,746	67.66%
Outstanding shares	601,751,750	97.50%	605,747,427	98.15%
Treasury shares	15,431,431	2.50%	11,435,754	1.85%
Total in units	617,183,181	100.00%	617,183,181	100.00%

b) Capital reserves

The balance of capital reserves at March 31, 2023 and December 31, 2022 was broken down as follows:

	3/31/2023	12/31/2022
Goodwill reserve (i)	665,676	668,561
Premium on acquisition of non-controlling interests	(24,323)	(24,323)
Debentures converted into shares	44,629	44,629
Share-based compensation plan	130,517	112,560
Share issue expenses	(69,396)	(69,396)
Dilution of interest	352,540	352,540
Call option of non-controlling interests	(361,388)	(361,388)
	738,255	723,183

(i) Goodwill reserve is composed of R\$31,557 regarding integralization occurred in 2005 and R\$67,703 regarding societary reorganization with Bematech. In 2019 had an increase of goodwill reserve of R\$725,220 regarding the amount of capital contribution destined to the capital reserve.

c) *Treasury shares*

As at March 31, 2023, changes in "Treasury Shares" were as follows:

	Number of shares (Units)	Value (in Thousand)	Average price per share (in Reais)
Balances in 12/31/2022	11,435,754	R\$ 217,671	R\$ 19.03
Repurchase	4,000,000	R\$ 109,392	R\$ 27.35
Used	(4,323)	R\$ (84)	R\$ 19.36
Balances in 3/31/2023	15,431,431	R\$ 326,979	R\$ 21.19

On February 16, 2023 the Board of Directors approved the share buyback program for the shares issued by the Company up to the limit of 4.000.000 common shares, to meet the grant of the Company's Share-Based Incentive Plan and to maximize the generation of long-term shareholder value through efficient management of the capital structure; and may also be held in treasury, sold or canceled in accordance with the law. The program shall end until August 17, 2023.

During the three-months period ended March 31, 2023, 4,323 treasury shares were used by the stock options and restricted share plans, which consumed R\$84 from the capital reserve.

21 Dividends and Interest on shareholders' equity

The Company's bylaws provide for mandatory minimum dividend equivalent to 25% of net income for the year, adjusted by the amount of the legal reserve set up, pursuant to Brazilian Corporation Law.

On December 26, 2022, was approved by the Board of Directors the payment of Interest on Shareholders' Equity in the amount of R\$127,208 which shall be attributed to the mandatory dividends of the 2022 fiscal year with payment expected from January 27, 2023.

The balance of dividends and interest on equity payable in the Statement of Financial Position amounted to R\$3,316 as at March 31, 2023 (R\$130,363 as of December 31, 2022).

22 Share-based compensation plan

The main events associated with the stock option plan from the Company are described in Note 25 to the Financial Statements for the year ended December 31, 2022.

In the period of three-months periods ended March 31, 2023, no occurred new grants of the current share-based compensation plan, which had the following assumptions:

Changes in restricted shares for the period as follows:

Restricted shares	
	Amount (units)
Opening balance	8,678,658
Transactions:	
Exercised	(5,924)
Cancelled	(77,483)
Closing balance	8,595,251

The cumulative effect on Shareholders' Equity in the three-month period ended March 31, 2023 was R\$18,041 (R\$13,739 as of March 31, 2022), recorded as share-based payment expenses.

RD Station has an individual share based compensation plan whose expense is recognized in the period by the rendered services was R\$761 in the three-months period ended March 31, 2023 (R\$1,543 on March 31, 2022).

23 Operating Segments

The presentation of information by operating segment is consistent with the internal report provided to the main operational decision-makers of the Company and its subsidiaries in three reportable segments.

Management segment: represents TOTVS software operation. This segment comprises the dimensions of management software, with ERP, HR and Vertical.

Business Performance segment: includes solutions focused on generating opportunities and converting customer sales, such as sales, digital marketing and customer experience.

Techfin segment: includes the business of providing financial services, such as technology products aimed at financial services, partnerships, products with assumption of some degree of credit risk and/or the definition and/or application of credit policies. This segment also consolidates the results of the subordinated shares of the Supplier FIDC, to which Supplier currently assigns the originated credits. According to the mention in the note 3, the creation of the JV with Itaú has resulted in a classification of assets from Techfin operation as held for sale, and then, are presented in a only one line in the Statements of Profit or Loss in the rubric "Profit (loss) from Techfin Dimension" as CPC 31/ IFRS 5 determine.

The statement of profit or loss for the period ended March 31, 2023 for these three reportable segments is as follows:

	Management		Business Performance		Techfin		Consolidated	
Statement of profit or loss	3/31/2023	3/31/2022	3/31/2023	3/31/2022	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Net revenue	972,140	828,666	92,002	69,841	99,752	82,632	1,163,894	981,139
(-) Costs	(266,167)	(231,257)	(22,360)	(18,541)	(51,727)	(41,412)	(340,254)	(291,210)
Gross profit	705,973	597,409	69,642	51,300	48,025	41,220	823,640	689,929
(+) Research and development expenses	(169,420)	(140,126)	(22,842)	(17,334)	(9,384)	(6,722)	(201,646)	(164,182)
(+) Impairment loss on trade and other receivables	(5,854)	(6,664)	(1,607)	(665)	(8,290)	(10,227)	(15,751)	(17,556)
Margin contribution	530,699	450,619	45,193	33,301	30,351	24,271	606,243	508,191
(-) Operating expenses	-	-	-	-	-	-	(351,252)	(313,066)
<i>Selling and marketing expenses</i>	-	-	-	-	-	-	(223,613)	(184,336)
<i>Administrative expenses</i>	-	-	-	-	-	-	(107,422)	(105,097)
<i>Other operating income (expenses)</i>	-	-	-	-	-	-	(20,217)	(23,633)
(-) Depreciation and amortization	-	-	-	-	-	-	(72,729)	(71,790)
(-) Share of profit / (loss) of equity-accounted investees	-	-	-	-	-	-	-	7
(-) Finance income (expenses)	-	-	-	-	-	-	(20,504)	(796)
(-) Income tax expenses	-	-	-	-	-	-	(62,211)	(37,569)
Profit for the period	-	-	-	-	-	-	99,547	84,977

The Company and its subsidiaries have disclosed information above for each reportable segment, as this information is regularly reviewed by the chief operating decision maker.

The following table conciliate the segments model presented above with the Statement of Profit or Loss for the periods ended on March 31, 2023 and 2022:

	3/31/2023				3/31/2022			
Statement of profit or loss	Statement of Profit or Loss	Reclassification (i)	Techfin (ii)	Consolidated segments	Statement of Profit or Loss	Reclassification (i)	Techfin (ii)	Consolidated segments
Net revenue	1,064,142	-	99,752	1,163,894	898,507	-	82,632	981,139
(-) Costs	(309,122)	20,595	(51,727)	(340,254)	(269,312)	19,514	(41,412)	(291,210)
Gross profit	755,020	20,595	48,025	823,640	629,195	19,514	41,220	689,929
(+) Research and development expenses	(204,257)	11,995	(9,384)	(201,646)	(167,927)	10,467	(6,722)	(164,182)
(+) Impairment loss on trade and other receivables	-	(7,461)	(8,290)	(15,751)	-	(7,329)	(10,227)	(17,556)
Margin contribution	550,763	25,129	30,351	606,243	461,268	22,652	24,271	508,191
(-) Operating expenses	(361,850)	37,007	(26,409)	(351,252)	(328,103)	34,458	(19,421)	(313,066)
<i>Selling and marketing expenses</i>	(229,941)	16,170	(9,842)	(223,613)	(191,280)	14,630	(7,686)	(184,336)
<i>Administrative expenses</i>	(110,440)	20,837	(17,819)	(107,422)	(111,578)	19,828	(13,347)	(105,097)
<i>Other operating income (expenses)</i>	(21,469)	-	1,252	(20,217)	(25,245)	-	1,612	(23,633)
(-) Depreciation and amortization	-	(62,136)	(10,593)	(72,729)	-	(57,110)	(14,680)	(71,790)
(-) Share of profit / (loss) of equity-accounted investees	-	-	-	-	7	-	-	7
(-) Finance income (expenses)	(20,638)	-	134	(20,504)	(702)	-	(94)	(796)
(-) Income tax expenses	(63,134)	-	923	(62,211)	(36,776)	-	(793)	(37,569)
Profit for the period	105,141	-	(5,594)	99,547	95,694	-	(10,717)	84,977

(i) Reclassification of depreciation and amortization, according to CPC 26;

(ii) Contemplates the Profit or Loss from Techfin Dimension which was classified as held for sale, according to the note 3, therefore, the profit or loss allocated in only one line of "Profit (loss) from Techfin Dimension" in the Statement of Profit or Loss.

24 Earnings per share

The tables below show earnings and share data used to calculate basic and diluted earnings per share:

Basic earnings per share	3/31/2023	3/31/2022
Profit or loss for the period		
Continuing operations	99,715	90,172
Techfin Dimension	(5,594)	(10,717)
Profit attributable to the owners of the Company	94,121	79,455
Denominator (in thousands of shares)		
Weighted average number of common shares outstanding	604,916	608,082
Basic earnings per share (in Reais)	0.15559	0.13066
Basic earnings per share - continuing operations (in Reais)	0.16484	0.14829
Diluted earnings per share	3/31/2023	3/31/2022
Profit or loss for the period		
Continuing operations	99,715	90,172
Techfin Dimension	(5,594)	(10,717)
Profit attributable to the owners of the Company	94,121	79,455
Denominator (in thousands of shares)		
Weighted average number of common shares outstanding	604,916	608,082
Weighted average number of stock options/restricted shares	8,638	8,378
Weighted average number of common shares adjusted according to dilution effect	613,554	616,460
Diluted earnings per share (in Reais)	0.15340	0.12889
Diluted earnings per share - continuing operations (in Reais)	0.16252	0.14627

There were no other transactions involving common shares or potential common shares between the reporting date and the date when these condensed individual and consolidated interim financial statements were concluded.

25 Gross sales revenue

Gross revenue and deductions used for the calculation of net revenue presented in the Company's statement of profit and loss for the three-months periods ended March 31, 2023 and 2022 were as follows:

	Individual		Consolidated	
	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Recurring software	651,158	540,249	1,019,984	840,909
Nonrecurring software	132,461	129,478	182,708	176,061
License fees	75,525	77,706	92,860	92,440
Nonrecurring services	56,936	51,772	89,848	83,621
Operating revenue	783,619	669,727	1,202,692	1,016,970
Sales canceled	(5,135)	(4,692)	(7,677)	(7,833)
Sales taxes	(88,651)	(75,441)	(130,873)	(110,630)
Deductions	(93,786)	(80,133)	(138,550)	(118,463)
Total net revenue	689,833	589,594	1,064,142	898,507

26 Costs and expenses by nature

The Company and its subsidiaries present below the information on operating expenses and costs by nature for the three-months periods ended March 31, 2023 and 2022.

<u>Nature</u>	Individual		Consolidated	
	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Salaries, benefits and payroll charges	281,886	251,588	462,357	390,660
Outsourced services and other inputs	141,810	113,019	207,290	172,886
Commissions	75,135	69,741	88,108	79,791
Depreciation and amortization	38,871	36,059	62,136	57,110
Provision for contingencies	402	10,611	105	10,936
Impairment loss on trade and other receivables	4,184	5,229	7,461	7,329
Other (i)	14,154	14,168	47,772	46,630
Total	556,442	500,415	875,229	765,342

<u>Occupation</u>	Individual		Consolidated	
	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Cost of softwares	209,491	179,724	309,122	269,312
Research and Development Expenses	125,931	106,193	204,257	167,927
Selling and Marketing Expenses	154,166	139,731	229,941	191,280
Administrative Expenses	65,489	72,464	110,440	111,578
Other Operating Revenues/ Expenses (i)	1,365	2,303	21,469	25,245
Total	556,442	500,415	875,229	765,342

(i) Includes the earn-out complement from the subsidiary Tallos due to performance above than expected in the amount of R\$20,407 in accordance with CPC 15 / IFRS 3.

27 Finance income and expenses

Finance income and costs incurred for the three-months periods ended March 31, 2023 and 2022 were as follows:

	Individual		Consolidated	
	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Finance income				
Short-term investment yield	38,692	47,450	66,350	75,280
Interest received	1,894	2,779	2,354	2,936
Inflation adjustment gains	2,361	1,492	3,214	1,684
Adjustment to present value	751	636	1,096	747
Foreign exchange gains	44	238	1,775	705
Other finance income (i)	(1,995)	(2,406)	(3,314)	(3,502)
	41,747	50,189	71,475	77,850
Finance expenses				
Interest expense	(58,809)	(48,262)	(62,107)	(50,385)
Inflation adjustment losses	(3,233)	(2,691)	(4,518)	(4,454)
Bank expenses	(929)	(912)	(1,149)	(1,111)
Adjustment to present value of liabilities	(7,703)	(7,548)	(19,444)	(17,087)
Foreign exchange losses	(178)	(92)	(2,882)	(3,021)
Other finance expenses (ii)	(71)	(108)	(2,013)	(2,494)
	(70,923)	(59,613)	(92,113)	(78,552)
Net finance income (expenses)	(29,176)	(9,424)	(20,638)	(702)

(i) Includes the amounts of PIS e COFINS on finance income.

(ii) Includes inflation adjustments of Argentine subsidiaries

28 Private pension plan – defined contribution

The Company and its subsidiaries offer the TOTVS Private Pension Plan, currently managed by Bradesco Seguros, which receives contributions from the employees and the Company and its subsidiaries, as described in the Program Membership Agreement. The contributions are segregated in:

- Basic Contribution – contribution made by employee, corresponds to 2% of his salary; in the case of executive officers, the contribution ranges from 2% to 5%.
- Voluntary Contribution – made exclusively by employees, with no matching contribution by the Company.
- Company Contribution – corresponds to 100% of the basic contribution. The Company is allowed to make extraordinary contributions, at the amounts and frequency it chooses.

The private pension expenses for the three-months period ended March 31, 2023 was R\$2,443 (R\$2,211 as of March 31, 2022).

29 Insurance coverage

Based on the opinions of their advisors, the Company and its subsidiaries maintain insurance coverage at amounts deemed sufficient to cover risks on their own, rent and leased assets, and civil liability risks. Insured assets include owned and leased vehicles, and the buildings where the Company and its subsidiaries operate.

On March 31, 2023, the mainly insurance coverage contracted are:

Type	Insurance Company	Effective		Maximum limit of Responsibility
		From	To	
Business Comprehensive	Mitsui	July/2022	July/2023	R\$260,182
General Liability	Chubb Seguros	June/2022	June/2023	R\$8,000
Vehicles (i)	Porto Seguro	January/2023	January/2024	(*) FIPE
D&O Directors and Officers Liability (ii)	AIG Seguros/Star/Zurich	July/2022	July/2023	R\$100,000
E&O – Errors and Omissions	AIG Seguros	July/2022	July/2023	R\$5,000
Cyber - Comprehensive Cyber Risks (iii)	AIG Seguros/Tokio Marine	July/2022	September/2023	R\$45,000

(i) Market amount determined by FIPE - Fundação Instituto de Pesquisas Econômicas;

(ii) For Mexico, Argentina and United States operations, the local insurance policy is issued in each country with a coverage amount of USD1,000;

(iii) Coverage contracted for TOTVS S.A. effective until September 2023.
