TOTVS S.A.
Publicly-Held Company
Corporate Taxpayer's ID (CNPJ/MF): 53.113.791/0001-22
Company Registry (NIRE): 35.300.153.171

REFERENCE FORM
2022

(CVM Instruction No. 480, of December 7th, 2009)

July 6, 2022

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1.0 - Names of those responsible for this form

Name of the person responsible for this form content	**Gilsomar Maia Sebastião**
Position of the person in charge	Investor Relations Officer
Name of the person responsible for this form content	**Dennis Herszkowicz**
Position of the person in charge	Chief Executive Officer (CEO)

Hereby, the above identified officers state that:

a. they reviewed the reference form.

b. all information in the form complies with the provisions of CVM Instruction No. 480, in particular arts. 14 to 19.

c. the set of information contained therein is a true, accurate, and complete depiction of the issuer's economic-financial situation and the risks inherent to its activities and the securities issued by it.

1.1 - Statement from the Chief Executive Officer

Name of the person responsible for this form content	**Dennis Herszkowicz**
Position of the person in charge	Chief Executive Officer (CEO)

The aforementioned Chief Executive Officer states that:

a. He reviewed the reference form.

b. all information in the form complies with the provisions of CVM Instruction No. 480, in particular arts. 14 to 19.

c. the set of information contained therein is a true, accurate, and complete depiction of the issuer's economic-financial situation and the risks inherent to its activities and the securities issued by it.

DENNIS HERSZKOWICZ

Diretor-Presidente

1.2 - Statement from the Investor Relations Officer

Name of the person responsible for this form content	**Gilsomar Maia Sebastião**
Position of the person in charge	Investor Relations Officer

The aforementioned Investor Relations Officer states that:

a. He reviewed the reference form.

b. all information in the form complies with the provisions of CVM Instruction No. 480, in particular arts. 14 to 19.

c. the set of information contained therein is a true, accurate, and complete depiction of the issuer's economic-financial situation and the risks inherent to its activities and the securities issued by it.

GILSOMAR MAIA SEBASTIÃO

1.3 - Statement from the Chief Executive Officer / Investor Relations Officer

Not applicable, considering that the current Chief Executive Officer and Investor Relations Officer of the Company have already provided their individual statements in sections 1.1 and 1.2 of this Reference Form.

2.1/2.2 - Names and remuneration of Auditors

Does it have an auditor?	YES
CVM Code No.	418-9
Type of auditor	of domestic origin
Name/Corporate name	KPMG Auditores Independentes
CPF/CNPJ (tax id. No.)	57.755.217/0001-29
Service provision period	April 19, 2021
Description of contracted services	The independent auditors provided the following services to the Company: (A) In 2021: (i) audit of the individual and consolidated financial statements for the fiscal year ended December 31, 2021; (ii) review and issuance of a report on the Company's individual and consolidated Quarterly Information (ITRs) for the periods ended March 31, June 30 and September 30, 2021; (iii) M&A Project; and (iv) due diligence in the process of acquiring a company; (v) ISAE – Review of the software development control environment and (vi) Issuance of a comfort letter related to the follow-on carried out in September 2021.
Total amount of remuneration paid to independent auditors, separated per service	In the fiscal year ended December 31, 2021, the services are divided into: (a) Audit Services and additional expenses related to the financial audit items of (i) financial statements and (ii) ITRs, which amount to R$3,493,300.27 and are equivalent to 87.59% of the total resources committed by the Company; and (b) non-Financial Audit Services, which include services other than those related to the audit of the financial statements, such as (i) due diligence (R$384,825.07), and (ii) ISAE - Review of the software development control environment (R$110,000.00) total 12.41% of the total resources invested.
Justification for replacement	Not applicable, since there was no replacement of the independent auditors.
Reason provided by the auditor in case of disagreement with the issuer's justification	Not applicable, since there was no replacement of the independent auditors.

Name of the accounting technician responsible	Period of service provision	CPF [Tax Id.] #	Address:
Wagner Petelin	March 19, 2021	041.417.758-43	Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A Zip code (CEP): 04711-904 – Sao Paulo, SP (Brazil) Phone: +55 (11) 3940-1500 Email: wpetelin@kpmg.com.br

Does it have an auditor?	YES
CVM Code No.	471-5
Type of auditor	of domestic origin
Name/Corporate name	Ernst & Young Auditores Independentes S.S.
CPF/CNPJ (tax id. No.)	61.366.936/0001-25
Service provision period	December 7, 2016
Description of contracted services	The independent auditors provided the following services to the Company: (A) In 2020: (i) audit of the individual and consolidated financial statements for the fiscal year ended December 31, 2020; (ii) review and issue of a report on the Company's individual and consolidated Quarterly Information (ITRs) for the periods ended March 31, June 30, and September 30, 2020; (iii) Business Combination Project; and (iv) due diligence in the company acquisition process; (B) In 2019: (i) audit of the individual and consolidated financial statements for the fiscal year ended December 31, 2019; (ii) review and issue of a report on the Company's individual and consolidated Quarterly Information (ITRs) for the periods ended March 31, June 30 and September 30, 2019; (iii) ISAE – Review of the software development control environment; and (iv) due diligence in the company acquisition process, and (v) issuance of a comfort letter related to the follow-on carried out in May 2019; and (C) 2018: (i) audit of the individual and consolidated financial statements for the fiscal year ended December 31, 2018.
Total amount of remuneration paid to independent auditors, separated per service	In the fiscal year ended on December 31, 2020, the services are divided between: (a) Audit Services and additional expenses related to the financial audit items of (i) financial statements and (ii) Quarterly Financial Statements (ITRs), which amount to R$2,884,448.49 and are equal to 60% of the total resources committed by the Company; and (b) non-financial audit services, which include services other than those related to the audit of financial statements, such as (iii) Business Combination Project (R$1,686,766.36), and (iv) due diligence (R$250,728.86) that account for 40% of the total resources invested. Individually, expenditures on the Business Combination Project, which was an extraordinary event in the fiscal year, represented 35% of the resources allocated to audit services.
Justification for replacement	The termination of the contractual relationship with EY, as well as its replacement by KPMG, was necessary for business reasons and was supported by the replaced auditors.
Reason provided by the auditor in case of disagreement with the issuer's justification	The termination of the contractual relationship with EY, as well as its replacement by KPMG, was necessary for business reasons and was supported by the replaced auditors.

Name of the accounting technician responsible	Period of service provision	CPF [Tax Id.] #	Address:
Luiz Carlos Marques	January 1st, 2017	043.982.278-57	Avenida Presidente Juscelino Kubitschek, 1909, 7th floor, Vila Nova Conceição district, Sao Paulo, SP (Brazil). Brazil, CEP 04543-011, Telephone +55 (11) 25733473, Fax +55 (11) 25735880, Email: luizcarlos.marques@br.ey.com

2.3 - Other relevant information

The Company maintains a policy to support the process of hiring independent audit services and any non-audit services to be provided by the Independent Auditors or by a Related Party of the Independent Auditor.

The hiring of independent auditors for non-audit services is based on principles that preserve their independence. Such principles consist of the following conditions: (i) the services should not affect their independence; (ii) they should be previously assessed and recommended by the Statutory Audit Committee and approved by the Board of Directors; and (iii) the services are within the scope of their professional competence.

Procedures adopted by the Company pursuant to section III, art. 2nd of CVM Instruction No. 381/03: prior to contracting other professional services other than those related to the external accounting audit, the Company and its subsidiaries adopt as a formal procedure to consult with the independent auditors in order to ensure that the provision of such other services does not affect their independence and objectivity that are required to provide independent audit services.

The Policy for Contracting and Relationship with Independent Audit was approved by the Board of Directors on June 28, 2021 and is available on the Company's Investor Relations website at https://ri.totvs.com/esg/estatuto-politicas-e-regimento/

It is worth highlighting the annual assessment of the independent auditors carried out by the Statutory Audit Committee that has as purpose to continuously improve and develop their procedures. During the effective term of the contract, the Statutory Audit Committee holds periodic meetings with the Independent Auditors aiming at determining the work plan and monitoring its development throughout the year, according to the annual meeting schedule established according to the Charters/ Internal Regulations of the Board of Directors and Advisory Committees. Every year the Company's Statutory Audit Committee and the Management carries out a formal assessment of the work performed by the independent auditors. The result of this evaluation will determine the need to carry out a new selection process with other companies (Legal Entity Auditor) or Individual Auditors, or only procedures to renew the contract for the next fiscal year, respecting the maximum limit of 5 fiscal years audited by the same company or individual, being allowed to extend up to ten (10) consecutive fiscal years provided that it complies with CVM Resolution 23/21. After the aforementioned period, the rehiring of the same independent audit firm is only possible after a minimum interval of three (3) fiscal years has elapsed. The Audit Committee should receive, every year, from the Independent Auditors a formal statement confirming their independent status during the entire performance of the audit. Nevertheless, the monitoring of all aspects of their independence must be permanent, as well as monitoring of their structure and governance, suitability of internal quality control processes, training and dedication of the team assigned to perform the jobs, and fees compatible with the size and complexity of the Company.

In May 2020 the Statutory Audit Committee submitted its assessment on the independent auditors' performance to the Board of Directors, recommending to the Board that the same auditors should continue providing services in the fiscal year 2020 - which was confirmed by the Board.

On March 19, 2021, with the favorable opinion of the Statutory Audit Committee, the Company's Board of Directors unanimously approved that the independent auditor firm known as KPMG Auditores Independentes (KPMG) was contracted to replace Ernst Young Auditores Independentes (EY) to provide auditing services on the financial statements as from the fiscal year 2021. Such provision of services began with the review of the quarterly information (so-called ITRs) referring to the quarter that ended on March 31, 2021. The termination of the agreement with EY, as well as its replacement by KPMG, was necessary for business reasons and was supported by the consent of the replaced auditors.

3.1 - Financial Information

(Brazilian Real - BRL)	Fiscal year (Dec. 31, 2021)	Fiscal year (Dec. 31, 2020)	Fiscal year (Dec. 31, 2019)
Shareholders' equity	4,486,008,000.00	2,604,166,000.00	2,478,409,000.00
Total Assets	9,945,025,000.00	5,146,406,000.00	3,535,927,000.00
Net Rev./ Interim financ. revenue/ Insurance Seg. earned	3,258,863,000.00	2,596,077,000.00	2,282,124,000.00
Gross Income	2,226,012,000.00	1,749,951,000.00	1,472,630,000.00
Net Income	374,037,000.00	294,959,000.00	210,648,000.00
Number of Shares, Treasury shares (Units)	608,078.305	567.759,595	572,056.824
Book value of the share (Reals, Unit)	7,37735	4.586741	4.332451
Basic Earnings per Share	0.63561	0.51915	0.38682
Diluted Earnings per Share	0.62704	0.51304	0.38345

3.2 - Non-accounting measurements

(a) value of non-accounting measurements

EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin

EBITDA (*earning before interest, tax, depreciation, and amortization*), which stands for earnings before interest, income taxes for legal person, social contribution on net income, depreciation, and amortization, is a non-accounting measure calculated by the Company.

EBITDA is a non-accounting measure prepared by the Company under CVM Instruction No. 527 of October 4, 2012 ("**CVM Instruction 527**"), reconciled with its financial statements, and EBITDA consists of net income (or loss) for the fiscal year, adjusted for financial income and expenses, income tax and social contribution, and depreciation and amortization expenses.

EBITDA margin is calculated by EBITDA divided by the total net revenue of the period.

Adjusted EBITDA is a non-accounting measure prepared by the Company, and it corresponds to EBITDA adjusted for net income or loss from the discontinued operation, lay-off costs, expenses with acquisition transactions (M&A), earn-out adjustments to fair value, gains or losses on the write-off of assets and tax credits that, in the Management's opinion, are not part of the normal operations of the business and/or distort the analysis of the Company's performance, among other non-recurring revenues and expenses that are not part of the Company operations. The adjustments to the Company operations are described below:

i. **Net loss from discontinued operation:** the Company's strategic focus on software because of the sale of hardware operations;

ii. **Costs with lay-offs:** extraordinary costs of personnel dismissal;

iii. **Expenses with M&A transactions:** fees arising from the acquisition of companies (M&A).

iv. **Earn-out adjustment at fair value:** it refers to the update at a fair value of contingent payments due to shareholders of acquired companies.

v. **Tax credit:** refers to the constitution of an extemporaneous tax credit of social security contributions from third parties and payroll tax reliefs in lawsuits (INSS) presented net of the cost with attorney fees to get the legal opinion on the subject.

Adjusted EBITDA Margin corresponds to Adjusted EBITDA divided by Total Net Revenue.

EBITDA and EBITDA Margin, Adjusted EBITDA, and Adjusted EBITDA Margin are not measures recognized by the Accounting Practices Adopted in Brazil (BR GAAP) or by the *International Financial Reporting Standards* ("IFRS") issued by the *International Accounting Standard Board* ("IASB"), neither represent the cash flow for the periods presented, and should not be considered as a substitute for the net profit (loss) for the fiscal year, as operating performance indicators, as liquidity indicators, nor as a basis for distribution of dividends or other measures of operating performance or liquidity set forth under the BR GAAP or IFRS. The Company uses EBITDA, EBITDA margin, Adjusted EBITDA, and Adjusted EBITDA Margin as performance measures for management purposes and for comparison with similar companies. Although EBITDA has a standard meaning, pursuant to article 3, subparagraph I of CVM Instruction No. 527, the Company cannot guarantee that other companies, including privately held companies, will adopt this standard meaning. In this sense, if the standard meaning set forth by CVM Instruction No. 527/12 is not adopted by other companies, the EBITDA disclosed by the ISH Group may not be comparable to the EBITDA reported by other companies. In addition, disclosures made before such CVM Instruction 527/12 came into force by companies that were not required to amend them may not adopt the standardized meaning set forth by CVM Instruction 527.

Please see below the amounts of EBITDA, EBITDA Margin %, Adjusted EBITDA, and Adjusted EBITDA Margin % for the last three fiscal years ended on December 31, 2021, 2020 and 2019:

In thousands of BRL	Fiscal year ended on December 31,		
	2021	2020	2019
EBITDA	**773,632**	**598,125**	**472,237**
EBITDA margin %	23.7%	23.0%	18.8%
Adjusted EBITDA	**781,956**	**589,716**	**469,494**
Adjusted EBITDA Margin %	*24.0%*	*22.7%*	*20.6%*

Contribution Margin and Contribution Margin %

The Contribution Margin represents how much the sale of a product or service contributes to covering the specific costs and expenses of that product or service, and is calculated based on the gross profit subtracted by the research and development (R&D) expense and by the provision for loss expected.

The Contribution Margin % corresponds to the Contribution Margin divided by the total net revenue.

The Contribution Margin and Contribution Margin % are not measures recognized under the accounting practices adopted in Brazil or the *International Financial Reporting Standards* (IFRS) issued by the *International Accounting Standard Board* (IASB); in addition, they do not have a standard meaning and may not be comparable to the Contribution Margin and Contribution Margin % prepared by other companies. The Contribution Margin and the Contribution Margin % have limitations that may jeopardize their use as a measure of liquidity, and should not be considered separately or as a substitute for an indicator of liquidity and/or performance.

Please see below the Contribution Margin and Contribution Margin % in the last three fiscal years ended December 31, 2021, 2020, and 2019:

In thousands of BRL	Fiscal year ended on December 31,		
	2021	2020	2019
Contribution Margin	**1,716,117**	**1,344,169**	**1,112,011**
Contribution Margin %	52.7%	51.8%	48.7%

Gross Debt and Net Debt (Net Cash)

Gross Debt corresponds to the sum of the balances of loans and financing, debentures and senior shares and mezzanine shares, current and non-current.

Net Debt (Net Cash) is calculated as Gross Debt deducted from the balances of cash and cash equivalents and financial investments.

The Company uses Net Debt (Net Cash) and Gross Debt to assess the level of indebtedness in relation to its cash position.

Gross Debt and Net Debt (Net Cash) are not measures of financial performance, liquidity or indebtedness recognized by the Accounting Practices Adopted in Brazil or by the International *Financial Reporting Standards* (IFRS) issued by *the International Accounting Standard Board* (IASB), so they do not have standard meanings and are not comparable to the definitions of Gross Debt, Net Debt (Net Cash), or other measures with similar names used by other companies.

Please see below the values of Gross Debt and Net Debt (Net Cash) on on December 31, 2021, 2020 and 2019:

In thousands of BRL	On December 31,		
	2021	2020	2019
Gross Debt	3,217,466	1,336,137	450,676
Net Debt (Net Cash)	(41,760)	129,096	(1,087,480)

(b) reconciliations between the amounts disclosed and the amounts in the audited financial statements

The reconciliation between these non-accounting measurements and the financial statements is shown below:

EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin

(*In thousands of Brazilian Reals, BRL*)	Fiscal year ended on December 31, 2021	2020	2019
Total net revenue	3,258,863	2,596,077	2,282,124
Net Profit	**374,037**	**294,959**	**210,648**
(+/-) Financial income and expenses	48,803	11,434	1,177
(+) (Current and deferred) income tax and social contribution	89,672	86,068	70,111
(+) Depreciation and Amortization	261,120	204,587	147,033
EBITDA(i)	***773,632***	***598,125***	***472,237***
EBITDA margin % (i)	***23.7%***	***23.0%***	***18.8%***
(-) Net profit (loss) from discontinued operation (iii)	-	1,779	10,547
(+) Expenses with M&A Transactions (iv)	10,567	15,338	2,201
(-) Earn-out adjustment at fair value (v)	18,109	(25,526)	(3,732)
(-) Tax credit (vi)	(19,196)	-	-
Adjusted EBITDA	**781,956**	**589,716**	**469,494**
Adjusted EBITDA Margin % (vii)	***24.0%***	***22.7%***	***20.6%***

(i) EBITDA margin is calculated by dividing the EBITDA by the Company's total net revenue.
(ii) Refers to the sale of *hardware* operations as a result of the Company's strategic focus on software.
(iii) Refers to fees arising from the acquisition of companies (M&A).
(iv) Refers to the adjustment at the fair value of contingent payments due to shareholders of acquired companies.
(v) It refers to the creation of an extemporaneous tax credit from social security contributions from third parties (INSS) presented net of the cost of legal fees for retaining a legal opinion on the matter.
(vi) Adjusted EBITDA margin is calculated by dividing the Adjusted EBITDA by the Company's total net revenue.

Contribution Margin and Contribution Margin %

(*In thousands of Brazilian Reals, BRL*)	Fiscal year ended on December 31, 2021	2020	2019
Gross Profit	**2,226,012**	**1,749,951**	**1,472,630**
Research and Development	(585,472)	(462,176)	(432,035)
Allowance for expected loss	(36,235)	(43,856)	(28,434)
Contribution Margin	**1,716,117**	**1,344,169**	**1,112,011**
Contribution Margin %	***52.7%***	***51.8%***	***48.7%***

Gross Debt and Net Debt (Net Cash)

In thousands of BRL	On December 31, 2021	2020	2019
Loans and financing (current and non-current) [i]	335,614	325,050	247,703
Debentures (current and non-current)	1,509,126	-	202,973
Senior and Mezzanine shares	1,372,726	1,011,087	-
Gross Debt	**3,217,466**	**1,336,137**	**450,676**
(-) Cash and cash equivalents	(2,871,072)	-1,027,733,00	(1,538,156)
(-) Financial investments	(388,154)	-179,308,00	-
Net Debt (Net Cash)	**(41,760)**	**129,096**	**(1,087,480)**

[i] On January 1st, 2019, the new standard that governs the accounting treatment of Leasing Operations [IFRS 16/CPC 06 (R2)] issued by IASB and CPC [Brazilian Committee of Accounting Standards], respectively, became effective. To implement such standard, the Company adopted the modified retrospective approach. As a result, the financial information as of December 31, 2018 were not adjusted to reflect the adoption of IFRS 16/CPC 06(R2) and, therefore, cannot be compared with the accounting information for the six-month periods ended June 30, 2021 and 2020 and fiscal years ended December 31, 2020 and 2019, which reflect the effects of the adoption of such standard.

Ratio of Indebtedness to Adjusted EBITDA

(*In thousands of Brazilian Reals, BRL*)	Fiscal year ended on December 31, 2021	2020	2019
Net debt (Net Cash)[1]	(41,760)	129,096	(1,087,480)
Adjusted EBITDA (LTM)	781,956	589,716	469,494
Ratio of Indebtedness to Adjusted EBITDA (LTM)	**-0.1**	**0.2**	**-2.3**

[1] Net Debt (Net Cash) calculated based on the accounting measurements presented in the Net Debt (Net Cash) reconciliation table immediately above. Gross Debt corresponds to the sum of the balances of loans and financing, debentures and senior shares and mezzanine shares, current and non-current. Net Debt (Net Cash) is calculated as Gross Debt deducted from the balances of cash and cash equivalents and financial investments, both current and non-current. The Company uses Net Debt (Net Cash) and Gross Debt to assess the level of indebtedness in relation to its cash position.

(c) reason why such measurement is more appropriate for a correct understanding of its financial condition and the results of its operations

EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin

The Company understands that EBITDA and EBITDA Margin are measures that best reflect the cash generation from the Company's operating results. Accordingly, they contribute to the Company's comparability with other companies in the same sector in which it operates in Brazil and abroad, since companies in the same industry may have different capital structures and different levels of amortization expenses, especially for intangibles arising from acquisitions.

The Company understands that Adjusted EBITDA and Adjusted EBITDA Margin are performance measures more suitable for a correct understanding of its financial condition and the results of its operations, besides allowing comparison with other companies in the same segment, even if other companies may calculate it differently.

The Company believes that the Adjusted EBITDA portrays its performance without the influence of factors related to: (i) net income (loss) from the discontinued operation; (ii) costs with lay-offs; (iii) expenses with acquisition transactions (M&A); (iv) adjustment of earn-out at fair value; (v) tax credit; (vi) gain or loss on the write-off of assets, and (vii) other potential non-recurring revenues or expenses that are not part of the Company's operation. In the Company's opinion, these characteristics make the Adjusted EBITDA a more practical and more appropriate measure of its actual performance.

Contribution Margin and Contribution Margin %

The Company understands that the measurements of the Contribution Margin and the Contribution Margin (%) are useful to measure profitability, since the revenues, costs, and expenses of this metric are comparable and we can know the Company's profitability and return on investments.

Gross Debt and Net Debt (Net Cash)

The Company understands that the measurements of Net Debt (Net Cash) and Gross Debt are useful to assess the degree of indebtedness in relation to its cash position. On the base date of December 31, 2021, the Company had finance lease contracts bound to the purchase of equipment and leases for the Company's units and borrowing for working capital. For more information, please see section 10.1(f) of this Reference Form.

Ratio of Indebtedness to Adjusted EBITDA

The Company understands that the measurement of the Indebtedness to Adjusted EBITDA ratio is useful in assessing its liquidity, that is, its ability to pay short- and long-term liabilities, since it shows the Company's debt in multiples of Adjusted EBITDA, and also shows the Company's debt repayment ability. This indicator is one of the references for complying with the obligations described in the *covenants* of the debentures issued in May 2021.

3.3 - Events subsequent to the last financial statements

On January 07, 2022 entered into an Agreement of Sale and Purchase of Shares and Other Covenants (the "Agreement") to acquire shares representing 100% of the capital stock of InovaMind Tech Ltda. ("InovaMind") for R$23.5 million. InovaMind is an artificial intelligence startup that uses big data to create digital products and services for companies of all sizes. With this acquisition, Dimensa is expanding its offer of products and services to its clients and takes another strategic step to strengthen its leadership position in the segment of B2B technologies for the financial and fintech sectors.

On January 31st, 2022 entered into an Agreement of Sale and Purchase of Shares and Other Covenants (the "Agreement") to acquire shares representing 100% of the capital stock of Mobile2you Ltda. ("Mobile2you"), for the amount of R$26.9 million. Mobile2you is a mobile-house responsible for developing tailor-made financial applications for companies that want to start the journey of entering the fintech Market t. By integrating the back-office layer into the complete user journey experience, Mobile2you delivers value to clients by offering digital financial products that generate traction for companies' business rules.

On April 2, 2022, entered into an Agreement of Sale and Purchase of Shares and Other Covenants (the "Agreement"), through which it acquired shares representing 100% of the capital stock of GESPLAN S.A. ("GESPLAN") for the amount of R$40 million in cash. For over 20 years in the market, GESPLAN has been providing financial planning and management solutions that operate in the transactional environment in an integrated manner with ERPs, being worth highlighting its SaaS (Software as a Service) solution for integrated Treasury management (Cash & Treasury Management).

On April 12, 2022, the Company entered into an agreement to create a joint venture with Itaú Unibanco S.A. ("Itaú"), called TOTVS TECHFIN ("JV"), the purpose of which is to operate a digital platform of financial services for small and medium-sized companies by integrating a complete range of financial services. TOTVS and Itaú will each hold 50% of interest in said JV. TOTVS will contribute assets of its Techfin business dimension, including all shares of the voting capital stock of Supplier Administradora de Cartões de Crédito S.A. ("Supplier"); and Itaú will be responsible for: (i) providing funding for the operations of such JV in the required term and amounts; (ii) with its expertise will contribute to the development of financial products of such JV; and (iii) will make a primary contribution of R$200 million to the JV's capital stock ("Transaction"). Moreover, within the creation scope of said JV, Itaú undertook to pay TOTVS up to R$860 million for the JV's shares, of which R$410 million will be paid in cash on the Transaction closing date, and up to R$450 million to be paid after 5 years as an earn-out price. The strategic rationale for creating this JV is the unprecedented combination of efforts between Brazil's largest technology company and the largest financial conglomerate, aiming to expand, simplify, and democratize access to a wide range of financial products in the B2B market. The closing of the Transaction depends on the approvals by the Brazilian Antitrust Agency (CADE) and the Central Bank of Brazil (BACEN).

3.4 - Income Allocation Policy

amounts stated in Reals (BRL)	2021	2020	2019
a. Standards on profit retention	The Company does not have a policy setting forth retention rules besides those provided for in the law. Pursuant to Law 6,404/76, the Company may allocate at least 5% (five percent) for the legal reserve, up to a limit of 20% (twenty percent) of its capital stock. In the year in which the legal reserve balance plus the capital reserve amounts exceeds thirty percent (30%) of the capital stock, the appropriation of part of net income to the year for the legal reserve shall not be mandatory. Also, pursuant to Law 6.404/76, the Company may retain the amount related to the capital budget, submitted by management bodies with a justification for the profit retention, including the sources of the funds and capital investments, whether fixed or current, for up to five (5) consecutive years, except in case a large project is carried out over a longer period. The budget may be approved by the General Shareholders' Meeting that approves the balance sheet for the year, and reviewed annually, when it has a duration of more than one fiscal year.	The Company does not have a policy setting forth retention rules besides those provided for in the law. Pursuant to Law 6,404/76, the Company may allocate at least 5% (five percent) for the legal reserve, up to a limit of 20% (twenty percent) of its capital stock. In the year in which the legal reserve balance plus the capital reserve amounts exceeds thirty percent (30%) of the capital stock, the appropriation of part of net income to the year for the legal reserve shall not be mandatory. Also, pursuant to Law 6.404/76, the Company may retain the amount related to the capital budget, submitted by management bodies with a justification for the profit retention, including the sources of the funds and capital investments, whether fixed or current, for up to five (5) consecutive years, except in case a large project is carried out over a longer period. The budget may be approved by the General Shareholders' Meeting that approves the balance sheet for the year, and reviewed annually, when it	The Company does not have a policy setting forth retention rules besides those provided for in the law. Pursuant to Law 6,404/76, the Company may allocate at least 5% (five percent) for the legal reserve, up to a limit of 20% (twenty percent) of its capital stock. In the year in which the legal reserve balance plus the capital reserve amounts exceeds thirty percent (30%) of the capital stock, the appropriation of part of net income to the year for the legal reserve shall not be mandatory. Also, pursuant to Law 6.404/76, the Company may retain the amount related to the capital budget, submitted by management bodies with a justification for the profit retention, including the sources of the funds and capital investments, whether fixed or current, for up to five (5) consecutive years, except in case a large project is carried out over a longer period. The budget may be approved by the General Shareholders' Meeting that approves the balance sheet for the year, and reviewed annually, when it has a duration of more than one fiscal year.

		has a duration of more than one fiscal year.	
a.i. Amounts of profit retentions	Legal reserve: R$18,425 thousand, and Reserve of Profit Retention: R$219,824 thousand	Legal reserve: R$14,748 thousand, and Reserve of Profit Retention: R$132,731 thousand	Legal reserve: R$10,490 thousand, and Reserve of Profit Retention: R$98,671 thousand
a.ii percentages in relation to total profits stated	*62.79%*	*45.00%*	*47.03%*
b. Standards on dividend distribution	The portion corresponding to 25% (twenty-five percent) of the adjusted annual net income, as provided for in Article 202 of the Brazilian Corporations Act and in Article 37 of the Company's Bylaws, will be allocated to the payment of the minimum mandatory dividend	The portion corresponding to 25% (twenty-five percent) of the adjusted annual net income, as provided for in Article 202 of the Brazilian Corporations Act and in Article 37 of the Company's Bylaws, will be allocated to the payment of the minimum mandatory dividend	The portion corresponding to 25% (twenty-five percent) of the adjusted annual net income, as provided for in Article 202 of the Brazilian Corporations Act and in Article 37 of the Company's Bylaws, will be allocated to the payment of the minimum mandatory dividend
c. Frequency of dividend distributions	At the end of each fiscal year. The Bylaws (art. 39) of the Company contains a provision on the possibility of distributing dividends in shorter periods.	At the end of each fiscal year. The Bylaws (art. 39) of the Company contains a provision on the possibility of distributing dividends in shorter periods.	At the end of each fiscal year. The Bylaws (art. 39) of the Company contains a provision on the possibility of distributing dividends in shorter periods.
d. Any restrictions on dividend distribution imposed by special legislation or regulation applicable to the issuer, as well as contracts, or court, administrative, or arbitration orders	Currently, there are no restrictions on the dividend distribution imposed by any special legislation or regulation applicable to the Company.	Currently, there are no restrictions on the dividend distribution imposed by any special legislation or regulation applicable to the Company.	Currently, there are no restrictions on the dividend distribution imposed by any special legislation or regulation applicable to the Company.

e. **If the issuer has a formally approved income allocation policy informing the body responsible for the approval, the date of approval and, if the issuer discloses the policy, any websites on the world wide web where the document can be read**	The Company does not have any specific policy dealing with the allocation of results.	The Company does not have any specific policy dealing with the allocation of results.	The Company does not have any specific policy dealing with the allocation of results.

3.5 - Dividend Distribution and Net Retained Earnings

(Brazilian Real - BRL)	Fiscal year ended Dec. 31, 2021	Fiscal year ended Dec. 31, 2020	Fiscal year ended Dec. 31, 2019
Adjusted Net Profit	350,066,000,00	280,211,000,00	199,306,000,00
Dividends distributed in relation to the adjusted net profit (%)	37.20524	52.63141	52.63163
Rate of return in relation to the shareholders' equity of the issuer (%)	5.849270	11.32643	8.49932
Total distributed dividends	130,242,925,57	147,479,000,00	104,898,000,00
Retained net profit	219,824,000,00	132,372,000,00	98,671,000,00
Date of approval of the retention	April 19, 2022	April 20, 2021	April 27, 2020

Retained net profit	Amount	Dividend payment	Amount	Dividend payment	Amount	Dividend payment
Mandatory dividend						
Common	-	-	50,960,366.03	May 20, 2021	24,816,612.56	May 20, 2020
Interest on net equity						
Common	51,192,745,92	October 22, 2021	39,742,843.21	Oct. 22, 2020	36,223,951.44	Oct. 10, 2019
Common	79,050,179,65	May 20, 2022	56,775,735.10	May 20, 2021	43,857,567.02	May 20, 2020

3.6 - Statement of Dividends to the account of retained earnings or reserves

There were no dividends stated to the account of retained profits or reserves in the fiscal years ended December 31, 2021, 2020, and 2019.

3.7 - Level of Indebtedness

Fiscal Year	Sum of Current and Noncurrent Liabilities (in R$/ BRL)	Type of ratio	Debt ratio	Description and reason for using another ratio
Dec. 31, 2021	5.459.017.000,00	Debt ratio	1,216898	--
Dec. 31, 2021		Other indexes	-0.100000	**Ratio of Indebtedness to Adjusted EBITDA** The Indebtedness Ratio corresponds to the ratio of the division of net debt at the end of the fiscal year by the adjusted EBITDA of the same fiscal year (Calculation Ratio: (41,760) / 781,956) The Company understands that the measurement of the Ratio of Indebtedness to Adjusted EBITDA is useful in assessing its liquidity, that is, its ability to pay short- and long-term liabilities, since it shows the size of the company's debt in multiples of Adjusted EBITDA, and also shows the Company's debt repayment ability.

3.8 - Obligations

Last acc. information (Dec. 31, 2021)						
Type of Obligation	**Type of Guarantee**	**Less than one year**	**One to three years**	**Three to five years**	**More than five years**	**Total**
Financing	**Lien**	52,566,488.00	101,913,391.97	72,611,747.47	4,782,200.64	231.873.828.08
Financing	**Unsecured**	103,740,211.00	0.00	0.00	0.00	103.740.211.00
Debentures	**Unsecured**	385,988,237.00	1,123,138,060.00	0.00	0.00	1.509.126.297.00
Total		**542.294.936.00**	**1,225,051,451.97**	**72,611,747.47**	**4,782,200.64**	**1,844,740,336.08**

Remark:

Criteria used: (i) financial leases classified as Obligations with a lien; (ii) Working capital classified as unsecured obligations. The information provided in this item refers to the Company's consolidated financial statements for the fiscal year ended December 31, 2021

3.9 - Other relevant information

In August 2021, the Company was the victim of a leak of certain personal data of some employees. Among the leaked data: (i) there was no financial information and/or sensitive data; and (ii) much of the information was of public knowledge. The Company's operations were not affected by this incident and the Company understands that such leak will not have any material impact on its activities or results**.**

After becoming aware of such data leak, the Company took all appropriate measures for this type of event, including reporting to the Federal Data Protection Authority ("**ANPD**").

Finally, the Company informs that the risks associated, in general, with the LGPD (General Data Protection Law of Brazil), are described in section 4.1 "Description of Risk Factors", under the heading "*The Company is subject to risks related to non-compliance with the laws for the Protection of Data (both domestic and international), and it may be adversely affected by the imposition of fines and other types of sanctions"* and in section 7.5 (a) *"Regulation on the Protection of Personal Data"*.

4.1 - Risk factors description

Investing in securities issued by the Company involves the investor's exposure to certain risks. Before taking any decision to invest in any security issued by the Company, potential investors should carefully assess all information in this Reference Form, including the risks mentioned below, and in the Company's financial statements and their corresponding explanatory notes. The Company's business, financial condition, results of operations, reputation, cash flow, liquidity, and/or future business may be adversely affected by any of the risk factors described below. The market price of the securities issued by the Company may decrease because of these and/or other risk factors, in which cases potential investors may lose a substantial part or all of their investment in the securities issued by the Company. The risks described below are those that the Company is aware of and believes that, as of the date of this Reference Form, may adversely affect the Company and its subsidiaries. Moreover, additional risks not known or considered to be irrelevant by the Company on the date of this Reference Form may also adversely affect the Company.

For the purposes of this section "4. Risk Factors", unless expressly provided for otherwise or if the context so requires, the mention of the fact that any risk, uncertainty, or problem may cause (or have) or will cause (or will have) any "adverse effect" or "negative effect" for the Company, or similar expressions, means that such risk, uncertainty, or problem may or could have a material adverse effect on market share, reputation, business, financial condition, operating results, cash flow, liquidity, and/or future business of the Company and its subsidiaries, as well as on the price of securities issued by the Company. Similar expressions included in section "4. Risk Factors" must be understood in this context.

Notwithstanding the subdivision of this section "4. Risk Factors", certain risk factors that are in one section may also apply to other sections.

(a) Risks related to the Company

The Company's success depends on its ability to develop new products and services, integrate acquired products and services, and improve its existing products and services.

The management systems market, which is the key market in terms of revenue in which the Company operates, is characterized by constant technological advances, the evolution of computer equipment standards, development of *software* and communication infrastructure, increasing complexity of customer needs, frequent improvements on users' experience, and constant new product releases. If the Company cannot develop technological improvements, to improve and enhance its products and services in a timely manner, to properly identify and translate the needs of its customers/clients or to position or price its products and services in order to meet market demand, the Company's customers/clients may no longer acquire new *software* licenses, subscribe for the use of its *software* and contract services, or the Company may lose its competitiveness regarding attracting new customers/clients and, therefore, suffer a relevant impact on its financial results.

The Company's ability to remain competitive depends, in part, on its ability to meet the demand of its customers/clients and of the data management and analysis industry for innovative technological solutions. Should the Company be unable to follow these demands or cannot associate with partners that meet the technological needs of the industry in a timely and suitable manner, the Company's business, financial situation, and operating results may suffer a material adverse effect.

Furthermore, the technological standards adopted by the Company's operating sector are rapidly developing. Therefore, the standards based on which the Company chose to develop new products may not allow it to compete efficiently in the markets in which it operates. Any failure to make progress regarding the standardization of adopted languages, simplification of structures or convergence of solutions, as well as the delay or non-adoption of new technologies, including those considered disruptive, may have a material impact on the Company's business strategy and, consequently, on its financial results.

The Company may fail to prioritize investments in developing new products and/or in managing the life cycle of existing products.

There is no guarantee that the Company will be able to maintain a portfolio that adheres to the different business models existing in the market and that meets the needs of its customers, besides there being no guarantee that new products, including those from the acquired companies, will achieve the expected results and returns.

If the Company invests in new products that do not bring the expected financial return, keeps low-profit products in the portfolio, or cannot invest the required resources to develop and improve products and new technologies, the Company's competitiveness and financial results may be adversely affected.

The Company may not be able to compete effectively in the Techfin, Business Performance, and other new markets.

An important part of the Company's strategy is to enter and expand its business in new markets, including the Techfin and Business Performance sectors. The Company's success in these segments will depend on its ability to extract, process, and monetize data from ERPs (*Enterprise Resource Planning, "ERP")* or **Business Management Software** used by its clients/customers, as well as, in the specific case of solutions aimed at business performance, generate insights and information so that its clients and customers can significantly increase their sales, in addition to its ability to scale these operations.

The Company may have difficulties to perform such operation sustainably, given the dependence on partners to structure and maintain sufficient funding to support the growth strategy of the Techfin dimension. Any worsening in the level of default may also negatively impact this operation, causing an increase in provisions and a decrease in the supply of credit. It may also be affected by the low amount and quality of data available.

The Company may not have sufficient distribution channels and sales force with technical and specialized knowledge of such new products and offerings, which may adversely affect its ability to penetrate and expand in these markets.

In addition, any possible legislative changes may make it difficult and/or require operational and conceptual significative adjustments to new business models by the Company, particularly with regard to data processing and specific regulations for certain segments.

If these factors materialize and the Company is unable to develop, execute, integrate and expand the dimensions of Techfin, Business Performance and other new markets as planned, the investments made in these industry sectors may not get the expected return, adversely affecting the Company's financial results and its growth strategy.

The Company is subject to risks related to errors and malfunctions of its products that may be difficult or even impossible to correct.

We offer technically complex products that, when first introduced to the market or released as new versions, may contain defects not previously identified in the approval phase or whose correction is complex to perform. The existence of defects, errors, and any delays or inability to correct them may cause negative consequences, including: (i) cancellation of orders; (ii) additional warranty expenses; (iii) delays in collecting receivables; (iv) termination of agreements; (v) loss of acceptance of the Company's products in the market; (vi) relocation of research and development resources that could be used in the creation and development of new products; (vii) potentia actions for damages; and (viii) reputation problems in the market. The occurrence of such defects or delays and the inability to correct them may adversely affect our results and reputation in the market.

The Company is subject to risks associated with non-compliance with data protection laws (both domestic and international), and may be adversely affected by the imposition of fines and other types of sanctions.

The Company is subject to the Federal Constitution of Brazil, besides to the Brazilian Law No. 10.406/02 (Civil Code of Brazil), Law No. 8.078/90 (Consumer Defense Code) and), Law No. 12.965/14 (Internet Civil Mark), Decree No. 8.771/16 and the recent Law No. 13.709/2018, which entered into force on September 18, 2020, called the General Data Protection Law of Brazil ("LGPD"), these being the main laws that regulate practices related to the processing of personal data in Brazil.

The LGPD law sets forth rules for the processing of personal data in Brazil in all sectors of the economy, for organizations of all sizes, both digital and physical. Among other requirements provided for in the legislation, in order for the Company to collect, use, store and otherwise process personal data, it is necessary that there is a legal hypothesis for each processing and that all the principles and rights of the subjects stipulated in the legislation are complied with, including information to data subjects on the Company's personal data processing practices. The LGPD law also provides for administrative sanctions in case of any non-compliance with its provisions, which range from a simple warning and order to delete personal data processed irregularly to the imposition of a fine.

The security measures adopted on our internal networks and platforms may not work as expected or may not be sufficient to protect our internal networks and platforms against certain attacks. In addition, the techniques used to sabotage or gain unauthorized access to networks on which data is stored or through which data is transmitted change and improve frequently. As a result, the Company may not be able to anticipate these techniques or implement suitable preventive measures to prevent attacks on its systems.

If the Company does not comply with such legislation, it will be subject to the following penalties, individually or cumulatively: (i) of warning, and a deadline will be determined for it to take corrective measures; (ii) obligation to disclose the corresponding incident, after its occurrence is duly investigated and confirmed; (iii) temporary blocking until its regularization and/or elimination of the personal data corresponding to the infringement; (iv) fine of up to 2% (two percent) of the gross income of the company, group or business conglomerate in Brazil in its last fiscal year, excluding taxes, up to the global amount of R$50,000,000 (fifty million Reals) per violation. In case of recurrence, more severe administrative penalties provided for in the LGPD law may be applied, such as: (i) partial suspension of the operation of the database and/or the activity of personal data processing to which the violation refers to, for a maximum period of 6 (six) months, extendable for an equal period; and (ii) partial or total prohibition of the exercise of activities related to data processing.

The Company may also be held legally responsible for material, moral, individual, or collective damages caused to the holders of personal data, including when caused by subsidiaries, service providers, and partners who act as operators of personal data on behalf of the Company or as controllers in with the Company, because of any non-compliance with the obligations provided for in the LGPD. Any administrative sanctions or legal convictions may cause material financial impacts, in addition to adversely affecting the Company's reputation in the market.

Interruptions or failures in information systems or cybersecurity incidents, including attacks on the infrastructure necessary to maintain IT systems, may adversely and significantly affect us.

The Company's operations depend on the functionality, availability, integrity, and operational stability of its information technology systems, as well as require a highly complex technological structure and depend on the uninterrupted and efficient operation of its systems, including software systems, data centers, internet, telecommunications, and third parties. Accordingly, we rely on our information technology systems to process, transmit, and store electronic data, as well as to communicate with consumers and suppliers.

The Company may be adversely affected if those systems are interrupted, damaged by unforeseen events or failures over a long period, including because of third-party action, natural disasters, cyberattacks, information security failures in the development, operation and maintenance of our products, telecommunications problems, viruses, lack of evaluation of information security requirements in hiring suppliers, absence or insufficiency of vulnerability tests in their systems, among other factors.

Currently, the Company does not have cyber insurance to protect it from possible information security incidents, so that the Company's results of operations may be negatively affected in the event of any incident involving its information technology systems.

Any information security incidents could cause a disruption in the Company's business and result in reduced performance and increased operating costs, which could have an adverse effect on the Company's business, financial condition, and results of operations. Furthermore, security incidents could result in misappropriation of the Company's exclusive or confidential information and/or the personal data of its customers, clients, employees, and third parties, which may materially and adversely affect the Company's reputation. For more information on security incidents, please refer to section 3.9 of this Reference Form.

Any security incident in the computing environment that results in unauthorized access, unauthorized loss or disclosure of data, unavailability of access to the Company's systems, *malware, phishing,* ransonware and other events that may have an adverse impact on the security of the Company's data technology may subject it to significant litigation, regulatory fines, and other penalties, customer/client losses or damage to its reputation, which may have a material adverse effect on its business, financial condition, operating results, cash flow, liquidity, reputation and/or future business of the Company.

Therefore, the success of the Company's businesses significantly depends on the good performance of information technology systems, so that any failure of the Company to prevent violations that affect the confidentiality, integrity, or availability of information and/or personal data stored and processed by the Company, could harm its reputation and, also, substantially affect the Company's business and results of its operations.

The Company has its data center located near the Campo de Marte airbase located in the capital city of Sao Paulo (SP, Brazil), which may lead to interruptions and failures in the operation of the data center because of aircraft accidents.

The Company's current data center, which is an environment designed to house servers, store data, among other tasks, is located near the Campo de Marte airbase located in the capital city of Sao Paulo (SP, Brazil), a place with potential risk for aircraft accidents.

If the aforementioned risks materialize, for any reason beyond the control of the Company, including, but not limited to, natural disasters that may cause any interruption or failure in the activities of the data center, including any accident in such region capable of damaging the Company's data center, the data stored there may be affected, which could harm the Company's image and business.

Should the Company be required to spend significant financial and other resources to protect itself from the threat of security breaches or repair problems caused by breaches and interruptions or failures in the data center, as well as any unforeseen unavailability of its internal IT systems and/or its customers, its business and its revenues could be adversely affected.

The Company may not be able to compete effectively in the highly competitive software industry.

The Company competes in markets characterized by high competitiveness, technological developments, changing needs of customers/clients, standards adopted by the industry in which it operates, and frequent introductions of new products and services. In addition, the Company competes with several companies operating in the global, regional, and local market for *software* and related services, including integrated business management *software* providers, developers that make their *software* available for free, and companies providing consulting services and technology *startups*. Some of the Company's current or potential competitors are involved in a broader range of businesses, some of which have a larger installed base of customers/clients for their products and services or have significantly larger financial, technical, sales, and other resources compared to those of the Company, thus increasing their ability to compete with the Company. Likewise, the Company may lose market share or become unable to advance into new markets if it cannot advance in the digitalization of its sales and distribution channels at a speed equal to or greater than its competitors, as well as the companies with which it is up to them to introduce or acquire new products that compete with theirs or add new features to them. In addition, as a result of signs of slowed growth in the ERP *software* market for large companies, some of the Company's competitors can explore the market for small and medium-sized companies as an alternative to increase their revenues, which may cause a material adverse effect on the Company's businesses and on the results of its operations, its financial condition, cash flows.

The Company may not be able or may fail to protect its intellectual property rights, which could have a negative impact on its operating results.

The success of the Company's business depends on its ability to protect its current and future intellectual property assets, such as trademarks, domain names, among other intellectual property rights.

Events such as the definitive rejection of the Company's trademark registration applications before the National Institute of Industrial Property of Brazil ("INPI"), any unauthorized or improper use of such trademarks, or even the possible recognition of administrative nullity of trademark registrations may decrease the value of the Company's intellectual property assets, adversely affecting its business and/or reputation.

Moreover, the Company may not be able to renew the registration of any of its brands in a timely manner or its competitors may contest the use of any of our registered or future assets requested or licensed by the Company. In addition, third parties may claim that the products or services of the Company violate their intellectual property rights. In these cases, lawsuits may be required to guarantee the Company's intellectual property rights. Any dispute or litigation connected to intellectual property assets can be costly and time-consuming due to the uncertainty of litigation on the matter. The Company may also be required to change, in whole or in part, some of its brands that, as the case may be, VIOLATE the intellectual property rights of third parties, and may be required to pay significant fines, royalties, or licensing fees for the use of patents or copyrights of third parties that, could eventually be charged or claimed as compensation.

Any unauthorized access to physical or digital media may increase the risk of theft or misuse of its property. In addition, third parties may be able to copy or steal, by reverse engineering, a portion of the Company's products or otherwise obtain and use its intellectual property, which could harm the Company's competitive position in certain segments and reduce the value of its brands and products.

Any discussion about the Company's right to use and exploit brands may adversely affect the Company's reputation, negatively impacting its results. In addition, such changes may require management attention and/or lead to additional expenses, including legal expenses, factors that could materially and negatively affect the Company's financial operating results.

The Company's growth depends on potential successors to assume key positions and on the Company's ability to continue to attract, develop and retain skilled people with specific knowledge in technology.

The Company's continuity depends largely on its ability to train and retain potential successors to assume positions in its Management and in other positions considered strategic and depends on the qualification of its professionals to succeed in its business, especially regarding the definition and implementation of its strategies and development of its operations, products and services. Therefore, the loss of any person holding a key position could materially jeopardize the Company's business and operating results, if his/her succession plan is not planned effectively. The Company also relies on the continuity of the provision of services by qualified key employees with specific knowledge in technology, admittedly scarce in the current scenario, considering the high market demand for such professionals and the increasingly globalized competition for such talents. In addition, the increasing adoption of remote work models in the market in general increases competition for the hiring of these professionals, by overthrowing or limiting the impact of territorial barriers. Furthermore, there is continuous and strong competition in the information technology sector for hiring highly qualified professionals in the commercial/sales, technical and other areas, and the Company competes on a global level in hiring these professionals. Accordingly, the Company may not be able to find skilled labor or have to offer higher compensation to attract and retain skilled labor, which may represent additional costs not offset by increased productivity or higher prices. Moreover, the Company may not be able to train and qualify its internal professionals in sufficient time and quantity to reduce the dependence on hiring market professionals to meet its demand. Further, any weakening of the corporate culture because of the adoption of remote or hybrid work models may negatively affect the Company's ability to attract and retain talents.

The Company's competitors include providers of business market applications such as ERP, customer relationship management ("CRM"), and business intelligence ("BI"), collaboration products and business intelligence products, besides those that engage in initiatives in open source software, in which competitors can provide software and intellectual property without paying a license, as well as companies that engage in consulting activities.

The Company's integrated business management *software* automates critical business processes such as manufacturing, distribution, accounting, finance, human resources, and sales. The Company's products include ERP, CRM, and BI, as well as specific modules - the verticals - that provide additional capabilities tailored specifically to the lines of business of its customers and clients.

Low entry barriers for foreign competitors to compete in the Brazilian market, the trend of new distribution methods (for example, *software* as a service in the cloud), and the opportunities presented by the Internet and e-commerce could increase competition with the Company's products, through the entry into the market of system integrators, consulting companies, telecommunications companies, startups, and other information technology service providers.

In addition, competition in the Company's market may increase as a result of mergers carried out between potential customers of the Company's products, as well as among its competitors, as a result of strategic alliances between competitors and other companies. In response to competition, to mergers in the sectors in which the Company operates, and to adverse economic conditions, the Company may grant discounts or other price reductions to its customers/clients, or even change its billing models, to remain competitive. Such events have impacted and may negatively and increasingly impact the Company's revenues and profits.

Acquisitions present risks, and the Company may not reach the strategic goals foreseen at the time of any transaction.

Mergers and acquisitions are an important factor of the Company's strategy and it expects to continue to acquire companies, products, services, and technologies. The Company is subject to the following risks in these acquisitions: (i) the acquisition may not contribute to the Company's business strategy, or it may pay more than its fair value for it; (ii) the Company may find it difficult to assimilate the technologies or products acquired to its product lines, failing to maintain uniform standards, controls, procedures and policies; (iii) the relationship with current and new professionals, customers/clients and distributors may be impaired; (iv) the due diligence process may not identify technical problems, such as issues related to product quality or product structure of the acquired company, as well as aspects related to deficiencies in governance, in the internal environment and other unknown liabilities; (v) the Company may face contingencies with respect to product liability, intellectual property, financial disclosures and accounting practices or internal controls; (vi) acquisitions may lead to lawsuits filed by dismissed employees or third parties; (vii) acquisition processes may suffer setbacks, and the attention of the Company's management may be diverted to issues related to transition or integration; (viii) the Company may not be able to obtain, in a timely manner, licenses/permits from public authorities under the laws that govern antitrust issues; and (ix) acquisitions of companies with cultures that are not consistent to that practiced by the Company, hindering the process of integration and retention of strategic talents for the business.

Likewise, the integration process of the acquired operations may not result in the expected benefits, which could adversely affect the Company's businesses. In addition to the aforementioned risks, during such integration process the Company may face other risks, including those detailed below:

- Integration difficulties, such as: (i) higher-than-expected costs to continue expanding the distribution channel network with quality and capillarity to serve the market; (ii) inability to manage a larger number of employees, geographically dispersed; (iii) inability to create and effectively implement uniform standards, controls, procedures and policies, which may even lead to non-compliance with the conduct guidelines set forth by the Company; (iv) resistance and delays in the process of dissemination and unification of the organizational culture, and (v) limitations imposed by antitrust authorities.

- Possible inability to coordinate and integrate sales and *software* development efforts to effectively communicate product mix-selling possibilities, cross-sell products, and successfully manage product mix-selling, as well as the integration of development activities performed by acquired, failing to maximize the expected synergies.

Further, other unknown and undisclosed liabilities associated with the acquisition and integration of operations acquired by the Company may exist.

These factors could have a material adverse effect on the Company's business, results of operations, financial condition, or cash flows, particularly in the case of acquisitions of larger companies or a greater number of acquisitions. Moreover, as the Company issues shares under future acquisitions, existing shareholders may have their holdings diluted, and earnings per share may decline.

Court or administrative decisions unfavorable to the Company and/or its officers and directors and its subsidiaries may adversely affect the Company's operating results.

The Company, its officers and directors, and its subsidiaries are and may become defendants in several investigations, lawsuits, and administrative and arbitration proceedings, of the most diverse nature, including, but not limited to civil or tax lawsuits, labor claims, lawsuits for the protection of personal and criminal data, including as a result of news of facts in progress.

Decisions against or agreements unfavorable to the Company, its officers and directors and its subsidiaries may negatively affect its businesses, financial condition, and reputation, including causing the loss of rights to contract with public authorities, to receive tax incentives or benefits, or getting any financing and resources from the public authorities or the right to exploit the telecommunications services provided. Furthermore, we cannot guarantee that the allowances and provisions made by the Company, given the subjective aspects and critical judgments exercised by management in determining the possibility of loss attributed to each lawsuit, will be correct and sufficient to cover the total cost arising from lawsuits or administrative proceedings.

In addition, the Company may be subject to contingencies for other reasons that compel it to spend significant amounts. Furthermore, the Company is also subject to the impact of court orders, administrative or arbitration decisions in proceedings in which the Company, its officers and directors or shareholders are not a party, but which concern their activities or the regulation to which they are subject.

Court and administrative decisions unfavorable to the Company and/or its officers and directors, especially in cases involving material amounts and related causes, which reach substantial amounts or prevent the carrying out of business as initially planned may have an adverse effect on the Company's results, as well as the business, financial condition and market value of the Company's shares may be adversely affected. Moreover, any unfavorable decisions to the Company's officers and directors may cause them to become prevented from exercising the functions they perform in the Company. Regarding such lawsuits or procedures, see section 4.3 of this Reference Form.

The Company is subject to risks related to its exclusive franchises and the provision of software implementation, service and relationship services of its exclusive franchises.

The Company conducts its business in the countries where it operates as direct sales and through a network of exclusive franchises, which sell and implement its solutions. Franchises make a relevant contribution to the Company's sales, especially in the *small and medium business (SMB) market;* hence, our business and results may be directly affected by the performance of our franchisees. Franchisees take part in the origination of new customers/clients and new sales, also providing services to implement our solutions directly to our customers/clients. Losing franchises could harm our relationship with customers in the franchised territories, which could negatively affect new sales, the provision of services to customers, and, as a result, the Company's financial condition and results of operations.

The quality and agility in the provision of implementation services by third parties under exclusive franchise agreements may not be equivalent to the quality of implementation offered by our own sales channels, including regarding the level of specialization adequate to sell certain segmented products, causing financial and operational losses for customers who use the Company's business solutions and, consequently, fines and legal proceedings for the Company, besides any additional implementation services to be carried out by the Company itself to adjust solutions incorrectly implemented by the franchises, which may adversely affect the Company's business, competitive position, market reputation, financial condition, results of operations and cash flows.

The Company may not be able to detect behaviors contrary to applicable laws and regulations and its standards of ethics and conduct, which may cause relevant adverse impacts on its business, financial situation, operating results, reputation, and the market price of the Company's shares.

The Company's anti-corruption and prevention mechanisms and the internal controls, may not be sufficient to ensure that all members of management, employees, suppliers, business partners and third parties that may act on behalf of the Company always act in strict compliance with internal policies, laws, and regulations aimed at preventing and combating corruption to which the Company is subject.

Any investigation of irregular conduct by the Company and/or non-compliance with anti-corruption laws in Brazil and abroad applicable to the Company may damage its reputation and subject it to fines, as well as other applicable penalties. In this sense, the Company is also exposed to the risk of members of its management, employees, or representatives taking measures that violate anti-corruption laws and regulations applicable in Brazil or in other countries in which it operates.

The mechanisms for preventing and fighting corruption, the Company's internal controls may not be able to prevent, detect and treat (i) violations to the Administrative Misconduct Law, the Anti-Corruption Law, or similar laws, (ii) events of fraudulent and dishonest behavior on the part of its managers, employees or representatives acting in the name, interest or benefit (exclusive or not) of the Company, (iii) manage the mapped integrity/compliance risks, as well as identifying new risks, or (iv) other events of behavior that are inconsistent with ethical principles, which may adversely affect the Company's reputation, business, financial conditions, and operating results, as well as the price of its common shares.

The Anti-Corruption Law of Brazil imposes strict liability on companies for acts of corruption, fraud or manipulation of public bids and government contracts, including interference with investigations or inspections by government authorities. Companies held liable under the Anti-Corruption Law may suffer fines of up to 20% of their gross revenue in the fiscal year immediately prior to the start of the administrative proceeding or, if such yearly gross revenue cannot be estimated, such fines may range between R$6,000 and R$60,000,000.

Under the Administrative Misconduct Law, the Company and its managers are subject to sanctions of loss of assets or amounts unlawfully added to its and their assets, full compensation for damage, suspension of political rights from 8 to 10 years, payment of a civil fine of up to three times the value of the equity increase and prohibition to contract with the public authorities or receive benefits or tax or credit incentives, directly or indirectly, even by means of another organization of which it/he/she is a majority shareholder, for a period of ten years, among other sanctions.

The existence, in the present or in the past, of any investigations, inquiries, or lawsuits of an administrative or court nature connected to the violation such laws, against the Company or its managers, employees, suppliers, business partners, or third parties acting on behalf of the Company, may cause: (i) fines and compensations at the administrative, civil and criminal levels; (ii) loss of operating licenses, with the consequent subsidiary or joint liability of the Company; (iii) prohibition or suspension of the Company's activities; (iv) loss of rights to contract with the public administration, to receive tax incentives or benefits or any financing and resources from the public administration; (v) extraordinary publication of any convicting decision or order; (vi) search and seizure of goods or benefits achieved against the law, and/or (vii) the dissolution of the company or organization. All of these circumstances may have a material adverse effect on the Company.

The Company may also be held jointly and severally liable for paying a fine and full compensation for the damages caused because of practices against the Anti-Corruption Law by its subsidiaries, affiliates, consortium or, within the scope of the corresponding agreements entered into with third parties, which could materially and adversely affect its reputation, business, financial condition and operating results or the market price of its shares.

If the Company does not complete the acquisition of companies that are essential to consolidate the pillars of its business strategy and its inorganic growth plan, its results may be adversely affected and the Company could suffer a loss of competitiveness against other players in the market.

The Company has been historically carrying out acquisitions of companies with the purpose of achieving planned inorganic growth and complementing its product portfolio. The market for mergers and acquisitions is currently very heated, which generates greater competition in this industry, especially in the technology, finance, payment, and business performance segments. Accordingly, the Company may not be able to successfully complete certain M&A transactions that are considered strategic for its business plan, growth, and development of new markets, or may have to pay higher prices than initially expected, which may adversely affect its financial results and imply a loss of competitiveness against direct or indirect competitors, including as regards the conquest of new markets.

Holders of the Company's shares may not receive dividends or interest on equity.

According to the Company's bylaws, at least 25% of its annual net income must be paid to its shareholders, calculated and adjusted under the Brazilian Corporations Act in the form of mandatory annual dividends, interim dividends, or interests on net equity. The Brazilian Corporations Act allows the payment of mandatory dividends to shareholders to be suspended in a given fiscal year if the Company's Board of Directors determines that such payment is not advisable because of the Company's financial condition. Furthermore, as set forth in the Brazilian Corporations Act, the Company's net income may be (i) capitalized; (ii) used to offset losses; or (iii) accumulated and allocated to a special reserve and may not be available for the payment of dividends or interest on net equity. Should these events occur, holders of the Company's common shares may not receive dividends or interest on net equity.

In addition, the payment of interest on net equity may be compromised because of any change in tax legislation; further some of the Company's financing agreements restrict the payment of dividends.

The Company may need additional capital in the future, which may be raised by issuing securities, which may cause a dilution of the investor's share in the securities issued by the Company.

The Company may issue more shares or securities convertible or exchangeable into Company shares in order to raise capital aiming at executing new acquisitions, or for several other purposes. Additional issues of the Company's common shares may be carried out under the exercise or conversion of convertible debt securities, subscription bonuses, stock options, or other share incentive premiums. These issues may not include preemptive rights to the Company's shareholders in some situations set forth in the Brazilian Corporations Act, which may dilute the investors' share in the Capital Stock. Moreover, the Company may also carry out mergers or other similar operations in the future that could dilute the investors' share in the Company's capital stock. Any strategic partnership, issuance, or placement of the Company's common shares and/or securities convertible or exchangeable for the Company's common shares may affect the market price of its common shares and result in a dilution of the investor's equity interest.

(b) Risks related to the Company's direct and indirect controller, or to the control group.

The Company does not have a controlling shareholder or controlling group holding over 50% of the voting capital, which may make it more susceptible to alliances between shareholders, conflicts between shareholders and other events arising from the absence of a controlling shareholder or controlling group holding over 50% of the voting capital.

The Company does not have a controlling shareholder or group holding an absolute majority of the voting capital. However, alliances or agreements between shareholders may happen, which could have the same effect as having a controlling group.

If a control group arises and undertakes the Company's decision-making power, the Company could undergo unexpected changes in its corporate policies and strategies, including through mechanisms such as the replacement of its Management members. In addition, the Company may be more vulnerable to hostile attempts to gain control and the conflict resulting of this situation. The Company could also become the target of attack by investors to circumvent the provisions of the Bylaws that provide for a public offering for the acquisition of shares upon the acquisition of over 20% of the share capital. The absence of a shareholder or controlling group holding more than 50% of the voting capital could hinder certain decision-making processes, as the minimum quorum required by law for certain resolutions may not be reached. Any unexpected change in the management team, the corporate policy or, strategic direction, any attempt to acquire control, or any dispute between shareholders regarding their corresponding rights may adversely affect the Company's business and operating results.

(c) Risks related to the Company's shareholders

There are no relevant risks involving the Company whose source is its shareholders.

(d) Risks related to the Company's subsidiaries and affiliates

Negative results of controlled companies may negatively affect the Company's operating result

The Company holds direct and indirect interest in several companies. Thus, part of its result derives from the results of such companies and, therefore, their unsatisfactory results may negatively affect the Company's results. Moreover, the worsening of the sectorial and market conditions in the operations of such businesses could negatively affect the consolidated result of the Company's operations.

(e) Risks related to the Company's suppliers

The loss of relationship with and/or bankruptcy of service providers, including as regards to services provided by information technology partners, or support services to maintain products and services, may impact the continuity of the Company's operations.

The Company has suppliers and providers that are critical for the continuity of the operation and the provision of services to its customers and clients. The services provided and the products that the Company uses from its partners, for example, telecommunication systems, internet, and data centers are essential parts of its infrastructure.

In the event of interruptions or fluctuations in the level of service provision of these suppliers, including because of information security and data protection failures, the products and services offered by the Company to its clients and customers may be affected, and the failures that have occurred may negatively affect the market's perception of the quality and reliability of its products or services.

The concentration on a few providers of services that are critical to the Company's operation can generate a level of dependence that is harmful to the Company and negatively impact the quality of its products and services in any event of failure or inadequacy of the service level by its providers.

If the Company's suppliers or service providers have problems that impact or prevent the delivery and quality of products and services or suffer an insolvency or bankruptcy process that compromises the fulfillment of their contracts, the Company may be adversely impacted on its operations and on the products and services offered to its clients/customers, as well as on its result, its reputation with customers/clients and the market, and the rate of customer/client retention.

The Company licenses language and/or technological platform providers that may affect and/or not keep up with delivery expectations according to the constantly developing product portfolio, as well as having technical specifications dependent on the products and platforms, likely to impact the initiatives of converging technologies.

Dependence on such suppliers and whether the absence or failures in mapping the prioritization of products and solutions can affect the Company's decision-making costs to maintain, discontinue or transform technology by interfacing with processes, people, and systems. In addition, there is no way to guarantee that suppliers follow and respond to changes in the external environment, strategic business goals, and those proposed for disruptive solutions. In this case, the Company's business and results of operations may be adversely affected.

(f) Risks connected to the Company's customers/clients

If the Company's customers/clients lose confidence in the security and use of their data because of the risk of leakage and/or misuse, the Company's revenues may be adversely affected.

Attempts by experienced programmers or hackers to break into the security of networks of clients and customers or the security of Internet sites to misappropriate confidential information and data is currently a widespread phenomenon in the industry and affects computers and networks, passing through all platforms.

Actual or perceived security vulnerabilities of the Company's products (or the Internet generally speaking) may lead some customers/clients to scale back or delay future purchases or purchase competing products other than Internet-based applications. Customers and clients will also be able to increase their spending to protect their computer networks from security breaches, which could delay the adoption of new technologies.

Any of such actions by customers and clients could harm the Company's business and revenues.

The Company may have its customer base affected if its support and customer success processes are not adequate to serve its customers.

In view of the Company's growth strategy, whether through acquisitions or organic growth, its product portfolio and customer base are expected to increase, bringing challenges from the point of view of covering the digitalization of customer support and service processes, as well as the implementation and maintenance of customer success initiatives.

If the Company is unable to provide service and support in an agile manner, in an appropriate period and in accordance with expectations, as well as contribute to the success of these customers through effective customer success processes and tools, our customer retention rate and its results may be adversely affected.

(g) Risks connected to the sectors of the economy in which the Company operates

Unfavorable conditions in the Company's industry or the global economy, as well as reductions in information technology expenditures, may limit the Company's ability to grow and develop its business and negatively affect its operating results.

The Company's operating results may vary depending on the impact of changes in the industry or the global economy relating to the Company or its customers/clients. The growth in revenue and potential profitability of our business depends on the demand for the Company's *software* and services related thereto, as well as the expansion of the Techfin and Business Performance business dimension.

In view that the Company acts as a service provider, part of its revenue comes from the number of new *software* users in each of its customers/clients, which in turn is influenced by the policy for hiring employees of customers and potential customers/clients. To the extent that unfavorable economic conditions cause the Company's customers/clients and potential clients to maintain or reduce demand for its services, its revenue may be negatively affected. Historically, economic crises have resulted in global reductions in information technology spending, as well as the pressure for longer billing cycles, as occurred during the recent recession of 2016 and the economic crisis caused by the coronavirus pandemic in 2020, witch the residual effects of which can still be reflected in this year.

(h) Risks related to the regulation of the sector in which the Company operates

Changes or different interpretations in tax and labor legislation may adversely affect the Company's strategy and results.

Tax authorities have been frequently changing tax regimes, such as changes in tax rates and the creation of taxes, whether temporary or permanent, which can affect the Company's strategy. Some of these changes could increase the Company's tax burden, which could restrict its ability to do business in our current markets and, therefore, materially adversely affect profitability.

The Company currently receives certain tax benefits and/or special taxation regimes. It is not possible to guarantee that these benefits will be maintained or renewed in the future, given the current political and economic environment in Brazil, especially in election year. If the Company cannot renew its tax benefits, or if such benefits are changed, limited, suspended, or revoked, the Company may be adversely affected. Moreover, certain tax laws may be subject to controversial interpretations by tax authorities. If the tax authorities may interpret tax laws in a way different from the Company's interpretations, the Company could be adversely affected.

In addition, the activities performed by the Company are subject to the direct or indirect levy of taxes, fees, and contributions, which are subject to change, which may adversely affect its business, financial situation, operating results, and cash flow.

These changes may result in higher taxation to be applied: (i) on the Company's gross revenue; (ii) on royalties that are paid to the Company's partners, both in Brazil and abroad; (iii) on financial income; (iv) on gross profits; and, mainly, (v) on the Company's workforce costs. The adverse impact of such changes in tax and labor legislation may negatively affect the Company's strategy and competitiveness vis-à-vis its competitors, especially foreigners, if these changes only increase taxation for companies established in Brazil.

(i) Risks related to foreign countries in which the Company operates

Considering that the Company's activities in countries outside Brazil had no material weight in the Company's total net revenue in the last three fiscal years, the Company understands that it is not subject to relevant risks to the foreign countries in which it operates.

(j) Risks related to social and environmental issues

The Company's activities do not imply relevant risks connected to social and environmental issues.

(k) Macroeconomic risks

The Federal Government of Brazil has exercised and continues to exercise significant influence over the Brazilian economy. This influence, as well as the Brazilian economic and political situation, could have a material adverse effect on the Company.

The federal government may make significant changes in its monetary, credit, tariff, tax and other policies and rules, in order to influence significantly the Brazilian economy. The measures adopted by the federal government to control inflation, besides the implementation and amendment of other policies and rules with a potential impact on the economic environment, may imply an increase in interest rates, changes in fiscal policies, price control, interventions in the foreign exchange market, capital control and limitation on imports, among other measures. The Company has no control and cannot predict what measures or policies the federal government may adopt in the future.

The Company may be materially and adversely affected by changes in policies or standards that involve or affect certain factors, such as:

- expansion or contraction of the Brazilian economy, as measured by GDP growth rates;
- inflation;
- exchange rates;
- interest rates;
- increase in unemployment;
- changes in tax and fiscal laws;
- change in labor legislation;
- liquidity of the domestic financial and securities exchange markets;
- restrictions on remittances abroad; and
- other political, social and economic factors that may occur in Brazil or that could affect Brazil.

Uncertainty over the implementation of policy or regulatory changes by the Brazilian government creates instability in the Brazilian economy, increasing the volatility of its securities market. To these uncertainties, one should add the recession with a period of slow recovery in Brazil and other future developments in the Brazilian economy that may adversely affect activities and, consequently, the results of operations and the trading price of the Company's shares.

The water crisis taking place in Brazil may adversely affect the Company's operations because of a shortage of electricity.

The scarcity of resources such as water and energy because of human action on the environment and the unpredictability of rainfall patterns and the seasonality of climate and temperatures in the different seasons of the year influence the consumption estimates of such resources and can negatively affect the Company's operations. With the recent concern about the supply of electricity because of the water crisis of historic proportions, there is a risk of lack of energy supply in a large part of Brazil, since its main form of energy generation is hydroelectric, thus affecting the scenario economic as a whole, harming the level of activity with the interruption of production chains and provision of services that depend on energy to function. Thus, the Company, as it depends on the energy supply to carry out its operational activity, may suffer a negative impact on its operations if the supply is interrupted due to problems in the generation and distribution of energy and its results may be impacted by the possible decrease in the country's economic activity.

The extent of the pandemic declared by the World Health Organization because of the spread of the COVID-19 virus, the perception of its effects, or how this pandemic will affect our business depends on future developments, which are highly uncertain and unpredictable, and may cause a material adverse effect on our business, financial condition, results of operations and cash flow.

On March 11, 2020, the World Health Organization ("WHO") declared a pandemic status because of the global spread of COVID-19. In response, many governments have implemented policies aimed at preventing or slowing the spread of the disease, such as restricting free movement and even social isolation. The dissemination of COVID-19 led the Company to change some of its business practices, such as the adoption of sanitary measures recommended by the WHO, sanitary practices for workplaces and employees, implementation of a home office system, in addition to the cancellation of personal attendance in meetings, events, and conferences.

In March 2022, with the decrease of the pandemic globally and also in Brazil, the Company, following the legal requirements and all sanitary protocols, made the return of its employees to its offices, in the predominantly hybrid model. However, given that COVID-19 is still classified as a pandemic, there are uncertainties about a possible future aggravation, a scenario in which the Company may take other additional actions, as required by government authorities or as determined by the management. The Company may continue to suffer adverse and material impacts on its businesses because of the global or Brazilian economic impact, including recession, economic slowdown, or increase in unemployment levels, which may affect the purchasing power of its customers/clients. Finally, the impact of the Covid-19 pandemic may also precipitate or aggravate the other risks described in this section 4.1 of the Reference Form.

Political instability may adversely affect the Brazilian economy, the Company's business, and the results of its operations, and may also affect the trading price of its shares.

The Brazilian political environment has historically influenced the performance of the Brazilian economy and the confidence of investors and stakeholders, potentially resulting in an economic slowdown or recession, and increased volatility in the securities issued by Brazilian companies.

Elections for president, state governments, senate and federal and state legislatures will take place in Brazil in 2022. The Company cannot predict the results of these elections, as well as any impacts on their business because of changes in public policies and especially the economic policy to be adopted by the Federal Government.

Uncertainties connected to the implementation of structural reforms by the Brazilian federal government, as well as changes regarding monetary, tax, and social security policies and their corresponding legislation, may contribute to economic instability. Such uncertainties and new measures may increase the volatility of the Brazilian securities market.

The President of Brazil has the power to determine policies on how the Brazilian economy is conducted and, accordingly, such policies may affect the operations and financial performance of companies, including those of the Company. The Company cannot predict which policies the Brazilian Federal Government will adopt, much less whether such policies or changes in current policies could have an adverse effect on the Company or on the Brazilian economy.

Inflation and the corresponding efforts from the government to tackle it may contribute to an uncertain economic scenario that could affect adversely the Company and the market price of its shares.

In the past, Brazil has experienced high inflation rates, which, together with certain actions taken by the Brazilian government to tackle it and speculation about what measures would be taken, had negative effects on the Brazilian economy. The Brazilian inflation index known as IGP-M (General Market Price Index ended 2021 with an accumulated increase of 17.78% compared with 23.14% in 2020, which represented a slowdown in the comparison between these periods.

Historically, the measures adopted by the Brazilian government to control inflation have included maintaining strict monetary policies with high interest rates, consequently restricting the availability of credit and reducing economic growth. The Brazilian Central Bank's Monetary Policy Committee ("**COPOM**") frequently adjusts interest rates in scenarios of economic uncertainty to achieve goals set by the economic policy of the Brazilian government. Inflation, as well as government measures to combat it and public speculation about any future governmental measures, have produced significant negative effects on the Brazilian economy and contributed to economic uncertainty in Brazil, increasing the volatility of the Brazilian capital market, which may have an adverse effect on the Company.

Any future measures to be taken by the Brazilian government in the future, including the reduction in interest rates, intervention in the exchange market, and the implementation of mechanisms to adjust or determine the value of the Brazilian Real (BRL) may trigger inflation, adversely affecting the overall performance of the Brazilian economy. If Brazil experiences high inflation in the future, the Company may not be able to adjust the prices it charges its customers to offset the effects of inflation on its cost structure, which could increase costs and reduce the Company's operating and net margins.

Moreover, in the event of increased inflation, the Brazilian government may choose to significantly increase official interest rates. The increase in interest rates may affect not only the cost of our new loans and financing but also the cost of the Company's current debts, as well as our cash and cash equivalents, securities and bonds, and lease agreements payable, which are subject to interest rates. Therefore, fluctuations in the Brazilian interest rates and inflation may adversely affect the Company because it has loans and financing indexed to the variation of the Interbank Deposit Certificate ("CDI") and the Official Long-Term Interest Rates (TJLP). Conversely, a significant decrease in the CDI, TJLP, or inflation rates may adversely affect the revenue from the Company's financial investments.

Exchange rate instability may harm the Brazilian economy and, consequently, the Company.

The Brazilian currency has fluctuated sharply against the US Dollar and other strong currencies over the past four decades. During this period, the Brazilian government implemented several economic plans and used a number of exchange rate policies, including sudden depreciations, periodic depreciations, floating exchange rate market systems, exchange rate control, and dual exchange rate markets. Since 1999, Brazil has adopted a floating exchange rate system with interventions by the Central Bank in buying or selling foreign currency. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian Real and the US Dollar and other currencies. In 2016, the Brazilian Real appreciated 17.7% against the U.S. dollar, closing the year at R$3.25. On December 29, 2017, the Real/US Dollar exchange rate was BRL3.31 and increased to BRL3.88 at the end of 2018, closing at BRL4.01 in 2019. The year 2020 was marked by a strong rise of the dollar at 29.33%, priced at R$5.19. In 2021, the Real/US Dollar exchange rate, ended the year at R$5.57. There can be no assurance that the devaluation or appreciation of the Brazilian Real against the US Dollar and other currencies will not have an adverse effect on the Company's activities. In addition, some service costs bound to the US dollar may affect its results.

Devaluation of the Brazilian Real may create additional inflationary pressures in Brazil and lead to increases in interest rates, which could negatively affect the Brazilian economy as a whole and the Company's results, because of the retraction in consumption and the increase in the Company's costs. On the other hand, the appreciation of the Brazilian Real may lead to the deterioration of the Brazilian current accounts and balance of payments, as well as a weakening in the growth of the gross domestic product generated by exports. The Company does not have any influence on the exchange rate policy adopted in Brazil, nor it has the ability to foresee it. The Company's financial condition, results of operations, and prospects may be adversely affected by changes in such exchange rate policies.

Any downgrade in Brazil's credit rating could adversely affect the trading price of the Company's shares.

Credit *ratings* affect the risk perception of investments. Rating agencies regularly assess Brazil and its sovereign *ratings* based on a variety of factors, including macroeconomic trends, physical and budgetary conditions, leverage metrics, and the prospect of changes in any of these factors.

Rating agencies began reviewing Brazil's sovereign credit *rating* in September 2015. Subsequently, Brazil lost its investment grade status in the three key rating agencies.

- Standard & Poor's: it initially reduced the Brazilian credit *rating* from BBB-negative to BB-positive, and subsequently reduced it again from BB-positive to BB, maintaining its negative outlook on the *rating*, citing a credit situation worse since the first relegation. On January 11, 2018, Standard & Poor's downgraded one more time Brazil's credit *rating* from BB to BB- with a stable outlook, given the presidential elections and pension reform efforts. Currently, the credit rating remains unchanged at this agency.

• Moody's: in February 2016 it downgraded the issue and bond *ratings* to below investment grade, to Ba2 with a negative outlook, citing the prospect of further deterioration in Brazilian debt metrics given a scenario of low growth and challenging political dynamics. Currently, the credit rating remains unchanged at this agency.

• Fitch: in May 2016, Fitch downgraded the rating to BB with a negative outlook, which was maintained in 2017. In February 2018, Fitch again downgraded Brazil's sovereign credit rating to BB-negative, citing, among other reasons, fiscal deficits, the high and growing public debt burden and the impossibility of implementing reforms that would improve the structural performance of public finances. Currently, the credit rating remains unchanged at this agency.

In view of the downgrades that have taken place since 2015, Brazil lost its investment-grade status in the three major rating agencies and, as a result, securities trading prices in the Brazilian debt and equity markets were negatively affected. An extension of the current Brazilian recession could lead to further downgrades. As of the date of this Reference Form, the Brazilian credit *rating* was BB-negative, Ba2, and BB-negative by Standard & Poor's, Moody's, and Fitch, respectively.

We cannot guarantee that *rating* agencies will maintain these ratings on Brazilian credit and any downgrade of the Brazilian sovereign credit *rating* could increase the risk perception of investments and, as a result, increase the cost of future debt issuance and adversely affect the price of the Company's shares.

The relative volatility of the Brazilian capital market may considerably restrict investors' ability to sell the Company's shares at the desired price and at the desired time.

Investing in Brazilian securities, such as the Company's shares, involves a risk that is higher than investing in securities of issuers from countries whose political and economic scenarios are more stable, and, in general, such investments are considered speculative by nature. Such investments are subject to economic and political risks, such as:

- Changes in the regulatory, tax, economic and political scenario that may affect the ability of investors to receive payment, in whole or in part, for their investments;
- Restrictions on foreign investment and repatriation of invested capital; and
- Unexpected events that could adversely affect the Brazilian or global economy, such as pandemics and large-scale natural disasters.

The Brazilian securities market is considerably smaller, less liquid, more volatile, and more concentrated than large international securities markets such as the United States of America. As of March 31, 2020, the total market capitalization of the companies listed on B3 SA – Brasil, Bolsa, Balcão ("B3") was approximately R$3.2 trillion, while the ten largest companies listed on B3 represented approximately 44% of the total market capitalization of all related companies, which were on the list of companies on that date. These market characteristics could considerably restrict the ability of the holders of the Company's shares to sell them at the price and on the date they wish, adversely affecting the trading prices of the Company's shares.

Risks related to the situation of the global economy may affect the perception of risk in other countries, especially in the United States of America and emerging markets, which may negatively affect the Brazilian economy, including through fluctuations in the securities markets, which may affect the trading price of the Company's shares.

The Company's growth is directly connected to the expansion of the Brazilian domestic market, with the Company's business being well integrated with the operations of its clients, distributed across different economic sectors. The reduction in the pace of economic growth in the country or even a recession scenario, with retraction in demand in wholesale and retail, the reduction of investments in capital goods and infrastructure, besides the increased competition in the sector, can directly affect the result operational and financial aspects of the Company.

In addition, the market value of securities issued by Brazilian companies is influenced, to varying degrees, by economic and market conditions in other countries, including developed economies such as the United States of America, certain European and emerging countries. Investors' reactions to developments in these countries may have an adverse effect on the market value of securities of Brazilian companies, in particular those traded on stock exchanges. Stock prices at B3, for example, have historically been affected by fluctuations in the interest rates in force in the United States, as well as by changes in the main US stock indices. Any increase in interest rates in other countries, especially in the United States of America, may reduce global liquidity and investor interest in the Brazilian capital markets, negatively affecting the Company's shares. Crises or relevant events in other countries and capital markets may reduce investors' interest in the securities of the Brazilian Companies, including the securities issued by the Company and their respective trading price, which may hinder or totally impede the Company's access to the capital markets and the financing of its operations in the future on acceptable terms.

4.2 - Description of the key market risks

The key market risks to which the Company and its subsidiaries are exposed in carrying out their activities are: (i) liquidity risk; (ii) credit risk; (ii) interest rate risk; and (iii) exchange rate risk. There are no guarantees, however, that the Company will not be adversely affected by market risks other than those described herein.

Liquidity Risk

Possibility of the Company not being able to honor its commitments, current and future, because of unavailability of cash, having as a result the impact on its operations.

Credit risk

Credit risk is the risk that the counterparty to a business will not fulfill an obligation provided for in an instrument, which would lead to a financial loss. The Company's exposure to credit risk is also influenced by the individual characteristics of each client/customer.

The Company's exposure to credit risk is also influenced by the individual characteristics of each client/customer.

Interest Rate and Inflation Risk

The interest rate risk arises from the portion of the debt and financial investments referenced in CDI, which may adversely affect revenue or expenses if there is an unfavorable movement in interest rates and inflation.

The financial instruments of the Company and its subsidiaries are represented by cash and cash equivalents, accounts receivable and payable, loans and financing, besides debentures, which are recorded at cost, plus income or charges incurred, or by fair value when applicable, on December 31, 2021, and December 31, 2020. The key risks connected to the Company's operations are connected to the variation of the Interbank Deposit Certificate (CDI).

The Company's major costs and expenses are periodically readjusted. Examples of expenses readjusted based on previously defined inflation rates are expenses with leases and communication. Expenses with salaries, benefits, and charges, which represented 50.1% and 50.2% of total operating costs and expenses in the period ended December 31, 2021 and December 31, 2020, respectively, are part of regional collective bargaining, which takes inflation rates (generally close to the Broad Consumer Price Index ("**IPC-A**") as a reference.

The Recurring Software Net Revenue contracts, which represented 82.0% and 79.5% of the Total Software Net Revenue in the period ended December 31, 2021 and December 31, 2020, respectively (covering 118.7% of the total operating costs and expenses) are also adjusted annually based on inflation rates, mainly based on the IGP-M rate.

Historically, the Company also readjusts the price list of *software* license fees, subscription access, and hourly service fees based on inflation rates. There is no guarantee that the Company will continue to pass on inflationary impacts on these revenue lines in the future.

Since the inflation indexes used to readjust revenue lines are different from those used to readjust costs and expenses, inflation can have material effects on its operations.

Investments measured at fair value through profit or loss are represented by private equity *startups* and, as they do not have prices quoted in an active market, the fair value for these investments is measured by multiple valuation techniques practiced by the market, such as discounted cash flow or multiples of revenue, considering the reasonableness of the range of amounts. The fair value measurement is the point within this range that best represents fair value under the circumstances.

In order to verify the sensitivity of the index on the debts to which the Company is exposed on the base date of December 31, 2021, three different scenarios were set. Based on the CDI values in effect on that date, a probable scenario was determined (scenario I) for the year 2021, and, based on this, variations of 25% (scenario II) and 50% (scenario III) were calculated. For each scenario, the gross financial expense was calculated without considering the incidence of taxes and the flow of maturities for each contract scheduled for 2021. The base date used for loans and financing was December 31, 2021, projecting the indexes for one year and verifying their sensitivity in each scenario.

Operation (in thousands of BRL)	**Balances on December 31, 2021**	**Risk**	**Probable scenario I**	**Scenario II**	**Scenario III**
		Increase in the CDI	(9.15%)	(11.44%)	(13.73%)
Loans and Financing[1]	103,740		9,492	11,868	14,244
Debentures	1,509,126		138,085	172,644	207,203
Estimated Financial Expense			**147,577**	**184,512**	**221,447**

[1] The balance does not include leasing.

With regard to Financial Assets, for each scenario, the "gross financial income" was calculated, not considering the incidence of taxes on investment income. The base date used for the portfolio was June 30, 2021, with a one-year forecast and verifying the sensitivity of the CDI index in each scenario.

Operation (in thousands of BRL)	**Balances on December 31, 2021**	**Risk**	**Probable scenario I**	**Scenario II**	**Scenario III**
Consolidated financial investments	3,240,327	CDI reduction	(9.15%)	(6.86%)	(4.58%)
Estimated financial revenue			296,490	222,286	148,407

Foreign exchange rate risk

The foreign exchange rate risk results from the possibility of losses because of fluctuations in exchange rates, which increase liabilities arising from loans and purchase commitments in foreign currency or that reduce the assets arising from amounts receivable in foreign currency.

Some subsidiaries operate internationally and are exposed to exchange risk arising from exposures to certain currencies such as the US Dollar (USD), Argentine Peso (ARS), Mexican Peso (MXN), Chilean Peso (CLP).

In the period ended December 31, 2021, asset balances are higher than the negative balances shown below:

December 31, 2021 (in BRL thousand)						
Company	**Accounts Payable**	**Cash and cash equivalents**	**Accounts receivable**	**Other assets (i)**	**Net exposure**	**Currency**
Rj Consultores Mexico	(23)	1,632	1,317	-	2,926	Mexican Peso (MXN)
CMNet Participações	(123)	462	129	-	468	Peso (CLP e EUR)
CMNet Argentina	(30)	729	254	-	953	ARS
TOTVS S.A.	(4,107)	-	-	-	(4,107)	USD
TOTVS Large	-	-	-	8,370	8,370	USD
TOTVS Mexico	(1,755)	2,494	7,534	-	8,273	Mexican Peso (MXN)
TOTVS Argentina	(1,892)	7,530	12,230	-	17,868	Peso (ARS)
TOTVS Incorporation	(438)	801	535	99,621	100,519	USD
DR Colombia	(18)	1,450	-	-	1,432	Peso (COP)
	(8,386)	**15,098**	**21,999**	**107,991**	**136,702**	

(i) The amount of R$8,370 refers to receivables from the sale of the *hardware* operation carried out in 2019. The amount of R$99,621 refers to the Company's financial assets.

4.3 - Relevant and non-confidential lawsuits, administrative proceedings, or arbitration processes

The Company and its subsidiaries are involved in lawsuits on tax, labor, and civil matters.

The assessment of the probability of loss includes the assessment of available evidence, the hierarchy of laws, current case law, the most recent court decisions on each subject, as well as the review of external legal counsel. The Company continually reviews its estimates and assumptions.

The Company records provisions for contingencies under accounting practices adopted in Brazil and IFRS and makes provisions for lawsuits with a probable chance of loss, as assessed and classified by its legal advisors and its Management. For those lawsuits whose probability of loss is considered possible, the Company does not record any provision; however, it discloses in the explanatory notes to its financial statements, the nature and values of the most relevant issues falling into this category.

For the purposes of this section 4.3 of the Reference Form, processes in which the Company or its subsidiaries appear as a defendant were deemed as individually relevant those which (i) have an individual value equal to or higher than R$5,000 thousand for processes with a chance of probable loss and R$10,000 thousand for lawsuits with a possible or remote chance of loss; and (ii) regardless of the amount, they may negatively affect the image of the Company and its subsidiaries or have a material adverse effect on the business of the Company and its subsidiaries.

The amounts of provisions set up on December 31, 2021, December 31, 2020, and December 31, 2019 are:

Type (In thousands of Reals)	On Dec. 31, 2021	On Dec. 31, 2020	On Dec. 31, 2019
Tax	9,090	7,440	7,671
Labor	72,913	82,496	87,988
Civil	25,643	35,882	35,862
Total	**107,646**	**125,818**	**131,521**

Tax

On December 31, 2021, the provision created for tax claims totaled R$9,090 thousand (R$7,440 thousand on December 31, 2020). There are no tax lawsuits or proceedings that the Company deems individually relevant.

Civil Lawsuits

On December 31, 2021, the provision created for civil claims totaled R$25,643 thousand (R$35,882 thousand on December 31, 2020).

Labor claims

The Company has a provision connected to labor claims filed by former employees and service providers, claiming a reduction in their commissions on sales and services, recognition of employment relationship, severance pay, overtime, etc. As of December 31, 2021, the provision made for these claims totaled R$72,913 thousand (R$82,496 thousand as of December 31, 2020).

Labor claim number: 0292000-56.2003.5.02.0064	
a. Labor Court	64th Labor Court of São Paulo - SP
b. Court level	Trial Court
c. Date the claim was filed	December 18, 2003
d. Parties in the labor claim	Claimant: A.B.F.P Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 5,480 thousand (updated until December 31, 2021)
f. Key facts	Labor claim filed by a former sales executive officer of the company Mobile S/A against MOBILE S/A and WISER-WEB BASED SYSTEMS ENGINEERING TECHNOLOGY, claiming: (i) recognition of employment relationship and payment of labor and severance pay; (ii) salary differences arising from the reduction in sales commissions; (iii) reflexes from commissions; (iv) compensation for pain and suffering. The labor claim was partially granted. In the execution phase, TOTVS was brought to the labor claim as the successor of Datasul, a company that held the shareholding control of Mobile between 2000 and 2002, before being acquired by TOTVS. TOTVS guaranteed the execution amount, depositing the updated amount of R$4,463. Stay of Execution was filed claiming that the claiming is not legitimate, which were rejected, as well as successive appeals against such court decision. An Appeal was filed by the claimant worker who claimed that the monetary restatement rate adopted in this labor claim was wrong, which was not granted. The Company submitted an answer brief to such appeal filed by the claimant worker. The claimant withdrew the appeal.
g. Chance of loss	Probable - BRL 5,480 thousand
h. Impact in case the company loses this labor claim	In case of loss of this case, the opposing party will withdraw the amount already deposited in the records, in an amount to be determined in the settlement of the judgment.

Other lawsuits in progress (ranked as of "possible" loss)

In addition, the Company and its subsidiaries are parties to other lawsuits the risk of loss of which, according to the responsible external lawyers and the Company's Management, is possible. For such lawsuits, no provision has been recognized, as follows:

Type (In thousands of Reals)	On Dec. 31, 2021	On Dec. 31, 2020	On Dec. 31, 2019
Tax lawsuits	187,353	143,725	137,180
Labor claims	94,934	119,637	90,509
Civil lawsuits	214,658	181,097	271,647
Total	**496,946**	**444,459**	**499,336**

The Company understands that only the lawsuits whose amounts involved may substantially affect its equity or that of its subsidiaries are relevant. Please see below the lawsuits that the Company deems relevant:

Tax and Social Security lawsuits

Tax and social security lawsuits ranked as potential loss refer especially to lawsuits that discuss ISS (service) tax charge notices issued, and also CSLL tax credits offsetting with a negative balance.

On December 31, 2021, the amount discussed in these lawsuits, ranked as potential loss, totals the amount of R$187,353 (R$143,725 thousand on December 31, 2020).

Lawsuits numbers: 1029577-12.2021.8.26.0053 (former 6017.2019/0010313-2)	
a. Court	3rd District Court of Public Finances of Sao Paulo
b. Court level	Trial Court
c. Suit brought on	July 5, 2021
d. Parties in the lawsuit	Plaintiff: TOTVS SA Defendant: City Hall of Sao Paulo
e. Amounts, assets, or rights involved (R$ thousand)	BRL 20,057 thousand (updated until December 31, 2021)
f. Key facts	This is a Tax Debt Annulment Lawsuit seeking to cancel 227 Notices of Infraction with the imposition of fine gathered in the administrative proceeding No. 6017.2019/0010313-2 made against TOTVS, in which the City Hall of Sao Paulo intends to collect ISS tax (services tax) supposedly due on IT technical support and software services for the calendar year 2014. In April 2021, the administrative proceeding was judged as final and unappealable to annul in part the infractions and fines. In May 2021, the annulment lawsuit was filed, and a surety bond

	was submitted. In May 2021, a judgment was rendered acknowledging that, in view of the guarantee deposited in escrow, the debts subject of this lawsuit should not prevent the Company's right to have a tax clearance certificate issued by the City Hall of Sao Paulo, regardless of the debts being discussed. The expert evidence began in July 2021, still in progress. In August 2021, 20 tax executions were filed related to the deficiency notices under discussion in the action for annulment. In December 2021, a ruling was entered deciding on the main execution case No. 1640748-97.2021.8.26.0090, with the addiion of the other 19 executions and suspending the executive action course until the final judgment of the action for annulment.
g. Chance of loss	Possible - R$20,057 thousand
h. Impact in case the company loses this lawsuit	Payment of the amounts discussed.

Lawsuit: 0000756-14.0500.8.26.0090	
a. Court	Court of Appeals of the State of Sao Paulo
b. Court level	Trial Court
c. Suit brought on	February 27, 2019
d. Parties in the lawsuit	Plaintiff: City Hall of the Municipality of Sao Paulo Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 11,432 thousand (updated until December 31, 2021)
f. Key facts	This is a tax foreclosure for the collection of service tax (ISS) on services supposedly provided in the capital city of Sao Paulo in the period from 1996 to 2001, which, according to a claim by the City Treasury, would not have been collected. Assuming that the company has not submitted its tax documents at the time, the City Treasury estimated the amount of tax to be charged. A stay of execution was filed on Febryar 18, 2015, under lawsuit No. 0000557-86.2015.8.26.0090, claiming the statute of limitations for collection and that the estimated taxes supposedly due should be dismissed. Currently, the records are undergoing a judicial review that began in May 2019. We await the analysis of the evidence submitted to the expert to check the services that were actually

	provided within the territory of the Capital City of Sao Paulo to ascertain whether the estimate made by the city hall is correct.
g. Chance of loss	Possible - R$11,432 thousand
h. Impact in case the company loses this lawsuit	In case the Company loses this case, the opposing party will withdraw the amount already deposited in the records, in an amount to be determined in the motion to settle the judgment and liquidate the actual amount due.

Lawsuit: 10880-957.117/2021-95	
a. Court	Federal Revenue Service of Brazil
b. Court level	Trial Court
c. Suit brought on	August 12, 2021
d. Parties in the lawsuit	Plaintiff: Federal Revenue Service of Brazil Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 16,936 thousand (updated until December 31, 2021)
f. Key facts	This is a decision that did not ratify offsets made with a negative balance of the company's income tax (so-called IRPJ) for the year 2015
g. Chance of loss	Possible - R$16,936 thousand
h. Impact in case the company loses this lawsuit	Payment of the amount involved.

Lawsuit: 10880-942.958/2021-06	
a. Court	Federal Revenue Service of Brazil
b. Court level	Trial Court
c. Suit brought on	July 8, 2021
d. Parties in the lawsuit	Plaintiff: Federal Revenue Service of Brazil Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 13,698 thousand (updated until December 31, 2021)
f. Key facts	This is a court decision that did not ratify offsets made with a negative balance of the company's income tax (so-called IRPJ) for the year 2016
g. Chance of loss	Possible - R$13,698 thousand
h. Impact in case the company loses this lawsuit	Payment of the amount involved.

Lawsuit: 10880-922.721/2013-91	
a. Court	Federal Revenue Service of Brazil
b. Court level	Trial Court
c. Suit brought on	July 8, 2021
d. Parties in the lawsuit	Plaintiff: Federal Revenue Service of Brazil Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ million)	R$10,135 thousand (adjusted until 12/31/2021)
f. Key facts	This is a court decision issued in August 2013 that did not ratify offsets made with a negative balance of IRPJ [corporate income tax] for the fiscal year 2011. In July 2020, the appellate decision of the statement of discontentment was rendered determining that the case be returned to the court level for retrial.
g. Chance of loss	Possible - R$10,135 thousand
h. Impact in case of loss of the lawsuit	Payment of the amount involved.

Civil lawsuits

Civil lawsuits ranked as probable loss mainly refer to lawsuits filed by customers/clients claiming certain problems in the provision of services offered to customers/clients, application of the standard increase, application of grace period to terminated agreements, and charges made improperly.

Lawsuit: 1057798-58.2021.8.26.0100	
a. Court	11th civil district court of the Judicial District of the capital city of Sao Paulo, SP
b. Court level	Trial Court
c. Suit brought on	06/08/2021
d. Parties in the lawsuit	Plaintiffs: REFINARIA DE PETRÓLEOS DE MANGUINHOS SA - Under court-supervised reorganization Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 14,208 (updated until December 31, 2021)
f. Key facts	Civil lawsuit filed by the plaintiff company informing that after signing the offers, the deadlines agreed for the delivery of the products were never met, always due to TOTVS' exclusive

	negligence. New deadlines for the delivery of the products were agreed; however, none of them were duly met, which is why it requested the termination of the agreement. This lawsuit is in the discovery phase.
g. Chance of loss	Probable - R$0 Possible - R$14,208 Remote - R$0
h. Impact in case the company loses this lawsuit	Payment of the amount involved.

Lawsuit: 1088070-11.2016.8.26.0100	
a. Court	16th civil district court of the Judicial District of the capital city of Sao Paulo, SP
b. Court level	Court of Appeals
c. Suit brought on	September 26, 2016
d. Parties in the lawsuit	Plaintiff: Contax S/A Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 12,684 (updated until December 31, 2021)
f. Key facts	The civil lawsuit brought by a customer alleging supposed problems connected to the implemented product, which would have caused pecuniary damage and loss of profits. The schedule supposedly was not met and during the implementation in face of the alleged problems, the plaintiff alleges breach of contract and failure in the provision of services in the implementation. It submitted a motion to terminate the services agreement and to refund amounts paid, besides damages. In June/2019, TOTVS was convicted in the Trial Court. TOTVS appealed the decision and succeeded in the appeal on 11/23. The Appellate Judges partially reversed the judgment to reject Contax's request for a refund of the amounts paid to TOTVS and, in relation to the lawsuit filed by TOTVS, partially recognized a credit stated in the expert evidence that must be paid by Contax. The lawsuit is at the appeal stage.
g. Chance of loss	Probable - R$0 Possible - BRL 12,684 thousand

	Remote - R$0
h. Impact in case the company loses this lawsuit	Payment of the amount involved.

Lawsuit: 1013775-08.2013.8.26.0100	
a. Court	39th Civil District Court of the Judicial District of the Capital City of São Paulo, SP
b. Court Level	Trial Court
c. Suit brought on	June 3, 2013
d. Parties in the lawsuit	Plaintiffs: YURI GOMES DE OLIVEIRA, GARRA SOLUÇÕES COMÉRCIO E SERVIÇOS E ELETRÔNICOS LTDA, GOMES & ÁVILA SOLUÇÕES EM INFORMÁTICA LTDA Defendant: INGENICO DO BRASIL LTDA and TOTVS LARGE ENTERPRISE (BEMATECH S/A)
e. Amounts, assets, or rights involved (R$ thousand)	R$10,193 (adjusted until Dec. 31, 2021)
f. Key facts	Civil lawsuit filed by the plaintiffs, informing that after signing the offers, the deadlines agreed for the delivery of the products were never met. Thus, they moved for contractual termination and damages (non-pecuniary damages, pecuniary damages and loss of profits). The process will start the expert phase.
g. Chance of loss	Probable - R$0 Possible - R$10,193 thousand Remote - R$0
h. Impact in case of loss of the lawsuit	Payment of the amount involved.

<u>Labor claims</u>

As of December 31, 2021, there are no labor claims that the Company deems individually relevant considering the assumption of an individual amount equal to or greater than R$10,000 thousand for lawsuits with a potential chance of loss.

4.3.1 Total amount of the provision for lawsuits described in section 4.3

There is no provision made for the lawsuits described in section 4.3.

4.4 - Non-confidential lawsuits, administrative proceedings, or arbitration processes the litigating parties of which are managing officers, former managing officers, controllers, former controllers, or investors

Lawsuit: 0001278-13.2012.5.01.0018	
a. Court	18th Labor Court of the capital city of Rio de Janeiro
b. Court level	Court of Appeals
c. Suit brought on	February 1st, 2013
d. Parties in the lawsuit	Claimant employee: F.P.R.F.R Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 20,465 (updated as of December 31, 2021)
f. Key facts	Recognition of employer-employee relationship in the statutory period, and motion to pay labor rights arising from such employment relationship. Awaiting judgment of the claimant's appeal.
g. Chance of loss	Possible - R$0.00 Remote - BRL 20,465 thousand (updated as of December 31, 2021)
h. Impact in case the company loses this lawsuit	In case of loss of this labor claim, Company will be required to pay the amount to be determined in the liquidation of the judgment

4.4.1 Total amount of the provision for lawsuits described in section 4.4

There is no provision made for the lawsuits described in section 4.4.

4.5 - Material lawsuits and proceedings under secrecy

The Company is not involved in any material confidential lawsuits.

4.6 - Repetitive, non-confidential, or related lawsuits, administrative proceedings, or arbitration procedures that are material as a whole.

The Company does not have any repetitive, non-confidential, or related lawsuits, administrative proceedings, or arbitration procedures that are material as a whole.

4.6.1 Total amount of the provision for lawsuits described in section 4.6

The Company does not have any repetitive or related, non-confidential, and relevant lawsuit, administrative or arbitration proceedings together.

4.7 - Other material contingencies

In November 2011, the Company executed a Labor Conduct Adjustment Agreement (TAC) with the Public Prosecution Service for Labor Matters of the State of Minas Gerais, which deals with labor obligations. Under such TAC, the Company undertook the commitment to refrain from performing actions that could be considered in violation of labor legislation, under penalty of pecuniary fines. The Company has been making every effort to comply with the obligations undertook under such TAC, which is currently monitored by the Public Prosecution Service for Labor Matter of the State of Minas Gerais.

4.8 - Standards in force in the country of origin and in the country in which the securities are kept in custody

Not applicable, as the Company has no securities outside Brazil.

5.1 - Description of the risk management policy

(a) Whether the issuer has a formalized risk management policy, highlighting, if so, the body that approved it, and the date of such approval, and, if there is no such policy, the reasons why the issuer did not adopt a policy.

The Company has a Risk Management, Internal Controls and Compliance Policy, the *last* update of which was approved by the Board of Directors on June 28, 2021.

The Risk Management Policy is available on the Company's Investor Relations website (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/).

(b) purposes and strategies of the risk management policy, including:

The Risk Management, Internal Controls, and Compliance Policy has as purpose to set forth the principles, guidelines, and responsibilities to be observed in business risk management, internal controls and compliance, as well as to disseminate the Risk Management culture and the Compliance Program throughout all levels of the Company.

Such policy also aims to ensure the following factors:

Governance and Risk Management Culture: The risk management culture must be disseminated at all levels of the Company, and the management and monitoring of risks must be carried out in a decentralized manner by the corresponding areas responsible for their own risks. Managers are primarily responsible for the daily management of risks associated with their area and/or for the business process and dissemination of the risk management culture among their subordinates, managing the exposure to risks through action plans set and monitored by the Board of Directors.

Identification, analysis, assessment, treatment, monitoring and reporting: risks must be periodically identified, analyzed, assessed, and documented in a structured manner so that they can be appropriately addressed and reported to the competent bodies.

The Risk Matrix is subject to annual review by the Internal Controls, Risks and Compliance area, and is subject to validation and recommendation by the Vice-Presidents and Chairperson, Statutory Audit Committee and final approval by the Board of Directors.

The risks contained in the new matrix, depending on the quadrant in which they are ranked, must be subject to action plans submitted to the Statutory Audit Committee and monitored every quarter as to the status of completion and analysis of the movement of risks in the matrix.

The Internal Controls, Risks, and Compliance area must also report every six months to the Board of Directors the evolution of the action plans, the calculated Key Risk Indicators – KRI's and the level of exposure to risks.

(i) risks for which protection is sought

The Risk Management, Internal Controls and Compliance Policy aims to protect the Company against the main types of risks, which may affect the course and achievement of its business objectives. The Company considers internal and external factors and ranks its risks according to the guidelines below:

Strategic Risks: these are risks connected with decisions that affect the Company's business strategy or strategic goals, considering the internal and external environments.

Operational Risks: operational risks refer to possible losses resulting from failures, deficiencies, or inadequacy of internal processes, people, technological environment, or caused by external events.

Financial Risks: exposure to potential financial losses of the Company.

Regulatory / Compliance Risks: risks of legal or regulatory sanctions, financial loss, or reputation that the Company may suffer because of failures to comply with laws, agreements, regulations, Code of Ethics and Conduct, among others.

Information Technology Risks: these are risks related to the information technology environment (infrastructure, access management, information security) that can affect the Company's business, such as *cyber attacks*, leakage and/or loss of integrity information, unavailability of the IT environment, and technological obsolescence.

(ii) instruments used for protection

In addition, the Company has the following practices:

Strategic Risks (Business):

Strategic risks are mapped by the Internal Controls, Risks and Compliance Area, based on the assessment of the internal and external environments and on interviews with the corresponding "owners" of each risk in the Company, who are also responsible for the joint assessment of risk factors, impact, and probability, as well as implementing action plans, in order to guarantee the mitigation of risks. Improvement actions (action plans) are followed up and monitored by the Internal Controls, Risks and Compliance Area, besides the corresponding reports that the Company will submit to the Statutory Audit Committee and Board of Directors.

Operational Risks and Information Technology:

They are identified and documented through the mapping of processes considered critical by the Internal Controls, Risks, and Compliance Area. After identifying the risks, their corresponding impact and probability are assigned in order to identify the improvement actions (action plans) necessary for their mitigation, and their implementation shall be performed by the responsible areas.

These action plans are subject to follow-up and monitoring by the Internal Controls, Risks, and Compliance Area, besides reporting to the competent governance and management structures of the Company, such as the Audit Committee and the Board of Directors.

Financial Risks:

Regarding the credit risk associated with financial institutions, the Company and its subsidiaries act to diversify this exposure between market financial institutions. Financial investments must be allocated to institutions with a risk rating equal or superior to the Sovereign Risk ("Brazil Risk") assigned by the rating agencies Standard & Poor's, Moody's or Fitch. The amount allocated to each institution, except federal government bonds, cannot exceed 30% of the total amount of balances in current accounts added to those of financial investments, nor can it represent more than 5% of the financial institution's net equity.

Credit risk related to the provision of services and sale of licenses is minimized by strict control of the client/customer base and active management of delinquency through clear policies regarding sales of services and *software* licenses. Notwithstanding, it is worth emphasizing the great dispersion of the client/customer base, sectorial diversification, as well as geographical diversification within the Brazilian territory, and also the diversification of the business's revenue sources.

The risk assessment structure of the subsidiary Supplier's credit product portfolio is based on statistical methodologies of *Application and Behavior Scoring*, besides the use of risk-mitigating instruments, such as credit insurance and intermediation. In addition, the subsidiary Supplier Administradora seeks to prevent possible risks to the credit portfolio by providing follow-up reports, a risk committee, actions to readjust credit limits, portfolio monitoring, and improvements in the registration system. Potential credit losses are mitigated, when necessary, through the following guarantees: insurance, guaranteed by the issuer, as long as approved by the credit card committee. The efficiency assessment of these instruments is considered sufficient to cover any significant losses. It is worth highlighting that the portfolio turns over quickly with an average term of 55 days, or when they are sold in the short term. Global exposure limits to receivables, considering credit and liquidity risks, are also set forth by the Board of Directors and monitored by the Statutory Audit Committee.

In addition, because of the COVID-19 pandemic, the Company and its subsidiaries are monitoring on a daily basis the behavior and active management of default of its client/customer portfolio through policies on the sale of services and *software* licenses, and no relevant impacts are expected besides those reflected on the provision for loss as per Note 8 of the Standardized Financial Statements for the fiscal year ended December 31, 2021.

Regulatory/Compliance Risks:

The Company monitors the new regulations applicable to its business, as well as changes in the regulatory framework to which it is subject. After assessing the impact on its business, the required measures to comply with legal requirements are identified, then the responsible areas are made responsible for carrying out the appropriate adjustments aiming at full compliance therewith, with due legal support from the Legal Department. In addition, from an anti-corruption point of view, the Company has a Compliance Program capable of preventing, detecting, and remediating illegal acts and/or those that violate the Company's conduct guidelines Moreover, the Internal Controls, Risks, and Compliance area has continuous interaction with the Institutional and Government Relations area aiming at anticipating potential regulatory impacts that may affect the Company's businesses.

(iii) risk management organizational structure

Board of Directors: decision-making body, that among other atributions, the purpose of which is to monitor the Company's operations and periodically assess its exposure to risks, as well as:

- to determine strategic goals and approve the Company's risk management method;
- to approve the Internal Controls, Risks, and Compliance Policy;
- to determine the levels of risk appetite and tolerance proposed by the Management and recommended by the Statutory Audit Committee;
- annually approve the Priority Risk Matrix, becoming aware of the corresponding management actions adopted and their results, as well as the key risk indicators ("KRI's") to be monitored;

- to approve the documentation containing public information about the model of risk management and transparency of information provided to the internal and external public;
- to monitor and decide on the Statutory Audit Committee's recommendations regarding the results of Risk Management; and
- to approve the assumption of High and Critical risks.

Governance and Nomination Committee: advisory body of the Board of Directors, responsible for:

- Assessing the Risk Management, Internal Controls, and Compliance Policy and submitting a recommendation to the Board of Directors regarding its approval.

Statutory Audit Committee: it is an advisory body of the Board of Directors, and its duties include:

- Reviewing the Risk Management, Internal Controls, and Compliance Policy and submit recommendations to the Governance and Nomination Committee regarding its approval by the Board of Directors;
- Assisting the Management in setting the guidelines and method for risk management, besides the metrics for measuring risk tolerance and appetite, presenting its recommendation to be approved by the Board of Directors;
- Assessing the Risk Management tasks and the construction of the Priority Risk Matrix, submitting its recommendations to the Board of Directors;
- Assessing and recommending to the Board of Directors the setting of risk appetite and tolerance levels;
- Periodically monitoring the mitigation action plans and the Key Risk Indicators - KRI’s found, reporting to the Board of Directors any deviations and occurrences considered relevant; and
- Making recommendations to the Board of Directors regarding the assumption of High and Critical risks.

Vice-Presidencies and Boards of Executive Officers: their duties include:
- Managing the risks under their responsibility and helping create controls and mitigative actions;

Internal Controls, Risks, and Compliance Area: subordinated to the Chief Executive Officer and its key duties are:

- Proposing changes and submit the Internal Controls, Risks Management, and Compliance Policy for approval by the Board of Directors upon recommendation by the Statutory Audit Committee and the Governance and Nominating Committee;
- Structuring, implementing, managing and disseminating the risk management method;
- Monitoring and reporting action plans and key risk indicators set for risk management;
- Raising the awareness of managers and other employees on the importance of risk management;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Statutory Audit Committee in case something may interfere with its independence; and

- Reporting the Risk Matrix to the Executive Directors, the Statutory Audit Committee, and the Board of Directors.

Internal Audit: Reports to the Board, through the Statutory Audit Committee and has the following responsibilities:

- Assess the effectiveness of risk management;
- Check the implementation of action plans, the timeliness of implementation and its effectiveness;
- Act in an independent and autonomous way to ensure impartiality in all its activities, and report to the Audit Committee in case something may interfere with its independence; and
- Report to the Internal Controls, Risks, and Compliance area all risks and non-compliances found in the Audit works.

"Risk Owners" / Operational Business Areas: their responsibility, under the terms of the Risk Management, Internal Controls and Compliance Policy, is to:

- Continuously identify and document the risks under their management;
- Reporting to the Area of Internal Controls, Risks, and Compliance any new risks identified and any material changes in its business process;
- Implementing, ascertaining, and periodically reporting the Key Risk Indicators KRI’s to the Internal Controls, Risks, and Compliance area; and
- Implementing controls and action plans in its processes, ensuring that they are effective and result in a reduction in the degree of exposure to risks to acceptable levels.

(c) the suitability of the operational structure and internal controls to verify the effectiveness of the adopted policy

The Company has an Internal Controls structure, whose activities involve mapping processes and assisting in the identification of risks, besides the corresponding mitigation controls, monitoring and suggesting improvements in internal controls by the operational areas and, finally, reporting any inconsistency or outdated drawings of process flows, standards and procedures the alterations of which could worsen the control environment. The internal controls structure is periodically reviewed to check the efficiency of existing controls and possible impacts arising from potential changes in the Company's internal and/or external environments.

The risk management structure continuously monitors the risks and the corresponding risk factors mapped, aiming at monitoring the evolution of risk levels in view of the mitigating measures adopted (action plans) and at ensuring the timely identification of any deviations or movements that might increase the Company's exposure to risks or threaten business continuity. The Internal Controls, Risks, and Compliance Area periodically reports the status of actions and the evolution of risk ranking to the Statutory Audit Committee and Board of Directors. Finally, when the Company's Strategic Planning is performed, a whole system review of the risk management process is carried out, aiming at ensuring the appropriate mapping and prioritization of risks according to the Company's strategy.

(d) deficiencies and recommendations on internal controls stated in the detailed report, prepared and forwarded to the issuer by the independent auditors, in compliance with the regulations issued by CVM that govern the registration and practice of the independent audit activity

The report issued by the Independent Auditors on the Company's Financial Statements for the fiscal year ended December 31, 2021 pointed out significant deficiencies in controls regarding the management of two privileged accounts where weaknesses were identified in the process of assigning responsibility for privileged accounts and in the review controls of the activities performed by these accounts.

Among the significant deficiencies shown by the Independent Auditors, there are also weaknesses in the management process of segregation of duties and review of employee profiles, as well as in the management of access of third-party professionals. For such deficiencies, the Independent Auditors recommended the implementation of procedures for the consolidation of third parties and their respective user accounts, and the completion of the review of employee accesses and the automation of the analyzes of duty segregation.

It is worth noticing that, through additional supporting procedures, the external auditors found that the identified deficiencies did not generate any reservations in their final opinion and did not change the Company's financial results.

(e) comments from the executive officers on the deficiencies found in the detailed report prepared by the independent auditors and on the corrective measures adopted

The major actions taken by the Company to mitigate the weaknesses identified by the Independent Auditors are (i) the acquisition of an identity management tool, with a module for third-party user management, which allows the extraction and control of such information. The tool was implemented in October 2021 and the re-registration of all active third parties was completed in February 2022; (ii) hiring of a consultancy to analyze the access profiles and mitigate any potential conflicts of duty segregation; (iii) review of the access profiles of all users, including employees and third parties; (iv) signature of the term of responsibility for privileged accounts; and (v) implementation of a password vault to use the two identified accounts and registration of sessions.

It should be noted that the other recommendations of the Independent Auditors not considered significant have already been addressed to those responsible for the corresponding areas and also have a defined deadline for their implementation in 2022.

5.2 - Description of the market risk management policy

(a) formalized market risk management policy

As mentioned in item 5.1, the Company has a Risk Management, Internal Controls and Compliance Policy to support the process of identification, assessment, treatment, monitoring, and reporting of strategic, operational, and financial risks that covers market, regulatory/*compliance* and of information technology risks.

The policy was revised by the Internal Controls, Risks, and Compliance Area, then approved by the Board of Directors on June 28, 2012.

(b) market risk management policy objectives and strategies

i. risks for which protection is sought:

The main market risks that the Company and its subsidiaries are exposed to in carrying out their activities are:

Interest rate and inflation risk: the interest rate risk arises from the portion of the debt and financial investments referenced at CDI rate, which may adversely affect revenue or expenses if there is an unfavorable movement in interest rates and inflation. The credit rights generated by the Techfin segment are short-term and, therefore are not subject to interest rate.

Exchange Rate Risks: these risks result from the possibility of losses because of fluctuations in exchange rates, which increase liabilities arising from loans and purchase commitments in foreign currency or that reduce the assets arising from amounts receivable in foreign currency. Moreover, some subsidiaries operate internationally and are exposed to exchange risk arising from exposures to certain currencies such as the US Dollar (USD), Argentine Peso (ARS), Mexican Peso (MXN), Chilean Peso (CLP), and Colombian Peso (COP).

ii. equity protection strategy (hedge):

Historically, the risks presented above (section 5.1-bi) have had their effect mitigated for the Company as it has a fragmented customer/client base, both in terms of revenue and in the sectors of activity in which these customers/clients operate.

Inflation - The Company understands that the impact and volatility of inflation indices, such as the IGP-M and the IPCA, on its operating result is mitigated by the annual updating of maintenance and subscription contracts and by the periodic adjustments in the price lists for new sales, which include licensing fees, recurring charges for subscription contracts and the hourly rates of the service projects sold. However, as mentioned in section 4.2, this natural protection strategy does not address the residual risk of the mismatch between the inflation of costs and expenses and the inflation rates applied in the maintenance and underwriting contracts. Based on history, the Company understands that these inflation indicators tend to converge in the medium/long term.

Interest rate - The Company seeks to monitor net indebtedness by comparing operating cash flow and total debt, as shown in section 3.7 of this form.

Exchange variation - In the current stage of maturity of its international operations, the Company seeks to scale cost and expense structures compatible with the respective revenue generation. The Company endeavors efforts to ensure that its net exposure to exchange variation is maintained at an acceptable level under the policies and limits set by Management and is monitoring any impacts of the COVID-19 pandemic on each of these companies; in the period ended in June 30, 2021 asset balances are higher than negative balances.

iii. instruments used for equity protection (hedge):

The Company does not currently use any active hedging instrument, besides the "natural" hedges mentioned in the previous item ("ii"), which comprise: readjustment of revenues based on price indices (inflation protection); monitoring the Indebtedness Ratio and the cash flow of individual and consolidated operations (protection against the interest rate); and international operations with revenues and costs essentially incurred in the same currencies (exchange rate protection).

(iv) parameters used to manage these risks:

The main parameters are the representativeness of the Net Revenues from Recurring Software in relation to the total revenue, the behavior of the Net Revenues from Recurring Software, the satisfaction of the customers/clients served, the monitoring of net debt indicators (section 3.7), the maturity schedule of the debt (section 3.8) and shareholders' equity stated in foreign currency in relation to the Company's total shareholders' equity.

v. if the issuer operates financial instruments with different hedge purposes, and what these purposes are:

During the period covered by this Reference Form, the Company did not carry out operations of this nature.

vi. risk management control organizational structure

The Internal Controls, Risks, and Compliance area reports to the Chief Executive Officer and is responsible for identifying, analyzing, assessing, treating, monitoring, and reporting risks to the Statutory Audit Committee and the Board of Directors.

(c) the adequacy of the operational structure and internal controls to verify the effectiveness of the adopted policy

The Company has an Internal Controls structure, the activities of which involve mapping processes and helping to identify risks (operational and financial, for example), besides monitoring and suggesting improvements in internal controls by the business areas, as of described in section 5.1 - C.

5.3 - Description of internal controls

The Company, continuously aligned with the best market practices, has an Internal Controls, Risks, and Compliance Area, the main duties of which are to conduct and set forth guidelines for work related to Internal Controls, as well as to certify to the correct operation of the control environment, seeking to mitigate risks according to the complexity of the Company's business and aiming to ensure good governance practices, market and compliance with current legislation.

(a) degree of efficiency of such controls, indicating any imperfections and measures taken to correct them

Further, the process set aims to ensure reasonable security for protecting assets, accuracy, and reliability of accounting information, operational efficiency, and adherence to policies, standards, and procedures.

Setting the scope and performance:

Internal controls contribute to the mitigation of risks, providing a safer and more effective environment, with regard to operational efficiency and the integrity of records and information, mainly considering the following aspects:

(i) the Company's strategic goals;

(ii) composition and nature of accounting records;

(iii) possibility of losses arising from errors and fraud; and

(iv) complexity in performing accounting transactions

In order to achieve its goals, the management of the Company's internal controls is structured in an integrated model of three Lines of Defense:

1st Line of Defense: These are the Business Areas, responsible for identifying and reporting the risks of their operations and ensuring compliance with their business goals, as well as for the appropriate functioning of their internal control structure;

2nd Line of Defense: Represented by the Internal Controls, Risks, and Compliance Area, it uses the supporting documentation produced by the 1st Line of Defense as a subsidy for reviewing the control environment. It acts in a consultative manner, supporting the business areas in the development and implementation of processes and controls;

3rd Line of Defense: Internal Audit, responsible for independently analyzing and assessing the internal control environment based on the work performed by the 1st and 2nd lines of defense. It can perform additional work as required.

Subsequently, the mappings and updates of all processes, the risk matrix, and the controls and tests for the design of controls (called "*walkthroughs*") are carried out aiming at confirming that all mapped processes are understood, as well as whether the controls are implemented and operating properly.

Controls that do not exist or are considered unsatisfactory for mitigating the risks identified in the business processes are reported to the areas responsible for preparing action plans (creating a new control or improving existing controls).

Once these steps are completed, those responsible for the processes must annually carry out the *Control Self Assessment*, as well as provide evidence of the execution of the controls in the system used by the Company and, when applicable, point out new risks identified by them in their processes or activities.

The processes and controls mapped by the Internal Controls, Risks and Compliance Area are fundamental tools for planning the Internal Audit. Based on such mapping, the Internal Audit sets the strategy and the effectiveness tests that will be performed (called "**Control Tests**") aiming at assessing the accurate application and operative efficiency of such controls in preventing or detecting relevant discrepancies.

The Company's Statutory Audit Committee is responsible for periodically supervising and monitoring the test results and action plans developed by those responsible for the processes.

(b) organizational structures involved

Board of Directors: decision-making body responsible for monitoring the Company's operations and periodically assessing its exposure to risks and the effectiveness of the internal control environment, in compliance with the previously approved policy, as well as:

- setting the strategic goals and approving the Company's internal control method;
- approving the Internal Controls, Risks, and Compliance Policy;
- approving the documentation containing public information about the model of risk management and transparency of information provided to the internal and external public;
- monitoring and deciding on the Audit Committee's recommendations regarding the results of Internal Controls

Governance and Nomination Committee: advisory body of the Board of Directors, responsible for:

- Assessing the Risk Management, Internal Controls, and Compliance Policy and submitting a recommendation to the Board of Directors regarding its approval.

Statutory Audit Committee: it is an advisory body to the Board of Directors, and its duties include:

- Reviewing the Risk Management, Internal Controls, and Compliance Policy and submit recommendations to the Governance and Nomination Committee regarding its approval by the Board of Directors;
- Assisting the Management in determining internal control guidelines and methods, submitting its recommendation to be approved by the Board of Directors;
- Supervising and periodically monitoring the results of control tests and mitigation action plans, reporting to the Board of Directors any deviations and occurrences considered relevant;

Vice-Presidencies and Boards of Executive Officers: their duties include:

- Managing the risks under their responsibility and helping create controls and mitigative actions.

Internal Controls, Risks, and Compliance Area: it reports to the Chief Executive Officer and its key duties, connected to Internal Controls, are:

- Proposing changes and submitting the Risk Management, Internal Controls and Compliance Policy for approval;
- Structuring, implementing, managing and disseminating the internal controls method;
- Monitor and suggest improvements in internal controls by the operational areas;
- Mapping processes and assisting in the identification of risks (operational and financial, for example), and in the development of the corresponding controls that mitigate these risks;
- Monitoring actions to implement internal controls for risk management;
- Perform and report the results of the Control Self Assessment to the Statutory Audit Committee;
- Raising the awareness of managers and other employees of the importance of the internal controls environment;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Audit Committee in case something may interfere with its independence;

Internal Audit: Reports to the Audit Committee and has the following responsibilities:

- Monitoring the internal control environment and assessing the effectiveness of risk management;
- Performing control tests and reporting their results to the Audit Committee;
- Checking the implementation of action plans, as well as the timeliness of implementation and its effectiveness;
- Issuing a formal opinion on the internal controls tested in the annual audit cycle;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Audit Committee in case something may interfere with its independence; and
- Reporting to the Internal Controls, Risks, and Compliance area all risks and non-compliances found in the auditing work.

Operational Business Areas: its responsibility, under the policy, is to:

- Continuously identify and document the risks under their management;
- Carrying out every year the Control Self-Assessment and providing the required evidence;
- Reporting to the Area of Internal Controls, Risks, and Compliance any new risks identified and any material changes in its business process;
- Implement controls and action plans in its processes, ensuring that they are effective and result in a reduction in the degree of risk exposure to acceptable levels.

(c) whether and how the effectiveness of the internal controls is supervised by the issuer's management , indicating the position of the people responsible for such monitoring

After completing the process mapping, identification of risks, and design tests (*walkthroughs*), the business areas must carry out the *Control Self Assessment*, as well as provide evidence of the performance of the controls in the system used by the Company and, when applicable, In this case, point out unknown risks identified by them in their processes or activities.

Based on such mapping and on the Self-Assessment carried out and documented by the process owner, the Internal Audit sets the strategy and the effectiveness tests that will be performed (called "**Control Tests**") aiming at assessing the accurate application and operative efficiency of such controls in preventing or detecting relevant discrepancies.

The entire process of mapping and reviewing controls is carried out by the Internal Controls, Risks, and Compliance management and their respective results are reported to the Company's Audit Committee, which periodically monitors the efficiency of internal controls, the action plans developed, and their implementation.

(d) deficiencies and recommendations on internal controls contained in the consolidated report, prepared and forwarded to the issuer by the independent auditor, pursuant to the regulations issued by CVM that govern the registration and practice of the independent audit activity

The report issued by the Independent Auditors on the Company's Financial Statements for the fiscal year ended December 31, 2021 pointed out significant deficiencies in controls regarding the management of two privileged accounts where weaknesses were identified in the process of assigning responsibility for privileged accounts and in the review controls of the activities performed by these accounts.

Among the significant deficiencies shown by the Independent Auditors, there are also weaknesses in the management process of segregation of duties and review of employee profiles, as well as in the management of access of third-party professionals. For such deficiencies, the Independent Auditors recommended the implementation of procedures for the consolidation of third parties and their respective user accounts, and the completion of the review of employee accesses and the automation of the analyzes of duty segregation.

It should be noted that, through additional supporting procedures, the external auditors found that the identified deficiencies did not generate any reservations in their final opinion and did not change the Company's financial results.

(e) comments from the executive officers on the deficiencies found in the detailed report prepared by the independent auditor and on the corrective measures adopted

The major actions taken by the Company to mitigate the weaknesses identified by the Independent Auditors are (i) the acquisition of an identity management tool, with a module for third-party user management, which allows the extraction and control of such information. The tool was implemented in October 2021 and the re-registration of all active third parties was completed in February 2022; (ii) hiring of a consultancy to analyze the access profiles and mitigate any potential conflicts of duty segregation; (iii) review of the access profiles of all users, including employees and third parties; (iv) signature of the term of responsibility for privileged accounts; and (v) implementation of a password vault to use the two identified accounts and registration of sessions.

It should be noted that the other recommendations of the Independent Auditors that are not considered significant have already been forwarded to those responsible for the corresponding areas and also have a deadline determined to be implemented in 2022.

5.4 - Internal compliance mechanisms and procedures

(a) If the issuer has rules, policies, procedures, or practices aimed at the prevention, detection, and remediation of fraud and illegal acts against the public administration, identifying in positive cases:

(i) the key compliance mechanisms and procedures adopted and their suitability to the profile and risks identified by the issuer

The Company has a Compliance Program through which it sets forth and adopts mechanisms and procedures aimed at the prevention, detection, and appropriate treatment of acts of corruption, fraud, and illegal conduct of any nature practiced against domestic or foreign public administration, as well as in the private scenario, considering the countries where the Company operates.

Such Compliance Program is structured in 5 (five) interrelated pillars:

Culture of Compliance: its purpose is to strengthen and disseminate at all hierarchical levels a culture that complies with the Company's standards of ethics and compliance, through the constant engagement and support of the Company's President and Vice President ("**Senior Management**") and the Company's key leaders.

Risk Assessment: it aims at identifying and assessing the key anti-corruption/ compliance risks to which the Company is exposed, measuring its impacts and recommending mitigation measures, especially in processes considered sensitive, regarding compliance with the applicable anti-corruption legislation in the countries in which it operates and the Company's conduct guidelines set forth in the Code of Ethics and Conduct and other normative documents of the Integrity Program.

Code of Ethics and Conduct, Policies, and Procedures: its purpose is to set forth and formalize all internal guidelines, rules, and procedures that must be observed by employees and third parties within the scope of the Compliance Program. The Code of Ethics and Conduct, the Policies, Standards, and Procedures that make up the Compliance Program make up the reference base for the compliance mechanisms and controls to be implemented and/or optimized.

Communication and Training: it aims at raising awareness of the Company's employees and making easier their understanding of the guidelines, rules, and responsibilities to be fulfilled within its Compliance Program by means of general and specific communication and training actions on ethics and conduct guidelines of the Company.

Detection and Remediation: its purpose is to find irregular or illegal conducts, fraud of any kind or any other non-compliance with the applicable legislation and regulations and the Company's Standards, as well as to guarantee that such conduct found is discontinued and the suitable disciplinary and/or corrective measures are applied, using as the main tool a Channel managed by an independent and specialized Company ("Ethics and Conduct Channel") made available to internal and external audiences for receiving and handling whistle-blowing and complaints.

The Compliance Program is reassessed every year to ensure its effectiveness. The controls are also reviewed annually, and updates or new controls implementation can take place at any time due to changes in rules, processes, and the risk scenario. The Corporate Policies are subject to mandatory review every 3 (three) years, without prejudice to any other changes that might be required over the period. Particularly regarding the risk management and method implemented by the Company, please see section 5.1 of this Reference Form.

Set of mechanisms and regulations of the TOTVS Compliance Program

Code of Ethics and Conduct: its purpose is to set forth rules of conduct and ethical principles that guide the commitment of the Company, its controlled companies and subsidiaries, directly or indirectly, with the compliance of its business and internal and external relationships and applies to all directors, management members, shareholders who participate in the control of the Company, employees, service providers, suppliers, and partners. The Code was updated on April 4, 2021.

Risk Management, Internal Controls, and Compliance Policy: it aims to provide for the principles, guidelines, and responsibilities to be observed in the corporate risk management, internal controls, and compliance process, as well as to disseminate the Risk Management culture and the Compliance Program in all levels of TOTVS group. The policy was updated on June 28, 2021.

Policy on Business and Institutional Relationship with Public Entities: it aims to set forth guidelines and standards of conduct to be observed in the Company's relationship with public agents and ensure compliance of the conduct of its employees with current legislation, corporate policies, and the Code of Ethics and Conduct of the Company. This policy was updated on March 16, 2022.

Policy on Contributions, Donations, and Sponsorships: aims to set forth the guidelines and rules to be observed for the Company's contributions, donations, and business and institutional sponsorships. This policy was updated on December 15, 2020.

Compliance Due Diligence for Third Parties: it refers to the processes and procedures aimed at identifying and assessing compliance risks, especially regarding the anti-corruption issue, in the Company's relationship with suppliers, business partners, associations, charities for which the Company intends to make donations and other third parties as applicable, in order to ensure that no business is carried out with third parties involved in any illegal or irregular practices considering the current legislation, especially anti-corruption, and the ethical principles and rules reflected in the Code of Ethics and Conduct and other Internal Policies and Standards of the Company.

Record of Business and Institutional Interactions with Public Entities: procedure for recording in-person or virtual interactions of any business and/or institutional nature with public entities in order to comply with the guidelines set forth in the Policy for Business and Institutional Relationship with Public Entities. The Company has an electronic tool that allows employees to carry out a complete record of all interactions with public agents, aiming at transparency in relations with the Public Sector.

Compliance Onboarding: monthly training in virtual format for the Company's new employees, in which the ethical and integrity principles, anti-corruption and the Integrity Program, the main guidelines and rules of the Code of Ethics and Conduct and the Ethics and Conduct Channel are addressed.

Training on the Code of Ethics and Conduct: e-learning training of the Code of Ethics and Conduct, mandatory for all employees of its own units in Brazil and abroad, and franchised units, covering all topics included in such document. The content is presented through explanatory videos, and animations and the understanding of the content is exercised through ethical questions and dilemmas that must be answered in the light of the principles and rules of the Code, requiring a minimum achievement of 70% to complete the course and receive the certificate. Employees whose activities do not require the use of computers are trained either in person or through distance learning. The training reached an adherence of 95% of the employees.

Training on Relationship with Public Agents: mandatory e-learning training for employees in areas that potentially relate to public agents, aiming to train the target audience regarding the practices and procedures to be followed in these interactions, considering the compliance with the applicable legislation and the guidelines of the Code of Ethics and Conduct and the Policy on Business and Institutional Relationship with Public Entities. In addition, face-to-face or virtual training is provided to reinforce anti-corruption guidelines for areas with greater exposure.

Thematic Training: specific training for areas most exposed to certain Compliance risks.

Anti-Corruption Training: virtual training on the topic of eliminating corruption and the risks of illicit practices for the CEOs of TOTVS Franchises.

Anti-corruption clause and compliance with the Code of Ethics and Conduct: agreements with third parties have a clause requiring compliance with the applicable anti-corruption legislation and the Company's Code of Ethics and Conduct.

Franchise Agreement: the franchisees undertake, by means of a specific contractual clause, to comply with the provisions of Law 12846/2013 – "Anti-Corruption" and with TOTVS's Code of Ethics and Conduct.

Audit on the Program: the Integrity Program is periodically evaluated by internal or external audit with the aim of assessing compliance with the action plans established for each of the pillars, as well as identifying opportunities for improvement of the program. The result of the work is reported to the Statutory Audit Committee and the respective action plans are followed up and monitored by the Management.

(ii) the organizational structure involved in monitoring the functioning and efficiency of internal compliance mechanisms and procedures.

Within the scope of the Compliance Program, the key responsibilities of the governance structures and bodies involved are listed below:

Management Board:

- Setting strategic goals and approving the Company's Compliance Program;
- Approving the Internal Controls, Risks, and Compliance Policy;
- Monitoring the actions of the Compliance Program and reinforcing with the Senior Management the commitment to its fulfillment;
- Ensuring the existence of suitable resources to ensure the effective enforcement of the Compliance Program and guarantee the autonomy of the Internal Controls, Risks, and Compliance area; and
- Following up and resolving on the Statutory Audit Committee's recommendations regarding the results of the Compliance Program.

Governance and Nomination Committee:

- Assessing the Risk Management, Internal Controls, and Compliance Policy and submitting a recommendation to the Board of Directors regarding its approval; and
- Assessing and resolving certain cases involving conflicts of interest, as provided for in the Company's Code of Ethics and Conduct.

Statutory Audit Committee:

- Reviewing the Risk Management, Internal Controls, and Compliance Policy , the Code of Ethics, and submit a recommendation to the Governance and Nomination Committee regarding its approval by the Board of Directors;
- Discussing and approving the annual Compliance schedule;
- Assessing and monitoring the audit action plans of the Compliance Program;
- Assessing the results of the Compliance Program and submitting its recommendations to the Board of Directors; and
- Periodically report to the Board of Directors critical cases of misconduct connected to the Risk Management, Internal Controls, and Compliance Policy, as well as any disciplinary measures adopted.

Ethics and Conduct Committee: its duties include:

- Issuing an opinion on the origin and seriousness of allegations of violations of the Code of Ethics and Conduct received and other guidelines and rules of conduct of the Company;
- Monitoring the application of disciplinary measures; and
- Interpreting the Code of Ethics and Conduct in case of any questions to be clarified.

Vice-Presidencies and Boards of Executive Officers: their duties include:

- Conducting business practices that comply with all applicable laws and regulations and the Company's regulatory framework;
- Supporting the implementation and show commitment to the Compliance Program; and
- Ensure that the Company's conduct guidelines are disseminated and understood by partners, franchisees, channels, third parties, clients, and customers.

Internal Controls, Risks, and Compliance Area: it reports to the Chief Executive Officer and its key duties are:

- Proposing changes and submitting the Risk Management, Internal Controls and Compliance Policy for approval, as well as disseminating its guidelines throughout the Company;
- Structuring, implementing, managing, and disseminating the Compliance Program;
- Raising the awareness of managers and other employees of the importance of the Compliance Program;
- Coordinating the periodic review of the contents of the Code of Ethics and Conduct;

- Manage the Ethics and Conduct Channel, as well as report all applicable cases to the Ethics and Conduct Committee;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Statutory Audit Committee in case something may interfere with its independence;
- Sharing with Internal Auditors information and/or facts subject to internal investigation; and
- Reporting the results of the Compliance Program to the Senior Management, the Statutory Audit Committee, and the Board of Directors.

Legal Board

- Providing the Company with guidance on the standards and rules issued by the regulatory agencies and to the changes on legislation, either at federal, state, or municipal levels;
- Reporting to the senior Management and the Board of Directors any event that constitutes an administrative, civil, or criminal offense; and
- Supporting the Internal Controls, Risks, and Compliance area in interpreting applicable anti-corruption laws.

Internal Auditors

- Conduct investigations on complaints and reporting their result to the Ethics and Conduct Committee and, periodically, to the Statutory Audit Committee;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Statutory Audit Committee in case something may interfere with its independence; and
- Reporting to the Internal Controls, Risks, and Compliance area all risks and non-compliances found in the auditing work.

Human Relations: its duties are:

- Promoting and ensuring that the principles of the Compliance Program are disseminated within the Company's organizational culture.

Other areas: all the Company’s employees, regardless of their positions, have the following duties under the Compliance Program:

- Comply with the Company’s internal regulatory framework, the applicable legislation and regulations;
- Reporting through the Ethics and Conduct Channel any violation or suspected violation of applicable laws or regulations, or any non-compliance with the Company’s Internal Regulation Framework;
- Taking part in every training considered mandatory; and
- Submitting all information and/or Corporate documents of which they are in possession of, whenever requested (i) by the Internal Auditors, (ii) by the Internal Controls, Risks and Compliance area, or (iii) by the Ethics and Conduct Committee, within the scope of an internal investigation.

(iii) code of ethics or conduct

- **whether it applies to all executive officers, members of the supervisory board (fiscal council), directors and employees, and whether it also covers third parties such as suppliers, service providers, agents, and associates**

The Company has a Code of Ethics and Conduct (CODEC) filed with the CVM since 2012. Such CODEC, the current version of which was approved by the Board of Directors on November 4, 2021, is applicable to all directors, management members, employees, service providers, suppliers, and partners.

- **whether and how often executive officers, members of the supervisory board/fiscal council, directors and employees are trained for the code of ethics and conduct and other standards related to the subject**

For knowledge and suitable training, an e-learning training on the Code of Ethics and Conduct is available every year to all associates, who are required to take part in it and who will be subsequently tested for knowledge assessment and awarded the corresponding certificate. Employees whose activities do not require the use of computers are trained either in person or virtually.

- **the applicable sanctions in the event of violation of the code or other rules relating to the matter, identifying the document where these sanctions are provided for**

The Companhy has as a Committee of Ethics and Conduct, responsible for receiving complaints and deciding formally if there was violation to the Code of Ethics and Conduct or the laws in force and, if applicable, determining what measures will be applied to the offender under the standards and criteria set forth in the Company's Standards of Disciplinary Management, which may be of a disciplinary nature, such as the application of a warning, and even termination for cause, besides the due legal measures, whenever applicable.

- **body that approved the code, date of approval and, if the issuer publishes the code of conduct, places on the world wide web where the document can be consulted**

The current version of the Code of Ethics and Conduct was approved by the Board of Directors on November 4, 2021 and is available on the Company's Investor Relations page (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/), as well as on the Company's Ethics and Conduct Channel page: www.canalconfidencial.com.br/totvs/.

(b) If the issuer has a whistle-blowing/ reporting channel, making a reference to it, if so:

- **if such whistleblower channel is internal or if it is handled by third parties**

The Company has an Ethics and Conduct Channel maintained by an independent and especialized third-party company.

- **whether such channel is open to receive complaints from third parties or if it only receives complaints from employees.**

The Ethics and Conduct Channel is able to receive complaints from employees and third parties, such as suppliers, service providers, business partners, and customers/clients. The Ethics and Conduct Channel is available for whistleblowing through the telephones (i) in Brazil, 0800 721 5966 and (ii) in other locations, +55 11 3232-0766, available from Monday to Friday, from 09:00 a.m. to 17:00 p.m. or through the website www.canalconfidencial.com.br/totvs.

- **whether there are mechanisms for anonymity and protection for good-faith whistleblowers**

The Ethics and Conduct Channel allows complaints to be made whether anonymously or identified, and guarantees the confidentiality of information and the anonymity of the whistleblower who chooses not to identify himself. The Company does not allow retaliation, and guarantees that whistleblowers will not be harmed for reporting in good faith any suspected misconduct.

- **issuer's area responsible for investigating complaints**

The Company's Internal Audit and Internal Controls, Risks, and Compliance areas are responsible for analyzing and investigating the complaints received. The Internal Controls, Risks, and Compliance area is also responsible for managing the Ethics and Conduct Channel, as well as for reporting applicable cases to the Ethics and Conduct Committee, which set forth the appropriate measures to be adopted.

(c) If the issuer adopts procedures in mergers, acquisitions, and corporate restructuring processes aimed at identifying vulnerabilities and risk of irregular practices in the companies involved

The Company adopts *Due Diligence* procedures for companies undergoing mergers, acquisitions, and corporate restructuring processes. Such due diligence process is carried out through independent external audits having as purpose to assess and understand the compliance environment and find potential risks of corruption and fraud, and of reputational analysis of the organizations involved. The results are submitted to be assessed by the Company so that action plans are proposed, and such action plans must be added to the incorporation planning of such involved companies.

(d) In case the issuer does not have any standards, policies, procedures or practices aimed at the prevention, detection and remediation of fraud and illegal practices against the public administration, please identify the reasons the issuer has not adopted controls in this regard

Not applicable, as the Company has rules, policies, procedures or practices aimed at the prevention, detection and remediation of fraud and offenses committed against the public administration.

5.5 - Significant changes

As of the date of this Reference Form, the Company has no expectations of any reduction or increase in exposure to the risks to which it is exposed, as presented in this section 5.

The risks identified and monitored by the Company can be identified in subparagraph "a" of section 4.1 - Risk Factors, ranked by their order of criticality and those that may influence any type of decision by investors.

5.6 - Other relevant information

The Company did not identify other relevant information related to the Risk Management and Internal Controls items.

6.1 / 6.2 / 6.4 - Information on the issuer's establishment, term of duration, and date of registration with the CVM (Brazilian Securities and Exchange Commission)

Date on which the Issuer was established	December 13, 1983
Issuer's type of business:	Corporation
Country of incorporation	Brazil
Term of duration	for an indefinite term
Registration Date with CVM	March 7, 2006

6.3 - Brief history

The Company originated from a service bureau known as SIGA - Sistemas Integrados de Gerência Automática Ltda., created in 1969 by Mr. Ernesto Mario Haberkorn. Such bureau provided general IT services and developed a system that allowed for centralized business management, the main purpose of which was the automation of administrative processes. In 1983, with the emergence of microcomputers, the Company was established under the corporate name of Microsiga Software S.A. ("**Microsiga**"), uniting the partners Ernesto Mário Haberkorn and Laércio Cosentino, former CEO of the Company. The Company had as purpose to develop *software* for personal computers and, later, it started to operate in the integrated business management *software* market, accessible to medium and small companies.

From the 1990s onwards, several strategic decisions were taken with a view to structuring the Company for sustainable growth, with the creation of an environment to take the market leadership that the Company would achieve at the end of the next decade.

Some decisions and events that are worth mentioning are:

1990: opening of the first franchise.

1997: opening of the first unit abroad, Microsiga Argentina.

2003: acquisition of assets from the company Sipros, in Mexico, and opening of Microsiga Mexico.

2005: acquisition of Logocenter S.A. ("Logocenter"); repurchase of the Company's interest; admission of BNDES Participações S.A. – BNDESPAR as a partner of the Company.

2006: IPO on the Sao Paulo Stock Exchange (BM&FBOVESPA), on the Novo Mercado (highest level of Corporate Governance), acquisition of RM Sistemas S.A. ("**RM**"), and establishment of the Company's business consulting activities.

2008: incorporation of Datasul S.A. ("**Datasul**");

2009: change in the Company's corporate purpose by adding the "granting of franchising" activity, pursuant to the Extraordinary General Meeting dated April 16, 2009; creation of the "Full TOTVS" franchises involving the TOTVS and Datasul franchises;

2013: acquisition of PC Sistemas S.A., acquisition of PRX Soluções em Gestão Agroindustrial Ltda. ("**PRX**"), acquisition of RMS Software S.A., acquisition of Seventeen Tecnologia da Informação em Informática Ltda. ("**Seventeen**"), and acquisition of Neolog Consultoria e Sistemas S.A. ("**Neolog**");

2014: acquisition of Virtual Age Soluções em Tecnologia Ltda. ("**Virtual Age**");

2015: acquisition of Bematech S.A. ("**Bematech**") and incorporation of P2RX Soluções em Software S.A. ("P2RX");

2016: sale of 100% of its interest in the share capital of Companhia Resultados em Outsourcing Ltda. ("**TOTVS RO**"), a company focused on providing Human Resources BPO (Business Process Outsourcing) services to Propay S.A. Acquisition of a minority stake by TOTVS Mexico and Company from the Russian company known as National Computer Corporation (NCC);

2017: launch of the artificial intelligence platform (Carol) and launch of iDEXO, which is an institute with the purpose of connecting *startups*, entrepreneurs and developers to create new business solutions;

2018: consolidation of the Company's succession plan and the announcement of the arrival of Dennis Herszkowicz to replace the Company's founder, Laércio Cosentino, who in turn was elected Chairman of the Board of Directors;

2019: Review of the Company's long-term strategic plan, with the sale of *hardware* operations acquired from Bematech. The Company made a subsequent offer of shares raising a total of R$ 1,066.5 billion with the issue of 27 million new shares at the price of R$39.50/share, to be entirely allocated to mergers and acquisitions. During 2019 the Company acquired the corporations Supplier S.A. ("**Supplier**" - an operation to be completed over the fiscal year 2020), and Consinco S.A. ("**Consinco**"). Partnerships were also closed with Rede company dedicated to means of payment, VTEX in the ecommerce industry, and Moddo that will develop a *software* of Order Management System (OMS). During 2019 the Company also launched its new Techfin business platform;

2020: Completion of the acquisition of Supplier Participações S.A. and the acquisition of Tail Target, an SaaS company specializing in omnichannel data intelligence. The Company's shares became part of the IBrX 50 portfolio, B3's index formed by the 50 most tradable shares in the Brazilian stock market, and, in the same vein, the Company's shares entered the mid-cap category of the indicators known as MSCI Brazil, MSCI Latin America, and MSCI *Emerging Markets*; and

2021: Performance of a restricted public offering (Follow-on) with the consequent raising of R$1,443.1 and the issuance of 39,270,000 new common shares at the price of R$36.75 per share. With such transaction, the Company aims to allocate the funds got for acquisitions of companies that can contribute to achieving its strategy. In addition, the Company shares became part of the B3 GPTW Index portfolio, reinforcing the Company's focus on ESG practices and its effort to promote best practices in the labor market. Finally, the Company followed its strategy of strengthening the ecosystem of three business segments with B2B solutions far beyond ERP, with highlights for the entering of a partnership with B3 for the creation of Dimensa S.A, a company focused on the B2B technology industry sector for the financial and fintech markets, with the purpose of being the main B2B technology option for the financial sector, and the expansion of the portfolio with the launches of new products in Techfin; the consolidation of the Business Performance segment with the completion of the acquisition operation of RD Station; and investments in the Management dimension, for instance, the digital transformation of HR with a new portfolio of solutions based on the concept of Human Experience Management (HXM) and creation of the first 100% PLG (Product Led Growth) product.

6.5 - Information on any bankruptcy filing based on material amount or court-supervised reorganization or extrajudicial reorganization

There is no request for bankruptcy, court-supervised reorganization or another reorganization of the Company.

6.6 - Other relevant information

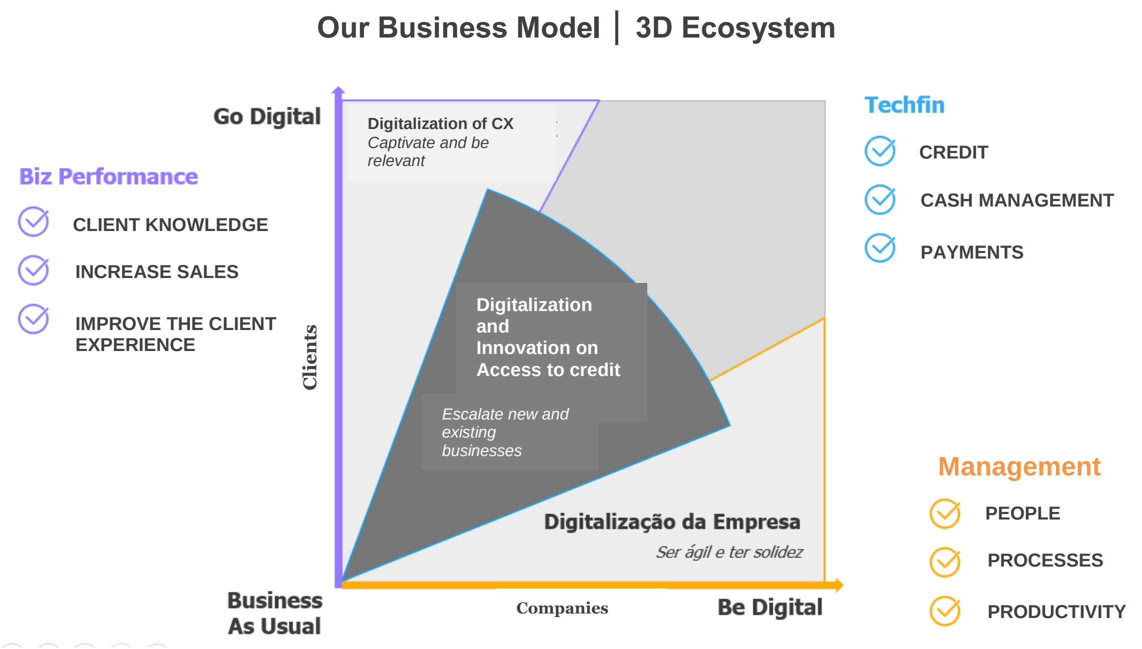
The Company did not find any other relevant information connected to this section.

7.1 - Description of the major activities of the issuer and its subsidiaries

Overview

We are one of the largest technology and software companies in Latin America, according to the "*Software Market Share Enterprise Application 2021*" study, issued by Gartner. With solutions that go far beyond traditional management software ("ERP"), we have been helping companies of all sizes for 39 years to leverage their productivity, competitiveness, and digital services. We have an installed base of approximately 70,000 customers and clients, operating mainly in Brazil and with a presence in over 40 countries. Currently, about one-third of the companies listed on B3 are clients of the Company (active companies listed on B3 that have common and/or preferred shares).

Our purpose is to "simplify the business world", and that's why we develop, sell, and implement technological tools and platforms with specialized solutions and value-added services to speed up the digitalization journey of our clients and customers, distributed in 12 strategic market segments. We are transforming the competitive landscape by creating a unique digital ecosystem based on three strategic segments ("3D"): (i) Management - with our portfolio of open platforms and solutions, connected and customizable for ERP, HR, and Verticals; (ii) Techfin - expanding, simplifying and making access to credit and other financial services cheaper; and (iii) Business Performance - building a portfolio of digital tools that boost our clients' competitiveness, performance, and sales. This new business model has helped to significantly expand the size of our addressable market, opening up a wide range of new operating possibilities. The image below summarizes the Company's vision in relation to the 3D ecosystem.



In the Management segment, our portfolio includes management software, solutions for the human resources area, from payroll to human capital management, and vertical solutions for a number of market segments. According to Gartner, we are absolute leaders in this segment and one of the three biggest players in Latin America, delivering the strength required to support the digitalization of our clients and customers. This segment continues to expand, with approximately 30% of new SaaS subscriptions coming from new clients/customers ("*New Names*"), which shows that this market is still far from mature.

One of our main differentials is our integrated sales and distribution model, based on our own units and franchises, allowing for presence, proximity, and an agile and efficient service to our clients and customers. In Brazil, we have 6 branches, 52 franchised territories, and 8 development centers. In addition, we have 5 branches abroad (Argentina, Colombia, United States, Mexico and Portugal), besides 2 development centers (United States and Mexico). Our sales operation is based on the multichannel concept – over 70% of lead origination takes place through digital channels, and the same is true for over 90% of implementation processes and over 80% of support processes.

In the Techfin segment, we are just at the beginning of the journey aimed at transforming the Company into the main financial platform for SMBs, facilitating access to financial services through integrated credit and payment solutions based on Big Data. The acquisition of Supplier at the end of 2019 was the great catalyst for our performance in credit origination and distribution through affiliated suppliers, an activity with potential for *cross-selling* with our client/customer base in the Management segment. During this period, we also launched 7 new Techfin solution offers and integrated them into our sales channels, adding specialists in our branches and franchised channels. In 2021, we reached credit production of R$9.88 billion, a growth of 48% in production compared to 2020. At the same time, we achieved a default rate of more than 90 days at just 0.8%, about 180 bps below the Brazilian average.

In the Business Performance segment, we offer a broad portfolio focused on helping our clients to increase their sales and become more competitive in their business segments. In March 2021, we acquired RD Station, the main digital marketing automation tool in the market, expanding the relevance of our Business Performance solutions offer. Complementarily, our *digital commerce* and omni-channel solutions help to leverage our clients' *online* sales and supply chain integration through full channel integration. In this segment, the revenue of 2021 increased 43% compared to 2020, considering the unaudited revenue of RD Station from June to December 2020 and Tail Target from January to December 2020, with recurring revenue representing 98% of the segment's total.

As a result of our strategic transformation, we carried out two subsequent share offerings to speed up investments and strengthen of our 3D ecosystem, the first of them in May 2019 that raised R$1.067 billion, and the second one in September 2021 that raised R$1.44 billion. A little over 3 years after the first subsequent offering, we made acquisitions with a total value of approximately R$3 billion, including Supplier, Consinco, Wealth Systems, Tail, RD Station, and GESPLAN, besides the partnership with B3 S.A. in Dimensa and the joint venture with Itaú Unibanco S.A. in Techfin, movements aimed at expanding to new Techfin and Business Performance markets and strengthening our Management business. We introduced a series of new SaaS Management products and solutions, which, together with Techfin and Business Performance solutions, considering the unaudited revenue of RD Station from January 2020 to May 2021, of Tail Target from January to December 2020, and Supplier from January to May 2020, represented over 40% of the revenue mix and 68% of the year-on-year growth of the 2021 revenue.

In recent quarters, the Company performed within the so-called *Rule of 40*, which identifies companies with high potential to generate value those capable of reaching 40% or more in the sum between EBITDA Margin and Net Revenue growth. We reached the mark of 48.2% in 2021, 111 bps over 2020.

In addition, in January 2020 the Company's shares were included in the IBOV index, as well as the MSCI indices in December 2020, the IBrX 50 of B3 as of 2021 and the GPTW of B3 as of 2022, making the Company the first technology company to appear in the most important stock indexes in the Brazilian market. This achievement reflects the Company's leadership position and recognition of the moment it is going through, because of our strategy, operational performance, and level of corporate governance.

TOTVS sees itself as a distinguished company, with a unique capacity for transformation, and it will continue to manage the combination of business dimensions with flexibility and balance at different times and terms of office, favoring a young, ambitious, and creative culture. The Company has been witnessing a rush of companies for new technologies, and has been seeking a powerful partner with the ability to solve most problems thus allowing it to focus on its core business.

The future is interconnected and interdependent; therefore, the Company will continue to be the partner that its clients and customers know they can count on. A partner that will deliver the contracted value proposition and help them improve their results. In other words, it will increasingly become the "Trusted Advisor" of its clients and customers. The path is not simple; it requires size, investment, structure, sophistication, and capacity in M&A: combined attributes that only TOTVS has.

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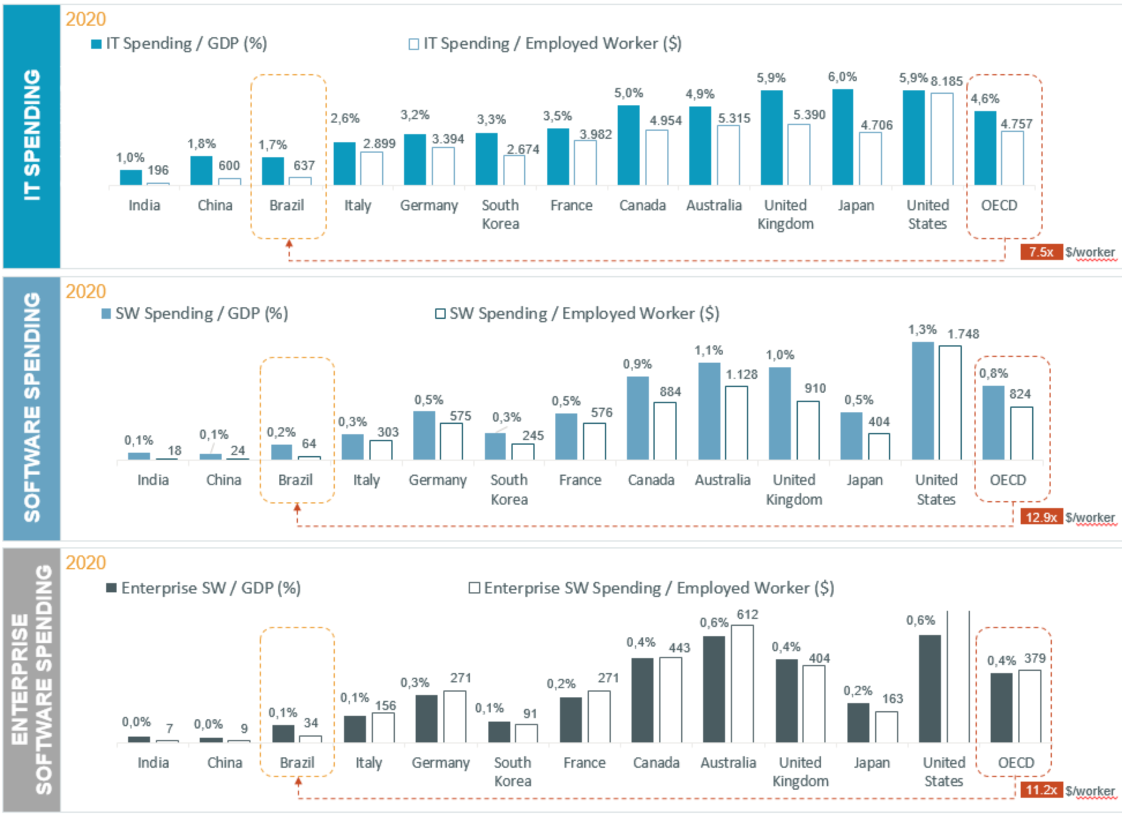
The table below shows, for the periods showed, the main consolidated financial and operating indicators of the Company:

Stated in millions of Reals/BRL (except percentages)	Fiscal year ended on December 31,		
	2021	2020	2019
Total net revenue	3,258.9	2,596.1	2,282.1
Net revenue from Recurring Software (1)	2,470.9	1,954.1	1,729.2
Net Profit	374.0	295.0	210.6
Adjusted EBITDA(2)	782.06	589.7	470.7
Renewal Fee(3)	98.0%	98.5%	98.3%

Market Opportunities

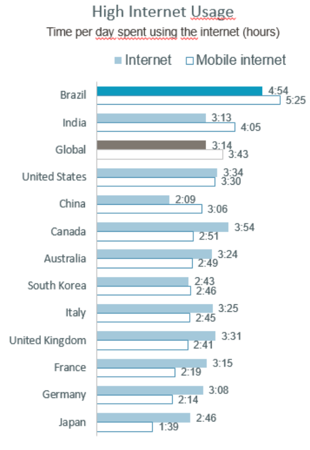
Software Market in Brazil (Management and Business Performance)

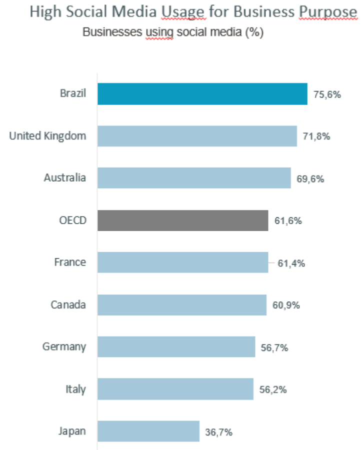
According to Gartner's *Market DataBook* study published in December 2020, Brazil was among the 12 largest IT markets in the world, with expenditures of approximately 62 billion dollars, of which 5 billion dollars represent investments in *software*. However, investment in IT and *software* in Brazil is still relatively lower than in more developed countries and in most major IT markets. Based on information from the World Bank, Brazil concentrates approximately 3% of the global workforce and 2.5% of the global GDP; however, expenditures on *software* represent around 1% of global expenditures, showing that the Brazilian market for *software* is not yet mature and still has a lot of room for growth. The graphs below show such a difference compared with other countries and the average of countries making part of Organization for Economic Cooperation and Development (OECD):

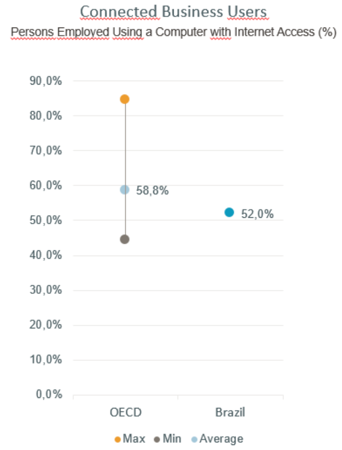


Sources: World Bank, OECD, TOTVS

Despite the use of IT and *software* being relatively low when compared to more developed countries, Brazil already has elements that point out good prospects for the growth of IT investment in the future. According to a survey by Hootsuite and data from the OECD, the population of Brazil has high levels of consumption of internet services, and use of social media for business purposes, being at the top of the ranking among developed countries, the world average and the average of the countries of the OECD, as shown in the graphs below:

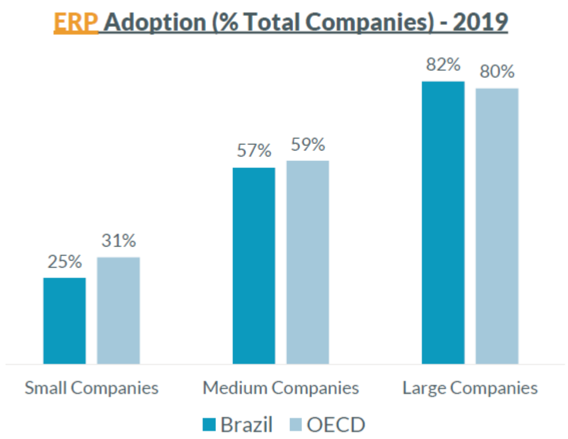


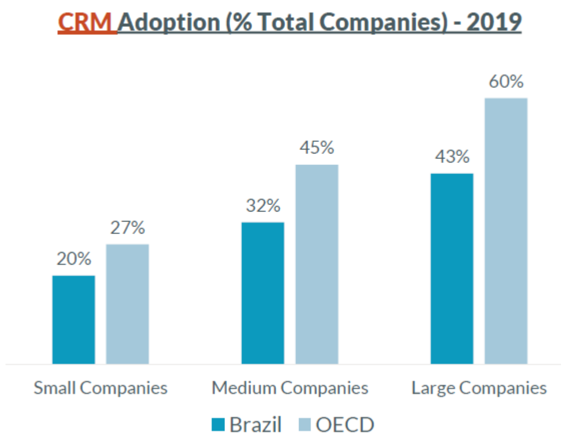


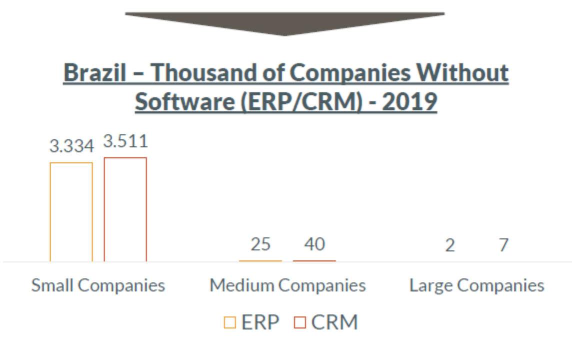


Sources: Hootsuite 2022, OECD 2021

The Company believes that there are 3 key drivers of growth in the *software* market in Brazil. The first driver is low market penetration. Statistics from the Regional Center for Studies for the Development of the Information Society (CETIC) and the OECD on the level of use of ERP and CRM in Brazil and worldwide show that the Brazilian market has, in general, less penetration than countries of the OECD. Penetration data in Brazil combined with IBGE data indicate an estimate of the volume of companies (over 3 million) that do not yet adopt *software* (ERP/CRM) in their operations.



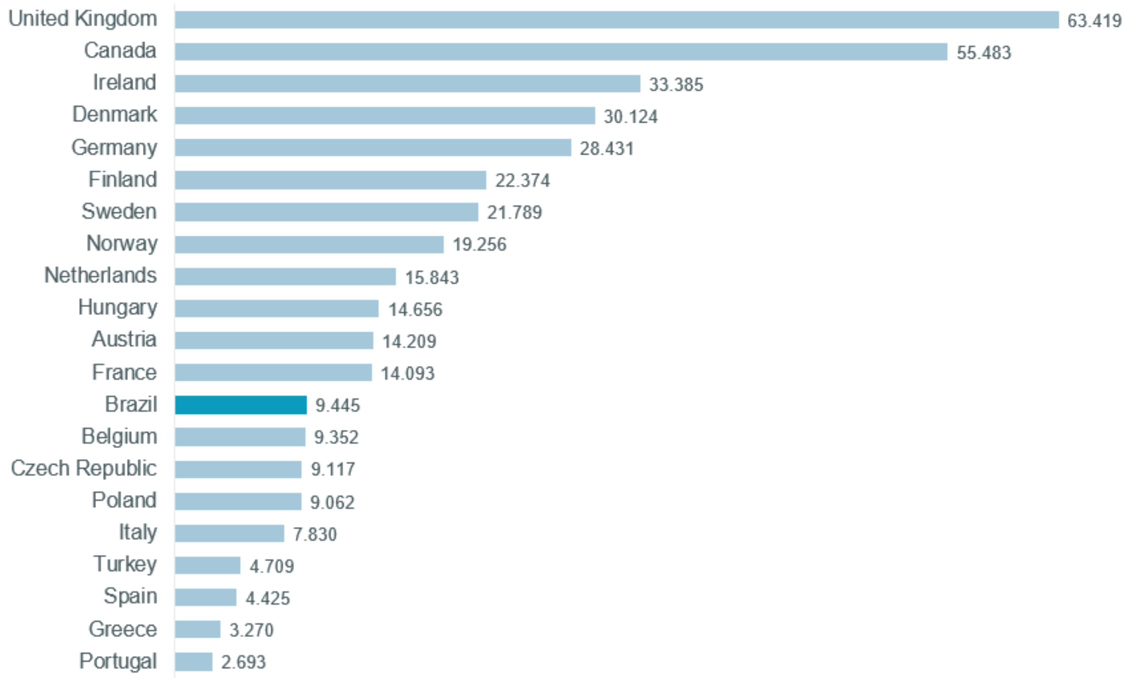




Sources: CETIC (TIC Empresas 2019), OECD statistics, IBGE

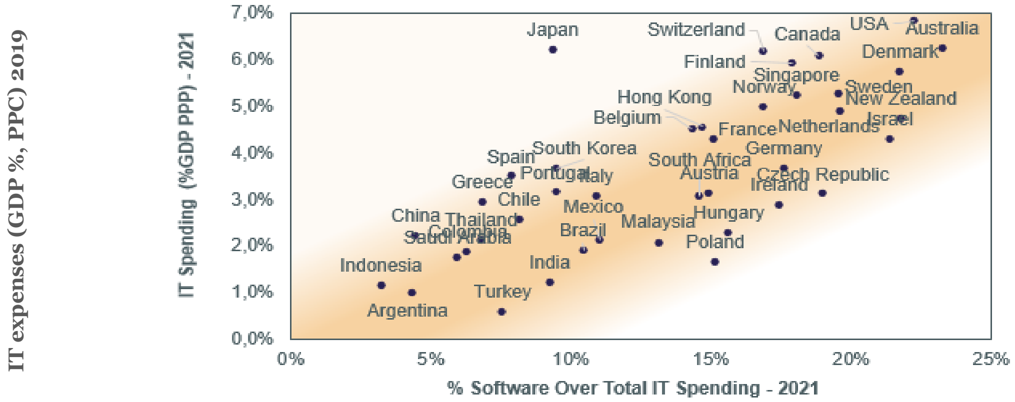
The **second driver** is a higher potential use in an already penetrated market. Even companies that already use ERP in Brazil spend less on *software* than the average company in many OECD countries.

Average Software Spending ($ PPP Adjusted - 2020) / Company Adopting ERP



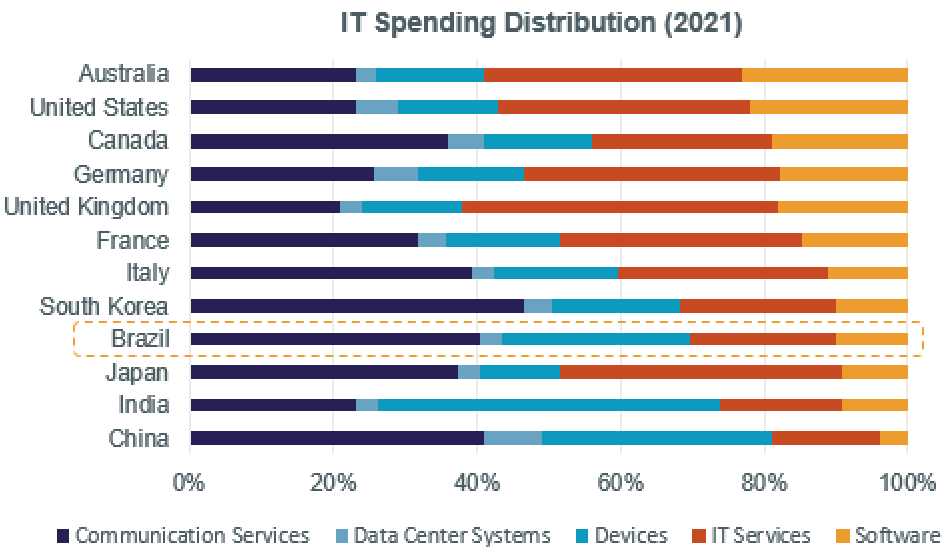
Sources: World Bank, reviews from TOTVS

The **third driver** is the potential share of *software* in IT spending. Data show a positive correlation between IT spending and the relevance of *software* on the Total IT Spending in each country, that is, as countries mature and start to invest more in IT, the investment in *software* becomes more representative out of total IT spending.



Sources: World Bank, reviews by Software on total IT expenses %- 2019

In Brazil, there is a low share of spending in *software* in terms of the total IT spending compared with other leading IT markets, which shows a high potential for expanding *software* investments in Brazil.



Sources: World Bank, reviews by TOTVS

Techfin market in Brazil

The Brazilian corporate credit market (PJ), despite still being a market highly concentrated in the major banks (Caixa Econômica Federal, Banco do Brasil, Itaú Unibanco, Santander and Bradesco), which currently account for 71% of the entire portfolio of companies in 2021, have been observing a significant drop in this concentration year after year.

Regulatory changes to increase competition in this market, the emergence and growth of new technologies, among other factors, have opened space for the performance and growth of new *players* exploring market niches in which traditional *players* cannot explore with quality and/or have high costs.

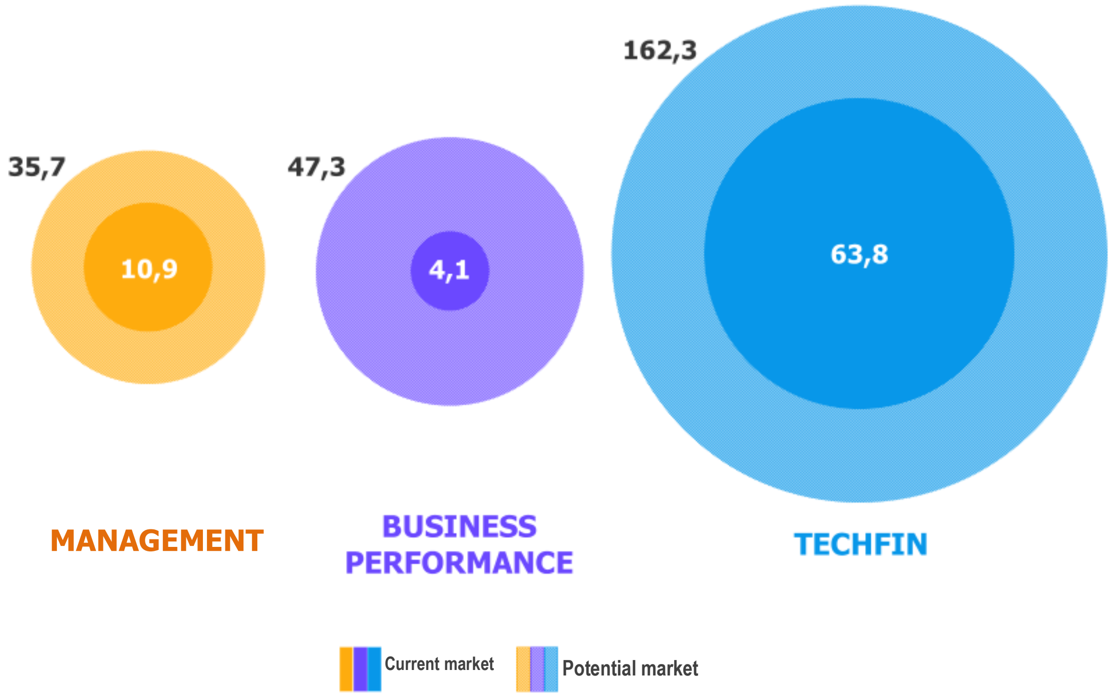
This outlook creates an opportunity for the Company to operate in the Techfin segment, without forgetting our technology DNA as a *software* company. The Company positions itself as *Techfin* rather than *FinTech*, to offer solutions to simplify, increase access, and lower the cost of financial products, including payment and credit solutions for its clients and customers. Our Techfin segment can leverage: (i) our expertise and *know-how* of digital and technological solutions, (ii) our ability to collect and analyze high volumes of data, (iii) our ability to launch new products to adapt to users' needs, (iv) our robust distribution platform in all regions of Brazil, (v) our access to a broad base of recurring customers throughout the production chain and (vi) our brand, that is well established. These solutions can even be offered in partnerships with *players* in the financial sector, whether consolidated or new entrants, who have complementary knowledge such as product expertise, knowledge of the regulatory environment and customer risk analysis.

Moreover, access to a broad client/customer base whose operations are mediated and supported by the Company's systems, combined with a trend of digitization of companies and pressure for efficiency gains and increased results, creates an opportunity for the Company to develop solutions to increase the performance of its clients/customers based on the analysis of their data, including, for example, measures to increase sales in certain situations or better manage company resources.

Total Addressable Market - Potential 3D Ecosystem

The Company estimates that there is an addressable software market potential for the Company in Brazil of approximately R$83 billion, divided into: (1) R$35.7 billion in the Management market; (2) R$47.3 billion from the Business Performance market, both when Brazilian companies reach an IT maturity level observed in OECD countries. That potential can be exploited in different ways, whether through *upselling, cross-selling*, or operating within a non-penetrated market.

In the Techfin segment, the Company estimates that there is an addressable market potential of R$162.3 billion, when all companies in Brazil take out credit according to the average onerous level of debts of those that already do so today. This potential can be exploited through our strategy of becoming a single credit and payments platform for our small- and medium-sized clients.



Source: IDC and reviews by TOTVS

The opportunities shown here, combined with the positive trajectory of the IT sector, which has shown a growth history above the average of the Brazilian economy, reinforce our view that the Brazilian market is an important source of growth and opportunity for the Company. In addition, the size of the new markets and their growth potential show that the Company does not need to be dominant in them for the growth coming from the new segments to be relevant.

Our Strengths and Competitive Advantages

Leadership position and brand

We are a leading Brazilian multinational company in the ERP market in Brazil with a 48% *market share*, according to Gartner's "*Software Market Share Enterprise Application 2021*" study. We estimate that our clients' aggregate revenue represents approximately R$2.7 trillion.

We are the 25th most valuable brand in Brazil according to the Interbrand ranking in 2020, being the only technology brand present in this ranking, which we believe is a valuable asset in attracting new clients/customers, as well as to attract the best and most innovative professionals of the software and technology industry. The Company was the only Brazilian IT company present in the ranking "The 2018 Global Innovation 1000 study" annually released by the consulting firm Strategy & Co., bound to PwC.

Our leadership position allows us broad access to the various market segments in which we operate and enables us to offer a variety of products vertically to new and existing customers of all sizes, including *cross-selling* opportunities. We also believe that our strong reputation has the ability to bring together excellent professionals, partners and customers around us, in an open ecosystem, capable of monitoring and integrating the evolution of current demands and anticipating future trends.

Distribution platform

The Company is present throughout the entire Brazilian territory and has clients in 41 countries. This broad capillarity is the result of our expansion strategy through branches, channels and exclusive franchises, which began in the 1990s and which allows us to always be close to our clients/customers, better understand their business, the particularities of the region where they operate, and to earn their trust.

We believe that our distribution platform is a strong differential, with a local and digital presence that is able of serving companies of all sizes.

In the management segment, our distribution strategy follows the size of clients as follows:

(i) In large corporations (over 500 employees), we have a specialized division with qualified professionals in each industry in which we operate, offering not only specialized service, but support and consultancy.

(ii) In the segment of small and medium business (10 to 500 employees), we have 5 own units and 52 franchised territories. We believe that this capillarity of the sales force provides us with unique knowledge of our clients' needs, besides optimized business and implementation costs. Our franchisees act exclusively and are remunerated not only for the sales made but also for the Net Revenues from Recurring Software, which we believe motivates these franchisees to maintain a high degree of alignment with our interests, in particular the maintenance of the long-term relationship with our clients and customers.

(iii) In serving small businesses (less than 10 employees), we operate in a system of multiple channels through partners, resellers and distributors, which allows us to reach all regions and large centers in Brazil.

In addition, TOTVS Store allows us to establish a digital interaction channel with our clients/customers, especially for cloud applications.

In the Business Performance segment, our focus is *cross-selling* with clients in the Management segment, through specialized teams, fully integrated with current sales teams, using *digital commerce* and omnichannel tools. In addition, we have, for our digital marketing solutions, a vast ecosystem of partner marketing agencies that promote and recommend our solutions.

In the Techfin segment, we also have specialized teams that support the *cross-selling* of our Techfin solutions that are just at the beginning of the integration journey with the current sales teams, already bringing results above expectations. In addition, for our Supplier credit solution (which will be explored in more detail later on) the distribution and contracting of credit is carried out through our clients, which we call affiliates, who use our digital credit card service to sell more to their customers.

Broad, diverse, and flexible portfolio

Our portfolio encompasses a complete horizontal offer, with Management solutions, including ERP, HR, Verticals and Innovation Platforms; Techfin; and Business Performance, including data intelligence, *digital commerce*, omni channeling, digital marketing, and CRM. We believe that our solutions are broad, diverse, and flexible, dealing with and meeting the needs of all our clients/customers in the most diverse verticals of 12 business segments (agribusiness, construction and projects, distribution, educational, financial services, hospitality and tourism, legal, logistics, manufacturing, healthcare, services, and retail).

We serve companies of all sizes, with solutions available in *cloud* or *on-premises*. Our solutions are scalable and modular and can be easily configured to allow specific functionality for different business segments and sizes with consistent integration.

Business model with a history of growth and profitability

Our key business model comprises offering and developing, with constant innovation, reliable and efficient ERP systems for the secure processing of corporate information, constituting a very relevant tool for our clients in managing their business, in which we believe we have deep expertise.

Our business model has a customer-focused approach, broad product portfolio, an after-sales team that includes specialists with expertise in promoting *cross-sell and upsell sales,* as well as centralized implementation and maintenance teams. We provide our clients with more simplicity and ease in contracting and using our solutions through various business modalities, which adapt to the client's reality according to their stage of maturity. This allows us to support our clients' evolution, positioning ourselves as a long-term partner and expanding our services and *cross-selling* throughout the life cycle of this partnership.

Such business flexibility allows us to grow with our clients, supporting long-term relationships. At the end of 2021, we had reached the R$3.1 *billion Annual*[1] *Recurring Revenue* (ARR) mark, with a renewal rate of 98.0%. We believe that these factors, combined with a relationship model based on a recurring agreement (monthly payment with automatic annual renewal), make our business predictable and profitable.

[1]The Annualized Recurring Revenue is the metric responsible for estimating the amount to be received by your company in the next year from subscriptions.

In addition, between 2018 and 2021 we achieved a growth of more than 10% in the ratio between Recurring Revenue and R&D expenses, demonstrating an increasing efficiency in the development and maintenance of new solutions.

History of Acquisitions (M&A)

We believe that we have a solid capacity and track record in identifying, negotiating and integrating acquisitions over more than 20 years, which have generated value for the Company with the creation of significant synergies.

Since 2006, we have directly acquired more than 30 companies that have strengthened from our core business to the entry into new operating segments. Our executives have experience both in the acquisition process and in the integration of new companies, which leverages the potential of synergies to be extracted, with a focus on increasing cross and up-selling, reducing *churn*, increasing services and solutions offered, cutting costs, with an improved governance and sales expansion with the use of the TOTVS brand. Significant examples of our ability to integrate are the acquisitions of RM, Datasul and Supplier, which were transformational for the Company because of their size at the time of acquisition.

Skilled and experienced team of executive officers

We believe that our managers' strong experience and deep knowledge are decisive competitive advantages in our dynamic market. Our management is currently composed of a young, engaged and experienced team in the technology sector with, on average, 18 years of professional experience, of which approximately 9 years, on average, were dedicated only to the Company. These highly skilled professionals play a central role in the growth of our business, creating a culture of operational excellence, transparency and efficiency, and high standards of governance and ethics.

In 2019 we completed the Company's challenging succession process, preserving the legacy of the company's founder, who continues to support the Company as Chairman of the Board. We continue with the same premise that has accompanied us since the beginning of our trajectory: innovation, entrepreneurship and determination; betting on technology as a lever for the country's competitiveness and productivity; and working daily to offer the best solutions and experiences, increasingly digital, to our clients and customers. The experience and skills of our executives will be key to identifying growth opportunities, executing acquisitions, successfully integrating acquired assets, and implementing the strategy described below.

Besides being listed in the highest governance level of B3, the special segment of the Novo Mercado, we are a company with widespread capital (*true corporation*) and 6 out of 7 of our members of the Board of Directors are independent and highly qualified. Our Audit Committee is composed of independent members of our Board of Directors and an external member, to whom our internal audit team reports directly.

Commitment to the ESG agenda

Environmental

We work collaboratively to engage all our teams in TOTVS' ESG Agenda, in line with the United Nations Sustainable Development Goals (SDGs). Our goal is to reduce our carbon footprint and that of our clients and customers. We develop reverse logistics measures for IT assets and implement a management model for the conscious use of natural resources and reduction of waste in our operations. Our headquarters have partial photovoltaic generation, and 98% of the energy we consume comes from renewable sources. More than 90% of our furniture is donated to social institutions after the depreciation period.

Social

The Company's pillars of social action are based on diversity and inclusion, data security and privacy, professional education, and customer satisfaction. We generate more than 8,000 direct jobs and investments of over R$1 billion in human capital, and our talent retention rate is 95%. We have already granted more than 30,000 places for our employees to attend distance learning courses. We are supporters of the Social Opportunities Institute, created in 1998 with our support, to educate low-income youth in professional training programs.

Governance

Besides being listed in the highest governance level of B3, the special segment of the Novo Mercado, we are a company with widespread capital (*true corporation*) and 6 out of 7 of our members of the Board of Directors are independent and highly qualified. Our Audit Committee is composed of independent members of our Board of Directors and an external member, to whom our internal audit team reports directly. Our Compensation Policy was approved at the Meeting with over 97% approval. In addition, the Company complies with the best anti-corruption practices, maintaining a transparent risk management policy.

Growth strategy

Strengthening our core business

Our growth strategy is based on strengthening our Management business focusing continuously on offering solutions marketed and implemented in a simple and agile way through a capillary and digital distribution and business network and on the development of deep and long-lasting relationships with a diversified client base.

In addition, we completed our transition to an SaaS-based business model (*Software as a Service*), allowing users to connect and use cloud-based applications, which increases our recurring income with a loyal customer base.

Considering that some solutions have an estimated penetration below 5% in our current customer base, such as SFA - *Sales Force Automation* and BI - *Business Intelligence*, we believe there is a great opportunity for growth through the increase in the offer and penetration of our vertical solutions, with great potential for generating *cross-selling* for our current and future clients.

Expansion into new markets

Our expansion into new markets (Techfin and Business Performance) is based on the competitive advantage of being already present in almost every segment of our clients' value chain, which allows us to offer new customized and flexible solutions that help our clients to sell more (Business Performance) and to increase the financial efficiency of our clients (Techfin).

As part of this strategy, the Company’s Techfin segment’s main goal is to simplify, expand, and make our clients’ access to credit and other financial services cheaper, including through partnerships with financial institutions. With this, we seek to add even more value to the chains already served by our Management solutions, which are leaders in Brazil, offering, for example, credit solutions to sectors as diverse as education, health, HR, and factories.

The Business Performance segment has as its main goal to help our clients increase their sales and become more competitive in their business segments, through solutions focused on digital marketing, *digital commerce*, sales and customer experience.

Acceleration by Acquisition

We believe acquisitions are a powerful lever for performing our strategy of strengthening our position in the Management business segment and expanding into new markets (Techfin and Business Performance). We constantly assesss possible strategic acquisitions based on 4 major pillars:

1. strengthening and defending the core business - strengthening and defending our Management business with the addition of horizontal solutions and client base;
2. Deepening performance in segments - deepening our performance seeking leadership in business segments;
3. Cross-Selling Solutions - acquiring targets that add new agnostic and scalable products to our portfolio in order to leverage our *cross-selling capability*; and
4. New markets - increasing our potentially accessible market (Techfin and Business Performance).

Our pipeline of potential acquisition targets is constantly updated in view of the dynamism of the information technology market. Targets are assessed according to their fit in at least one of the four pillars of the pipeline, availability of the asset for trading and estimated value consistent with the levels practiced by the market.

On May 9, 2019, the Company disclosed a Material Fact reporting the execution of the agreement with VTEX SA ("**VTEX**") for: (i) the creation of a *joint venture* focused on the development and distribution of *software* solutions for e-commerce for companies in the Brazilian market; and (ii) sale to VTEX of the entire interest held by the Company in the capital of CIASHOP SA ("**CIASHOP**"), representing 70.47% of the capital of CIASHOP, for the amount of R$21,175,000 (twenty-one one million one hundred and seventy-five thousand Reals), subject to adjustments, to be paid at the closing of the transaction. The total amount attributed to CIASHOP was R$30,048,966.08 (thirty million forty-eight thousand, nine hundred and sixty-six Reals and eight cents).

On October 24, 2019 the Company disclosed the completion of the sale of its Brazilian *hardware* operations, through the subsidiary Bematech Hardware Ltda. to ELGIN S.A. for the amount of R$ 25,000,000 which is subject to a possible price adjustment to be determined under the terms set forth in the contract that governs such transaction. On November 6, 2019, the sale of Bematech International Corporation (BIC) to Reason Capital Group LLC. was completed, pursuant to an agreement executed on July 2, 2019, for the amount of US$4.4 million - corresponding to R$ 17,528, after adjustments set forth in the agreement, of which US$1.5 million - corresponding to R$5,988 - were retained as collateral and shall be released by November 5, 2022.

On October 28, 2019 the Company announced the acquisition of 88.8% of the share capital of Supplier, a company focused on B2B credit between customers and suppliers, for the amount of R$ 455.2 million. Mauro Wulkan and Eduardo Wagner, founders of such acquired company, remain as managers and shareholders, holding 11.2% of its share capital. On April 30, 2020 the Company announced that such transaction had been completed. Supplier accelerated the Company's Techfin strategy and started its journey at the Company on the Fintech model, combining the origination, definition, and use of credit policy and approval, which is assigned to participants in the financial system, currently a Receivables' Investment Fund (so-called "FIDC"), which carry the portfolio and credit risk. With such model, Supplier's investment and net equity risk are essentially limited to its subordinated shares of said FIDC, preserving Supplier's financial spread in the transaction.The Company aims at taking Supplier to the Techfin model, expanding to its customers' supply chains, enabling B2B credit in recurring relationships between clients, customers and suppliers and providing a frictionless experience to those involved, through the integration of management systems in Supplier platform and the use of artificial intelligence and big data for the continuous evolution of its credit algorithms.

On December 27, 2019 the Company announced the acquisition of 100% of the shares of Consinco S.A. for the amount of R$ 197 million, paid on the closing of the transaction carried out on January 30, 2020. In addition, a supplementary purchase price of up to R$ 55 million may be paid, subject to the achievement of targets set for Consinco for years 2020 and 2021 and the fulfillment of other conditions. Consinco is the leading provider of management systems for supermarkets and self-service wholesalers (wholetail, i.e. wholesale and retail) in the Brazilian market. With such move, the Company is increasing its presence in the retail segment and consolidating its leadership position in the vertical segment of supermarkets, the end of a long value chain that also enables the generation of significant synergies through the offering of financial services solutions, such as B2B credit, from the Techfin division.

On April 8, 2020, the Company entered into a Purchase Agreement to acquired shares representing 100% of Wealth Systems' capital stock for the amount of R$27 million, subject to adjustments, of which R$16.7 million were paid in cash to sellers and R$ 10.3 million will be paid in February 2021. Founded 19 years ago, Wealth Systems operates in the *software* market providing CRM (Customer Relationship Management) and SFA (Sales Force Automation) solutions in Latin America, with more than 250 associates and more than 450 clients and customers in different sectors of the economy, with major customers especially in the agribusiness, manufacturing, and distribution industries. Wealth Systems was already a partner of the Company with its CRM (Master CRM) and SFA (Master Sales) solutions.

On December 19, 2020, the Company acquired 100% of the capital stock of Tail Target Tecnologia de Informação Ltda. for the amount of R$32,000,000, the payments of which were distributed as follows: (i) R$7,800 thousand were paid in cash; (ii) R$3,506,000 referring to installments withheld to comply with conditions provided for in the agreement; and (iii) R$20,000,000 to be paid upon achievement of goals et for Tail for the years 2021 and 2022. Tail is a provider of a data intelligence platform that provides insights to clients and customers through real-time monitoring of the behavior of a wide audience on the Internet aiming at optimizing their clients' sales.

On March 9, 2021 the Company announced the execution of a sale and purchase agreement for the acquisition of shares representing 92% of the capital stock of RD Gestão e Sistemas S.A. ("RD Station") for the amount of R$1,861 million, subject to adjustments, to be paid at the closing of such transaction. On May 31, 2021, such transaction was completed after the fulfillment of all the conditions precedent set forth in the Agreement for the Sale and Purchase of Shares and Other Covenants executed by and between the parties, including, but not limited to the approval of the Brazilian Antitrust Agency (CADE), which issued its favorable opinion for such transaction to be completed.

On July 12, 2021, the Company announced the execution of a contract with the purpose of underwriting, by B3 S.A. – Brasil, Bolsa, Balcão, a minority shareholding representing, at the end, 37.5% of the total shares of Dimensa S.A. (formerly called TFS Soluções em Software S.A. "TFS"), for the amount of R$600 million, subject to adjustments, and with post-money equity of the new company valued at R$1.6 billion. On October 1, 2021, the transaction was completed after all the conditions precedent required to close the transaction were met, including the necessary regulatory approvals from both the Brazilian Antitrust Agency (CADE) and the Brazilian Securities and Exchange Commission (CVM), with no restrictions.

On April 2, 2022, the Company announced the execution of an Agreement for the Purchase and Sale of Shares and Other Covenants, through which it acquired shares representing 100% of the capital stock of GESPLAN S.A. ("GESPLAN") for the amount of R$40 million in cash. In addition, such agreement provides for the payment of a complementary purchase price subject to meeting targets to be complied with by GESPLAN concerning the fiscal years 2022 and 2023 besides the fulfillment of other conditions.

7.1-A - Semi-public corporation

(a) public interest that justified its creation

Not applicable. The Company is not a semi-public corporation.

(b) performance of the issuer in compliance with public policies, including universalization targets

Not applicable. The Company is not a semi-public corporation.

(c) pricing process and rules applicable to fee setting

Not applicable. The Company is not a semi-public corporation.

7.2 - Information on operating segments

(a) products and services sold

The Company delivers productivity through the digitalization of business, going far beyond ERP, offering management *software*, financial services, business performance solutions, technological platforms, as well as consulting services for companies of all sizes, with direct sales customers or through an exclusive franchise network.

The acquisition of RD Station consolidated the emergence of the Business Performance segment and was a definitive step in the construction of an ecosystem of B2B technologies, which goes beyond ERP. This strategy aims to expand the *addressable market*, *take rate* and, finally, increase client/customer loyalty, through the advancement of value chains, leading a journey of digitalization aimed at exponentializing the Company's operations.

Therefore, as of May 31, 2021, we started to present the Company's financial and operating results divided into 3 operating segments. Below, we have a brief description of each of them:

- **Management**: is the segment where data and integrations are generated. Therefore, it is the base that makes the other segments of the ecosystem feasible. It includes: (i) ERP solutions; (ii) HR solutions for the management and development of human capital and payroll processing; (iii) specialized solutions for 12 economic segments; and (iv) and solutions aimed at micro and small businesses.
- **Business Performance**: is the segment that aims to leverage the results, performance and relationship of our clients' different business areas. It consolidates the digital marketing platform, consisting of RD Station and Tail Target; and sales support solutions, comprising the E-commerce suite (including the JV with VTex) and OMS (Omnichannel).
- **Techfin**: is the segment that seeks to simplify, expand and make access to B2B financial services cheaper, through the intensive use of digitalization and Big Data. Currently, it is composed of credit solutions, including: Supplier and new products (Advance, Payroll, More Business, More Deadline, Financial Panel and EduConnect Pay).

(b) revenue from the segment and its share in the Company's net revenue

As of May 31, 2021, with the completion of the acquisition of RD Station, the Company started to evaluate its results according to the revenue generating units of the business segments presented below:

- **Management**: it represents the Company's *software* business focused on business management, including all ERP, HR and Vertical solutions.
- **Business Performance**: composed of solutions aimed at generating opportunities and converting customer sales, such as sales, digital marketing and *customer experience*.
- **Techfin**: it includes the business of providing financial services, such as technology products aimed at financial services (eg Financial Panel), partnerships (eg payroll-deductible credit), products that have some degree of credit risk and/or definition and/or application of credit policies (for example, the "Supplier Card",

"Anticipa" and "Mais Prazo" products). In this segment, income from the subordinated share of the FIDC is also consolidated, to which the Supplier assigns the originated credits.

In the fiscal years of December 31, 2021, 2020 and 2019, such operating segments had the following share in the total net revenue:

Stated in thousands of Real/BRL	Fiscal year ended on December 31,				
	2021	AV (%)	2020	AV (%)	2019[(i)]
Management	2,818,001	86.5%	2,464,625	94.9%	2,282,124
Business Performance	159,311	4.9%	2,029	0.1%	-
Techfin	281,551	8.6%	129,423	5.0%	-
Total net revenue	**3,258,863**	**100,0%**	**2,596,077**	**100.0%**	**2,282,124**

[(i)] In 2019 the Company held only the Management business segment, named as Technology

(c) profit or loss resulting from the segment and its share in the Company's net income

To assess the performance of each business segment, the Company uses the non-accounting contribution margin metric that consist of Gross Profit discounted from Research and Development expenses and from Allowance for Expected Losses expenses. This level of contribution margin concentration is observed in the Company's net income.

In the six-month period ended June 30, 2021 and 2020 and in the fiscal years of December 31, 2020, 2019 and 2018, such operating segments had the following share in the contribution margin:

In thousands of BRL	Fiscal year ended on December 31, 2021	2020	2019[(1)]
Management operating segment			
Total net revenue	2,818,001	2,464,625	2,282,124
Gross Profit	2,017,892	1,730,157	1,538,269
Research and Development	(490,227)	(425,262)	(397,824)
Allowance for expected loss	(18,412)	(38,996)	(28,434)
Contribution Margin	**1,509,253**	**1,265,899**	**1,112,011**
Contribution Margin %	**53.6%**	***51.4%***	***48.7%***
Business Performance operating segment			
Total net revenue	159,311	2,029	-
Gross Profit	114,835	1,888	-
Research and Development	(33,852)	-	-
Allowance for expected loss	(2,177)	(39)	-
Contribution Margin	78,806	1,849	-
Contribution Margin %	**49.5%**	***91.1%***	***0.0%***
Techfin operating segment			
Total net revenue	281,551	129,423	-
Gross Profit	167,863	87,328	-
Research and Development	(24,159)	(6,086)	-
Allowance for expected loss	(15,646)	(4,821)	-
Contribution Margin	128,058	76,421	-
Contribution Margin %	**45.5%**	***59.0%***	***0.0%***
Consolidated			
Total net revenue	**3,258,863**	***2,596,077***	**2,282,124**
Gross Profit	**2,300,590**	**1,819,373**	**1,538,269**
Research and Development	(548,238)	(431,348)	(397,824)
Allowance for expected loss	(36,235)	(43,856)	(28,434)
Contribution Margin	**1,716,117**	**1,344,169**	**1,112,011**
Contribution Margin %	**52.7%**	***51.8%***	***48.7%***

Stated in thousands of Real/BRL	Fiscal year ended on December 31,				
	2021[ii]	AV (%)	2020[ii]	AV (%)	2019[i]
Management	1,509,253	87.9%	1,265,899	94.2%	1,112,011
Business Performance	78,806	4.6%	1,849	0.1%	-
Techfin	128,058	7.5%	76,421	5.7%	-
Contribution Margin	**1,716,11**	**100.0%**	**1,344,169**	**100.0%**	**1,112,011**

(i) In 2019 and 2018, the Company held only the Management business segment, named in 2019 as Technology and in 2018 as *software*.

(ii) In 2020 the Company had only two business segments Management, named in 2020 as Technology and Techfin, named in 2020 as Credit Products – Supplier.

7.3 - Information on products and services related to the operating segments

(a) characteristics of the production process

Products offered by the Company

1. MANAGEMENT PORTFOLIO

Our *software* portfolio includes offerings in 5 layers: (i) the ERP solution for *back-office operations*, which includes the general processes of a business operation such as marketing, agreements, administrative and financial activities, among others, and the HR solution; (ii) *software* solutions specialized in the client's business vertical, hence fully oriented to the challenges of the 12 segments in which the Company operates; (iii) innovation platforms, which represent evolutions of the management system, with a more open architecture that can be integrated to APPs and designed with premises of productivity, collaboration, management and relationship, and robust intelligence and data analysis capacity; (iv) solutions for micro and small businesses with tailored solutions for micro companies; and (v) portfolio of services that comprise our software implementation, *cloud*, business education, and consulting services.

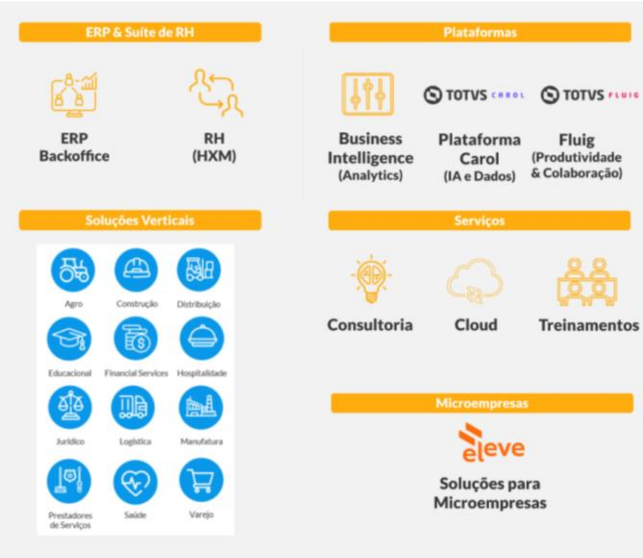


Image: Management Portfolio

1.1 ERP solutions

The business management system (ERP, or *Enterprise Resource Planning*) is the basis of all business operations, which allows easy and reliable access to a company's data in real time, anytime and anywhere, integrating and facilitating communication between different departments, such as sales, finance, inventory and human resources, and enabling greater control and management of all processes of an organization. From data collected by an ERP and its corresponding analysis, it is possible to carry out in-depth diagnoses, which can help managers make more appropriate decisions for greater efficiency and productivity, cost reduction, growth, profitability and increased competitiveness of the company.

ERP TOTVS is in constant technological development to offer more and more functionalities and benefits for businesses, following the dynamics and accelerated changes in the market, ensuring compliance with business and tax rules and information security.

TOTVS Back-office: the back-office ERP comprises the essential and complementary processes for management, integrating solutions oriented according to the expertise business served, in a productivity and collaboration platform. This module comprises a range that goes from the administrative and financial back-office, with full compliance with legislation, to the critical modules to put into operation any type of industry, such as engineering, inventory and costs, and production planning and control.

The Brazilian tax legislation is one of the largest and most complex in the world, subjecting companies to the need to keep up with this scenario that is constantly being updated. The difficulty to maintain the strategic management of tax risks is intensified on a daily basis with legislative changes and a calendar full of obligations and different deadlines to comply with them throughout Brazil, in addition to the need for investment in professionals, software, data storage, consulting, outsourcing, lawyers and legal expenses.

The means for the tax authorities to ensure compliance with tax rules gain strength every year. The entire history and operational process performed by the taxpayer is under the watchful eyes of the tax authorities. In possession of electronic documents (electronic invoices known as NF-e, NFS-e, NFC-e, CT-e, besides other required reports known as MDF-e, Eventos e-Social, EFD Reinf, etc.), monthly bookkeeping (STATE GIAS, SINTEGRA, EFD ICMS IPI, EFD Contributions, Security e-Social and also EFD Reinf, Bloco K, etc.) and annual bookkeeping (SPED Contabil, ECF, DIRF, RAIS, etc.), the tax authorities use their tax expertise for the most diverse purposes in order to monitor tax information.

Tax obligations are part of the everyday life for all companies, regardless of size and industry sector of activity. Understanding the Brazilian tax scenario is an extremely complex task that requires time, knowledge, and constant updating.

TOTVS HR: The Company has complete solutions to meet the processes that make up the Human Resources suite, providing companies with a simple and agile management and development of human capital in all processes, such as: support for legal requirements and processing of sheets payment, benefits management, control of employees' working hours, workforce planning, talent attraction and retention, training management, competency management and monitoring of results through indicators and action plans and setting strategic goals.

1.2 - Verticalized Solutions

Information Technology (IT) is a sector with extremely high added value and has the potential to contribute decisively to sustaining new development cycles in Brazil, impacting positively – and in a comprehensive way – all production chains. In this sense, the Company focused its operations on 12 economic segments, a strategy that allowed it to incorporate the best skills into its portfolio, make its products more specialized and also increasingly integrate the production chain of its end-to-end customers, such as, for example, the Supply Chain that groups the Agribusiness, Manufacturing, and Logistics segments.

The Company structures its teams with specialized professionals for each of the 12 business segments of its clients, thus maximizing the benefits of specialization. Accordingly, we started offering even more specific solutions, not only for our clients but also for our clients' customers. This means that, for example, when we develop a tool for a university, we try to understand the needs not only of professionals from that educational institution, but also of its customers, that is, students.

Integrated with back-office systems, *the* structuring of verticalized *software* in each sector responds to the challenges of the client's core business and aims to consolidate solutions and business processes by sector in which the economy operates, optimizing development, updating and innovation of the solutions. This allows the solutions offered by the Company to meet the basic needs of companies, related to routine *back-office* operations, such as accounts payable, accounts receivable, tax and human relations processes, to the needs related to the core business of the companies, such as controlling students in a university, controlling inventories in a manufacturing company, or managing works in a construction company.

In this sense, the Company's portfolio is organized into specialized business solutions for the following 12 segments of the economy:

- **AGRIBUSINESS**

The Company has specialized solutions for the agribusiness segment that cover the value chain of the following subsegments: Processing and Sales of Agricultural Commodities, Crop Production, and Bioenergy. Our goal is to enable greater traceability of production, better financial and economic management, and total planning and control within processes that are peculiar to agribusiness, ranging from agricultural planning to harvesting and manufacturing, considering best management practices in precision agriculture and granular identification where the cost and operating income bottlenecks are found, which can contribute to achieve a better performance.

- **MANUFACTURING**

In the current scenario of digital transformation, our value proposition is to make feasible that manufacturing processes become lighter by simplifying and digitalizing processes. We invested in mobility and automation solutions to ensure greater speed and accuracy in shop floor records, increase efficiency, improve productivity, and reduce costs. We provided a modern advanced production planning solution to support synchronization and sequencing of the supply chain and make the incorporation of Industry 4.0 concepts easier. We have a powerful IoT Platform, which is a tool based on cloud computing, specially developed to create connected solutions. The practicality of using such tool, whether for simple or even more complex applications, enables the creation of collaborative ecosystems. Highly scalable, the IoT platform has advanced features for data collection, aggregation and viewing, allowing its application in the most varied industry sectors, besides allowing a better understanding of the large amount of data from shop floor devices such as sensors, motors, actuators, drives, controls, etc. We combine an AI application that provides industrial optimization solutions focused on bringing the most advanced concepts of industrial analytics, one of the pillars of industry 4.0. Our solutions serve, among others, especially eight major specialties: Metal-Mechanics & Plastics, Durable Goods, Consumer Goods, Chemistry and Recycling, Extractivism & Processing, Paper & Cellulose, Textile & Clothing and Capital Assets, enabling an increasingly sustainable manufacturing with technological innovation and product development combined with environmental preservation.

- **LOGISTICS**

The Company offers specific solutions for logistics, which meets the challenges of the most varied industry sectors, among them, carriers, logistics operators, ports and bonded areas, manufacturing, distributors, retail, etc. In these industry sectors, we aim to ensure a highly productive and efficient logistics with the adoption of our solutions. Allowing the total management of the Storage Chain, from the Planning and Receiving of Docks, Management of Yards and Entrance Gates, Inspection at the Entry and Exit of vehicles (check-list), Weighing through road scales and Storage Management. We also serve the Transport Chain with solutions that allow all operational control and management over transportation, controlling Freights Receivable and Payable, Integration with Means of Payment, Logistics Optimization using AI, Fleet Management, Collection/Delivery and the Logistics Market Place. The use of such solutions increases the level of service of companies, allowing operational efficiency, cost reduction, balanced inventories, reduction of the cycle time of demand processing (orders, nf, cte, etc.), accurate and reliable information flow for management of Inbound and Outbound Logistics.

- **RETAIL**

In retail, the following sub-segments are served: Management of Vehicle Dealers, Franchise Chains, Drugstores, Supermarkets, Fashion, Food Service and Food, Supermarkets, Magazines and Department Stores and Construction Materials. Our solutions aim to offer complete management for a retailer, from the automation of administrative processes to the completion of the sale at the POS - Point of Sale (*checkout*), including store management, credit management, mobility, e- *commerce*, inventory management, pricing, RFID, grid and assortment management, with information security and integrated solutions.

- **DISTRIBUTION**

Solutions that serve different types of operation, from the distribution of primary inputs to the wholesaler distributing the most diverse types of products, such as grocery, cold cuts, cosmetics, hygiene and cleaning, construction material, pharmaceuticals, chemicals and auto parts. Our solutions are designed according to the stages of the production chain, and aim to automate everything from the purchase of goods, the receipt and storage of products, through the sale, separation, shipment, billing, cargo adjustment, treasury, financial until the tax and accounting operations of the company.

- **SERVICE PROVIDERS**

The Company offers specific solutions for the following sub-segments: Security and Cleaning Service Providers, Equipment Rental, BPO, IT and Telecom, passenger transportation. We aim to contribute so that clients and customers can ensure control of operations by optimizing the allocation of resources and consequently increasing their productivity, generating sustainable value for their customers by offering quality services for the longevity of their relationships, and offering a helping hand qualified work for the provision of its services.

- **CONSTRUCTION & PROJECTS**

The Company offers specific solutions for the subsegments of Developers and Real Estate Market. Our value proposition in this segment is to offer mobility and full integration of data for the management of the construction site, enabling the proper planning of projects, with consistent budgeting and accurate monitoring of contracts and supply of materials inherent to their performance.

- **EDUCATION**

The Company offers specialized solutions for the Basic Education, Higher Education, and Continuing Education sub-segments. Our goal is to allow the educational institution to digitalize and optimize all its educational management processes such as attracting new students, enrollment, evaluation and attendance management, academic collection management, receivables management, relationship with the academic community, certification and diploma. In addition, we want to help schools achieve greater student and family retention and satisfaction in providing educational services.

- **HOSPITALITY AND TOURISM**

The Company offers solutions specially developed from processes peculiar to hotels, inns, and resorts. Our purpose is to ensure that managers can have a complete view, with easy and agile access to the main operating and administrative processes that are part of the hotels' daily routines. Through the solutions offered it is possible to access the check-in, check-out, governance, and booking search operations at any time and from any place, in addition to showing all the key hotel management indicators, such as the occupancy rate, average prices per night, real-time revenue, REVPAR (hosting revenue per available room) among others, for mobile devices.

- **LEGAL DEPARTMENT**

The Company understands the reality of the legal services chain and contributes so that the law firms and legal departments of companies have more flexibility and speed, and are constantly updated, through scalable and specialized solutions that control operations, reduce costs, improve the relationship with the customer and contribute to the achievement of new demands. The proposal for this segment is to allow those responsible for the legal departments to fully manage the procedural and administrative activity; accessible and mobile management for quality relationships with partner offices; and for legal offices, the definitive management to sustain the operation with specialized *back-office*, and ease of operation and scalability.

- **HEALTHCARE**

The Company develops specific solutions for the healthcare segment, serving clinical centers and physicians' offices, medical cooperatives, hospitals of all sizes, and also in the healthcare and self-management plan operators market. We seek to offer our clients improved clinical performance, improved compliance and generation of sustainable financial results, supporting their business with reliable and interoperable data and information for correct decision-making, from procedure authorization processes and collections, to the appropriate transfer of resources to providers, through the disallowance control to compliance with sector regulations, ensuring speed and quality in patient care.

- **FINANCIAL SERVICES**

The Company offers specialized solutions for all types of financial institutions such as banks and financial institutions, credit unions, investment funds, supplementary pension funds, brokerages and insurance companies, encompassing its investment, credit, cards and core banking areas, from the business to accounting and operational, passing through management, compliance, and market controls. Our purpose is to allow clients the reliability of financial operations, accuracy in financial calculations, efficiency in the credit granting processes with the reduction of risk and sending the required information to the legal authorities.

1.3 – Innovation Platform Solutions

For the Company, ERP is its main business and, like the world, it is constantly changing: evolving from systems to open, connected, and customizable platforms. The Company currently has 2 innovation platforms available to clients, which integrate with their management portfolio, leveraging backoffice solutions and specialized *software* in the most varied segments of clients, thus adding greater value to their operations. Such two platforms are the following ones:

- **TOTVS Carol Data and Artificial Intelligence Platform:** TOTVS Carol is the Company's data and artificial intelligence platform that facilitates data processing to implement artificial intelligence algorithms. It is the cognitive intelligence of the Company's solutions. It allows us to improve data ownership in organizations and expand the analysis capacity and speed of decision making in a business environment with an increasing volume of information, it also facilitates the implementation of AI products, with a virtual assistant, answering questions and offering business insights. It uses *Deep Learning* and *Machine Learning* techniques to promote the transformation of the management of companies and their results, in a simple, assertive way and with robust ranking of business data and information, so that they can take advantage of the opportunities generated by the digital economy based on data, sharing and collaboration. It also has as a strong characteristic its infinite capacity for learning, as its API ("*Application Programming Interface*") is open, which allows any person or company to teach it new skills and create others application models based on the Carol platform.
- **Fluig Productivity and Collaboration Platform:** the Fluig platform aims at unifying systems, digitalizing, simplifying the processes, and exponentializing companies' productivity, in a more fluid and intuitive experience. Launched in 2013, the TOTVS Fluig Platform is the evolution of productivity and collaboration solutions combined into a single platform, which enables creating and making feasible companies' innovation projects regardless of their legacy systems. This solution has a collaborative communication interface and storage of all its content in the cloud. Mobility is one of the main characteristics of Fluig, including a series of applications that revolutionize the company, such as Approval, where company decisions can be made with a single touch. Among its resources, the platform includes modeling and process management tools (BPM - *Business Process Management*), layout and portals creation (*WCM - Web Content management),* document management (GED), and identity management. In 2020, the Company launched the TOTVS Fluig No-Code, an offer that democratizes access to technology in companies, enabling the creation of digital platforms without requiring users to know how to program. With it, anyone in a company can create different solutions without any help from the IT area, through a system designed so that the user can only choose and drag the components he/she needs for a project.
- **Master CRM and Master *Sales* Platform**: platform focused on commercial intelligence that enables clients and customers to understand where they are positioned in the market and to structure a performance strategy aimed at increasing the productivity of their sales team, retaining customers and improving their market share through the analysis of data systematized and made available via *dashboards* of strategic sales indicators, such as sales percentages, projections, targets, average profitability, sales history, payment history, product mix offer. TOTVS *MasterSales* is a disruptive, flexible application offered in the cloud, under the SaaS (Software as a Service) service model, accessible by companies of any size. It allows the improvement and automation of the entire sales team and its strategy, from demand generation to after-sales, in addition to greater sales

predictability, management of leads, pipeline of negotiation processes, generation of forms for satisfaction surveys, price surveys, records of interactions and all the services provided to customers, among other benefits.

- **TOTVS Analytics Data and Analysis Platform (by GoodData):** a *business analytics* solution that presents data in a structured way, consolidating company information in dynamic and intuitive *dashboards* that allow a very agile management of indicators and results, providing safe decision-making. The tool is available 100% in the cloud, which does not require infrastructure expenses. It offers indicators and reports in a single location, in a practical and agile way, without the need to access several different sources, already being integrated with TOTVS ERP, with over 300 reports and indicators ready and available.

1.4 - Solutions for Micro and Small Businesses

With the line of tailored solutions for small businesses, the Company meets the challenges of running a business efficiently and at low cost. These offers are aimed at clients/customers who are looking for cutting-edge technology, simple and quick implementation, up-to-date legislation and a credible supplier. Below, we highlight our solutions and segments served:

- **Eleve Sales:** full Point of Sale (POS) for clients and compliant with tax laws. It offers the Smart Card Machine (so-called "Maquininha Inteligente") for the small store or street sales that works as a cash front system directly on the device screen, making it possible to control inventory and sales on a daily basis and receive payments from major cards and flags accepted in the market. Another solution is the "Full Point of Sale" (in Portuguese, "Frente de Caixa Completa"), intended to larger stores and sales at the counter, which allows a fast and high-quality service, and also features inventory control, cash closing and compliance with tax laws.
- **Eleve Management:** Financial Management aimed at service providers and resellers whose system allows full financial control, issuing of invoices, and monitoring service orders, with a powerful feature of accounts payable, receivable, everything available in the cloud, with direct access by cell phones and/or tablets. It allows the monitoring and control of cash flow with ease, in addition to control of purchases and inventory management.
- **Manufacturing** – It integrates the main areas of the company, streamlining the flow of information, enabling quick access to the data necessary for management.
- **Retail** – Full automation for the point of sale in the micro and small business market. This solution includes management systems and equipment, all integrated and with an affordable investment, simplifies the delivery of tax obligations, in addition to being hosted in the cloud, which simplifies purchase and installation.
- **Healthcare** – TOTVS solution for medical offices and clinics, which provides agility and efficiency in clinical and financial administration.
- **Services** - a solution that allows cash flow control taking into account purchase and sales orders, control of service orders, with allocation of resources and products, control of inputs and outputs by cost center and result center, and control of expenses and income by financial category.

1.5 - Service Provision Portfolio

- **Software Implementation:** The Company's implementation team implements only the solutions that are marketed by the company through the TOTVS implementation methodology, which provides the guidelines, methods, standards and steps to be followed from the beginning of the services to the quality controls after its implementation. The Company's own units and franchises follow the implementation methodology in all locations, using the same task execution techniques and the same tools to perform the tasks related to the implementation of TOTVS'S *software* solutions.
- ***Cloud Computing***: offer for hosting TOTVS solutions in its own or third-party Datacenter, with a full range of added services, such as: preparation of the environment; infrastructure availability; *hardware* (servers); operational system; database; application *software*; management of the technological environment; backup management and monitoring; and server monitoring.
- **Business Education:** Educational solutions that use environments to do exercises in the cloud, content and infrastructure for knowledge management, professional training in person and at a distance. They are aimed at clients and institutions that need intensive processes of knowledge propagation and certification, centrally or geographically dispersed.
- **Consulting:** TOTVS Consulting is a strategic consulting team in business management and information technology, which operates throughout the Brazilian territory, from bases in the cities of Sao Paulo, Rio de Janeiro, Belo Horizonte and Brasília.

2. TECHFIN PORTFOLIO

Our Techfin portfolio includes technology and innovation to expand, simplify, and make cheaper companies' access to financial services. We offer smart and custom-made financial services, according to the profile of each company and the needs of the clients businesses' financial journey, expanding the options to purchase inputs and better conditions to pay expenses. On the other side of the cycle, companies can sell in a simpler and more integrated way, while receiving more quickly and efficiently.

Our offers are structured in order to maximize the advantage of technology, which transforms complex and bureaucratic processes into simple actions, enabling easy access to financial services. They are divided into 3 categories: (i) Credit, by offering simple, accessible, and personalized solutions that facilitate access to credit for companies and their employees; (ii) Payments, integrated solutions to POS and PIX (Instant Payment); besides solutions for educational institutions for online payments that simplify and generate efficiency to facilitate payment operations, (iii) Cash Management, by offering a financial management platform that allows–automatically and integrated with the ERP–access to financial indicators and of cash flow. In December 2021, we reached the number of 926 active customers, that is, able to produce credit, of the new Techfin products launched throughout 2020 and 2021.

Credit

- **TOTVS Antecipa:** A solution to prepay the Company's receivables that is integrated with the TOTVS back-office solution. It is a more modern and different way of viewing, speeding up, and managing receivables, by easily viewing invoices from the portfolio that are open, and selecting those to be prepaid, enabling to approve and release the financial resource on the same day, automatic reconciliation, without bureaucracy or complex processes. With this solution, companies can keep positive cash flow and ensure more working capital.
- **TOTVS Mais Negócios [TOTVS More Business]:** Simply and quickly, our clients/customers now can count on an additional line of credit for their sales and create new payment plans in their ERP TOTVS. The sales made in these plans use the pre-approved credit limit, allowing our clients/customers to receive in advance the amount of such sales, and still offer an extended deadline to their customers. All in an integrated and automated way.
- **TOTVS Mais Prazo [TOTVS More Deadline]:** A platform for extension the due date of invoices from suppliers of our customers' accounts payable that also enables to pay those invoices in installments. Everything is 100% digital, done in a few clicks, with no bureaucracy. A solution designed to help our customers secure cash on hand and keep up to date with their bills.
- **TOTVS Consignado:** an innovative solution that simplifies the management of private payroll loans for employees, as it automates all stages of the human resources department, from contract creation to registration of payroll deductions. In addition, it simplifies the simulation, contracting, and monitoring of the request, the statement and credit balance by employees themselves.

Payments

- **TOTVS Instant Payment:** This is a complete solution for receiving payment via the so-called PIX, a new payment method from the Central Bank of Brazil. This product allows companies to receive PIX quickly, simply, and at a low cost by offering lower rates than traditional payment methods. The receipt takes place in an account already held by companies, without the need to negotiate with financial institutions. Companies also have available automatic sales reconciliation.
- **EduConnectPAY:** A new way to receive payments for educational institutions. A solution that allows you to receive monthly payments and other services via credit card, allowing digital negotiations and the possibility of activating recurring payments. Everything 100% integrated with ERP, with automatic reconciliation, anti-fraud, and recurrence. This means more convenience for parents and students, and less default for schools and universities.
- **TOTVS Digital Payment:** A solution created to allow companies to offer new means of digital payments to their customers, such as PIX and digital wallets, without the need to adhere to different systems and machines. With it, it is possible to carry out unified management of portfolios, reduce costs of administration fees, and receive money on time, in the company's account, without having to wait for clearing or settlement.

Services

- **TOTVS Financial Panel:** a Platform created to help the financial area to have a complete view of cash flow, accounts payable, accounts receivable and performance indicators in real time; in addition to reviewing custom periods and anticipating trends. In addition, it has a native integration with TOTVS Antecipa, allowing the Company's customer to request prepayment of receivables in a few clicks. All in a simple, secure, and transparent way.

3. BUSINESS PERFORMANCE PORTFOLIO

As regards Business Performance, we offer a broad portfolio focused on helping our clients to increase their sales and become more competitive in their business segments.

Considering the last quarters, the Company presented the following results in its Business Performance segment:

- **Data Intelligence (Tail):** Solutions that aim to optimize the results of companies with CDP (*Customer Data Platform*) for managing consumer data, DMP (*Data Management Platform*) for activating audiences in digital media and CMP (*Consent Management Platform*) to obtain consent to collect cookies on the companies' websites.
- **Digital Commerce (VTEX):** An integrated solutions service focused on sales, with the options of (i) Digital Commerce: promotions and clustered content management; and (ii) Site Editor, B2B Commerce: structuring of approval and quotation flow, buyer data, sales cycles, and product and marketplace suggestions, with automatic inventory synchronization and a unified commerce platform.
- **Digital Marketing and CRM (RD Station):** RD Station Marketing is a software that aims to improve campaigns, nutrition of *Leads* and generate qualified business opportunities to achieve more results. RD Station CRM is a business process control platform, with sales funnel and activity alerts.
- ***Omnichannel* (Moddo):** OMS (*Operation Management System*) for omnichannel management, control of orders for digital channels that physical stores will serve and integration of stocks (with Dashboards for monitoring sales in all channels). It is a native connector with other TOTVS and VTEX solutions.

Research and Development

The Company seeks to meet the market's demand for *software* and services, which is reflected in the continuous effort of its research and development department to develop cutting-edge *software* and services.

The main goals of the Technology and Development areas are:

- Improving the technical foundation of its *software*, allowing greater efficiency in the development of solutions;
- Adopting new technologies and assessing their impact;
- Implementing technological alternatives that keep the operation of its products protected and safeguarded;
- Constantly improving concepts, functionality and usability of *software products*;

- Development of special products for clients/customers;
- Constantly searching for new development methodologies, seeking agility and quality in *software*;
- Integrating third-party tools; and
- Constantly assessing new organizational models and their applicability.

The Company also invests in the development of new products, aiming to access new markets. In order to identify which products should be developed, the Company conducts constant market research, aiming to identify business segments that need specific solutions, and the development of solutions aimed at these segments. The research also aims to analyze, together with the sales channels, which would be the potential segments that made the expansion of the business volume feasible.

Modularization has also been key to the Company's growth strategies to encourage the development of applications that run its core solutions by internal and external developers (small *software*, application developers and technology *startups*).

Currently, the Company's structures focused on research, development and innovation activities are:

R&D CENTERS – Specialized in the 12 strategic segments in which the Company operates, the centers have specialists who understand the specific needs and challenges of each segment, translating them into innovative solutions aligned with our clients' *core* business. Each center is structured with teams specialized in product and development, support, service and relationship, services (implementation, among others).

UX LABS - UX Lab is the Company's User Experience Laboratory, located in Sao Paulo, SP (Brazil), bringing together in its space of approximately 200 sq. m a team of researchers and designers exclusively dedicated to exploring opportunities for innovation, market trends and improving the experience of using our solutions and services through constant research, validation with clients and customers, and collaboration. At the Lab, projects are conducted using the *Design Thinking* approach, and involve sympathy, collaboration and creativity, aiming at discovering new solutions based on our clients' and customers' needs, constantly improving processes, revising the interfaces and the navigability of our products, the unification of the identity and unique experience of our solutions, and the dissemination of the culture of Design to associates, clients and customers.

iDEXO - It is the front for open innovation of TOTVS, which generates a connection between startups and the Company's ecosystem that comprises franchises, channels, partners, and clients/customers. It has a community of startups that serve the 12 industry sectors in the economy in which TOTVS is present, enabling the Company to expand its portfolio of offers. Over 800 TOTVS clients/customers have already had their business challenges solved by a startup from said community, generating innovation, cost reduction, and process optimization for all involved.

IDEXO also works on the culture of innovation by encouraging staff training for an agile mentality, new perspectives, identification of trends, and acting as a tranforming agent in market education. Together with iDEXO, TOTVS was elected, twice in a row, as the software company that most makes open innovation in Brazil and is ranked in the TOP 30 of Open Corps, as one company that most establishes business relationships with startups in the country. Learn more at: www.idexo.com.br

TOTVS LABS USA - Innovation Center located in Raleigh (North Carolina, United States of America), close to Research Triangle Park (RTP), the largest scientific research park in the USA and in a region with a thriving technological environment and a great supply of talent, which is focused on creating disruptive solutions in line with the most modern technology trends related to Big Data, Mobile, Social Media, and *Cloud*. TOTVS Labs also works to find new business models and *startups*, establishing strategic partnerships and transferring knowledge to other business units of the Company. The main technologies worked at the Labs involve Artificial Intelligence, Computer Vision, Natural Language Processing, *Machine learning*, and UX Design.

Agile Development

Connected to the main global trends in software development, the Company has been significantly developing in agile processes and tools, implementing the agile *software* development process in all segments of the Company in the *software* development teams (Innovation, Maintenance, and Testing) of the Company's products.

The initiative represented a relevant break in the *software* development process as it radically transformed the way we think and develop our products, generating important reflections not only on our processes, tools and technologies, but also on the people involved and their corresponding roles, who became more integrated and more decisive in the quality of the final product, regardless of their hierarchical level or activity during the creative process. It is based on this principle that we integrate all the professionals from the Innovation, Maintenance and Testing teams, end-to-end.

In the agile model, with integrated teams, we built a highly collaborative process of professionals with an interdisciplinary vision who are dedicated to developing the best solution, with greater freedom of creation. Also, we have been doing more planning on everything that will be developed, which allows the product's purposes to be better absorbed with the deployment to the *squads*, generating a more consistent process, mitigating the chance of errors and reworking, resulting in products and deliveries with higher quality and more added value to the end client/customer.

Over the years, the Company has solidified its leadership position in the ERP *software* market in the medium and small business segments. Investments in research and development, which totaled more than R$1.2 billion in the last 3 years until the period ended June 30, 2021, as shown in the table below, were essential for the Company to stand out from the competition, by bringing innovative solutions, in proprietary technology, and provide added services.

(in thousands of BRL, except %)	**Fiscal years ended December 31,**		
	2021	**2020**	**2019**
Net revenue from software	2,980,426	2,467,959	2,282,124
Research and development expenses	(548,238)	(431,348)	(397,824)
% of Net revenue from software	-18.4%	-17.5%	-17.4%

Components used to prepare integrated management *software* offers

The integrated management *software* solutions described in section 7.2 are formed from the integration of components from product lines of different technological platforms according to the origin of their development: Protheus Line, Logix, RM, Datasul, Financial Services, among others acquired by the Company and incorporated into its portfolio.

Technological platforms used

TOTVS Platform is the Company's technological platform that supports the development of TOTVS *software* solutions, as well as solutions associated with management, business and collaboration.

Historically, the Company has been developing the TOTVS Platform to guarantee its technological independence, offering its own development languages and execution environments, which support current *software* developers and offer new functionalities and facilities for *software* solutions. This ranges from platform and operating system options, to the choice of databases and processing models and load distribution between execution environments. This strategy allowed the Company to become one of the few *software* companies in the world that has this type of technology.

Currently, the Company meets the various infrastructure requirements for applications, both in the "*on premises"* model, and cloud platform. TOTVS Platform is the Company's response to the needs of Platform as a Service (*PaaS - Platform as a Service*) and serves as the basis for offering Solutions as a Service (*SaaS - Software as a Service*), and is complemented by value-added offers for the needs of Infrastructure as a Service (*IaaS – Infrastructure as a Service*).

The Company uses the following programming languages: ADVPL (today, TL++) is applied to the Protheus product line, while 4GL is used in the Logix line. TOTVS Platform infrastructure is responsible for the compatibility and adaptability of the Company's solutions to different operating systems, databases, architectures and network topologies.

The Company believes that it is the only company from Latin America that has developed a middleware, called TOTVS Platform. This middleware is also used by member companies. The middleware used by the Company guarantees independence from (i) interface; (ii) technological platform; (iii) topology (physical installation and communication of computers adopted by the company); (iv) connection (communication between computers) and (v) database, preserving its clients/customers from any conflicts with the operating platforms used by them. In addition, the domain of middleware allows the Company and its clients/customers to compose the set of *hardware*, operating system, network system and database system most suited to their preferences, technical needs and investment capacity.

The components of the RM line are developed using Microsoft and Borland technology, and the development platform adopted is Microsoft's .NET platform. This platform allows us a greater exposure to the technologies made available by the Market.

In the Datasul line, the components are developed using Progress, Java (J2EE) and also TOTVS Platform technologies, both in terms of language and platform.

(b) characteristics of the distribution process

The Company also uses a different strategy in each operating segment for the distribution of solutions, in addition to a joint marketing strategy and alliances and partnerships, which will be discussed below:

1. Management Distribution

The Company's solid distribution in the management segment has been supported by its national franchise model, making it possible to implement a comprehensive and personalized system for the sale of solutions to small- and medium-sized companies.

1.1 Strategy for Large-sized Clients

The Company has its own structure for service and relationship with large clients and in expansion and digitalization processes or changes in the business model. Our structure offers an advisory service through a team of professionals specialized in different business segments and skilled in making their digital journey feasible.

Client service has specialized professionals and is tailor-made, ranging from prospecting, preparation of offers, design of offers and products, to the implementation method and post-implementation service structure.

1.2 Strategy for Small- and Medium-sized Clients

The Company licenses and subscribes to its *software* through a combination of sales via direct channels (own units, subsidiaries or branches) and indirect (franchises, representations, authorized resellers and business agents), with the franchise being the main indirect channel. The relationship with indirect sales channels increases the Company's market penetration, whether in the domestic or international market.

On a consolidated basis, the Company has the following channels for service and relationship with its clients:

- **Owned units**: The Company has 5 units of its own in Brazil (Brasilia, Belo Horizonte, Rio de Janeiro, Recife and Sao Paulo cities) and in the international market it has units in Argentina, Colombia, the United States of America, and Mexico.
- **Franchises:** our Company has 52 franchised territories in Brazil consolidated into 15 large regional units that, added to its own units, cover the entire Brazilian territory and meet the specific demands of each company in different regions of the country. The company also has several channels in Latin America.

Franchises are exclusive distribution channels and are based on the so-called STF - TOTVS Franchise System. Such STF franchise system defines geographic regions of operation for each franchise, in which exclusivity is given by economic sector (segment). In the regions in which they operate, franchises carry out prospecting for the sale of solutions, demonstration of solutions (pre-sales, sales and after-sales) and negotiation of sales conditions (within limits pre-defined by the Company), besides the provision of training, implementation and adaptation services to the clients' needs (customizations), in view of its local presence and proximity to every client.

Franchises receive a commission percentage for license revenues, with a differentiated commission for franchises that also receive commissions on subscription and maintenance revenue generated by clients based in the territories where they operate, besides directly billing the service performed.

The Company's own units are a reference for the franchisees' operational, sales, and technical activities. The Company maintains a franchise control, monitoring and coordination department, which provides support to the franchises and monitors their operating activities, development of commercial, administrative and marketing strategies. The franchises' activities are also controlled by satisfaction surveys carried out with clients served by all of the Company's sales agents.

1.3 Strategy for Micro and Small Businesses

Resellers (TOTVS): the Company has a multi-channel strategy dedicated mainly to sales to the microenterprise market in the *software* products. In the case of larger resellers, direct invoicing is carried out besides their logistics to this reseller, while for medium and small resellers, invoicing and logistics are carried out by one of their distributors.

2. Business Performance Distribution

In the Business Performance operating segment, the Company's focus is on *cross-selling* with clients in the Management segment, through specialized teams, fully integrated with the current sales teams (franchises and branches), using *digital commerce* and omnichannel tools.

Moreover, it has, for digital marketing and CRM solutions, a wide ecosystem of partner marketing agencies that aims to deliver success to customers through our solutions, gaining productivity, generating leads and relationships with clients. Another strategy related to these solutions is the *up-sell* through *Product Led Growth* (PLG) in which clients/customers start by testing the solutions for free or simplified versions at attractive prices and, as they advance in the features and use of the products, they can *upgrade* versions by the tool itself, without the need for interaction with sales teams.

3. Techfin Distribution

In the Techfin segment, the Company also has specialized teams that support the *cross-selling* of solutions that are just at the beginning of the integration journey with the current sales teams.

As regards Supplier's credit solution, the credit distribution and contracting strategy is carried out through our clients, which we call affiliates. The Company makes available to our affiliates' customers, after their integration and credit analysis, a virtual *white label* credit card, that is, with the affiliate's brand, with a pre-established credit limit. In this way, our affiliates carry out the distribution of credit through their customers, with the advantage of increasing their sales volume and receiving cash at no risk.

4. Marketing

In 2021, the Marketing department's efforts focused on the positioning in innovation, technology, and complete solutions for each of the twelve industry sectors served by TOTVS's portfolio, besides generating opportunities to sell software.

It is also worth highlighting the progress of the brand construction work, with the strategy of new positioning, focused on the rejuvenation of visual identity and language, with the aim of transmitting the scope of the company's portfolio–which goes "far beyond the ERP"–and supporting the approach and interaction with the new generations, making the company even more attractive as an employer brand. One of the main pillars of this strategy was the release of a series of three humor videos that addressed TOTVS'S important attributes: branding (who TOTVS is), presence (capillarity and performance throughout the country and international market), and share (present in the operations of companies from all industry sectors of the economy).

In addition, the Marketing department also oriented its actions to strengthen the communication of the company's business strategy, which is based on the creation of a technology ecosystem comprising 3 dimensions: Management, Techfin, and Business Performance.

5. Alliances and Partnerships

The Company invests heavily in strategic alliances and partnerships with the major and most renowned global companies in the technology industry, and also in other segments related to the Company's businesses and markets. The strategy is to expand the Company's capacity of developing the market and providing new offers with external innovation, seeking to deliver to clients and customers the technology and business solutions required to support its value chain and increase efficiency and profitability.

The formalization of such strategic alliances and partnerships aims at: (i) developing new capabilities to TOTVS bring even more innovation and competitiveness to the Market; (ii) expanding the portfolio of offers and solutions; (iii) taking advantage of the existing synergy between the Company's products and brands and those of its partners; (iv) developing joint actions of marketing, dissemination and business generation; (v) expanding the use of the Company's technology to other companies, partners, clients or customers; and (vi) accelerating the Company's consolidation in the three business dimensions, including the most recent, Techfin and Business Performance.

The business nature of the Company's strategic alliances are the technology solutions, and are represented especially by global companies such as Microsoft, Progress, and Oracle, among others. In addition to such strategic alliances, the Company also adopts the partnership model as a way of leveraging businesses and reducing the product development cycle and Go to Market acceleration.

The key partnerships are companies that: (1) have a business solution that strengthens the Company's value proposition in the market it operates, preferably one that can be integrated with TOTVS solutions; (2) develop business solutions using TOTVS technology by using the ADVPL language and Fluig technology; or (3) have a wide reach to TOTVS's target markets.

Such partnerships are formed with companies operating in market sectors that, directly or indirectly, are connected to TOTVS's growth strategy and can bring benefits to the Company, either through the dissemination of its products and services, by simply indicating the Company's brands to its clients and customers, or by the fact that the products and services offered by such companies generate value for the Company's products and services, in the segments in which they do not compete.

Besides leveraging the current partnerships in the ecosystem, the Company has made new strategic partnerships such as Mercado Livre (one of the leading marketplace *in* Brazil according to the 2021 Ebit Survey), reinforcing the omnichannel strategy and an increasingly integrated and fluid experience for the end customer, BMI (Blue Management Institute) a reference in strategy, culture, and leadership for organizations, Swile (a French startup that has recently became an unicorn) that brings together the solution and expertise in flexible benefits, very adherent in the context of new work models and Creditas, with the purpose of democratizing and making cheaper the access to private payroll-deductible loans one of the pillars of Techfin's strategy.

(c) characteristics of the operating markets

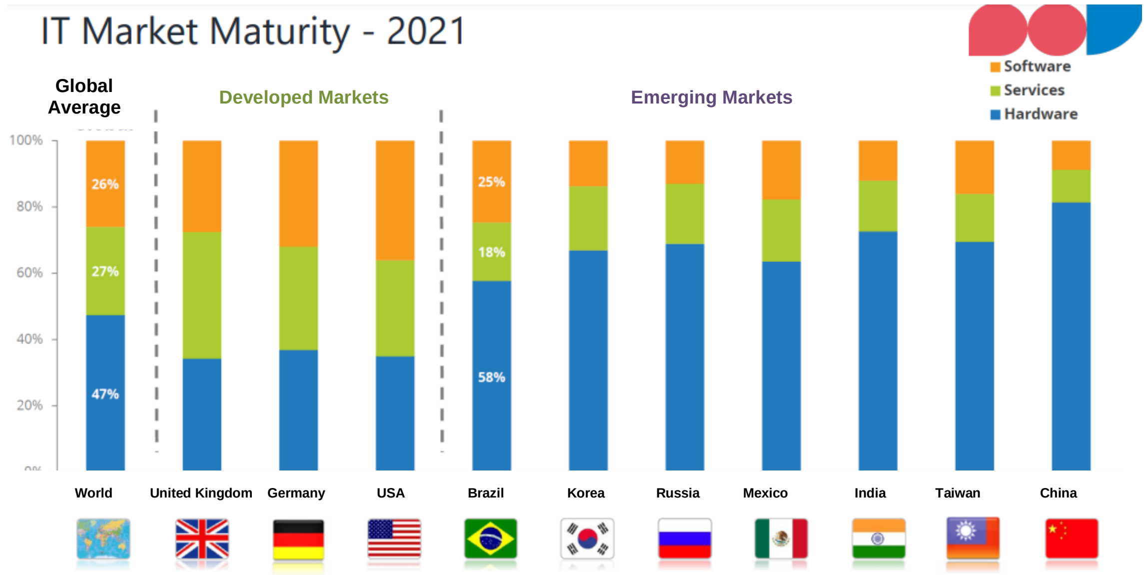
i. The *Software* Market

Worldwide

Information technology has been applied to optimize business processes, bringing vast benefits to companies of all sizes, in practically all sectors all over the world. The automation of business processes, especially with the use of computer equipment and programs, has been reducing inefficiency and increasing productivity in all globalized economic segments. Several classes of *software* applications have been developed to optimize the efficiency of certain business aspects of a business, using the automation of sales, marketing, manufacturing, distribution, customer support, accounting, financial management, human resources, and other tasks until then left to manual processing. For example, human resource management *software* is currently used in the storage and maintenance of employee records, facilitating the management of payroll and benefits, as well as issuing tax reports and statements, besides tasks that, although routine and exhaustive, are essential for companies. Over time, these distinct categories of *software* applications have been integrated into "integrated systems" (suites) to further facilitate business operations by sharing information across multiple functionalities. The two main classes of integrated systems of integrated business management *software* are ERP and CRM. As a rule, integrated ERP systems are aimed at administrative or back-office functions, such as the management of human and financial resources, while integrated CRM systems are aimed at functions involving direct relationship with the customer, or *front-office*, such as sales, marketing and customer support.

According to IDC, in 2021, the global IT market reached US$2,790 billion, with the *software* segment representing 26% of that market. In the same year, Brazil was the 10th country with the largest IT market with a total size of US$45.7 billion, representing about 2% of the world market.

The distribution observed in the global market is a greater representation of *software* and services in the total IT market in developed countries versus emerging countries. Among the emerging countries, Brazil has a reality closer to developed countries and the global average.



In 2021, the world production of IT had a growth of 11%, while in Brazil the growth reached 17.4% reaching US$ 45.7 billion (excluding exports).

Companies are increasingly investing in technology to increase efficiency, productivity, quality of customer relationships and ability for innovation, and the Company captures this movement as an opportunity to leverage its unique position as the largest ERP *player* in Brazil.

Over the past few years, the Company has launched five complementary ERP platforms: fluig (Management, Productivity, and Collaboration), Carol (Artificial Intelligence), TOTVS Analytics (Business Intelligence), and TOTVS CRM, all of them developed with an agnostic approach - that is, ready to integrate TOTVS solutions with others on the market, expanding the addressable market beyond the Company's client base . The Company has also been making progress in the construction of an ecosystem of solutions beyond the segment of (i) Management – with a portfolio of open, connected, and customizable ERP, HR, and Vertical solutions and platforms; that also encompasses (ii) Techfin, with products of credit, payments, and services; and (iii) Business Performance, with sales and performance solutions.

With this ecosystem, the Company's current addressable market has expanded substantially, reaching up to R$78 billion, divided into: (1) R$11 billion in the Management market, (2) R$4 billion in the Business Performance market; and (3) R$63 billion from the Techfin market.

Latin America

According to IDC, the IT market in Latin America reached US$115 billion in 2021, with Brazil as the protagonist with a 40% share while the second largest market is Mexico with 20%. The substantial difference in size and maturity of the IT market in Brazil compared to other countries in Latin America has been the driver for expansion in this market.

Brazil

The Brazilian information technology market has boomed in recent years.

According to IDC, the IT market in Brazil reached US$45.7 billion in 2021 (excluding exports) which represented a growth of 17.4% compared to the previous year. The software sector was responsible for US$11.3 billion, representing 25% of TIs total.

The Brazilian *software* market is more concentrated in the southeastern region of the country. According to IDC, in the same year, the region represented 63% of this market, followed by the southern region with 14%, the mid-west with 12%, the northeastern region with 8%, and the northern region with 3%.

Integrated business management *software*, known as ERP, has been asserting themselves as indispensable tools for business administration. More particularly, the SaaS (Software *as a Service*) model has been gaining significant market share when compared to the traditional license purchase model.

History of the Software Sector in Brazil

During the 1980s and early 1990s, Brazil adopted a market reserve legislation, which set forth different rules for *hardware* and *software* created/manufactured by Brazilian and foreign companies, in an attempt to create a domestic computer industry. The market reserve, in fact, proved to be harmful to the development of computer equipment in Brazil, as the *hardware* produced in Brazil was restricted and technologically outdated, besides being very expensive compared to the *hardware* made in other countries. With *software*, market reserve was not harmful, favoring competition between domestic and foreign products. The development of the domestic *software* industry took place through technological partnerships with providers of basic *software*, operating systems, network systems and databases, in order to prepare for the end of the market reserve. The result is that, whether due to its creative capacity or the ease of assimilating new technologies by the Brazilian public, Brazilian *software* has become an international reference in some areas, such as banking automation and the use of the Internet for the most diverse types of relationship and, currently, the country is technologically independent in several areas of software development.

In 1993, an important measure was taken by the Brazilian government regarding the *software* industry: the implementation of the SOFTEX 2000 program- a Domestic Software Export Program, which aimed to facilitate the entry of Brazilian companies in the international software market through incentives to exports. Such Program was coordinated by the CNPq (National Board for Scientific and Technological Development), with the participation and representation of Brazilian *software* companies, being financed by the government and by the United Nations Development Program. The Program achieved, from 1993 to 2001, among others, the following results:

- Implementation of Quality Systems in companies, introduction of Product Assessment Methods, induction of the adoption of international software quality standards; more than 100 Brazilian *software* companies with ISO 9000 quality management systems in place;
- Creation of specific financing lines for *software* - more than R$ 74 million in 52 companies;
- Creation of a network with 32 agents, materializing 23 Software Development Complexes throughout Brazil;
- Implementation of a network with 19 Incubators bound to the main universities in Brazil;

- Contribution to the creation of 73 thousand direct qualified jobs.

The Association for the Promotion of Brazilian Software Excellence (Softex) has developed into a Civil Social Organization of Public Interest (OSCIP) that performs the Federal Government's public policies for the IT sector. The actions developed by the entity aim to promote the improvement of the competitiveness of the Brazilian Industry of Software and IT Services (IBSS) and the qualification of human resources. Since 1996, Softex has been the manager of the Brazilian Software Excellence Program, of the Ministry of Science, Technology, Innovation and Communications.

The Softex System currently benefits approximately 6,000 companies in 13 states of Brazil through its network of 23 agents that act together with the private sector, the public sector and schools to foster technology. Softex lists as its guidelines:

1. Implementation of best practices in *software* development
2. Training of human resources for the sector
3. Leveraging financial resources from public and private sources
4. Production and dissemination of qualified information about the Brazilian Software and IT Services Industry
5. Entrepreneurship and innovation.
6. Formulation of policies of interest for the sector both in Brazil and abroad
7. Creation and development of business opportunities both in Brazil and abroad

History of Techfin Sector in Brazil

Financial services are a sector with high barriers to entry and traditionally intended for large *players*. Historically, consumer inertia has helped larger financial institutions, specifically banks, retain their customers with little concern for competition. With the advent of technology, several barriers to entry were broken down.

Fintechs *played* a key disruptive role across the entire chain: customers who were used to physical distribution, writing checks or signing bank accounts to make payments, were now able to complete transactions in a matter of seconds. The *cashback* and profitable offers that emerged added another layer of factor to the entire customer experience, revolutionizing the market.

In Brazil, the *first* Fintechs emerged in the country in 2013, already bringing innovative, low-cost models with digital distribution, totally focused on reshaping the customer experience. With the emergence of these *startups*, focused on the financial market, ABFintechs was also created, an association created to meet the demands of these companies, being responsible for representing the interests of *Fintechs*, acting as an mediator with the government and regulatory bodies and, mainly, generating business so that associates are strengthened and can prosper in their activities.

Growth was rapid, besides heavily influenced by new regulations. Between 2014 and 2018 alone, over 670 emerged and currently there are more than 1,150 Fintechs operating *in* Brazil, according to data from the *Inside Fintech* study by the open innovation consultancy Distrito.

More recently, a new aspect has emerged to stir the access to credit and other financial services. Techfins are the next step in an evolution started a few years ago by Fintechs. While Fintechs use the original financial system and improve their technology, Techfins seek to rebuild the system with technology. The Techfins movement has emerged as technology companies that take a step further into the world of finance by creating innovative, modernized finance with a focus on technology, data and their customer base.

The term Techfin was first used by the founder of the Alibaba group to refer to Ant Financial (Alibaba's financial initiative that operationalizes the Alipay payment system) at an event in 2016. The term refers to technology companies that have found a better way to provide financial products after understanding what their customers really need.

In Brazil, the Company, which since 2019 had already been on the path to offer financial products, became the first Brazilian Techfin. Leveraging its data expertise and broad technology platform, the company began offering financial services that could be added to its family of business management products.

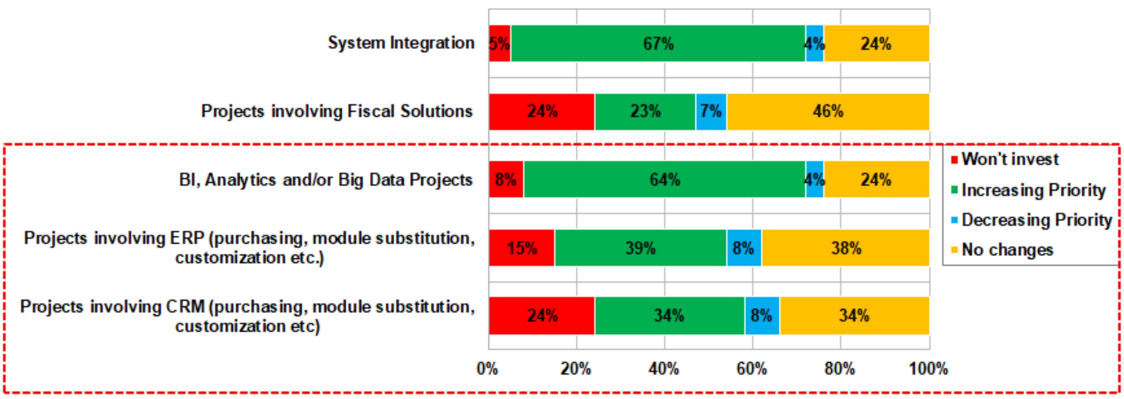
ii. participation in each of the markets

The Company holds a 48% *market share* in the ERP market in Brazil, according to the study "*Software Market Share Enterprise Application* 2021", published by Gartner in May 2022, and in Latin America it is one of the three largest *players* in the region with over 27% market share. In the same period, the 2nd *player* in Brazil held a 24% share. According to Gartner's method, market share is calculated from the perspective of revenue representativeness, and *market share* is calculated in dollars.

In the Management segment, which includes ERP, vertical, HR and other *back-office* solutions, the Company has a *market share* of 17.4% in Brazil in 2021, according to IDC data from the *Software Tracker* 2021H2 report, considering the current addressable market of R$11 billion.

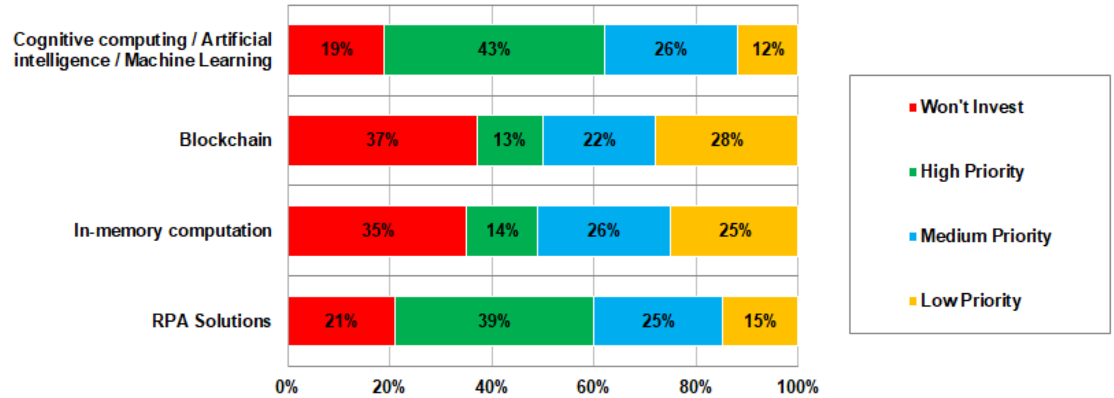
In the Business Performance segment, which includes sales and marketing solutions, among others, the Company's *market share* is 3.2% and the current addressable market of R$4 billion.

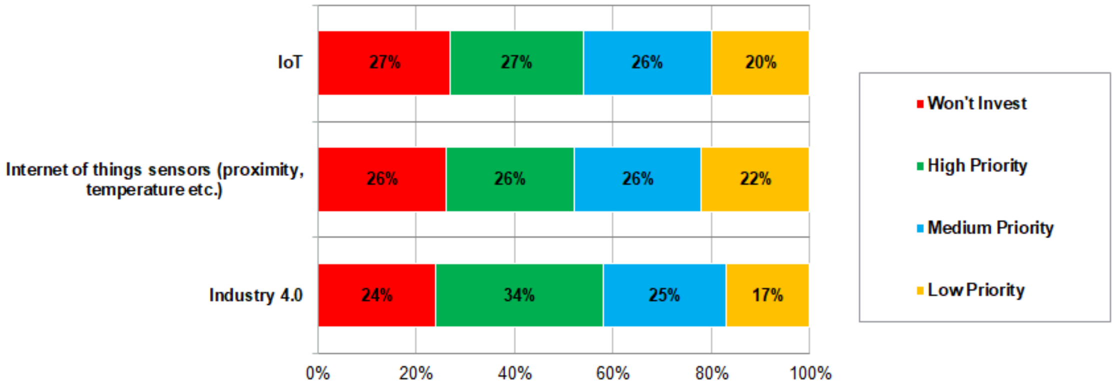
Finally, in the Techfin segment, the Company has a 0.2% *market share*, and the current total addressable market size of R$64 billion, referring to financial income from B2B credit. These business segments have great growth potential as they become a priority for the Company's investment, both through investment in already established segments and in new technologies. BI and CRM have gained greater priority in recent years, but ERP is still a central focus for investment in Brazil.



Source: IT4CIO (IT Investment Trends, 2020)

Regarding new technologies, Artificial Intelligence, RPA and IoT (*Internet of Things*) stand out as the key investment intentions of companies.





Source: IT4CIO (IT Investment Trends, 2020)

iii. Market Competition Conditions

As the market changes and the Company expands its markets, it starts to compete with new *players* that were not part of its traditional battleground before.

Increasingly, companies from different segments such as Fintechs, *marketplaces*, banks, software providers, among others, are seen expanding their markets, advancing in the value chain and entering each other's markets to build their own ecosystems, offering more services to its clients and customers.

Another important factor in the competitive scenario is the advance in the consumption of *software* as a service (SaaS). *Software* subscription helped democratize the use of this type of solution by smaller companies that previously did not use *software*. This phenomenon has opened space for the emergence of new "SaaS Native" providers with simpler solutions aimed at serving this type of clients and customers.

The business application *software* and Techfin markets have large, medium and small companies as clients and customers. Each of these segments may have different needs and maturity stages and consequently produce unique characteristics regarding competitive conditions.

The Company offers solutions for all sizes of companies.

(d) occasional seasonality

The information technology industry, especially *software*, does not have relevant seasonality.

(e) main inputs and raw materials, stating:

(i) description of the relationships kept with suppliers, including whether they are subject to government control or regulation, required by the public bodies and the corresponding applicable legislation

The Company's development activity is focused on its own team of professionals. However, the Company has suppliers and development partners for some of the *software* it sells, in addition to database suppliers that are resold to clients/customers and technology platform providers, and there is no government control or regulation on such relationships.

(ii) possible dependence on few suppliers

The Company uses third-party technology to develop part of its *software* and technology components, in particular those of the RM and EMS Datasul product line, which are based on Microsoft's .Net and Progress platform, respectively. For further information, please see section 7.3.a "Technological platforms used".

(iii) possible volatility in their prices

Historically, the prices of the Company's *software* and services have not shown significant volatility.

7.4 - Customers/clients responsible for over 10% of total net revenue

(a) total amount of revenue from clients/customers

There are no clients that, individually, represent over 10% of the Company's total net revenue.

(b) operating segments affected by revenues from clients/customers

There are no clients that, individually, represent over 10% of the Company's total net revenue.

7.5 - Relevant effects of state regulation on activities

(a) need for government licenses/permits to exercise activities, and history of relationship with the public administration to get such authorizations

The Finance Departments of several Brazilian states require the Company to apply for and get government approvals or permits to market certain *software* products (tax applications and the Electronic Consumer Invoice), pursuant to acts and covenants set forth by the Brazilian Ministry of Finance through COTEPE - Permanent Technical Board of the Ministry of Finance. Tax equipment is approved according to such rules, and tax applications are certified by registered institutes. There are also state decrees and ordinances that regulate actions in the Brazilian states.

Situations similar to the one described in the paragraph above also occur in the introduction of other technologies, for example the ECF of the Agreement ICMS 09/09, which is mandatory in the State of Santa Catarina. It is worth stressing that the so-called NFC-e (digital invoice issued to consumers) is adopted in the vast majority of the Brazilian territory, with the exception of the states of Sao Paulo, Santa Catarina and Ceará.

Regulation on the Protection of Personal Data

Although sectorial norms and laws had already regulated issues relating to privacy and data protection in Brazil, in August 2018, with the enactment of Law No. 13.709/2018, the General Law for the Protection of Personal Data ("LGPD"), practices connected to the processing of personal data became regulated in a general and broader way by a system of rules on the subject that affects all sectors of the economy.

The scope of such LGPD law covers all personal data processing activities, both in physical and digital media, and extends to individuals and public and private entities, regardless of the country where they are headquartered or where the data is hosted, provided that (i) the processing of personal data takes place in Brazil; (ii) the personal data processing activity should offer or provide goods or services to or process data of individuals located in Brazil; or (iii) the personal data subject to the processing have been collected in Brazil.

Such LGPD authorized the creation of the National Data Protection Authority ("ANPD"), the authority responsible for ensuring compliance with data protection standards in Brazil, exercising the functions of (i) investigation, comprising the power to request information from controllers and personal data operators; (ii) execution, in cases of non-compliance with the law, through an administrative process; and (iii) education, with the responsibility of promoting knowledge about data protection and information security measures in Brazil.

In addition to ANPD, other agencies of the Public Authorities, such as the Federal Public Prosecution Service and consumer protection agencies, already have a history of acting on the subject even before the LGPD coming into effect, especially in cases of security incidents that result in inappropriate access to personal data, exercising supervisory function based on the LGPD, being competent to apply, however, only the penalties provided for in the Consumer Defense Code or in the Brazilian Civil Rights Framework for the Internet (aka "Marco Civil da Internet").

In this sense, it is worth clarifying that the LGPD entered into force on September 18, 2020, and its administrative sanctions (art. 52, 53 and 54), under the exclusive competence of ANPD, had their effectiveness postponed to August 1, 2021 pursuant to Law No. 14.010/2020.

However, besides the administrative sanctions set forth by LGPD, failure to comply with any provisions set forth in the LGPD has the following risks: (i) the filing of lawsuits, individual or collective, claiming compensation for damages arising from violations, based not only on the LGPD but on the sparse and sectorial data protection legislation still in force; and (ii) the application of the penalties provided for in the Consumer Defense Code and the Brazilian Civil Rights Framework for the Internet by some government agencies, such as consumer protection.

Regarding the LGPD's administrative sanctions, if the Company does not comply with its provisions, it will be subject to (i) a warning, determining a deadline implementing corrective measures; (ii) the infraction will be publicly disclosed after it has been duly investigated and confirmed; the incident is required to be publicly disclosed; (iii) blocking of the personal data corresponding to the infringement until its regularization; (d) deletion of personal data corresponding to the infringement; (iv) daily or simple fine, limited to up to 2% (two percent) of the turnover of the company, group or conglomerate in Brazil in its last fiscal year, excluding taxes, limited to a total of BRL 50,000,000 (fifty million Reals) per infraction; (v) partial suspension of the operation of the database to which the infringement refers for a maximum period of 6 (six) months, extendable for an equal period, until the regularization of the processing activity by the controller, in case of recurrence; (vi) suspension of the activity of processing personal data to which the infringement refers for a maximum period of 6 (six) months, extendable for an equal period, in case of recurrence; (vii) partial or total prohibition of exercising activities connected to data processing.

Therefore, the Company must comply with the provisions of current and applicable legislation regarding data protection in order to ensure compliance with legal requirements and minimize risk situations, such as unavailability of the service or unauthorized use of personal information, as any non-compliance with the legislation applicable to the protection of personal data, information security and other government regulations in the information technology sector, currently, may also result in other sanctions, indemnities and loss of client/customer confidence in the security of services, adversely affecting the Company.

Based on this regulatory data protection scenario, the Company is in line with the new provisions and obligations of the LGPD and has already appointed its Supervisor/DPO (*Data Protection Officer*), prepared Privacy Policies in order to ensure transparency to the holders of the processed data, structured service channel for data subjects, among other measures to comply with LGPD law.

(b) issuer's environmental policy and costs incurred in complying with environmental regulation and, if applicable, other environmental practices, including accession to and compliance with international environmental protection standards

For *software* and services activities, the Company is currently not subject to any environmental regulation, hence it does not have an environmental policy. In May 2014 the Company adhered to the United Nations (UN) Global Compact, an initiative planned for companies committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption.

As of the closing date of this Reference Form, the Company had not yet adhered to international environmental protection standards.

(c) dependence on patents, brands, licenses, concessions, franchises, royalty agreements relevant to the development of activities

The Company uses third-party technology in the development of certain components, as mentioned in section 7.3.e.ii. For additional information on the topic, see Section 9.1 of this Reference Form.

Software: The copyright of certain *software* is born with its creation, regardless of being registered with the competent authorities, according to provisions, pursuant to the terms of the Software Law (Law 9609/98) and the Copyright Law (Law 9610/98) of Brazil. In this sense, it is worth stressing that the Brazilian agency currently responsible for carrying out the registration of *software* is the National Institute of Industrial Property (INPI), pursuant to Decree No. 2558/98.

As mentioned above, the registration of *software*, although not mandatory, ends up working as an important tool to prove to the Judiciary who developed a certain software, and can be very useful as a evidence of authorship in lawsuits dealing with unfair competition, unauthorized copies, piracy, etc.

In addition, aiming at guaranteeing exclusive rights of development, use, and sale of a *software*, the interested party must prove its authorship; therefore, its registration with the INPI is of great importance. The protection of rights connected to computer programs is ensured for a period of 50 years, under the Brazilian Software Law, counting from the 1st day of January of the year subsequent to that of its publication or, in its absence, of its creation.

Finally, it is worth highlighting that the Company's Legal department is responsible for registering *software* with the INPI. For this purpose, the Company's internal area that needs to register *software*, calls the legal department. The legal area collects all the information and mediates the registration process with the INPI, using the services of specialized third parties. For more information about the Company's intellectual property assets, please refer to section 9.1(b) of this Reference Form.

7.6 - Relevant income from abroad

(a) revenue from clients and customers assigned to the issuer's home country and its share in the issuer's total net revenue

In the period ended December 31, 2021, net revenue earned in Brazil (the issuer's home country) represented 96.7% of the Company's net revenue.

(b) revenue from clients and customers assigned to each foreign country and its share in the issuer's total net revenue

In the period ended December 31, 2021, net revenue from national companies earned outside Brazil represented 0.5% of the Company's net revenue.

(c) total revenue from foreign countries and its share in the issuer's total net revenue

In the period ended December 31, 2021, net revenue earned outside Brazil represented approximately 2.8% of the Company's net revenue, being concentrated in a large part of total revenue outside Brazil in Argentina and Mexico.

7.7 - Effects of foreign regulation on activities

Considering that net revenue earned outside Brazil represented 2.8% of net revenue in the period ended December 31, 2021, as mentioned in section 7.6, the Company understands that there are no relevant effects on its activities arising from foreign regulation.

7.8 - Social and environmental policies

(a) whether the issuer discloses social and environmental information

(i) Does the Company publish a sustainability report or similar document?

Since 2016, the Company has presented its Integrated Report that provides unified information on the Company's economic, social and environmental results. It also publishes since 2014 the Progress Report of the UN Global Compact.

(ii) Does it have a social and environmental responsibility policy?

The Company is committed to protecting the environment, as provided for in the Company's Code of Ethics and Conduct, which can be found on the Company's investor relations website (http://ri.totvs.com/). Since 2014, the Company has been a signatory of the United Nations Global Compact (UN) and annually discloses its results and progress in the themes making part of such commitment undertaken, reaffirming the commitment to align our business decisions, our products, services and operations anchored in the guarantee of human rights, promoting the diversity and inclusion agenda, establishing good working relationships, respecting and preserving the environment, and eliminating corruption in all its forms and instances.

In 2020, as part of the development of the ESG Agenda (*Environmental, Social, and Governance*) we disclosed in December the Sustainability Policy, which reflects the purpose and vision of the TOTVS Group on how its businesses can positively influence and affect its ecosystem by connecting businesses, people, and technology that has sustainability as a value proposition. Such document reflects our commitment to a business agenda based on integrating economic, environmental, social, governance, and relationship aspects with its ecosystem and brings internal governance to address this topic, which is led by the Governance Committee and the engagement of the Board of Directors.

(b) the method followed in preparing this information

The Company adopts the *Global Reporting Initiative* (GRI) methodology, the Integrated Reporting guidelines of the *International Integrated Reporting Council* (IRRC), the 10 Principles of the Global Compact, and the UN Sustainable Development Goals (SDGs).

(c) whether this information is audited or reviewed by an independent entity

From the 2022 cycle on (base year 2021), the Company's Integrated Report will count on limited assurance by independent external auditors.

(d) the Internet address or page where this information can be found

Versions of the Integrated Report for the years 2018, 2019 and 2020 are available at CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/,in the "ESG" section). The publications of the Company's UN Global Compact Progress Report can be accessed directly on the UN portal (https://www.unglobalcompact.org/).

(e) whether the report takes into account the Sustainable Development Goals (SDGs) set forth by the UN and what are the material SDGs for the Company's business;

The report takes into account the UN SDGs. The material SDGs for the Company's business prioritized through the Materiality process consider the potential contribution of your business to achieving the Sustainable Development Goals (SDGs).

MATERIALITY 2021 - SDGs PRIORITIZED BY TOTVS

4 HIGH-QUALITY EDUCATION

Ensuring inclusive, equitable, high-quality education while promoting lifelong learning opportunities for everyone

5 GENDER EQUALITY

Achieving gender equality and empowering all women and girls

8 DECENT WORK AND ECONOMIC GROWTH

Promoting sustained, inclusive, and sustainable economic growth, besides productive employment and decent work for everyone

9 INDUSTRY, INNOVATION, AND INFRASTRUCTURE

Building resilient infrastructures, promoting inclusive and sustainable industrialization, and fostering innovation

10 REDUCTION OF INEQUALITIES

Reducing inequalities within and between countries

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensuring sustainable consumption and production standards

17 PARTNERSHIPS AND MEANS OF IMPLEMENTATION

Strengthening the means of implementation and revitalize the global partnership for sustainable development

f. if the issuer does not publish an annual, sustainability or integrated report that takes into account the SDGs, explain the reason.

Not applicable, as the report takes into account the SDGs.

<u>Other initiatives</u>

Private Social Investment: Social Opportunity Institute (IOS)

Founded in 1998 as an initiative of employees of the then Microsiga, today known as TOTVS, the Social Opportunity Institute (IOS) was established with the purpose of providing access to technology for socially vulnerable youth and people with disabilities through professional training programs the main focus of which is to employ qualified professionals in entry positions in companies.

IOS is a non-profit organization that offers free professional training in business management and information technology, with practices in Digital Education, Citizenship, Sustainability, Mathematics, Communication and Expression, *Soft Skills*, in addition to psychosocial monitoring with a multidisciplinary team (psychologists, social workers, and educational psychologists). The Institute's target audience is socially vulnerable young people aged 15 to 29 and People with Disabilities from 16 years of age, 90% of whom come from public schools, 56% women and 55% blacks, expanding social inclusion to people belonging to minorities.

Over its 23 years of existence, IOS has expanded its operations in the State of Sao Paulo (to the countryside, besides expansion to the Greater Sao Paulo city), besides being present in the states of Minas Gerais, Santa Catarina, Rio de Janeiro and Rio Grande do Sul. During this period, more than 42,000 students attended the Institute. Every year, over 2 thousand young people are trained and, out of such, on average 1,000 become employees of partner companies from different segments and by the Company, generating a strong direct social impact in over 4 thousand people per cycle.

In 2021, which was an atypical year caused by the COVID-19 pandemic, IOS faced the challenge of digitalizing all its courses and continuing to promote opportunities for professionalizing educational training for its beneficiaries. Through the support of the Company and its Employees in a campaign held in July 2021, we managed to collect and make available to students 2,454 food vouchers in the amount of R$140 each, and 490 internet SIM cards to provide access to online classes for students who do not have an internet connection. The Company has also made available essential items for compliance with protocols in hybrid classrooms, such as face masks, alcohol gel, thermometers, and sanitizing mats.

Even so, IOS received students, 1,410 of whom got their first job through the Institute's direct efforts with partner companies, including the Company itself. According to studies carried out by the Institute, in 2021 there was an average increase of 54% in family income when a graduate student starts his/her first job, a percentage that has been increasing each year, reflecting the growing role of young people as protagonists in their family, as well as reinforcing the social impact generated by the Institute for the development of Brazil.

The Company centralizes its strategic social investment in IOS and today is the main sponsor of the Institute, which also has the support of other partner companies. IOS has all the structure and support to prepare students and direct them to the labor market, besides supporting compliance with the Apprenticeship Law and the Quotas System Law for People with Disabilities, developing the talents of today in the future's economy.

The Social Opportunity Institute is audited every year by PwC, reports annually using the GRI (Global Reporting Institute) standard, has certification by the DOAR Institute and, just like the Company, is a signatory of the Brazil Network of UN Global Compact. In 2021, IOS won the seal as one of the 200 Best NGOs in the world and received the Seal of Diversity and Human Rights, from the City Hall of Sao Paulo.

More information about the IOS is available on the Institute's website: www.ios.org.br

ESG (Environmental, Social and Governance) Working Group

In 2018, the Company carried out a consultation process with its key *stakeholders* to determine the priority topics relevant for the Company, according to the characteristics of its businesses. This process was supplemented by the Company in 2019 by the creation of the ESG Working Group. Such WG held seven meetings during 2019, in which the action plans that make up the Company's ESG Agenda were established. For the construction, prioritization and validation of the Agenda, the UN Sustainable Development Goals (SDGs) were considered. Based on the Company's activities and impacts on society, the following SDGs were prioritized:

Goal 4. Ensuring inclusive, equitable, high-quality education while promoting lifelong learning opportunities for everyone

Goal 5. Achieving gender equality and empower all women and girls

Goal 8. Promoting sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

Goal 12. Ensuring sustainable consumption and production patterns

Goal 17. Strengthening the means of implementation and revitalize the global partnership for sustainable development

Based on such references, priority action plans were determined, which consider the challenges, opportunities, and feasibility of each action. The Company's ESG Agenda, developed in 2019, reflects, besides its sustainable development commitments, the Company's vision of how its businesses can positively influence society, both as an employer and a social agent. The priority themes also reflect how technology can represent a key element in expanding access to knowledge and innovation.

The ESG Working Group counted on over 50 representatives from over 35 different areas and from various hierarchical levels of the company who, taking part very actively, discussed, improved and determined the key elements of sustainability for the Company in the coming years.

Diversity and Inclusion

In line with the market, over the past few years the Company has carried out actions that seek to promote diversity and strengthen the inclusion of its associates. Good practices for hiring People with Disabilities, young apprentices and other minor groups in our society have been highlighted and shared in business and government forums on the subject.

In 2019, the Company started the process of identifying the strategic axes with which it is expected to work in the coming years, with a view of the market and adaptation to the Company's culture. In this context, a specific area was set within HR to assess and develop internal actions on the topic. This agenda is also part of the Company's sustainability agenda, in synergy with the SDG Sustainable Development Goal 5, which sets as goal promoting gender equality within the United Nations 2030 Agenda.

In our ecosystem, the Company reinforced the role of women and other minority groups in technology and entrepreneurship at external events, having hosted some initiatives such as the *"Conecta Empreendedoras"* conference that was created by the *Mulheres do Brasil* (Brazilian Women) Group, the "Structural Racism" course from Luis Gama Institute, and the initiative called "JUNTOS NA TI (TOGETHER ON IT) - LGBTI+ Edition", where it offered a logic and programming workshop for 50 young people interested in working in the technology area.

For the internal public, in November the company organized the TOTVS Festival of Social Impact, an event which theme was highlighted through specific panels and lectures related to Women in IT, entrepreneurship in ghettos, digital accessibility and technology for the common well-being.

Such initiatives were part of the process of building the Diversity and Inclusion Program that the Company launched in the first quarter of 2020. To this end, the company also carried out an internal, confidential, classified, and non-mandatory survey (with the support of external consultants) to understand Employees' perception as regards this topic in the Company and hence to develop the best strategies and axes that will guide the Program and related policies. The focus of such Program in 2020 was gender equality, seeking to expand women in leadership positions in the Company while increasing the number of women hired for TECH functions.

Public Commitments

Global Compact of the United Nations (UN)

In 2014 the Company adhered to the United Nations (UN) Global Compact, an initiative planned for companies committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption. With more than 12,000 participating companies and *stakeholders* in over 145 countries, the UN Global Compact is the largest joint corporate positioning initiative in social and environmental responsibility in the world.

The Company takes part in UN Global Compact working groups, including the statement of the ten universal Principles derived from the Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.

Business Pact For Compliance and Against Corruption

In the same year, the Company joined the Ethos Institute's Business Pact for Compliance and Against Corruption, whose mission is to mobilize, raise awareness and help companies manage their businesses in a sustainable and socially responsible manner. This covenant sets forth a set of guidelines and procedures that comply with the policies adopted in relation to compliance and anti-corruption systems.

Partnerships and Engagement with Ecosystem and Segment Entities

Campaign "TOTVERS QUE FAZEM" (TOTVERS WHO GETS THINGS DONE): in response to the worsening of the health crisis resulting from the COVID-19 pandemic in Brazil, the Company, attentive and in accordance with its principles related to corporate social responsibility, has developed and implemented in 2020 and 2021, the campaign "TOTVERS QUE FAZEM" (TOTVERS WHO GET THINGS DONE), which comprised financial donations made by Employees and the Company itself to help maintain the training of IOS students. The amount collected enabled the donation of 3,580 food vouchers to all active students of all IOS Units and 1,593 data packages that were distributed from the 2nd semester 2020 to the 2nd semester 2021.

Compliance Week: with the purpose of promoting a culture of compliance in the Company in 2021 happened the 2nd Compliance Week of TOTVS, in virtual format. Among the initiatives of the Week, the various corporate lives led by specialists are worth highlighting, which covered topics such as: LGPD (General Data Protection Law), ESG, Social Media, anti-corruption, and prevention of moral and sexual harassment.

My Chance Program: In partnership with the Sao Paulo Government's Economic Development Department, in 2021, the Company held the second edition of the 'ERP Basic Support Course' in 23 ETEC units (Sao Paulo State Technical School), and, in total, 693 students completed the course and graduated, and TOTVS hired 2 of them. Said program aims to increase the employability and professional qualification of young people from the State of Sao Paulo, besides building company-school content in line with the demands of the labor market. The Company trained the faculty in 2020 to disseminate the course content to young people from all over Sao Paulo, and in 2021 offered the updating of knowledge. A classroom environment was also made available both in 2020 and 2021 for students to learn by doing, with the purpose of expanding a generation's access to training and education in technology. An initiative called 'Showcase of Talents' was also created based on our TOTVS University, with videos of most of the students who graduated showing what they learned as a kind of digital résumé. TOTVS leaders, franchises, and clients/customers will have access to such database, and thus we will achieve that graduates are absorbed by the technology labor market and be part of the solution to the problem of shortage of skilled labor in the industry. In 2021, the website https://formacaodetalentos.totvs.com/ was created to introduce students to the ecosystem and increase employability, which is one goal of said Program.

Workshops ITC Trails: in partnership with Brasscom and the Economic Development Department of the Government of Sao Paulo, the Company took part in the construction of the student profile for the new IT trails at Centro Paula Souza (a state school that provides technical and university courses in IT). Carried out in the format of a workshop, the Company's participation took place aimed at supporting this government entity in updating the profile of professionals that the job market currently demands. The areas of Institutional and Governmental Relations (RIG), Attraction and Selection (HR), Devs (IT), Corporate University (HR), Information Security (IT), and Infrastructure and Computer Networks (IT) took part of it on behalf of the Company. The development course is being offered with an updated curriculum as a result of the workshops and, in 2021, 10 classrooms were formed, with 40 students each, totaling 400 students entering the Technological Course of Multiplatform Software Development, in the FATEC technology colleges located at Zona Leste of Sao Paulo city, and in the cities of Osasco, Araras, São José dos Campos, and Franca. For 2022, the course is expected to be implemented in 7 additional

FATEC colleges: Zona Sul (Sao Paulo city), Cotia city (Metropolitan Region of SP), Itatiba, Itapira, Mauá (Metropolitan Region of SP), Marília, and Registro city. The process is underway for approval by the Institution's Deliberative Board. With such expansion, the number of entrants per year will jump to 960, and the course will be among the ones with the highest supply of the Information and Communication axis, behind only Systems Development and Information Technology Management.

Double Taxation on *Software*: a decision made by the Brazilian Supreme Court (STF) put an end to a discussion that had dragged on before the Judiciary for the last 20 years, providing greater legal certainty to the private sector. On February 25, the STF Supreme Court decided that the ISS (service tax), and not the ICMS tax (Tax on Sales of Goods and Some Services), is the tax that must be levied on *software* licensing transactions, regardless of the type of sale. Through a technique called "modulation of effects", the decision rendered by the Supreme Court in the joint judgment of lawsuits known as ADI 5659 and ADI 1945 sought to provide for, in a satisfactory manner, legal certainty for the players involved in those discussions, projecting its effects not only on future periods of time but also on periods of time prior to such judgment. The Company took part in the judgment through Brasscom and contributed to the discussion and reasoning that aided the decision-making by the Supreme Court of Brazil. According to the criteria determined by the Supreme Court, this decision acknowledges the validity of tax payments made by companies in this industry in periods prior to the date of such judgment, whether payment of ISS or ICMS taxes, thus protecting taxpayers from new charges for the same transaction. Therefore, the Supreme Court of Brazil made it impossible both the retroactive collection by the Brazilian States and municipalities, as well as any attempts by taxpayers to recover taxes paid in the past.

The Company also works in partnership with civil society organizations in the following initiatives:

CNI's Innovation Indicators Working Group: a group led by Laércio Cosentino aimed at creating innovation indicators for Brazil in order to understand the current status of this environment in the country compared with developed countries such as the USA, China, and 15 European countries, besides providing data and subsidies for the creation or improvement of public policies that enable progress in this agenda. In 2020, the group identified the 6 central indicators for collecting this information (shown below) and ran the pilot survey with preliminary results.

- Company's income and its expenditures in R&D;
- Types of R&D expenditures;
- Characteristics of personnel employed in R&D in companies;
- Cooperation with universities and research institutions for R&D;
- Impact of innovations on the Company's performance; and
- Sources of R&D funding in the company.

In 2021, this work expanded and became an institutional innovation research of MEI and in 2022 it was presented at the 9th Innovation Congress of CNI (National Confederation of Manufacturers), the largest in Latin America, held in March 2022.

Abes Software Conference 2021: an event organized by the Brazilian Software Companies Association (ABES), which proposed discussions on ways to carry out the transformation to achieve digital resilience. The event was fully digital and took place on September 14, 15, and 16, 2021. The Company was a sponsor of said conference, and our TOTVS University Manager gave a lecture on Reskilling and Upskilling of the workforce for the new economy.

Brasscom TecForum Lives*:* this event opens space for dialogue between public and private agents, motivating them to reflect on technology, public policies, and digital government to achieve a Digital, Connected, and Innovative Brazil. In 2020 and 2021, the format was changed for the event to be held fully online. Laércio Cosentino, Chairman of the entity's Board, represented TOTVS in two panels: i. Opening and Digital Transformation Strategy in Brazil, with Marcos Pontes, Minister of Science, Technology and Innovations of Brazil at the time; and ii. Smart Taxation for Competitiveness, with Luiz Carlos Hauly, consultant for the Brazilian Senate, and Vanessa Canado, Special Advisor to the Brazilian Ministry of Economy.

Brasscom EuTec Program: a sectoral project to speed up the training of ICT professionals. The Pilot Phase had the minimum training required for Web Developer to enable graduates to apply for entry-level jobs in companies. It was a course with 264 class hours that provided related technical content, with aspects of the Digital Age, Socioemotional Skills, and Integration Project. The program was provided in 3 months in hybrid format, with 2 face-to-face classes per week and 3 distance classes through smartphones. There were 95 students enrolled, divided into 4 classrooms from different regions of the country, between September and December, and the graduation had 79 students who completed the course. In the end, the Employability Fair was held to bring Brasscom's associated companies closer to the graduated students.

7.9 - Other relevant information

Besides the information disclosed in this item 7, it is worth noticing that the Company is always on the lookout for growth opportunities, either organic or through the acquisition or strategic business partnerships within its operating segments in the regular course of its business and is continually analyzing potential operations or business partnerships that add value to its shareholders.

8.1 - Extraordinary businesses

***Hardware* Operations** - On October 24, 2019 the Company announced the completion of the sale of its Brazilian *hardware* operations, through the subsidiary Bematech Hardware Ltda. to ELGIN S.A. for the amount of R$25,000, which is subject to a possible price adjustment to be determined under the terms set forth in the contract that governs such transaction.

On November 6, 2019, the sale of Bematech International Corporation (BIC) to Reason Capital Group LLC. was completed, pursuant to an agreement executed on July 2, 2019, for the amount of US$4.4 million - corresponding to R$ 17,528, after adjustments set forth in the agreement, of which US$1.5 million - corresponding to R$5,988 - were retained as collateral and shall be released by November 5, 2022.

With the acquisition of Supplier, that was completed on April 30, 2020, the Company started the business of financial services in the Company itself, issuing and managing credit cards, including credit analysis and intermediation of financing requests in its businesses.

The Techfin segment includes the businesses of the Supplier group that involve, in addition to origination, the assumption of some degree of credit risk and/or the determination and/or application of credit policies, such as the "Supplier Card" products , "Antecipa" and "Mais Prazo", as well as technology products aimed at financial services (e.g., Financial Panel), partnerships (e.g., payroll-deductible loans).

Supplier holds subordinated shares of a securitization fund called Credit Rights Investment Fund ("**Supplier FIDC**") that buys, sells, and securitizes its own or third-party credit rights, which is being consolidated in the group's financial statements, in compliance with CPC36(R3)/ IFRS 10. Legally speaking, Supplier's FIDC is an investment fund authorized by the Brazilian National Monetary Council that is specifically designed as an investment vehicle for investment in Brazilian credit receivables.

Because of the consolidation of Supplier's FIDC, the senior and mezzanine shares are accounted for as a financial liability under the caption "Senior and mezzanine shares", and the remuneration for the valuation of shares to the benefit of the holders of the senior and mezzanine shares is recorded as the cost of the transaction.

On May 31, 2021, the Company completed the acquisition of RD, having also consolidated the emergence of the Business Performance segment and this was a final step in building an ecosystem of B2B technologies. This strategy aims to expand the *addressable market*, *take rate* and, finally, increase client/customer loyalty, through the advancement of value chains, leading a journey of digitalization aimed at escalating the Company's operations.

On July 12, 2021, the Company entered into an investment agreement with B3, which involved the subscription– by B3 S.A. – Brasil, Bolsa, Balcão ("B3")–of a representative minority interest of 37.5% of the total shares of Dimensa S.A. ("Dimensa"), after the fulfillment of all the conditions precedent for the amount of R$600,073. With the completion of the transaction on October 1, 2021, TOTVS now has 62.5% of interest in Dimensa capital stock. Said transaction generated a gain due to the change in equity interest of R$352,540 in the equity of the parent company.

8.2 - Significant changes in the way the issuer conducts business

There were no significant changes in the conduct of the Company's business.

8.3 - Relevant agreements entered into by the issuer and its subsidiaries not directly related to their operating activities

There are no relevant contracts entered into by the Company and/or its subsidiaries that are not directly related to their operating activities.

8.4 - Other relevant information – Special businesses

The Company did not find any other relevant information connected to this section.

9.1 - Relevant non-current assets - other

The Company does not have non-current assets relevant to the development of its activities.

9.1 - Relevant non-current assets / 9.1.a - Fixed assets

Justification for not completing the table:

The Company does not have fixed assets relevant to the development of its activities

9.1 - Relevant non-current assets / 9.1.b - Intangible assets

Type of asset	Asset Description	Duration	Events that can cause the loss of rights	Consequence of loss of rights
Brands	"ADVPL" 829339728	Oct. 25, 2031	As shown in section 9.2.	As shown in section 9.2.
Brands	"ADVPL" 828781443	Nov. 10, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"DATASUL" 823429369	Jul. 17, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"PROTHEUS" 909538190	-	As shown in section 9.2.	As shown in section 9.2.
Brands	"RM SISTEMAS" 817157727	Feb. 14, 2025	As shown in section 9.2.	As shown in section 9.2.
Brands	" SISJURI " 823346935	Feb. 13, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"VIRTUAL AGE" 914573020	Apr. 09, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"YMF - AMPLIS" 827245890	Oct. 30, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"YMF - AMPLIS" 827082673	Jul. 20, 2030	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY ZERO ONE" 907445900	Nov. 29, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY ZERO ONE" 907446183	Mar. 12, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY ZERO ONE" 907446361	Nov. 29, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY ZERO ONE" 907446604	Mar. 27, 2028	As shown in section 9.2.	As shown in section 9.2.

Brands	"FLY ZERO ONE" 907446655	Nov. 29, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"ECOFLUIG" 910715459	Apr. 10, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"ECOFLUIG" 910715505	Apr. 10, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"ECOFLUIG" 910715629	Apr. 10, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"ECOFLUIG" 910715718	Apr. 10, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"ECOFLUIG" 910715793	Apr. 10, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"AMPLIS" 827245904	Oct. 30, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"BOARDS" 913834700	Jan. 29, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"BOARDS" 913835366	Jan. 29, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"CAROL" 912947675	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"CAROL" 912947837	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"CAROL" 912985305	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"DATASUL" 914028413	Feb. 19, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"DATASUL" 914028421	Feb. 19, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY01" 907900682	May 15, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY01" 907900755	Jan. 10, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY01" 907900828	Jan. 10, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY01" 907900968	Jan. 10, 2027	As shown in section 9.2.	As shown in section 9.2.

Brands	"FLUIG" 840530650	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530668	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530684	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530692	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530706	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530714	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530722	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"CAROL" 912985321	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"PROTHEUS" 909537577	Nov. 14, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"PROTHEUS" 909538115	Feb. 19, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"CAROL" 912985330	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"CAROL" 912985356	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"YMF" 821050486	30/04/2022	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 830574476	Jan. 15, 2023	As shown in section 9.2.	As shown in section 9.2.
Brands	"ELEVE" 917711190	Dec. 29, 2030	As shown in section 9.2.	As shown in section 9.2.
Brands	"ELEVE" 918071585	Apr. 7, 2030	As shown in section 9.2.	As shown in section 9.2.
Brands	"ELEVE" Request 918071712	N/A	As shown in section 9.2.	As shown in section 9.2.
Brands	"DATASUL" 823404838	Jul. 3, 2027	As shown in section 9.2.	As shown in section 9.2.

Brands	"ELEVE" 918812569	Jul. 21, 2030	As shown in section 9.2.	As shown in section 9.2.
Brands	"ELEVE" Order 918812720	N/A	As shown in section 9.2.	As shown in section 9.2.
Brands	"DATASUL" 810871432	Nov. 1, 2023	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLY01" 907900550	Jan. 10, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"FLUIG" 840530625 1	Feb. 10, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"RM" 819925772	Sep. 8, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"RM" 821482076	08/07/2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 827375743	Oct. 16, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 830574468	Jan. 21, 2024	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" Order 830574484	N/A	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 830574492	Jan. 15, 2023	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 830574506	Oct. 4, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 840754558	Sep. 27, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 840754566	Sep. 27, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" Order 840754574	N/A	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 840754582	Oct. 6, 2030	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" Order 840754590	N/A	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 840754604	Sep. 24, 2030	As shown in section 9.2.	As shown in section 9.2.

Brands	"TOTVS" 840754612	Sep. 27, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 840754655	Sep. 27, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"TOTVS" 840754663 2	Sep. 27, 2026	As shown in section 9.2.	As shown in section 9.2.
Brands	"ELEVE BY TOTVS" 918071860	Apr. 7, 2030	As shown in section 9.2.	As shown in section 9.2.
Brands	"ELEVE BY TOTVS" Order 918072000	N/A	As shown in section 9.2.	As shown in section 9.2.
Brands	SISJURI 823346935	Feb. 13, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	VIRTUAL EGM 914573055	Apr. 9, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	VIRTUAL EGM 825805872	June. 12, 2027	As shown in section 9.2.	As shown in section 9.2.
Brands	VITRINE.NET 901824062	Apr. 16, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	PC INFORMÁTICA 827756429	Mar. 11, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	PC SISTEMAS 827755546	Mar. 11, 2028	As shown in section 9.2.	As shown in section 9.2.
Brands	“RM SISTEMAS” 819925780	Sep. 8, 2029	As shown in section 9.2.	As shown in section 9.2.
Brands	"RM SISTEMAS" 824073908	May 12, 2025	As shown in section 9.2.	As shown in section 9.2.
Brands	“RM SISTEMAS” 824073916	May 12, 2025	As shown in section 9.2.	As shown in section 9.2.
Domain name:	totvs.com.br	Apr. 27, 2029	As shown in section 9.2.	As shown in section 9.2.
Internet domain name	elevesaude.com.br	Oct. 10, 2024	As shown in section 9.2.	As shown in section 9.2.

Internet domain name	raiseyoursales.com.br	Oct. 10, 2024	As shown in section 9.2.	As shown in section 9.2.
Licenses	"PROTHEUS"	Jan. 1st, 2042	As shown in section 9.2.	As shown in section 9.2.
Licenses	"PROTHEUS 10" 09865-0	Jan. 1st, 2060	As shown in section 9.2.	As shown in section 9.2.
Licenses	"PROTHEUS V 12" BR 51 2015 000911 7	Jan. 1st, 2065	As shown in section 9.2.	As shown in section 9.2.

Type of asset	Asset Description	Duration	Events that can cause the loss of rights	Type of asset	**Company's registration number ("CNPJ")**
Software	PROTHEUS	50 years counting from the 1st January following the date of publication	As shown in section 9.2.	As shown in section 9.2.	53.113.791/0001-22
Software	SISJURI - INTEGRATED JURIDIC SYSTEM ("SISTEMA JURÍDICO INTEGRADO")	50 years counting from the 1st January following the date of publication	As shown in section 9.2.	As shown in section 9.2.	53.113.791/0001-22
Software	PROTHEUS V12	50 years counting from the 1st January following the date of publication	As shown in section 9.2.	As shown in section 9.2.	53.113.791/0001-22
Software	Meu RH	50 years counting from the 1st January following the date of publication	As shown in section 9.2.	As shown in section 9.2.	53.113.791/0001-22
Software	VITRINE	50 years counting from the 1st January following the date of publication	As shown in section 9.2.	As shown in section 9.2.	53.113.791/0001-22
Software	PROTHEUS 10	50 years counting from the 1st January following the date of publication	As shown in section 9.2.	As shown in section 9.2.	53.113.791/0001-22

9.1 - Relevant non-current assets / 9.1.c - Interests in companies

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	**Book value - variation %**	**Market value - variation %**	**Amount of dividends received (Reals)**		**Date**	**Amount (Reals)**		
CONSINCO S.A.	39.010.418/0001-15	-	Subsidiary	Brazil	SP	Ribeirão Preto	Provider of management systems for the supermarket and self-service wholesalers (wholetail) vertical in the Brazilian market, with a portfolio of "end-to-end" solutions, i.e., support from *back-office* routines, with ERP, to the *front office*, with the POS (Point of Sale/ Cashier).	100.000000
Dec. 31, 2021	92.915650	0.000000	3,264,453.37	**Market Value**				
Dec. 31, 2020	100.000000	0	0	**Book value**	Dec 31, 2021	45,029,268.51		
Dec. 31, 2019	0	0	0					

Reasons for acquiring and maintaining shareholding

Strengthening its presence in the retail segment with specialized solutions for the supermarket and wholesalers vertical in the Brazilian market

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	**Book value - variation %**	**Market value - variation %**	**Amount of dividends received (Reals)**		**Date**	**Amount (Reals)**		
RD Gestão e Sistemas S.A	13.021.784/0001-86	-	Subsidiary	Brazil	SC	Florianópolis	Development and maintenance of *software* and systems; consulting in *software* and systems implementation; consultancy and management in digital marketing processes; Training in professional and managerial development; teaching activities and professional education courses; activities for organizing and promoting business and professional events, conferences and exhibitions.	92.040000%
Dec. 31, 2021	100.000000	0.000000	0.000000	**Market Value**				
Dec. 31, 2020	0.000000	0.000000	0.000000	**Book value**	Dec 31, 2021	5,735,771.26		
Dec. 31, 2019	0.000000	0.000000	0.000000					

Reasons for acquiring and maintaining shareholding

This acquisition represents a final step in solidifying the Business Performance segment, which is critical in the strategy of building an ecosystem of B2B technologies, also comprising the Management and Techfin segments

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	**Book value - variation %**	**Market value - variation %**	**Amount of dividends received (Reals)**		**Date**	**Amount (Reals)**		
Soluções em Software e Serviços TTS Ltda	07.363.764/0001-90	-	Subsidiary	Brazil	PE	Recife	Provision of consultancy, advisory and development services for computerized systems (*software*); exploitation of rights to use its own or third-party computerized systems and the provision of data processing, business management and administration services and sub-licensing of the TOTVS brand, being able to import and export goods and services related to its activity.	100.000000
Dec. 31, 2021	9.482760	0.000000	8,333,200.88	**Market Value**				
Dec. 31, 2020	1,890191000000	0.000000	0.00	**Book value**	Dec 31, 2021	294.786.391,38		
Dec. 31, 2019	251.464239	0.000000	0.00					

Reasons for acquiring and maintaining shareholding

Maintaining a distribution channel in the region is part of the Company's strategy of channel solidification and presence in territories considered strategic for the Company.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Supplier Participações S.A.	12.057.680/0001-69	0.000000	Subsidiary	Brazil	SP	São Paulo	Supplier's operations are dedicated to enabling B2B credit in recurring relationships between clients/customers and suppliers, especially in the manufacturing and distribution chains. Using the virtual B2B "*private label*" concept, SUPPLIER is responsible for the origination, determination, and application of the credit policy and approval, which is assigned to financial system participants that carry the portfolio and the credit risk.	88.750000

Dec. 31, 2021	59.228320	0.000000	1,547,000.00	**Market Value**		
Dec. 31, 2020	100.000000	0.000000	0.000000	**Book value**	Dec 31, 2021	97,506,773.05
Dec. 31, 2019	0.000000	0.000000	0.000000			

Reasons for acquiring and maintaining shareholding

Strengthening the Techfin business segment in order to simplify, expand, and make our customers' access to credit and other financial services cheaper through technology.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	**Book value - variation %**	**Market value - variation %**	**Amount of dividends received (Reals)**		**Date**	**Amount (Reals)**		
Dimensa S.A.	27.231.185/0001-00	-	Subsidiary	Brazil	SP	São Paulo	Provider of B2B technologies for the financial and fintech markets, with a platform for the Investment Funds market, with solutions for the processing and control of Middle and Back Office; a Core Banking solutions platform aimed at small and medium banks; besides a processing and management platform for Private Label card operations.	62.500000
Dec. 31, 2021	2072.61753%	0.000000	6,057,944.75	**Market Value**				
Dec. 31, 2020	2.484247	0.000000	25,008,000.00	**Book value**	Dec 31, 2021		421,797,688.60	
Dec. 31, 2019	0.979445	0.000000	25,590,000.00					

Reasons for acquiring and maintaining shareholding

Dimensa (formerly TFS, a subsidiary of TOTVS) is a company created because of the partnership between TOTVS and B3 in July 2021, focused on the effervescent B2B technologies industry sector for the financial and fintech markets, seeking to expand investments in innovation and increase the portfolio of solutions and customers, through organic developments, partnerships and acquisitions, with the objective of being the main B2B technology option for the financial sector.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
TOTVS Argentina S.A.	00,000,000/000-00		Subsidiary	Argentina		-	Consulting in information technology; Technical support, maintenance and other information technology services	100.000000

Dec. 31, 2021	42.319010	0.000000	0.00	Market Value		
Dec. 31, 2020	223.350391	0.000000	0.00	Book value	Dec 31, 2021	17,085,931.01
Dec. 31, 2019	-26.138850	0.000000	0.00			

Reasons for acquiring and maintaining shareholding

Maintaining a distribution channel in the region is part of the Company's strategy of channel solidification and presence in territories considered strategic for the Company.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	**Book value - variation %**	**Market value - variation %**	**Amount of dividends received (Reals)**		**Date**	**Amount (Reals)**		
TOTVS Hospitality Ltd.	09.131.273/0001-40	-	Subsidiary	Brazil	RJ (Brazil)	Rio de Janeiro	Development of specialized *software* solutions for hotels, inns, and resorts.	74.200000
Dec. 31, 2021	30.38381%	0.000000	0.00	**Market Value**				
Dec. 31, 2020	20.216396	0.000000	0.00	**Book value**	Dec 31, 2021	37,668,099.67		
Dec. 31, 2019	34.426046	0.000000	0.00					

Reasons for acquiring and maintaining shareholding

Positioning in the hotel segment with solutions specially developed from the peculiar processes of hotels, inns and resorts.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	**Book value - variation %**	**Market value - variation %**	**Amount of dividends received (Reals)**		**Date**	**Amount (Reals)**		
TOTVS Incorporation	00.000.000/0000-00	-	Subsidiary	United States		-	Consulting in information technology; Technical support, maintenance and other information technology services	100.000000
Dec. 31, 2021	8.53246%	0.000000	0.00	**Market Value**				
Dec. 31, 2020	21.912087	0.000000	0.00	**Book value**	Dec 31, 2021	100.118.032,09		
Dec. 31, 2019	5.047897	0.000000	0.00					

Reasons for acquiring and maintaining shareholding

Acquisition of companies that present synergy with the Company, aiming to complement the portfolio of information technology solutions and maintenance of a research and development center for information technology solutions in the United States of America.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	**Book value - variation %**	**Market value - variation %**	**Amount of dividends received (Reals)**		**Date**	**Amount (Reals)**		
TOTVS Large Enterprise Tecnologia S.A.	82.373.077/0001-71	418-9	Subsidiary	Brazil	SP	São Paulo	Sales, Implementation, and Consulting Support	100.000000
Dec. 31, 2021	361.66460%	0.000000	11,321,664.7	**Market Value**				
Dec. 31, 2020	8.053201	0.000000	0.00	**Book value**	Dec 31, 2021		2,257,289,235.30	
Dec. 31, 2019	-0.691009	0.000000	0.00					

Reasons for acquiring and maintaining shareholding

Specialized and highly-skilled service per segment, developing activities of sales, implementation, specialized services, and consultancy support aimed at large companies.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	**Book value - variation %**	**Market value - variation %**	**Amount of dividends received (Reals)**		**Date**	**Amount (Reals)**		
TOTVS México S.A. de CV	00.000.000/0000-00	-	subsidiary or affiliated company	Mexico		-	Innovation, creation, development and updating of programs; sale of *software* and *hardware*, with the possibility of importing its own and third-party goods and services related to the IT activity; provision of general services relating to consultancy on management processes and models; grant third parties rights to use, market, and sell services	100.000000
Dec. 31, 2021	32.53700%	0.000000	0.00	**Market Value**				
Dec. 31, 2020	83.063115	0.000000	0.00	**Book value**	Dec 31, 2021	8,379,271.20		
Dec. 31, 2019	-24.446666	0.000000	0.00					

Reasons for acquiring and maintaining shareholding

Positioning in the micro and small business segment with tailored management and sales solutions.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
TOTVS Serviços de Desenvolvimento e Consultoria em TI Ltda. (Eleve)	30.011.940/0001-47	-	Subsidiary	Brazil	RS	Porto Alegre	A company that develops management, customization, and technical support systems, the primary products of which are aimed at the sales process and financial management of micro and small businesses	100.000000

Dec. 31, 2021	498.60151%	0.000000	93,139.33	**Market Value**		
Dec. 31, 2020	100.000000	0.000000	0.00	**Book value**	Dec 31, 2021	2,233,007.04
Dec. 31, 2019	0.000000	0.000000	0.00			

Reasons for acquiring and maintaining shareholding

Positioning in the micro and small business segment with tailored management and sales solutions

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	**Book value - variation %**	**Market value - variation %**	**Amount of dividends received (Reals)**		**Date**	**Amount (Reals)**		
TOTVS Tecnologia em Software de Gestão Ltda.	07.577.599/0001-70	-	Subsidiary	Brazil	DF	Brasília	Advisory and development services for computerized systems (*software*); exploitation of rights to use its own or third-party computerized systems and the provision of data processing, business management and administration services and sub-licensing of the TOTVS brand, being able to import and export goods and services related to its activity.	100.000000
Dec. 31, 2021	7.84901%	0.000000	26,597,861.87	**Market Value**				
Dec. 31, 2020	307.976496	0.000000	44,500,000.00	**Book value**	Dec 31, 2021		586,316,132.63	
Dec. 31, 2019	-7.131657	0.000000	8,000,000.00					

Reasons for acquiring and maintaining shareholding

Maintaining a distribution channel in the region is part of the Company's strategy of channel solidification and presence in territories considered strategic for the Company.

Corporate Name	Tax Id. (CNPJ)	CVM Code No.	Type of business	Country of headquarters	State of the headquarters	City of headquarters	Description of activities performed	Issuer's share (%)
Fiscal year	**Book value - variation %**	**Market value - variation %**	**Amount of dividends received (Reals)**		**Date**	**Amount (Reals)**		
VT Comércio Digital S.A.	15.760.400/0001-72	-	Subsidiary	Brazil	SP	São Paulo	Participation in other companies as a shareholder, quotaholder or under any other legal form.	50.000000
Dec. 31, 2021	391.43340%	0.000000	408,960.02	**Market Value**				
Dec. 31, 2020	156.934307	0.000000	0.00	**Book value**	Dec 31, 2021	3,462,497.18		
Dec. 31, 2019	-94.466095	0.000000	151,000.00					

Reasons for acquiring and maintaining shareholding

Selective investments in companies having technology solutions that are synergistic to the Company's business

9.2 - Other relevant information

Currently, the Company has one hundred and ninety-five (195) trademark registrations in Brazil and one hundred and eighty-two (182) abroad.

In addition, the Company has fifty-six (56) applications for registration of trademarks with the National Institute of Industrial Property in Brazil and six (6) applications abroad.

BRANDS

Events that may cause the loss of trademark rights

Pursuant to article 142 of Law No. 92.79, of 1996, i.e., the Brazilian Industrial Property Law, certain events may lead to the loss of rights over the trademark, among which we highlight: the expiration of the term of effectiveness without a request for extension having been made within the due period; the waiver, in whole or in part, by the holder; forfeiture, at the request of any person with a legitimate interest if, after 5 years from the date the registration was granted, the use of the trademark has not started in Brazil, or if the use has been interrupted for more than 5 years. Still at the administrative level, the registration may be declared null by the National Institute of Intellectual Property of Brazil (INPI) whether automatically or by any person's request upon a claim made by a third party or by a person with legitimate interest, upon a request for nullity submitted within 180 days from the registration being granted, if it is shown that the registration at issue has been granted in disagreement with the Intellectual Property Law. In addition, the nullity of a trademark registration can be declared by a court of law, through a lawsuit for nullity of the trademark registration filed by such INPI (Brazilian Patent and Trademark Office) or by any person having legitimate interest. The term for filing such a lawsuit is five (5) years counting from the date on which the trademark registration has been granted.

Consequence of loss of trademark rights

The suppression of trademark rights implies the loss of the exclusive right to trademarks, leading, for example, to the impossibility of preventing third parties from using identical or similar trademarks or brands to refer to equal, similar, or alike products or services, as the sign at issue returns to the public domain. Such a situation could even impair communication between the Company and its target audience. Any license or trademark in progress of being granted is also no longer valid, impacting the ability to receive the corresponding royalties. If any unregistered use results in a violation of third parties' rights, the holder of such brand used is subject to legal and civil lawsuits, which may result in a court decision determining that the corresponding trademark, use is halted, in addition to search and seizure of products, payment of compensation and/or refraining from using the brand by the Company.

Events that may cause the loss of rights on trademarks deposited but nut registered

If a particular trademark filed but not registered yet does not meet the formal and/or merit requirements, the application for registration thereof may be rejected by the National Institute of Intellectual Property (INPI), which is the agency responsible for deciding on the registration of trademarks in Brazil. The INPI may reject an official registration request or upon opposition from third parties, if it considers such a claim to be valid

Consequence of loss of rights on trademarks deposited but not registered

The loss of rights to brands deposited but not registered leads to the cessation of any expectation of rights on such trademarks. Depending on the grounds for the loss of the right - for example, in the case of a violation of the previous right held by a third party - the Company may be subject to legal and criminal lawsuits, for misuse of the trademark and violation of the third parties' rights, which may include convictions regarding the payment of compensation and/or refraining from using the brand by the Company, and even search and seizure of products. In addition, the Company will not be able to prevent third parties from using identical or similar brands to refer to equal, similar, competing, or similar products and/or services.

PATENTS

The Company's intellectual property assets consist, in the patent area, of 01 (one) patent application in co-ownership with SENAI, which is an "LEVELED PROGRAMMING ELECTRONIC PLATFORM", pending analysis by the INPI.

INPI is the Brazilian federal agency responsible for granting and registering patents in Brazil. During the administrative procedure of patent application with INPI, the applicant enjoys an expectation of right that will be ratified if the patent is eventually granted. The patent will be granted if the invention has features like novelty, inventive activity, and industrial application. Such requirements will be determined by the INPI examiners, who will be able to make new requirements throughout their analysis and that will result in the granting or denying the application. The patent application may also be challenged by third parties through subsidies to the examination or even after the patent having been granted, through an application for administrative nullity.

Events that can cause the loss of rights

Many events can lead to the loss of rights for a patent application pending, such as: (i) failure to comply with formal and technical requirements; (ii) absence of an appeal against the denied patent application; (iii) failure to pay the corresponding fees due upon the patent is granted; (iv) absence of request to unarchive in case a patent application is archived due to lack of application to examine; (v) absence of a request for restore the patent application in case it is archived because the annual fee was not paid.

The granting of a patent gives its holder a real right (patent) over an intangible asset (invention), which consists of the temporary monopoly of economic exploitation on an invention and the consequent right to prevent its use by third parties during the effective term of the patent. The annual fees will be due until the end of the effective term of the patent, and the lack of payment thereof may cause the cessation of the patent right in case it is not restored on time.

After the grant of the patent, it can still be annulled in the administrative or judicial sphere if it has been granted in disagreement with Law No. 9279/1996, Industrial Property Law.

Consequence of loss of rights

Any manufacture, export, sale, display, or offer for sale, stock, concealment or reception, for economic purposes, of a product or process protected by a patent or utility model, without the corresponding holder's consent represents a crime against patent laws, subjecting offenders to court sanctions both of criminal and civil nature having as purpose abstaining from using and compensating for the violation. If the patent rights are lost, either by the rejection of the patent application or by the nullity of the patent, its Holder cannot prevent third parties from carrying out the activities described above.

10.1 – General Financial and Equity Situation

a. General financial and equity situation

We present hereinbelow information about our financial and equity structure on the following dates:

(in thousands of Reals)	On December 31,		
	2021	2020	2019
Shareholders' Equity	4,486,008	2,604,166	2,478,409
Current Assets	5,486,233	2,831,973	2,004,275
Net Debt (Net Cash)(1)	(41,760)	129,096	(1,087,480)

(1) Net Debt corresponds to the sum of the balances of loans and financing, debentures, and senior and mezzanine shares, both current and non-current, deducted from the balances of cash and cash equivalents and financial investments. The net debt is not a measure of financial performance recognized by accounting practices adopted in Brazil or by the *International Financial Reporting Standards* - IFRS issued by the *International Accounting Standards Board* ("IASB"), and it does not have a standard meaning. Other companies can account for their net debt differently, so it is not possible to make a comparison between disclosures.

In 2021, the Company ended the year in a net cash position having as main highlights the issuance of debentures on May 21, 2021 in the amount of R$1,500,000 and the generation of operating cash that enabled the acquisition of RD Station to reinforce the group's Business Performance pillar. In addition, the net cash was affected positively by the subsequent share offering made during 2021, which resulted in the raising of R$1,443,173 and the contribution of R$600,000 in the subsidiary Dimensa S.A. ("Dimensa") as a result of the partnership agreement between TOTVS and B3.

On April 30, 2020, the Company, through its subsidiary TOTVS Tecnologia em Software de Gestão Ltda. ("TOTVS Tecnologia"), acquired Supplier Participações S.A. ("Supplier"). Supplier is a company focused on B2B credit and development of solutions for the relationship between customers and suppliers. In addition, with the acquisition of Supplier, the Company and its subsidiaries started the business of financial services, issuance and management of credit cards, including credit analysis and intermediation of financing requests in its businesses. Supplier holds subordinate shares of a securitization fund called "Fundo de Investimento em Direitos Creditórios" ("Supplier FIDC"), which purchases, sells, and securitizes its own or third-party credit rights that are being consolidated in the financial statements of the Company and its subsidiaries. As a consequence of the consolidation, the obligations with senior and mezzanine shares and financial investments became part of the net debt of the Company and its subsidiaries.

On January 1st, 2019, the Company's net debt was impacted by the recognition of leasing liabilities (current and non-current) in the amount of R$236,820 originated from adopting the new accounting standard regarding IFRS 16. In addition, the net cash was positively affected by the subsequent share offering made over the fiscal year 2019, which managed to raise R$1,066,500.

b. capital structure, pointing out:

The Company finances its operations through its own equity and third-party funds. The Company issues common shares only; therefore, there are no redeemable shares.

Over the last three years, we have been having a balanced capital structure between our own equity and third parties' funds, which is consistent with our activities, in the Management's view, in the proportion shown in the table below:

(in thousands of Reals, except %)	On December 31,		
	2021	2020	2019
Current Liabilities and Noncurrent Liabilities (Third-Party Funds)	5,459,017	2,542,240	1,057,518
Shareholders' Equity (own equity)	4,486,008	2,604,166	2,478,409
Third-Party Funds(1)	54.89%	49.40%	29.90%
Own Equity(2)	45.11%	50.60%	70.10%

(1) Third party funds correspond to the sum of current and noncurrent liabilities divided by total liabilities and stockholders' equity.
(2) Own equity refers to the Company's Capital Stock.

c. payment capacity as regards financial commitments undertaken

As of December 31, 2021, the Company's gross debt was R$ 3,217,466, of which R$ 1,915,020, or 59.5%, are in current liabilities, while R$ 1,302,446, or 40.5%, in noncurrent liabilities.

The Company and its subsidiaries have been fully capable of paying their financial commitments undertaken, since their operations are cash-generating and the financing granted to clients are essentially in the short term.

Most liabilities and receivables result from sales and provision of software implementation services, which are provided in the countries where they are sold.

After having acquired Supplier in 2020, the Company and its subsidiaries started the business of financial services, issuance and management of credit cards, including credit analysis and intermediation of financing requests in their businesses. In addition, as a result of the consolidation of Supplier FIDC, the senior and mezzanine shares are accounted for as a financial liability on the item "Senior and mezzanine shares" and make up the gross debt of the Company and its subsidiaries.

The Company and its subsidiaries maintain a conservative profile of financial investment and currently have no operations in risk markets and/or derivatives.

The table below shows the key financial indicators connected to our payment capacity:

(in thousands of Reals, unless otherwise stated)	On December 31,		
	2021	2020	2019
Gross Debt(1)	3,217,466	1,336,137	450,676
Net Debt (Net Cash)(2)	(41,760)	129,096	(1,087,480)
Adjusted EBITDA(3)	781,956	589,716	470,706
Indebtedness Ratio(4)	-0.1	0.2	-2.3
Current liquidity ratio(5)	1.7	1.4	2.8
Overall liquidity ratio (6)	1.1	1.3	2.2

(1) Gross Debt corresponds to the sum of the balances of loans and financing, debentures, and senior and mezzanine shares. The gross debt is not a measure of financial performance recognized by accounting practices adopted in Brazil or by the *International Financial Reporting Standards* - IFRS issued by the *International Accounting Standards Board* ("IASB"), and it does not have a standard meaning. Other companies can account for their gross debt differently, so it is not possible to make a comparison between disclosures.

(2) Net Debt corresponds to the sum of the balances of loans and financing, debentures, and senior and mezzanine shares, both current and non-current, deducted from the balances of cash and cash equivalents and financial investments. The net debt is not a measure of financial performance recognized by accounting practices adopted in Brazil or by the *International Financial Reporting Standards* - IFRS issued by the *International Accounting Standards Board* ("IASB"), and it does not have a standard meaning. Other companies can account for their net debt differently, so it is not possible to make a comparison between disclosures.

(3) Adjusted EBITDA is a non-accounting measurement prepared by the Company comprising EBITDA, calculated under CVM Instruction 527, adjusted: expenses with M&A transactions; by the Gain (loss) on the write-off of assets; extraordinary costs with layoffs; earn-out adjustment at fair value; non-cash provisions, and accrued tax not paid on time. The Adjusted EBITDA is not a measure recognized by the Accounting Practices Adopted in Brazil or by the International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB); they do not represent cash flow for the periods presented and should not be considered as a substitute for net profit (loss), as an indicator of operating performance or as a substitute for cash flow as an indicator of the Company's liquidity or the basis for the distribution of dividends. The Adjusted EBITDA does not have a standard meaning and may not be comparable to measures with similar securities provided by other companies.

(4) The indebtedness ratio corresponds to the ratio of the net debt at the end of the fiscal year divided by the adjusted EBITDA for the same fiscal year.

(5) The current liquidity ratio corresponds to the ratio resulting from the division of current assets by current liabilities.

(6) The overall liquidity ratio corresponds to the division ratio of: (i) the result from the sum of current and non-current assets (except investment, fixed, and intangible assets); by (ii) the result of the sum of current liabilities and non-current liabilities.

2021: The Company issued simple debentures, not convertible into shares, in the amount of R$1,500,000 with the purpose of raising funds to be used in the achievement of the Strategic Plan and the corporate purpose of the Company and its subsidiaries. Despite this new liability, the net debt decreased, caused by the higher cash balance compared to 2020, as a result of raising of R$1,443,173 through a Restricted Public Offering ("Follow-on"), neutralizing the issuance of debentures and increasing the balance of senior and mezzanine quotas. The indebtedness ratio was -0.1, and the current liquidity ratio was 1.7, following the 2020 levels. The overall liquidity ratio as of December 31, 2021 closed at 1.1, demonstrating the ability of the Company and its subsidiaries to meet their long-term commitments.

2020: The Company issued simple debentures, non-convertible into shares, in the amount of R$200,000 preventively in the face of the COVID-19 pandemic, which were redeemed in advance on August 10, 2020. The increase in the net debt is mainly a result of the financial liabilities of the senior and mezzanine quotas of Supplier FIDC. The indebtedness ratio on December 31, 2020 was 0.2 and the current liquidity ratio was 1.4, the same level as in 2018. The overall liquidity ratio as of December 31, 2020 closed at 1.3, demonstrating the ability of the Company and its subsidiaries to meet their long-term commitments.

2019: The Company and its subsidiaries did not contract new financing in 2019. The net cash position results from the funding got in the Follow-on carried out in May 2019, which increased the cash balance for the fiscal year. The indebtedness ratio on December 31, 2019 was -2.3 and the current liquidity ratio was 2.8, while the overall liquidity ratio went to 2.2 on December 31, 2019, demonstrating the ability of the Company and its subsidiaries to meet their long-term commitments.

d. sources of financing used for working capital and for investment in non-current assets

2019 to 2021: The working capital and the investments in non-current assets were financed chiefly from the Company's own funds arising from operating cash generation, from debentures issued by the Company, as detailed in item 10.1.f.i, and from funds originated from a subsequent issuance of shares performed in May 2019 and September 2021.

e. financing sources for working capital and investments in non-current assets intended to be used to cover liquidity deficiencies

For now, the Company and its subsidiaries understand that they have no liquidity deficiencies. If there is a need to seek financing sources for working capital or non-current assets, the Company may: (i) seek lines of loans and financing with private banks, or (ii) issue debt securities, such as debentures.

It is also worth mentioning that the Company and its subsidiaries, despite understanding that they do not have any liquidity deficiencies, have pre-approved lines with private banks that can be accessed in the very short term.

f. levels of indebtedness and characteristics of such debts, also describing:

(i) relevant loan and financing agreements

The loans and financing taken by the Company, as well as the balance of each one at the end of every period, are shown in the table below:

(in thousands of Reals, unless otherwise stated)	Financial charges	On December 31,		
		2021	2020	2019
Leases	2.00% to 15.25%	231,874	223,525	241,340
BNDES PROSOFT	TJLP+1.5% to 1.52% p.a.	-	-	3,232
BNDES PSI	3.5% to 4.0% p.a.	-	-	2,227
BNDES Inovação	TJLP + 0.52% p.a.	-	-	888
Working capital	CDI + 1.9% p.a.	103,740	100,740	-
Secured and other accounts		-	785	16
Loans and Finance		**335,614**	**325,050**	**247,703**
Current Liabilities		156,306	146,806	55,623
Non-Current Liabilities		179,308	178,244	192,080

(in thousands of Reals, unless otherwise stated)				On December 31,		
Issuance	Debentures	Annual Financial Charges	Unit price in Reals	2021	2020	2019
Single series	200,000	105.95% of CDI rate	1	-	-	202,973
3rd issuance of debentures – Single series (i)	1,500,000	100% of CDI rate + Spread 1.90%	1	1,509,126	-	-
Total				**1,509,126**	**-**	**202,973**
Current Liabilities				385,988	-	202,973
Non-Current Liabilities				1,123,138	-	-

The amounts of loans and financing and debentures recorded in non-current liabilities at the end of each period have the following maturity schedule:

(In thousands of Reals)	On December 31,		
	2021	2020	2019
2021	-	-	192,080
2022	-	41,761	-
2023	426,686	37,895	-
2024	798,746	33,751	-
2025	41,494	32,067	-
2026 onward	35,520	32,770	-
Loans, financing and debentures (Non-current liabilities)	**1,302,446**	**178,244**	**192,080**

Leases: The Company and its subsidiaries have several financial leasing agreements with a contracted term of between 3 and 10 years related to the purchase of electronic equipment, rents and facilities of the Company's units and its subsidiaries. The rates for leases of right to use real estate vary between 2.00% to 14.63% (nominal interest rate) and 7.82% to 15.25% for lease of right to use electronic equipment.

Working Capital 2020 and 2021: On October 21, 2020, the subsidiary Supplier Administradora raised R$100,000 for working capital from Banco ABC Brasil, with due date on July 20, 2021. On the same date, the contract was amended and the interest paid, with the principal remaining with a new due date for April 18, 2022. The contracted amount will be 100% of the CDI plus the rate of 1.9% per year based on 360 days.

Debentures issued in 2021: on May 21, 2021, the Company approved the issuance of simple debentures, not convertible into shares, of the unsecured type, in a single series, which will be subject to public distribution with restricted distribution efforts in the total amount of R$1,500,000, with a unit par value of one thousand Reals. Compensatory interest corresponding to 100.00% of the accumulated variation in the average daily rates of DI (Interbank Deposits), plus a spread equivalent to 1.90% per year, based on 252 business days, will be charged on the nominal unit value or balance of the nominal unit value. The interest will have semiannual maturities and will always be paid on the 21st day of May and November of each year, the first payment being payable on November 21, 2021 and the last payment payable on the due date.

Debentures issued in 2020: on April 22, 2020, the Company approved the issuance of simple debentures, not convertible into shares, of the unsecured type, in a single series, which will be subject to public distribution with restricted distribution efforts in the total amount of R$200,000, with a unit par value of one thousand Reals. Compensatory interest corresponding to 100.0% of the accumulated variation in the average daily rates of DI (Interbank Deposits), based on 252 business days, plus a spread equivalent to 2.65% per year, was charged on the nominal unit value. On August 10, 2020, the Company redeemed all debentures in the amount of R$203,219.

TOTVS 2017 debentures, settled in 2020: On September 6, 2017, the Company issued simple debentures, not convertible into shares, of the unsecured type, in a single series, whose placement was made through a public offering with restricted distribution efforts in the total amount of R$200,000. The funds raised were fully used for working capital, investments within the scope of the Company's corporate purpose and/or prepayment of debts. On the nominal value of the debentures, there was compensatory interest charged corresponding to 105.95% of the accumulated variation of the average daily rates of DI (Interbank Deposits) with semiannual maturities. The debentures matured on September 15, 2020 and were settled in the amount of R$202,838.

BNDES: TOTVS Large, a Company's subsidiary, also contracted loans with BNDES, such as BNDES PROSOFT, BNDES Inovação, BNDES Exim, BNDES Internacionalização and Finame (the latter two already settled) in the total amount of R$76,800. On October 23, 2015, BNDES gave its consent for the Company to be added as a guarantor of such loan agreements. In addition, the loan and financing agreements contracted with BNDES by TOTVS Large are not guaranteed. This credit line was settled in 2020.

Premium for non-conversion of the debentures of 2008, paid in 2019: On August 19, 2008, the shareholders approved raising of R$200,000 through the issue of up to 100,000 ("Units"), represented by certificates of securities deposits, composed of two non-detachable debentures, being one convertible debenture of the 1st series and one convertible debenture of the 2nd series. The total amount of principal and interest had its amortization completed in 2016. The non-conversion premium for the 1st series debentures was adjusted by the IPCA rate, increased by 8.0% per year, while the 2nd series premium was adjusted by the TJLP rate plus 5.0% per year.

None of the debenture holders chose to receive common shares, and the non-conversion premium was paid on August 19, 2019 in cash.

BNDES - National Bank for Economic and Social Development of Brazil: on September 13, 2013, the Board of Directors approved a loan from BNDES in the amount of R$658.500 with a 72-month amortization period, including a 24-month grace period on the principal amount; such loan was released upon proof of investments actually made, and divided into three subcredits:

- Subcredit "A", in the amount of R$596,800, which will bear interest of 1.5% per year above the TJLP - Long-Term Interest Rate, to be used between years 2013 and 2015 to promote a qualitative evolution of solutions offered by the Company, under the BNDES PROSOFT Program;

- Subcredit "B", in the amount of R$58,500, which will bear interest of 3.5% per year, to be used to develop its platform known as "fluig", within the scope of the BNDES Investment Support Program - PSI, Innovation and Efficient Machines and Equipment Subprogram;

- Subcredit "C", in the amount of R$3,300, on which the Long-Term Interest Rate (TJLP) will apply, to be invested in social projects to be carried out by the Company.

The credit facilities with the BNDES described above were settled in 2019.

(ii) other long-term relationships with financial entities

The Company and its subsidiaries have no other relevant long-term relationships with financial entities other than those described in item 10.f.i.

(iii) degree of subordination among debts

Debts with BNDES have letters of guarantee from other banks, and leasing contracts have collateral for leased assets. The other debts of the Company and its subsidiaries are unsecured, so there is no degree of subordination between them.

(iv) any restrictions imposed on the issuer, particularly regarding limits of indebtedness and contracting of new debts, distribution of dividends, disposal of assets, issuance of new securities, and the disposal of controlling interest

Debenture 2021: the debentures have early maturity clauses ("covenants") normally applicable to these types of operations related to the fulfillment of economic-financial indexes. The financial index applied to this deed derives from the coefficient of the division of the net debt by the Adjusted EBITDA, which should be equal to or less than 4 times. This index does not consider the debt and EBITDA of Supplier group's subsidiaries.

Working Capital 2020: The Supplier Administradora contract that raised R$100.000 for working capital with Banco ABC Brasil due on July 20, 2021 has an early maturity clause in the event of default, bankruptcy or title protest with value over R$10,000, besides other provisions set forth in the contract. The contract was amended and the interest was paid, with the principal remaining with a new due date for April 18, 2022.

As of December 31, 2021, 2020 and 2019, the Company and its subsidiaries were in compliance with all the conditions/covenants stipulated in their said loan and debenture contracts.

g. limits for using those financing already contracted

The limits of all financing taken from BNDES have already been fully used.

h. significant changes in each topic of the financial statements

CONSOLIDATED BALANCE SHEET

(in thousands of Reals)	On December 31,			Vertical Analysis			Horizontal Analysis	
	2021	2020	2019	2021	2020	2019	21 vs. 20	20 vs. 19
Current assets								
Cash and cash equivalents	2,871,072	1,027,733	1,538,156	28.9%	20.0%	43.5%	179.4%	-33.2%
Financial investments	388,154	179,308	-	3.9%	3.5%	-	116.5%	0.0%
Investment guarantees	9,341	10,012	25,278	0.1%	0.2%	0.7%	-6.7%	-60.4%
Accounts receivable from customers	2,142,820	1,633,474	453,118	21.5%	31.7%	12.8%	31.2%	260.5%
Allowance for expected loss	(159,110)	(136,245)	(102,123)	-1.6%	-2.6%	-2.9%	16.8%	33.4%
Recoverable taxes	90,482	38,092	29,662	0.9%	0.7%	0.8%	137.5%	28.4%
Other current assets	143,474	79,599	60,184	1.4%	1.5%	1.7%	80.2%	32.3%
Total current assets	**5,486,233**	**2,831,973**	**2,004,275**	**55.2%**	**55.0%**	**56.7%**	**93.7%**	**41.3%**
Non-current assets								
Investment guarantees	35,427	1,116	1,987	0.4%	0.0%	0.1%	3074.5%	-43.8%
Financial assets	99,621	92,770	71,955	1.0%	1.8%	2.0%	7.4%	28.9%
Accounts receivable from customers	64,943	64,012	31,627	0.7%	1.2%	0.9%	1.5%	102.4%
Deferred tax asset	144,622	100,535	100,380	1.5%	2.0%	2.8%	43.9%	0.2%
Escrow deposits with courts of law	29,658	43,972	65,059	0.3%	0.9%	1.8%	-32.6%	-32.4%
Other assets	90,335	57,928	57,395	0.9%	1.1%	1.6%	55.9%	0.9%
Investments	3,075	3,476	3,120	0.0%	0.1%	0.1%	-11.5%	11.4%
Fixed assets	404,869	364,447	389,432	4.1%	7.1%	11.0%	11.1%	-6.4%
Intangible assets	3,586,242	1,586,177	810,697	36.1%	30.8%	22.9%	126.1%	95.7%
Total non-current assets	**4,458,792**	**2,314,433**	**1,531,652**	**44.8%**	**45.0%**	**43.3%**	**92.7%**	**51.1%**
Total assets	**9,945,025**	**5,146,406**	**3,535,927**	**100.0%**	**100.0%**	**43.3%**	**93.2%**	**45.5%**

(in thousands of Reals)	On December 31,			Vertical Analysis			Horizontal Analysis	
	2021	2020	2019	2021	2020	2019	21 vs. 20	20 vs. 19
Current Liabilities								
Social and labor obligations	289,289	211,603	193,472	2.9%	4.1%	5.5%	36.7%	9.4%
Suppliers	112,579	99,305	63,821	1.1%	1.9%	1.8%	13.4%	55.6%
Tax obligations	96,790	74,558	55,203	1.0%	1.4%	1.6%	29.8%	35.1%
Loans and financing	156,306	146,806	55,623	1.6%	2.9%	1.6%	6.5%	163.9%
Debentures	385,988	-	202,973	3.9%	0.0%	5.7%	100.0%	-100.0%
Payable commissions	59,635	53,795	46,035	0.6%	1.0%	1.3%	10.9%	16.9%
Dividends and interest on net equity payable	80,153	57,687	44,579	0.8%	1.1%	1.3%	38.9%	29.4%
Investment acquisition obligations	153,839	44,781	32,554	1.5%	0.9%	0.9%	243.5%	37.6%
Pass-through to partners	520,118	328,817	-	5.2%	6.4%	0.0%	58.2%	100.0%
Senior and mezzanine shares	1,372,726	1,011,087	-	13.8%	19.6%	0.0%	35.8%	100.0%
Other liabilities	92,127	11,592	11,292	0.9%	0.2%	0.3%	694.7%	2.7%
Total Current Liabilities	**3,319,550**	**2,040,031**	**705,552**	**33.4%**	**39.6%**	**20.0%**	**62.7%**	**189.1%**
Non-Current Liabilities								
Loans and financing	179,308	178,244	192,080	1.8%	3.5%	5.4%	0.6%	-7.2%
Debentures	1,123,138	-	-	11.3%	0.0%	0.0%	100.0%	0.0%
Provision for contingencies	107,646	125,818	131,521	1.1%	2.4%	3.7%	-14.4%	-4.3%
Investment acquisition obligations	311,575	163,419	10,758	3.1%	3.2%	0.3%	90.7%	1419.0%
Call option of non-controlling interests	366,194	-	-	3.7%	0.0%	0.0%	100.0%	0.0%
Other liabilities	51,606	34,728	17,607	0.5%	0.7%	0.5%	48.6%	97.2%
Total Long-Term Liabilities	**2,139,467**	**502,209**	**351,966**	**21.5%**	**9.8%**	**10.0%**	**326.0%**	**42.7%**
Shareholders' Equity								
Capital stock	2,962,585	1,382,509	1,382,509	29.8%	26.9%	39.1%	114.3%	0.0%
Treasury stock	(133,195)	(148,537)	(62,531)	-1.3%	-2.9%	-1.8%	-10.3%	137.5%
Capital reserve	864,868	894,824	875,979	8.7%	17.4%	24.8%	-3.3%	2.2%
Asset valuation adjustments	55,457	42,541	22,051	0.6%	0.8%	0.6%	30.4%	92.9%
Retained earnings	483,214	381,869	234,389	4.9%	7.4%	6.6%	26.5%	62.9%
Proposed additional dividends	-	50,960	24,817	0.0%	1.0%	0.7%	-100.0%	105.3%
Non-controlling shareholders' equity	253,079	-	1,195	2.5%	0.0%	0.0%	100.0%	-100.0%
Total Shareholders' Equity	**4,486,008**	**2,604,166**	**2,478,409**	**45.1%**	**50.6%**	**70.0%**	**72.3%**	**5.1%**
Total Liabilities	**9,945,025**	**5,146,406**	**3,535,927**	**100.0%**	**100.0%**	**100.0%**	**93.2%**	**45.5%**

Comments regarding the Company's consolidated balance sheet as of December 31, 2021 and 2020:

Current Assets: The 93.7% increase on December 31, 2021 is the result of the raising of R$1,443,173, through the issue of new common shares under the Restricted Public Offering (Follow On), which generated a 179.4% growth in the "Cash and cash equivalents" item of the Company and its subsidiaries. Under the item "Accounts receivable from customers", the increase of 31.2% was caused by the increase in credit rights from Supplier, besides the consolidation of accounts receivable from RD Station as of June 2021. In addition, the 137.5% increase in "Taxes recoverable" is because of the constitution of INSS extemporaneous credits that will be offset in the short term.

Non-Current Assets: The growth of 92.7% on December 31, 2021, is mainly justified by the intangible assets and premium arising from the acquisition of RD Station, which generated an increase of 126.1% in the "Intangible" item, in addition to the impact of the earn-out amount that was retained as collateral that affected the "Investment guarantees" item by 3,074.5% year over year and "Other assets" by 55.9%, both also arising from the acquisition of RD Station.

Current Liabilities: The growth of 62.7% on December 31, 2021 is mainly due to the increase in financial liabilities of 35.8% in the item "Senior and mezzanine shares" and 58.2% in "Pass-through to partners", both referring to Supplier's operation, which together total R$552,940. The increase in "Debentures" refers to the payment of the first installment scheduled for November 2022. In addition, there was an increase of 243.5% in "Investment acquisition obligations", which represents the short-term earn-out installments of the acquired Tail Target, Consinco and Supplier.

Non-Current Liabilities: The increase of 326.0% on December 31, 2021 is mainly due to the raising of debentures in May 2021, recorded under the item "Debentures" in the amount of R$1,123,138. In addition, the partnership agreement with B3, involving the subsidiary Dimensa, generated a liability related to the "Call option of non-controlling interests" in the amount of R$366,194.

Shareholders' Equity: The 72.3% growth results from the 114.3% increase in capital stock derived from the raising of R$1,443,173, through the issuance of 39,270,000 new common shares within the scope of the Follow-on and the increase in non-controlling shareholders' equity related to B3's equity interest in Dimensa.

Comments regarding the Company's consolidated balance sheet as of December 31, 2020 and 2019:

Current Assets: It represented 55.0% of Total Assets as of December 31, 2020, an increase of 41.3% compared to December 31, 2019, mainly affected by the 260.5% growth in Accounts receivable from customers in relation to 2019, as a result of the consolidation of the credit rights of the operation of credit products resulting from the acquisition of Supplier, which represented R$1,172,168 or 71.8% of the consolidated accounts receivable from customers of the Company as of December 31, 2020.

Non-Current Assets: The 51.1% increase in noncurrent assets is due to the 95.7% increase in Intangible assets, because of the acquisitions of equity interests of the companies Consinco S.A., Supplier Participações, Wealth Systems, and Tail Target over 2020. These business combinations generated a goodwill of R$479,889 and intangibles by allocating the price paid in the amount of R$347,662.

Current Liabilities: The 189.1% increase in current liabilities as of December 31, 2020 is mainly because of the consolidation of financial liabilities related to "Senior and mezzanine shares" in the amount of R$1,011,087 and "Pass-through to partners" in the amount of R$328,817 resulting from the acquisition of Supplier Participações on April 30, 2020.

Non-Current Liabilities: the 42.7% increase in non-current liabilities is explained by the increase of R$152,661 in the item of investment acquisition obligations originated from the acquisitions of Consinco S.A., Supplier Participações, Wealth Systems and Tail Target.

Shareholders' Equity: The shareholders' equity remained in line year-over-year. It is worth highlighting the repurchase of 5,100,900 shares issued by the Company to back the stock-based Incentive and Retention Plan.

CONSOLIDATED INCOME STATEMENT

We present below the key income descriptions:

- **Net Revenue**: revenues are recognized when there is an agreement with the customer, performance obligations are identified, the transaction price is measurable and reliably allocated, and when the control of goods or services is transferred to the customer. Revenues are shown net of taxes, returns, rebates, and discounts, when applicable. The Company and its subsidiaries separate revenues into recurring revenues, non-recurring revenues, and revenue from credit products as follows:

Recurring software revenue
Recurring software revenue comprises: (i) software subscription, in which customers have access to the software on multiple devices simultaneously in its most recent version; (ii) maintenance, including technical support and technology evolution; and (iii) services, including cloud computing and customer service. All of these services are sold separately.

Recurring software revenue is recognized on a monthly basis in the income statement over time, as the services are provided, from the date the services and software are made available to the customer and all other revenue recognition criteria are met.

Non-recurring software revenue
Non-recurring software revenue comprises: (i) license fees, which transfer to the customer the right to use the software for an indefinite period of time; and (ii) software implementation and customization services, consulting and training services.

(i) A license fee is recognized at a given time when all risks and benefits connected to such license are transferred to the buyer upon the availability of the software and the amount can be measured reliably, as well as it is probable that the economic benefits will be generated in favor of the Company.

(ii) Revenues from implementation and customization services represent a performance obligation different from other services and are billed separately and recognized over time as costs are incurred connected to the total expected costs, performed according to the schedule of performance and when there is a valid expectation of being received from customers. Billed revenues that do not meet the recognition criteria, do not comprise the balances of the corresponding revenue accounts and accounts receivable. Revenues from consulting and training services are recognized when the services are provided.

Revenue from credit products

Revenues from credit products are recognized as described below:

I. Factoring of receivables is recognized at the time they are factored, when the risks and benefits are transferred to Supplier Administradora.

II. Management fees are recognized at the amount of the consideration received or receivable, being recognized at the time of service provision. The transaction price is determined individually for every partner according to the agreement executed between the parties.

Revenues are subject to the following taxes and contributions, at the following basic rates:

- Software revenues are subject to rates of 0.65% for PIS and 3.0% for COFINS. We adopt the non-cumulative regime for some revenues, being possible to discount credits earned on purchases and other expenses, which include the rates of 1.5% for PIS and 7.6% for COFINS;
- Tax on services (ISS) at rates ranging from 2% to 5%;
- Social Security Contribution on Gross Revenue (CPRB) of 4.5% for software revenues.

- **Cost of software**: costs of software are composed especially of salaries for consulting and support personnel and include costs of acquiring a database and the price of licenses paid to third parties in case of software resold.

- **Cost of Credit Products:** costs of credit products are mainly composed of remuneration for senior and mezzanine shareholders and cost of raising credit rights.

- **Research and development**: Research and development expenses incurred by the software development area connected to new products or technology innovations of existing software, which do not meet the capitalization criteria, are recorded as expenses for the fiscal year in which they are incurred and are shown separately from sales costs, as operating expenses. In addition, the Company capitalizes development expenses, provided that the criteria of CPC 04 (R1)/ IAS 38 are met.

- **Sales and Marketing Expenses:** sales expenses correspond to personnel expenses at the company's own units and expenses with commission paid to the Company's franchise network. The vast majority of marketing expenses correspond to the promotion of the Company's brand.

- **General and Administrative Expenses**: the general and administrative expenses are incurred in managing and providing support to operational activities. The Company's main general and administrative expenses are personnel expenses and provision for contingencies.

- **Financial Result**: the financial result is the difference between financial revenues and expenses. The key groups that make up the financial result are interest on loans and financing, and income from financial investments.

- **Current and Deferred Income Tax and Social Contribution**: the allowance for income tax and social contribution is connected to the taxable income for the fiscal years, with retail rates of 25% for IRPJ (companies' income tax) and 9% for CSLL (social contribution on net profit). The Company's effective rate is composed of current and deferred income tax and social contribution according to the best accounting practices.

On February 16, 2022, the Company voluntarily restated its individual and consolidated Financial Statements, in compliance with CPC 23/IAS 8. The voluntary restatement of the Financial Statements resulted from a mere adjustment to the requirements provided for in CPC 26/IAS 1 for the accounting reclassification of certain lines of the Company's Income Statement, and did not generate any change in net revenue and net income for the fiscal years ended on December 31, 2019 and 2020, as well as in the balance sheet, in the comprehensive income statement, in the statement of cash flow, in the statement of added value, when compared to the financial statements previously approved.

The effects of reclassifications in the income statements for the fiscal years ended on December 31, 2020 and 2019 are presented in item 10.4.b.

COMPARISON BETWEEN THE FISCAL YEARS ENDED ON DECEMBER 31, 2021, 2020 AND 2019

(in thousands of Reals)	On December 31,			Vertical Analysis			Horizontal Analysis	
	2021	2020 (*)	2019 (*)	2021	2020	2019	21 vs. 20	20 vs. 19
Net revenue from software	2,980,427	2,467,959	2,282,124	91.5%	95.1%	100.0%	20.8%	8.1%
Net revenue from credit products	278,436	128,118	-	8.5%	4.9%	-	117.3%	100.0%
Net Revenue	**3,258,863**	**2,596,077**	**2,282,124**	**100.0%**	**100.0%**	**100.0%**	**25.5%**	**13.8%**
Cost of software	(923,786)	(804,192)	(809,494)	-28.3%	-31.0%	-35.5%	14.9%	-0.7%
Cost of credit product	(109,065)	(41,934)	-	-3.3%	-1.6%	-	160.1%	100.0%
Gross profit	**2,226,012**	**1,749,951**	**1,472,630**	**68.3%**	**67.4%**	**64.5%**	**27.2%**	**18.8%**
Operating revenues (expenses)								
Research and development	(585,472)	(462,176)	(432,035)	-18.0%	-17.8%	-18.9%	26.7%	7.0%
Sales and marketing expenses	(659,667)	(538,667)	(469,901)	-20.2%	-20.7%	-20.6%	22.5%	14.6%
General and administrative expenses	(480,132)	(383,889)	(269,504)	-14.7%	-14.8%	-11.8%	25.1%	42.4%
Other revenues (expenses)	12,297	28,613	24,262	0.4%	1.1%	1.1%	-57.0%	17.9%
Operating profit before financial effects and equity method	**513,038**	**393,832**	**325,452**	**15.7%**	**15.2%**	**14.3%**	**30.3%**	**21.0%**
Financial income								
Financial revenues	97,213	47,344	69,312	3.0%	1.8%	3.0%	105.3%	-31.7%
Financial expenses	(146,016)	(58,778)	(70,489)	-4.5%	-2.3%	-3.1%	148.4%	-16.6%
Result of equity method	**(526)**	**(294)**	**(248)**	**0.0%**	**0.0%**	**0.0%**	**78.9%**	**18.5%**
Profit before taxes	**463,709**	**382,104**	**324,027**	**14.2%**	**14.7%**	**14.2%**	**21.4%**	**17.9%**
Income tax and social contribution	(89,672)	(86,068)	(70,111)	-2.8%	-3.3%	-3.1%	4.2%	22.8%
Net profit (loss) from continuing operations	**374,037**	**296,036**	**253,916**	**11.5%**	**11.4%**	**11.1%**	**26.3%**	**16.6%**
Net profit (loss) from discontinued operation	**-**	**(1,077)**	**(43,268)**	**-**	**0.0%**	**-1.9%**	**-**	**-97.5%**
Net profit of the fiscal year	**374,037**	**294,959**	**210,648**	**11.5%**	**11.4%**	**9.2%**	**26.8%**	**40.0%**

(*) The values of the items "Depreciation and Amortization" and "Allowance for expected loss" were reclassified for better comparability in compliance with CPC26/IAS1.

Comments regarding the Company's consolidated financial and operating performance between the fiscal years ended on December 31, 2021 and 2020:

Net revenue from software

In the annual comparison, the Net Revenue continued its acceleration, growing 25.5% in the comparison between 2021 and 2020. This growth was driven by the better performance of recurring software revenue, which increased by R$516,828 or 26.4% year-over-year, the main reasons for that are: (i) increase in sales volume, net of churn, especially in the SaaS model, which represented 30% of the total; (ii) high Customer Renewal Rate during the year (above 98.3%); (iii) the Company's price adjustment capacity (Pricing Power); and (iv) the consolidation of RD Station's results as of June 2021. As a highlight of 2021, we continue to point out the acceleration of cloud sales, whose new signings grew 48% in the year, in addition to the revenue from credit products of the Supplier group, whose increase was 117.30%.

Net Revenue from credit products

In 2021, the net revenue from credit products grew 117.3% mainly due to the following factors: (i) Supplier's consolidation in May 2020, resulting in a comparison of 2021 with additional 4 months of this expense; and (ii) increase in the Selic rate in the period.

Costs of software

The Company's cost of software for the fiscal year as of December 31, 2021 totaled R$923,786, an increase of 14.9% compared to 2020, caused by: (i) consolidation of RD Station as of June 2021, which represented 4.4% of the total cost; (ii) an increase with support cost of 8.4% and cost of services of 10.9%.

Costs of credit product

The cost of credit product totaled R$109,065, an increase of 160.1% compared to 2020. This increase was mainly caused by the consolidation of Supplier from May 2020, followed by the increase in Funding cost by 188.6% compared to 2020, because of successive increases in the Selic rate (which started 2021 at 2% and ended the year at 9.25%).

Expenses

- **Research and Development -** Accumulated results in 2020 show that Research and Development (R&D) expenses represented 23.7% of Recurring Revenue, the same percentage compared to 2020, confirming the gain in scale and efficiency, as a result of the increasingly intense use of insights generated by the telemetry analysis of our solutions, which enables a quick reallocation of resources to take advantage of opportunities and continuous investment in innovation, breadth, quality, and digitalization of our portfolio. In this context, some of the projects developed throughout 2021, with clear prospects of return in the medium/long term, met the capitalization criteria and totaled R$23,319. The 26.7% increase in R&D compared to 2020 was caused by: (i) consolidation of RD Station's results from June 2021, which represented 7.3% of total R&D; (ii) consolidation of Supplier in May 2020; (iii) expansion of investments to perform the strategy for developing solutions in the Techfin dimension; and (iv) an increase of R$6,345 with amortization of projects developed and capitalized during 2020 and 2021;

- **Sales and Marketing Expenses -** In the annual comparison, the Sales and Marketing Expenses increased by 22.5% compared to 2020, representing 20.2% of the Net Revenue in 2021, compared to 20.7% in 2020. This increase is mainly related to: (i) consolidation of the results of RD Station, which presented a representation of this line in relation to the Revenue of 31% and (ii) the growth of marketing expenses, due to the greater containment of these expenses in 2020 during the COVID-19 pandemic. This increase was partially offset by the reduction in the allowance for expected loss, which went from R$43,856 on December 31, 2020 to R$36,235 on December 31, 2021, and represented 1.1% of the Net Revenue, versus 1.7% earned in 2020.

- **General and Administrative Expenses and Provision for Contingencies -** In 2021, the representativeness of this expense group increased from 20.7% of the Net Revenue in 2020 to 20.2% in 2021. The growth of 22.5% in 2021 compared to 2020 is due to: (i) consolidation of RD Station's results; (i) expenses with M&A transactions; (iii) 51.5% increase in Depreciation and Amortization mainly due to the beginning of the amortization of intangible assets arising from the acquisitions of Wealth Systems, Supplier, Tail and RD Station; and (iv) reduction with Contingencies, which ended 2021 at R$31,911, 27.7% below 2020 and 43.9% below 2019, because of the reduction of new demands, especially labor-related.

- **Other Operating Revenues (Expenses) –** In the year-over-year comparison, Other operating revenues (Expenses) decreased 57.0% compared to 2020. In 2021, this line was affected by: (i) complementing the obligation to acquire investments because of the annual process of review and updating the earn-out amounts of M&A transactions in the amount of R$18,109 versus a reversal carried out in 2020 in the amount of R$25,526; (ii) gain in the write-off of assets of R$1,156 related to the sale of customer portfolios within the franchise consolidation process; and (iii) revenue from tax credit in 2021 of R$19,196.

- **Financial Result -** In the year-over-year comparison, the main item affecting the Financial Result was the time difference between the 3rd issuance of Debentures, issued on May 21, 2021, and the capital increase resulting from the follow-on, which resulted in a Net Debt position for approximately 4 months in the current year, besides the payment of interest on Debentures in the amount of R$51,046 in November/2021.

- **Income Tax and Social Contribution -** The Effective Rate of Income Tax and Social Contribution reduced in 2021 by 320 basis points when compared to 2020, associated with: (i) the effect of the deduction, for tax assessment purposes, of the subsequent issuance cost of shares; and (ii) an increase of 36% in the payment of Interest on Net Equity.

Comments regarding the Company's consolidated financial and operating performance between the fiscal years ended on December 31, 2020 and 2019:

Net Revenue

In the annual comparison, the Net Revenue continued its accelerating trend, growing 13.8% in the comparison between 2020 and 2019. This growth was driven by the better performance of the recurring software revenue, which increased R$224,875 or 13.0% year over year, the main reasons for that are: (i) the growth in sales, net of churn, especially in the SaaS model, which represented 65% of new sales in Q4/20; (ii) the high Renewal Rate of customers during the year (above 98.5%); (iii) the adjustments for inflation of contracts with inflation rates higher than those applied in the same period of 2019; and (iv) the consolidation of Consinco's and Wealth Systems' results. As a highlight of the fiscal year 2020, we emphasize the acceleration of cloud sales, the revenue of which grew 27% in the year, besides the revenue from credit products of the Supplier group.

Costs of software

The Company's cost of software for the fiscal year of December 31, 2020 totaled R$804,192, a reduction of 0.7% compared to 2019, TOTVS continued to improve its operational efficiency, making use of the remote work model to gain more productivity. The drop in Non-Recurring Revenue from Services (as this revenue line has a lower margin level), the exponential increase in remote deployment, which reached a level close to 90%, in addition to the greater share of recurring revenues from sales of cloud solutions are some of the factors that have ensured the maximization of cost of software efficiency.

Costs of credit product

As of April 30, 2020, the Company started to consolidate costs of credit product as a result of the acquisition of Supplier, and in 2019 such costs were not reflected on the financial statements.

Expenses

- **Research and Development -** Accumulated results in 2020 show that Research and Development (R&D) expenses represented 23.7% of Recurring Revenue, against 25.0 in 2019, confirming the gain in scale and efficiency, because of the increasingly intense use of insights generated by the telemetry analysis of our solutions, which enables a quick reallocation of resources to take advantage of opportunities and continuous investment in innovation, breadth, quality and digitalization of our portfolio. In this context, some of the projects developed throughout 2020, with clear prospects of return in the medium/long term, met the capitalization criteria and totaled R$18,959.

- **Sales and Marketing Expenses –** In the annual comparison, Sales and Marketing Expenses, excluding the effect of allowance for expected loss, expanded by 20 basis points when compared to 2020 versus 2019, from 18.6% to 18.8% of the Net Software Revenue. This growth is the result: (i) of the increase in the share of franchises in the total sales mix; (ii) of the consolidation of Consinco and Wealth Systems' results in the amount of R$8,265 over the fiscal year.

The allowance for expected loss represented 1.7% of the Net Revenue, versus 1.2% earned in 2019. In the Technology segment, this increase was a reflection of the increase in the average term of the receivables portfolio, either because of the commercial practices adopted that extended the average term of securities to mature, or in view of the volume of past-due securities, especially from sectors most affected by the Covid-19 pandemic throughout 2020. For the Credit Products segment, we can see that the portfolio loss rate is still below the historic low average of this indicator in the period, reinforcing the flexibility and resilience of Supplier's business model, besides its efficient management in granting credit.

- **General and Administrative Expenses and Provision for Contingencies** – In 2020, the greater representation of this group of expenses, which went from 11.8% in 2019 to 14.8% of the Net Revenue, is due to the combination: (i) of the increase in the provision for bonuses and for the long-term incentive plan (ILP); (ii) the consolidation of the results of Consinco, Wealth Systems and Supplier in the amount of

R$45,271; and (iii) the beginning of the amortization of intangibles arising from the acquisitions of Consinco, Wealth Systems and Supplier and the increase in the amortization of the right to use the properties, because of contractual updates

- **Other Operating Revenues (Expenses)** – In the year-over-year comparison, Other operating income (expenses) grew by 17.9%. In 2020, this line was affected by the reversal of obligations for investment acquisitions as a result of the annual review and update of the earn-out amounts of M&A transactions in the amount of R$25,526 versus the effects of 2019 by the reversal of the earn-out provision of R$3,732 connected to the acquisition of equity interest in RJ Participações, besides the positive effect of R$11,697 from the sale of Ciashop to VTex.

- **Financial Result** – In the year-over-year comparison, the main items that affected the Financial Result were: (i) reduction in the average cash invested, as a result of the acquisitions made over 2020, together with the reduction in the Selic rate; and (ii) reduction, in Q4/20, of the adjustment to present value arising from the earn-out of acquisitions.

- **Income Tax and Social Contribution** - The tax benefit on expenses incurred in the Follow-on carried out in 2019 increased the Total Effective Rate by 90 basis points in 2020.

Net profit from continuing operations
The Net Income from the Company's continued operation for the year ended on December 31, 2020 totaled R$296,036, an increase of R$42,120, or 16.6% if compared with 2019. In general, the increase in the net profit from continuing operations results from the increase in Recurring Revenue from Technology, the consolidation of Consinco, Wealth System, and Supplier results, and discipline in the management of Company's costs and expenses.

Net loss from discontinued operations
The Net Loss of the Company's discontinued operation, for 2020, totaled R$1,076 and refers to the amounts to close the Bematech Asia operation.

CASH FLOW STATEMENTS

The table below shows information extracted from the Company's Cash Flow Statements for fiscal years ended on December 31, 2021, 2020 and 2019. This table shows the key items that affected the corresponding activities and, therefore, the Company's cash and cash equivalents.

Comparison between cash flows for fiscal years ended on December 31, 2021 and 2020

(in thousands of Reals)	Fiscal year ended on December 31,		Horizontal Analysis
	2021	2020	21 vs. 20
Net cash generated from operating activities	424,522	371,742	14.2%
Net cash used in investment activities	(2,146,887)	(355,761)	503.5%
Net cash used in financing activities	3,565,704	(526,404)	-777.4%
Increase (Decrease) in cash and cash equivalents	**1,843,339**	**(510,423)**	**-461.1%**

Review of the key variations for the fiscal year ended on December 31, 2021 compared to the fiscal year ended on December 31, 2020

The cash generated in operating activities in the fiscal year ended on December 31, 2021 was R$424,522, an increase of R$52,780, or 14.2% compared to 2020, due to the increase in net income adjusted for items that do not affect cash by R$262,267, which was offset by the variation in Working Capital because of the increase in Supplier's credit rights and taxes recoverable, besides the higher amount of interest paid and income tax and social contribution in relation to the previous year.

The cash used in investment activities in the fiscal year ended on December 31, 2021 was R$2,146,887, an increase of R$1,791,126, or 503.5% compared to 2020, basically due to the amount paid in the acquisition of equity interest in the company RD Station in the amount of R$1,705,031, an amount that is net of the cash acquired from this company.

The cash used in financing activities in the year ended on December 31, 2021 was R$3,565,704 or 777.4% compared to 2020, mainly affected by the fundraising in the follow-on and debentures occurred in 2021, which together totaled R$2,892,163. Other factors that contributed to the increase were the partnership between TOTVS and B3 in Dimensa, with R$600,073, besides the reduction in the principal payment of debentures by R$400,000.

Comparison between cash flows for fiscal years ended on December 31, 2020 and 2019

(in thousands of Reals)	Fiscal year ended on December 31,		Horizontal Analysis
	2020	2019	20 vs. 19
Net cash generated from operating activities	371,742	345,299	7.7%
Net cash used in investment activities	(355,761)	(36,881)	864.6%
Net cash used in financing activities	(526,404)	776,939	-167.8%
Increase (Decrease) in cash and cash equivalents	**(510,423)**	**1,085,357**	**-147.0%**

Review of the key variations for the fiscal year ended on December 31, 2020 compared to the fiscal year ended on December 31, 2019:

The cash generated from operating activities for the fiscal year ended on December 31, 2020 was R$371,742, showing an increase of R$26,443, or 7.7% compared with 2019, due to the increase in net income adjustments for items that do not affect cash of R$128,764 and for the lower volume of interest paid in 2020, especially for the payment of the non-conversion premium of debentures. Such effects, which increased the cash generated from operating activities, were partially offset by the increase in the credit rights of Supplier Participações.

The cash used in investment activities in the fiscal year ended on December 31, 2020 was R$355,761, an increase of R$318,880, or 864.6% compared to 2019, basically because of the amount paid in the acquisition of equity interest of the companies Consinco, Wealth Systems, Supplier, and Tail over 2020, which totaled R$329,016, an amount that is net of the cash acquired from such companies.

The cash used in financing activities in the fiscal year ended on December 31, 2020 was R$526,404 or 167.8% compared with 2019, mainly affected by the fundraising in the follow-on that took place in 2019. In 2020, the 2017 debentures were redeemed in the amount of R$200,000, and an additional payment of R$58,330 in dividends and interest on net equity was made.

10.2 – Operating and financial result

a. Results of the issuer's operations, especially:

i. Description of any important components of the revenue

The criteria for revenue recognition in their entirety have not had significant changes that could compromise their comparability in fiscal years 2019, 2020 and 2021.

On April 30, 2020, with the acquisition of Supplier, a company focused on B2B credit and developing solutions for the relationship between customers and suppliers, the Company started the business of financial services, issuance and management of credit cards, including credit analysis and intermediation of financing requests in its businesses, starting to present a new segment of revenue connected to the operation of Credit Products.

Further details on revenue recognition are available in item 10.1.h.

ii. Factors that materially affected the operating results

The key factors that affected the Company's operating results in fiscal years ended on December 31, 2021, 2020 and 2019 were the following:

(i) **Change of strategy in the hardware business:** the change of strategy in the hardware operation made the Bemacash solution (which changed its name to Eleve from 2020 on) to become agnostic (able to operate on various devices) combined with the migration of the TEF (Electronic transfer of funds) structure for the software operation. After the transfers of the abovementioned operations, in 2019 the Company sold its Hardware operations.

(ii) **Techfin Segment:** The acquisition of Supplier, on April 30, 2020, generated the creation of a new segment within the operations of the Company and its subsidiaries, called "Techfin" (see item 10.3 b for more details on the acquisition). The Company started the business of financial services, issuance and management of credit cards, including credit analysis and intermediation of financing requests in its businesses. Supplier holds subordinate shares of a securitization fund called "Fundo de Investimento em Direitos Creditórios" ("Supplier FIDC"), which purchases, sells, and securitizes its own or third-party credit rights.

(iii) **Business Performance Segment:** The acquisition of RD Station consolidated the creation of the segment called "Business Performance", which aims to support customers in several segments to increase sales, competitiveness and performance, leveraging the results, performance and relationship of its different sales support solutions, composed of the e-commerce suite (including Joint Operation with Vtex) and OMS (Omnichannel).

(iv) **Economic activity**: 2021, the second year of the COVID-19 pandemic, was marked by the advance of vaccination in the world, with Brazil closing the year with about 80% of its target population vaccinated with both doses. With the progress, there was also a stimulus for the safe reopening of activities in the economy, with an increase in mobility and consumption of goods and services, which also resulted in greater security by companies to resume their hiring and operations in flexible working models. From a sectoral perspective, one highlight was the extension of the payroll exemption until 2023, an important economic measure for the international competitiveness of 17 sectors of the Brazilian economy, including ICT (Information and Communication Technology), a highly specialized and high-value-added labor-intensive macro-sector that employs over 1.5 million workers, with a demand for 797 thousand new talents in technology by 2025 and whose compensation of its professionals is about 3 times higher than the domestic average, according to Brasscom. Advances in infrastructure were also made with the approval of legislation to strengthen the implementation of the 5G technology throughout Brazil, which will expand connectivity and digital inclusion, and will benefit the segments of telephony, education, health and agribusiness, among others.

(v) **Investments in research and development**: one of the Company's business leverage pillars is innovation in new solutions and technologies. Even in a scenario of economic downturn, the Company has been keeping high investments in research and development. Research and development expenses in fiscal years ended on December 31, 2021, 2020 and 2019 correspond to 18.0%, 17.8% and 18.9% of the net revenues from software sales for the aforementioned fiscal years, respectively; and

(vi) **Tax benefits**: TOTVS makes use of tax incentives that assist the Company and its subsidiaries in their investments in innovation and best practices in employability, cooperating with excellence in their products and stability in the number of their staff. The participation in the so-called "Lei do Bem" (a Brazilian law that grants tax benefits for companies investing in R&D for innovative technology), which helps the development of products that contribute to better meeting customer needs and developing Brazil's innovation agenda. On the other hand, lower payroll and staff costs helps the organization to keep jobs and skilled labor. We do not guarantee continuity in using these benefits because they are granted by the federal government and depend on the government's decision to continue;

b. Variations in revenues attributable to changes in prices, exchange rates, inflation, changes in volumes and introduction of new products and services

Recurring Software Revenues, which represented 75.8% of the Company's software Net Revenue for the fiscal year ended in 2021 (73.3% in the same period of 2020) are indexed to the IGP-M rate (General Market Price Index) and the IPCA rate, being updated according to the “anniversary” of each contract executed with customers.

As for economic indicators, analysts' projections predict a growth of around 4.5% in GDP, after revisions by the positive results of the service sector in Q4/21, close to the level of 5% estimated for developed economies. The IGP-M rate closed the year at 17.78%, while the IPCA rate closed the year with an accumulated increase of 10.06%, the highest annual inflation since 2015. Under monetary policy, the Selic rate started the year at 2% and closed at 9.25%. In exchange terms, the dollar started the year quoted at R$5.19 and ended at R$5.58. According to the International Monetary Fund (IMF), this set of indicators suggests a need for short-term attention, but expectations related to long-term inflation are anchored, which may point out that the monetary policies being applied in the region can contribute positively to put inflation back on track, after price pressure and consumption power erosion triggered by the pandemic. In this sense, the Provisional Presidential Decree approved by the

Federal Government stands out, which granted emergency financial aid as a protection measure for over 50 million beneficiaries in a vulnerable situation in view of this unprecedented health crisis.

In 2020, the IGP-M had an intense monthly variation during the year and closed with a cumulative increase of 21.97%, while the IPCA was 4.52%, 0.21 percentage points above the 4.31% recorded in 2019. In terms of monetary policy, the Selic rate ended the year at 2%. Despite the challenges faced in the economic environment, the structural changes that have been bringing interest rates to the lowest levels in history have boosted the Brazilian stock market, which is undergoing a strong transformation and capitalized on an opportunity with the crisis: the number of investing individuals exceeded the mark of over 3.2 million (an increase of more than 2 million in the year), with highlights for the diversification of investments and the participation of the younger segments of the population and women in the period.

In 2019, the IGP-M index closed with an accumulated increase of 7.3%, while the IPCA remained at 4.31%, 0.56 percentage points above the 3.75% recorded in 2018. As for monetary policy, the Selic rate started the year at 6.5%, going through four reductions that led it to end the year at the historic low figure of 4.5%. Such a scenario boosted the great demand for variable rate investments, which positively affected the stock market, with the Ibovespa rate breaking consecutive historical records in 2019 and reaching 115 thousand points, which represented a growth of 31.6% compared to 2018. According to data released by the United Nations Conference on Trade and Development (UNCTAD), Brazil was the 4th destination that most attracted foreign investments in the year, reaching the mark of USD 75 billion in 2019, against USD 60 billion in 2018: an increase of 26% in the period.

c. Impact of inflation, changes in prices of key inputs and products, exchange and interest rates on operating results and financial results of the issuer

The Company's operating result may be affected by economic changes, especially regarding the Brazilian short- and long-term interest rate, inflation index, and exchange rate policy. However, from the historical point of view, such changes have had their effect mitigated for the Company because of the dispersion of its installed client base, composed of companies of virtually all sizes and industries of the Brazilian economy.

Several services used by the Company and its subsidiaries have their values adjusted based on the variation of IGP-M or IPCA, including personnel expenses (salaries, charges, and benefits), besides other expenses, such as travel, communication and rent, which are also influenced by such inflation rates. However, such impact is mitigated as recurring revenues are also indexed by inflation (IGP-M and IPCA).

The impact of the 12-month weighted average of the IGP-M and IPCA on the Company's recurring revenues, disregarding the cancellation of recurring maintenance and subscription agreements, resulted in a positive impact on the Company's total net revenue of approximately 16.8% in 2021, 12.8% in 2020, and 5.9% in 2019.

The variation of the interest rates in Brazil may indirectly influence the Company's operating results, as any increase in such rates may lead to a retraction in technology investments made by current clients and potential clients. Thus, it is not possible to quantify the actual impact of the variation of the interest rates on the Company's operating result, but it is worth mentioning that, historically, in periods when the SELIC rate rose, the Company did not fail to record growth in sales.

In terms of financial results, the Company, through its subsidiary Supplier, maintains a loan for working capital bound to the Interbank Deposit Certificate (CDI) and it was exposed to financing from BNDES credit facilities, bound to the long-term interest rate (TJLP), which remained net during the fiscal years 2019 and 2020. The debentures issued in 2017, 2020 and 2021 are linked to the CDI variation, in which the 2017 and 2020 issuances were settled in the second half of 2020. In the fiscal year ended on December 31, 2021, interest incurred related to loans, financing and debentures represented 59.7% of financial expenses, compared to 40.5% in the fiscal year ended on December 31, 2020 and 65.6% in the fiscal year ended on December 31, 2019.

The Company's debt is exposed to the following indicators in each period stated below:

Operation	Risk	Indicators
BNDES financing bound to TJLP rate	TJLP	TJLP + 0.52% to 1.52% p.a.
Debentures (2017)	CDI	105.95% of the CDI rate
Debentures (2020)	CDI	CDI rate + 2.65% p.a.
Debentures (2021)	CDI	100% CDI rate + Spread 1.90%
Working capital	CDI	CDI rate + 1.90% p.a.

The Company and its subsidiaries have financial investment policies that require investments to focus on low-risk securities and investments in first-tier financial entities and are substantially remunerated based on percentages of the CDI variation. Financial income from such investments, which are bound to interest rates, in the fiscal year ended on December 31, 2021 represented 90.4% of financial income, compared to 72.1% in the fiscal year ended on December 31, 2020 and 87.9% in the fiscal year ended on December 31, 2019.

In addition, revenues of some subsidiaries that operate internationally are exposed to exchange rate risk arising from exposures in certain currencies such as the United States of America Dollar (USD), Argentine Peso (ARS), Mexican Peso (MXN), Chilean Peso (CLP) and the Colombian Peso (COP). The Company and its subsidiaries make efforts so that their net exposure is maintained at an acceptable level under the policies and limits determined by the Management.

10.3 - Events with significant, occurred, and expected effects on the financial statements

a. Introduction or disposal of operating segment

Aiming at expanding the Company's strategic focus on software operations, the Management sold its hardware operations in 2019. The result of such sale of its hardware operations generated a net loss of R$44,946 recorded under the item "Loss from discontinued operations".

The result of the hardware operation was classified as a discontinued operation, pursuant to IFRS 05/ CPC 31, disclosed in a separate line on the Company's income statement as of December 31, 2020 and 2019 on a comparative basis.

On April 30, 2020, the Company, through its subsidiary TOTVS Tecnologia, acquired control of Supplier, a B2B credit operation company, especially in the relationship between customers and suppliers. Supplier, in turn, has subordinated shares of the Supplier FIDC fund, which is being consolidated in the group's financial statements. As a result, the management monitoring of the performance of this new business, TOTVS introduced the presentation of financial and operating results for this new segment called Techfin.

The Techfin dimension aims to simplify, expand and give greater accessibility to B2B financial services to TOTVS SMB customers. It covers Supplier's business and new products (Antecipa, Consignado, Painel Financeiro, EduConnectPAY, Mais Negócios, Mais Prazo and Pagamento Instantâneo) and we continue to work to increase the portfolio. In this way, we have consolidated all of Techfin's efforts in this section. This means that we have 2 operations at different times of development: Supplier, with almost 2 decades of life, solid growth and profitability; and the New Techfin Products focusing totally on investment in the construction of a complete portfolio and a customer base, for subsequent search for revenue and profitability.

In 2021, with the acquisition of RD Station, the Company and its subsidiaries established an important milestone in the consolidation of the Business Performance dimension, composed of solutions aimed at generating opportunities and converting customer sales such as sales, digital marketing and customer experience.

In order to contribute to achieve its strategic purposes, the Company constantly assesses investment and divestment opportunities. The major operations carried out by Company are shown in item b. of this section.

b. Creation, acquisition, or disposal of equity interest

The key mergers, acquisitions, and disposals made by the Company in the last 3 years are listed below, in chronological order:

2021

RD Station - On May 31, 2021, the Company concluded the purchase and sale agreement for the acquisition of shares representing 92% of the capital stock of RD Gestão e Sistemas S.A. ("RD"), through the subsidiary TOTVS Large with the transaction value after a price adjustment of R$1,864,593. RD is a digital marketing automation software company and is part of the Company's Business Performance strategy.

In addition, the transaction provides for the option to buy and sell the remaining portion of the RD that may be exercised between April and June 2024. The exercise price of the options will be measured based on multiples applied to the performance of RD on December 31, 2023. Considering that the option to buy and sell additional interest issued in favor of non-controlling shareholders was agreed with a business combination, the fair value of the obligation was recognized and recorded under the item "Investment acquisition obligations".

Dimensa - partnership agreement between TOTVS and B3 - On October 1, 2021, the Company completed the negotiation involving the subscription, by B3 S.A. – Brasil, Bolsa, Balcão ("B3"), of a representative minority shareholding of 37.5% of the total shares of Dimensa S.A. ("Dimensa"), after the fulfillment of all the conditions precedent for the amount of R$600,073 (after price adjustments). With the completion of the transaction, TOTVS now has a 62.5% interest in the capital stock of Dimensa, and the transaction generated a gain by changing the equity interest of R$352,540 in the shareholders' equity of the parent company.

2020

Neolog – On January 28, 2020 the Company acquired the remaining 40% interest in the capital stock of the subsidiary Neolog for the amount of R$7,120, with the put option being exercised by the selling shareholder.

Acquisition of Consinco – On January 30, 2020, the Company, through its subsidiary Soluções em Software e Serviços TTS Ltda., acquired 100% of the capital stock of Consinco S.A., a corporation that provides management systems for vertical operations of supermarkets and wholesalers in the Brazilian market, under the agreement executed on December 27, 2019, for an approximate amount of R$240,636, of which R$197,000 were paid on the date of the transaction. The transaction provided for a price adjustment after the acquisition that resulted in an amount received of R$5,624, totaling R$191,376. In addition, the agreement provides for the payment of a complementary purchase price of up to R$55,000, with the estimated fair value at the acquisition date being R$49,260, subject to the achievement of goals determined for the acquired company for the fiscal years 2020 and 2021 and the compliance with other conditions, to be paid in 2021 and 2022, respectively.

Acquisition of Wealth Systems – On April 8, 2020, the Company, through its subsidiary TOTVS Large, acquired 100% of the capital stock of Wealth Systems Ltda. for the amount of R$27,000, of which R$11,750 were paid in cash to the sellers and the remainder will be paid in the fiscal year 2023 upon the achievement of performance goals determined for Wealth Systems. The residual amount less the price adjustment provided for in the agreement upon the acquisition date was R$2,994.

Acquisition of Supplier – On April 30, 2020, after the fulfillment of all conditions precedent, the Company completed the acquisition of 88.75% of the capital stock of Supplier Participações, through its subsidiary TOTVS Tecnologia em Software de Gestão Ltda., a company focused on B2B credit between customers and suppliers, for the amount of R$458,405. The transaction started on October 28, 2019 and was approved by CADE (the Brazilian Antitrust Agency) in December 2019.

In addition, the transaction also provides for the option to buy and sell the remaining portion of Supplier Participações, which may be exercised between 2022 and 2026. The exercise price of the options will be measured based on multiples applied to the performance of Supplier for each year. Considering that the option to buy and sell additional interest issued in favor of non-controlling shareholders was agreed with a business combination, the fair value of the obligation was recognized and recorded under the item "Investment acquisition obligations".

Supplier, pursuant to CPC36 (R3) / IFRS 10, consolidates Supplier FIDC which is legally an investment fund authorized by the Brazilian Monetary Council and specifically designed as an investment vehicle for use in Brazilian credit receivables. As a result of the consolidation of Supplier FIDC, the senior and mezzanine shares are accounted for as a financial liability under the item "Senior and mezzanine shares", and the remuneration for the valuation of shares to the benefit of the holders of the senior and mezzanine shares is recorded as cost of the transaction.

Acquisition of Tail – On December 19, 2020, the Company, through its subsidiary TOTVS Large, acquired 100% of the capital stock of Tail Target Tecnologia de Informação Ltda. for the amount of R$32,000, and the payments of which were distributed as follows: (i) R$7,800 were paid in cash; (ii) R$3,506 referring to installments retained to comply with conditions set forth in the agreement; and (iii) R$20,000 to be paid upon reaching the goals set for Tail to achieve for the years 2021 and 2022, whose fair value on the acquisition date was R$11,600.

Tail is a provider of a data intelligence platform that provides insights to customers through real-time monitoring of the behavior of a wide audience on the Internet aiming at optimizing their customers' sales.

2019

Ciashop – On May 9, 2019, the Company entered into a contract to sell 70.47% of interests it held in Ciashop's capital stock to VTEX S.A. for the amount of R$21,175. This transaction was completed on July 31, 2019, after being approved by the Brazilian antitrust authorities. The net gain from the sale of Ciashop was recorded under the item "Other operating expenses and revenues" of the income statement.

Hardware Operation – On October 24, 2019, the Company announced the completion of the sale of its Brazilian hardware operations, through the subsidiary Bematech Hardware Ltda. to ELGIN S.A. for the amount of R$25,000, received in full in 2020.

On November 6, 2019, the sale of Bematech International Corporation (BIC) to Reason Capital Group LLC. was completed, pursuant to an agreement executed on July 2, 2019, for the amount of US$4.4 millions–corresponding to R$17,528, after adjustments set forth in the agreement, of which US$1.5 million–corresponding to R$5,988– were retained as collateral and shall be released by November 5, 2022.

c. Unusual events or operations

On December 4, 2019 the Company informed in a Notice to the Market that the Lease Agreement executed on October 16, 2013 between the Company and VIP VII - Empreendimentos e Participações S.A., the purpose of which is to lease the property in which the headquarters of TOTVS are installed was no longer a contract with a Related Party, in view of the change in the corporate structure of VIP VII, according to a material fact disclosed by the securities brokers Credit Suisse Hedging-Griffo, as the managing institution of CSHG Real Estate - Fundo de Investimento Imobiliário - FII, on the same date.

10.4 - Material changes in accounting practices - Reservations and emphases in the auditor's report

a. material changes in accounting practices

On January 1, 2021, the new accounting standards issued by the IASB (International Accounting Standards Board) and CPC (Accounting Pronouncements Committee) came into force, which resulted in the changes listed below, but had no significant impact on the Financial Statements of the Company and its subsidiaries:

- Amendments to CPC 11, CPC 40 (R1), CPC 48, CPC 06 (R2), and CPC 38 - Reform of the Reference Interest Rate – Phase 2: The amendment addresses the replacement of a reference interest rate by an alternative reference rate. In CPCs 48 and 38, the reform of the reference interest rate changes the basis for determining the contractual cash flows of protection relationships. In CPC 06 (R2), it changes leases because of the change in the basis of determining future payments.

- Amendments to CPC 06 (R2): COVID-19 Related Benefits Granted to Lessees in Lease Agreements that go beyond June 30, 2021: The changes provide for concession to lessees on the modification of the lease agreement, by accounting for the related benefits as a direct consequence of the COVID-19 pandemic.

As a practical expedient, a lessee may choose not to assess whether a COVID-19-related benefit granted by the lessor is a modification of the lease agreement. The Company and its subsidiaries negotiated postponement of payments that did not affect the lease liability and one-off discounts that did not constitute a contract modification with an immaterial impact on the result.

The Company and its subsidiaries have decided not to adopt in advance any other standard, interpretation or amendment that has been issued, but that is not yet in force.

During the fiscal year 2021, the Company identified the need to change the presentation criteria of depreciation and amortization expenses, as well as the allowance for expected loss under CPC26/IAS1. This change aims to adapt the items described above by function in the income statement that, in Management's view, best informs the users of these financial statements.

According to CPC 23/IAS 8, the Company resubmitted the parent company's consolidated income statements for the fiscal years ended on December 31, 2020 and 2019 and the respective explanatory note affected by the reclassification carried out (note 29 – Information by segment).

b. Material effects of the changes on accounting practices

On January 1, 2019, the adoption of IFRS 16/ CPC 06 (R2) resulted in an increase in fixed assets of R$236,820 and a leasing liability (both current and non-current) and other non-current liabilities in the amount of R$236,820. As part of the recognition of the right to use the property for the contracted period, the Company reversed the deferred amount from the grace period applied to some lease agreements, resulting in an increase of Shareholders' Equity of R$4,276.

The effects of the reclassifications carried out as mentioned in item 10.4a. were as follows:

(i) Income Statement of the fiscal year ended on December 31, 2020

	Parent Company			Consolidated		
	Published	**Reclassified**	**Resubmitted**	**Published**	**Reclassified**	**Resubmitted**
Software	1,748,979		1,748,979	2,467,959		2,467,959
Credit transaction				128,118		128,118
Total net revenue	1,748,979		1,748,979	2,596,077		2,596,077
Cost of software	(546,380)	(63,653)	(610,033)	(734,770)	(69,422)	(804,192)
Cost of credit operation				(41,934)		(41,934)
Gross Profit	1,202,599	(63,653)	1,138,946	1,819,373	(69,422)	1,749,951
Operating Income (Expenses)						
Research and Development	(279,397)	(25,958)	(305,355)	(431,348)	(30,828) (64,294)	(462,176)
Sales and marketing expenses	(355,275)	(44,376)	(399,651)	(474,373)	(83,899)	(538,667)
General and administrative expenses	(222,056)	(16,886)	(238,942)	(299,990)	204,587	(383,889)
Depreciation and amortization	(124,758)	124,758		(204,587)	43,856	
Allowance for expected loss	(26,115)	26,115		(43,856)		
Other net operating (expenses)/revenue	3,733		3,733	28,613		28,613
Profit before financial effects and equity method	**198,731**		**198,731**	**393,832**		**393,832**

The financial statements were published originally on February 10, 2021.

(ii) Income Statement of the fiscal year ended on December 31, 2019

	Parent Company			Consolidated		
	Published	**Reclassified**	**Resubmitted**	**Published**	**Reclassified**	**Resubmitted**
Software	1,630,722		1,630,722	2,282,124		2,282,124
Cost of software	(549,991)	(59,865)	(609,856)	(743,855)	(65,639)	(809,494)
Gross Profit	**1,080,731**	**(59,865)**	**1,020,866**	**1,538,269**	**(65,639)**	**1,472,630**
Operating Revenue (Expenses)						
Research and Development	(273,155)	(28,824)	(301,979)	(397,824)	(34,211)	(432,035)
Sales and marketing expenses	(330,128)	(34,963)	(365,091)	(423,997)	(45,904)	(469,901)
General and Administrative Expenses	(198,966)	(13,760)	(212,726)	(239,791)	(29,713)	(269,504)
Depreciation and amortization	(118,346)	118,346		(147,033)	147,033	
Allowance for expected loss	(19,066)	19,066		(28,434)	28,434	
Other net operational (expenses)/ revenue	18,709		18,709	24,262		24,262
Profit before financial effects and equity method	**159,779**		**159,779**	**325,452**		**325,452**

The financial statements were published originally on February 12, 2020.

These reclassifications did not affect the balance sheet, comprehensive income statement, statement of cash flow and statement of added value.

c. Reservations and emphases present in the auditor's report

The Company has no history of reservations and/or emphases present in the opinions issued by its independent auditors.

10.5 - Critical accounting policies

The key accounting practices adopted by the Company are described in the Financial Statements for fiscal years ended on December 31, 2021, 2020, and 2019, available on the Company's Investor Relations website and on the website of the Brazilian Securities and Exchange Commission (www.cvm.gov.br).

The preparation of financial statements requires the use of certain critical accounting estimates and also the exercise of judgment by the Company's management in the process of applying accounting policies of TOTVS S.A. and its subsidiaries.

Judgments
In the process of applying the consolidated accounting policies, the Management made the following judgments that may have a significant effect on the amounts recognized in the individual and consolidated financial statements:

(i) Recognition of revenue: Judgments related to the identification of performance obligations for software sales, which include license fee, monthly software service, and implementation/customization services that may have material effects on the recognition of contract revenue with clients. The Company and its subsidiaries concluded that such performance obligations are different since they are sold separately, because the implementation and customization services are also offered by other suppliers.

(ii) Lease term: The Company and its subsidiaries set forth the lease term as a contractual term that cannot be canceled, together with the periods included in any renewal option to the extent that such renewal is deemed as reasonably certain and with periods covered by an option to terminate the agreement in case it is also deemed as reasonably certain.

Estimates and assumptions
The estimates and assumptions presenting a significant risk and that require a higher level of judgment and complexity for the Company's financial statements are the following:

(i) Allowance for expected losses from accounts receivable – the Company and its subsidiaries use an allowance matrix based on the historical loss rates observed by the group to calculate the expected credit loss. The assessment of the correlation between observed historical loss rates, expected economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in expected economic circumstances and conditions. The historical experience of credit loss of the Company and its subsidiaries and the forecast of economic conditions may also not represent the client's real standard in the future.

(ii) **Recoverable value of tangible and intangible assets, including premium** – an impairment loss exists when the book value of an asset or cash-generating unit exceeds its recoverable value, which is the higher of the net fair value of the sales expenses and the value in use.

(iii) **Measurement at fair value of financial instruments** – when the fair value of financial assets and liabilities recorded in the balance sheet cannot be measured based on prices quoted in the active markets, the fair value is measured based on valuation techniques, including the discounted cash flow model. The contingent consideration, resulting from business combinations, is valued at fair value on the acquisition date as part of the business combination. When the contingent consideration meets the definition of financial liability, it is subsequently revalued to fair value at each reporting date. The fair value is based on the discounted cash flow.

(iv) **Deferred taxes** – Deferred tax assets are recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that there will be taxable income available to allow the use of said losses. Significant management's judgment is required to determine the value of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, along with future tax planning strategies.

(v) **Provision for contingencies** – The assessment of the likelihood of loss includes the assessment of the available evidence, the hierarchy of laws, the available precedents, the most recent court decisions and their relevance in the legal system, as well as the assessment by external lawyers. The provisions are reviewed and adjusted to consider changes in circumstances, such as applicable period of limitation, conclusions of tax inspections or additional exposures found based on new matters or court decisions.

(vi) **Revenue from non-recurring services** – the recognition of revenue from software implementation and customization services requires the use of estimates in the projection of total costs required to fulfill the performance obligation under agreements with customers. The Company and its subsidiaries periodically reassess such estimates and restates the contractual margins whenever necessary.

The settlement of transactions involving such estimates may result in amounts significantly different from those recorded in the financial statements because of uncertainties inherent to the estimation process. The Company and its subsidiaries review their estimates at least once a year.

10.6 - Material entries not shown in the financial statements

a. the assets and liabilities held by the issuer directly or indirectly, that do not appear on its balance sheets (off-balance sheet items), such as:

i. operating leasing transactions, assets and liabilities

There are no relevant items of this nature not shown in the Financial Statements as of December 31, 2021, 2020 and 2019.

ii. portfolios of receivables written off over which the organization maintains risks and responsibilities, showing their corresponding liabilities
There are no relevant items of this nature not shown in the financial statements.

iii. contracts for future purchase and sale of goods or services
There are no relevant items of this nature not shown in the financial statements.

iv. unfinished construction contracts
There are no relevant items of this nature not shown in the financial statements.

v. contracts for future financing receipts
There are no relevant items of this nature not shown in the financial statements.

b. Other items not shown in the financial statements
Not applicable.

10.7 - Comments on items not shown in the financial statements

a. How such items change or may change revenues, expenses, operating results, financial expenses or other items in the issuer's financial statements
There are no relevant items of this nature not shown in the financial statements.

b. Nature and purpose of the operation
There are no relevant items of this nature not shown in the financial statements.

c. Nature and amount of obligations undertaken and rights generated in favor of the issuer as a result of the operation
There are no relevant items of this nature not shown in the financial statements.

10.8 – Business Plan

a. Investments, including:

i. quantitative and qualitative description of ongoing investments and projected investments.
The Company keeps its strategy of seeking inorganic growth through mergers and acquisitions of companies that develop management software or companies that can expand the Company's value-added service offerings, in the Brazilian and/or international market.

On November 11, 2021, the Company formalized an investment commitment in Corporate Venture Capital as a Service ("CVC") through a private equity ("FIP"), a new concept that has an external and independent manager and that allowed us to create an investment mechanism aimed at startups with high growth and innovation potential.

Research and Development (R&D) is another relevant segment in the investment plan, because of its strategic importance for the economy sector in which the Company operates. Such investments allow us to offer solutions that are more and more adherent to the needs of clients and add technological innovations that provide greater productivity for users of the solutions.

Research and Development (R&D) expenses in the Financial Statements for the fiscal year ended on December 31, 2021, 2020 and 2019 reached R$585.472, R$462.176 and R$432.035, respectively.

The Company's key investment initiatives in Research and Development in the last three years were aimed at facilitating access to our customers to financial services in a more technological, agile and economical way (Techfin), Artificial Intelligence (AI), consolidating and enhancing products oriented to the business performance dimension and, finally compliance with new regulations:

- Projects aimed at expanding, simplifying, and making cheaper our clients' access to financial services through the new front of Techfin. The new products "TOTVS Antecipa", "TOTVS Mais Prazo", "Consignado", "Mais Negócios", "Painel Financeiro", "Pagamento Instantâneo" and "EduConnect Pay" were launched.
- Projects aimed at bringing innovation to the financial market, generating better operational results for users of financial service tools.
- Investments in project to meet the needs of the manufacturing markets, integrating the various solutions with agility and always seeking the best practices of industry 4.0.
- Projects focused on platform integration and productivity, aiming at facilitating the management and use of cloud infrastructure.
- Research and development applied to promote efficiency gains and best practices in the management of carriers, logistics operators, ports, and bonded areas.
- Innovation projects aimed at the development of Machine Learning algorithms and Artificial Neural Networks (ANN) for agnostic applications in problem solving, fraud detection and optimization of Smart-ERP systems.
- Innovation projects and integrations with the portfolio of partners focused on the hotel industry.
- Investment in information security, to meet the LGPD.

- Investment in optimization of cybersecurity processes with Blockhain for the development of healthcare systems with greater performance in the concept of interoperability in the sector.
- Development of the Smart Agriculture system with Artificial Intelligence features integrated in IoT control processes.
- Innovation projects aimed at the digital transformation of HR through a portfolio of solutions and offers that incorporate the innovative concept "HXM - Human Experience Management".

ii. Investment financing sources

Investments in R&D have as financing source funds generated by the Company's operating activities and funds coming chiefly from PROSOFT, PSI, and Debentures (see item 10.1.f). In addition to the resources generated in operating activities, mergers and acquisitions of companies can also be made feasible through structured transactions involving both own and third-party resources according to the size of the transaction.

iii. relevant divestitures in progress and planned divestitures

Currently, the Company has no relevant divestitures in progress and/or planned.

b. as long as it has already been disclosed, show the acquisition of plants, equipment, patents or other assets that should materially influence the issuer's productive capacity

Not applicable.

c. New products and services, including:

i. description of ongoing research already disclosed

Not applicable.

ii. total amount spent by the issuer on researches for development of new products or services

Not applicable.

iii. developing projects already disclosed

Not applicable.

iv. total amount spent by the issuer to develop new products or services

The total expenses with Research and Development represented 18.0%, 17.8%, and 18.9% of the net revenue of the Company and its subsidiaries, for the fiscal years ended on December 31, 2021, 2020 and 2019, respectively. In addition, throughout 2021 and 2020, the Company and its subsidiaries capitalized on expenses with the development of some projects, with clear prospects of return in the medium/long term, totaling R$23,319 and R$18,959, respectively.

10.9 - Other factors with relevant influence

The Company and its subsidiaries continue to monitor the effects of the COVID-19 pandemic and maintain the preventive and mitigating measures adopted since 2020, in line with the guidelines established by health authorities regarding the safety of their participants (TOTVERS) and the continuity of their operations.

Among the measures adopted by the Company, the following ones stand out:

(i) Maintenance of the Crisis Committee that continuously develops several actions for its ecosystem, promoting social responsibility with the sector, society and employees;
(ii) Adoption of new work models (remote and hybrid) for all its units, based on official health guidelines of the cities in which we have units. In addition, the Company and its subsidiaries adopted are studying, together with the Crisis Committee, the resumption of TOTVERS in the 1st quarter of 2022;
(iii) Restriction for international and domestic travel;
(iv) Implementation–with our healthcare company–of a 24-hour telephone service to support all TOTVERS;
(v) Even more austere monitoring of accounts receivable during the pandemic, which despite the increase in allowance for expected loss in 2Q/20, the Company and its subsidiaries did not see any significant change in relation to the Financial Statements of December 31, 2021 and 2020. It should be noted that the Management continues to monitor the economic scenario and evaluate any effects that may cause reflections in the measurement of estimated losses;
(vi) No layoffs and/or initiatives to reduce wages and working hours;
(vii) The Company's operations remained at a normal level, even in the sudden new model of remote work, both in terms of service and support to our customers;
(viii) Creation of a specific online page, in which all the Company’s stakeholders can follow up the developments of the pandemic and the actions taken on products and services so that our customers could adapt to the scenario, such as, for example, changes in tax and labor obligations;
(ix) More than 30 thousand free online training places were made available to customers and other persons interested in taking courses on products and services provided by TOTVS; and
(x) TOTVS took part in the development of the Minimum Return Protocol to business activities promoted by Brasscom (Brazilian Association of Information and Communication Technology Companies).

11.1 - Published projections and assumptions

The Company does not have public financial projections.

11.2 - Monitoring and changes to published projections

The Company does not have public financial projections.

12.1 - Description of the administrative structure

(a) duties of the board of directors and of the permanent bodies and committees that report to it

As provided for in the article 19 of the Company's Bylaws, approved at the Extraordinary General Meeting held on April 19, 2022 (the "**Bylaws**";), the Board of Directors is responsible for:

(i) setting forth the general guidance of the Company's business;

(ii) electing and dismissing the Company's executive officers and determining their duties;

(iii) calling the General Meeting, when deemed applicable, or pursuant to Article 132 of the Brazilian Corporations Act;

(iv) supervising the management of the Executive Officers, and examining, at any time, the Company's books and papers, requesting information about contracts executed or in the way of being executed, and any other actions;

(v) choosing and dismissing the Company's independent auditors;

(vi) providing a prior opinion on the Management Report and the accounts of the Executive Officers and resolving on their submission to the General Meeting;

(vii) approving the annual and multiannual budgets of the Company, its subsidiaries and affiliates, the strategic plans, the expansion projects and investment programs of the Company, as well as following up their performance;

(viii) resolving on the opening, closing, and change of branches of the Company and its affiliates and subsidiaries abroad;

(ix) authorizing the issuance of Company's shares and subscription bonuses, within the limit of the Company's authorized capital;

(x) resolving on the Company's purchase of its own shares to be held in treasury and/or for later cancellation or sale;

(xi) resolving on the granting of stock options or share subscription to its Managers and Employees, as well as to the managers and employees of other companies directly or indirectly controlled by the Company, without preemptive rights for any shareholders pursuant to the plans approved at General Meetings, after taking into account the People and Compensation Committee Report;

(xii) submitting to the Annual General Meeting a proposal for allocation of the fiscal years' net profit;

(xiii) distributing among the Executive Officers, individually, the portion of the overall annual compensation of the Managers established by the General Meeting, after considering the People and Compensation Committee Report;

(xiv) resolving on any deals or agreements between (a) the Company and its controlled companies (except for wholly-owned controlled companies) and (b) between the Company or its controlled companies (whether or not wholly owned) and any of their Managers and/or shareholders (including companies directly or indirectly controlled by said managers and/or shareholders, or by any third parties related to them);

(xv) resolving on the issue for public distribution of any debt securities or bonds, including promissory notes, regardless of their amount;

(xvi) resolving on the subscription, acquisition, sale or encumbrance by the Company, of shares or any securities issued by any company controlled by the Company or its affiliate;

(xvii) resolving on the Company's interest to be held in other companies, as well as on any interests in other undertakings, including through a consortium or a partnership;

(xviii) deciding on the payment or credit of interest on equity to shareholders, according to applicable laws;

(xix) deciding on the distribution of interim dividends, including to the account of retained earnings or profit reserves existing in the last annual or semi-annual balance sheet;

(xx) resolving on the assignment or transfer to a third party, by any means, of intellectual or industrial rights of the Company and/or of a company directly or indirectly controlled by it, except for a remunerated licensing made by the Company in the ordinary course of business;

(xxi) authorizing the following transactions the amount of which is higher than five percent (5%) of the amount of the subscribed capital, which will be considered for every separate transaction or a set of related transactions: (a) the acquisition by the Company of assets of another company, including subsidiaries or affiliates; (b) the sale of fixed assets, (c) the provision of guarantees of any nature by the Company; (d) investment in expansion and improvement projects that are not included in the Company's annual budget; (e) the contracting of long- or short-term debt operations; and (f) the execution of any long-term agreements (having an effective term longer than one year);

(xxii) authorizing the granting of loans in favor of any third party the amount of which is higher than 2.5% (two and a half percent) of the amount of the subscribed capital stock, which will be considered by every transaction separately or a set of related transactions.

(xxiii) giving its favorable or unfavorable opinion regarding any public offer of shares that has as object the shares of the Company, through prior informed opinion, issued within 15 days of publication of the notice of public offering acquisition of shares, which should address at least (a) the convenience and opportunity of the public offer for the acquisition of shares and the interest of the Company and of all shareholders, including in relation to the price and potential effects on the liquidity of shares (b) strategic plans disclosed by the issuer in relation to the Company, (c) alternatives to the acceptance of supply public acquisition of shares available in the market; (d) the economic value of the Company; and (e) other items which the Board deems appropriate, as well as information required by applicable rules established by the CVM; and

(xxiv) giving its opinion on the terms and conditions of corporate reorganizations, capital increases and other transactions that originate a change in control, and documenting if they assure fair and equitable treatment to the company’s shareholders.

The Board of Directors has its own Charter, which also applies to the Advisory Committees, under the terms approved at the Board of Directors' Meeting held on August 29, 2017, as subsequently amended on April 29, 2022, filed at the headquarters of the Company and available on the Company's Investor Relations website (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/), which governs its operation, subject to the provisions of the Bylaws and legislation in force ("**Internal Regulation**"). Besides the duties provided for in the Company's Bylaws, the Internal Regulation sets for the following responsibilities for the Board of Directors:

(i) define the business strategies, considering the impacts of the Company's activities on society and on the environment, while envisioning the perpetuity of the Company and creation of value in the long term;

(ii) define and update the Company's Environmental, Social, and Governance ("ESG") strategic guidelines, as well as the commitments made regarding ESG initiatives, approving the integrated ESG performance reports;

(iii) monitor the Company's operations and periodically assess its exposure to risks and the effectiveness of risk management systems, internal controls and the compliance system in accordance with the policy previously approved;

(iv) define the Company's values and ethical principles and ensure the integrity of the corporate culture and the maintenance of the Company's transparency in its relationship with all stakeholders;

(v) evaluate and submit to the General Meeting, annually, who the independent directors are, as well as point out and justify any circumstances that may compromise their independence;

(vi) periodically review the corporate governance system, aiming at its continuous improvement;

(vii) establish mechanisms for reviewing the performance of the Board and its Committees, as collective decision-making bodies, of the Chairman of the Board and the Directors, individually considered, and the Corporate Governance Department;

(viii) periodically assess the scope and need of the Committees to ensure that everyone plays an effective role, deciding on the creation of new Committees in addition to those envisaged in the Bylaws, and workgroups for advising them, establishing their composition and respective functions, membership, budget when required, and term of office; and

(ix) approve the levels of responsibility of the Company's executive officers and proxies.

Statutory Audit Committee

As provided for in article 23 of the Company's Bylaws, the Audit Committee was created by a resolution approved at the Extraordinary General Meeting held on April 5, 2018. Then, on November 4, 2021, the Board of Directors approved (i) the Bylaws of the Statutory Audit Committee ("CAE's Bylaws")–which was filed at the Company's headquarters and is available on the Company's Investor Relations website (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/) to govern the operation, structure, organization, duties, and responsibilities of such body, subject to the provisions set forth in the Bylaws and applicable legislation in force and (ii) its consequent installation pursuant to CVM Resolution No. 23, of February 25, 2021. The Statutory Audit Committee has Bylaws approved at a Meeting of the Board of Directors held on November 4, 2021, filed at the Company's headquarters. The Statutory Audit Committee is a statutory and collegiate body, of permanent operation, directly linked to the Board of Directors, with the purpose of advising it in the monitoring and control of the quality of financial statements and information, risk management, internal controls and in the analysis of transactions with related parties, being responsible for:

(i) directing the Board of Executive Officers in determining the parameters of TOTVS' risk management model and periodically reviewing and monitoring the risk management policies, its resources, and the adequacy to the maximum risk tolerance as determined by the Board of Directors;

(ii) giving opinions on proposals by management bodies to be submitted to the Shareholders Meeting, related to change in capital, issue of debentures or subscription warrants, investment plans and/or capital budgets, distribution of dividends, transformation, merger, consolidation or spin-off, tax issues, and structured finance operations;

(iii) evaluating and monitoring, together with TOTVS' Legal Department, all legal issues and/or contingencies that may have a significant impact on the financial statements;

(iv) supervising the activities of TOTVS'S internal controls area, periodically reviewing and monitoring the quality of internal control mechanisms and the suitability of the managing reports submitted by the Company's management relating to accounting, financial results, and risk management aspects, as regards their integrity, compliance, form, content, and distribution (access to information);

(v) supervising TOTVS'S Internal Audit Department, reviewing its activities, organizational structure, and qualifications;

(vi) recommending to the Board of Directors the approval of the Annual Internal Audit Plan, considering an appropriate risk coverage;

(vii) giving opinions on the hiring and dismissal of the independent auditors for providing an independent external audits or for any other service; reviewing the scope and focus proposed by the external auditors and evaluate their fees and results of services provided, supervising their activities in order to assess: (i) their independence status; (ii) the quality of services provided; and (iii) whether the services provided are suitable to the Company's needs;

(viii) monitoring the quality, integrity, and compliance of TOTVS'S quarterly financial statements, interim statements, and annual financial statements of TOTVS and supervising the preparation of TOTVS'S financial statements, reviewing and giving an opinion before the following documents are submitted to the Board, disclosed, and filed with CVM: the management reports of quarterly results (press release); the Financial Statements; the Management Report; Quarterly Financial Statements (so-called "ITR Forms"), DFP – Standardized Financial Statements; the Reference Form; the Management Proposal to the General Meeting on topics within its competence, and related documents;

(ix) meeting regularly with external auditors, including without the presence of management members, whenever necessary, to monitor the result of their quarterly reviews and the audit of the financial statements, as well as to deal with changes and/or maintenance of accounting principles and criteria; use of reserves and allowances; relevant estimates and judgments used in the preparation of the financial statements; risk assessment methods and the results of these assessments; changes in the audit scope; high-risk areas; material deficiencies and significant failures in internal controls; knowledge of illegal acts; and effects of external factors (economic, regulatory, and industry-related) on the financial reports and the auditing process;

(x) assessing the suitability of the controls adopted to check the compliance with the standards provided for in the Securities Trading Policy, and the Policy on Disclosure of Material Fact or Act, and monitoring their implementation;

(xi) monitoring the implementation of any recommendations made by the Internal Audit Department and external auditors;

(xii) monitoring everything that may be reported through the Company's whistleblowing channel, ensuring compliance with TOTVS'S Code of Ethics and Conduct, warning the Board of any fraud and/or crimes and, when applicable, suggesting measures to be taken;

(xiii) assessing and monitoring the Company's internal policies related to the topics under its competence, including the Policy on Transactions between Related Parties, and recommending to the management any corrections or improvements thereto;

(xiv) together with the Company's management and with the internal audit area, the Internal Controls, Risks and Compliance area, and the Legal Department, assessing and monitoring the adequacy of transactions with related parties performed by the Company and their corresponding documents disclosed, in compliance with the applicable regulations and the Company's Policy on Transactions between Related Parties;

(xv) providing the Board of Directors with support in monitoring compliance with the laws, standards, regulations, and internal policies applicable to the Company, as well as periodically reviewing the

Compliance policies and procedures adopted by the Company, including but not limited to the Compliance Program, as well as the structuring, functioning, and work plan of the Compliance area.

(xvi) preparing an annual summary report to be submitted alongside the financial statements, containing at least the following information: (i) the meetings held and the key issues discussed; (ii) the activities carried out in the period, the results and conclusions reached, and the recommendations made; (iii) any situations in which there is significant divergence between the company's management, the independent auditors, and the CAE (Statutory Audit Committee) regarding the Company's financial statements.

(xvii) ensuring the existence of a channel or other means for receiving complaints, including confidential ones, whether internal and external to the Company, in matters related to its activities; and

(xviii) issuing its opinion on any matters that the Board may submit to it, as well as those that this Committee may deem relevant.

As provided for in the Bylaws and in the Charter of the Board of Directors, it must be composed of at least 3 (three) members, all of them being independent, and at least 1 (one) of the members must have recognized experience in corporate accounting matters. The coordinator of the Statutory Audit Committee must attend the Company's Annual General Meeting, making him/herself available to provide clarifications and information to shareholders. The Composition of the Audit Committee is available at https://ri.totvs.com/esg/administracao-e-comites/comite-de-auditoria/, described in section 12.6 of this Form

According to the provisions of the Corporate Information Security Policy and the Data Privacy Policy, the CAE is responsible for monitoring the indicators of incidents, risks, and events of violations of these policies.

Additionally, The Statutory Audit Committee is responsible for recommending the approval of the Company's Internal Audit Regulation, approved at the Board of Directors' Meeting held on May 4, 2018, dated and made public on May 15, 2018, as subsequently adjusted on June 10 2020, filed at the Company's headquarters and available on the Company's Investor Relations website (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/). Pursuant to such regulation, the Audit Executive Officer is responsible for the effective management of the internal audit activity under the regulation, adherence to the profession's code of ethics, standards, annual planning and any other work developed by the area, budget management of the department and internal resources. In addition, the Audit Executive Officer will report, functionally, to the Statutory Audit Committee, reporting directly to the Board of Directors and, administratively, to the Company's Financial Vice-President and Administrative. The Statutory Audit Committee will also approve all decisions related to the performance review, appointment or dismissal of the Audit Executive, as well as the approval and annual adjustment of the Audit Executive Officer's compensation. Annually, the Company's Audit Executive Officer must submit an Internal Audit plan to the Statutory Audit Committee for review and approval. The Audit Executive Officer must develop and maintain a quality assurance and improvement program that includes all aspects of the internal audit activity. The quality assurance program is made up of internal and external assessments. The processes and tools used in the internal assessment may include supervisory verification and audit engagement review, checklist, clients' feedback, selective peer reviews, time recording systems and other metrics.

People and Compensation Committee

As provided for in Article 22 of the Company's Bylaws, the People and Compensation Committee will perform advisory functions and will assist the Board of Directors in determining the compensation and other benefits and payments to be received in any capacity from the Company by Officers and Board Members. The People and Compensation Committee, among other duties provided for in its Charter, is responsible for:

(i) examining candidates to be appointed to the Company's Board of Executive Officers, as nominated by the Chief Executive Officer, submitting its recommendation to the Board of Directors for the corresponding election;

(ii) present to the Board a proposal for distribution of the overall annual compensation among Executive Officers and Directors based on the standards in the information technology market, and monitor the payment of compensation and, if they are not aligned with the standards of the information technology market, inform the Board;

(iii) providing an opinion on any stock option plan and programs, stock subscription or granting to the Company's Administrators and Employees, as well as the execution thereof;

(iv) express opinion on profit sharing for Executive Officers and Employees of the Company;

(v) examining the recruitment and hiring methods adopted by the Company and its subsidiaries and affiliates whenever the Committee deems it necessary;

(vi) providing the Board of Executive Officers with support in identifying, in the Company and its subsidiaries and affiliated companies, any potential future leaders and monitoring the development of their respective careers;

(vii) following up the preparation and implementation of a succession plan for the Company's executive officers with the purpose of ensuring that the management can count on professionals to hire or promote, whose professional experience and skills contribute to good performance and the preservation of the Company's value, keeping such plan always up to date for periodic monitoring by the Board, and the succession plan of the Chief Executive Officer will be followed up by the Board of Directors, under coordination of its Chairman;

(viii) following up the annual assessment process of the Company's executive officers based on the existing provisions and the assessment of achievement of their performance of financial and nonfinancial goals (including Environmental, Social, and Governance aspects), in line with the Company's ethical values and principles, recommending that they are approved by the Board;

(ix) proposing the form of disclosing the Directors' compensation in the Management Proposal to the General Shareholders Meeting and in the Reference Form;

(x) carrying out the self-assessment of its activities and identify possibilities for improvement in the way it operates; and

(xi) recommending and monitoring the Company's social practices from an ESG perspective, related to work models, diversity and inclusion, qualification of labor, and education for work.

As set forth in Article 21 of the Bylaws, the People and Compensation Committee must be composed of at least 3 (three) members, all Directors, and at least 2 (two) of them must be independent members. The composition of the People and Remuneration Committee is available at https://ri.totvs.com/esg/administracao-e-comites/comite-de-gente-e-remun/

The People and Compensation Committee has an Internal Charter approved at the Board of Directors' Meeting held on March 11, 2019, as subsequently updated, filed at the Company's headquarters and available on the Company's Investor Relations website (https://ri. totvs.com/esg/estatuto-politicas-e-regimento/), which governs the operation of the People and Remuneration Committee, subject to the provisions of the Bylaws and the legislation in force.

Strategy Committee

As provided for in the Internal Regulations approved at the Board of Directors' Meeting held on April 29, 2022, as subsequently updated, the Strategy Committee is responsible for:

(i) reviewing and discussing topics that enable the construction of the Company's Vision of the Future and Strategic Planning, including the strategic guidelines connected to the Environment, Social and Governance ("ESG") aspects, assessing the Company's actual delivery capacity of such agenda, recommending it to be approved by the Board of Directors;

(ii) assessing, issuing opinions, forwarding to the Board, and monitoring the progress of the Executive Officers' proposals to execute the Vision of the Future and Strategic Planning;

(iii) examining and recommending projects of interest related to potential acquisitions or other corporate transactions ("M&As") submitted by the Board of Executive Officers, for executing the Company's Vision of the Future and Strategic Planning, being able to recommend the need to submit to the Board, depending on the amount involved in the transaction, as well as to monitor the progress of such projects and/or integrations, as applicable;

(iv) carrying out the self-assessment of its activities and identify possibilities for improvement in the way it operates; and

(v) issuing an opinion on the Company's Budget, recommending its submission to the Board.

The Strategy Committee composition is available at https://ri.totvs.com/esg/administracao-e-comites/comite-de-estrategia/.

Governance and Nomination Committee

As provided for in Article 25 of the Company's Bylaws, among other duties provided for in the Internal Regulations, the Governance and Nomination Committee is responsible for:

(i) recommending and monitoring the adoption of good Environmental, Social and Governance ("ESG") practices, as well as the effectiveness of its processes, proposing updates and improvements whenever required, for the Company and its subsidiaries and affiliated companies;

(ii) monitoring and giving an opinion on the definition of sustainability targets, taking into account the Company's strategy, as well as following up the process of engagement and consultation of *stakeholders,* the development of action plans on sustainability and governance issues, and assessing integrated ESG performance reports;

(iii) setting the channels and processes for interaction between the Company's long-term shareholders and the Board of Directors, especially with regard to issues of strategy, governance, compensation, succession, and formation of the Board, with the support of the Investor Relations Department;

(iv) selecting and nominating to the Board of Directors people who, having met the legal requirements and the needs of the Company, and having heard the relevant interested parties, could be candidates to make up the slates to be approved by the Board – or individually – for submission for election by the Shareholders Meeting;

(v) selecting and nominating to the Board people who, after having met all legal requirements and the Company's needs, may be candidates to be part of the Committees, as well as nominating external members;

(vi) selecting and nominating to the Board persons to hold the position of Director to replace any vacancies in those positions during the effective term of office;

(vii) supporting the Chairman of the Board in organizing a formal and periodic process of performance assessment of the Board and its Committees, as collegiate bodies, as well as of the Chairman of the Board and the Directors considered individually, and of the Corporate Governance Departament, which shall be performed every year;

(viii) ensuring the existence, effectiveness, and implementation of a succession plan for executive officers, and monitor its execution with the People and Compensation Committee;

(ix) providing an opinion on the disclosure of the Company's governance practices, including in the Reference Form and Management Proposal for the Shareholders Meeting;

(x) providing an opinion on the participation of people related to the Company as a member of Boards of Directors, Advisory Committees to the Board of Directors, and Fiscal Councils (Supervisory Boards) of other companies, both publicly and privately held;

(xi) supporting the Board of Directors to screen candidates for directors as to their ability to act as an independent member;

(xii) validating the Development Plan of the Corporate Governance Departament, determining its goals and monitoring the achievement thereof; and

(xiii) monitoring periodically the work carried out by the Corporate Governance Departament.

As provided for in the Bylaws, the Governance and Nomination Committee will be composed of at least 3 (three) members, all of whom must be Directors, with at least 2 (two) Independent Directors. The Governance and Nomination Committee composition is available at https://ri.totvs.com/esg/administracao-e-comites/comite-de-gov-e-indicacao/.

The Governance and Nomination Committee has an Internal Charter approved at the Board of Directors' Meeting held on March 11, 2019, filed at the Company's headquarters and available on the Company 's Investor Relations website (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/), which governs the operation of the Governance and Nomination Committee, subject to the provisions of the Bylaws and the legislation in force.

For information on how the Company's Board of Directors assesses the work of the independent auditors, please refer to section 2.3 of this Reference Form.

(b) in relation to the members of the board of executive officers, their individual duties and authority

As approved by the Board of Directors' Meeting held on April 26, 2019, the Executive Officers will have the following duties:

<u>Chief Executive Officer:</u>

Perform and enforce the resolutions of the General Meetings; preferably represent the Company at the Meetings or other corporate acts of companies in which the Company participates, pursuant to paragraph 1, item (iii), of article 26 of the Company's Bylaws; propose, without exclusivity of initiative, the duties concerning functions of each Vice President and Executive Officer at the time of their corresponding election; answer to the Board of Directors for all activities of the organization; set long-term plans, strategies, and policies. Manage the activities of the Vice Presidents; convene and preside over board meetings; recommend, to the Board, the replacement of any executive officer in cases of absence or temporary impediment of the latter; recommend, to the Board of Directors, the replacement of any executive officer in the event of his/her vacancy; respond for the growth strategy, people management and profitability of the organization; lead the organization to perform the strategy determined for the Company.

Chief Administrative and Financial Vice President:

Determine, plan and direct the activities that involve support to the Company's business comprised by the Shared Services Center areas; Supplies, Facilities, Planning and Controllership, Legal, Risks, Compliance, Market Intelligence, Corporate PMO and Mergers and Acquisitions and Internal Controls; analyze the accounting records of the transactions in which the Company takes part; control the fulfillment of financial commitments regarding legal, administrative, budgetary, fiscal and contractual requirements of the operations; represent the Company in the Audit Committee; manage the activities related to the management of the Company's funds and assets, investing financial resources.

Investor Relations Officer:

Determine, plan and direct investor relations activities; practice the actions of the Investor Relations Officer and promote the disclosure of information to the securities market, under the rules issued by the Brazilian Securities Commission (CVM); maintain and present improvements in relations and communications between the organization and the investing public, shareholders and professionals in the financial area; plan the communication of the Company's relationship with the domestic and/or international capital markets; monitor changes and trends in the investment market and determine the more suitable action strategies; prepare financial reports to be reported to shareholders, the public, investors and financial professionals; maintain relationships with banking and investment communities and also establish relationships with investors.

Vice President of Strategy and New Business:

Responsible for Institutional Marketing, Business Models and Distributions, Partnerships, and Customer Experience. Determine and guarantee the performance of the Digital strategy and performance model; recommend strategic alliances for business and operation development, model and processes; determine, plan and direct all Marketing activities, as well as the development of policies, programs and budgets; generate business opportunities, and for business strategy; and suggest and monitor the development of the Company's new business and/or product fronts.

Advising the Strategy Committee on strategic decisions involving technological issues on Micro and Small Businesses and Financial Services. Responsible for the Micro and Small Business and Financial Services segments of the Company. Determine, plan, and direct strategies involving technological and segmentation issues to generate a better offer and *software* development; design and develop segmented solutions for external customers; suggest and monitor the Company's new systems; plan and direct the provision of support services and technical and non-technical assistance provided to clients and customers.

Vice President of Business for Segments:

Advise the Strategy Committee on strategic decisions involving technology issues; be responsible for the Supply Chain, Healthcare, Professional Services and Retail and Distribution segments; define, plan and direct strategies involving IT and segmentation to generate better *software* supply and development; design and develop segmented solutions for external clients; suggest new systems and monitor them; plan and direct support and technical/non-technical services for clients/customers.

Vice President of Platforms:

Advise the Strategy Committee on strategic decisions involving technology; promote integration across platforms and ensure development of technology; coordinate the activities of Platform Directors; answer for platforms under their responsibility with strategies to support *software* delivery and development improvements; suggest new Company systems and monitor them; plan, organize and direct the activities of the Company's production units; plan, organize and direct technical/non-technical customer support and services. Determine, plan and direct the Company's operating strategy for research and development, *software* architecture and infrastructure, *Cloud Computing*, Data Center and Security and improvement of technologies used by the Company to ensure competitiveness of new products and solutions aligned with market trends and complexities associated with business and technology.

Vice President of Customer Service and Relationship:

Plan, determine, and coordinate systems sales and/or deployment services in relation to current customers' and future prospects' accounts; coordinate and supervise sales for business generation in the context of goals set by the management. Plan, organize and direct activities that involve the Company's customer service and relationships; monitor and manage indicators tracking their services; participate in decisions on product pricing and new products; lead the sales force to reach volume sales targets for the organization's products, including long-term plans, goals and strategies.

As provided for in article 30 of the Bylaws, the Board of Executive Officers holds all the powers to carry out the acts required for the Company's normal operation and for fulfilling its business purpose, however special they may be, including waiver of rights, negotiation and agreement, subject to any applicable legal or statutory provisions. It shall be responsible for managing the Company's business, particularly. It is responsible for managing the Company's businesses, especially:

(i) Complying with and causing the compliance with the Bylaws and the resolutions of the Board of Directors and the General Meeting;

(ii) Annually submit to the appreciation of the Board of Directors, the Management Report and the accounts of the Board of Executive Officers, supported by the independent auditors' report, as well as the proposal for allocation of income found out in the previous fiscal year;

(iii) Proposing to the Board of Directors the annual and multiannual budgets of the Company, its controlled and affiliated companies, as well as the Company's strategic plans, expansion projects and investment projects;

(iv) Deciding on any matter that is not of exclusive responsibility of the General Meeting or the Board of Directors; and

(v) Resolving on opening, changing and closing branches, warehouses, offices and any other facilities or units in Brazil.

As provided in the Bylaws, the Company will always be represented by 2 (two) members of the Board of Executive Officers, or else by 1 (one) member of the Board of Executive Officers and 1 (one) attorney, or 2 (two) attorneys, within the limits of their corresponding terms of office.

The Company's Board of Executive Officers does not have its own internal regulations approved by the Board of Directors.

The Company's Statutory Board of Executive Officers has its own bylaws approved by the Board of Directors on October 13, 2021, filed at the Company's headquarters and available on the Company's Investor Relations website (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/https://ri.totvs.com/esg/estatuto-politicas-e-regimento/), which governs the operation, structure and duties of the Company's Board of Executive Officers, as well as the relationship between the Statutory Board of Executive Officers and other Company bodies, taking into consideration the best corporate governance practices

(c) date of establishment of the fiscal council (aka supervisory board), if it is not permanent

Pursuant to Law 6.404/76 (the "Brazilian **Corporations Act**"), the Supervisory Board (aka fiscal council) is a corporate body that acts independently of the Company's management. The key responsibilities of the Fiscal Council are to supervise the management members' activities and review the Company's financial statements, reporting its opinion to the shareholders.

At the Company, the Fiscal Council (aka Supervisory Board) is a non-permanent body and can be established in any fiscal year if so required by shareholders representing at least 2% of common shares, under CVM Instruction No. 324/00.

The Company do not have an installed Fiscal Council.

(d) performance evaluation mechanisms of the board of directors and of each body or committee that reports to it

As provided for in the Internal Regulations of the Board of Directors and the Advisory Committees, approved in revision at the Board of Directors' Meeting held on April 29, 2022, as subsequently adjusted:

(a) The Board of Directors is responsible for setting mechanisms for assessing the performance of the Board and its Committees, as collegiate bodies, and also of the Chairperson of the Board and the directors, individually considered, and the Corporate Governance Department.

(b) The chairperson of the Board of Directors is responsible for leading - with the cooperation of the Corporate Governance Department, and according to the recommendations of the Governance and Nomination Committee - a structured and formal process for assessing the Board and its Committees, as collegiate bodies, the chairperson of the Board, the Board members considered individually, and the Corporate Governance Department, and the results of the Board's assessment will be disclosed to all Board members.

(c) The Governance and Nominating Committee is responsible for supporting the Chairman of the Board of Directors in organizing the performance assessment of the Board of Directors and its Directors, which shall be carried out every year.

(d) The People and Compensation Committee shall follow up the annual assessment process of the Company's executive officers based on the verification of the achievement of their performance, financial and non-financial goals (including environmental, social, and governance aspects), in line with the Company's ethical values and principles.

In 2017, the Company implemented, after approval by said Internal Regulation, a formal and annual process for assessing the performance of the Board of Directors and its Committees, as collegiate bodies, the chairperson of the Board of Directors, the Directors, individually considered, and the Corporate Governance Department.

The assessment process of the Board of Directors and its Advisory Committees in 2021 was carried out by expert external consultants previous to the 2022 Annual General Meeting of Shareholders that elected the members of the Board of Directors, whose appointment considered the results of such evaluation. The process included interviews with the Board members themselves, Statutory Board of Executive Officers, Investors and the external member of the Statutory Audit Committee.

The assessment report was submitted at a Board of Directors' Meeting held on November 26, 2021 by the external consultancy, and, in addition, the Chairperson of the Board met individually with the Directors to provide feedback on the evaluation. The performance appraisal process was supported by the Governance and Nomination Committee and the Corporate Governance Department.

In addition, it is worth noticing that the Company has a program called "Development Trail" aimed at the members of the Board of Directors and Advisory Committees, created with the purpose of raising the level of knowledge about the Company's business, besides providing updating and improvement on especially relevant topics, such as governance, technology and innovation.

12.2 - Standards, policies, and practices relating to general meetings

(a) deadlines to call meetings

The Company's General Meeting will be called within the legal term with the availability of the documents referred to in CVM Instruction No. 481/09. In addition, the Company's General Meeting that may decide on the delisting of the Company as a publicly held company, or its delisting from the Novo Mercado shall be called at least thirty (30) days in advance.

The Company does not adopt a differentiated practice with regard to notice periods. Article 124, §1, subparagraph II of Law No. 6.404/76, as amended, determines that General Meetings must be called at least 21 (twenty-one) calendar days in advance on first call and with 8 (eight) calendar days in advance on second call.

(b) responsibilities

The General Meeting, in addition to the other duties provided for by law, must:

(i) Elect and remove the Board of Directors' members;

(ii) Determine the global compensation for the members of the Board of Directors and Board of Executive Officers, as well as the members of the Supervisory Board (Fiscal Council), if established;

(iii) Amend the Bylaws;

(iv) Decide on the dissolution, liquidation, merger, split-up, spin-off or acquisition of the Company, or of any company belonging to the Company;

(v) Assign share bonuses and deciding on possible splits or reverse splits of shares;

(vi) Approve plans for granting of stock options or share subscription to its Managers and Employees, as well to the managers and employees of other companies directly or indirectly controlled by the Company;

(vii) Resolve, in accordance with proposal submitted by the management on the allocation of profit for the year and dividend distribution;

(viii) Elect the liquidator, as well as the Supervisory Board (aka Fiscal Council) which will operate during the winding-up period;

(ix) Resolve on the delisting from the Novo Mercado of B3;

(x) Waive from conducting a public offer to acquire shares as a prerequisite to delist from the Novo Mercado;

(xi) Resolve on the cancellation of the registration as a publicly-held corporation with the CVM, subject to the provisions of Article 45, (ii), of the Company's Bylaws; and

(xii) Report to the Board of Directors.

The resolution referred to in item “x” above shall be taken by a majority of votes of the shareholders holding the Company's outstanding shares present at the meeting, blank votes not being counted. If established on the first call, the Meeting must be attended by shareholders representing at least 2/3 (two thirds) of the total outstanding shares; and, on the second call, it can be established with any number of shareholders holding outstanding shares.

c. addresses (physical or electronic) where the documents related to the General Meeting should be available to shareholders for analysis

The Company makes the documents related to the General Meeting available in the following places:

E-mail

Company's Investor Relations Website (ri.totvs.com)

CVM website (www.cvm.gov.br)

Physical address

Avenida Braz Leme, 1000 - Casa Verde district – Sao Paulo, SP – Brazil

(d) identification and management of conflict of interest

The Company does not adopt any different practice in relation to the provisions of corporate law and/or CVM regulations.

(e) request of powers of attorney by the management to exercise voting rights

The Company does not make a public request for power of attorney. Shareholders must present, at least 48 (forty-eight) hours in advance, a power of attorney with notarized signature of the grantor.

(f) formalities necessary for the acceptance of proxy instruments granted by shareholders, informing whether the issuer accepts powers of attorney granted by shareholders by electronic means

Pursuant to Art.10, §5 of the Company's Bylaws, the shareholders must submit, at least 48 (forty-eight) hours in advance, besides their identification documents and/or relevant corporate acts that prove the legal representation, as the case may be: (i) proof issued by the bookkeeping entity, no later than 5 (five) days before the date of the General Meeting; (ii) the power of attorney with the grantor's signature certified/notarized; and/or (iii) as regards those shareholders taking part in the fungible custody of registered shares, a statement showing the corresponding shareholding, issued by the competent body.

The Company accepts powers of attorney granted by electronic means, produced using the digital certification process provided by ICP-Brasil, pursuant to Provisional Measure 2200/01.

(g) formalities required for the acceptance of remote voting form, when sent directly to the Company, informing whether the issuer requires or waives signature certification by a notary public, notarization and consularization

Shareholders who choose to exercise their voting rights at a distance must forward the following documents by sending them directly to the Company at Avenida Braz Leme, 1000 - Casa Verde district, City of Sao Paulo, State of Sao Paulo, Brazil or via email to ri@totvs.com.br, to the attention of the Investor Relations Department: (i) a hard copy or digital copy of the voting ballot related to the general meeting, duly filled in, initialed, and signed; and (ii) simple copy of the following documents:

For individuals:

- Identification document with photo of the shareholder;

For companies and organizations:

- The most recent version of the Company's bylaws or restated articles of incorporation, in addition to corporate documents able to prove the legal status of such shareholder; and
- Identification document with photo of the corresponding legal representative.

For investment funds:

- The most recent restated regulation of such fund;
- Bylaws or articles of association of its administrator or manager, as the case may be, pursuant to the corresponding fund's voting policy and corporate documents that prove the powers of representation; and
- Identification document with photo of the corresponding legal representative.

As regards the documents pointed out in paragraphs "i" and "ii" above, the Company requests, as the case may be, that the representative's signature on them are certified true and correct by a notary public, and then consularized (except for other alternative procedures eventually admitted due to international agreements, treaties, or conventions).

Distance voting ballots accompanied of the corresponding documentation will only be considered if received by the Company in full order, up to seven (7) days before the date of the meeting. Pursuant to Article 21-U of CVM Instruction 481/09, the Company will inform every shareholder if the documents received are sufficient for the vote to be considered valid, or else it will inform the shareholder of procedures and deadlines for eventual rectification or resubmission, if necessary.

(h) electronic system for receiving the remote voting or remote participation

At present, the Company does not provide an electronic system for receiving remote voting ballots or remote participation in meetings.

(i) instructions for the shareholder or group of shareholders to add proposals for resolutions, slates or candidates for members of the board of directors and the fiscal council in the remote voting ballot

If a shareholder wishes to include proposals for deliberation, slates or candidates for membership of the board of directors or fiscal council on the remote voting ballot, these proposals shall be submitted by mail to this address: Avenida Braz Leme, 1000 - Casa Verde, São Paulo, State of São Paulo, Brazil, together with the relevant documents for the proposal, or sent to this electronic address: ri@totvs.com.br, by the final dates determined under current regulations.

(j) maintenance of forums and pages on the world wide web intended to receive and share comments from shareholders on the agenda of the meetings

The Company does not maintain forums and pages on the internet with the purpose of receiving and sharing shareholders' comments on the agendas of the meetings.

(k) other information necessary for remote participation and for the exercise of remote voting rights

The Company does not transmit live video and/or audio of the meetings. Shareholders holding shares issued by the Company deposited in a central securities depository may transmit their voting instructions to fill in the distance voting ballot through their corresponding custody agents, if they provide such kind of service.

The collection and transmission of voting instructions can also be carried out by Banco Itaú, the Company's stock bookkeeping agent, through an electronic platform. For that purpose, the shareholder must register on the Itaú Securities Services Assembleia Digital website (https://www.itau.com.br/securitiesservices/assembleia-digital/).

12.3 - Standards, policies, and practices relating to the Board of Directors

(a) number of meetings held in the last fiscal year

As provided for in article 18 of the Company's Bylaws, the Board of Directors ordinarily meets at least 6 (six) times a year and, extraordinarily, whenever called by the Chairperson or by a majority of its members. The Board of Directors meetings may be held via conference call, videoconference or by any other means of communication that allows for the identification of the member and the simultaneous communication with all other persons attending the meeting. In the last fiscal year, 25 (twenty-five) meetings were held, 9 (nine) of them ordinary and 16 (sixteen) extraordinary meetings

(b) If any, the provisions of the shareholders' agreement that place restrictions or conditions on the exercise of voting rights of board members

There is no shareholders' agreement.

(c) rules for identification and management of conflicts of interest

As set forth in the Bylaws, members of the Board of Directors cannot have access to information or attend meetings of the Board of Directors related to matters in which they have or represent an interesting conflicting with the interests of the Company.

Under the provisions of the Internal Regulation of the Board of Directors and the Advisory Committees, in case of a conflict of interest or private interest of one of the members of the Board in relation to a given matter to be decided, it is the duty of the member of the Board to report, in a timely manner, such fact to the other members.

In case any member of the Board of Directors who may have a potential private benefit or conflict of interests connected to any decision to be made, does not report his/her own potential benefit or conflict of interests, any other member of the Board of Directors who is aware of such situation could report such fact. The non-voluntary statement by that member of the Board will be considered a violation of the Internal Regulation, if those particular benefits or conflict of interests are eventually confirmed.

As soon as the conflict of interest or private benefit is identified, the person involved will withdraw him/herself from the discussions and deliberations, and must withdraw temporarily from the meeting until the end of the matter, but may, prior to his/her withdrawal, provide information and further details, explain reasons and settle any doubts from the Board.

The reporting of a conflict of interest situation or private benefit must be added to the minutes of the Board of Directors' meeting.

The authority of the Board on the subject of conflict of interests does not prevent the authority of the General Meeting as set forth by the law.

(d) policy for nomination and filling positions in the board of directors

As an integral part of such nomination process and to fill positions in the Board of Directors, the Company has a Governance and Nomination Committee, which is an advisory body to the Board of Directors, the duties of which are provided for in article 25 of the Bylaws and in article 45 of the Internal Regulation of the Board of Directors.

On December 15, 2020, the Board of Directors approved the Nomination Policy **("Nomination Policy")** for the Board of Directors, its Advisory Committees and the Statutory Board, made public on December 15, 2020, in which the process and minimum requirements for nominating members to the Board, Committees and Statutory Board of the Company are set out.

As provided for in the Nomination Policy, the Board of Directors must be composed considering the diversity of academic background, professional experiences, behaviors, cultural aspects, age and gender, as well as the complementarity of skills, enabling the Company to benefit from the plurality of arguments in the search for business strategies and a decision-making process with greater quality and safety.

The nomination of Board members must be in line with the Company's best interest and comply with the following criteria:

(i) the positions of chair of the Board of Directors and Chief Executive Officer (or principal executive) must not be held by the same person;

(ii) Company executives (officers and managers, except the CEO) must not be members of the Board;

(iii) have an unblemished reputation; anyone who (a) holds positions in companies that may be considered competitors of the Company; or (b) has or represents an interest conflicting with the Company's interests cannot be elected, except at the Shareholders' Meeting;

(iv) highly-qualified professionals, with outstanding professional, technical and academic experience, compatible with the position for which they are being nominated, and knowledgeable in relation to best corporate governance practices and experience of a wide range of matters such as finance, sustainability, information technology and data security;

(v) alignment with and commitment to the Company's principles, values and culture, and to its Code of Ethics and Conduct (aka CODEC);

(vi) strategic vision and understanding of the business; and

(vii) sufficient availability of time to adequately dedicate themselves to the role and responsibility undertaken.

12.4 - Description of the arbitration clause for conflict resolution through arbitration

As set forth in chapter VIII of the Bylaws, the Company, its shareholders, managers and member and deputy members of the audit board, if any, agree to settle, by means of arbitration, before the Market Arbitration Chamber (Câmara de Arbitragem do Mercado), under its regulation, any and all controversies that might arise among them, either related to, or arising from, their condition as issuer, shareholders, managers and audit board members, especially, arising from the provisions stated in Law 6,385/76, Law 6.404/76, in Company's Bylaws, rules issued by the Brazilian Monetary Council, Central Bank of Brazil or the Securities and Exchange Commission of Brazil, as well as the other rules applicable to the capital markets operation in general, addition to those contained in The Novo Mercado Regulation, other regulations of B3 - Brasil, Bolsa, Balcão, and the Listing Agreement for Novo Mercado.

Without prejudice to the validity of an arbitration clause, the request of emergency measures by the parties to the Judiciary, where applicable, shall observe the provisions stated in the Arbitration Regulation of the Market Chamber of Arbitration.

12.5 / 12.6 - Composition of Board of Directors and Executive Officers, and members' professional background

EXECUTIVE OFFICERS

Name	Date of birth	Administrative body	Elected on	Term of office	Number of consecutive terms of office
CPF [Tax Id.] #	**Profession**	**Elective position held**	**Invested with office on:**	**He was elected by the controller**	**Percentage of attendance at meetings**
Other positions and functions performed in the Company					
Dennis Herszkowicz	Nov. 6, 1974	He is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	2
165.783.068-38	Advertising Executive	10 - Chief Executive Officer (CEO)	April 20, 2021	No	
Mr. Dennis Herszkowicz is Member of the Strategy Committee					
Gilsomar Maia Sebastião	Dec. 6, 1975	He is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	6
174.189.288-07	2008 – Bachelor of Accounting Sciences	12 - Investor Relations Officer	April 20, 2021	No	
Mr. Gilsomar Maia Sebastião is Administrative and Financial Vice President and Investor Relations Officer					

Name	Date of birth	Administrative body	Elected on	Term of office	Number of consecutive terms of office
CPF [Tax Id.] #	**Profession**	**Elective position held**	**Invested with office on:**	**He was elected by the controller**	**Percentage of attendance at meetings**
Other positions and functions performed in the Company					
Gustavo Dutra Bastos	Mar. 19, 1976	He is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	6
026.942.416-46	Business Administrator	11 - Vice President Officer / Superintendent	April 20, 2021	No	
Mr. Gustavo Dutra Bastos is Vice President of Platforms					
Marcelo Eduardo Sant'anna Cosentino	Jan. 6, 1983	He is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	5
306.743.308-46	Business Administrator	11 - Vice President Officer / Superintendent	April 20, 2021	No	
Mr. Marcelo Eduardo Sant'anna Cosentino is Business Vice President for Segments					
Juliano Tubino	Aug. 5, 1974	He is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	1
254.357.978-88	Bachelor of Computer Science	11 - Vice President Officer / Superintendent	April 20, 2021	No	
Mr. Juliano Tubino is Vice President of Strategy and New Business					

Name	Date of birth	Administrative body	Elected on	Term of office	Number of consecutive terms of office
CPF [Tax Id.] #	**Profession**	**Elective position held**	**Invested with office on:**	**He was elected by the controller**	**Percentage of attendance at meetings**
Other positions and functions performed in the Company					
Alexandre Haddad Apendino	Dec. 8, 1979	He is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	2
292.459.418-92	Business Administrator	19 - Other Executive Officers	April 20, 2021	No	
Mr. Alexandre Haddad Apendino is Vice President of Customer Service and Relationship					
Izabel Cristina Branco	Jun. 24, 1976	She is a part of the Board of Executive Officers only	Feb. 8, 2021	2 years from the date of investiture in office	1
182.468.118-60	Administrator	11 - Vice President Officer / Superintendent	April 20, 2021	No	
Ms. Izabel Cristina Branco, Vice President, Human Relations Officer.					

Professional background / Statement of any convictions
Dennis Herszkowicz - 165.783.068-38
Mr. Dennis Herszkowicz was, between 2003 and 2018, partner and Statutory Director of Linx SA, who held several Vice President positions, besides having been a Member of the Board of Directors from 2011 to 2014. Between 2012 and 2017, he was *Chief Financial Officer* and Investor Relations Officer, being responsible for the IPO in 2013 and the follow-on in 2016, besides conducting 20 acquisitions in the period. Between 2017 and 2018 he was Executive Vice President of New Markets, a Business Unit focused on *FinTech*. Prior to Linx, he was General Director of DeRemate.com in Brazil, founder and CEO of Gibraltar.com, besides stints at Unilever and Credicard S.A. Graduated in Advertising and Marketing from ESPM. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.
Gilsomar Maia Sebastião - 174.189.288-07
Over the past 5 years, Mr. Maia served as Vice President, Planning Director, Corporate Finance Director, Investor Relations Director, and Mergers and Acquisitions Director at the Company. Previously, he was the Company's Process and Risk Manager between 2006 and 2007. He made a career at Ernst & Young Auditores Independentes as an audit manager, where he worked on external audit projects between 1996 and 2004. He graduated in Accounting from Universidade Mackenzie in 2000 and has an MBA in Capital Markets from FIPECAFI. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.
Gustavo Dutra Bastos - 026.942.416-46
Mr. Bastos is currently the Company's Vice President of Platforms. For over 25 years working in companies in the IT segment operating in the *software* and associated services market, Mr. Bastos has been with the company for almost 20 years and has already been responsible for pre-sales, offers, projects and *software* services, the latter until 2012. In 2013, he played an important role in structuring the Technical Service and Quality areas, becoming responsible for the Company's product areas. He has technical training in Industrial Informatics from the Federal Center for Technological Education of Minas Gerais (CEFET/MG) and graduated in Business Administration from UFMG – Federal University of Minas Gerais, in 2000. In the past 5 years such Management member has not been subject to (i) any criminal

Professional background / Statement of any convictions
conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.
Marcelo Eduardo Sant'anna Cosentino - 306.743.308-46
Mr. Cosentino joined the Company in 2001 and has worked in various areas, such as information technology, product development, alliances, new businesses, corporate planning and development of the Company's products. Over the past three years, he was responsible for the Company's international expansion, participating in the main M&A processes carried out over the years. He currently serves as Vice President of Business for Segments. He graduated in business administration from the Pontifical Catholic University (PUC-SP) in 2005 and holds an MBA from the Kellogg School of Management (USA). In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.
Juliano Tubino - 254.357.978-88
Mr. Tubino serves as the Company's Vice President of Business and Digital Strategy. Previously, he served as Director at Accenture Digital, Netshoes, Microsoft and Amazon, accumulating experience in Marketing, Sales, Innovation and Digital Marketing. Mr. Juliano Tubino has a degree in Computer Science from Universidade Presbiteriana Mackenzie and a specialization in Business Administration and Marketing from Kellogg Executive Education (USA). In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

Alexandre Haddad Apendino - 292.459.418-92
Over the past 5 years, Mr. Apendino served as the Company's Executive Director of Customer Service and Relationship, having joined the Company in 2013 as a sales and channel manager, and later assuming the commercial areas of *Cloud* and *Analytics* (GoodData). Previously, he developed his career at SAP and Oracle, and has more than 18 years of experience in the Sales and Channel Management field, always focusing on small and medium-sized companies (SMB). Mr. Apendino graduated in Business Administration from Universidade Presbiteriana Mackenzie in 2001, holds an Executive MBA and Corporate MBA from INSPER and specialization in "Effective Sales Management" from Wharton University (USA). In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

Izabel Cristina Branco - 182.468.118-60
Ms. Izabel Cristina Branco is Vice President, Human Relations Officer. With over 20 years of experience in business management and human resources, customer segmentation, marketing and strategic communication, Ms. Izabel has worked at Via Varejo as Executive Director of Human Resources and Management for the last 4 years. Between 2014 and 2015 she was the Customer Value Superintendent at SulAmérica Seguros. Previously, she developed her career in companies such as Banco Santander, Banco Real and Banco Itaú. Ms. Izabel has a degree in Translation and Interpreting from Ibero Americana and a postgraduate degree in Business Administration from FGV and in Marketing from ESPM. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

BOARD OF DIRECTORS

Name	Date of birth	Management area	Date of election	Term of office	Number of consecutive terms of office
CPF [Tax Id.]	Profession	Elective position held	Invested with office on:	He was elected by the controller	
Other positions and functions held in the issuer		Description of another position/function			
Independent member					
EDUARDO MAZZILLI DE VASSIMON	Oct. 7, 1958	He will belong to the Board of Directors only	Apr. 19, 2022	2024 AGM	3
033.540.748-09	Economist	Board of Directors Independent (Sitting member)	Apr. 20, 2022	No	
Coordinator of the Governance and Nomination Committee and Member of the People and Compensation Committee		N/A			
Yes, he is deemed as an Independent Director according to the criteria set forth in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS'S Bylaws.					
GILBERTO MIFANO	Nov. 11, 1949	He will belong to the Board of Directors only	Apr. 19, 2022	2024 AGM	4
566.164.738-72	Business Administrator	Board of Directors Independent (Sitting member)	Apr. 20, 2022	No	
Coordinator of the Statutory Audit Committee, and Member of the Governance and Nomination Committee		N/A			
Yes, he is deemed as an Independent Director according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					

Name	Date of birth	Management area	Date of election	Term of office	Number of consecutive terms of office
CPF [Tax Id.]	Profession	Elective position held	Invested with office on:	He was elected by the controller	
Other positions and functions held in the issuer		Description of another position/function			
Independent member					
GUILHERME STOCCO FILHO	July 1, 1974	He will belong to the Board of Directors only	Apr. 19, 2022	2024 AGM	3
176.649.438-25	Business Administrator	Board of Directors Independent (Sitting member)	Apr. 20, 2022	No	
Member of the Strategy Committee		N/A			
Yes, he is deemed as an Independent Director according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					
LAÉRCIO JOSÉ DE LUCENA COSENTINO	Aug. 11, 1960	He will belong to the Board of Directors only	Apr. 19, 2022	2024 AGM	9
032.737.678-39	Electrical Engineer	Chairman of the Board of Directors	Apr. 20, 2022	No	
Member of the Governance and Nomination Committee, and Member of the Strategy Committee		N/A			
He is not deemed as an Independent Director according to the criteria set forth in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS'S Bylaws.					

Name	Date of birth	Management area	Date of election	Term of office	Number of consecutive terms of office
CPF [Tax Id.]	**Profession**	**Elective position held**	**Invested with office on:**	**He was elected by the controller**	
Other positions and functions held in the issuer		**Description of another position/function**			
Independent member					
MARIA LETÍCIA DE FREITAS COSTA	July 1, 1974	She will belong to the Board of Directors only	Apr. 19, 2022	2024 AGM	4
050.932.788-58	Production Engineer	Vice-Chairman of the Board of Directors Independent	Apr. 20, 2022	No	
Coordinator of the Strategy Committee		N/A			
Yes, she is deemed as an Independent Director according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					
SYLVIA DE SOUZA LEÃO WANDERLEY	Mar. 9, 1962	She will belong to the Board of Directors only	Apr. 19, 2022	2024 AGM	3
672.924.618-91	Business Administrator	Board of Directors Independent (Sitting member)	Apr. 20, 2022	No	
Coordinator of the People and Compensation Committee		N/A			
Yes, she is deemed as an Independent Director according to the criteria set forth in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS'S Bylaws.					

Name	Date of birth	Management area	Date of election	Term of office	Number of consecutive terms of office
CPF [Tax Id.]	Profession	Elective position held	Invested with office on:	He was elected by the controller	
Other positions and functions held in the issuer		Description of another position/function			
Independent member					
TANIA SZTAMFATER CHOCOLAT	January 17, 1977	She will belong to the Board of Directors only	Apr. 19, 2022	2024 AGM	N/A
278.583.348-16	Production Engineer	Board of Directors Independent (Sitting member)	Apr. 20, 2022	No	
N/A		N/A			
Yes, she is deemed as an Independent Director according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					

Professional background / Statement of any convictions

EDUARDO MAZZILLI DE VASSIMON - 033.540.748-09

Mr. Vassimon holds a degree of Bachelor in Economics from the School of Economics of the University of São Paulo - USP, and also a degree in Business Administration from Fundação Getúlio Vargas University, both completed in 1980, besides two postgraduate degrees from EAESP/FGV University (Brazil) and *École des Hautes Études Commerciales* - France, both in 1982. Since April 2019, he has been Chairperson of the Board of Directors of Votorantim S/A and since 2015, he has been a member of the Board of Directors of B3 S.A. - Brasil, Bolsa, Balcão, besides being Coordinator of the Risk and Finance Committee. He was CEO of Itaú BBA and General Director of the Wholesale Area of Itaú Unibanco from 2016 to 2018; Executive Vice President, CFO and CRO – Itaú Unibanco S.A. from 2015 to 2016; Executive Vice President and CRO – Itaú Unibanco S.A. from 2013 to 2015; Member of the Board of Directors - Banco Itaú BBA S.A. from 2003 to 2015. He is a member of third sector organizations. Key contributions for the Company: Business Management; Securities exchange market; and Corporate Governance.

In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty in CVM (Securities and Exchange Commission) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified him from practicing any professional or business activity. Such management member is not considered to be a politically exposed person.

Professional background / Statement of any convictions

GILBERTO MIFANO - 566.164.738-72

Mr. Mifano holds a degree in Business Administration from the São Paulo School of Business Administration of the Getúlio Vargas Foundation University (1972). Currently, at TOTVS S.A., besides being an Independent Director, he is Coordinator of the Statutory Audit Committee and member of the Governance and Nomination Committee. Mr. Mifano is an Independent Director and Coordinator of the Audit Committee of Cielo S.A., Independent Director and Coordinator of the Audit, Risk Management, and Finance Committee of Natura & Co. Holding S.A., Independent Director and Coordinator of the Audit Committee of Construtora Pacaembu S.A., Advisory Director of Pragma Gestão de Patrimônio Ltda., Member of the Fiscal Council of the Arapyaú Institute of Education and Sustainable Development, and Member of the Fiscal Council of CIEB - Innovation Center for Brazilian Education. Between 2017 and 2021: he was Independent Board Member of Ambar S/A. until 2017, Member of the Fiscal Council of Instituto Natura until 2017, and Independent Member of the Sustainability and Governance Committee of Banco Santander Brasil S/A until 2016. Previously, he had been Director, Vice President, and CEO (pro bono) of the Brazilian Institute of Corporate Governance (IBGC) between 2006 and 2012; CEO of the Sao Paulo Stock Exchange (BOVESPA) and the Brazilian Company for Settlement and Custody (CBLC) between 1994 and 2008. At the international level, he was a member and Vice-President of the Executive Committees of the World Federation of Exchanges (WFE) and the Ibero-American Federation of Exchanges (FIAB) between 1999 and 2007. Key Contributions for the Company: Corporate Governance; Finance; and Business Management.

In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified him from practicing any professional or business activity. Such management member is not considered to be a politically exposed person.

GUILHERME STOCCO FILHO - 176.649.438-25

Mr. Stocco has extensive background in creating digital businesses and business transformation with over 20 years of experience. Responsible for successful projects at Banco Digital (Original Bank), Mobile and E-commerce (Buscapé), Internet Platforms (Microsoft), and Advertising (TeRespondo). Currently, he is a member of the Board of Directors and the Strategy Committee of TOTVS S.A., and the Board of Directors of Original Bank. He was an Advisory Director at B3 S.A. - Brasil, Bolsa, Balcão, Carrefour Brazil Group, Hapvida, and Cielo S.A. Speaker in Trends and Innovation, with over 120 lectures in Brazil, LATAM, Canada, the United States, Denmark, and the United Kingdom. Bachelor in Business Administration from Fundação Armando Alvares Penteado - FAAP University in 1997, with an MBA in

Professional background / Statement of any convictions
Management from Insper in 2010; postgraduate in Marketing Management from FAAP in 2007 and Marketing certificate from Berkeley, University of California, USA, in 1996. Key contributions for the Company: Digital Business Management; Innovative Vision in Technology; and Entrepreneurship. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified him from practicing any professional or business activity. Such management member is not considered to be a politically exposed person.
LAÉRCIO JOSÉ DE LUCENA COSENTINO - 032.737.678-39
Mr. Cosentino is the founder and chairman of the Board of Directors of TOTVS, the largest technology company in Brazil. Graduated in Electrotechnical Engineering from the Polytechnic School of the University of São Paulo (USP), his career and history were strengthened in the IT sector especially by founding the corporation TOTVS in 1983. The Company is an absolute leader in Brazil, being present in 41 countries. Laércio Cosentino is a member of the Decision-making Board of the Brazilian Association of Information and Communication Technology Companies (Brasscom), a member of the Consulting Board of Cristália, chairman of the Board of Mendelics, Board Member of Brain4care, among other activities. Key Contributions for the Company: Entrepreneurship; Human Capital Strategy in Technology; Innovative Vision in Technology; and a renowned businessman in the technology sector and in Brazil. In the past 5 years, such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified him from practicing any professional or business activity. Such management member is not considered to be a politically exposed person.
MARIA LETÍCIA DE FREITAS COSTA - 050.932.788-58
Ms. Freitas Costa has a degree in Production Engineering from the Polytechnic School of the University of São Paulo and an MBA from the Samuel Curtis Johnson School of Management at Cornell University, USA. Currently, she is a partner at Prada Assessoria Empresarial, Independent Director, Coordinator of the Audit, Risk, and Compliance Committee, member of the Governance and Nomination Committee of Localiza S.A., Independent Director of Mapfre S.A., Independent Director, Coordinator of the People and ESG Committee and member of the Strategy and Innovation Committee of Embraer S.A., and Independent Director and Coordinator of the Strategy Committee of Mobly S.A. From 2001 to 2010, Mrs. Freitas Costa served as CEO of Booz Allen Hamilton operations (today known as Strategy&). She

Professional background / Statement of any convictions
has also served as a Board Member of Sadia, Gafisa, Technip, and Marcopolo, in addition to being a member of the Board Committee at the corporations Votorantim Industrial, Votorantim Metais, CBA, and Bematech. Key Contributions for the Company: Strategic Planning; Management; and Business Vision. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Said administrator is not considered a politically exposed person.

SYLVIA DE SOUZA LEÃO WANDERLEY - 731.199.977-49
Ms. Sylvia Leão worked for over 30 years in the Retail market, including for Walmart Brasil, Grupo Pão de Açúcar, and Carrefour, where she held positions as Vice President in the areas of Marketing, Commercial, Operations, and Human Resources. She was also Vice President of Marketing and Innovation at BRF. Actually, at TOTVS S.A., besides being an Independent Director, she is Coordinator of the People and Compensation Committee. She is a member of the Board of Directors at SODIMAC Brasil, a company from Falabella Goup, since 2019, a member of the Board of Directors at RaiaDrogasil S.A., where she leads the People Committee and is a member of Strategy, Sustainability, and Audit and Risk Committees, a member of the Board of Directors and of the People, Culture and Governance Committee at Vivara Participações S.A., since 2020, a member of the Board os Directors and Coordinator of the Strategy, Innovation and Sustainability at Grupo Baumgart, since 2020, a member of the Board of Directors and leader of the People and Organizational Development at Química Amparo Ltda (YPÊ), since 2021. Graduated in Social Communication, with Executive MBA in Administration from COPPEAD-URFJ University, and specialization courses from MIT - Massachusetts os Technology (USA), Sloan School of Management, and Fundação Dom Cabral. Key Contributions for the Company: Strategic Planning, People management; and Marketing. In the past 5 years, such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Said administrator is not considered a politically exposed person.

TANIA SZTAMFATER CHOCOLAT - 278.583.348-16

Ms. Chocolat holds a degree in Production Engineering from the Polytechnic School of the University of Sao Paulo. Currently, she is Senior Executive Officer responsible for the area of Direct Equity Investments for Latin America and Head of the Sao Paulo Office of the Canada Pension Plan Investment Board. She is also an independent member of the Board of Directors, Coordinator of the Audit Committee, member of the Strategy and New Business Committee, and the People and Sustainability Committee of Equatorial Energia, since April 2019. Previously, from 2013 to 2017, Ms. Chocolat was responsible for managing illiquid investments at Raiz Investimentos, and also responsible for Private Equity investments in Brazil for Capital Group. She was an alternate member of the Board of Directors of STP (Sem Parar). Between 2004 and 2013, she worked in the areas of Investment Banking, Private Banking, and Equity Research of Banco Unibanco and Itaú Unibanco S.A. banks. She was Head of the Solution Partners area at Itaú Private Bank, Executive Director at Itaú BBA, Director, Head, and Senior Analyst of the consumer and retail sector in the Equity Research area at Banco Unibanco S.A., and also worked in the Investment Banking area at Banco JP Morgan between 1999 and 2002. Key Contributions to the Company: Strategic Planning, Corporate Finance, Securities exchange market and Investments and Sustainability.

In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Said administrator is not considered a politically exposed person.

12.6. Percentage of attendance in meetings held by the corresponding company area in the same period, which occurred after taking office

Member	Total meetings held by the corresponding company area since the member was invested with his/her office*	% of attendance in meetings held
EDUARDO MAZZILLI DE VASSIMON	24	100%
GILBERTO MIFANO	24	100%
GUILHERME STOCCO FILHO	24	100%
LAÉRCIO JOSÉ DE LUCENA COSENTINO	24	100%
MARIA LETÍCIA DE FREITAS COSTA	24	100%
SYLVIA DE SOUZA LEÃO WANDERLEY	24	83%

*Meetings held in the previous fiscal year until March 18, 2022 (date of submission of this Proposal).

12.7 / 12.8 - Composition of committees

Name	Committee type	Office held	Profession	Elected on	Term of office	Percentage of attendance at meetings
CPF [Tax Id.] #	Description other committees	Description other positions held	Date of birth	Invested with office on:	Number of consecutive terms of office	
Other positions and functions performed in the Company						
Tania Sztamfater Chocolat	Audit Committee	Member of the Committee (Sitting member)	Production Engineer	Apr. 19, 2022	AGM 2024	0%
278.583.348-16	Statutory Audit Committee adherent to CVM Instruction n° 308/99	-	Jan. 17, 1977	Apr. 20, 2022	0	
Member of the Board of Directors						
Gilberto Mifano	Audit Committee	Other	Company management member	Apr. 19, 2022	AGM 2024	100%
566.164.738-72	Statutory Audit Committee adherent to CVM Instruction n° 308/99	Coordinator	Nov. 11, 1949	Apr. 20, 2022	4	
Member of the Board of Directors, Coordinator of the Audit Committee, and Member of the Governance and Nomination Committee						

Lavínia Moraes de Almeida Nogueira Junqueira	Audit Committee	Member of the Committee (Sitting member)	Lawyer	Apr. 19, 2022	AGM 2024	100%
269.993.118-70	Statutory Audit Committee adherent to CVM Instruction n° 308/99	-	May 31, 1976	Apr. 20, 2022	0	
-						
Dennis Herszkowicz	Other Committees	Member of the Committee (Sitting member)	Advertising Executive	Apr. 30, 2020	N/A	100%
165.783.068-38	Strategy Committee	-	Dec. 8, 1974	Apr. 30, 2020	2	
Chief Executive Officer						
Eduardo Mazzilli de Vassimon	Other Committees	Other	Economist	Apr. 19, 2022	AGM 2024	100%
033.540.748-09	Governance and Nomination Committee	Coordinator	Oct. 7, 1958	Apr. 20, 2022	3	
Member of the Board of Directors, Coordinator of the Governance and Nomination Committee and Member of the People and Compensation Committee						

Guilherme Stocco Filho	Other Committees	Member of the Committee (Sitting member)	Business Administrator	Apr. 19, 2022	AGM 2024	100%
176.649.438-25	Strategy Committee	-	July 1, 1974	Apr. 20, 2022	3	
Member of the Board of Directors and the Strategy Committee						
Laércio José de Lucena Cosentino	Other Committees	Member of the Committee (Sitting member)	Electrical Engineer	Apr. 19, 2022	AGM 2024	100%
032.737.678-39	Strategy Committee	-	Aug. 11, 1960	Apr. 20, 2022	9	
Chairman of the Board of Directors, Member of the Strategy Committee and of the Governance and Nomination Committee.						
Maria Letícia de Freitas Costa	Other Committees	Other	Production Engineer	Apr. 19, 2022	AGM 2024	100%
050.932.788-58	Strategy Committee	Coordinator	Mar. 27, 1960	Apr. 20, 2022	4	
Vice President of the Board of Directors and Coordinator of the Strategy Committee						

Sylvia de Souza Leão Wanderley	Other Committees	Other	Business Administrator	Apr. 19, 2022	AGM 2024	92%
731.199.977-49	People and Compensation Committee	Coordinator	Mar. 9, 1962	Apr. 20, 2022	3	
Member of the Board of Directors and Coordinator of the People and Compensation Committee						

Professional background / Statement of any convictions

Note: The professional background of the Board of Directors and Executive team members are provided for in section 12.5 above.

Lavínia Moraes de Almeida Nogueira Junqueira - 269.993.118-70

Ms. Lavinia Junqueira is a lawyer in Sao Paulo, graduated in law from the University of Sao Paulo and has a master's degree in economics from the Pontifical Catholic University of Sao Paulo. She is a Certified Public Accountant (CPA), consultant to the Audit, Risk Management and Finance Committee of Natura & Co Holding S.A., a member of the Fiscal Council (Supervisory Board) of Instituto Natura and has previously served as a member of Banco Pine's Audit Committee. She has significant experience in executive roles in the financial market and in legal, compliance and risk management areas. Main Contributions to the Company: Corporate Finance, Legal Intelligence and Corporate Governance. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Yes, she is deemed as an Independent Member according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by the Company's Bylaws.

12.9 - Existence of a marital relationship, common-law marriage, or kinship up to the 2nd degree related to the issuer's administrators, subsidiaries, and controlling companies

Name	CPF [Tax Id.]	Corporate name of the issuer, subsidiary, or controlling company	Tax Id. (CNPJ)	Type of kinship or relationship with the administrator of the issuer or subsidiary
Position				
Administrator of the issuer or subsidiary Marcelo Eduardo Sant'anna Cosentino Vice President of Business for Segments	306.743.308-46	TOTVS S.A.	53.113.791/0001-22	Son (1st degree of kinship by consanguinity)
Related person Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	TOTVS S.A.	53.113.791/0001-22	
There is no marital relationship, common-law marriage, or kinship up to the second degree between the other Directors and (a) the other members of the Company's Management; (b) the managers of subsidiaries, direct or indirect, of the Company; (c) the direct or indirect controlling shareholders of the Company or its direct or indirect subsidiaries; or (d) the managers of the Company's direct and indirect parent companies.				

12.10 - Relationships of subordination, service provision, or control between Management members and subsidiaries, controlling companies, and other

Identification	CPF/CNPJ (tax id.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
Fiscal year as of Dec. 31, 2021			
Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Supplier
Related person			
VIP IV Empreendimentos e Participações Ltda. Shareholder	07.951.381/0001-33		
Remark: Property Lease Agreement, with TOTVS S.A. as lessor, and such related party as lessee			

Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Client
Related person			
Inovalli Administração de Obras, Engenharia e Empreendimentos Imobiliários Ltda. Company controlled by person related to the administrator	05.127.830/0001-06		

Remark:
Company controlled by a person related to the administrator

Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Indirect subsidiary

Related person			
Instituto da Oportunidade Social Director holding shares in the company	05.127.830/0001-06		
Remark: Director holding shares in the company			
Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Provision of Services	Client
Related person			
Brazilian Association of Information and Communication Technology Companies (Brasscom) Member of the Deliberative Council	06.244.855/0001-44		
Remark: Annual Membership Contribution			

Identification	CPF/CNPJ (tax id.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
Fiscal year as of Dec. 31,2020			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Supplier
Related person			
VIP IV Empreendimentos e Participações Ltda. Shareholder	07.951.381/0001-33		

Remark:
Property Lease Agreement, with TOTVS S.A. as lessor, and such related party as lessee

Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Client
Related person			
Inovalli Administração de Obras, Engenharia e Empreendimentos Imobiliários Ltda. Company controlled by person related to the administrator	05.127.830/0001-06		

Remark:
Company controlled by a person related to the administrator

Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Indirect subsidiary

Related person			
Instituto da Oportunidade Social Director holding shares in the company	05.127.830/0001-06		

Remark:
Director holding shares in the company

Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Provision of Services	Client
Related person			
Brazilian Association of Information and Communication Technology Companies (Brasscom) Member of the Deliberative Council	06.244.855/0001-44		

Remark:
Annual Membership Contribution

Identification	CPF/CNPJ (tax id.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
Fiscal year ended Dec. 31, 2019			
Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Supplier
Related person			
VIP VII - Empreendimentos e Participações S.A. Shareholder	11.284.022/0001-47		

Remark:
Property Lease Agreement, with TOTVS S.A. as lessor, and such related party as lessee, which is no longer a related party according to the Notice to the Market disclosed by the Company on December 4, 2019.

Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Provision of Services	Supplier
Related person			
Inovalli Administração de Obras, Engenharia e Empreendimentos Imobiliários Ltda. Company controlled by person related to the administrator	05.127.830/0001-06		
Remark: Agreement to carry out the implementation of the interior design of the new headquarters of TOTVS S.A.			
Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Provision of Services	Supplier
Related person			
Brazilian Association of Information and Communication Technology Companies (Brasscom) Member of the Deliberative Council	06.244.855/0001-44		
Remark Annual membership contribution			

Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Provision of Services	Supplier
Related person			
B3 S.A. – Brasil, Bolsa, Balcão Member of the Board of Directors (position terminated on April 29, 2019)	09.346.601/0001-25		

Remark
Annual fee payment

12.11 - Agreements, including insurance policies, for payment or reimbursement of expenses paid by management members

The Company and its subsidiaries keep in full force a civil liability insurance policy for members of the Management - D&O world class, which provides for the payment or reimbursement of expenses borne by directors and officers, resulting from the compensation for damages caused to third parties or to the Company.

The current policy number 0873720210103100000581 (insurance policy registered with SUSEP under number 15414.901229/2017-25), executed with the insurance company AIG SEGUROS BRASIL SA, is effective and in force until July 1st, 2022 and has a maximum indemnity limit of R$100 million (one hundred million Reals).

In spite of being covered by the current D&O policy executed in Brazil, the officers and directors of operations in Mexico, Argentina and the United States of America are also covered by a local policy issued in each country, with a coverage amount of USD1,000,000 (one million US dollars), aiming at speed up the reimbursement of expenses arising from any claims.

On April 20, 2021, the Company shareholders approved the inclusion of Article 55 in the Bylaws, to provide for the possibility of entering into an indemnity agreement with its Managers and external members of the Advisory Committees, without prejudice to the D&O policies. The conditions and limitations were determined by the Company's Indemnity Policy, as approved by the Board of Directors at a Meeting held on December 22, 2021 (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/https://ri.totvs.com/esg/estatuto-politicas-e-regimento/).

12.12 - Other relevant information

Annual and Extraordinary General Meeting

The Company discloses below information regarding the meetings held in the last 3 (three) fiscal years and in the current fiscal year:

Event	Key subjects	Date	Call notice	Quorum
Annual and Extraordinary Meeting	(i) receive the accounts from management members, and to examine, discuss, and vote on the Company's financial statements for the fiscal year ended on December 31, 2021; (ii) resolve on the capital budgeting as set forth in article 196 of Law No. 6,404/76; (iii) resolve on the allocation of net income for the fiscal year and on the distribution of dividends; (iv) approve the number of members to compose the Board of Directors, in compliance with paragraph 3 of article 16 of the Company's Bylaws; (v) elect the members of the Board of Directors; and (vi) determine the annual global compensation of the members of the Board of Directors and the Board of Executive Officers for fiscal year 2022; (vii) restate the Company's Bylaws.	April 19, 2022	Established on 1st call	AGM 71.82% EGM 73.51%
Annual and Extraordinary Meeting	(i) take the management accounts, examine, discuss and vote on the Company's financial statements for the fiscal year ended December 31, 2020; (ii) resolve on the capital budget for the purposes of article 196 of Law 6,404/76; (iii) resolve on the allocation of net income for the year and on the distribution of dividends; (iv) set the annual global compensation of the members of the Board of Directors and Executive Board for the fiscal year 2021; (v) approve the Share-Based Incentive Plan; (vi) approve the capital increase by capitalizing the balance of the profit retention reserve, without issuing new shares; (vii) amendment to the Bylaws	April 20, 2021	Established on 1st call	AGM 72.44% EGM 72.24%
Annual and Extraordinary General Meeting	(i) take the management accounts, examine, discuss and vote on the Company's financial statements for the fiscal year ended December 31, 2019; (ii) resolve on the capital budget for the purposes of article 196 of Law 6,404/76; (iii) resolve on the allocation of net income for the year and on the distribution of dividends; (iv) approve the number of members to compose the Board of Directors, (v) elect the members of the Board of Directors; (vi) set the annual global compensation of the	April 27, 2020	Established on 1st call	AGM 67.75% and EGM 72.15%

	members of the Board of Directors and Board of Executive Officers for the fiscal year 2020; (vii) resolve on the proposed split of all shares issued by the Company, in the proportion of three common shares for each share of the same type existing on the date of the resolution, without changing the capital stock, with the consequent amendment of Article 5 of the Company's Bylaws; and (viii) restate the Company's Bylaws,			
Extraordinary General Meeting	Resolve on the proposal to change the authorization limit for capital increase regardless of statutory amendment, with the consequent amendment of article 6 and the restatement of the Company's Bylaws	May 16, 2019	Established on 1st call	EGM 52.99%
Annual and Extraordinary General Meeting	(i) take the management accounts, examine, discuss and vote on the Company's financial statements for the fiscal year ended December 31, 2018; (ii) resolve on the capital budget for the purposes of article 196 of Law 6,404/76; (iii) resolve on the allocation of net income for the year; (iv) elect a member to hold the vacant position of the Company's Board of Directors and complete the unified term that will end at the Annual General Meeting of 2020; (v) set the annual global compensation of the members of the Board of Directors and Board of Executive Officers for the fiscal year 2019; and (vi) Approve the inclusion of sections 3.5.2 and 4.2 in the current Share-based Incentive and Retention Plan approved at the shareholders' meeting held on December 15, 2015 and amended at the shareholders' meeting held on April 5, 2018	April 18, 2019	Established on 1st call	AGM 71.11% and EGM 73.06%

At the Annual and Extraordinary General Meeting of the current fiscal year, held on April 20, 2021, the Company's Management approved, among other topics, the following matters: the capital budget, the proposal for the global remuneration of the Management and the change in the limit of the authorized capital for the performance of the Company's business plan, the distribution of dividends in the amount of R$50,960 thousand (R$0.08976 per share), the new Share-Based Incentive Plan, which, among other points, addresses the main opportunities to develop the model aiming at adapting to the best market practices and international standards.

Complementing section 12.5/6 / and 12.7/8

The Company has an immersion process for new members of the Board of Directors and Advisory Committees, in which every member has access to the organizational structure, market positioning, strategy vision and review of the Company's key strategic projects. Such process lasts approximately one day and is preferably carried out before the first time the new member attends a Board and/or Committee meeting.

Moreover, the Company clarifies that all employees took part in the training on the Code of Ethics and Conduct. In addition, we inform that the board of executive officers must attend such training every year.

For more information on the assessment process of the Board of Directors, Committees, Board of Executive Officers, and members of each of these bodies, please see section 12.1 (d) of this Reference Form.

13.1 Description of the policy or practice for compensation of the board of directors, statutory and non-statutory board of executive officers, fiscal council, statutory committees and audit, risk, financial, and compensation committees, addressing the following matters

a. purposes of the compensation policy or practice, informing whether such compensation policy has been formally approved, the body responsible for approving it, the date of approval and places on the Internet where such document can be read

The Company has a Human Relations and Compensation Policy, approved on June 10, 2020 by the Board of Directors. The Policy aims to set forth the guidelines and responsibilities to be observed in TOTVS's people management process, at all stages of its People Management Cycle. This includes compensation models, aimed at providing executives with adequate incentives in relation to the Company's long-term performance that are competitive and aligned with market practices and international standards that enhance the attraction and retention of professionals, increasing the medium and long-term alignment between interests of executives and shareholders.

Such Human Relations and Compensation Policy is available on the TOTVS Investor Relations website (https://ri.totvs.com/en/esg/bylaws-policies-and-charters/) and on the CVM website.

b. compensation composition:

i. description of the compensation elements and the purpose of each one of them

Board of Executive Officers

The composition of the compensation of the Statutory and Non-Statutory Board of Executive Officers has a mix of variable short and long-term incentives based on performance, in addition to a fixed base salary, as detailed below.

Fixed Compensation: it refers to the amount received every month by the professional, and is aimed at compensating him/her for the duties and responsibilities inherent to the position held.

Variable Compensation:

- ***Short-term incentive (Semiannual bonus)***: it refers to the variable amounts received every six months by professionals with the purpose of rewarding them for their individual results and for the overall results of the Company and each business. The semiannual bonus is bound to global financial indicators for each business and to individual performance depending on the achievement of objective performance metrics that include a combination of (strategic and operational) measures with financial and non-financial content.

- ***Long-term incentive (Stock Plan)***: it refers to the amount of the restricted common shares issued by the Company delivered to eligible Participants based on individual performance and also the Company's long-term kpi's, in the case of the ILP Performance, strictly under the terms and conditions set forth in the Stock-Based Incentive and Retention Plan in force as approved by the General Meeting on December 15, 2015 (and amended on April 5, 2018 and April 18, 2019) and April 20, 2021, with the purposes of: (i) increasing the medium and long-term alignment between the interests of executives and shareholders, expanding the sense of ownership and commitment of participants by means of the investment and risk concept; (ii) strengthening incentives for the participants' long-term permanence and stability within the context of a publicly held company; (iii) serving as a fundamental tool for retaining and attracting talents in an industry that suffers from global competition and pays above the average of other industries; and (iv) encouraging an increase in the Company's long-term performance, as determined by business indicators. The number of shares to be granted annually to each participant is based on the assessment of individual performance measured based on the "9 Box" method, which considers the effective deliveries of each executive throughout the fiscal year, adherence to the critical competencies of TOTVS and the future potential of contribution to the Company. The assessments are carried out by the leader of the executive officer, with subsequent calibration by a collegiate composed of: (i) the Statutory Board of Executive Officers, in the case of assessing non-statutory executive officers; (ii) the People and Compensation Committee; and (iii) the Board of Directors, in the case of assessing statutory executive officers. The number of restricted shares to be granted to each nominated participant is recommended by the People and Compensation Committee and decided by the Board of Directors.

Benefits: it refers to the set of benefits granted to executives, such as health plan, dental plan, meal vouchers, private pension, life insurance, car, and fuel vouchers. The benefits package aims to be in line with the best market practices by adopting the most prevalent types of benefits in the market. Such set of benefits is the same for all officers, but there may be differences in the amounts of benefits granted depending on the position and the region in which the officer works.

Board of Directors

The compensation of the members of the Board of Directors consists of a fixed monthly compensation with the aim of rewarding the directors for the duties and responsibilities related to the position held and according to market practices.

Since 2019, the compensation of the Chairman of the Board of Directors is also composed of a variable portion of the Long-Term Incentive (stock plan), based on performance, under the terms and conditions set forth in the Stock-Based Incentive and Retention Plans currently in force, approved by the General Meeting on December 15, 2015 (and amended on April 5, 2018 and April 18, 2019) and April 20, 2021. The grant of Restricted Shares is subject to the fulfillment of predetermined long-term targets that reflect the assertiveness of the contribution and performance to the Company's medium- and long-term strategy with the purpose of generating value for shareholders. In addition, the Chairman of the Board of Directors is also eligible for the following benefits: life insurance, medical plan and dental plan, no longer being eligible for the car with driver benefit since May 2021. These forms of compensation are intended to recognize the differentiated role that the Chairman of the Board plays in TOTVS and in the market, since he/she was elected for this position on November 26, 2018 and is considered similar to the role of a Chairman with extended functions, which includes, among others, goals with three-year cycles connected to the Company's strategy, long-term performance, and institutional actions, besides mentoring by the CEO.

Fiscal Council

The Fiscal Council was established by the Annual General Meeting held on April 20, 2021. The compensation of the members consists of a fixed monthly compensation with the objective of rewarding the directors for the duties and responsibilities pertinent to the position held and in accordance with the current legislation and the market practices. According to Law No. 9457/1997, the compensation of the Audit Committee may not be lower than ten percent for each member in office, on average, of what is attributed to each officer, not counting the benefits, representation funds and profit sharing.

Statutory Audit Committee, People and Compensation Committee, Governance and Nomination Committee, and Strategy Committee

The Company committees are advisory bodies composed of members of the Board of Directors, external members and the Company's Board of Executive Officers. According to the main market practices, the members of the Board of Directors who are part of the committees receive a fixed monthly compensation in addition to the compensation they are entitled to as directors of the Company, with the purpose of rewarding them for the dedication of their work in the committees. External members also receive fixed monthly compensation for their participation in committees. The members of the Company's Board of Executive Officers, on the other hand, do not receive additional compensation for their participation in committees, when it takes place.

ii. regarding the last 3 fiscal years, the proportion of each element in the total compensation

The tables below show the proportion of each element in the total compensation of each body in relation to the last three fiscal years:

BOARD OF EXECUTIVE OFFICERS

Compensation Element	2021	2020	2019
Fixed	26%	27%	29%
Variable	70%	68%	60%
Benefits	4%	5%	11%

BOARD OF DIRECTORS

Compensation Element	2021	2020	2019
Fixed	50%	64%	82%
Variable*	45%	31%	14%
Benefits*	5%	5%	4%

* Applicable to the Chairman of the Board of Directors only

FISCAL COUNCIL

Compensation Element	2021	2020*	2019*
Fixed	100%	-	-
Variable	-	-	-
Benefits	-	-	-

* The Company did not have a Fiscal Council established until April/2021

The increase in the ratio of variable compensation compared with fixed compensation over the years aligns appropriately with the compensation strategy, with the purpose of boosting the Company's future performance.

STATUTORY AUDIT COMMITTEE, PEOPLE AND COMPENSATION COMMITTEE, GOVERNANCE AND NOMINATION COMMITTEE, AND STRATEGY COMMITTEE

As shown in item (i) above, the committee members' compensation is 100% composed of fixed compensation.

iii. method of calculation and adjustment of each compensation element

The calculation and adjustments methods used for each elements of management compensation are shown below:

Statutory and Non-Statutory Board of Executive Officers

- ***Fixed Compensation:*** the fixed compensation is paid thirteen (13) times a year to the Statutory Board of Executive Officers. It may be adjusted annually at the sole discretion of the Board of Directors, as suggested by the People and Compensation Committee, which evaluates the Officer's performance in his activities and achievement of the established goals. The fixed compensation can also be adjusted according to official inflation indexes and comparative market reviews carried out by expert consultants, considering the best market practices. The Non-Statutory Board of Executive Officers has its fixed compensation adjusted annually in accordance with the collective bargaining agreements negotiated between the unions of the category.

- ***Short-term incentive:*** the semiannual bonus pool to be distributed to statutory and non-statutory executive officers depends on the achievement of the Company's EBITDA and recurring + transactional revenue goals, as well as the contribution margin and recurring + transactional revenue of the business or expenses of each Executive Board, as defined for the period by the Board of Directors. If any of such indicators does not reach a minimum of 90% of the goal set for the period, there will be no bonus payment for the corresponding period. If the goals are reached between 90% and 99%, the pool will have a proportional reduction between 50% and 95%. If the target is reached or exceeded, the semiannual bonus pool may be distributed in full.

  Once the bonus pool applicable to each semester is determined, the individual bonus is weighted according to the achievement of the individual goals of each statutory and non-statutory officer, which reflect the definitions of financial, productivity objectives and the Company's strategic priorities, measured through financial indicators (such as recurring revenue growth, operating costs and expenses), efficiency and projects (linked to the Company's growth in the Management, Techfin and Business Performance dimensions), customer satisfaction (NPS) and indicators related to people (such as talent retention, engagement index). The table below exemplifies the calculation method:

Distribution pool: determined in the budget, equals to a % of EBITDA

Trigger to trigger the program's payment at TOTVS:
EBITDA (80%) and Recurring Revenue (20%) TOTVS
minimum of 90%, i.e.: <90% = 0%; => 90% and < 100% = between 50% and 99%; => 100% = 100%

Trigger to trigger the program's payment in each area:
Contribution Margin (CM) and Recurring Revenue of the business or corporate area expenses
minimum of 90%, i.e.: <90% = 0%; => 90% and < 100% = between 50% and 99%; => 100% = 100%

Determination of the Target Agreement for Managers / Exec. Officers, replicated to the teams: • Financial • Strategic Project • People • Area	**Ruler for determining the quantitative targets:** Between 90% and 110% of target achievement, which is equivalent to 50% and 150% of the bonus	**Ruler for calculating project targets:** a) Program, Project, Subproject: 0%, 25%, 50%, 75%, or 100% b) Delivery: 0%, 100% c) KPIs: According to financial ruler
Periodicity of payment	**1st Semester:** Payment in September	**2nd Semester:** Payment in March

If the second semester compensates for any non-achievement (<90%) or partial achievement (between 90% and 99%) in the first semester, and the total target for the year is reached, an additional 50% of the pool for the first semester is guaranteed at the time of calculating the payment for the second semester.

The goals of each Statutory and Non-Statutory Executive Officer are defined individually according to their area of expertise. The goals of the Statutory Executive Officers can be changed during the fiscal year only for extraordinary reasons and any adjustments must be evaluated by the People and Compensation Committee and approved by the Board of Directors, as applicable.

The earning potential of the short-term incentive per semester is pegged to a multiple of the monthly base salary defined by career level, at the sole discretion of the Board of Directors, as suggested by the People and Compensation Committee, which assesses the competitive position of this compensation item against the market, according to the best market practices.

- ***Long-term incentive (stock plan):*** assisted by the People and Compensation Committee, the Board of Directors approves the members of the Statutory and Non-Statutory Board of Executive Officers who may participate in the Plan and receive restricted shares issued by the Company, based on performance, subject to the terms and conditions of the Plan. The number of shares granted under the ILP Performance and ILP Master Programs will be stipulated based on the value of the compensation freely attributable to each of the Participants, being fixed by the Board of Directors, based on the individual performance evaluation, considering the best market practices, measured based on the "9 Box" methodology, which considers the effective deliveries of each executive throughout the fiscal year, adherence to TOTVS's essential competencies and the future potential for contribution to the Company. According to the 9 box method, each Statutory and Non-Statutory Executive Officer is placed in a matrix with 9 squares, where (i) the X axis (50% weight) represents result indicators bound to the individual quantitative goals set for the year (indicators such as EBITDA, Revenue, Cost, among others) that measures the effective performance of Officers; and (ii) Y axis (50% weight) measures adherence to strategic business competencies (such as

Operational Excellence, Innovation for Results, and Focus on Customer Success, among others) and the potential that the officer has to take greater challenges in accordance with the determined succession plan. For the ILP Performance Program, as a result of the evaluation, the executive may receive a range between zero percent (0%) and one hundred and thirty percent (130%) in relation to the reference values adopted in the light of the anchoring and alignment of the executive compensation package in relation to the comparative reference market at the time of granting. The result is submitted to the People and Compensation Committee to be reviewed, and to the Board of Directors' final resolution. The number of Restricted Shares to be transferred to the Participants after the grace period of three (3) years will vary between seventy percent (70%) and one hundred and thirty percent (130%) due to the achievement of long-term performance goals set and provided for in the respective contracts, focusing on the appropriate balance between the impact of management and the return to shareholders. In the case of the ILP Master Program, in order to receive the Restricted Shares, the respective Participant must (i) at the end of the three-year period following the date of grant, (ii) on the last day of May, August and November following the end of the said three-year period until the date of the effective delivery of the restricted shares by the Company, and (iii) on the date of the effective delivery of the Restricted Shares by the Company, prove to be the holder of Company shares whose market value corresponds to twelve (12) gross monthly fixed salaries. In case the dates to prove the ownership of the shares referred to in the sentence above coincide with periods forbidding the negotiation of Company shares, the verification will be done on the second business day immediately after the date on which the period of the corresponding prohibition to the Restricted Shares ends. In case the Participant does not meet any of these conditions, he/she will not be entitled to receive the Restricted Shares at the end of the grace period. The Board of Directors, in the best interest of the Company and its shareholders, may terminate or suspend the Plan, or even review its conditions, provided that it does not change the corresponding basic principles, especially the maximum limits for the transfer of restricted shares as approved by the general meeting. The general meeting may also approve a new incentive plan based on Company shares, also to allow the acquisition of shares that exceed the maximum limits approved in the current plan.

- ***Benefits:*** the benefit package is reviewed every year in view of the market practices found with the help of consultants specialized in the matter.

Board of Directors

The fixed compensation, which is paid twelve (12) times per year, is reviewed annually in view of the market practices identified by expert consultants, and is also submitted annually to the approval of Company shareholders.

The stock-based variable compensation, applicable to the Chairman of the Board of Directors, is administered by the Company's Board of Directors, with the support of the People and Compensation Committee, both bodies consisting of one hundred percent (100%) of independent members, having no link with the organization or performance in any operation or business that has a conflict of interest with TOTVS. These bodies have broad powers to determine the number of restricted shares to be granted to the Chairman of the Board of Directors, subject to the plan's quantitative limit, submitting the proposal to the General Shareholders' Meeting. The Board of Directors also discusses and reviews every year the institutional and business goals pegged to each concession, making them, at the same time, challenging and achievable. The Chairman of the Board of Directors does not participate in discussions within the scope of the People and Compensation Committee or in discussions and resolutions in the Board of Directors that deal with his own compensation.

The benefits applicable to the Chairman of the Board of Directors are calculated and adjusted in the same manner as those applicable to the Board of Executive Officers.

Fiscal Council

The fixed compensation, paid twelve (12) times a year, is reviewed annually in view of the market practices identified by specialized consultants, and is also submitted annually to the approval of Company shareholders upon its establishment.

Statutory Audit Committee, People and Compensation Committee, Governance and Nomination Committee, and Strategy Committee

The appropriateness of compensation for participation in committees of directors and external members is reviewed annually in view of market practices, identified by specialized consultants, whose amounts are annually submitted to shareholders' approval.

iv. reasons that justify the composition of the compensation

Statutory and Non-Statutory Board of Executive Officers

The determined compensation components aim to ensure parity with market practices and international standards, representing the strategy of attracting and keeping qualified professionals, as well as the sustainability of the Company's business, combining fixed monthly compensation with semiannual variable compensation (short term) and with the stock plan (long term), providing executives with suitable incentives in relation to the Company's long-term performance. The variable compensation strategy bound to the Company's results aims at ensuring greater engagement, sense of ownership by the executive officers, incentive to the future performance of the Company and greater alignment of interests with shareholders. At the same time, it also aims at guaranteeing retention, especially in a technology sector that suffers global competition for talents and that has been experiencing significant cost inflation and a shortage of human resources. We understand that a critical factor for the Company's success is the ability to attract and retain its main executives and talents, and their compensation is an essential part of that.

Board of Directors

The Board of Directors' fixed compensation aims at ensuring parity with market practices, representing the strategy of attracting and retaining qualified professionals, as well as the sustainability of the Company's businesses, providing directors with suitable forms of compensation in relation to the Company's long-term performance.

It is worth mentioning that the current Chairman of the Board of Directors is the founder of the Company, having been holding the position of CEO for more than 30 years. The level of knowledge, experience and representativeness that he has on the Company and before other stakeholders (customers, partners, public and private entities, etc.) is of great value to TOTVS, especially in these first years of holding the position of Chairman of the Board of Directors. In this way, we understand that his position differs from the traditional position of a Chairman of the Board of Directors, as he has a distinct set of skills, experiences and knowledge that make his contributions to the Board and to TOTVS relevant to the organization's success. It is natural that over the next few years there will be an expected and desired adjustment of the role currently played, even reflecting his success in mentoring the CEO, and the Board of Directors, represented by all of its independent members, will annually assess the duties and, as a result, the proposal for the compensation of the Chairman of the Board of Directors, reflecting this scenario and through an analysis of the best market practices.

Among the key skills of the current Chairman of the Board of Directors are:
i. Amplitude and depth of knowledge about the technology industry and the software market that allows him to play a role of reference towards the various stakeholders;
ii. Solid interpersonal skills in institutional representation, articulation and influence in strategic negotiations;
iii. Ability to navigate in great depth on highly complex topics related to the business and the industry, establishing a visionary leadership in building TOTVS's strategic direction;
iv. Effectiveness in conducting Board discussions, encouraging engagement and seeking decisions; and
v. Development and empowerment of the CEO.

The following current activities inherent to the position of Chairman of TOTVS Board of Directors stand out:
i. maintain relationships with shareholders for matters of governance and strategic guidelines;
ii. represent the Company, whenever necessary, with the Government, domestic or international political entities, market entities, regulatory bodies, multilateral and/or international bodies, and international associations of which the Company is a member; and

iii. act as a spokesperson for the Board of Directors, being able to make statements on institutional matters of the Company and matters related to the domestic and international stock markets.
We also understand that the practice of long-term incentives bound to performance metrics is in line with the best international practices and the role of the Chairman of the Board of ensuring company's sustainability, without interfering with his supervisory functions of the Board of Directors and without presenting conflicts of interest. According to Korn Ferry's "Study of Boards of Directors 2021", about 80% of US companies practice ILPs in the form of restricted shares for Board members, a practice that has been increasing year after year in the Brazilian market. TOTVS–a global technology company–is one of the precursors of this movement in Brazil.

Accordingly, in order to ensure his retention and dedication, in view of the duties of the Chairman of TOTVS Board of Directors, as provided for in the Company's Board of Directors Bylaws, the stock-based variable compensation strategy aims at ensuring greater alignment of interests with shareholders, and the granting of benefits aims at ensuring parity with market practices applicable to positions with similar responsibilities.

Fiscal Council
The Fiscal Council's fixed compensation aims at ensuring parity with market practices and international standards, representing the strategy of attracting and retaining qualified professionals, as well as the sustainability of the Company's businesses, providing directors with suitable forms of compensation in relation to the Company's long-term performance.

Statutory Audit Committee, People and Compensation Committee, Governance and Nomination Committee, and Strategy Committee
The compensation of directors and external members for the participation in committees aims at ensuring parity with market practices, representing the strategy of attracting and retaining qualified professionals, as well as the sustainability of the Company's businesses.

v. the existence of members unpaid by the issuer and the reason for that
All members of the Statutory and Non-Statutory Executive Board, Board of Directors, Fiscal Council and Advisory Committees of the Board are paid, except for the Officers with respect to their occasional participation in Advisory Committees of the Board.

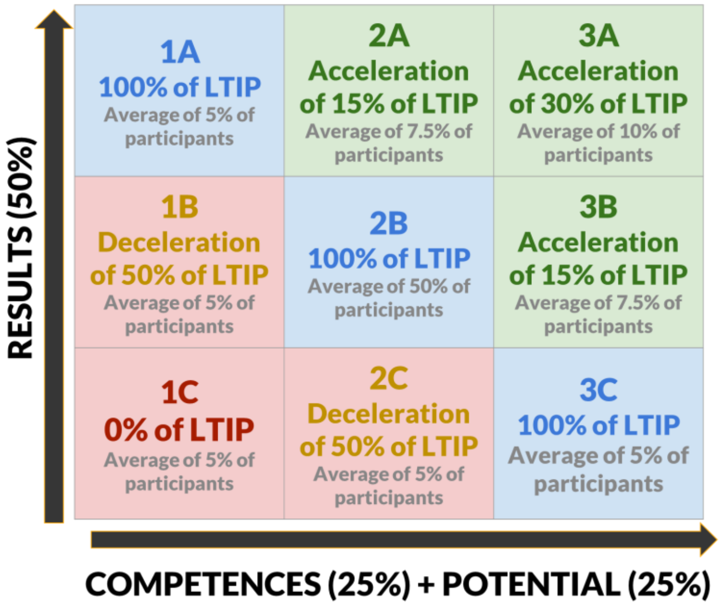
c. key performance indicators taken into consideration in determining each compensation element
The performance measures chosen by the Company to determine each of the short- and long-term variable compensation elements of the Board of Directors and Statutory Board of Executive Officers relate to the specific business and industry in which the company operates and, especially, applicable to the main value drivers.

Statutory and Non-Statutory Board of Executive Officers
The key performance indicators used in determining the Short-Term Incentive are:

Program triggers: EBITDA and the Company's recurring + transactional revenue, as well as contribution margin and recurring revenue from each business or expenses of each Executive Board, as defined for the period by the Board of Directors.

Individual goal agreements:
- Financial indicators such as recurring revenue, operating costs and expenses;
- Indicators on productivity, efficiency and strategic projects pegged to the Company's growth in the Management, Techfin, and Business Performance markets;
- Customer satisfaction indicators (e.g., NPS); and
- Indicators related to people, such as talent retention and engagement index.

The performance indicators used by the Board of Directors to determine the number of shares to be granted under the ILP Performance Program of the Stock Plan (Long-Term Incentive) are based on the "9Box" methodology, as described in item 13.1(b) (i) and (iii) and summarized in the table below:



The Company's internal and external long-term performance indicators that will determine the number of shares to be transferred to the Participants after the 3 (years) grace period will be measured from the combination of the following indicators:

- **Total Shareholder Return ("TSR")** - evaluated in relation to the TSR of the companies constituting the IBrX-50 index. As a reference, this indicator shows the average price performance of the 50 most tradable and representative assets of the Brazilian stock market. TOTVS has been part of this index since 2021.
- **Evolution of Earnings per Share ("EPS")** - a metric that measures the ratio between the Company's net profit from continuing operations and the number of shares that make up the Company's capital stock.
- **Customer satisfaction** - measured through the NPS (Net Promoter Score) indicator, which aims to measure the degree of loyalty of customers of companies in any segment, reflecting customer satisfaction and experience. Most companies due to its simplicity, reliability and flexibility broadly use this indicator.

The performance indicators for 2022 are strictly related to the company's business and the specific segment in which it operates, and are particularly applicable to the key value drivers of TOTVS. These three metrics together allow more complete monitoring of the Company performance.

The Board of Directors, as suggested by the People and Compensation Committee, considers the same performance indicators used in the Short-Term Incentive and Long-Term Incentive to assess any adjustments to the fixed compensation of each statutory officer.

There are no performance criteria bound to the granting of benefits, whose package is the same for all officers. There may be differences in the values of benefits granted depending on the position and region where the officer operates.

Board of Directors, Fiscal Council and Statutory Audit Committee, People and Compensation Committee, Governance and Nomination Committee, and Strategy Committee

The fixed compensation of members of the Board of Directors, Fiscal Council and Advisory Committees of the Board is not based on performance indicators.

In accordance with best market practices, the stock-based compensation of the Chairman of the Board of Directors takes into account long-term performance indicators that have:

(i) quantitative content – goals linked to the business, evaluating the assertiveness in the contribution and performance of the Company's medium and long-term strategy in order to generate value for Company shareholders, including absolute and relative indicators, such as the long-term performance of TOTVS's share against the Ibovespa and IBrX-50 indexes; and
(ii) qualitative content - goals linked to the institutional role performed by the Chairman of the Board of Directors, acting with the entities of the technology industry, either by himself or in the leadership of the Company's Institutional and Governmental Relations area, with the objective of strengthening the role of TOTVS as one of the reference companies in the construction of an ecosystem of growth and technological innovation in the country; and the evaluation by the independent members of the Board of Directors, about the quality of performance towards the proper functioning of the Board.

d. how the compensation is structured to reflect the evolution of performance indicators
The compensation structure to reflect the development of performance indicators is detailed in item b. (iii).

e. how the compensation policy or practice is aligned with the Company's interests in the short, medium and long term
The definition of the remuneration policy components aims at attracting, retaining, engaging and having a sense of ownership of the professionals in relation to the Company, balancing elements that have short-, medium- and long-term metrics as a parameter. The implementation of the Stock-Based Incentive and Retention Plan has been increasing the relevance of the variable elements in the total compensation composition, as presented in item b. (ii), which also contributes significantly to a higher level of alignment of long-term interests.

f. existence of compensation supported by subsidiaries, controlled companies or direct or indirect controllers
There is no compensation of statutory officers supported by subsidiaries, controlled companies or direct or indirect controllers in the Company.

g. existence of any compensation or benefit bound to the occurrence of a certain corporate event, such as the sale of issuer's corporate control
The agreement with Statutory Executive Officers provides for the payment of indemnifications to them exclusively if the removal of an officer takes place after certain relevant corporate changes, such as changes in the Company's control; acquisitions and/or subscriptions of shares by third parties representing 20% of the Company's capital stock; corporate restructuring; or the resolution to dissolve the Company.

h. practices and procedures adopted by the board of directors to determine the individual compensation of the board of directors and the board of executive officers:

i. the issuer's departments and committees that take part in the decision-making process, detailing how they take part in it
The People and Compensation Committee is the department that supports the Board of Directors in the decision-making process bound to the preparation of the individual compensation proposal for the Board of Directors' and the Statutory Board of Executive Officers' members, by performing reviews of the best market practices and international standards. Both bodies consist of one hundred percent (100%) of independent members, without any connection with the organization or acting in any operation or business that has a conflict of interest with TOTVS. The Chairman of the Board of Directors does not participate in discussions within the scope of the People and Compensation Committee, nor in discussions and resolutions in the Board of Directors that deal with his own compensation.

ii. criteria and methods used for setting individual compensation, pointing out whether studies are used to check market practices, and, if so, the comparison criteria and the scope of those studies
The criteria and methodology employed to fix the individual compensation consider studies related to the best market practices, based on the results of annual surveys carried out by specialized consultants in the market, based on the group of companies that represent the adequate balance of the characteristics presented, such as (i) relevant representativeness in their segments of operation, including the technology market; (ii) mostly

domestic and publicly traded in the new market; (iii) size similar or larger than that of TOTVS, with regard to billing, headcount and market value.

iii. how often and how the board of directors assesses the appropriateness of the issuer's compensation policy

Every year the People and Compensation Committee assesses the retention of Company's talents, which comprehends the review of the need for adapting the compensation practices adopted, including benefits, to the standards practiced in the market and, particularly, in the technology market. If said Committee deems it necessary and/or appropriate, adjustments are recommended to the Board of Directors. In addition, executive officers' goals, the achievement of which is decisive to determine the amount to be paid by the Company as variable compensation and the amount of restricted shares to be granted under the Stock-based Compensation Plan, are reviewed on an annually basis and confirmed by the Company's Board of Directors.

13.2 Compensation recognized in the result of the last 3 fiscal years and that foreseen for the current fiscal year of the board of directors, the statutory board of executive officers and the fiscal council

The tables below show information on the variable compensation of the Company's Board of Directors and Statutory Board of Executive Officers: (i) recognized in the income for the fiscal years ended on December 31, 2021, December 31, 2020 and December 31, 2019, considering the number of members of each body to which compensation was effectively allocated; and (ii) estimated for the current fiscal year.

Proposal for total Compensation for the current Fiscal Year (December 12, 2022) - Annual Amounts				
	Board of Directors	**Statutory Board of Executive Officers**	**Fiscal Council***	**Total**
Total number of members	7.00	7.50	1.00	15.50
Number of paid members	7.00	7.50	1.00	15.50
Note	The number of members of each body was calculated as an annual average of each body, calculated monthly, according to the methodology presented in the Circular Letter/Annual-2022-CVM/SEP			
Fixed annual compensation				
Salary or management fees	3,659,410.96	9,364,611.11	125,349.74	13,149,371.81
Direct and indirect benefits	132,119.25	1,560,992.41	-	1,693,111.66
Participation in committees	1,417,026.32	-	-	1,417,026.32
Other	-	-	-	-
Description of other fixed compensation				
Variable compensation				
Bonus	-	6,749,407.85	-	6,749,407.85
Profit sharing	-	-	-	-
Attendance at meetings	-	-	-	-
Commissions	-	-	-	-
Other	-	-	-	-
Description of other variable compensation				
Post-employment	-	430,922.65	-	430,922.65
Termination of position	-	-	-	-
Stock-based (including options)	5,801,109.29	25,049,292.01	-	30,850,401.30
Total compensation	**11,009,665.82**	**43,155,226.04**	**125,349.74**	**54,290,241.59**

* The proposal provides for the possibility of adding a member to the Statutory Board during 2022.
** Considering the end of the term in office of the Fiscal Council on April 19, 2022

Proposal for total Compensation for the Fiscal Year ended on December 31, 2021(December 12, 2021) - Annual Amounts				
	Board of Directors	**Statutory Board of Executive Officers**	**Fiscal Council***	**Total**
Total number of members	7.00	7.00	2.00	16.00
Number of paid members	7.00	7.00	2.00	16.00
Note	The number of members of each body was calculated as an annual average of each body, calculated monthly, according to the methodology presented in the Circular Letter/Annual-2022-CVM/SEP			
Fixed annual compensation				
Salary or management fees	3,381,243.84	7,840,102.31	231,277.16	11,452,623.31
Direct and indirect benefits	563,521.59	1,365,540.06	-	1,929,061.65
Participation in committees	1,247,073.98	-	-	1,247,073.98
Other	-	-	-	-
Description of other fixed compensation				
Variable compensation				
Bonus	-	5,043,677.34	-	5,043,677.34
Profit sharing	-	-	-	-
Attendance at meetings	-	-	-	-
Commissions	-	-	-	-
Other	-	-	-	-
Description of other variable compensation				
Post-employment	-	124,022.27	-	124,022.27
Termination of position	-	-	-	-
Stock-based (including options)	4,679,013.54	19,312,195.63	-	23,991,209.17
Total compensation	**9,870,852.95**	**33,685,537.61**	**231,277.16**	**43,787,667.72**

* Considering the end of the term in office of the Fiscal Council on April 19, 2022,

Total compensation for the Fiscal Year ended on December 31, 2020 – Annual Amounts				
	Board of Directors	**Statutory Board of Executive Officers**	**Fiscal Council***	**Total**
Total number of members	7.67	7.00	-	14.67
Number of paid members	7.67	7.00	-	14.67
Note	The number of members of each body was calculated as an annual average of each body, calculated monthly, according to the methodology presented in the Circular Letter/CVM/SEP/Nº2/2020.			
Fixed annual compensation				
Salary or management fees	3,452,224.00	7,472,519.96	-	10,924,743.96
Direct and indirect benefits	369,311.15	1,238,120.80	-	1,607,431.95
Participation in committees	1,010,995.20	-	-	1,010,995.20
Other	-	-	-	-
Description of other fixed compensation				
Variable compensation				
Bonus	-	3,579,074.14	-	3,579,074.14
Profit sharing	-	-	-	-
Attendance at meetings	-	-	-	-
Commissions	-	-	-	-
Other	-	-	-	-
Description of other variable compensation				
Post-employment	-	161,884.25	-	161,884.25
Termination of position	-	92,195.26	-	92,195.26
Stock-based (including options)	2,139,000.00	15,025,297.32	-	17,164,297.32
Total compensation	**6,971,530.35**	**27,569,091.73**	**-**	**34,540,622.08**

*The Company does not have an established Fiscal Council.

Total compensation for the Fiscal Year ended on December 31, 2019 – Annual Amounts				
	Board of Directors	**Statutory Board of Executive Officers**	**Fiscal Council***	**Total**
Total number of members	8.75	6.50	-	15.25
Number of paid members	8.75	6.50	-	15.25
Note	The number of members of each body was calculated as an annual average of each body, calculated monthly, according to the methodology presented in the Circular Letter/CVM/SEP/Nº2/2020.			
Fixed annual compensation				
Salary or management fees	3,667,777.50	6,397,958.01	-	10,065,735.51
Direct and indirect benefits	245,701.78	1,236,823.14	-	1,482,524.92
Participation in committees	956,214.90	-	-	956,214.90
Other	-	-	-	-
Description of other fixed compensation				
Variable compensation				
Bonus	-	5,334,000.00	-	5,334,000.00
Profit sharing	-	-	-	-
Attendance at meetings	-	-	-	-
Commissions	-	-	-	-
Other	-	-	-	-
Description of other variable compensation				
Post-employment	-	129,526.82	-	129,526.82
Termination of position	-	1,014,147.86	-	1,014,147.86
Stock-based (including options)	769,600.00	7,803,629.42	-	8,573,229.42
Total compensation	**5,639,294.18**	**21,916,085.25**	**-**	**27,555,379.43**

*The Company does not have an established Fiscal Council

For comparative purposes, we present in item 13.16 the details of the global annual compensations for the fiscal year 2021 and the Compensation Proposal for fiscal year 2022.

13.3 Variable compensation for the last 3 fiscal years and that foreseen for the current fiscal year of the board of directors, the board of executive officers and the fiscal council

The tables below present information on the variable compensation of the Company's Board of Directors, Fiscal Council and Statutory Board of Executive Officers: (i) recognized in the income for the fiscal years ended on December 31, 2021, December 31, 2020 and December 31, 2019, considering the number of members of each body to which variable compensation was effectively attributed; and (ii) expected for the current fiscal year.

Variable compensation expected for the current fiscal year (2022)				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council*	Total
Number of members	7.00	7.50	1.00	15.50
Number of paid members	7.00	7.50	1.00	15.50
Bonus				
Minimum amount set forth in the compensation plan	-	1,687,351.96	-	1,687,351.96
Maximum amount set forth in the compensation plan	-	6,749,407.85	-	6,749,407.85
Amount provided for in the compensation plan, if goals are achieved	-	6,749,407.85	-	6,749,407.85
Profit sharing				
Minimum amount set forth in the compensation plan	-	-	-	-
Maximum amount set forth in the compensation plan	-	-	-	-
Amount provided for in the compensation plan, if goals are achieved	-	-	-	-

Note: The number of members of each body was calculated as an annual average of each body, according to the methodology presented in the Circular Letter/Annual-2022-CVM/SEP

Variable compensation – fiscal year ended on December 31, 2021				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council*	Total
Number of members	7.00	7.00	2.00	16.00
Number of paid members	7.00	7.00	2.00	16.00
Bonus				
Minimum amount set forth in the compensation plan	-	1,353,918.80	-	1,353,918.80
Maximum amount set forth in the compensation plan	-	5,415,675.20	-	5,415,675.20
Amount provided for in the compensation plan, if goals are achieved	-	5,415,675.20	-	5,415,675.20
Amount effectively recognized in the financial result for the fiscal year	-	5,043,677.34	-	5,043,677.34
Profit sharing				
Minimum amount set forth in the compensation plan	-	-	-	-
Maximum amount set forth in the compensation plan	-	-	-	-
Amount provided for in the compensation plan, if goals are achieved	-	-	-	-

* The Fiscal Council was established after the Meeting of April 20, 2021.

Note: The number of members of each body was calculated as an annual average of each body, calculated monthly, according to the methodology presented in the Circular Letter/Annual-2021-CVM/SEP

Variable compensation – fiscal year ended on December 31, 2020				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council*	Total
Number of members	7.67	7.00	-	14.67
Number of paid members	7.67	7.00	-	14.67
Bonus				
Minimum amount set forth in the compensation plan	-	1,197,233.86	-	1,197,233.86
Maximum amount set forth in the compensation plan	-	4,788,935.43	-	4,788,935.43
Amount provided for in the compensation plan, if goals are achieved	-	4,788,935.43	-	4,788,935.43
Amount effectively recognized in the financial result for the fiscal year	-	3,579,074.14	-	3,579,074.14
Profit sharing				
Minimum amount set forth in the compensation plan	-	-	-	-
Maximum amount set forth in the compensation plan	-	-	-	-
Amount provided for in the compensation plan, if goals are achieved	-	-	-	-
Amount effectively recognized in the financial result for the fiscal year	-	1,137,218.00	-	1,137,218.00

*The Company does not have an established Fiscal Council.

Note: The number of members of each body was calculated as an annual average of each body, calculated monthly, according to the methodology presented in the Circular Letter/CVM/SEP/No. 2/2020.

Variable compensation – fiscal year ended on December 31, 2019				
	Board of Directors	**Statutory Board of Executive Officers**	**Fiscal Council***	**Total**
Number of members	8.75	6.50	-	15.25
Number of paid members	8.75	6.50	-	15.25
Bonus				
Minimum amount set forth in the compensation plan	-	667,463.74	-	667,463.74
Maximum amount set forth in the compensation plan	-	8,009,565.88	-	8,009,565.88
Amount provided for in the compensation plan, if goals are achieved	-	5,339,709.92	-	5,339,709.92
Amount effectively recognized in the financial result for the fiscal year	-	5,334,000.00	-	5,334,000.00
Profit sharing				
Minimum amount set forth in the compensation plan	-	-	-	-
Maximum amount set forth in the compensation plan	-	-	-	-
Amount provided for in the compensation plan, if goals are achieved	-	-	-	-
Amount effectively recognized in the financial result for the fiscal year	-	-	-	-

*The Company does not have an established Fiscal Council.

Note: The number of members of each body was calculated as an annual average of each body, calculated monthly, according to the methodology presented in the Circular Letter/CVM/SEP/No. 2/2020.

13.4 Stock-based compensation plan of the board of directors and the statutory board of executive officers, effective in the last fiscal year and set forth for the current fiscal year
The Company currently has a stock-based compensation plan in force, which we will hereinafter refer to as "Plan 2", approved at the Meeting on December 15, 2015 and amended at the Meeting on April 5, 2018 and April 18, 2019. The previous plan, which we will hereinafter refer to as "Plan 1", approved at the Meeting held on November 29, 2012, has no new grants and its last fiscal years were completed in 2020.

The Company's Management approved a new Stock-Based Incentive Plan ("Plan 3") at the Extraordinary General Meeting of April 4, 2021, according to information provided in the Management's Proposal. The Management's intention is to make the grants under Plan 3 as of 2022, since Plan 2 has been extinct since December 31, 2021, without prejudice to the Company's compliance with the remaining obligations regarding the grants already made. The proposal of grants for 2022 is based solely on the scope of this plan.

As approved at the Extraordinary General Meeting ("EGM") held on April 27, 2020, for comparative purposes, the amounts mentioned in plans "1" and "2", in the following items, consider the split of all shares issued by the Company, in the proportion of one common share for three shares of the same type, without changing the capital stock.

DESCRIPTION OF PLAN 1

a. general terms and conditions of the plan
The TOTVS Stock Option Plan ("Plan 1") is managed by the Board of Directors, which is exclusively responsible for:

(i) determining the Beneficiaries of each type of option and eligibility for the Partners Program;
(ii) determining the total number of options of each type subject of such granting, as well as the number of options of each type which each Beneficiary will be individually entitled to;
(iii) determining performance-related goals to set forth criteria for choosing Beneficiaries, as well as determining the number of options to be granted to each Beneficiary;
(iv) determining the form and payment term for the strike price of such options;
(v) changing the terms and conditions of the options granted in the event of any change in the applicable laws;
(vi) proposing changes to the Plan to be submitted for approval by the Company's General Meeting;
(vii) giving the Company's Board of Executive Officers consent to execute the Option Agreements with the Beneficiaries of the Plan, as well as the Share Subscription Agreements and any amendments, whenever necessary; and
(viii) deciding on the omitted cases, observing the general guidelines of the Plan and the applicable legal provisions.

The Plan is valid for 60 months immediately after its approval by the Company's General Meeting, remaining in force until the expiration of the Exercise Period or Effective Period of the outstanding Options.

<u>The main characteristics of Plan 1 are listed below:</u>

- *Participants:* Directors, Officers, and employees of the Company, who are members of the Company's Executive Committee, hold positions as Directors or Executive Officers, or are employees of the Company and its subsidiaries who, at the discretion of the Board of Directors, have stood out for contributing significantly to the performance of the Company, or whose hiring or retention is of vital importance for the good performance of the Company plans and strategies;
- *Grant of Regular Options bound to the acquisition of shares:* to the beneficiary acquiring TOTVS' shares with funds corresponding to amounts received as profit-sharing distribution (PLR) in a given fiscal year and that undertakes to maintain them for the Lock-up period to receive options, options called Regular Options will be granted;
- *Vesting term ("Grace Period")*: the options will be mature 3 years from the date of granting the options;

- *Exercise period:* the options can be exercised by the participants within a maximum period of 2 years after the vesting period is exceeded, that is, up to 5 years from the grant;
- Lock-up period on Shares to receive Regular Options: the shares acquired under Plan 2 cannot be sold/transferred for 2 years in order to be entitled to receive Regular Options. In turn, those shares acquired as a result of exercising Regular Options are not subject to such rule forbidding them to be sold/transferred;
- Grant of Restricted Options bound to the acquisition of shares: to the beneficiary acquiring TOTVS' shares by investing an amount corresponding to 100% of the amount received in a certain fiscal year as profit-sharing distribution (PLR), and that undertakes to keep them for the Lock-up period to receive Restricted Options, options called Restricted Options will be granted. Restricted Options are intended for approximately 20% of beneficiaries of Regular Options, which are part of the so-called "Partners Program";
- Exercise of Restricted Options: Restricted Options may be exercised upon proof of the exercise of Regular Options; and
- Lock-up period on Shares resulting from the exercise of Restricted Options: shares acquired through the exercise of Restricted Options cannot be sold/transferred for 1 year from such exercise.

b. main purposes of the plan
The Option-based Incentive Plan ("Plan 1") aimed at setting forth rules so that certain employees and managers of the Company or other companies under its control ("Beneficiaries") can acquire shares issued by them by granting a Stock Option, aiming, thus, at aligning in the medium and long term the interests of the Beneficiaries with those of the shareholders, expanding the sense of ownership and the commitment of the officers through the concept of investment and risk, binding the grant of long-term incentives with the short-term result of the Company and the officer, and introducing the "Partners Program" concept, which reinforces the retention power of a selected strategic group.

c. how the plan contributes to achieve such purposes
The Plan contributes to such purpose to the extent that it creates a bond between the compensation of eligible beneficiaries and the Company's performance, as the greater the benefit, the better the performance of the Company and its reflection on the appreciation of its share price.

Eligible people tend to become more motivated by the possibility of increasing their compensation in the long run and to work in line with market and shareholders' expectations, trying to make decisions not only for their own benefit, but for the benefit of the organization as a whole.

d. how the plan fits into the issuer's compensation policy
The Plan had as purpose to complement the compensation of eligible beneficiaries, as it adds a long-term compensation element (for more information, see item 13.1 (b)), since the eligible beneficiary, to become holder of the Regular Options, must invest the percentage of the amount received in the fiscal year as Bonus/PLR (profit sharing distribution), net of income tax, which may be 50% or 100%. The percentage of the amount received in the fiscal year as Bonus/PLR invested will be considered as a criterion for determining the number of Regular Options to be granted by the Company to the Beneficiary, and to participate in the Partners Program and become holder of Restricted Options, it must be 100%.

The Plan also has the function of retaining talents in an increasingly competitive market, in addition to creating incentives to provide greater motivation to beneficiaries.

e. how the plan aligns the interests of management and the issuer in the short, medium, and long term
Plan 1 was part of the management compensation strategy, adding a long-term element in which the Beneficiary who wishes to exercise his options may exercise them for a period of two years that will begin the day after the end of the Grace Period, considering that the exercise price of the Options will be the price at which Shares issued by the Company will be acquired.
The Options are valid for five years from the date of grant, after which they will be extinguished.

Another important element is the one best described in item 13.4 (n), since the termination of the eligible beneficiary with cause extinguishes the options granted that have not yet been exercised by the date of his/her termination, exceptions made with the specific approval by the Board of Directors. Accordingly, both the reservation of rights and the dismissal of the employee require, in different ways, that the professional behavior of the eligible persons is not opportunistic and is oriented to longer periods of time. This is because, in the short term, their compensation will not be increased by the variable part composed of stock options and, in the medium term, a low level of performance by the employee may result in termination/severance or decrease in the Company's share price.

f. maximum number of shares covered

The total number of Shares to be allotted to the Plan cannot exceed two point five percent (2.5%) of the Company's capital stock within four years (counted from the date of approval of the Plan by the Company's General Meeting).

For the purposes of such limit, all Options granted based on the Plan will be considered, as well as the Shares already acquired or subscribed by the corresponding Beneficiaries as a result of the Plan, whether or not they are in their possession.

In order to exercise Options granted under the Plan, the Company may issue new shares within the limit of authorized capital, excluding the preemptive right of the current Company shareholders, as allowed for by Article 171, paragraph 3, of Law 6404 of December 15, 1976, as amended.

g. maximum number of options to be granted

The total number of Shares to be allotted to the Plan may not exceed two point five percent (2.5%) of the Company's capital stock within four years (counted from the date of approval of the Plan by the Company's General Meeting).

h. conditions for share acquisition

For Regular Options, the market price of the Share at the time of granting the Option applies, thus determined based on the average of the closing prices of the last five trading sessions prior to the Date of Grant.

The strike price of the Restricted Options will be the fulfillment of the obligation to do, consisting in acquiring Shares issued by the Company with an investment of 100% of the amount received by the Beneficiary in the previous year as Bonus/PLR (profit sharing distribution), net of income tax, and by keeping the ownership of such Shares unchanged for the Lock-up Period.

i. criteria for setting the acquisition or strike price

The strike price is determined based on the unit value of TOTVS shares and corresponds to the arithmetic average of their prices in the 5 trading sessions prior to the date of grant.

j. criteria for determining the term of exercise

Regular Options may be exercised for up to 24 months after the Grace Period, established at 36 months, and Restricted Options may only be exercised after the Grace Period and upon proof of the exercise of the Regular Options.

Only full batches of Options may be exercised, and fractional exercise of only part of a grant is not allowed.

k. settlement method

The strike price must be paid in cash, upon subscription or purchase of the corresponding shares. The Company intends to use shares held in treasury to comply with the exercise of stock option rights

l. restrictions to transfer shares

The shares acquired for the beneficiary to be entitled to receive Regular Options cannot be sold/transferred for 2 years. In turn, shares acquired as a result of exercising Regular Options are not subject to such rule forbidding them to be sold/transferred for 2 years. Besides, shares acquired through the exercise of Restricted Options cannot be sold/transferred for 1 year from the exercise of the option.

m. criteria and events that, when found, will cause suspension, change, or termination of the plan
The General Shareholders' Meeting is responsible for amending, suspending, or extinguishing the Plan, especially in the event of facts that imply a significant change in the economic scenario that could compromise the Company's financial situation.

The grant of Options under the Plan does not prevent the Company from engaging in transactions of sale/disposal of control and operations of corporate restructuring, such as conversion, merger, consolidation and spin-off.

If the Company is dissolved, liquidated, or is adjudicated bankrupt, the options will be automatically extinguished, and all effects thereof will cease for all legal purposes, without prejudice to any provision to the contrary provided for in the Plan.

n. consequences in case the manager leaves the issuer's bodies, on his/her rights provided for in the stock-based compensation plan
In the event the beneficiary leaves the Company for any reason, either at the initiative of the Beneficiary or at the initiative of the Company, with or without cause, the following rules will apply: (a) the Lock-up Period that applied to the Shares acquired directly through the investment of the Beneficiary's profit-sharing distribution (PLR) will cease to exist, and the Shares will be immediately released to be sold; (b) the Lock-up Period for Shares Acquired with Restricted Options will continue to flow normally; (c) Mature Options may be exercised for a period of three months from such date of the beneficiary's termination, after which they will be extinguished; (d) Options still in the Grace Period will be extinguished. The Company’s People and Compensation Committee must approve any exceptions to this rule.

In the event of death, permanent disability or retirement of the beneficiary, the following rules will apply: (i) the Lock-up Period that applied to the Shares acquired directly through the investment of the Beneficiary's profit-sharing distribution (PLR) will cease to exist, and the Shares will be immediately released to be sold; (ii) the Lock-up Period for Shares acquired with Restricted Options will cease to exist; (iii) the Grace Period will be eliminated, and the Options may be exercised immediately, during the Option Exercise Period or the Effective Term of the Options.

DESCRIPTION OF PLAN 2

a. general terms and conditions of the plan

The Stock-Based Incentive and Retention Plan approved at the Company's Extraordinary General Meeting held on December 15, 2015 was amended, as approved at the meetings held on April 5, 2018 and April 18, 2019 to improve its concepts, effectiveness, and simplicity, focusing on the central and most critical aspects.

The Company's Board of Directors manages the Plan with the support of the People and Compensation Committee, which has the authority to manage it, having, among others, the required powers to, subject to the terms and conditions of the Plan:

(i) decide on any and all measures related to the management of the Plan, and to construe and apply the general rules provided for herein;

(ii) select, among the persons eligible to take part in the Plan;

(iii) determine the number of Restricted Shares to be granted to each Participant;

(iv) decide on the acquisition of Shares by the Company itself, as necessary;

(v) approve the Agreement to be entered into between the Company and each of the Participants;

(vi) change the Grace Periods, as well as the other terms and conditions of the Agreement to the extent that the rights of the Participants arising from or connected to the Plan are not impaired, being excluded from such limitation any adaptations that may be performed by the Board of Directors due to changes made in the applicable legislation;

(vii) review exceptional cases arising from or related to the Plan; and

(viii) settle doubts regarding the interpretation of the general rules set forth in the Plan and to address omitted cases.

No Participant will have any of the rights and privileges of a Company shareholder, including to receive dividends, interest on net equity, and other earnings until the date of the effective transfer of the Restricted Shares.

The Plan, as amended, came into force on the date of its approval by the Company's General Meeting held on April 18, 2019 and shall remain in force until December 14, 2025.

<u>The main characteristics of Plan 2 are listed below:</u>

- *Shares:* means the common shares issued by the Company.
- *Restricted Shares:* means the common shares issued by the Company to be delivered to the Participant, strictly under the terms and conditions set forth in the Plan and the Agreement.
- *Grace Period of the Regular Program:* means, as regards the Regular Program, the grace period of three (3) years from the Date of Grant of Restricted Shares, after which the Participant acquires the right to become holder of the Restricted Shares, and the Company will be required to transfer the Restricted Shares to the Participant under the terms of the Agreement.
- *Grace Period of the Partners Program:* means, as regards the Partners Program, the grace period of three (3) years from the Date of Grant of Restricted Shares, after which the Participant acquires the right to become holder of the Restricted Shares, and the Company will be required to transfer the Restricted Shares to the Participant under the terms of the Agreement.
- *Regular Program:* means a part of the Plan composed of: (i) Executive Program - for which employees and managers of the Company and/or of the controlled companies or subsidiaries of the Company, who are considered executive officers of the Company, are eligible based on assessment and performance; and (ii)

Highlights of the Year Program - for which employees of the Company and/or of the Company's controlled or subsidiary companies who are not executive officers and are considered 'highlights of the year' based on assessment and performance will be eligible; all of them shall be appointed by the People and Compensation Committee and approved by the Company's Board of Directors, at its sole and exclusive discretion.

- *Partners Program:* means a part of the Plan to which they may be invited to join, as nominated by the People and Compensation Committee and election made by the Company's Board of Directors at its sole discretion, based on individual and corporate assessment methods and performance, potential, career plan, and degree of bond with the Company, certain employees and managers of the Company and/or of the Company's controlled or subsidiary companies.

b. main purposes of the plan

"Plan 2" has as purpose to: (i) set forth some rules so that Participants can receive Shares without having to pay a price for them; (ii) increase the alignment of interests of Participants in the medium and long term with the shareholders' interests, increasing the Participants' sense of ownership and commitment through the concepts of investment and risk; and (iii) strengthen the Participants' incentives for long-term permanence and stability, within the context of a publicly-held company.

c. how the plan contributes to achieve such purposes

The grant of Restricted Shares within the scope of the Plan allows Participants to feel encouraged to become Company shareholders, based on meritocracy criteria, considering criteria of individual assessment and performance (9Box method), potential and bond with the Company and/or its subsidiaries or controlled companies, besides the Participant's impact on the present and future businesses of the Company. Further details are provided in section 13 (b) iii. As a result, Participants are encouraged to perform their activities to the best interest of the Company and, accordingly, of its shareholders, generating value for the Company. At the same time, the grant of Restricted Shares within the scope of the Plan is structured in a way to allow for the potential gains arising from the sale of such shares to be achieved, if applicable, in the long term, as determined by the Board of Directors, and if the Participant remains bound to the Company and/or to the Company's controlled or subsidiary companies, this will work to encourage his/her permanence, with the purpose of retaining the senior managers and employees of the Company and its controlled or subsidiary companies.

d. how the plan fits into the issuer's compensation policy

The focus on long-term variable compensation aims at following market practices and offering attractive packages that, in turn, take care of Company's interests in the most efficient way. The Plan aims at strengthening the focus on such form of compensation, offering the possibility of even more attractive returns, and on the other hand requiring a strong demonstration of commitment by the Participants in creating value for the Company and its shareholders.

e. how the plan aligns the interests of management and the issuer in the short, medium, and long term

Through the Plan, the Company seeks to stimulate improvement in its management, aiming at gains by commitment to long-term results. Improvement results and appreciation of shares issued by the Company, in turn, maximize the gains of Participants as investors together with the other shareholders of the Company.

In addition, the existence of grace periods makes Participants to commit to the constant appreciation of the Company in the short, medium, and long term.

f. maximum number of shares covered

The maximum number of Restricted Shares to be granted to Participants under the Plan cannot exceed Restricted Shares corresponding to five point sixty-eight percent (5.68%) of the Company's total capital stock, with this limit including the grants carried out under the Stock-based Incentive and Retention Plan approved at the General Meeting held on December 15, 2015. Such dilution is in line with the context of the industry in which TOTVS is inserted in Brazil, considering its size, equity structure, historical growth and future potential, financial condition, and historical practices of payment per performance.

g. maximum number of options to be granted
Not applicable, as Plan 2 does not include stock options.

h. conditions for share acquisition
Regular Program. Participants are entitled to receive the Restricted Shares of the Regular Program, and the Company is required to transfer such Restricted Shares of the Regular Program at the end of the Regular Program grace period, according to the procedures to be provided for in the Agreement, terms and conditions of the Plan.

Partners Program. As regards the Partners Program, Participants are entitled to receive the Restricted Shares of the Partners Program, and the Company is required to transfer the title on such Restricted Shares of the Partners Program at the end of the grace period of the Partner Program, provided that the Participant has an amount corresponding to twelve (12) fixed monthly salaries invested in Company shares between the date of granting the Restricted Shares (date of execution of the Agreement) and the date of delivery of the Restricted Shares, continuously and uninterruptedly.

A Participant who does not keep such amount equivalent to twelve (12) fixed monthly salaries invested in Company shares in a continuous and uninterrupted way after the date of the effective delivery of the Restricted Shares, is not eligible for future grant of Restricted Shares of the Company's Partners Program.

For current Participants in the Partners Program and for Participants eligible to the Partners Program in fiscal year 2018, the amount equivalent to twelve (12) fixed monthly salaries invested in Company shares may be reached by the corresponding Participant in up to three (3) years counted from the date of grant of the Restricted Shares of the Partners Program for fiscal year 2018, or based on another criterion as may be defined by the Board of Directors.

i. criteria for setting the acquisition or strike price
This is not a stock option plan pursuant to Article 168, Paragraph 3 of the Brazilian Corporations Act, but rather, a compensation plan based on Restricted Shares to be delivered directly to the Participants.

The reference price to calculate the number of Restricted Shares to be delivered under the Plan will correspond to the average closing price of Company shares in the thirty (30) trading sessions prior to the date of the effective delivery of Restricted Shares to the Participant, or to such another amount set under criteria determined by the Board of Directors, reflecting the market value of the Shares.

j. criteria for determining the term of exercise
Not applicable. This is not a stock option plan pursuant to Article 168, Paragraph 3 of the Brazilian Corporations Act, but rather, a compensation plan based on Restricted Shares to be delivered directly to the Participants. After the grace period of three (3) years from the date of grant of the restricted shares, the Participant acquires the right to become the holder of the Restricted Shares, and the Company is required to transfer the Restricted Shares to the Participant.

k. settlement method
The Plan has, among others, the purpose of granting Restricted Shares to certain Participants, without any financial consideration from them. The Company's obligation to transfer Restricted Shares under the Plan is (i) conditioned on the execution of a Restricted Share Granting Agreement and Other Covenants with each of the Participants, and (ii) subject to the continuation of the employment agreement and/or statutory bond, as the case may be, of each Participant with the Company until the end of the applicable grace periods.

Accordingly, once the requirements set forth in the Plan are met, the Participant becomes entitled to receive such restricted shares, and the Company's management will be responsible for taking all necessary measures to formalize the corresponding transfer.

l. restrictions to transfer shares

Subject to the continuation of the employment agreement and/or statutory bond, as the case may be, between the Participant and the Company and/or the Company's controlled or subsidiary companies until the end of the applicable Grace Period and the rules contained in each Agreement, the Restricted Shares will be transferred by the Company to the Participant within thirty (30) days from the end of the Grace Period, as applicable, as well as under the terms of the Agreement.

m. criteria and events that, when found, will cause suspension, change, or termination of the plan

The Board of Directors, in the best interest of the Company and its shareholders, may terminate or suspend the Plan, or even review the conditions of the Plan, provided that it does not change the corresponding basic principles, especially the maximum limits to transfer Restricted Shares as approved by the General Meeting. The General Meeting may also approve a new incentive plan based on Company shares, also to allow the acquisition of shares in excess of the maximum limits approved in the Plan.

The Board of Directors may also provide for particular treatment for special cases and situations during the term of the Plan, provided that the rights already granted to the Participants and the basic principles of the Plan are not affected. Such particular treatment does not constitute a precedent able to be claimed by other Participants.

n. consequences in case the manager leaves the issuer's bodies, on his/her rights provided for in the stock-based compensation plan

None of the Plan provisions can be construed as constituting rights to Participants who are employees and/or statutory officers, as the case may be, in addition to those inherent to Restricted Shares, nor will any provision confer rights to the Participants regarding the guarantee to be maintained as an employee and/or statutory officer of the Company and/or with controlled companies or subsidiaries of the Company, or in any way will it interfere with the right of the Company, subject to the legal conditions and those arising from the employment agreement or management contract (in the case of statutory Participants not bound by an employment agreement), to terminate at any time the relationship with the Participant.

In the event of any termination by the Participant on his/her own initiative at any time during the Grace Periods, the Participant will no longer be entitled to receive Restricted Shares from the Company as provided for in Clause 3. Notwithstanding, the Participant will retain his/her title to any Restricted Shares in the Regular Program and to Restricted Shares in the Partners Program that are already owned by him/her due to the elapse of the grace periods.

In case of termination of the Participant at the Company's initiative without a cause, the Participant will be entitled to receive half of the Restricted Shares if more than two (2) years of the applicable Grace Period have elapsed. The Participant will lose the right to receive all other Restricted Shares in the Regular Program and/or the Partners Program.

In the event of termination with cause of the Participant, the Participant will lose the right to receive all Restricted Shares that have not been transferred by the time of such termination, regardless of the program applicable to the Participant.

In the event of the Participant's death, disappearance or permanent disability, all grace periods will be considered elapsed in advance, at the time of the Participant's death, disappearance, or disability.

DESCRIPTION OF PLAN 3

a. general terms and conditions of the plan

The Stock-Based Incentive and Retention Plan was approved at the Company's Extraordinary General Meeting held on April 20, 2021.

This Plan is managed by the Committee, with full authority to manage and construe it, having, among others, the authority necessary to:

(i) approve the Programs set forth in this Plan, as well as their corresponding regulations;
(ii) decide on any and all measures related to the management of this Plan, and construe and apply the general rules set forth herein;
(iii) select, among the persons eligible to participate in this Plan, those who will participate in it in a certain fiscal year or set forth the criteria for their determination;
(iv) determine the number of Restricted Shares to be granted to each Participant, in view of the quantitative limit set forth in Clause 7 of the plan;
(v) approve the Agreement to be entered into between the Company and each of the Participants;
(vi) amend the Program provisions as necessary towards the management of this Plan, as well as to meet Company interests, as long as (a) such amendments do not violate the provisions of this Plan or of the Programs; or (b) Participants' rights arising from or related to this Plan are not harmed. This limitation excludes any adaptations that the Committee might perform in consequence of changes implemented in the law in force;
(vii) examine exceptional cases arising from or related to this Plan; and
(viii) settle questions on the interpretation of the general rules set forth in this Plan and handle the omitted cases.

"Committee" means the Company's People and Compensation Committee, as provided for in its bylaws, or another Committee that may be specifically created or appointed by the Board of Directors to manage the Plan, the members of which are not eligible Participants under this Plan.

The Committee decisions have a binding nature on the Company and the Participants, when they are made in compliance with this Plan, the respective Program or the applicable laws.

No Participant can be a member of the Committee, nor participate in discussions within its scope in relation to this Plan or any Program or Agreement, and, if a member of the Committee is appointed to participate in any of the Programs, his/her adhesion will be conditioned on the prior resignation from the position of member of the Committee.

Further, none of the Participants can, in any other bodies of the Company management, attend discussions or vote for any matter in which the Participant has a potential interest as regards this Plan, the Programs or any Agreement, as well as concerning his/her individual compensation within the scope of this Plan.

Plan 3 became effective on the date of its approval by the Company's General Meeting on April 20, 2021 and remains in force until December 14, 2025, the final term of the Stock-based Incentive and Retention Plan approved at the General Meeting on December 15, 2015 and amended on April 5, 2018 and April 18, 2019, which was replaced by this Plan.

<u>The main characteristics of Plan 3 are listed below:</u>

- "Shares" means the common shares issued by the Company.
- "Restricted Shares" means the Shares to be delivered to the corresponding Participants, under the terms of this Plan and the Programs.
- "CLT" means the Brazilian Labor Laws (Consolidation of Labor Laws).
- "Board of Directors" means the Company's Board of Directors.
- "Agreement" means the Share Granting Agreement and Other Covenants approved by the Board of Directors, to be executed by and between the Company and each Participant within the scope of the corresponding Programs.
- "Company" means TOTVS S.A.
- "Termination": means any action or fact that puts an end to the Participant's legal relationship with the Company, except in cases of retirement by the Brazilian National Social Security Institute (INSS) due to permanent disability, death, or court declaration of absence due to the Participant's disappearance. The word 'termination' covers, among others, the Participant's voluntary termination, request of dismissal, resignation, removal, replacement or absence of reelection as statutory officer or director without an

employment relationship, and termination of employment agreement for any reason, with cause or not, at the initiative of either party, or upon mutual agreement.

- "Participants" means the employees and management members of the Company and its subsidiaries who are considered eligible under each of the Programs, excluding members of the Committee, who may be appointed annually by the Committee to participate in the Plan.
- "Grace Periods" means the Grace Period for the "ILP Destaques" Program, the Grace Period for the ILP Performance Program, and the Grace Period for the ILP Master Program, considered together.
- "Grace Period for the ILP Destaques Program" means the grace period of three (3) years from the signature of the respective Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Destaques Program, and the Company shall transfer the Restricted Shares to the Participant under the terms of the Agreement.
- "Grace Period of the ILP Performance Program": means the grace period of three (3) years from the execution of the corresponding Agreement, after which the Participant acquires the right to become holder of the Restricted Shares granted under the ILP Performance Program, and the Company shall transfer the Restricted Shares to the Participant under the terms of the Agreement, subject to the achievement of the Company's long-term, internal and external performance indicators, as provided for in the corresponding Agreement.
- "Grace Period for the ILP Master Program" means the grace period of five (5) years from the execution of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Master Program, and the Company shall transfer the Restricted Shares to the Participant under the terms of the Agreement.
- "Plan" means this Stock-Based Incentive Plan.
- "Programs" means, collectively, the ILP Destaques Program, the ILP Performance Program, and the ILP Master Program.
- "ILP Destaques Program" means the program, subject to this Plan, for which the Committee may nominate participants, annually, at its sole discretion, based on an individual performance assessment, which adopts an objective methodology approved by the Board of Directors, and is informed to the corresponding Participants, including criteria such as results achieved, potential, and competencies, certain employees of the Company and/or controlled companies in non-executive positions (below the Executive Manager or other position that may replace him) who are considered, in the above-mentioned assessment, "Highlights of the Year". Although it is possible, there are no rules requiring the Participant to be nominated every year to take part in this program.
- "ILP Master Program" means the program, subject to this Plan, for which the Committee may nominate annually, at its sole discretion, a selected group of individuals considered as key and critical to the Company, holding executive positions, meaning those Participants holding the position of executive manager or higher (or other positions that might replace them) to participate, whether employees or statutory management members, based on an individual performance assessment, which adopts an objective methodology approved by the Board of Directors, and is informed to the corresponding Participants, including criteria like results, potential and competencies. To be entitled to the restricted shares subject matter of the grant, the Participant ought to comply with the "stock ownership guideline", which sets forth the following obligations (i) at the final term of the three-year period after the date of grant, (ii) on the last day of May, August and November after the final term of said three-year period until the date of the actual delivery of the restricted shares by the Company, and (iii) on the date of the actual delivery of the restricted shares by the Company, prove he/she is the holder of the Company shares whose market value corresponds to twelve (12) monthly fixed gross salaries. In case the dates to prove the ownership of the shares referred to in the sentence above coincide with periods forbidding the negotiation of Company shares, the verification will be done on the second business day immediately after the date on which the period of the corresponding prohibition ends. In case the Participant does not meet any of

these conditions, he/she will not be entitled to receive the restricted shares at the end of the grace period. The Participant is the sole responsible for ensuring the compliance with these conditions, considering any variations in the value of his/her monthly fixed gross salary, as well as any variations in the market value of the Company's share. Although it is possible, there are no rules requiring the Participant to be nominated every year to take part in this program.

- "ILP Performance Program" means the program, subject to this Plan, for which Company executives are eligible to participate annually, as nominated by the Committee at its sole discretion, meaning those Participants holding the position of executive manager or higher (or other positions that might replace them), whether employees or statutory Management members, based on the achievement of Company's internal and external long-term performance indicators established annually by the Board of Directors and informed to the Participants, and the individual performance assessment, which adopts an objective methodology approved by the Board of Directors, also informed to the respective Participants, including criteria like results, potential and competencies.
- "Change of Control" means either of the following events: (i) the acquisition of 30% or more of the shares representing the Company's capital stock by one shareholder or group of shareholders representing a common interest; or (ii) a corporate reorganization, including consolidation, merger, merger of shares, spin-off followed by the merger of the spin-off portion or any similar transaction resulting in the title of 30% or more of the shares representing the capital stock of the resulting company by one shareholder or group of shareholders representing a common interest.

b. main purposes of the plan

The Plan aims to: (i) set forth some rules so that Participants can receive Shares without having to pay a price for them; (ii) increase the alignment of interests of Participants in the medium and long term with the shareholders' interests, increasing the Participants' sense of ownership and commitment through the concepts of investment and risk; and (iii) strengthen the Participants' incentives for long-term permanence and stability, within the context of a publicly-held company; and (iv) foster the increase in the Company's long-term performance, as determined through business indicators.

Each program provided for in the plan has its specific purposes: (i) ILP Performance Program - it aims at recognizing participants according to the Company's long-term performance (pay per performance), considering three-year cycles; (ii) ILP Master Program - it aims at retaining executive officers who are critical to the future of the Company (pay for stay), over a five-year time horizon; and (iii) the ILP Destaques Program - it aims at recognizing the organization's talents, including those holding non-executive positions, disseminating the culture of ownership.

c. how the plan contributes to achieve such purposes

The grant of Restricted Shares seeks to allow Participants to be aligned with the Company and its shareholders and feel encouraged to become Company shareholders, as a consequence of the meritocracy applied by TOTVS, which considers criteria such as the individual performance, potential, and alignment with TOTVS competencies and culture. As a result, Participants are encouraged to perform their activities in the best interest of the Company and, consequently, of its shareholders, generating value for TOTVS, due to the achievement of long-term goals, in the case of the ILP Performance Program, as well as the Participants investing in shares issued by the Company, in the case of the ILP Master Program, in order to bind to the Company's growth and, consequently, the appreciation of the shares issued by it, to the Participant's financial gain.

Plan 3 addresses the main opportunities to improve the stock-based compensation model adopted by TOTVS in order to adapt to the best market practices and international standards by: (i) changing the mechanics thereof to define the number of shares through anchoring in market positioning, enabling the financial stability of the plan over time and constant alignment to the market of the compensation package for executives; (ii) defining a specific message per program in line with TOTVS's strategic needs, without risk of overlapping and complexity; (iii) adding a share performance program (ILP Performance), generating a better balance if compared with programs focused on retention (ILP Master and ILP Destaques); and (iv) reviewing the existing metrics in the program, encouraging the future performance of the Company in line with shareholders' expectations, while disregarding the individual performance of every Executive, measured through the 9Box method.

d. how the plan fits into the issuer's compensation policy
The Plan provides for the variable compensation mechanism that is in line with the Company's medium- and long-term interests, as it represents a relevant portion of the total compensation that is at risk for the Executives since it is totally bound to individual performance and, in the case of the ILP Performance Program, to the long-term performance of the Company.

The focus on long-term variable compensation aims at following market practices and offering attractive packages that, in turn, take care of Company's interests in the most efficient way. The Plan proposed hereby aims at strengthening the focus on such form of compensation, offering the possibility of even more attractive returns, and on the other hand, requiring a strong demonstration of commitment by the Participants in creating value for the Company and its shareholders, considering the long-term goals set for the IPL Performance Program.

The Plan is part of the Company's long-term incentive policy, contributing to increase the compensation of Company managers and employees, seeking to align the individual goals of such managers and employees with the Company's goals, since the Beneficiaries have an additional incentive to adopt behaviors that, in the long run, generate added value for the Company. In addition, in the case of the ILP Master Program, by requiring Participants to make their own investment in Company shares, it is understood that this strengthens the Participant's bond with the Company, as well as their feeling of being "owners".

The incentive is also based on the possibility of gains arising from the appreciation of the shares issued by the Company. In addition, the grant of shares, by offering the possibility of making gains only through the Beneficiary's long-term commitment, works as an instrument for attracting and retaining Company talents.

e. how the plan aligns the interests of management and the issuer in the short, medium, and long term
The Plan seeks to create a link between the performance of the Participants and the Company's performance, including in the scope of choosing all of these–based on the selection criterion of the Committee, measured through criteria such as result, potential and competencies–, which constitutes an incentive for employees and managers to seek both in the short term and over the long term, maintain a high performance and adopt actions that generate added value for the Company and can, consequently, value their shares in the market.

The Plan aligns the interests of its beneficiaries with the interests of Company shareholders, as it allows managers and employees to become Company shareholders, encouraging efficient management, attracting and retaining highly-qualified professionals and generating growth and value for the Company.

The mechanisms that allow the alignment of the Beneficiaries' interests over time include, for example, (i) the grace periods for the effective transfer of Restricted Shares, varying between three and five years depending on the program, without the possibility of a partial transfer of shares during the grace period, (ii) the need to meet performance criteria for eligibility to the Plan Programs, as well as for determining the number of Restricted Shares to be granted to Participants, according to the rules applicable to each one of the Programs, (iii) the achievement of the Company's long-term indicators in the case of the ILP Performance Program by composing relative market metrics and customer-related metrics, and (iv) within the scope of the ILP Master Program, the need to acquire Company shares, as the Participant's own investment.

f. maximum number of shares covered
The maximum number of shares to be granted under the Plan cannot–in the scope of the Plan–be, when added to the Restricted Shares granted under the Stock-based Incentive Plan approved at a General Meeting held on December 15, 2015, April 5, 2018 and April 18, 2019, higher than five point sixty-eight percent (5.68%) of the Company's capital stock.

g. maximum number of options to be granted
Not applicable, considering that stock options will not be granted as a result of the Plan.

h. conditions for share acquisition

Vesting conditions apply as per the Program the Participant is eligible to participate in. Nonetheless, it is Committee's responsibility, in compliance with each Program's selection criteria, to annually select Participants to each of the Programs.

Specifically for the ILP Master Program, in order to receive the Restricted Shares, the respective Participant must (i) by the end of a three-year period following the date of grant, (ii) on the last day of May, August and November after the end of the three-year period until the date the Company's restricted shares are actually delivered to the Participant, and (iii) on the date of the effective delivery of the Restricted Shares by the Company, prove that it holds shares in the Company the market value of which corresponds to twelve (12) gross monthly fixed salaries. In case the dates to prove the ownership of the shares referred to in the sentence above coincide with periods forbidding the negotiation of Company shares, the verification will be done on the second business day immediately after the date on which the period of the corresponding prohibition to the Restricted Shares ends. In case the Participant does not meet any of these conditions, he/she is not entitled to receive the Restricted Shares at the end of the grace period.

Specifically for the ILP Performance Program, the number of Restricted Shares to be transferred to Participants after the 3 (year) grace period will vary between 70% and 130% depending on the achievement of long-term performance goals set and provided for in the corresponding agreements, with a focus on the proper balance between the impact of management and the return to shareholders. For the first grant, expected to take effect in 2022, the performance, for purposes of calculating the program, will be measured based on the combination of the following indicators:

- Total Shareholder Return ("TSR") - evaluated in relation to the TSR of the companies constituting the IBrX-50 index. As a reference, this indicator shows the average price performance of the 50 most tradable and representative assets of the Brazilian stock market. TOTVS has been part of this index since 2021.
- Evolution of Earnings per Share ("EPS") – a metric that measures the relationship between the net income from the Company's continued operation and the number of shares that is part of the Company's Capital Stock.
- Customer satisfaction, measured through the NPS (Net Promoter Score) indicator, whose purpose is to measure the degree of loyalty of the clients of companies that operate in any segment, bringing reflexes of customer experience. This indicator is broadly used by most companies due to its simplicity, reliability and flexibility.

The performance indicators proposed for 2022 are strictly related to the company's business and the specific segment in which it operates, and apply particularly to the key value drivers of TOTVS. These three metrics together allow more complete monitoring of the company's performance.

Each of the Participants will enter into a Share Granting Agreement and other Covenants, as approved by the Committee, to be executed between the Company and each Participant within the scope of the respective Programs, which will provide for the grant of the corresponding Restricted Shares, as well as the terms and conditions to grant them ("Agreement").

The Company's obligation to transfer the Restricted Shares within the scope of the Plan shall be subject to (i) the execution of an Agreement with each one of the Participants, (ii) the continuity of the employment and/or statutory relationship, as the case may be, of each Participant with the Company until the end of the applicable grace period, as detailed hereinbelow; (iii) meeting the performance targets set forth for the Participants, in the case of the ILP Performance Program, as described in the corresponding Agreements; (iv) meeting the stock ownership guidelines set forth in the ILP Master Program, and (v) any other conditions set forth in the corresponding Programs and Agreements.

The ILP Destaques Program is subject to a three (3)-year grace period from the execution of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Destaques Program.

The ILP Performance Program is subject to a three (3)-year grace period from the execution of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Performance Program.

The ILP Master Program is subject to a five (5)-year grace period from the execution of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Master Program.

Subject to the maximum limit of Restricted Shares that may be granted under the Plan, and considering the number of Restricted Shares to be delivered to Participants under the Programs, the Committee may, in order to attract and retain certain key individuals of the Company and/or from companies controlled by the Company, at its sole discretion, use any remaining balance of Restricted Shares under the Plan to make additional grants of Restricted Shares to Participants, in a limited number. Such additional grants are subject to possible grace periods, Participant's termination rules, and other specific terms and conditions to be freely set forth by the Committee, as provided for in the corresponding Agreements. The grace period to be set by the Committee for this purpose will be at least three (3) years from the date of granting the Restricted Shares.

i. criteria for setting the acquisition or strike price

The Plan has, among others, the purpose of granting a long-term incentive to the Participants by granting Restricted Shares issued by the Company, without the payment of the strike price by the Participants. Therefore, this is not a stock option pursuant to article 168, § 3 of Law No. 6404/76, but rather, compensation based on the delivery of shares to Participants.

Notwithstanding, the reference price per Restricted Share, for the purposes of the Plan, corresponds to the average closing quotation of the Company shares in the sixty (60) trading days prior to the date of grant or another value in accordance with criteria defined by the Committee and that reflects the market value of the Restricted Shares.

j. criteria for determining the term of exercise

The transfer of the Restricted Shares is subject to a grace period of 3 to 5 years, as detailed in item “d” above. Participants are entitled to receive the total Restricted Stock if they are bound to the Company until the end of the applicable grace period, according to the specific rules set forth under the Plan, the Programs and the Agreements, particularly when the Participant leaves the Company (i) at their own initiative or is terminated with cause, in which case the Participant is no longer entitled to receive Restricted Shares; (ii) at the Company’s initiative, without cause or upon mutual agreement, in which case the Participant is entitled to receive a portion of the Restricted Shares; (iii) upon their compulsory retirement; or (iv) upon their death, disappearance or permanent disability, in which case the Participant is entitled to receive the Restricted Shares in full.

k. settlement method

As mentioned in item “e” above, this is a long-term incentive consisting of granting stock issued by the Company to Participants, who do not give any financial consideration in return. Therefore, once the conditions set forth under the Plan, the Programs and the related Agreement are met, the Participant becomes entitled to receive Restricted Shares within sixty (60) days from the end of the grace period, and it is responsibility of the Company’s management to take all measures required to formalize the transfer.

At its discretion, the Company may pay in cash the amount corresponding to the value of Restricted Shares the Participant is entitled to instead of delivering the Restricted Shares to the Participant. If the Company chooses to make a cash payment, the price per share will correspond to the average closing price of the Company shares in the sixty (60) trading days prior to the date of grant or another amount in accordance with criteria determined by the Committee and that reflects the market value of the Shares.

l. restrictions to transfer shares

After the Restricted Shares are transferred to Participants, they may sell, transfer or otherwise dispose of them without any restriction.

m. criteria and events that, when found, will cause suspension, change, or termination of the plan

In the interest of the Company and its shareholders, the Personnel and Compensation Committee may either terminate or discontinue the Plan, or even, revise the Plan conditions, provided this does not change the corresponding basic principles, especially the maximum limits to transfer Restricted Shares as approved by the General Meeting.

The Committee may also give a particular treatment to special cases and situations while the Plan remains in effect. That includes deciding on the grant of additional Restricted Stock, provided that the rights already vested in Participants are not affected, and in compliance with the limit on the total number of Restricted Shares that may be granted in the scope of the Plan.

Although it does not imply the extinction, suspension or amendment of the Plan, it should be noted that in the event of a Change of Control (as defined in the Plan) of the Company, if the Participant is involuntarily dismissed from the Company, within twelve (12) months from the respective event, he/she will be entitled to full payment of the Restricted Shares, observing the existing performance indicators and informed to the Participant at the time of the event in question, the above provisions apply after said period of twelve (12) months.

In the event of dissolution, conversion, merger, consolidation, spin-off or reorganization of the Company, whereby the Company is not the surviving company or, if it is the surviving company, it does not have its shares accepted to be negotiated in stock exchanges anymore, the effective Agreements, at the Committee's discretion, may: (i) be transferred to the new company; or (ii) have their Grace Periods accelerated, as applicable.

n. consequences in case the manager leaves the issuer's bodies, on his/her rights provided for in the stock-based compensation plan

None of the provisions set forth in this Plan can be construed as constituting rights to Participants who are whether employees and/or statutory Management members, as the case may be, in addition to those inherent to Restricted Shares, nor will any provision confer rights to the Participants regarding the guarantee to be maintained as an employee and/or statutory executive officer of the Company and/or with controlled companies of the Company, or in any way will it interfere with the right of the Company, subject to the legal conditions and those arising from the employment agreement or management contract (in the case of statutory Participants not bound by an employment agreement), to terminate at any time the relationship with the Participant.

In case of termination of the Participant at his/her own initiative or with cause at any moment during the Grace Periods, as applicable, the Participant will be no longer entitled to receive Restricted Shares. Notwithstanding, the Participant will preserve the right of ownership on any Restricted Shares belonging to him/her upon the termination, due to the elapse of the applicable Grace Periods.

In case of termination of the Participant at the Company's initiative, without cause, or upon mutual agreement, the Participant will be entitled to receive proportionally the Restricted Shares subject matter of the grant, in accordance with the time already elapsed of the applicable Grace Periods calculated until the actual date of termination. As for the ILP Performance Program, the shares will be transferred only at the end of the respective Grace Period and subject to the determination of the performance goals set forth in the Agreement. For the purposes of proportionality, a full working month is considered as the one with at least 15 working days.

In case of compulsory retirement, the Participant will be entitled to receive in full the Restricted Shares that have been granted to him/her, with the early expiration of the Grace Periods then in force, except in the case of the ILP Performance Program, where the payment will become due and payable only at the end of the respective Grace Period and subject to the determination of the performance goals set forth in the Agreement.

In the event of Change of Control, if the Participant is terminated involuntarily from the Company, within twelve (12) months from said event, he/she will be entitled to receive the Restricted Shares in full, in accordance with the existing performance indicators and informed to the Participant upon the event in question. The provisions above apply after said twelve (12) months.

The Committee regulates the other cases of termination not provided for above.

In the event of death, disappearance or permanent disability of the Participant, all the Grace Periods will be deemed as expired earlier, upon the death, disappearance or declaration of disability of the Participant by the Brazilian National Social Security Institute. This will make him/her or his/her respective successors, as applicable, entitled to receive the Restricted Shares in full within one hundred and eighty (180) days from the event in question. In case of the ILP Performance Program, the determination of the performance indicators will be disregarded, and the number of Restricted Shares set forth in the agreement will be transferred.

13.5 Stock-based compensation recognized in the result of the last 3 fiscal years and the one forecast for the current fiscal year, of the board of directors and the statutory board of executive officers

TABLES RELATED TO "PLAN 1":

Stock-based compensation of the fiscal year ended on December 31, 2019:		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	8.75	6.50
Number of paid members	-	5.00
Weighted average strike price:		
(a) of the outstanding options at the beginning of the fiscal year	-	11.28
(b) of options lost during the fiscal year	-	-
(c) of options exercised during the fiscal year	-	10.14
(d) of options expired during the fiscal year	-	11.02
Potential dilution in case of exercise of all options granted	-	0.5%

Stock-based compensation of the fiscal year ended on December 31, 2020:		
	Board of Directors	Statutory Board of Executive Officers
Total number of members	7.67	7.00
Number of paid members	-	5.00
Weighted average strike price:		
(a) of the outstanding options at the beginning of the fiscal year	-	11.87
(b) of options lost during the fiscal year	-	-
(c) of options exercised during the fiscal year	-	11.87
(d) of options expired during the fiscal year	-	-
Potential dilution in case of exercise of all options granted	-	0.6%

For the current fiscal year (2022), there are no more options open under "Plan 1", as explained in item 13.4.

Information on each grant recognized in the financial result of the last 3 fiscal years and the current fiscal year:

TABLES RELATED TO "PLAN 2":

2019

Grant (25) of restricted shares	Board of Directors	Statutory Board of Executive Officers
Total number of members	8.75	6.50
Number of paid members	1.00	6.00
Date of grant	April 26, 2019	April 26, 2019
Number of shares granted	270,000	567,375
Grace period for transfer of shares	3 years	3 years
Maximum term for transfer of shares	May 26, 2022	May 26, 2022
Restricted term for transfer of shares	n/a	n/a
Fair value of shares on the date of grant*	12.83	12.83
Potential dilution in case of transfer of all shares granted	0.05%	0.1%
Grant (26) of restricted shares	**Board of Directors**	**Statutory Board of Executive Officers**
Total number of members	8.75	6.50
Number of paid members	-	6.00
Date of grant	-	April 26, 2019
Number of shares granted	-	280,875
Grace period for transfer of shares	-	3 years
Maximum term for transfer of shares	-	May 26, 2022
Restricted term for transfer of shares	-	n/a
Fair value of shares on the date of grant*	-	12.83
Potential dilution in case of transfer of all shares granted	-	0.05%

2020

Grant (27) of restricted shares	Board of Directors	Statutory Board of Executive Officers
Total number of members	7.67	7.00
Number of paid members	1.00	7.00
Date of grant	April 27, 2020	April 27, 2020
Number of shares granted	285,282	827,625
Grace period for transfer of shares	3 years	3 years
Maximum term for transfer of shares	May 27, 2023	May 27, 2023
Restricted term for transfer of shares	n/a	n/a
Fair value of shares on the date of grant*	16.41	16.41
Potential dilution in case of transfer of all shares granted	0.05%	0.14%

Grant (28) of restricted shares	Board of Directors	Statutory Board of Executive Officers
Total number of members	7.67	7.00
Number of paid members	-	7.00
Date of grant	-	April 27, 2020
Number of shares granted	-	407,625
Grace period for transfer of shares	-	3 years
Maximum term for transfer of shares	-	May 27, 2023
Restricted term for transfer of shares	-	n/a
Fair value of shares on the date of grant*	-	16.41
Potential dilution in case of transfer of all shares granted	-	0.07%

2021

Grant (29) of restricted shares	Board of Directors	Statutory Board of Executive Officers
Total number of members	7.00	7.00
Number of paid members	1.00	7.00
Date of grant	May 5, 2021	May 5, 2021
Number of shares granted	270,000	787,050
Grace period for transfer of shares	3 years	3 years
Maximum term for transfer of shares	June 5, 2024	June 5, 2024
Restricted term for transfer of shares	n/a	n/a
Fair value of shares on the date of grant*	R$29.39	R$29.39
Potential dilution in case of transfer of all shares granted	0.04%	0.13%

Grant (30) of restricted shares	Board of Directors	Statutory Board of Executive Officers
Total number of members	7.00	7.00
Number of paid members	-	7.00
Date of grant	-	May 5, 2021
Number of shares granted	-	387,900
Grace period for transfer of shares	-	3 years
Maximum term for transfer of shares	-	June 5, 2024
Restricted term for transfer of shares	-	n/a
Fair value of shares on the date of grant*	-	R$29.39
Potential dilution in case of transfer of all shares granted	-	0.06%

TABLES RELATED TO "PLAN 3":

2022 (forecast)

Grant (31) of restricted shares	Board of Directors	Statutory Board of Executive Officers
Total number of members	7.00	7.50
Number of paid members	-	7.50
Date of grant	-	April 29, 2022
Number of shares granted	-	381,358
Grace period for transfer of shares	-	5 years
Maximum term for transfer of shares	-	May 29, 2027
Restricted term for transfer of shares	-	n/a
Fair value of shares on the date of grant*	-	to be determined
Potential dilution in case of transfer of all shares granted	-	0.06%

Grant (32) of restricted shares	Board of Directors	Statutory Board of Executive Officers
Total number of members	7.00	7.50
Number of paid members	1.00	7.50
Date of grant	April 29, 2022	April 29, 2022
Number of shares granted	176,710	561,680
Grace period for transfer of shares	3 years	3 years
Maximum term for transfer of shares	May 29, 2025	May 29, 2025
Restricted term for transfer of shares	n/a	n/a
Fair value of shares on the date of grant*	to be determined	to be determined
Potential dilution in case of transfer of all shares granted	0.03%	0.09%

** The fair value of the shares is determined based on the market share value on the date of grant, minus the expected dividend for the grace period, since the beneficiaries are not entitled to receive it.*

13.6 Outstanding shares of the board of directors and the statutory board of executive officers at the end of the last fiscal year

The table below presents information on the outstanding shares of the Company's Board of Directors and Statutory Board of Executive Officers at the end of the last fiscal year.

TABLE RELATED TO "PLAN 2":

Body	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers
Grant	**25th grant**	**25th grant**	**26th grant**	**27th grant**	**27th grant**	**28th grant**	**29th grant**	**29th grant**	**30th grant**
Number of members	8.75	6.50	6.50	7.67	7.00	7.00	7.00	7.00	7.00
Number of paid members	1.00	6.00	6.00	1.00	7.00	7.00	1.00	7.00	7.00
Date of grant	April 26, 2019	April 26, 2019	April 26, 2019	April 27, 2020	April 27, 2020	April 27, 2020	May 5, 2021	May 5, 2021	May 5, 2021
Outstanding shares									
Quantity	282,717	567,375	280,875	285,282	827,625	407,625	270,000	787,050	387,900
Grace period of shares	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Maximum term for transfer of shares	May 26, 2022	May 26, 2022	May 26, 2022	May 27, 2023	May 27, 2023	May 27, 2023	June 5, 2024	June 5, 2024	June 5, 2024
Restricted term for the transfer of shares	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reference price of restricted shares	13.40	13.40	13.40	17.00	17.00	17.00	30.58	30.58	30.58
Fair value of shares on the last day of the fiscal year	12.83	12.83	12.83	16.41	16.41	16.41	29.39	29.39	29.39
Fair value of total shares on the last day of the fiscal year	3,627,259.11	7,277,530.00	3,602,690.00	4,681,477.62	13,581,326.25	6,689,126.25	7,935,300	23,131,399.50	11,400,381.00

*As informed in item 13.4, on April 27, 2020 the EGM approved the split of all shares issued by the Company, in the proportion of one common share to three shares of the same type, without changing the capital stock; the amounts mentioned hereinabove already reflect such effect for all grants.

13.7 Options exercised and shares delivered related to the stock-based compensation of the board of directors and the statutory board of executive officers in the last 3 fiscal years

The tables below show information on the options exercised and shares delivered concerning the stock-based compensation of the Company's Board of Directors and the Statutory Board of Executive Officers, in the fiscal years ended on December 31, 2021, December 31, 2020 and December 31, 2019.

The options exercised refer to "Plan 1" and the shares delivered refer to "Plan 2".

Exercised options and delivered shares – fiscal year ended on December 31, 2021		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.00	7.00
Number of paid members	-	7.00
Exercised options		
Number of shares	-	-
Weighted average strike price	-	-
Difference between the strike price and the market value of shares related to the exercised options	-	-
Delivered shares		
Number of delivered shares	-	924,564
Weighted average acquisition price	-	9.84
Difference between the acquisition price and the market value of the acquired shares	-	22.75

Exercised options and delivered shares – fiscal year ended on December 31, 2020		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.67	7.00
Number of paid members	-	6.00
Exercised options		
Number of shares	-	91,785
Weighted average strike price	-	11.87
Difference between the strike price and the market value of shares related to the exercised options	-	8.41
Delivered shares		
Number of delivered shares	-	777,799
Weighted average acquisition price	-	13.11
Difference between the acquisition price and the market value of the acquired shares	-	11.48

Exercised options and delivered shares – fiscal year ended on December 31, 2019		
	Board of Directors	**Statutory Board of Executive Officers**
Number of members	8.75	6.50
Number of paid members	-	6.50
Exercised options		
Number of shares	-	192,213
Weighted average strike price	-	10.14
Difference between the strike price and the market value of shares related to the exercised options	-	3.21
Delivered shares		
Number of delivered shares	-	424,296
Weighted average acquisition price	-	10.68
Difference between the acquisition price and the market value of the acquired shares	-	1.91

As informed in item 13.4, on April 27, 2020 the EGM approved the split of all shares issued by the Company, in the proportion of one common share to three shares of the same type, without changing the capital stock; the amounts mentioned hereinabove already reflect such effect for all grants, for comparison purposes

13.8 Summary description of the information required to understand the data disclosed in items 13.5 to 13.7, as well as the explanation of the method of pricing the shares and options:

a. pricing model
The price of the options issued under "Plan 1" was determined using the “Black & Scholes” method, which sets the fair value considering the expected dividends, the expected volatility, the risk-free interest rate, and the maturity period.

The fair value of the Restricted Shares issued under "Plan 2" and "Plan 3" is determined based on the value of the market share on the date of grant, minus the expectation of dividends for the grace period, since the beneficiaries are not entitled to receive them. According to CPC-10, such amount is deferred and amortized during the grace period.

b. data and assumptions used in the pricing model, including the weighted average price of shares, exercise price, expected volatility, life term of the option, expected dividends, and the risk-free interest rate
The data and assumptions used in the pricing model are shown in the table below. It is worth mentioning that the grants from 2019 on are related to the grants of restricted shares:

TABLE RELATED TO "PLAN 2"

Body	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers
Grant	25th grant	25th grant	26th grant	27th grant	27th grant	28th grant	29th grant	29th grant	30th grant
Date	April 26, 2019	April 26, 2019	April 26, 2019	April 27, 2020	April 26, 2019	April 27, 2020	May 5, 2021	May 5, 2021	May 5, 2021
Reference price of restricted shares	13.40	13.40	13.40	17.00	17.00	17.00	30.58	30.58	30.58
Expectation of dividends	1.44%	1.44%	1.44%	1.17%	1.17%	1.17%	1.31%	1.31%	1.31%
Expectation of volatility	NA	NA	NA	NA	NA	NA	NA	NA	NA
Risk-free interest rate	NA	NA	NA	NA	NA	NA	NA	NA	NA
Grace period of shares	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Fair value	R$12.83	R$12.83	R$12.83	R$16.41	R$16.41	R$16.41	R$29.39	R$29.39	R$29.39

c. method used and assumptions taken to incorporate expected effects of early exercise
The options granted have the vesting period rule of 3 years from the date of grant, that is, the option can be exercised only within 3 to 5 years counted from the grant. Thus, the assumption used to incorporate the expected effects of early exercise of such options was to recognize the options on the financial result over 3 years. For restricted shares, the vesting period rule is also 3 years, such date being counted from the delivery of said shares.

d. way of determining the expected volatility
The annualized volatility was determined by the standard deviation of the weekly price changes of the Company's stock traded on B3, adjusted by the distribution of dividends, over the three-year period up to the date of each grant.

e. whether any other characteristic of the option was incorporated or not into the measurement of its fair value
No elements other than those described in item 13.8 (a) were considered.

13.9 Number of shares or membership interests directly or indirectly held in Brazil or abroad, and other securities convertible into shares or membership interests issued by the issuer, its direct or indirect controllers, companies controlled by it or under common control, by members of the board of directors, the statutory board of executive officers, or the fiscal council, grouped by body
The table below shows the number of TOTVS shares held by members of the Board of Directors and Statutory Board of Executive Officers at the end of the last fiscal year.

Body	Securities Issuing Company	December 31, 2021
Board of Directors	TOTVS S.A.	87,084,104
Statutory Board of Executive Officers	TOTVS S.A.	1,121,829
Fiscal Council	TOTVS S.A.	20,400

The Chairman of the Board of Directors and the Statutory Board of Executive Officers still have 4,096,449 restricted shares in the grace period of the "Plan 2" for the stock-based compensation, as shown in item 13.6.

13.10 Information on the pension plans in force granted to the members of the board of directors and statutory board of executive officers

In addition to the contribution to social security (INSS), officers can voluntarily adhere to the Company's private pension plan. The basic contribution consists of monthly payments with their amount limited to the range between 2% to 5% of the fixed compensation (base salary) of the officer and has a counterpart (deposit of equal amount) from the Company. In addition, voluntary monthly or sporadic contributions can be made, although without the Company's counterpart. To be eligible to redeem the amount deposited by the Company, the officer must contribute to the program for at least 3 years, and the percentage to be redeemed varies as shown in the table below:

Time of contribution to the program	Percentage of the balance of the company's normal contributions
Up to 2 years and 11 months	-
From 3 years to 3 years and 11 months	30%
From 4 years to 4 years and 11 months	40%
From 5 years to 5 years and 11 months	50%
From 6 years to 6 years and 11 months	60%
From 7 years to 7 years and 11 months	70%
From 8 years to 8 years and 11 months	80%
From 9 years to 9 years and 11 months	90%
From 10 years on	100%

See below a table with information on the pension plans in force granted to members of the Board of Directors, Statutory Executive Officers and members of the Fiscal Council:

	Board of Directors	Statutory Board of Executive Officers	Fiscal Council
Number of Members	7.00	7.00	200
Number of paid members	7.00	7.00	2.00
Plan name	N/A	TOTVS Private Pension Plan*	N/A
Number of managers who are eligible to retire	N/A	No executive is currently in progress of retiring	N/A
Conditions for early retirement	N/A	Early retirement is not possible	N/A
Updated accumulated amount of accrued contributions up to the end of the last fiscal year, discounting the portion related to contributions made directly by the managers	N/A	R$1,964,980.39	N/A
Total accrued amount of contributions made during the last fiscal year, discounting the portion relating to contributions made directly by the managers	N/A	R$124,022.27	N/A
Possibility of early redemption and conditions	N/A	The executive is entitled to redeem private pension contributions, but such option cancels the plan and the executive is not allowed to return to the plan. The executive will be eligible to the company's contribution, according to the contribution time table	N/A

*The private pension plan does not include the members of the Board of Directors and Fiscal Council.

13.11 Maximum, minimum and average individual compensation of the Board of Directors, the Statutory Board of Executive Officers, and the Fiscal Council

The table below shows information on the maximum, minimum and average individual compensation of the Board of Directors and the Statutory Board of Executive Officers, considering the last three fiscal years.

ANNUAL AMOUNTS

	Statutory Board of Executive Officers			Board of Directors		
	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2021	December 31, 2020	December 31, 2019
Number of Members	7.00	7.00	6.50	7.00	7.67	8.75
Number of paid members	7.00	7.00	6.50	7.00	7.67	8.75
Highest compensation amount (in Reals)	5,751,602.77	4,888,046.07	3,495,449.93	3,736,203.33	2,878,838.40	2,520,790.65
Lowest compensation amount (in Reals)	2,164,325.62	1,859,255.18	1,974,447.06	425,881.84	407,616.00	387,581.55
Average compensation amount (in Reals)	4,812,219.66	3,938,441.68	3,371,705.42	1,410,121.85	909,330.05	644,490.76

	Fiscal Council		
	December 31, 2021	December 31, 2020	December 31, 2020
Number of Members	2.00	*	*
Number of paid members	2.00	*	*
Highest compensation amount (in Reals)	77,092.39	-	-
Lowest compensation amount (in Reals)	77,092.39	-	-
Average compensation amount (in Reals)	77,092.39	-	-

*The Company did not have a Fiscal Council established until April 20, 2021

Note: The number of members of each body was calculated as an annual average, according to the methodology presented in the Circular Letter/Annual-2022-CVM/SEP

13.12 Description of contractual arrangements, insurance policies or other instruments structuring mechanisms for compensation or indemnity for management members in the event of dismissal or retirement, pointing out the financial consequences to the issuer

If the Company terminates the agreement without cause within twelve (12) months after the date of a Material Corporate Change, the officer is entitled to receive an indemnification equivalent to eighteen (18) monthly compensations in force at the time of termination, as well as he is entitled to receive all the amounts related to the Goal Bonus Program.

The Company and its subsidiaries keep in full force a Civil Liability insurance policy for Management members - D&O world class, which provides for the payment or reimbursement of expenses borne by directors and officers, resulting from the compensation for damages caused to third parties or to the Company. The current policy number 0873720210103100000581 (insurance policy registered with SUSEP under number 15414.901229/2017-25), executed with the insurance company AIG SEGUROS BRASIL SA, is effective and in force until July 1, 2022 and has a maximum indemnity limit of R$100.0 million. Despite being covered by the current D&O policy contracted in Brazil, the directors and officers of operations in Mexico, Argentina and the USA are also covered by a local policy issued in each of those countries, with a coverage value of USD 1.0 million, aiming at speeding up the reimbursement of expenses arising from possible losses.

13.13 In relation to the last 3 fiscal years, the percentage of the total compensation of each body recognized in the issuer's result regarding to members of the board of directors, statutory board of executive officers, or fiscal council that are parties related to the direct or indirect controllers, as set forth by the applicable accounting standards.

Not applicable. There is no direct or indirect controller in the Company.

13.14 In relation to the last 3 fiscal years, the amounts recognized in the issuer's result as compensation of members of the board of directors, statutory board of executive officers or fiscal council, grouped by body, for any reason other than the position they hold, such as commissions and consulting or advisory services rendered.

There are no directors or officers in the Company who receive compensation for any reason other than the position they hold.

13.15 In relation to the last 3 fiscal years, the amounts recognized in the financial result of direct or indirect controllers of companies under common control and subsidiaries of the issuer as compensation to the members of the board of directors, the executive board of executive officers, or fiscal council of the issuer, grouped by body, specifying why such amounts were allocated to such individuals.

There are no directors or officers in the Company who receive compensation by means of direct or indirect controllers of companies under common control or controlled by the issuer.

13.16 Other relevant information

For comparative purposes, we first present the details of the global annual compensation for the fiscal year 2021 and the Compensation Proposal for the fiscal year 2022:

I – FISCAL YEAR 2021

At the Annual General Meeting held on April 20, 2021, the total compensation amount of up to fifty million, two hundred and eighty-seven thousand, two hundred and sixty-two Reals and eight cents (R$50,287,262.08) was approved for the fiscal year 2021, including Fixed, Variable (bonus) Compensation, Benefits and Stock-Based Compensation of the Board of Directors and the Statutory Board of Executive Officers. Of the total amount approved, forty-three million, seven hundred and eighty-seven thousand, six hundred and sixty-seven Reals and seventy-two cents (R$43,787,667.72) were realized.

Also in 2021, the Company's Management informs that, as decided at the Annual General Meeting held on April 20, 2021, the Fiscal Council was established and its three (3) members are compensated exclusively with fixed fees.

As shown in detail in the tables and charts below, the realization of twelve point ninety-two percent (12.92%) below the effectively approved limit occurred due to the following factors:

(i) The new member of the Board of Executive Officers foreseen in the proposal for the second half of the fiscal year was not hired;
(ii) Adjustments in benefit contracts, such as medical and dental assistance, below the levels originally foreseen;
(iii) Bonus amounts accounted for below the originally foreseen in the proposal;
(iv) Individual adhesion of the Board of Executive Officers to the post-employment benefit connected to the private pension plan at a lower level than that provided for in the proposal;
(v) Book value referring to the Stock-Based Compensation, as a result of the granting of restricted shares in the 2021 grants with a price lower than that provided for in the Compensation Proposal due to the update of the average of the last thirty (30) sessions that preceded the preparation of the proposal and the effective grant date–the proposal was thirty Reals and sixty cents (R$30.93) and the grants were made with the reference price of thirty Reals and fifty-eight cents (R$30.58);
(vi) Accounting recognition of the stock-based compensation for grants made in previous years and in the grace period (grants of 2018, 2019 and 2020) in amounts lower than those originally foreseen.

PROPOSED AND PERFORMED NUMBERS IN 2021

	Proposed for 2021				Actual numbers in 2021			
	Board of Directors	Executive Officers	Fiscal council	Total	Board of Directors	Executive Officers	Fiscal council	Total
Fixed annual compensation (FC)								
Number of Members	7.00	7.50	0.00	14.50	7.00	7.00	2.00	16.00
Salary or management fees	3,381,243.72	8,292,805.49	0.00	11,674,049.21	3,381,243.84	7,840,102.31	231,277.16	11,452,623.31
Direct and indirect benefits	380,699.23	1,495,195.59	0.00	1,875,894.82	563,521.59	1,365,540.06	0.00	1,929,061.65
Compensation for participation in Committees	1,174,779.61	0.00	0.00	1,174,779.61	1,247,073.98	0.00	0.00	1,247,073.98
Variable compensation (VC)								
Bonus	0.00	5,723,800.27	0.00	5,723,800.27	0.00	5,043,677.34	0.00	5,043,677.34
Total Fix.C. + Var.C.	**4,936,722.56**	**15,511,801.35**	**0.00**	**20,448,523.91**	**5,191,839.41**	**14,249,319.71**	**231,277.16**	**19,672,436.28**
Other								
Post-employment benefits	0.00	275,077.86	0.00	275,077.86	0.00	124,022.27	0.00	124,022.27
Benefits for termination of tenure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total FC + VC + Other	**4,936,722.56**	**15,786,879.21**	**0.00**	**20,723,601.77**	**5,191,839.41**	**14,373,341.98**	**231,277.16**	**19,796,458.55**
Share-based compensation[1]								
Accounting recognition - current year	1,855,800.00	8,075,823.00	0.00	9,931,623.00	1,763,400.00	7,673,729.00	0.00	9,437,129.00
Accounting recognition - previous years	2,631,300.00	17,000,737.30	0.00	19,632,037.30	2,915,613.54	11,638,466.63	0.00	14,554,080.17
Total share-based compensation	**4,487,100.00**	**25,076,560.30**	**0.00**	**29,563,660.30**	**4,679,013.54**	**19,312,195.63**	**0.00**	**23,991,209.17**
General Total	**9,423,822.56**	**40,863,439.51**	**0.00**	**50,287,262.07**	**9,870,852.95**	**33,685,537.61**	**231,277.16**	**43,787,667.72**

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

Note: the amount performed in 2021 of the accounting recognition of previous years of the stock-based compensation refers to one million, two hundred and fifty-four thousand, nine hundred and nine Reals and thirteen cents (R$1,254,909.13) of the 2018 grants, four million, nine hundred and twenty-six thousand, one hundred and thirty-two Reals and sixty-four cents (R$4,926,132.64) of the 2019 grants and eight million, three hundred and seventy-three thousand, thirty-eight Reals and forty cents (R$8,373,038.40) of the 2020 grants.

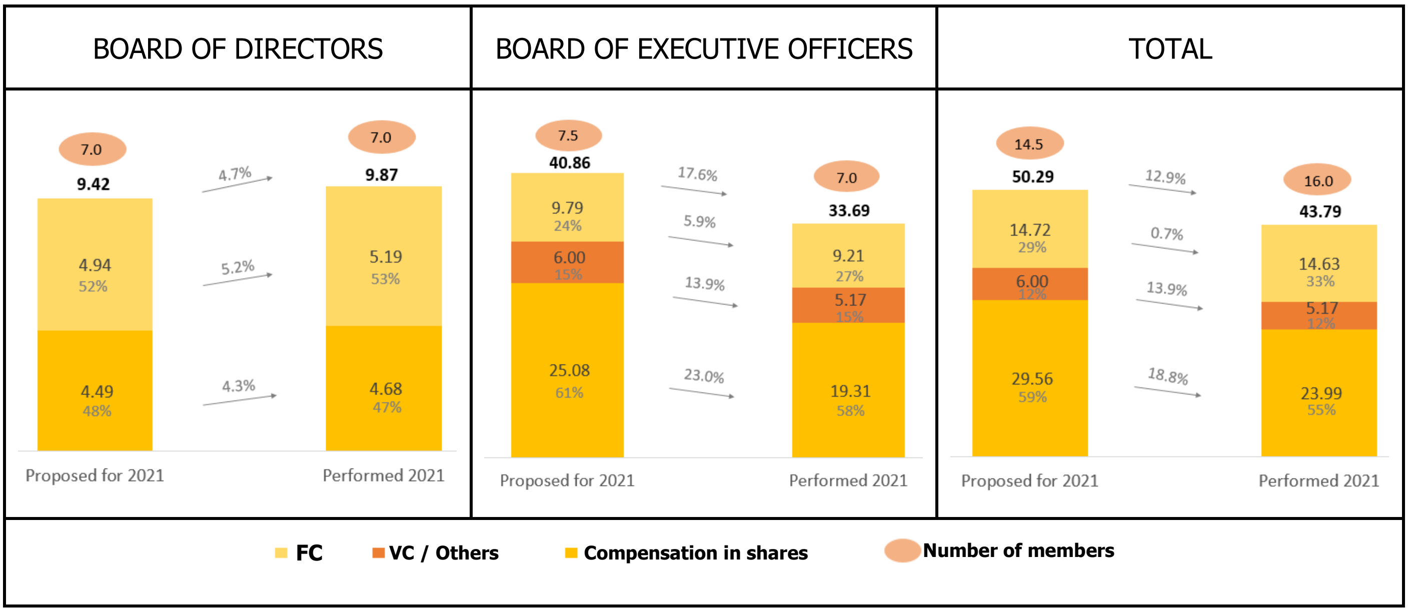
The number of members of each body was calculated as an annual average, according to the methodology presented in the Circular Letter/Annual-2022-CVM/SEP.

VARIATION PROPOSED AND PERFORMED IN 2021

	Achieved in 2021 vs. Proposed for 2021							
	Absolute variation				Percentage (%) change			
	Board of Directors	Executive Officers	Fiscal council	Total	Board of Directors	Executive Officers	Fiscal council	Total
Fixed annual compensation (FC)	0.00	-0.50	2.00	1.50	0.00%	-6.67%	-	10.34%
Number of members								
Salary or management fees	0.12	-452,703.18	231,277.16	-221,425.90	0.00%	-5.46%	-	-1.90%
Direct and indirect benefits	182,822.36	-129,655.53	0.00	53,166.83	48.02%	-8.67%	-	2.83%
Compensation for participation in Committees	72,294.37	0.00	0.00	72,294.37	6.15%	-	-	6.15%
Total FC	**255,116.85**	**-582,358.71**	**231,277.16**	**-95,964.70**	**5.17%**	**-5.95%**	**-**	**-0.65%**
Variable compensation (VC)								
Bonus	0.00	-680,122.93	0.00	-680,122.93	-	-	-	-
Total Fix.C. + Var.C.	**255,116.85**	**-1,262,481.64**	**231,277.16**	**-776,087.63**	**5.17%**	**-8.14%**	**-**	**-3.80%**
Other								
Post-employment benefits	0.00	-151,055.59	0.00	-151,055.59	-	-	-	-
Benefits for termination of tenure	0.00	0.00	0.00	0.00	-	-	-	-
Total FC + VC + Other	**0.00**	**-831,178.52**	**0.00**	**-831,178.52**	**0.00%**	**0.00%**	**-**	**0.00%**
Total FC + VC + Other	**255,116.85**	**-1,413,537.23**	**231,277.16**	**-927,143.22**	**5.17%**	**-8.95%**	**-**	**-4.47%**
Share-based compensation[1]								
Accounting recognition - granting in the current year	-92,400.00	-402,094.00	0.00	-494,494.00	-4.98%	-4.98%	-	-4.98%
Accounting recognition - granting in previous years	284,313.54	-5,362,270.67	0.00	-5,077,957.13	10.81%	-31.54%	-	-25.87%
Total share-based compensation	**191,913.54**	**-5,764,364.67**	**0.00**	**-5,572,451.13**	**4.28%**	**-22.99%**	**-**	**-18.85%**
General Total	**447,030.39**	**-7,177,901.90**	**231,277.16**	**-6,499,594.35**	**4.74%**	**-17.57%**	**-**	**-12.92%**

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).
Note: The number of members of each body was calculated as an annual average, according to the methodology presented in the Circular Letter/Annual-2022-CVM/SEP.

PROPOSED AND PERFORMED NUMBERS IN 2021



*The Performed 2021 chart considers the sum of the Board of Directors, Board of Executive Officers and also the Fiscal Council, established on April 20, 2021.

II – FISCAL YEAR 2022

For 2022, the Company Management informs that it has not made changes to the Board of Directors' compensation plan and to the criteria for Fixed, Variable (Bonus) Compensation and Benefits of the Statutory Board of Executive Officers. The Stock-Based Compensation provided for the fiscal year 2022 of the Statutory Board of Executive Officers is in accordance with the Stock-Based Incentive and Retention Plan, approved at the Company's Extraordinary General Meeting held on April 20, 2021, in the scope of the ILP Performance and ILP Master programs.

Below, we present in detail, each item that is part of the management's proposal for 2022:

A. Number of members:

Regarding the number of members of the Board of Directors and the Statutory Board of Executive Officers for 2022, the Company Management proposes:

(i) Maintaining the number of members of the Board of Directors;

(ii) The possibility of adding a member to the Statutory Board of Executive Officers during 2022.

B. Fixed and variable compensation and benefits:

For purposes of equalization with market practices, the Company Management proposes for 2022:

(i) Adjust the amounts regarding the Fixed Compensation of the Board of Directors at an index equivalent to the inflation rate ascertained in the period (10%). This item represents an additional eight point twenty-three percent (8.23%) in the salary line of the Board of Directors;

(ii) Adjust the amounts regarding the Fixed Compensation for Participation in Committees of the Board of Directors at an index equivalent to the inflation rate ascertained in the period (10%). This item represents an additional twenty point sixty-two percent (20.62%) in relation to the 2021 proposal due to the year-over-year comparative effect of the adjustment applied to the Coordinators of the Committees of the Board of Directors in an index higher than the inflation in May 2021, according to the 2021 Management's Proposal;

(iii) Adjust the amounts regarding the Fixed Compensation and Bonuses of the Vice-Presidents (Statutory Board of Executive Officers) at a rate equivalent to the inflation ascertained in the period; and adjust the amounts of the CEO's Fixed Compensation and Bonuses (Statutory Board of Executive Officers) at a rate higher than inflation, aiming at adapting to the standards practiced, especially, in the information technology market in Brazil. These items, together, represent an additional twelve point ninety-two percent (12.92%) in the salary line of the Statutory Board of Executive Officers and seventeen point ninety-two percent (17.92%) in the bonus line (both compared to the 2021 proposal);

(iv) Adjust the benefit values of the Statutory Board of Executive Officers and Board of Directors, according to the conditions provided for in the contracts with suppliers. The reduction of sixty-five point three percent (65.3%) in the line of benefits of the Board of Directors refers to the extinction of the benefit of car with driver for the Chairman of the Board of Directors since May 2021;

(v) Maintain the post-employment benefit (private pension plan) in the manner already in force. The additional fifty-six point sixty-five percent (56.65%) refers to the possibility of adherence to the full benefit level by the Statutory Board of Executive Officers.

(vi) Adjust the amounts regarding the fixed compensation of each member of the Fiscal Council, considering an amount equivalent to ten percent of the average fixed compensation attributed to each Statutory Officer.

In accordance with the provisions of the items above, the Company Management proposes for 2022, pursuant to the meeting of the Board of Directors held on March 16, 2022, the amount of up to twenty-three million, six hundred and ninety thousand, five hundred and thirty-nine Reals and seventy-six cents (R$23,690,539.76) in fixed and variable compensation, already added with benefits. This proposal presents an evolution of fourteen point thirty-two percent (14.32%) compared to the values proposed for 2021, as shown in the tables and charts below:

PROPOSAL FOR 2022 (Fixed Comp. + Var. Comp. + BENEFITS)

	Proposed for 2022				Proposed for 2021				Actual numbers in 2021			
	Board of Directors	Executive Officers	Fiscal council	Total	Board of Directors	Executive Officers	Fiscal council	Total	Board of Directors	Executive Officers	Fiscal council	Total
Fixed annual compensation (FC)												
Number of Members	7.00	7.50	1.00	15.50	7.00	7.50	0.00	14.50	7.00	7.00	2.00	16.00
Salary or management fees	3,659,410.96	9,364,611.11	125,349.74	13,149,371.81	3,381,243.72	8,292,805.49	0.00	11,674,049.21	3,381,243.84	7,840,102.31	231,277.16	11,452,623.31
Direct and indirect benefits	132,119.25	1,560,992.41	0.00	1,693,111.66	380,699.23	1,495,195.59	0.00	1,875,894.82	563,521.59	1,365,540.06	0.00	1,929,061.65
Compensation for participation in Committees	1,417,026.32	0.00	0.00	1,417,026.32	1,174,779.61	0.00	0.00	1,174,779.61	1,247,073.98	0.00	0.00	1,247,073.98
Variable compensation (VC)												
Bonus	0.00	6,749,407.85	0.00	6,749,407.85	0.00	5,723,800.27	0.00	5,723,800.27	0.00	5,043,677.34	0.00	5,043,677.34
Total Fix.C. + Var.C.	**5,208,556.53**	**17,675,011.37**	**125,349.74**	**23,008,917.64**	**4,936,722.56**	**15,511,801.35**	**0.00**	**20,448,523.91**	**5,191,839.41**	**14,249,319.71**	**231,277.16**	**19,672,436.28**
Other												
Post-employment benefits	0.00	430,922.65	0.00	430,922.65	0.00	275,077.86	0.00	275,077.86	0.00	124,022.27	0.00	124,022.27
Benefits for termination of tenure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total FC + VC + Other	**5,208,556.53**	**18,105,934.02**	**125,349.74**	**23,439,840.29**	**4,936,722.56**	**15,786,879.21**	**0.00**	**20,723,601.77**	**5,191,839.41**	**14,373,341.98**	**231,277.16**	**19,796,458.55**

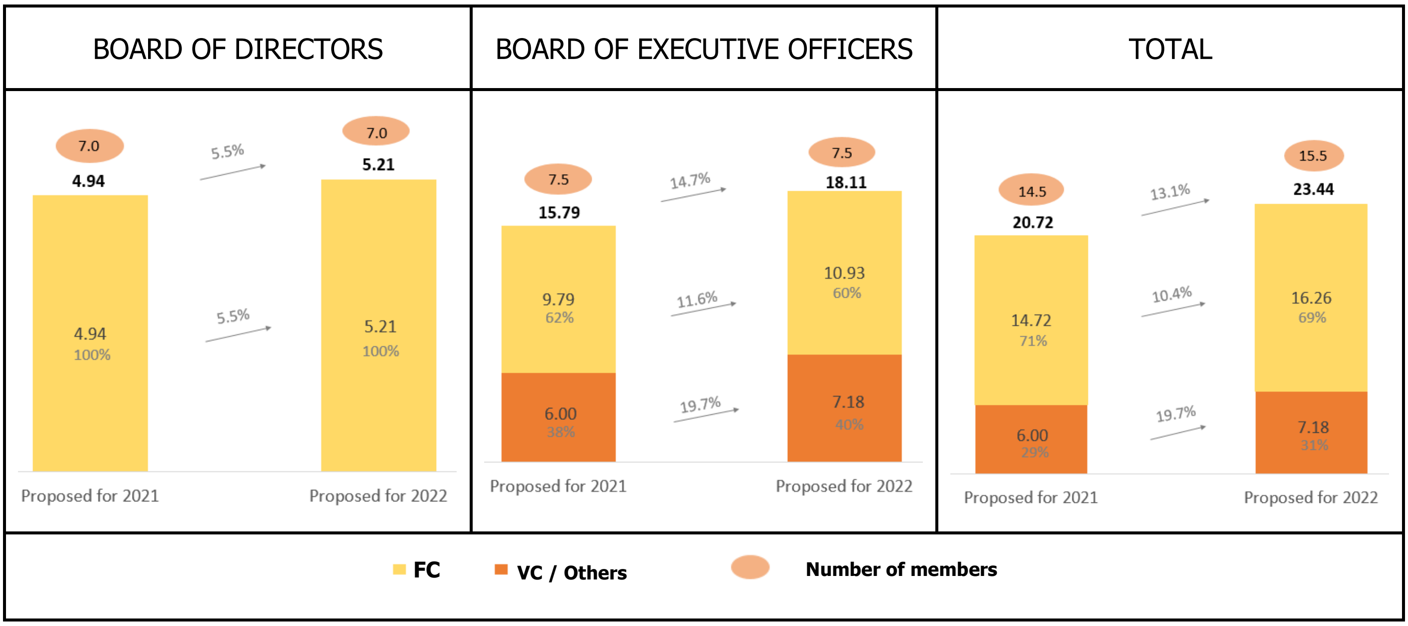
Note: The number of members of each body was calculated as an annual average, according to the methodology presented in the Circular Letter/Annual-2022-CVM/SEP

VARIATION PROPOSED FOR 2022 AND PROPOSAL FOR 2021 (Fixed Comp. + Var. Comp. + BENEFITS)

	Proposed for 2022 vs. Proposed for 2021							
	Absolute variation				Percentage change (%)			
	Board	Executive Officers	Fiscal council	Total	Board	Executive Officers	Fiscal council	Total
Fixed annual compensation (FC)								
Number of Members	0.00	0.00	1.00	1.00	0.00%	0.00%	-	6.90%
Salary or management fees	278,167.24	1,071,805.62	125,349.74	1,475,322.60	8.23%	12.92%	-	12.64%
Direct and indirect benefits	-248,579.98	65,796.82	0.00	-182,783.16	-65.30%	4.40%	-	-9.74%
Compensation for participation in Committees	242,246.71	0.00	0.00	242,246.71	20.62%	-	-	20.62%
Variable compensation (VC)								
Bonus	0.00	1,025,607.58	0.00	1,025,607.58	-	17.92%	-	17.92%
Total Fix.C. + Var.C.	**271,833.97**	**2,163,210.02**	**125,349.74**	**2,560,393.73**	**5.51%**	**13.95%**	**-**	**12.52%**
Other								
Post-employment benefits	0.00	155,844.79	0.00	155,844.79	-	56.65%	-	56.65%
Benefits for termination of tenure	0.00	0.00	0.00	0.00	-	-	-	-
Total FC + VC + Other	**271,833.97**	**2,319,054.81**	**125,349.74**	**2,716,238.52**	**5.51%**	**14.69%**	**-**	**13.11%**

Note: The number of members of each body was calculated as an annual average, according to the methodology presented in the Circular Letter/Annual-2022-CVM/SEP

PROPOSAL FOR 2021 and PROPOSAL FOR 2022 (Fixed Comp. + Var. Comp. + BENEFITS)



C. Stock-based Compensation:

The stock-based compensation recognized in each fiscal year and explained throughout this topic strictly follows the criteria corresponding to the maximum accounting estimates due to the accounting deferral set forth by the applicable legislation under the CPC 10. The CPC 10 technical pronouncement, based on the international standard IFRS 2, aims at prescribing procedures for the recognition and disclosure of transactions with payment based on actions carried out by the companies. To assist in the understanding, in accordance with CPC 10, the cost of transactions settled with equity instruments must be measured based on the fair value on the date on which they were granted, using an appropriate valuation model. Such cost is recognized in stock-based compensation expenses together with the corresponding increase in shareholders' equity during the plan's grace period. For detailed information, please go to:
http://www.cpc.org.br/CPC/Documentos-Emitidos/Pronunciamentos/Pronunciamento?Id=41

In relation to the evolution year over year, the Stock-Based Compensation goes from the proposed amount in 2021 of twenty-nine million, five hundred and sixty-three thousand, six hundred and sixty Reals and thirty cents (R$29,563,660.30) to the proposal of thirty million, eight hundred and fifty thousand, four hundred and one Reals and thirty cents (R$30,850,401.30) in 2022, as shown in the table below:

PROPOSED FOR 2022 (STOCK-BASED COMPENSATION)

	Proposed for 2022				Proposed for 2021				Actual numbers in 2021				Variation of proposal for 2022 vs. 2021 prop..
	Board of Directors	Executive Officers	Fiscal council	Total	Board of Directors	Executive Officers	Fiscal council	Total	Board of Directors	Executive Officers	Fiscal council	Total	
Share-based compensation[1]													
Accounting recognition - granting in the current year	1,192,592.67	5,328,884.71	0.00	6,521,477.38	1,855,800.00	8,075,823.00	0.00	9,931,623.00	1,763,400.00	7,673,729.00	0.00	9,437,129.00	-3,410,145.62
Accounting recognition - granting in previous years	4,608,516.62	19,720,407.30	0.00	24,328,923.92	2,631,300.00	17,000,737.30	0.00	19,632,037.30	2,915,613.54	11,638,466.63	0.00	14,554,080.17	4,696,886.62
Total share-based compensation	**5,801,109.29**	**25,049,292.01**	**0.00**	**30,850,401.30**	**4,487,100.00**	**25,076,560.30**	**0.00**	**29,563,660.30**	**4,679,013.54**	**19,312,195.63**	**0.00**	**23,991,209.17**	**1,286,741.00**
Total number of shares - granting in the current year	176,710	943,038	0	1,119,748	270,000	1,174,950	0.00	1,444,950	270,000	1,174,950	0.00	1,444,950	-325,202.00
Total number of shares - granting in previous years	837,999	3,258,450	0	4,096,449	540,000	3,008,064	0.00	3,548,064	567,999	2,083,500	0.00	2,651,499	548,385.00
Total number of shares	**1,014,709**	**4,201,488**	**0**	**5,216,197**	**810,000**	**4,183,014**	**0.00**	**4,993,014**	**837,999**	**3,258,450**	**0.00**	**4,096,449**	**223,183**
Total economic par value - current year 2 grants	**5,366,683**	**28,640,064**	**0**	**34,006,747**	**8,351,100**	**36,341,204**	**0.00**	**44,692,304**	**7,935,300**	**34,531,781**	**0.00**	**42,467,081**	**-10,685,557**

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).
Note 1: the amounts granted in previous years were approved by the competent bodies, in accordance with the Stock-Based Incentive and Retention Plans approved by the shareholders at General Meetings held, respectively, on December 15, 2015 and amended on April 5, 2018 and April 18, 2019, having been, therefore, already granted to the beneficiaries.
Note 2: the total par economic value multiplies the total number of shares of the grants performed in the current year with the fair value of the shares.

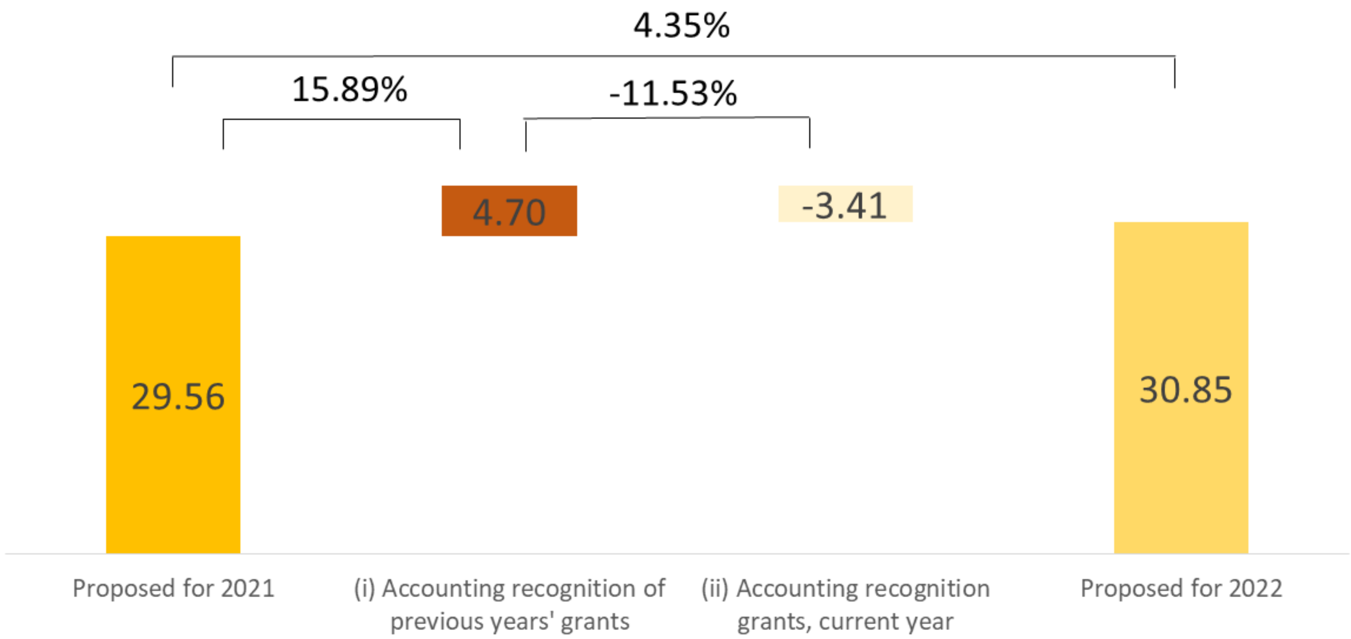
This growth of one million, two hundred and eighty-six thousand, seven hundred and forty-one Reals (R$1,286,741.00) is explained by the following effects:

(i) **Accounting recognition of grants from previous years:** estimated appreciation of more than two hundred percent (200%) of the shares granted in April 2019 that will be effectively delivered to participants in April 2022, with an impact on withholding taxes; plus the effect of stacking the last 3 grants, accumulating the grants of 2019 (4/36 in 2022), 2020 (12/36 in 2022) and 2021 (12/36 in 2022) together with the grant of 2022 (8/36 in 2022), which end up increasing the total for the year in question. These factors represent an impact of four million, six hundred and ninety-six thousand, eight hundred and eighty-six Reals and sixty-two cents (R$4,696,886.62).

(ii) **Accounting recognition of the grants for the current year:** reduction of the reference values to be granted in shares in the 2022 grants, both for the Chairman of the Board of Directors and for the Statutory Board of Executive Officers, compared to the grant made in 2021; this represents a reduction of three million, four hundred and ten thousand, one hundred and forty-five Reals and sixty-two cents (R$3,410,145.62), representing an estimated delivery of three hundred and twenty-five thousand, two hundred and two (325,202) less shares in 2022.

Adding items (i) and (ii), the impact of four point thirty-five percent (4.35%) represents the difference between the proposal for 2022 and the proposal for 2021, as shown in the chart below:

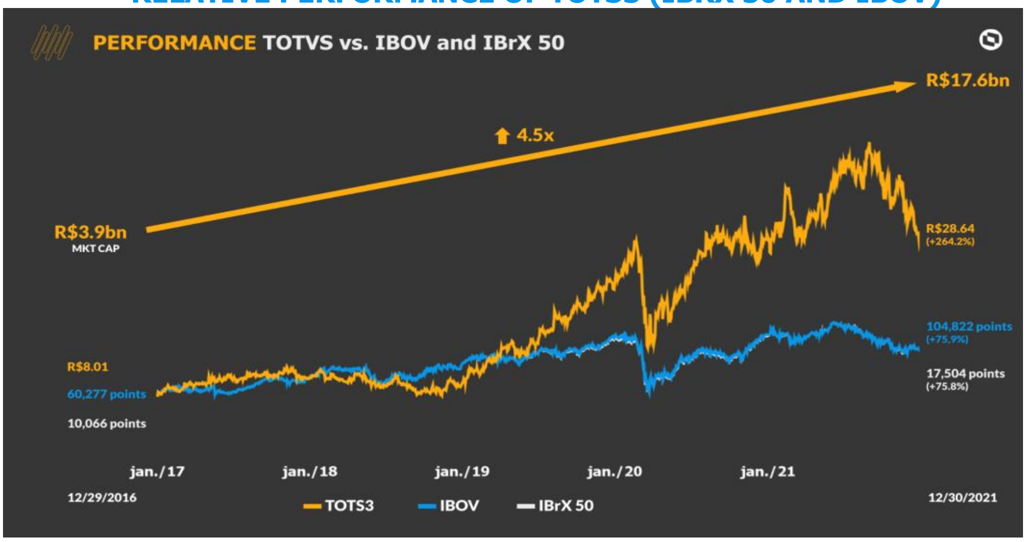
VARIATION PROPOSED FOR 2022 AND PROPOSAL FOR 2021 (STOCK-BASED COMPENSATION IN MILLIONS)



The aforementioned positive effects on the accounting recognition of the grants of previous years exercised, as expected, their essential role of aligning the interests of shareholders and Management, given the appreciation of the value of TOTVS's share over the last years. As shown in the chart below, we can see the high performance of TOTS3 against two important market indexes:

1. **Ibovespa:** the most important indicator of the average performance of the prices of shares traded on B3 (Brasil, Bolsa, Balcão), formed by the shares with the highest volume traded in recent months. TOTVS has been part of this index since 2020.
2. **IBrX50:** an indicator of the average price performance of the 50 most tradable and representative assets of the Brazilian stock market. TOTVS has been part of this index since 2021.

RELATIVE PERFORMANCE OF TOTS3 (IBRX 50 AND IBOV)



We explain below, in detail, the effects of changes in the amounts of the stock-based compensation for the Board of Directors and the Statutory Board of Executive Officers considering the accounting recognition of the grants for the current and previous years:

Accounting recognition of the grants for the current year:
The Stock-Based Incentive and Retention Plan, approved at the Extraordinary General Meeting held on April 20, 2021 ("Plan 3"), may cover up to five point sixty-eight percent (5.68%) of the Company's Capital Stock, which currently represent thirty-five million, fifty-six thousand and five (35,056,005) shares in ten (10) years, or an average of three million, five hundred and five thousand and six hundred (3,505,600) shares per year.

For the fiscal year 2022, in the scope of Plan 3, the Board of Directors intends to grant one million, one hundred and nineteen thousand, seven hundred and forty-eight (1,119,748) restricted shares to the Company Management, corresponding to zero point eighteen percent (0.18%) of the Capital Stock on this date, compared to one million, four hundred and forty-four thousand, nine hundred and fifty (1,444,950) shares (0.23% of the capital stock on April 20, 2021) in 2021. For the purposes of this proposal, we consider for the calculation of the concession for 2022 the average price of the twenty-three (23) trading sessions prior to March 5, 2022, representing an economic par value of thirty-four million, six thousand, seven hundred and forty-six Reals and seventy-six cents (R$34,006,746.76), corresponding to thirty Reals and thirty-seven cents (R$30.37) per share. It should be noted that the number of shares to be granted (and consequently, the effective economic value to be attributed to the grant) may vary upwards or downwards due to the calculation of the average price of the sixty (60) trading sessions prior to April 29, 2022, the expected date of the year's grants, as established in Plan 3, approved at the Extraordinary General Meeting held on April 20, 2021. In accordance with the applicable legislation and the characteristics of Plan 3, in the form of CPC 10, the accounting for this 2022 grant will occur over three years for the ILP Performance program and over 5 years for the ILP Master program. As a result of the accounting deferral determined by the applicable legislation, the amount to be accounted for in the fiscal year 2022 related to the 2022 grants will be up to six million, five hundred and twenty-one thousand, four hundred and seventy-seven Reals and thirty-eight cents (R$6,521,477.38), which corresponds to 8ths of the economic value of thirty-four million, six thousand, seven hundred and forty-six Reals and seventy-six cents (R$34,006,746.76).

In the table below we exemplify the estimated effect of accounting for the 2022 grants over the coming years:

STOCK-BASED COMPENSATION – GRANTS IN 2022

Year	Amount accounted for - ILP Performance**	Period Portion	Amount accounted for - ILP Master	Period Portion
2022	R$4,983,312.07	8/36	R$1,544,245.66	8/60
2023	R$7,474,968.10	12/36	R$2,316,368.49	12/60
2024	R$7,474,968.10	12/36	R$2,316,368.49	12/60
2025	R$2,491,656.03*	4/36	R$2,316,368.49	12/60
2026	-	0/36	R$2,316,368.49	12/60
2027	-	0/36	R$772,122.83*	4/60
Total economic par value	**R$22,424,904.30**	**36/36**	**R$11,581,842.46**	**60/60**

*Amounts may change according to the variation in the value of the restricted shares at the time of the effective delivery to the participants, impacting the withholding of taxes, in addition to any cancellations over time.
** includes Statutory Board of Executive Officers and Chairman of the Board of Directors.

Accounting recognition of grants from previous years:
In addition to the amount of six million, five hundred and twenty-one thousand, four hundred and seventy-seven Reals and thirty-eight cents (R$6,521,477.38), as a result of the provisions of the applicable legislation (CPC 10), the amount allocated to the stock-based compensation shall be increased by the amount of twenty-four million, three hundred and twenty-eight thousand, nine hundred and twenty-three Reals and ninety-two cents (R$24,328,923.92), referring to the accounting recognition provided for the fiscal year 2022, with respect to the accounting of grants made in previous years to the Management, as a result of the accounting deferral determined by the applicable legislation, as mentioned above.

The amount referred to in the paragraph above refers to all grants made in previous fiscal years that were approved by the competent bodies, according to the Stock-Based Incentive and Retention Plans, approved by the shareholders at General Meetings held, respectively, on December 15, 2015 and amended on April 5, 2018 and April 18, 2019, being, therefore, a right already granted to the beneficiaries.

In the table below, we exemplify the estimated effect over the years of accounting for the grants made in 2019, 2020 and 2021 and which makes up the amount of twenty-four million, three hundred and twenty-eight thousand, nine hundred and twenty-three Reals and ninety-two cents (R$24,328,923.92) accounted for in 2022:

STOCK-BASED COMPENSATION – GRANTS FROM 2019 TO 2022

Year	2019 Granting		2020 Granting		2021 Grants		2022 Grants (proposal)		2022 Grants ILP Master (proposal)		Total / year
	Amount accounted for	Hundredths	Amount accounted for	Hundredths	Amount accounted for	Hundredths	Amount accounted for	Hundredths	Amount accounted for	Hundredths	
2019	R$ 3,187,426.75	8/36	R$ 0.00	0/36	R$ 0.00	0/36	R$ 0.00	0/36	R$ 0.00	0/60	R$ 3,187,426.75
2020	R$ 4,781,140.12	12/36	R$ 5,489,145.00	8/36	R$ 0.00	0/36	R$ 0.00	0/36	R$ 0.00	0/60	R$ 10,270,285.12
2021	R$ 4,926,132.64	12/36	R$ 8,373,038.40	12/36	R$ 9,437,129.00	8/36	R$ 0.00	0/36	R$ 0.00	0/60	R$ 22,736,300.04
2022	R$ 1,611,837.41	4/36	R$ 8,317,310.04	12/36	R$ 14,155,693.50	12/36	R$ 4,983,312.07	8/36	R$ 1,544,245.66	8/60	R$ 30,612,398.68
2023	R$ 0.00	0/36	R$ 2,772,436.68	4/36	R$ 14,155,693.50	12/36	R$ 7,474,968.10	12/36	R$ 2,316,368.49	12/60	R$ 26,719,466.77
2024	R$ 0.00	0/36	R$ 0.00	0/36	R$ 4,718,564.50	4/36	R$ 7,474,968.10	12/36	R$ 2,316,368.49	12/60	R$ 14,509,901.09
2025	R$ 0.00	0/36	R$ 0.00	0/36	R$ 0.00	0/36	R$ 2,491,656.03	12/36	R$ 2,316,368.49	12/60	R$ 4,808,024.53
2026	R$ 0.00	0/36	R$ 0.00	0/36	R$ 0.00	0/36	R$ 0.00	0/36	R$ 2,316,368.49	12/60	R$ 2,316,368.49
2027	R$ 0.00	0/36	R$ 0.00	0/36	R$ 0.00	0/36	R$ 0.00	0/36	R$ 772,122.83	4/60	R$ 772,122.83
Total economic par value	R$ 14,506,536.92	36/36	R$ 24,951,930.12	36/36	R$ 42,467,080.50	36/36	R$ 22,424,904.30	36/36	R$ 11,581,842.46	60/60	R$ 115,932,294.30

Note: future amounts may change according to the variation in the value of the restricted shares at the time of the effective delivery to the participants, affecting the withholding of taxes, in addition to any cancellations over time.

Conclusion:
Therefore, as explained in detail throughout this topic, the only three factors that determine the stock-based Compensation are:
(i) the number of shares granted, and for the 2022 grants, we intend to grant three hundred and twenty-five thousand two hundred and two (325,202) shares less than in 2021;

(ii) the reference price of the shares granted, which corresponds to the average of the 60 trading sessions prior to the date of grant, values that have been rising over the last few years, as a result of the appreciation of TOTVS shares; and
(iii) the stacking factor of grants over the years. We estimate the maintenance of the 2022 stacking level for subsequent years, considering the combination of factors (i) and (ii).

In the table below we detail items (i) and (ii) referring to each of the grants recognized in the fiscal year 2022 for the Company Management.

STOCK-BASED COMPENSATION – GRANTS FROM 2019 TO 2022

	Grants in 2019	Grants in 2020	Grants in 2021	Grant in 2022 ILP Performance (proposal)	Grant in 2022 ILP Master (proposal)
Grace period of shares	3 years				5 years
Reference price of restricted shares granted	R$13.40	R$17.00	R$30.58	R$30.37 *	R$30.37 *
Net number of shares outstanding in the current fiscal year	1,118,250	1,505,520	1,444,950	738,390 *	381,358 *

** The reference price of the restricted shares to be attributed to the grant for the fiscal year 2022 will consider the average price of the sixty (60) trading sessions prior to the date of grant, scheduled for April 29, 2022, as provided for in the Plan.*
*** The number of shares to be granted may vary upwards or downwards due to the calculation of the average price of the sixty (60) trading sessions prior to the date of grant, scheduled for April 29, 2022, as provided for in the Plan.*
Note: Chairman of the Board of Directors eligible as of 2019.

Dilution:
The accumulated net dilution of the Stock-Based Incentive and Retention Plan from the first grant made in 2016 until the last grant made in 2021, considering the effect of any cancellations made over time before the end of the grace period and considering all the participants benefited by such grants (Chairman of the Board, Statutory Board of Executive Officers, and other employees benefited), is one point eighty-three percent (1.83%), that is, an average of zero point three hundred and five per percent (0.305%) per year. Thus, to date, the Plan uses only thirty-two point two percent (32.2%) of the maximum allowed dilution of five point sixty-eight percent (5.68%) of the Company's current capital stock during the term of the plan (10 years), even though sixty percent (60%) of its term has already elapsed. We show this effect in the tables below, considering the accumulated dilution so far and the annual average as a reference:

ACCUMULATED DILUTION

Accumulated dilution	Dilution %	# Shares	Number of years
Maximum dilution allowed by the Plan	5.68%	35,056,005	10
Current net dilution *	1.83%	11,281,503	6
% already used	32.2%	32.2%	60.0%

** it refers to Restricted Shares already granted to Participants, which may be in a grace period or expired*

ANNUAL AVERAGE DILUTION

Average annual dilution as a reference	Dilution %	# Shares	Number of years
Maximum dilution allowed by the Plan	0.568%	3,505,600	10
Average annual net dilution *	0.305%	1,880,251	6
% used	53.6%	53.6%	60.0%

** refers to Restricted Shares already granted to Participants, which may be in a grace period or expired*

In the table below, we show the accumulated net dilution and average annual net dilution divided between the Board of Directors, the Statutory Board of Executive Officers, and other employees benefited by grants of the Stock-Based Incentive and Retention Plan:

ACCUMULATED DILUTION AND ANNUAL AVERAGE PER BODY

Accumulated dilution *	Dilution %	# Shares	Representativeness %	Average annual dilution	Number of years
Board of Directors	0.14%	837,999	7.43%	0.045%	3
Statutory Board of Exec. Officers	0.86%	5,304,856	47.02%	0.143%	6
Other	0.83%	5,138,648	45.55%	0.139%	6
Total	1.83%	11,281,503	100.00%	0.305%	6

** considering the granting made between 2016 and 2021*

The dilution proposed for the grants in 2022 is slightly lower than the dilution level approved in the last three years for the Board of Directors and in the last two years for the Statutory Board of Executive Officers, as shown in the table below:

ANNUAL DILUTION PER BODY

	Net dilution of granting per year		
Year	Board of Directors	Statutory Board of Exec. Officers	Total
2019	0.05%	0.14%	0.18%
2020	0.05%	0.20%	0.25%
2021	0.04%	0.19%	0.23%
Proposed for 2022	0.03%	0.16%	0.19%

Note: there have been no share cancellations from the 2019, 2020 and 2021 grants to date.

It should be noted that for 2019, the level of zero point eighteen percent (0.18%) of dilution is justified by the lower number of Statutory Officers at the time and by the first year of the CEO, who received a smaller number of shares.

We believe that the dilution of the Stock-based Incentive and Retention Plan is in line with the context of the industry in which TOTVS is inserted in Brazil, considering its size, equity structure, historical growth and future potential, financial condition, and historical payment practices per performance.

D. Overall compensation of Management members:

Pursuant to the provisions of items "A", "B" and "C" above, the proposal for the overall amount of the compensation of the Company Management for the fiscal year 2022 is up to fifty-four million, two hundred and ninety thousand, two hundred and forty-one Reals and fifty-nine cents (R$54,290,241.59), as shown in detail in the table and charts below:

OVERALL COMPENSATION OF MANAGEMENT MEMBERS

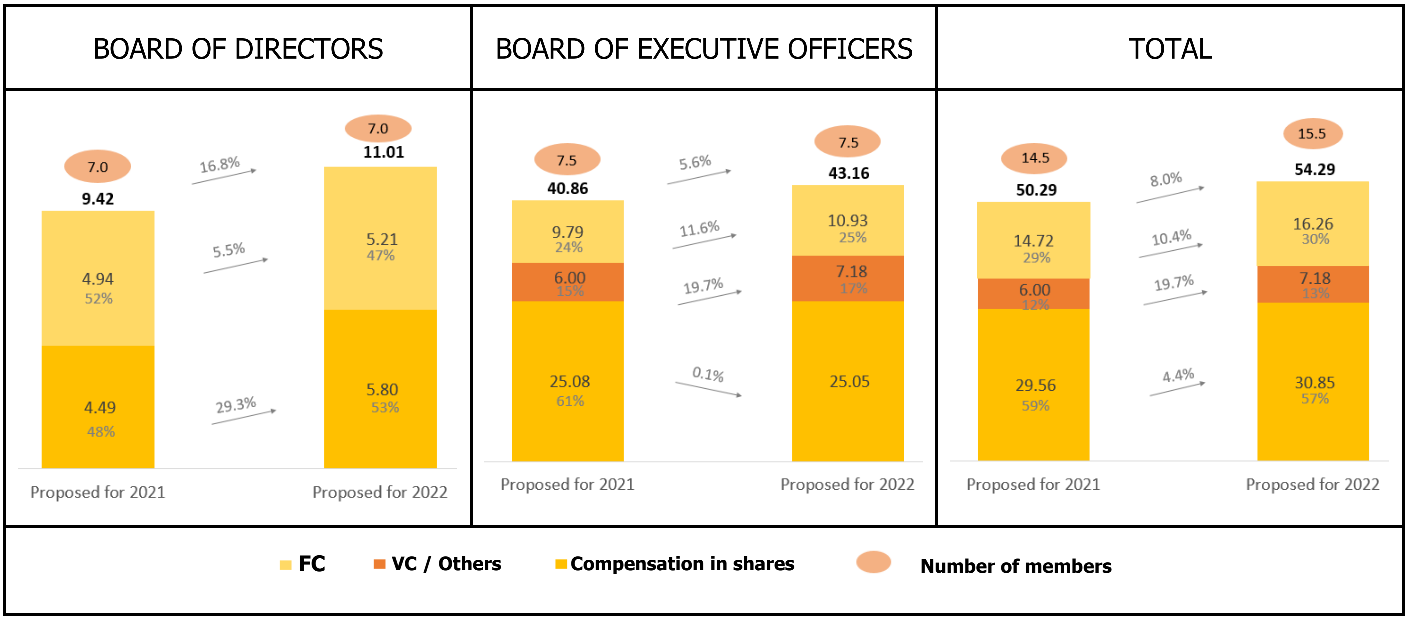
	Proposed for 2022				Proposed for 2021				Actual numbers in 2021			
	Board of Directors	Executive Officers	Fiscal council	Total	Board of Directors	Executive Officers	Fiscal council	Total	Board of Directors	Executive Officers	Fiscal council	Total
Fixed annual compensation (FC)												
Number of Members	7.00	7.50	1.00	15.50	7.00	7.50	0.00	14.50	7.00	7.00	2.00	16.00
Salary or management fees	3,659,410.96	9,364,611.11	125,349.74	13,149,371.81	3,381,243.72	8,292,805.49	0.00	11,674,049.21	3,381,243.84	7,840,102.31	231,277.16	11,452,623.31
Direct and indirect benefits	132,119.25	1,560,992.41	0.00	1,693,111.66	380,699.23	1,495,195.59	0.00	1,875,894.82	563,521.59	1,365,540.06	0.00	1,929,061.65
Compensation for participation in Committees	1,417,026.32	0.00	0.00	1,417,026.32	1,174,779.61	0.00	0.00	1,174,779.61	1,247,073.98	0.00	0.00	1,247,073.98
Variable compensation (VC)												
Bonus	0.00	6,749,407.85	0.00	6,749,407.85	0.00	5,723,800.27	0.00	5,723,800.27	0.00	5,043,677.34	0.00	5,043,677.34
Total Fix.C. + Var.C.	**5,208,556.53**	**17,675,011.37**	**125,349.74**	**23,008,917.64**	**4,936,722.56**	**15,511,801.35**	**0.00**	**20,448,523.91**	**5,191,839.41**	**14,249,319.71**	**231,277.16**	**19,672,436.28**
Other												
Post-employment benefits	0.00	430,922.65	0.00	430,922.65	0.00	275,077.86	0.00	275,077.86	0.00	124,022.27	0.00	124,022.27
Benefits for termination of tenure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total FC + VC + Other	**5,208,556.53**	**18,105,934.02**	**125,349.74**	**23,439,840.29**	**4,936,722.56**	**15,786,879.21**	**0.00**	**20,723,601.77**	**5,191,839.41**	**14,373,341.98**	**231,277.16**	**19,796,458.55**
Share-based compensation[1]												
Accounting recognition - current year	1,192,592.67	5,328,884.71	0.00	6,521,477.38	1,855,800.00	8,075,823.00	0.00	9,931,623.00	1,763,400.00	7,673,729.00	0.00	9,437,129.00
Accounting recognition - previous years	4,608,516.62	19,720,407.30	0.00	24,328,923.92	2,631,300.00	17,000,737.30	0.00	19,632,037.30	2,915,613.54	11,638,466.63	0.00	14,554,080.17
Total share-based compensation	**5,801,109.29**	**25,049,292.01**	**0.00**	**30,850,401.30**	**4,487,100.00**	**25,076,560.30**	**0.00**	**29,563,660.30**	**4,679,013.54**	**19,312,195.63**	**0.00**	**23,991,209.17**
General Total	**11,009,665.82**	**43,155,226.04**	**125,349.74**	**54,290,241.59**	**9,423,822.56**	**40,863,439.51**	**0.00**	**50,287,262.07**	**9,870,852.95**	**33,685,537.61**	**231,277.16**	**43,787,667.72**

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

Note: the grants made in previous fiscal years were approved by the competent bodies, in accordance with the Stock-Based Incentive and Retention Plans approved by the shareholders at General Meetings held, respectively, on December 15, 2015 and amended on April 5, 2018 and April 18, 2019, having been, therefore, already granted to the beneficiaries.

Note: The number of members of each body was calculated as an annual average, according to the methodology presented in the Circular Letter/Annual-2022-CVM/SEP

OVERALL COMPENSATION OF MANAGEMENT MEMBERS



The growth of seven point ninety-six percent (7.96%) of the overall compensation proposed for the fiscal year 2022, compared to the proposal for 2021, has its greatest absolute impact on the line of "accounting recognition of the stock-based compensation from previous years", which alone, has a growth of four million, six hundred and ninety-six thousand, eight hundred and eighty-six Reals and sixty-two cents (R$4,696,886.62), equivalent to an increase of twenty-three point ninety-two percent (23.92%) year over year, as shown in the table below:

OVERALL COMPENSATION OF MANAGEMENT MEMBERS - YEAR-OVER-YEAR VARIATION

	Proposed for 2022 vs. Proposed for 2021							
	Absolute variation				Percentage change (%)			
	Board	Executive Officers	Fiscal council	Total	Board	Executive Officers	Fiscal council	Total
Fixed annual compensation (FC)								
Number of Members	0.00	0.00	1.00	1.00	0.00%	0.00%	-	6.90%
Salary or management fees	278,167.24	1,071,805.62	125,349.74	1,475,322.60	8.23%	12.92%	-	12.64%
Direct and indirect benefits	-248,579.98	65,796.82	0.00	-182,783.16	-65.30%	4.40%	-	-9.74%
Compensation for participation in Committees	242,246.71	0.00	0.00	242,246.71	20.62%	-	-	20.62%
Variable compensation (VC)								
Bonus	0.00	1,025,607.58	0.00	1,025,607.58	-	17.92%	-	17.92%
Total Fix.C. + Var.C.	**271,833.97**	**2,163,210.02**	**125,349.74**	**2,560,393.73**	**5.51%**	**13.95%**	**-**	**12.52%**
Other								
Post-employment benefits	0.00	155,844.79	0.00	155,844.79	-	56.65%	-	56.65%
Benefits for termination of tenure	0.00	0.00	0.00	0.00	-	-	-	-
Total FC + VC + Other	**271,833.97**	**2,319,054.81**	**125,349.74**	**2,716,238.52**	**5.51%**	**14.69%**	**-**	**13.11%**
Share-based compensation[1]								
Accounting recognition - current year	-663,207.33	-2,746,938.29	0.00	-3,410,145.62	-35.74%	-34.01%	-	-34.34%
Accounting recognition - previous years	1,977,216.62	2,719,670.00	0.00	4,696,886.62	75.14%	16.00%	-	23.92%
Total share-based compensation	**1,314,009.29**	**-27,268.28**	**0.00**	**1,286,741.00**	**29.28%**	**-0.11%**	**-**	**4.35%**
General Total	**1,585,843.26**	**2,291,786.53**	**125,349.74**	**4,002,979.52**	**16.83%**	**5.61%**	**-**	**7.96%**

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).
Note: The number of members of each body was calculated as an annual average, according to the methodology presented in the Circular Letter/Annual-2022-CVM/SEP

Thus, the growth in total compensation for the current year (including the fixed, variable, other remuneration lines and stock-based compensation of the 2022 grant) is minus two point twenty-six percent (-2.26%), as shown in the tables and charts below:

OVERALL COMPENSATION OF MANAGEMENT MEMBERS

	Proposal for 2022				Proposal for 2021				Actual numbers in 2021			
	Board of Directors	Executive Officers	Fiscal council	Total	Board of Directors	Executive Officers	Fiscal council	Total	Board of Directors	Executive Officers	Fiscal council	Total
Total FC + VC + Other	**5,208,556.53**	**18,105,934.02**	**125,349.74**	**23,439,840.29**	**4,936,722.56**	**15,786,879.21**	**0.00**	**20,723,601.77**	**5,191,839.41**	**14,373,341.98**	**231,277.16**	**19,796,458.55**
Share-based compensation[1]												
Accounting recognition - granting in the current year	1,192,592.67	5,328,884.71	0.00	6,521,477.38	1,855,800.00	8,075,823.00	0.00	9,931,623.00	1,763,400.00	7,673,729.00	0.00	9,437,129.00
Total compensation - current year	**6,401,149.20**	**23,434,818.73**	**125,349.74**	**29,961,317.67**	**6,792,522.56**	**23,862,702.21**	**0.00**	**30,655,224.77**	**6,955,239.41**	**22,047,070.98**	**231,277.16**	**29,233,587.55**
Share-based compensation[1]												
Accounting recognition - granting in previous years	4,608,516.62	19,720,407.30	0.00	24,328,923.92	2,631,300.00	17,000,737.30	0.00	19,632,037.30	2,915,613.54	11,638,466.63	0.00	14,554,080.17
General Total	**11,009,665.82**	**43,155,226.04**	**125,349.74**	**54,290,241.59**	**9,423,822.56**	**40,863,439.51**	**0.00**	**50,287,262.07**	**9,870,852.95**	**33,685,537.61**	**231,277.16**	**43,787,667.72**

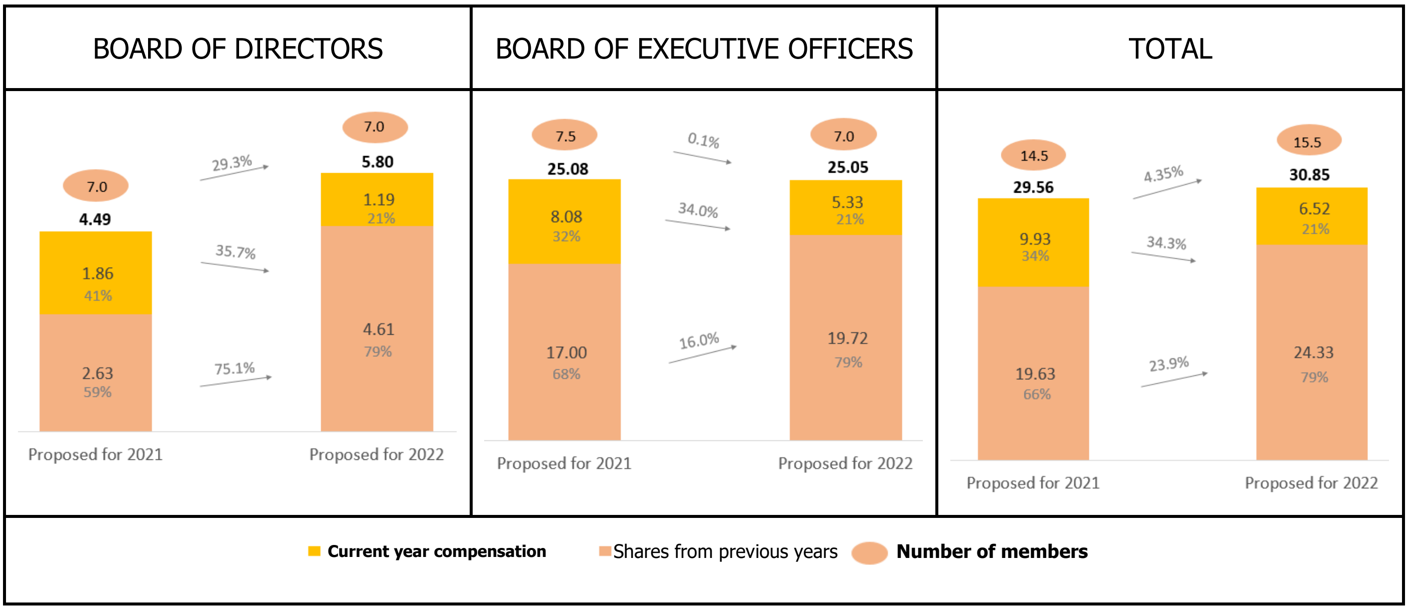
(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

OVERALL COMPENSATION OF MANAGEMENT MEMBERS - YEAR-OVER-YEAR VARIATION

	2022 Proposal vs. 2021 Proposal							
	Absolute variation				Percentage (%) change			
	Board of Directors	Executive Officers	Fiscal council	Total	Board of Directors	Executive Officers	Fiscal council	Total
Total FC + VC + Other	**271,833.97**	**2,319,054.81**	**125,349.74**	**2,716,238.52**	**5.51%**	**14.69%**	**-**	**13.11%**
***Share-based compensation*[1]**								
Accounting recognition - granting in the current year	-663,207.33	-2,746,938.29	0.00	-3,410,145.62	-35.74%	-34.01%	-	-34.34%
Total compensation - current year	**-391,373.36**	**-427,883.48**	**125,349.74**	**-693,907.10**	**-5.76%**	**-1.79%**	**-**	**-2.26%**
***Share-based compensation*[1]**								
Accounting recognition - granting in previous years	1,977,216.62	2,719,670.00	0.00	4,696,886.62	75.14%	16.00%	-	23.92%
General Total	**1,585,843.26**	**2,291,786.53**	**125,349.74**	**4,002,979.52**	**16.83%**	**5.61%**	**-**	**7.96%**

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

OVERALL COMPENSATION OF MANAGEMENT MEMBERS



E. PROPORTION OF EACH ELEMENT IN THE TOTAL COMPENSATION

The increase in the ratio of variable compensation compared with fixed compensation over the years aligns appropriately with the compensation strategy with the purpose of boosting the Company's future performance.

BOARD OF EXECUTIVE OFFICERS

Compensation Element	2022	2021	2020	2019
Fixed	24%	26%	27%	29%
Variable	71%	70%	68%	60%
Benefits	5%	4%	5%	11%

BOARD OF DIRECTORS

Compensation Element	2022	2021	2020	2019
Fixed	47%	50%	64%	82%
Variable*	52%	45%	31%	14%
Benefits*	1%	5%	5%	4%

*Applicable to the Chairman of the Board of Directors only

FISCAL COUNCIL

Compensation Element	2022	2021	2020*	2019*
Fixed	100%	100%	-	-
Variable	-	-	-	-
Benefits	-	-	-	-

*The Company did not have a Fiscal Council established until April/2021

F. CONCLUSION:
We are convinced that the compensation proposal for 2022 is aligned with the company's operational and long-term performance, as shown in the following tables, with the comparison of the main performance metrics for the last year versus the compensation growth proposed for 2022 compared to the proposal for 2021:

KEY INDICATORS AND COMPENSATION COMPARISON

Indicator	2021	2020	Δ
Total net income *	3,258,863	2,596,077	**25.5%**
Recurring Revenue *	2,470,920	1,954,093	**26.4%**
Consolidated adjusted EBITDA *	781,956	589,717	**32.6%**
Adjusted and consolidated EBITDA margin	24.0%	22.7%	**130 bp**
Cash Profit *	444,858	337,548	**31.8%**
Cash Profit margin	13.70%	13.00%	**70 bp**
TOTS3 share	28.64	28.72	**-0.3%**
Ibovespa	104,822	119,017	**-11.9%**
IBrX50	17,504	19,566	**-10.5%**

** (Amounts stated in 000s of Real)*

Compensation	Proposed for 2022	Proposed for 2021	Δ
Total Fixed Compensation	16,259,510	14,724,724	**10.4%**
Total fixed + variable compensation + others	23,439,840	20,723,602	**13.1%**
Total compensation for current year [1]	29,961,318	30,655,225	**-2.3%**
Share-based compensation - accounting recognition in previous years	24,328,924	19,632,037	**23.9%**
Total Global Compensation	54,290,242	50,287,262	**8.0%**
Proportion of total variable compensation over total global compensation [2]	69%	70%	**-1 p.p.**
Number of shares - current year's grant	1,119,748	1,444,950	**-22.5%**
Dilution of granting in the year	0.19%	0.25%	**-22.5%**

[1] *Fixed + variable + other compensation + share-based compensation for the current year*
[2] *Variable compensation includes bonuses + share-based compensation in the current year*

14.1 - Description of human resources

(a) number of employees (total, by groups based on the activity performed and by geographic location)

The Company presents below the number of employees of the Company and its subsidiaries, consolidated and by geographic location:

Number of employees			
(Per position)	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Brazil			
Service provision	3,468	3,676	3,347
Research and Development	2,571	2,542	2,236
Sales	1125	734	639
Administrative / Others	1,172	914	749
Total	**8,336**	**7,866**	**6,971**

Number of employees			
(By geographic location)	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Brazil	8,060	7,612	6,716
Other Latin countries	265	239	242
United States of America	7	11	9
Europe	4	4	4
Total	**8,336**	**7,866**	**6,971**

(b) number of outsourced employees (total, by groups based on the activity performed and by geographic location)

The Company presents below the number of third parties hired by the Company and its subsidiaries, consolidated:

Number of outsourced employees			
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Brazil			
Security, Concierge, and Cleaning	111	220	207
Sales representatives	0	0	0
Other activities	39	59	54
TOTAL	**150**	**279**	**261**

Number of outsourced employees			
(By geographic location)	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
	150	279	261
TOTAL	150	279	261

(c) turnover rate

	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Turnover index (Turnover[1])	26.10%	16.54%	20.84%

[1]*Turn-over* = [(Admitted + Dismissed) / 2] / Active

14.2 - Relevant changes - Human Resources

The increase in the number of employees between 2019 and 2020 reflects the inorganic absorption of acquired companies (Consinco, Supplier, and Wealth Systems) in the TOTVS Consolidated.

Even in an unstable scenario of a pandemic in 2020, the Company had the lowest *turnover* rate in the last 3 years, standing out positively if compared with the average players in the *high-tech market*[1]. This shows consistency in the company's actions in its talent retention plan.

The Company continues to focus on synergy in the Administrative areas, where it has been showing greater gains in operating efficiency in recent years, and integrating acquired companies.

In 2021, the Company adopted the practice of remote work (home office) for all its units, as well as the implementation of the possibility of gradual and voluntary return of the TOTVERS that do not declare themselves as a risk group to the offices with safety, based on official health guidelines of the cities in which we have units.

It is noteworthy that the TOTVS Group did not adopt in such period measures to reduce salaries working hours of its employees, nor reduced the sizes of the teams outside the normal course of its operations.

14.3 - Description of the employee compensation policy

(a) Salary and variable compensation policy

The Company's compensation policy provides for compensation to be set in accordance with market standards for positions with similar activities and responsibilities, aiming to maintain the ability to attract and retain participants.

The compensation structure is approved by the People and Remuneration Committee and the required changes are taken for its analysis. The Company organizes positions within the same nature of function, according to hierarchy, strategic contribution, breadth, technical-professional maturity, complexity of attributions and inherent responsibility. Each position has its compensation determined according to the responsibilities and skills necessary for the performance of the function, with the total remuneration divided between fixed and variable.

Fixed remuneration refers to the amount received monthly by the participant, paid on the payroll, which aims to remunerate him for the attributions and responsibilities relevant to the position held, also known as "nominal salary".

Variable compensation refers to the amounts received periodically by the participant, rewarding them for their differentiated individual performance, for the results of their area of operation and/or for the overall results of the Company, and may be because of the achievement of goals, as set forth in the particular program.

(b) benefits policy

The Company offers certain benefits to its participants in order to provide them with a better quality of life, being one of the strategies to attract and retain professionals. Among the main benefits offered by the Company are: (i) membership of a health plan that provides medical, laboratory and hospital care to all participants and their direct dependents; (ii) dental plan for participants and direct dependents; and (iii) private pension program (predetermined contribution plan), in partnership with a financial institution, with part of the contribution made by the Company and part by the participant.

(c) characteristics of share-based compensation plans for employees who are not management members

I. beneficiary groups

The current and future employees and management members of the Company and/or of the Company's controlled or subsidiary companies appointed by the People and Compensation Committee and elected by the Board of Directors to participate in the Plan are eligible to participate in the Plan, pursuant to "Plan 2" referred to in section 13.4 of this form.

II. requirements for exercise

Not applicable, as the plan does not include stock options to be exercised, only restricted shares that will be delivered to participants under the terms and conditions set forth in the plan.

III. exercise prices

Not applicable, as the plan does not include stock options to be exercised, only restricted shares that will be delivered to participants under the terms and conditions set forth in the plan.

IV. exercise deadlines

Not applicable, as the plan does not include stock options to be exercised, only restricted shares that will be delivered to participants under the terms and conditions set forth in the plan.

V. number of shares committed by the plan

The total number of shares may not exceed 5.68% (five point sixty-eight percent) of the Company's capital stock, considering: (i) a period of 10 years from the date of approval of the plan; and (ii) restricted shares granted to managers and employees, pursuant to "Plan 2" referred to in section 13.4 of this form.

14.4 - Description of the relationship between the issuer and labor unions

The Company maintains a permanent negotiation process for the construction of solutions with Unions. We hold meetings to structure specific collective agreements, such as: profit-sharing distribution, employees' bank of work hours, among others, always seeking to meet the interests of all parties involved.

The Company's labor relations, both individual and collective, are carried out directly and based on respect and ethics, with a view to faithfully complying with the labor legislation currently in force. At the Company, all participants are covered by collective labor agreements.

In the last three fiscal years ended December 31, 2021, 2020 and 2019 there were no strikes by employees and/or associates.

To ensure compliance with current labor standards, the Company maintains in its structure a team focused on labor relations and negotiation with unions, always seeking the synergy of *stakeholders* to maintain a harmonic and friendly relationship between the parties.

14.5 - Other relevant information

There is no other relevant information besides that presented in the items above.

15.1 / 15.2 - Shareholder structure

SHAREHOLDER					
Shareholder's CPF/CNPJ	**Nationality - State**	**Participates in a shareholders' agreement**	**Controlling shareholder**	**Last amended on**	
Number of common shares (units)	**Common shares %**	**Number of preferred shares (units)**	**Preferred shares %**	**Total number of shares (units)**	**Total shares %**
Shareholder residing abroad	**Name of the legal representative or proxy of a shareholder residing abroad**			**CPF/CNPJ of the legal representative or agent**	
BLACKROCK, INC					
-	United States	No	No	06/02/2022	
31,632,336	5.125%	0	0.000000%	31,632,336	5.125%
No	-			-	
Class of share	**Number of shares**	**Share %**			
Common shares	31,632,336	5.125%			

LC EH PARTICIPAÇÕES E EMPREENDIMENTOS S.A.					
02.986.755/0001-32	Brazilian	No	No	09/24/2021	
80,282,970	13.008%	0	0.000000%	80,282,970	13.008%
No	-			-	
Class of share	**Number of shares**	**Share %**			
Common shares	80,282,970	13.008%			
CANADA PENSION PLAN INVESTMENT BOARD					
-	Canada	No	No	09/24/2021	
32,754,201	5.307%	0	0.000000%	32,754,201	5.307%
Yes	Tania Sztamfater Chocolat			278.583.348-16	
Class of share	**Number of shares**	**Share %**			
shares	32,754,201	5.307%			
GIC PRIVATE LIMITED					
-	United States	No	No	06/07/2022	
37,359,646	6.053%	0	0.000000%	37,359,646	6.053%
Yes	Citibank Distribuidora de Títulos e Valores Mobiliários S.A.			33.868.597/0001-40	
Class of share	**Number of shares**	**Share %**			
shares	37,359,646	6.053%			

LAÉRCIO JOSÉ DE LUCENA COSENTINO					
032.737.678-39	Brazilian	No	No	04/13/2022	
5,960,935	0.966%	0	0.000000%	5,960,935	0.966%
No	-			-	
Class of share	**Number of shares**	**Share %**			
shares	5,960,935	0.966%			
HG SENTA PUA FIA					
08.613.315/0001-16	Brazilian	No	No	09/24/2021	
144,800	0.023%	0	0.000000%	144,800	0.023%
No	-			-	
Class of share	**Number of shares**	**Share %**			
shares	144,800	0.023%			
OTHER					
417,592,760	67.662%	0	0.000000%	417,592,760	67.662%
Class of share	**Number of shares**	**Share %**			
shares	417,592,760	67.662%			
TREASURY SHARES					
11,455,533	1.856%	0	0.000000%	11,455,533	1.856%
TOTAL					
617,183,181	**100.000%**	**0**	**0.000000%**	**617,183,181**	**100.000%**

15.3 - Distribution of capital

Date of last meeting / Date of last change	April 20, 2021
Number of individual shareholders (Units)	65,401
Number of corporate shareholders (Units)	480
Number of institutional investors (Units)	1,191

Outstanding Shares

Outstanding shares corresponding to all shares of the issuer with the exception of the shares held by the controlling shareholder, people bound to he/she/it, by the issuer's managers, and the shares held in treasury

Number of common shares (Units)	519,851,955	84.230%
Number of preferred shares (Units)	0	0.000%
Total	**519,851,955**	**84.230%**

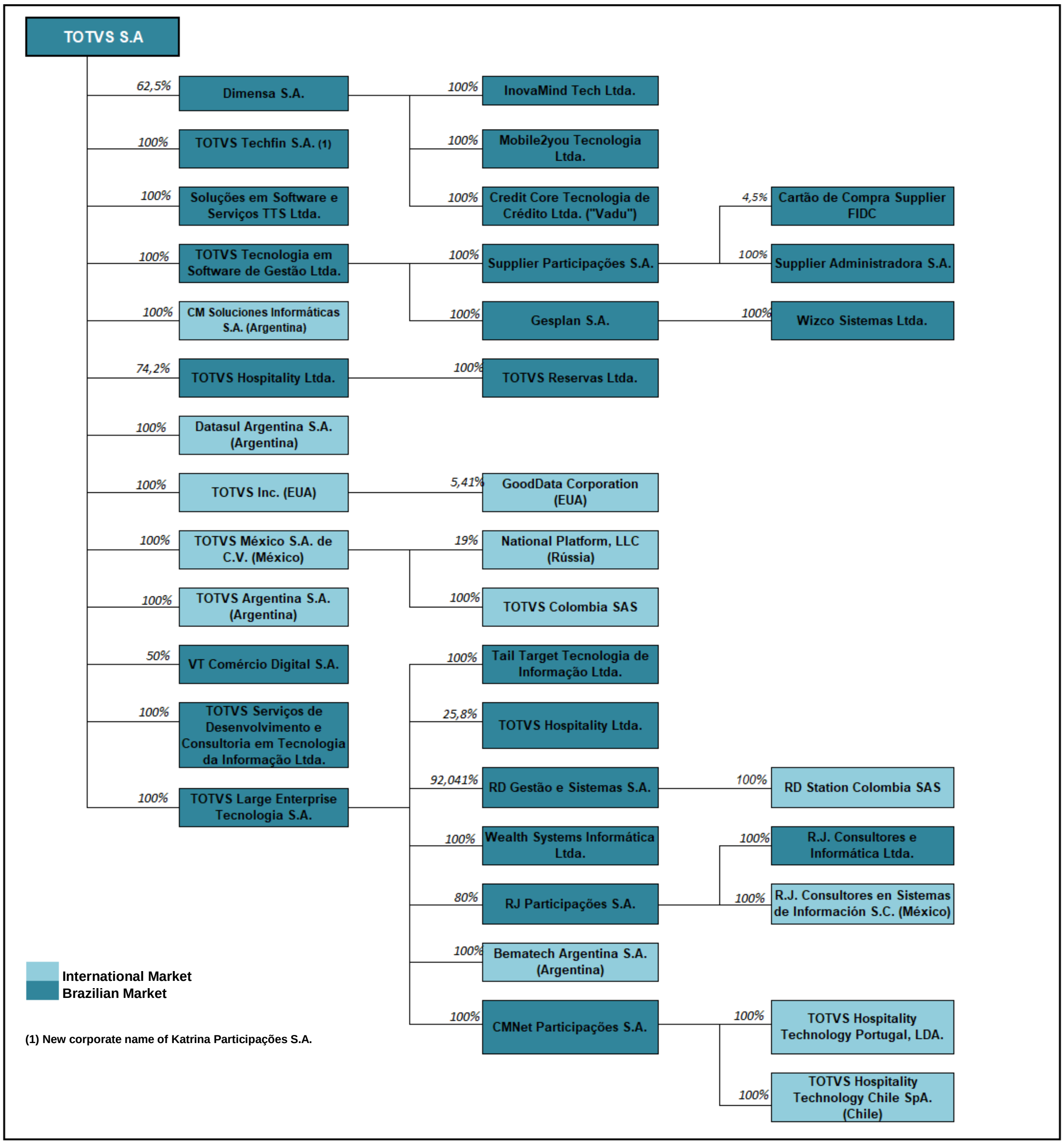
15.4 - Organizational chart of shareholders and of the economic group

Shareholders

TOTVS S.A.	
100.000%	
13.008%	LC EH Participações e Empreendimentos S/A (*)
6.053%	GIC Private Limited
5.307%	Canada Pension Plan Investment Board
5.125%	Blackrock Inc.
0.966%	Laércio José de Lucena Cosentino
0.023%	HG Senta Pua Fia (*)
1.856%	Treasury shares
67.662%	Other (free float)

(*) Laércio José de Lucena Cosentino and Ernesto Haberkon hold interest in the "HG Senta Pua Fia" fund and "LC EH Participações e Empreendimentos S/A". Marcelo Eduardo Cosentino holds a position in the "HG Senta Pua Fia" fund.

Economic Group (Company's Organizational Chart on the date of this Reference Form)



15.5 - Shareholders' Agreement filed at the headquarters of the issuer or to which the controlling shareholder is a party

There are no shareholders' agreements of the Company filed at the Company's headquarters.

15.6 - Material changes in the holdings of the issuer's managers and members of the controlling group

Not applicable, since there is no control group in the Company.

15.7 - Main corporate events that occurred in the issuer, subsidiaries or affiliates

2021

a. transaction	**Approval of the merger of Neolog Consultoria e Sistemas S.A. by the Company.**
b. Key conditions of the transaction	The Company holds 100% of Neolog's capital stock, with no minority shareholders, the results of which are already fully reflected on its financial statements. The purpose of the merger was to simplify the corporate structure and streamline operations, optimize administration and minimize expenses, without any effect on the Company's capital stock or shareholders' equity. (i) Neolog was succeeded by the Company in all its rights and obligations, pursuant to article 227 of Law 6,404/76, and the shares issued by Neolog were extinguished, pursuant to paragraph 1 of article 226 of Law no. 6,404/76, without the allocation of shares issued by the Company to replace shareholders' rights; (ii) In view that the stockholders' equity of Neolog, whose sole shareholder is the Company, is already fully reflected in the Company's stockholders' equity, as a result of the application of the equity method, there was no increase in the Company's capital or issuance of new shares as a result of the Merger of Neolog; (iii) Due to the characteristics of Neolog's Merger, the Company understood that it was not necessary to prepare the report referred to in article 264 of Law 6,404/76, which understanding is now ratified by the shareholders; (iv) Due to the facts above, there was no right of withdrawal as a result of the Merger of Neolog.
c. companies Involved	The Company, Neolog Consultoria e Sistemas S.A.
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The transaction was approved at the Extraordinary General Meeting held on April 20, 2021. See table in section 15.4.
f. mechanisms used to ensure equal treatment between shareholders	N/A

a. transaction	**Acquisition by TOTVS Large Enterprise Tecnologia S.A. ("TOTVS Large") of shares representing 92% of the capital stock of RD GESTÃO E SISTEMAS S.A. ("RD Station").**
b. Key conditions of the transaction	Acquisition for the amount of R$1,861 million.
c. companies Involved	Company, TOTVS Large Enterprise Tecnologia S.A., and RD Station.
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The operation was carried out on March 9, 2021 and completed on May 31, 2021. See table in section 15.4.
f. mechanisms used to ensure equal treatment between shareholders	N/A

a. transaction	**Subscription, by B3 S.A. – Brasil, Bolsa, Balcão, of minority shareholding representing 37.5% of the total shares of DIMENSA, the new corporate name of TFS Soluções em Software S.A.**
b. Key conditions of the transaction	Minority interest of 37.5% for the amount of R$600 million.
c. companies Involved	Company, TFS Soluções em Software S.A and Brasil, Bolsa, Balcão (B3).
d. effects of the transaction on the Company's	There was no impact on the Company's shareholding structure as a result of this transaction.

shareholding structure	
e. corporate structure before and after such transaction	The operation was carried out on July 12, 2021 and completed on October 1, 2021. See table in section 15.4.
f. mechanisms used to ensure equal treatment between shareholders	N/A

2020

a. transaction	**Acquisition by TOTVS Tecnologia em Software de Gestão Ltda. of 88.8% of the capital stock of Supplier Participações S.A., holder of all the shares of Supplier Administradora De Cartões de Crédito S.A.**
b. Key conditions of the transaction	Acquisition for the amount of R$458.405 million (four hundred and fifty-eight million, four hundred and five thousand Reals), subject to adjustments, to be paid at the closing of the transaction. In addition, payment of a supplementary purchase price is also set forth, subject to the achievement of targets set for Supplier to achieve for years 2020 and 2021.
c. companies Involved	The Company, TOTVS Tecnologia em Software de Gestão Ltda., Supplier Participações S.A., Supplier Administradora De Cartões de Créditos S.A.
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The operation was completed on April 30, 2020. See table in section 15.8.
f. mechanisms used to ensure equal	N/A

treatment between shareholders	

a. transaction	**Acquisition by Soluções em Software e Serviços TTS Ltda. ("TTS") of shares representing 100% of the share capital of CONSINCO S.A. ("CONSINCO")**
b. Key conditions of the transaction	Acquisition for the amount of R$197 million (one hundred and ninety-seven million Reals) paid to the sellers on the closing date of the transaction. In addition, the Agreement provides for the payment of a supplementary purchase price of up to R$55 million (fifty-five million Reals) subject to the achievement of goals set for CONSINCO for the years 2020 and 2021 and the fulfillment of other conditions.
c. companies Involved	The Company, TTS, and CONSINCO
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The operation was completed on January 30, 2020. See table in section 15.8.
f. mechanisms used to ensure equal treatment between shareholders	N/A

a. transaction	**Acquisition by TOTVS Large Enterprise Tecnologia S.A. ("TOTVS Large") of shares representing 100% of the capital stock of Wealth Systems Informática Ltda. ("WEALTH SYSTEMS")**
b. Key conditions of the transaction	Acquisition for the amount of R$27.0 million (twenty-seven million Reals), subject to adjustments, of which R$11,750 million (eleven million, seven hundred and fifty thousand Reals) were paid in cash to the sellers and R$10.3 million (ten million and three hundred thousand Reals) to be paid in February 2021. In addition, the payment of a variable

	supplementary purchase price was also provided for depending on the achievement of goals set for WEALTH SYSTEMS for the 2023 fiscal year.
c. companies Involved	The Company, TOTVS Large, and Wealth Systems
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The operation was performed on April 8, 2020. See table in section 15.4.
f. mechanisms used to ensure equal treatment between shareholders	N/A

a. transaction	**Acquisition by TOTVS Large Enterprise Tecnologia S.A. ("TOTVS Large") of shares representing 100% of the capital stock of Tail Target Tecnologia de Informação Ltda. ("TAIL")**
b. Key conditions of the transaction	Acquisition for the amount of R$42 million. In addition, the Agreement provides for the payment of a variable supplementary purchase price of up to R$20 million, subject to the achievement of targets set for TAIL for the fiscal years 2021 and 2022 and the fulfillment of other conditions.
c. companies Involved	Company, TOTVS Large, and Tail
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.

e. corporate structure before and after such transaction	The operation performed out on December 21, 2020. See table in section 15.4.
f. mechanisms used to ensure equal treatment between shareholders	N/A

2019

a. transaction	**Company's sale of the entire equity interests it held in Bematech Hardware Ltda.**
b. Key conditions of the transaction	Sale for the amount of R$25,000,000 (twenty-five million Reals), subject to some adjustments, to be paid at the closing of such transaction.
c. companies Involved	The Company, Bematech S.A., and Bematech Hardware Ltda.
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The operation was completed on October 24, 2019. See table in section 15.4.
f. mechanisms used to ensure equal treatment between shareholders	N/A

a. transaction	**Sale of the Company's entire interest held in Bematech International Corporation ("BIC")**
b. Key conditions of the transaction	Sale for the amount of USD5,000,000 (five million dollars), subject to certain adjustments, pursuant to the terms of the SPA (Stock Purchase Agreement)

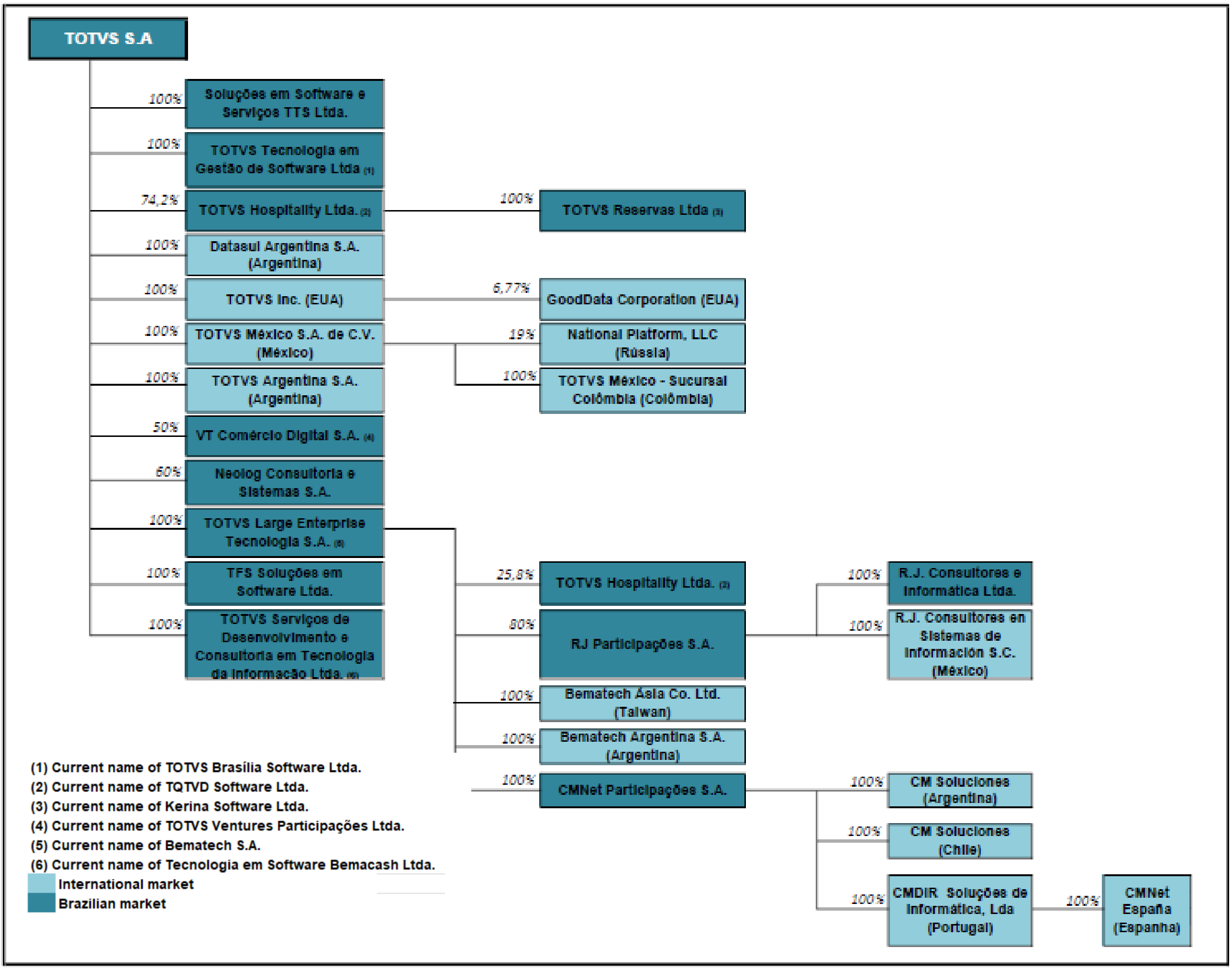
c. companies Involved	The Company, Bematech S.A., and Bematech International Corporation
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	The operation was completed on November 6, 2019. See table in section 15.8.
f. mechanisms used to ensure equal treatment between shareholders	N/A

a. transaction	**Sale of the Company's entire interests held in CIASHOP S.A.**
b. Key conditions of the transaction	Sale for the amount of R$21,175,000 (twenty-one million, one hundred and seventy-five thousand Reals), subject to adjustments, to be paid at the closing of the transaction.
c. companies Involved	The Company and CIa SHOP S.A.
d. effects of the transaction on the Company's shareholding structure	There was no impact on the Company's shareholding structure as a result of this transaction.
e. corporate structure before and after such transaction	this operation was completed on July 31, 2019. See table in section 15.8.
f. mechanisms used to ensure equal treatment between shareholders	N/A

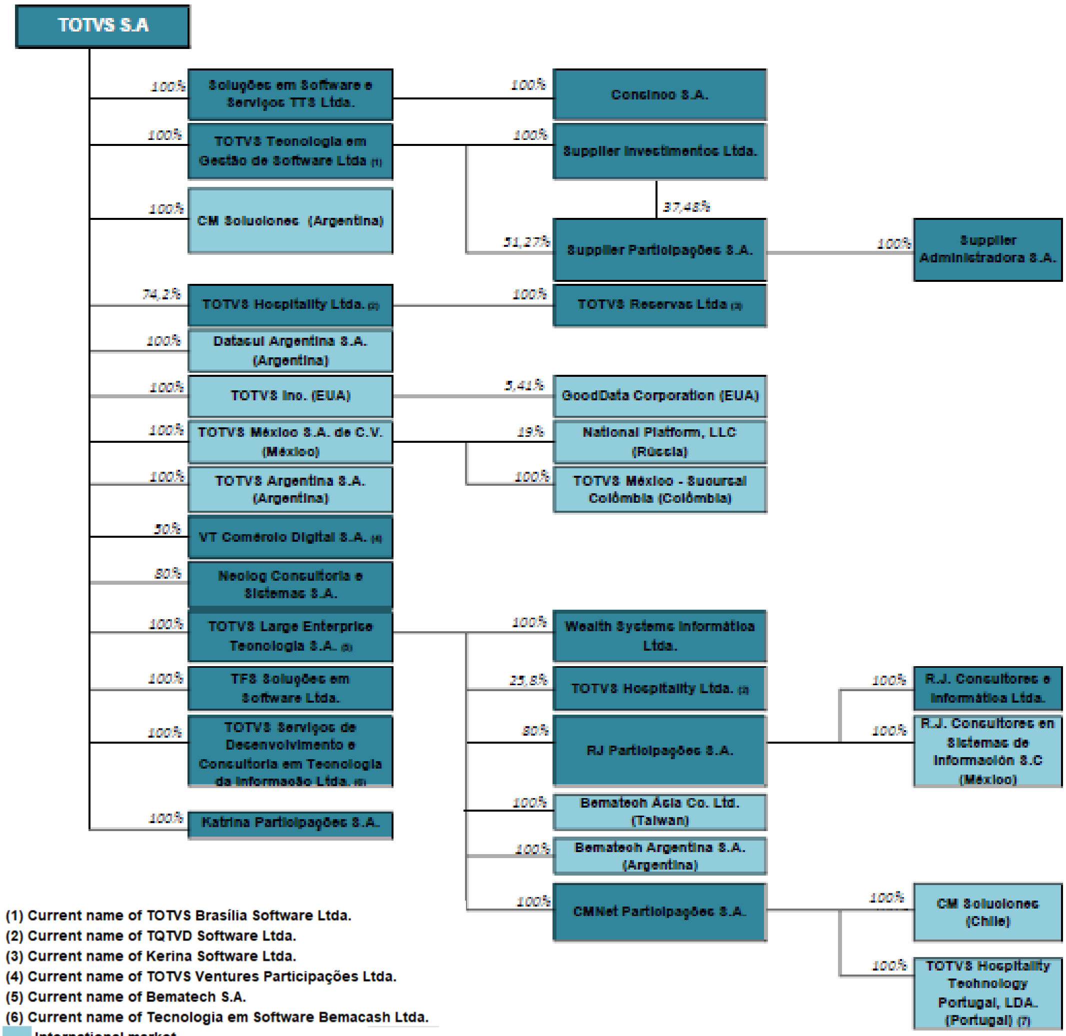
15.8 - Other relevant information

Complementing section 15.7, we submit below the company's organizational chart on December 31, 2019 and December 31, 2020 and December 31, 2021 in order to show the corporate changes that took place over these fiscal years.

Company's organizational chart on December 31, 2019:



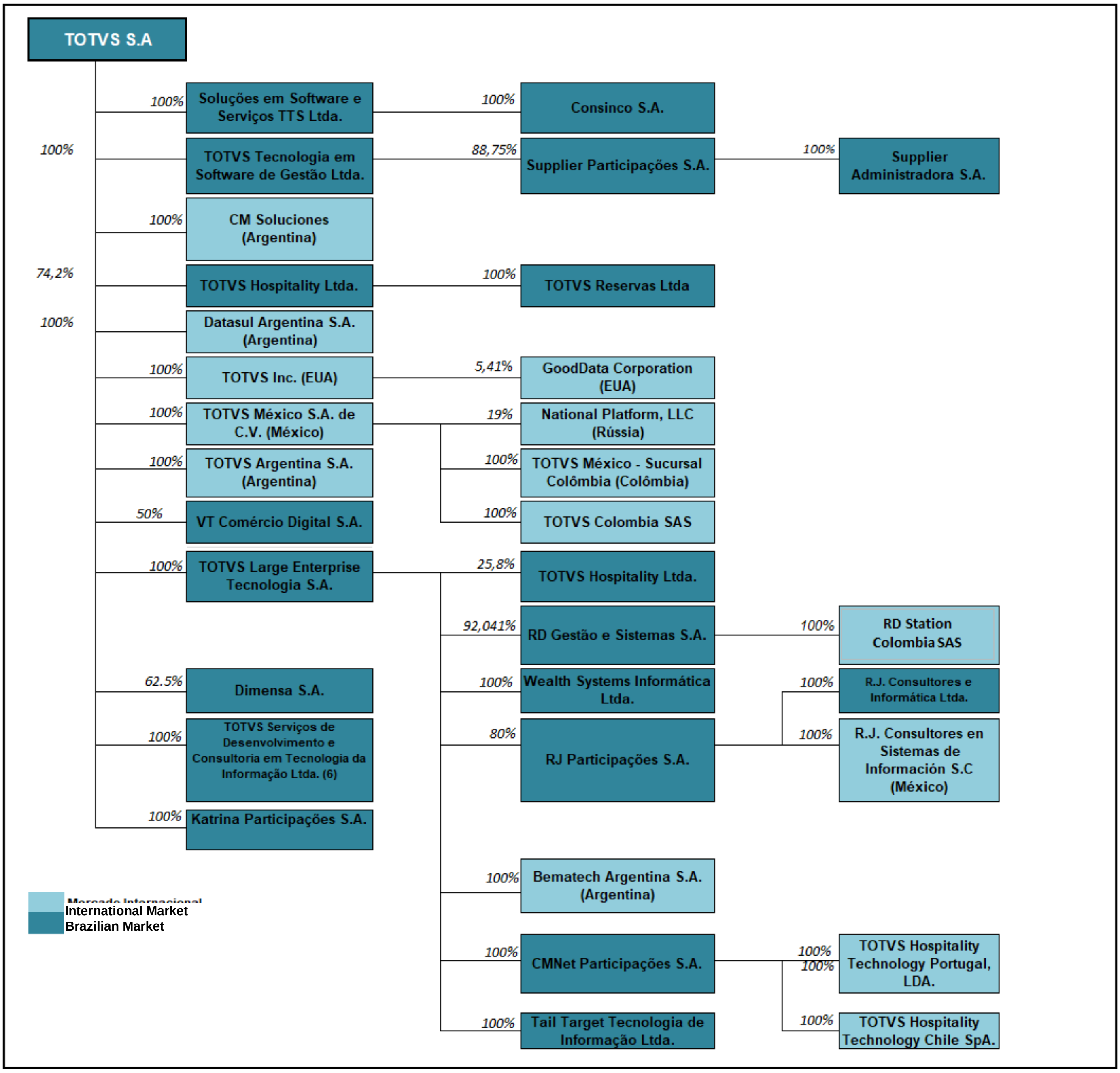
Company's organizational chart on December 31, 2020:



(1) Current name of TOTVS Brasília Software Ltda.
(2) Current name of TQTVD Software Ltda.
(3) Current name of Kerina Software Ltda.
(4) Current name of TOTVS Ventures Participações Ltda.
(5) Current name of Bematech S.A.
(6) Current name of Tecnologia em Software Bemacash Ltda.

International market
Brazilian market

Company's organizational chart on December 31, 2021:



16.1. Description of the standards, policies, and practices of the issuer regarding transactions with related parties

Transactions with related parties are always carried out in compliance with the Brazilian Corporations Act and the best corporate governance practices, being contracted at usual market prices and conditions. Moreover, the transactions performed by the Company, including those contracted with related parties, are always supported by due prior analysis of their conditions and the Company's legitimate interest in carrying them out. In this regard, the Company individually negotiates the agreements to be entered into with related parties, analyzing their terms regarding market conditions, as well as the particularities of each transaction (such as terms, amounts, compliance with quality standards, etc.). Individuals with no personal interests in the matters negotiated take part in these negotiations.

The Company has a Policy for transactions with related parties ("Policy for Transactions between Related Parties"), which defines the rules, procedures, principles, and methodology to identify and approve transactions with related parties, and to manage situations with potential conflict of interest. The current version of the policy was approved by the Board of Directors on December 22, 2021, and is available on the Company's Investor Relations website at (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/).

Among the key points of this policy, the following ones stand out:

- The Company's Compliance, Risks and Internal Controls area will keep an updated record with the identification of individuals who have authority and responsibility for the planning, direction, and control of the activities of any organization of the Company, subsidiaries and/or its affiliates, directly or indirectly, as well as the members of the Board of Directors, Advisory Committees to the Board of Directors and the Statutory Board of any of the Company's companies, subsidiaries and/or its affiliates ("**Key Management People**"), or person with Significant Influence in the Policy's terms, as well as its related parties, which should be consulted by those responsible for transactions prior to their completion, to check if the corresponding transaction can be a transaction with a related party.
- Each key person of the Management or person with Significant Influence must complete an annual questionnaire to collect information about the parties related to them, under the definitions of said policy, and about any transactions between them and the Company of which they are aware, being responsible for informing the close family members and managers of their related entities, if applicable.
- The Key People of the Company's Management or with Significant Influence will be instructed, and be provide with periodical guidance, on the obligation to report to the Internal Controls, Risk and Compliance area about any potential transaction of the Company with related parties of which they may become aware.
- Any transaction that might be deemed as a transaction with a related party must be reported to the Internal Controls, Risks and Compliance area, which is responsible for issuing an opinion, together with the Legal Department, to determine whether the transaction in fact is a Transaction with a Related Party under the procedures of said policy.
- Said transactions must be accompanied by the information necessary for their analysis, as well as evidence and opinion of the manager responsible for conducting the transaction that (a) there are clearly demonstrable reasons, from the point of view of the Company's business, for the transaction with the Related party, and (b) the transaction is carried out in market conditions or on terms offered to, or by a third party

unrelated to the Company, at least, in equivalent circumstances, having also to take into account its monitoring cost by the Company.

- Every transaction with a related party must be submitted to the approval of the Board of Directors, according to the Company's Bylaws, except (i) if the transaction is related to (a) fixed, variable, share-based compensation and other benefits provided to the members of the Board of Directors and the Company's Statutory Officers, provided that its total amount has been approved at the General Meeting, pursuant to Law No. 6404/76 or in the Board of Directors, as the case may be, and (b) transactions carried out between the Company and any company whose capital is directly or indirectly fully owned by the Company; (ii) in the event of the transaction, or set of related transactions, whose total amount is less than one million Reals (R$1,000,000.00), in a single transaction or several consecutive transactions with the same object and parties, within twelve (12) months.
- The transactions submitted to the Board of Directors must be previously considered by the Company's Audit Committee, accompanied by the opinion of the Internal Controls, Risks and Compliance area and the Legal Department, responsible for assessing whether the guidelines of said policy were followed in the process findings on the transaction under analysis, as well as the technical opinion of the area responsible for conducting the transaction.
- Transactions with related parties shall be entered into in writing and their key characteristics and conditions must be specified, such as price, terms, guarantees, termination conditions, responsibility for paying taxes and obtaining permits and licenses, among others. These characteristics should also expressly include the possibility for the Company to terminate any transaction with related party of continuous nature, under conditions equivalent to those available in agreements with unrelated parties.
- The Board of Directors, as well as the Audit Committee and their respective members, at their discretion, will have access to all documents connected to transactions with related parties, including any opinions or technical opinions related to the transactions, and they may request additional opinions, if necessary.
- The Board of Directors shall determine the content and form of the information deemed necessary for its decision regarding a transaction with related party, which shall be made available together with the call for the meeting at which the transaction will be submitted for review.
- The Board of Directors may approve the transaction with a related party if it concludes, in good faith, that the transaction complies with market conditions, as well as, at its discretion, if the transaction complies with market conditions.

16.2 - Information on transactions with related parties

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Supplier Administradora de Cartões de Crédito S.A.	July 15, 2020	144,467.83	-	128,215.20	Undetermined.	No	0.00
Relationship with the issuer	Agreement entered into between the Company and Supplier Administradora de Cartões de Crédito S.A., in which the Company indirectly holds 88.75% of the capital stock of Supplier Administradora de Cartões de Crédito S.A.						
Subject matter of the agreement	*Software* service agreements (licenses, support, and maintenance). The agreements in force are annually updated for inflation according to the IPCA rate variation.						
Collaterals and insurance	N/A						
Termination or end	The parties may terminate the agreement upon 90-day prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.						
Nature and purpose of operation	N/A						
Company's contractual status	Creditor		**Please specify**				

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Supplier Administradora de Cartões de Crédito S.A.	Jan 1st, 2021	682,315.55	-	605,555.05	Indefinite	No	0.00
Relationship with the issuer				Agreement entered into between the Company and Supplier Administradora de Cartões de Crédito S.A., in which the Company holds indirectly 88.75% of the capital stock of Supplier Administradora de Cartões de Crédito S.A.			
Subject matter of the agreement				Cost Sharing Agreement			
Collaterals and insurance				N/A			
Termination or end				The parties may terminate the agreement upon 30-day prior notice without the application of penalties, or if they cease to belong to the same corporate group.			
Nature and purpose of operation				Leverage synergies and increase the administrative efficiency of their business.			
Company's contractual status		Debtor.		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Supplier Administradora de Cartões de Crédito S.A.	Dec. 22, 2020	2,751,361.94	-	2,441,833.72	36 months with automatic renewal for an indefinite period	No	0.0
Relationship with the issuer				Agreement entered into between the Company and Supplier Administradora de Cartões de Crédito S.A., in which the Company holds indirectly 88.75% of the capital stock of Supplier Administradora de Cartões de Crédito S.A.			
Subject matter of the agreement				Agreement for issuance of purchase cards Supplier system			
Collaterals and insurance				N/A			
Termination or end				The parties may terminate the agreement upon 90-day prior notice in writing.			
Nature and purpose of operation				Early payment of customer receivables through purchase card Supplier systems			
Company's contractual status		Debtor.		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
VIP IV Empreendimentos e Participações Ltda.	June 1, 2019	5,615,410.56	2,282,808.92	2,216,402.55	5,615,410.56	No	0.000000
Relationship with the issuer				Agreement entered into between the Company and VIP IV Empreendimentos e Participações Ltda. ("**VIP IV**"), indirectly held by Laércio José de Lucena Cosentino, holder of 39.47% of VIP IV's share capital.			
Subject matter of the agreement				Lease Agreement for the real property located at Av. Braz Leme, n.º 1793, Sao Paulo (SP, Brazil), for the lease of the Company's data center, with a constructed area of 422 sq. m, and the property located at Rua Sóror Angélica, 269, Casa Verde district, Sao Paulo (SP, Brazil), with a total building area of 1,722 sq. m. Contract readjustment for inflation is annually, according to the IGP-M rate variation in the period.			
Collaterals and insurance				N/A regarding guarantee. The Company is required to take out fire insurance for the real properties, at the updated value of each property.			
Termination or end				In case of breach of contract, a fine corresponding to three monthly rentals will be due and payable			
Nature and purpose of operation				Lease of the Company's datacenter.			
Company's contractual status		Debtor.		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Inovalli S.A.	Jan. 1, 2020	226,983.42	-	226,983.42	Indefinite	No	0.00
Relationship with the issuer				Agreement entered into between the Company and Inovalli Administração de Obras, Engenharia e Empreendimentos Imobiliários Ltda., in which Laercio José de Lucena Cosentino directly owns 4% of the share capital and, indirectly, 96% through MCLC4 Participações e Empreendimentos Ltda.			
Subject matter of the agreement				*Software* service agreements (licenses, support, and maintenance), and *Cloud* rental. Agreements in force are readjusted annually according to the IGP-M rate variation.			
Collaterals and insurance				N/A			
Termination or end				The parties may terminate the agreement upon prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.			
Nature and purpose of operation				N/A			
Company's contractual status		Creditor		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Instituto da Oportunidade Social	Feb. 19, 2018	16,174,870.07	-		Indefinite	No	0.000000
Relationship with the issuer				The Company is the main sponsor of the Social Opportunity Institute (IOS), in which it is responsible for funding more than 50% of its annual budget. In line with the decision by the Board of the Brazilian Securities and Exchange Commission, within the scope of Administrative Proceeding 19957.001316/2020-08, issued on July 7, 2020, when evaluating the nature of the partnership with IOS, we started to disclose the relationship with such non-profit organization as a transaction with a related party of the Companyin the annual presentation of this Reference Form, and all contributions made were submitted to our Board of Directors to ratify its terms, as provided for in section 5.5 of our Policy on Transactions with Related Parties.			
Subject matter of the agreement				The funds contributed to IOS are made through sponsorships and donations, which may be made by granting financial resources, goods, and the right to use licenses and solutions developed and sold by the Company.			
Collaterals and insurance				N/A			
Termination or end				N/A			
Nature and purpose of operation				The Company, in line with its social strategy, has been voluntarily supporting IOS since its foundation in 1998, and centralizes its annual social investment in projects developed by IOS.			
Company's contractual status		Debtor.		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
GoodData Corporation	June 11, 2013	37,958,314.50	-	2,569,777.89	Indefinite	No	0.000000
Relationship with the issuer				Agreements entered into between the Company and GoodData Corporation, in which the Company holds, through its subsidiary TOTVS, Inc., approximately 6.77% of the total capital stock of GoodData. TOTVS, Inc. is a party of GoodData's Stockholders' Voting Agreement, which entitles Totvs to nominate members to compose GoodData's Board. Based on the analyses of the shareholders' agreement, such transaction was identified as a transaction between related parties, so we started to disclose the relationship with this related party in the annual presentation of this Reference Form, and all contributions made were submitted to our Board of Directors to ratify its terms, as provided for in section 5.5 of our Policy on Transactions with Related Parties.			
Subject matter of the agreement				*Software* service agreements (licenses, support and maintenance) and distribution of the GoodData Platform. The supplier, after the first year of the agreement, reserves the right to change the amounts annually to reflect commercially reasonable price changes.			
Collaterals and insurance				N/A			
Termination or end				Automatic annual renewal, and the parties can terminate the agreement upon 30 days' notice with no penalty.			
Nature and purpose of operation				*Provision of software services and* distribution of the GoodData Platform			
Company's contractual status		Debtor.		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Biosolvit Soluções em Biotecnologia S/A	Jan 1st, 2020	53,619.85	-	10,723.97	Indefinite	No	0.000000
Relationship with the issuer				Agreement entered into between the Company and Biosolvit Soluções em Biotecnologia S/A, where Laercio José de Lucena Cosentino indirectly holds 20.00% of the stock capital of Biosolvit through MCLC4 Participações e Empreendimentos Ltda.			
Subject matter of the agreement				*Software* service agreements (licenses, support, and maintenance), and *Cloud* rental. Agreements in force are readjusted annually according to the IGP-M/FGV or IPCA/IBGE rate variation.			
Collaterals and insurance				N/A			
Termination or end				The parties may terminate the agreement upon prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.			
Nature and purpose of operation				Provision of *software* services			
Company's contractual status		Creditor		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Biosolvit Soluções em Biotecnologia S/A	Dec. 28, 2020	24,433.28	-	4,886.66	Indefinite	No	0.000000
Relationship with the issuer				Agreement entered into between Wealth System Informatica Ltda and Biosolvit Soluções em Biotecnologia S/A, where Laercio José de Lucena Cosentino indirectly owns 20.00% of Biosolvit's capital stock through MCLC4 Participações e Empreendimentos Ltda.			
Subject matter of the agreement				Software Service Agreements (TOTVS CRM). The agreement in force is annually adjusted for inflation according to the variation of the IGP-M/FGV rate.			
Collaterals and insurance				N/A			
Termination or end				The client can terminate the agreement upon 180-day prior notice in writing. If the term is not respected by the client, it shall pay Wealth System the amount corresponding to 100% of the remaining amounts until the end of the notice period.			
Nature and purpose of operation				Provision of software services			
Company's contractual status		Creditor		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
BR-ME NEGOCIOS S.A.	January 28, 2021	23,290.70	-	5,123.95	Indefinite	No	0.000000
Relationship with the issuer				Agreement entered into between the Company and BR-ME Negócios SA, in which Laercio José de Lucena Cosentino indirectly holds 22% of the capital stock through MCLC4 Participações e Empreendimentos Ltda.			
Subject matter of the agreement				*Software service agreements (TOTVS APP - Connector, Cloud and Totvs Transmite). The current agreement of Connector is adjusted annually according to the variation of the IGP-M/FGV and the Cloud and Totvs Transmite agreements are adjusted annually according to the positive variation of the IPCA/IBGE.*			
Collaterals and insurance				N/A			
Termination or end				Automatic annual renewal, and the parties may terminate the agreement upon prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.			
Nature and purpose of operation				Provision of *software* services			
Company's contractual status		Creditor		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
BR-ME NEGOCIOS S.A.	January 28, 2021	12,018.37	-	2,644.04	Indefinite	No	0.000000

Relationship with the issuer		Agreement entered into between VT COMERCIO DIGITAL S.A. and BR-ME Negócios SA, in which Laercio José de Lucena Cosentino indirectly holds 22% of the capital stock through MCLC4 Participações e Empreendimentos Ltda. The Company holds 50% of the capital of VT COMERCIO DIGITAL S.A.	
Subject matter of the agreement		*Software* Services Agreement (E-commerce Platform*)*. The agreement in force is annually updated for inflation according to the variation of the IPCA/IBGE rate.	
Collaterals and insurance		N/A	
Termination or end		Automatic annual renewal, and the parties may terminate the agreement upon prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.	
Nature and purpose of operation		Provision of *software* services	
Company's contractual status	Creditor	**Please specify**	

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
SHIPAY TECNOLOGIA S/A	February 26, 2021	91,973.00	-	55,119.42	36 months	No	0.000000

Relationship with the issuer		Agreement entered into between the Company and SHIPAY TECNOLOGIA S/A, where Laercio José de Lucena Cosentino indirectly holds 59.93% of the capital stock through MCLC4 Participações e Empreendimentos Ltda.	
Subject matter of the agreement		Partnership agreement between TOTVS S.A. and SHIPAY TECNOLOGIA S/A for the sale of the "TOTVS Pagamento Digital" (digital payment) solution.	
Collaterals and insurance		N/A	
Termination or end		The Parties may terminate the agreement without cause, at any time, providing the other party with a notice 180 (one hundred and eighty) days in advance.	
Nature and purpose of operation		*Software* sales partnership agreement	
Company's contractual status	Debtor.	**Please specify**	

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
MENDELICS ANALISE GENOMICA S.A.	July 23, 2021	10,502.70	-	3,030.03		No	0.000000

Relationship with the issuer		Agreement entered into between the Company and Mendelics Analise Genomica S.A., where Laercio José de Lucena Cosentino holds 28.85% of the capital stock of Mendelics Analise Genomica S.A.	
Subject matter of the agreement			
Collaterals and insurance		N/A	
Termination or end			
Nature and purpose of operation		Provision of Cloud Computing service	
Company's contractual status	Creditor	**Please specify**	

16.3 - Identification of the measures taken to tackle conflicts of interest and to show the strictly commutative nature (under the principles of fairness, good faith, and legal certainty) of the conditions agreed or the appropriate compensatory payment

The Company's Board of Directors has set forth, through the Policy on Transactions between Related Parties, guidelines and procedures to ensure that transactions between related parties and the Company or its subsidiaries are carried out in the best interest of the Company or its subsidiaries, as the case may be, and are based on principles of transparency and and commutative justice (i.e., agreements executed under principles of fairness, good faith, and legal certainty, through which both contracting parties are aware of their rights and obligations). Likewise, such policy aims at preventing and managing situations involving potential conflict of interests when transactions with such related parties are made.

To ensure that the protection mechanisms set forth in the policy regarding conflict of interest are effective, the policy provides for the possibility of reporting by anyone who has knowledge of a situation that may rank it as a Transaction with a Related Party, and the Compliance area is responsible, together with the Legal Department, for issuing an opinion to determine whether the transaction in fact is Transaction with a a Related Party subject to the procedures of such policy.

Further, in situations in which transactions with related parties require approval, the individual involved in the process of approval that has a potential private benefit or conflict of interests with the decision to be made shall declare him/herself unable, explaining its involvement in the transaction, and, if requested, providing details of the transaction and the parties involved. Such inability must appear on the minutes of the meeting of the corporate area responsible for making a decision on the transaction, and that individual shall move away from the discussions and decisions.

In the analysis, the Board of Directors and the Audit Committee must consider the following factors: (a) whether there are clearly demonstrable reasons and advantages, from the point of view of the Company's business, for the Transaction to be carried out with the Related Party; (b) if the transaction is carried out on market conditions, taking into account the cost for the Company to monitor the transaction; (c) the results of assessments carried out or opinions issued by a specialized and independent company, if any; (d) whether or not a competitive process has been carried out for said contracting and its outcome; (e) the pricing method used and any other alternative forms of transaction pricing; (f) the extent of the related party's interest in the transaction, considering the amount of the transaction, the related party's financial situation, the direct or indirect nature of the related party's interest in the transaction and the ongoing or non-continuous nature of the transaction, among others aspects you consider relevant; and (g) if the transaction involves the sale of an asset, such asset shall be described, including the acquisition date and the book value or cost attributed; (h) if the transaction complies with the contracting rules and criteria that the Company uses to select service providers and suppliers, as well as if they are contracted on an arm's length basis, that is, at a price, terms and conditions that prevail in the market at the time of their approval.

In the process of approving Transactions with Related Parties, the Board of Directors and the Audit Committee must review the following information, in addition to other they may deem relevant for the analysis of a specific transaction: (a) the contractual terms and conditions of the transaction; (b) the interest of the related party and the impact of the approval of the transaction on their dedication to the Company; (c) the existence of alternative transactions that do not involve Related Parties and that may serve the Company; (d) the purpose and timing of the transaction; (e) whether the Company is a party to the transaction and, if not, the nature of its participation; (f) information about potential counterparties to the transaction; (g) the approximate financial amount of the transaction; (h) description of any provisions or limitations imposed on the Company because of the execution of the transaction; (i) if the transaction involves any reputational risk for the Company; and (j) any other information that may be relevant to shareholders and investors, given the circumstances of the specific transaction.

16.4 - Other relevant information

The Company did not find any other relevant information connected to this section.

17.1 - General information on the capital stock

Date of authorization or approval	Capital amount (Reals)	Payment term	Number of common shares (Units)	Number of preferred shares (Units)	Total number of shares (Units)
Type of Capital	**Paid-Up Capital**				
September 21, 2021	2,962,584,687.27		617,183,181	0	617,183,181
Type of Capital	**Issued share capital**				
September 21, 2021	2,962,584,687.27		617,183,181	0	617,183,181
Type of Capital	**Subscribed Capital**				
September 21, 2021	2,962,584,687.27		617,183,181	0	617,183,181
Type of Capital	**Authorized Capital**				
September 21, 2021	4,000,000,000.00		617,183,181	0	617,183,181

17.2 - Increase in the capital stock

Date of resolution	Body that deliberated the increase	issue date	Total amount of the issue (Reals)	Type of increase	Common shares (Units)	Preferred shares (Units)	Total number of shares (Units)	Subscription/ Previous Capital	Issue price	Pricing factor
May 22, 2019	Board of Directors	May 28, 2019	341,280,000.00	public subscription	27,000,000	0	27,000,000	32.78776665	12.64	R$ per Unit
Criteria for determining the issue price		Take advantage of the price of R$39.50 for the issuance, by the Company, of each common share in the Offer's context ("**Price per Share**"), which was fixed after the completion of ***the*** **procedure for collecting investment intentions carried out exclusively with institutional investors ("Bookbuilding Procedure**"), having as parameters: (i) the price of common shares issued by the Company on B3 S.A. – Brasil, Bolsa, Balcão ("**B3**"); and (ii) the indications of interest due to the quality and quantity of demand (by volume and price) for the shares. Pursuant to article 170, paragraph 1, item III, of the Brazilian Corporations Act, the choice of criteria for determining the Price per Share is justified because it was measured by carrying out the Bookbuilding Procedure and, therefore, not promoting the unjustified dilution of the Company's shareholders. Determine that, from the Price per Share, of BRL39.50: (i) BRL12.64 are allocated to the capital stock, totaling the amount of BRL341,280,000 and (ii) the balance of BRL26 .66 per share, is intended to form of a capital reserve, pursuant to the provisions of subparagraph 'a' of §1 of Art. 182 of the Brazilian Corporations Act, totaling RBRL725,220,000.00								
Form of paying in		Paid up in cash upon subscription in the Brazilian currency (R$/ BRL).								
April 20, 2021	AEGM	April 20, 2021		136,903,622.84	0	0	0	0	0.00000	R$ per Unit
Criteria for determining the issue price		Capitalization of the profit retention reserve resulting from the capital budget.								
Form of paying in		Paid up in cash upon subscription in the Brazilian currency (R$/ BRL).								

September 21, 2021	Board of Directors	September 21, 2021	1,443,172,500,00	public subscription	39,270,000	0	39,270,000	0.949822	36.75	R$ per Unit

Criteria for determining the issue price	The price of BRL36.75 for the issue, by the Company, of each common share in the context of the Offer **("Price per Share**"), which was fixed after the completion of the procedure for collecting investment intentions carried out exclusively with investors institutional ("**Bookbuilding Procedure**"), having as parameters: (i) the quotation of common shares issued by the Company at B3 SA – Brasil, Bolsa, Balcão ("**B3**"); and (ii) the indications of interest due to the quality and quantity of demand (by volume and price) for the shares. Pursuant to article 170, paragraph 1, item III, of the Brazilian Corporation Law, the choice of criteria for determining the Price per Share is justified because it was measured by carrying out the Bookbuilding Procedure and, therefore, not promoting the unjustified dilution of the Company's shareholders.
Form of paying in	Paid up in cash upon subscription in the Brazilian currency (R$/ BRL).

17.3 - Information on stock splits, reverse splits, and stock bonuses

Approval Date	Number of shares before the approval (Units)			Number of shares after the approval (Units)		
	Number of common shares	Number of preferred shares	Total number of shares	Number of common shares	Number of preferred shares	Total number of shares
Unfolding						
April 27, 2020	192,637,727	0	192,637,727	577,913,181	0	577,913,181

17.4 - Information on decrease in capital stock

Justification for not completing the table:

There was no capital reduction.

17.5 - Other relevant information

There is no other relevant information besides that presented in the items above.

18.1 - Rights of shares

Type of shares or CDA	**Common**
Tag Along	100.000000
Entitlement of dividends	Pursuant to the Company's Bylaws, shareholders are entitled to a mandatory dividend that cannot be less than 25% of the Company's adjusted annual net income. Once this minimum percentage is guaranteed, the general meeting may decide on the distribution of dividends on account of pre-existing or accumulated profit reserves. Furthermore, the Board of Directors may decide on the distribution of dividends to be debited from the profit account determined in semiannual or interim balance sheets, as well as profit reserves existing in the last annual balance sheet. The Board of Directors may also pay or credit interest on equity, ad referendum of the annual general meeting that examines the financial statements relating to the fiscal year in which such interest was paid or credited.
Voting right	Full
Convertibility	No
Right to capital reimbursement	Yes
Description of refund features	See section 18.12 of this Form
Restricted outstanding shares	No
Redeemable	No
Redemption option, and formula for calculating the redemption amount	
Conditions for changing the rights guaranteed by such securities	See section 18.12 of this Form
Other relevant characteristics	The Company is listed on "Novo Mercado", the most advanced level of corporate governance of companies listed on the BM&FBOVESPA, and adopts practices that exceed the requirements of the legislation with reference to corporate governance and the rights of shareholders, according to the rules of the Novo Mercado Listing Regulation.

18.2 - Description of any statutory standards that limit the voting rights of significant shareholders or that require them to carry out a public offering

Vote Limit

The Company's Bylaws do not set forth provisions that limit shareholders' voting rights. Nevertheless, there is provision for cases in which a public offering is mandatory, as listed below:

- The direct or indirect Disposal of the Company's ownership control (as set forth in Paragraph 1 of Article 42 of the Company's Bylaws), either through a single or successive operations, shall be contracted under either a suspensive or resolutory condition that the Ownership Control buyer be obliged to carry out a Public Tender Offer ("**PTO"**) for the acquisition of shares owned by other shareholders, subject to any conditions and terms set forth in legislation in force and in the regulation in force and the Novo Mercado Regulation, so that such shareholders are entitled to a treatment equal to that of the Shareholder Controlling Seller.
- In the event the acquisition of control also subjects the Control Buyer to the obligation of carrying out a Public Tender Offer required pursuant to Article 43 of the Bylaws, the purchase price shall be the highest among those determined pursuant to Article 42 and Article 43, Paragraph 2 of the Company's Bylaws.
- Any person or shareholder who purchases or becomes the holder of shares issued by the Company, in a number equal to or higher than twenty percent (20%) of the total shares issued by the Company shall, within no longer than sixty (60) days counted from the acquisition date or the event giving rise to the ownership of shares in a number equal to or higher than twenty percent (20%) of the total shares issued by the Company, carry out or request the registration of, as the case may be, a Public Tender Offer of all shares issued by the Company, subject to the applicable CVM regulation, the Novo Mercado Regulation, other B3 regulations and the provisions of Article 43 of the Company's Bylaws.
- The PTO must be (i) addressed without distinction to all shareholders of the Company; (ii) carried out through an auction to be held at B3; (iii) launched at the price determined according to the provisions of Paragraph 2 of Article 43 of the Company's Bylaws; and (iv) paid in cash, in national currency, for the acquisition in the PTO of shares issued by the Company.
- The purchase price in the Public Tender Offer for each share issued by the Company may not be lower than the highest amount between (i) one hundred and twenty-five percent (125%) of the highest unit quotation reached for the shares issued by the Company during the twelve (12) month period prior to the Public Tender Offer in any stock exchange in which the Company's shares are traded; (ii) one hundred and twenty-five percent (125%) of the highest unit price paid by the Buying Shareholder, at any time, for a share or a share lot issued by the Company; (iii) the Economic Value determined in the appraisal report.
- Any shareholders who are holders of shares representing at least ten percent (10%) of capital stock may request a new appraisal report to be prepared in the same format as that referred to in item (iii) of Paragraph 2 of Article 43 of the Company's Bylaws, but by a different institution. (I) In case the new appraisal report determines a price per share lower than the one calculated as set forth in Paragraph 2 of Article 43 of the Company's Bylaws, the higher price shall prevail and the shareholders who requested the new appraisal report shall be fully liable for its costs proportionally to their interest in the Company's capital stock. (II) In case the appraisal report as set forth in this Paragraph determines a price per share higher than that obtained as set forth in Paragraph 2 of Article 43 of the Bylaws, the Buyer may: (1) waive the

Public Tender Offer and agree to dispose of the excess interest within three months counted from the acquisition, and any costs on the preparation of new appraisal report must be fully paid by the shareholders who requested its preparation, proportionally to their interest in the Company's capital stock; (2) carry out the Public Tender Offer for the price per share stated in the new appraisal report, and any costs on the preparation of the new appraisal report must be fully paid by the Company.

- Upon revision of the Public Tender Offer price, the following procedure shall be adopted:

(i) the request for a new appraisal report on the price per Company's share, based on the Economic Value, duly documented and supported by evidence showing the flaw or inaccuracy of the calculation methodology employed or the evaluation criterion adopted, shall be carried out within fifteen (15) days counted from the disclosure of the Public Tender Offer amount, and shall interrupt the registration process or, in case such registration is already granted, it shall interrupt the Public Tender Offer notice period, postponing the respective auction, and the Buying Shareholder shall arrange for the publication of a material fact reporting such postponement and the date stated for the holding of the Board of Directors' meeting which shall choose a specialized company to prepare the new appraisal report;

(ii) in case the Board of Directors decides that a new appraisal of the Company shall not be prepared, the registration process or the Public Tender Offer itself shall be resumed for the remaining period, as the case may be, and, for the latter, the Buying Shareholder shall arrange for the publication of a material fact with the new auction date;

(iii) in case the appraisal report determines an amount equal to or lower than the Public Tender Offer value obtained as set forth in Paragraph 2 of Article 43 of the Company's Bylaws, the registration process or the Public Tender Offer itself shall be resumed for the remaining period, as the case may be, and, for the latter, the Buying Shareholder shall arrange for the publication of a material fact with the new auction date;

(iv) in case the appraisal report determines an amount higher than the Public Tender Offer value obtained as set forth in Paragraph 2 of Article 43 of the Company's Bylaws, the Buying Shareholder shall publish, within five (5) days counted from the submission of the appraisal report, a material fact stating its position to maintain or waive the Public Tender Offer, by clarifying, for the first case, that it will resume the registration process, or of the Public Tender Offer itself for the remaining period, as the case may be, and, for the latter, the Buyer shall arrange for the publication of a material fact with the new auction date and the new price;

(v) the fifteen (15) day period referred to in item (i) of Paragraph 5 shall only start after the original appraisal report is delivered to CVM, or after it is made available as set forth in item (viii) of Paragraph 5 of Article 43 of the Company's Bylaws, if it comes first, and the Buying Shareholder shall publish a material fact reporting such delivery;

(vi) the Board of Directors' meeting resolving on a new appraisal shall nominate the institution in charge for the preparation of such appraisal report, approve the related fees, establish a period no longer than thirty (30) days for conclusion of services, and determine that the appraisal report be forwarded to the Company, for the attention of its Investor Relations Officer, to the stock exchange in which the auction is to be held, and to CVM, in addition to being sent to CVM electronic mail in the specific format determined by CVM;

vii) the institution in charge of preparing the appraisal report shall also, on the same date it forwards the appraisal report to the CVM, inform the intermediate institution operating in the Public Tender Offer, as set forth in Article 4, IV of CVM Resolution No. 85, of March 31, 2022 ("CVM Resolution 85"), the outcome of the appraisal, so that it and the shareholder or person adopt any applicable measures among those set forth in items (iii) and (iv) of Paragraph 5, Article 43 of the Bylaws;

(viii) the appraisal report will be available in the same places and in the same format as the appraisal report referred to in § 1, Article 9 of CVM Resolution 85;

(ix) the minutes of the Board of Directors' meeting shall necessarily state the names of the shareholders who requested the new appraisal, for effects of the possible application of the provision in Paragraph 3, (I) and (II.2) of Article 43 of the Bylaws.

- The PTO referred to in the caption will not exclude the possibility of another shareholder of the Company, or, if applicable, the Company itself, establishing a competing PTO, according to the terms of the applicable regulation.
- The Buyer shall be requiered to comply with any possible CVM requests or requirements, related to the Public Tender Offer, made based on and within the deadlines set forth in applicable regulation.
- In the event that the shareholder or person does not comply with the obligations imposed in the Bylaws, the Company's Board of Directors will call an Extraordinary General Meeting, in which the shareholder or person may not vote, to resolve on the suspension of the exercise of the rights of the shareholder or person which has not complied with any obligation imposed by this Article, as provided for in Article 120 of the Brazilian Corporations Act, without prejudice to the liability of the shareholder or person for damages caused to other shareholders as a result of any non-compliance with the obligations imposed by this Article.
- Any Shareholder or person acquiring or becoming the holder of other rights, including usufruct or trust, on the shares issued by the Company in a number equal to or higher than twenty percent (20%) of the total shares issued by the Company, shall be equally obliged to carry out or request the registration, as the case may be, of a Public Tender Offer, within no longer than sixty (60) days counted from the date of such purchase or the event which gave rise to the holding of such rights on shares in an amount equal to or higher than twenty percent (20%) of the total shares issued by the Company.
- The obligations stated in Article 254-A of the Brazilian Corporations Act and Article 42 of the Bylaws do not release the Buying Shareholder from complying with any obligations stated in the Bylaws, except for the provisions in Articles 50 and 51 of the Bylaws.
- The provision in this Article shall not apply in the event of a person becoming the holder of shares issued by the Company in a number higher than twenty percent (20%) of the total shares issued, arising from: (i) any legal succession, under the condition that the shareholder disposes of any excess shares within sixty (60) days counted from the material event; (ii) any amalgamation of another company by the Company; (iii) the merger of shares of another company by the Company; or (iv) the subscription of Company's shares, carried out at a single primary issue, which has been approved in a Company's Annual General Meeting called by its Board of Directors, and whose capital increase proposal has determined the issue price of shares based on the Economic Value obtained from a valuation report on the Company conducted by a specialized company with proven experience in the evaluation of publicly held companies.
- For calculation of the percentage of twenty percent (20%) of the total shares issued by the Company described in the caption of Article 43 of the Company's Bylaws, any involuntary additions to ownership

interest arising from the cancellation of treasury shares or decrease in the Company's capital stock with the cancellation of shares shall not be computed.

- If the CVM regulation determines the adoption of a calculation criterion for the acquisition price of each of the Company's shares in the OPA that results in an acquisition price that is higher than that determined pursuant to Paragraph 2 of Article 43 of the Company's Bylaws, the acquisition price calculated according to CVM regulations shall prevail in the PTO provided for in this article.
- Any change that limits the right of shareholders to carry out the PTO will require the shareholders who voted in favor of such change or exclusion in the resolution at the General Meeting to carry out the PTO provided for in this Article, subject to the provisions of Paragraph 3 of Article 10 of the Bylaws.
- The Public Tender Offer to be carried out by the Controlling Shareholder, or the Company for the delisting as a publicly held company must be conducted at a fair price, as per the applicable law and regulations.
- Any voluntary delisting from the Novo Mercado may occur (i) regardless of any public offering to acquire shares, if such is not required by the Company's General Meeting, pursuant to art. 12, of these Bylaws, or (ii) in the absence of such waiver, if preceded by a public offer to acquire shares that complies with the procedures set forth by CVM regulations for public offers to acquire shares to delist publicly held companies and the following requirements:
- If there is no Controlling Shareholder, in case the Company's delisting from Novo Mercado is decided so that the securities it has issued may be recorded for purposes of negotiation out of Novo Mercado, or because of a corporate reorganization operation, in which the company resulting from such reorganization does not have its securities cleared for negotiations at Novo Mercado within one hundred and twenty (120) days counted from the date of the General Meeting that approved said operation, such leaving is conditioned to performing a takeover bid under the same conditions set forth in article 45 above.
- Said General Meeting must determine the person(s) in charge of making the public takeover bid. If he/she(they) is(are) present at the meeting, he/she(they) ought to take the obligation to make such bid expressly.
- If the persons in charge of making the takeover bid are not selected, in a case of corporate reorganization operation in which the company resulting from such reorganization does not have its securities cleared for trading at Novo Mercado, the shareholders who vote for the corporate reorganization must make said bid/public offer.
- The public tender offer for the purposes envisaged in this Article will follow the procedures for holding a public tender offer for delisting as a publicly held company.
- If there is no Controlling Shareholder and B3 determines that the securities issued by the Company have their trading interrupted in the Novo Mercado in view of noncompliance with the obligations stated in the Novo Mercado Regulation, the Board of Directors' chairperson shall call an Extraordinary General Meeting to replace the whole Board of Directors within two (2) days from such determination, and this period shall only compute the days in which the newspapers usually used by the Company are published.
- In the event of Company delisting from the Novo Mercado in view of any noncompliance with obligations stated in the Novo Mercado Regulation, that delisting shall be preceded by a Public Tender Offer, as provided in Article 45 of the Company's Bylaws and subject to the applicable law and regulations.

- The Controlling Shareholder must conduct the takeover bid or public offering as provided for in the caption of this article.
- In case there is no Controlling Shareholder and the delisting from Novo Mercado referred to in the caption results from a decision made by the General Meeting, the shareholders who have voted for the decision that entailed such non-compliance ought to make the takeover bid set forth in the caption.
- In case there is no Controlling Shareholder and the delisting from Novo Mercado referred to in the caption occurs as a result of an act of fact by the management, the Company's management members shall call the General Meeting of shareholders, the agenda of which would be how to solve the non-compliance with the obligations described in the Novo Mercado Regulation or, as the case may be, decide on the Company delisting from Novo Mercado.
- In case the General Meeting mentioned in Paragraph 3 above decides on the Company delisting from Novo Mercado, said General Meeting must select the person(s) in charge of making the takeover bid set forth in the caption, and if he/she(they) is(are) present at the Meeting, he/she(they) shall take the obligation to make such bid/offer expressly.
- The appraisal report of the Company to determine the fair price and/or the Economic Value, as applicable, shall be prepared by a specialized company, with proven experience and independence from the Company, its management and/or Controlling Shareholders. The appraisal report shall also comply with the requirements of Paragraph 1 of Article 8 of the Brazilian Corporations Act and include the obligation set forth in Paragraph 6 of the same Article 8.
- The establishment of a single OPA is provided for, aiming to fulfill more than one of the purposes provided for in this Chapter VII, in the Novo Mercado Regulation or in the regulation issued by the CVM, provided that it is possible to make the procedures of all OPA modalities compatible and there are no losses generated to the addressees of the offer and CVM authorization is obtained when required by the applicable law.
- The Company or the shareholders responsible for carrying out the OPA provided for in this Chapter VII, in the Novo Mercado Regulation or in the regulations issued by the CVM may ensure its effectiveness through any shareholder, third party and, as applicable, the Company. The Company or the shareholder, as the case may be, shall not be released from the obligation of completing the Public Tender Offer until it is completed in compliance with the applicable legislation.
- Any shareholder or third person who has subscribed and/or purchased shares issued by the Company in a number equal to, or higher than, eight percent (8%) of the Company's corporate capital, and that is willing to purchase additional shares issued by the Company at the stock exchanges, shall be obliged to, prior to each new purchase, report its intention, in writing, to the Company, with at least three (3) business days in advance as of the date of the new purchase of shares, always subject to the provisions of the applicable legislation and CVM and B3 regulations.

18.3 - Description of exceptions and suspensive clauses relating to property or political rights provided for in the bylaws

The Brazilian Corporations Act grants the General Meeting the right to suspend the exercise of rights by the shareholder who fails to comply with an obligation imposed by law or by the Company's Bylaws, such suspension terminating immediately after the fulfillment of such obligation.

There are no suspensive statutory clauses relating to economic or political rights.

18.4 - Trading volume, and highest and lowest prices of securities traded

Fiscal year 12/31/2021

Quarter	Securities	Currency	Class	Market	Administrative entity	Financial volume traded (Reals/ BRL)	Highest price (Reals)	Lowest price (Reals)	Pricing factor	Average price (Reals)
03/31/2021	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	9,739,341,930	34.73	26.25	R$ per Unit	29.75
06/30/2021	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	8.048.709.000	37,88	28,73	R$ por Unidade	33,13
09/30/2021	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	9,399,764,480	40.60	34.60	R$ per Unit	37.48
12/31/2021	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	8,195,225,880	36.77	27.89	R$ per Unit	32.67

Fiscal year 12/31/2020

Quarter	Securities	Currency	Class	Market	Administrative entity	Financial volume traded (Reals/ BRL)	Highest price (Reals)	Lowest price (Reals)	Pricing factor	Average price (Reals)
03/31/2020	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	10,585,856,250	27.91	14.03	R$ per Unit	22.52
06/30/2020	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	7,111,344,810	23.15	14.65	R$ per Unit	19.79
09/30/2020	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	9,285,195,530	29.85	23.75	R$ per Unit	27.01
12/31/2020	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	11,870,515,570	31.07	25.32	R$ per Unit	27.51

Fiscal year as of Dec. 31, 2019

Quarter	Securities	Currency	Class	Market	Administrative entity	Financial volume traded (Reals/ BRL)	Highest price (Reals)	Lowest price (Reals)	Pricing factor	Average price (Reals)
03/31/2019	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	2,208,652,156	13.13	9.42	R$ per Unit	11.38
06/30/2019	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	3,114,712.160	15.09	12.83	R$ per Unit	13.91
09/30/2019	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	5,040,235,370	19.33	14.57	R$ per Unit	17.22
12/31/2019	Shares	Common		Stock Exch.	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	6,272,515,020	22.90	18.74	R$ per Unit	20.80

18.5 - Other securities issued in Brazil

Security	Debentures
Security details	3rd Issue of Simple Debentures – TOTVS S.A.
Date of issue	May 21, 2021
Expiration date	May 21, 2024
Quantity (units)	1,500,000
Global par value (R$)	1,500,000,000.00
Outstanding debt balance on the closing date of the last fiscal year	1,509,126,000.00
Circulation restrictions	Yes
Details of restrictions	These debentures may only be traded between qualified investors, as set forth in article 12 of CVM Resolution No. 30 of May 11, 2021, as amended ("**CVM Resolution No. 30**", and "**Qualified Investors**") and after 90 (ninety) days from the date of each subscription or acquisition is performed by Professional Investors (as provided for below), pursuant to articles 13 and 15 of CVM Instruction 476, except in the event of a firm underwriting commitment to place such Debentures by the Coordinators at the time of subscription, pursuant to article 13, section II of CVM Instruction 476, and after the Issuer have complied with the requirements of article 17 of CVM Instruction 476, provided, however, that the debentures negotiation shall always observe the applicable legal and regulatory provisions. Without prejudice to the provisions set forth herein, the provisions of article 13 of CVM Instruction 476 are, on this date, suspended due to CVM Resolution No. 849 of March 31, 2020 ("**CVM Resolution** 849") , when, whether alternatively or cumulatively, (a) the acquirer is a professional investor; and (b) the security in question is issued by a company registered with the CVM.
Convertibility	No
Possibility of redemption	Yes
Redemption and calculation of its amount	TOTVS may, at its sole discretion, at any time, make an early redemption offer for all Debentures, addressed to all Debenture Holders, without distinction, one or more times, ensuring all Debenture Holders equal conditions whether to accept or not the redemption of the Debentures that they hold ("Early Redemption Offer") , according to the terms and conditions previously provided for.
Conditions for changing the rights guaranteed by such securities	N/A
Other relevant features	Optional Early Redemption: The Issuer may redeem all the Debentures in advance, at its sole discretion, at any time, including upon payment of the Face Value per Unit of the Debentures, plus the Remuneration, calculated *pro rata temporis*, from the Payment Date or from the immediately preceding Remuneration Payment Date, as the case may be, until the date of its effective payment) **Amount of the Optional Early Redemption**") and premium, as applicable, under the terms described in the table in the Indenture. The debentures will mature on May 21, 2024 and may be redeemed in advance, at the sole discretion of the Company.

Security type	**Debentures**
Security details	2nd Issue of Simple Debentures - TOTVS
Date of issue	April 22, 2020
Expiration date	April 22, 2021
Quantity (units)	200,000
Global par value (R$)	200,000,000
Outstanding debt balance on the closing date of the last fiscal year	0.00
Restrictions to be outstanding	Yes
Details of restrictions	These debentures may only be traded between Qualified Investors, as set forth in section 9-B of CVM Instruction No. 539, and after 90 (ninety) days from the date of each subscription or acquisition is performed by Professional Investors (as provided for below), pursuant to articles 13 and 15 of CVM Instruction 476, except in the event of a firm underwriting commitment to place such Debentures by the Coordinators at the time of subscription, pursuant to article 13, section II of CVM Instruction 476, and after the Issuer have complied with the requirements of article 17 of CVM Instruction 476, provided, however, that the debentures negotiation shall always observe the applicable legal and regulatory provisions. Without prejudice to the provisions set forth herein, the provisions of article 13 of CVM Instruction 476 are, on this date, suspended due to CVM Resolution No. 849, when, whether alternatively or cumulatively, (a) the acquirer is a professional investor; and (b) the security in question is issued by a company registered with the CVM.
Convertibility	No
Possibility of redemption	Yes
Redemption and calculation of its amount	The Company may, at its sole discretion, at any time, make an early redemption offer for all Debentures, addressed to all Debenture Holders, without distinction, one or more times, ensuring all Debenture Holders equal conditions whether to accept or not the redemption of the Debentures that they hold ("Early Redemption Offer"), according to the terms and conditions previously provided for.
Conditions for changing the rights guaranteed by such securities	N/A
Other relevant characteristics	Optional Early Redemption: the Issuer may redeem all Debentures in advance, at its sole discretion, at any time, as of July 22, 2020, including upon payment of the Debentures' Face Value per Unit, plus Remuneration, calculated *pro rata temporis* from the Date of First Payment to the date of its actual payment ("Debt Balance"), plus a flat redemption premium levied on the Debt Balance corresponding to 0.10% (ten hundredths percent) ("Optional Early Redemption"). Note: as per the Notice to the Market ("Early redemption of simple non-convertible debentures") disclosed on August 5, 2020, the debentures were redeemed in advance. On August 10, 2020 the Company redeemed all debentures in the amount of R$203,219,000. The debentures would mature on April 22, 2021, and the optional early redemption occurred, under the terms of the 2nd Issue, upon payment of the debit balance of the face value per unit and compensatory interest rate corresponding to 100.0% of the accumulated variation of the daily average rates of DI (Interbank Deposits), based on 252 working days, plus a spread equivalent to 2.65% per year calculated *pro rata temporis* from the date of payment of the debentures up to the date of the effective payment, plus a premium corresponding to 0.10%.

Security type	**Debentures**
Security details	1st Issue of Simple Debentures - TOTVS
Date of issue	09/15/2017
Expiration date	09/15/2020
Quantity (units)	200,000
Global par value (R$)	200,000,000
Outstanding debt balance on the closing date of the last fiscal year	0.00
Restrictions to be outstanding	Yes
Details of restrictions	Debentures may only be traded between qualified investors, as defined in article 12 of CVM Resolution No. 30, and 90 days from the date of each subscription or acquisition by professional investors, pursuant to articles 13 and 15 of CVM Instruction 476.
Convertibility	No
Possibility of redemption	Yes
Redemption and calculation of its amount	The Company may, at its sole discretion, carry out, at any time, an early redemption offer of the debentures, with the consequent cancellation of such debentures, which will be addressed to all debenture holders, without distinction, ensuring equal conditions to all debenture holders, to accept or not an early redemption of the debentures they hold, pursuant to the terms and conditions set forth.
Conditions for changing the rights guaranteed by such securities	N/A
Other relevant features	Optional Acquisition: the issuer may, at any time and at its sole discretion, acquire debentures, subject to the provisions of article 55, paragraph 3, of the Brazilian Corporations Act and the trading restrictions provided for in CVM Instruction 476. The debentures acquired by the issuer may be cancelled, placed on the market again or remain in the Issuer's treasury, and such fact must be included in the management report and in the financial statements; Other characteristics of the debentures, the issue and the Offering: the other characteristics of the debentures, the issue and the offer are described in the indenture, the RCA and other documents relevant to them. The debentures matured on September 15, 2020 and were settled in the amount of R$202,838,000.

18.5-A – Holders of each type of security in item 18.5.

Security type	Individuals	Companies and organizations	Institutional Investors
Debentures	0	0	4

18.6 - Brazilian markets in which securities are admitted to trading

The Company's common shares are listed for trading in Brazil. Specifically, the Company's shares are traded on B3 – Brasil, Bolsa, Balcão, under the ticker code "TOTS3", in the category with the highest level of corporate governance, the so-called "Novo Mercado". The debentures issued by the Company are traded on B3 and CETIP under the trading codes TOTS11 and TOTS12.

18.7 - Information on the class and type of security admitted to trading in foreign markets

Justification for not completing the table:

There are no securities admitted to trading on foreign markets.

18.8 - Securities issued abroad

Justification for not completing the table:

There are no securities issued abroad

18.9 - Public offerings made by the issuer or by third parties, including controlling shareholders, affiliates and subsidiaries, related to the issuer's securities

1st Issue of Debentures

On September 15, 2017, the Company issued 200,000 simple debentures, not convertible into shares, in a single series, under a firm underwriting commitment, with a face value per unit of R$1 thousand, in the total amount of R$200,000 thousand, and final maturity on September 15, 2020. As of the issue date, the Debentures will be entitled to remuneration equivalent to 105% of the CDI. For more information on the 1st Issue of Debentures, please see section 18.5 of this Reference Form.

2nd Issue of Debentures

On April 22, 2020, the Company issued 200,000 simple debentures, not convertible into shares, in a single series, under a firm underwriting commitment, with a face value per unit of R$1 thousand, in the total amount of R$200,000 thousand, and final maturity on April 22, 2021. As of the Date of Issue, the Debentures will be entitled to a remuneration equivalent to 100% of the CDI rate, plus a spread equal to 2.65% (two integers and sixty-five hundredths percent). For more information on the 2nd Issue of Debentures, please see section 18.5 of this Reference Form.

3rd Issue of Debentures

On May 21, 2021, the Company issued 1,500,000 simple debentures, not convertible into shares, in a single series, under a firm placement guarantee regime, with a unit face value of R$1 thousand, in the total amount of R$1.5 billion, with final maturity on May 21, 2024. As of the Issue Date, the Debentures will be entitled to remuneration equivalent to 100% of the CDI plus a spread equivalent to 1.90% (one whole and ninety hundredths percent). For more information on the 3rd Issue of Debentures, please see section 18.5 of this Reference Form.

Primary Public Offering with Restricted Placement Efforts, 2019

At a meeting of the Company's Board of Directors held on May 9, 2019, a public offering was approved for primary distribution with restricted placement efforts of common, registered, book-entry shares, with no par value, free and clear from any liens or encumbrances, issued by the Company. ("**Restricted Offer**"). On May 22, 2019, the price per share of R$39.50 ("Price per Share") was approved, given that the Restricted Offer totaled the amount of R$1,066,500,000.

Primary Public Offering with Restricted Placement Efforts, 2021

In September 13, 2021, the Company's Board of Directors approved a primary public offering for the distribution with restricted placement efforts of 39,270,000 common, registered, book-entry shares, with no par value, all free and clear of any liens or encumbrances, issued by the Company, with restricted placement efforts, in accordance with CVM Instruction No. 476, dated January 16, 2009, as amended, within the authorized capital limit provided for in the Company's Bylaws, at the price of R$36.75 per share, totaling R$1,443,172,500.00.

18.10 - Allocation of resources from public offerings

1st Issue of Debentures

(a) how the resources resulting from the offer were used

The funds raised with the 1st public issue of debentures were fully used for working capital, investments within the scope of the Issuer's corporate purpose and/or prepayment of debts.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, since the resources were used according to the application proposal.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, since the resources were used according to the application proposal.

2nd Issue of Debentures

(a) how the resources resulting from the offer were used

The funds raised with the 2nd public issue of debentures will be fully used for scheduled settlement of R$200,000 thousand corresponding to the 1st (first) issue of debentures by the Company, which will mature on September 15, 2020, and to get prepared to pay the amount of R$ 458,405 thousand for the acquisition of shares corresponding to 88.8% of the capital stock of SUPPLIER PARTICIPAÇÕES S.A.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

3rd Issue of Debentures

(a) how the resources resulting from the offer were used

The funds raised with the 3rd public issue of debentures will be fully used to achieve the Company's Strategic Plan and the Company's corporate purpose.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

2019 Primary Public Offering with Restricted Placement Efforts

(a) how the resources resulting from the offer were used

Considering the Price per Share, the net proceeds from the Offer, after deducting commissions and expenses, total R$ 1,037 million. For more detailed information on the fees and expenses of the Offer, please see the topic "Costs of the Offering" above.

We intend to invest all the net resources obtained through the Offering in potential acquisitions of companies that may contribute to the performance of our strategy of strengthening the core business and expanding into new markets, with any remaining net resources being used to reinforce the Company's capital stock.

Our pipeline of potential acquisition targets (with more than ten targets mapped) is constantly updated in view of the dynamics of the information technology market. Such targets are evaluated according to the fit with the Company's strategy, availability of the asset for trading, and estimated value in line with the levels practiced in the market, and on this date our estimated value per transaction is in the range between R$ 50 million and R$ 3 billion. For more details on our acquisition strategies, please see section "7.1. Description of the Key Activities of the Issuer and its Subsidiaries" in this Reference Form.

As of this date, there is still no defined position about which companies will be acquired by the Company and how long such potential negotiations will take to be concluded.

The destination of resources from the Offer will be influenced by the future conditions of the markets in which the Company operates, as well as by the investment opportunities found by the Company, in addition to other factors that cannot be anticipated. While the abovementioned investments are not made, in the regular course of the Company's businesses, the funds raised in the Offering may be invested in financial investments that the Company's management believes to be within the scope of its investment policy, aiming at preserving the Company's capital and investments with a high-liquidity profile, such as public debt securities and fixed income financial investments contracted or issued by leading financial institutions, which may include the Coordinators.

The allocation of funds described above is based on analysis, estimates, and current perspectives on future events and trends. Changes in market conditions and the timing of allocating funds may compel the Company to review the allocation of the net proceeds from the Offering on the moment they will be actually used, with a view to the best interest of the Company. The use of the funds raised with the Offering depends on several factors that the Company cannot guarantee will come to fruition, among which, the behavior of the market in which the Company operates, the Company's ability to continue its regular activities and develop new projects.

If the proceeds from the Offering are not sufficient to fund the Destination of Funds as described above, the Company may seek additional funds, including through financial entities, by contracting loans or direct financing, making offering of securities and of other securities that represent debt in the local and international markets, or even through another public offering of shares issued by the Company. The way how such funds will be raised will be determined by the Company at the time of the corresponding fund raising, depending also on market conditions.

For information on the impact of net resources earned by the Company as a result of the Offering on the Company's equity position, please see the "Capitalization" section below.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, since the resources were used according to the proposal.

2021 Primary Public Offering with Restricted Placement Efforts

(a) how the resources resulting from the offer were used

The funds obtained within the scope of the public offering with restricted efforts to place common shares issued by the Company are intended to be used, especially, in potential acquisitions of companies that may contribute to the execution of the Company's strategy and construction of a ecosystem based in 3 dimensions (Management, Techfin and Business Performance), and any remaining net resources will be used to reinforce the Company's capital and to achieve its corporate purpose.

As of the date of this Reference Form, there is still no defined position on which companies will be acquired by the Company or how long such potential negotiations will take to be finalized.

The allocation of proceeds from the Offering will be influenced by the future conditions of the markets in which the Company operates, as well as by the investment opportunities identified by the Company, in addition to other factors that cannot be anticipated. As long as the investments described above are not made, in the regular course of the Company's business, the funds raised in the Offer may be invested in financial investments that the Company's management believes to be within its investment policy, aiming at the preservation of the capital and investments of the Company with a high liquidity profile, such as public debt securities and fixed income financial investments contracted or issued by prime financial institutions, which may include the Coordinators.

The allocation of funds described above is based on current analyses, estimates and perspectives on future events and trends. Changes in market conditions and the timing of the allocation of funds may oblige the Company to review the allocation of the Offer's net proceeds upon their effective use, aiming at the Company's best interest. The application of the funds raised with the Offer depend on several factors that the Company cannot guarantee will materialize, among which, the behavior of the market in which the Company operates, the ability to continue the regular activities of the Company, to develop new projects.

If the proceeds from the Offering are not sufficient to fund the Use of Resources described above, the Company may seek additional resources, including through financial institutions, by contracting loans or direct financing, carrying out an offer of representative bonds and securities of debt in the local and international markets or even through another public offering of shares issued by the Company. The way to obtain these funds will be defined by the Company at the time of the respective funding, depending on market conditions.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, since the resources were used according to the proposal.

18.11 - Description of takeover bids made by the issuer relating to shares issued by third parties

There are no takeover bids made by the Company.

18.12 - Other relevant information

There is no other relevant information, in addition to that presented in the items above.

19.1 - Information on the issuer's share buyback plans

Deliberation date	Repurchase period	Reserves and available profits (in Reais/BRL)	Currency	Class	Expected number (in Units)	Outst. rel. %	Qty. acquired, approved (Units)	Average weighted price	Pricing factor	acquired %
Other features										
March 6, 2020	Mar. 9, 2020 to Aug. 3, 2020	875,978,627.78	Common	-	9,000,000	1.854360	5,100,900	18.57	R$ per Unit	56.676666

Purpose: Company's acquisition of shares to face the Incentive and Retention Plan based on Company Shares, as approved at the Extraordinary General Meeting held on December 15, 2015 and amended at the Extraordinary General Meeting held on April 5, 2018, which may also held in treasury, canceled, and/or subsequently sold. Financial institutions that will act as intermediaries: BTG Pactual Corretora de Valores S.A. (BTG Pactual CTVM S.A.), with Brazilian Tax Id. (CNPJ) number 43.815.158/0001-22, headquartered in the city and State of Sao Paulo, Brazil, at Avenida Brigadeiro Faria Lima, 3477, 14th floor (part), Zip code (CEP) 04538-133, and ITAÚ Corretora de Valores SA, with Brazilian Tax Id. (CNPJ) number 61.194.353/0001-64, headquartered in the city and State of Sao Paulo, Brazil, at Avenida Brigadeiro Faria Lima, 3500, 3rd floor, Zip code (CEP) 04538-132. The Board of Directors' Meeting held on August 3, 2020 approved the early termination of the Company's Share Buyback Program ("Buyback Program"), originally scheduled to end on September 9, 2020, as per the Material Fact disclosed on March 6, 2020. Pursuant to such Buyback Program, the Company acquired on the stock exchange, at market prices, a total of 5,100,900 common shares issued by the Company, which may be used to support the Stock-Based Incentive and Retention Plan of the Company, which may also be held in treasury, sold, or canceled pursuant to the law.

Deliberation date	Repurchase period	Reserves and available profits (in Reals/BRL)	Currency	Class	Expected number (in Units)	Outst. rel. %	Qty. acquired, approved (Units)	Average weighted price	Pricing factor	acquired %
Other features										
May 10, 2022	May 10, 2022 to Jun. 9, 2022	1,310,000,000.00	Common	-	4,000,000	0.767016	4,000,000	27.22	R$ per Unit	100.000000
Purpose: Company's acquisition of shares to face the Incentive and Retention Plan based on Company Shares to maximize long-term shareholder value creation through efficient capital structure management; and may also be held in treasury, sold or canceled under the terms of the law. Financial institutions that will act as intermediaries: BTG Pactual Corretora de Valores S.A. (BTG Pactual CTVM S.A.), with Brazilian Tax Id. (CNPJ) number 43.815.158/0001-22, headquartered in the city and State of Sao Paulo, Brazil, at Avenida Brigadeiro Faria Lima, 3477, 14th floor (part), Zip code (CEP) 04538-133, and ITAÚ Corretora de Valores SA, with Brazilian Tax Id. (CNPJ) number 61.194.353/0001-64, headquartered in the city and State of Sao Paulo, Brazil, at Avenida Brigadeiro Faria Lima, 3500, 3rd floor, Zip code (CEP) 04538-132. On June 9, 2022, the Company ended the Buyback Program, considering the achievement of the approved limit of 4,000,000 (four million) common shares, according to the Material Fact disclosed on May 10, 2022 and information provided in Annex 30- XXXVI on trading of own shares approved at the Board of Directors' Meeting held on the same date.										

19.2 - Movement of securities held in treasury

Fiscal year as of December 31, 2021

Type of share	Preferred share class	Description of securities	Pricing factor
Common share			R$ per Unit
Movement	**Quantity (units)**	**Weighted average price of acquisition/sale (Reals/BRL)**	
Opening balance	10,153,586	-	
Acquired shares	0	-	
Assigned shares	1,048,710	-	
Cancelled shares	0	-	
Closing balance	9,104,876	-	
List of outstanding securities	1.47523%		

Fiscal year as of December 31, 2020*

Type of share	Preferred share class	Description of securities	Pricing factor
Common share			R$ per Unit
Movement	**Quantity (units)**	**Weighted average price of acquisition/sale (Reals/BRL)**	
Opening balance	5,856,357	-	
Acquired shares	5,100,900	18.57	
Assigned shares	803,671	10.86	
Cancelled shares	0	-	
Closing balance	10,153,586	-	
List of outstanding securities	0%		

* Shares balances and movements take into account the split of all the Company's shares, in the proportion of three common shares for each share in the period.

Fiscal year as of Dec. 31, 2019

Type of share	Preferred share class	Description of securities	Pricing factor
Common share			R$ per Unit
Movement	**Quantity (units)**	**Weighted average price of acquisition/sale (Reals/BRL)**	
Opening balance	2,186,091	-	
Acquired shares	0	0.00	
Assigned shares	233,972	33.72	
Cancelled shares	0	-	
Closing balance	1,952,119	-	
List of outstanding securities	0%		

19.3 - Other information Relevant – repurchase / treasury

The Company did not use financial instruments with different purposes of equity protection (hedge) involving the change in the prices of shares issued, including regarding transactions associated with instruments such as "Total Equity Return Swap" or similar transactions.

20.1 - Information on the securities trading policy

Approval Date	**Mar 16th, 2022**
Body responsible for approval	Board of Directors
Position and/or function	It applies to the TOTVS Group and must be complied with by the Controlling Shareholders (as applicable), members of the board of directors, officers, Fiscal Councilors and members of any bodies with technical or advisory functions created by statutory provision, by the Company's Subsidiaries and Affiliates, and by whoever, because of their position, function or position, has or may have access to any (i) decision of the Controllers; (ii) resolution of the general meeting or the Managers; or (iii) any other administrative, technical, business or economic-financial act occurred or related to the Company's business that may influence the: (a) quotation of the Company's securities; (b) decision of the investors to buy, sell or maintain its securities; or (c) decision of the investors to exercise any rights of holder of securities of the Company or referenced to them ("Material Information").
Main features and places to consult	The Trading Policy has as purpose to guide and set forth standards for trading securities issued by the Company and derivatives referenced therein, to be observed by Related Parties pursuant to the legislation in force and the regulations of the Brazilian Securities Commission (CVM), especially CVM Resolution 44/2021, and in compliance with the provisions of the Novo Mercado Listing Regulation, the Company's Bylaws, the Code of Conduct and the Company's Disclosure Policy. It is available (i) on the Company's Investor Relations website (http://ri.totvs.com.br) in the Bylaws, Policies and Regiments section; and (ii) on the CVM website (www.cmv.gov.br).
Prohibition periods and description of inspection procedures	Pursuant to CVM regulations and the Trading Policy, any type of direct or indirect trading of Securities by the Company, by Related Persons and Persons Associated with them is prohibited in the following cases: (a) prior to the disclosure to the market of any Relevant Information that occurs in the Company's business that comes to its knowledge; (b) in periods when, by virtue of a communication from the Investor Relations Officer, who will not be required to justify it, there is a determination of prohibition of trading (even if such a notice is not sent, the Related Parties and their Related Parties remain subject to the prohibitions imposed by this Trading Policy, if they are aware of any Material Information not yet disclosed). In this case, any determination of the Investor Relations Officer must be kept confidential by the Related Parties; (c) whenever the acquisition or sale of the Company's shares by the Company itself, its Subsidiaries, Affiliates or other company under common control is in progress; (d) whenever there is an intention to promote the merger, spin-off, consolidation, relevant corporate reorganization, business combination, change in the Company's control, including through the execution, amendment or termination of a shareholders' agreement, decision to promote the cancellation of the Company's registration or change in the environment or trading segment of the shares issued by it; (e) in the context of a public offering for the distribution of Securities, until the publication of the notice of the closing of the distribution, with Securities issued by the Company; and (f) in the period of 15 calendar days prior to the disclosure and/or publication, when applicable, of the quarterly information (ITR) or the Company's annual standardized financial statements (DFP), and such prohibition prevails regardless of the assessment as to the existence of Material Information pending disclosure or intention in relation to trading. It is forbidden to trade, whether directly or indirectly, Securities by management members and persons related to them who leave the Company's management before the public disclosure of a business or fact initiated during their management period that constitutes Material Information, and this prohibition is extended for a period three months after they leave the Company. In the cases provided for in items (a) and (d) even after the disclosure of the Material Information, the prohibition of trading will continue to prevail, if it may - at the Company's discretion - interfere in the conditions of trading with Securities that could cause loss for the Company itself or for its shareholders, and such additional restriction must be informed by the Investor Relations Officer. The prohibition referred to in item (c) above applies to transactions with the Company's shares carried out by Related Parties, exclusively on the dates on which the Company itself trades or informs the Accredited Brokers that it will trade with shares issued by the Company. For this purpose, the Accredited Brokers are instructed by the Company's Investor Relations Officer not to register transactions on such dates. The Company shall instruct Accredited Brokers not to register transactions within 15) days prior to the disclosure or publication of the periodic information or financial statements referred to in item (f) above.

20.2 - Other material information

The rules of the Trading Policy also apply in cases where the trading by the Related Parties is for their direct and/or indirect benefit, through the use, for example, of: (i) the spouse; (ii) any dependents; and (iv) companies controlled by the Management Members, members of the Fiscal Council (aka Supervisory Board), and members of the bodies with technical or advisory functions of the Company.

The Investor Relations Officer may, at any time, request the Accredited Brokers to submit the history of the Related Parties trading with Securities in order to investigate any violations of the Trading Policy.

Related Parties must ensure that the provisions of this Trading Policy are also complied with and observed by anyone under their influence, including Subsidiaries, Affiliates, exclusive investment funds or whose trading decisions of the manager may be directly influenced by them, as well as by the people connected to them.

The prohibitions provided for in the items of the Trading Policy will not apply to Related Parties or to the Company itself in the following cases: (i) except with regard to the prohibition provided for in item (f), which remains in this case, to transactions with treasury shares, through private negotiation, connected to the exercise of the call option under the stock option plan approved by the Company's General Meeting, or in the case of the granting of shares to Management Members, employees, or service providers as part of remuneration previously approved at the General Meeting; (ii) negotiations carried out by non-exclusive investment funds and whose decisions cannot be influenced by Related Parties; or (iii) when transactions with Securities are performed in accordance with Individual Investment Plans (as defined in the Trading Policy), provided that all requirements described therein are observed.

Without prejudice to the applicable sanctions under the legislation in force to be applied by the competent authorities in case of violation of the terms and procedures set forth in this Trading Policy, the Related Parties that may violate any of the provisions set forth in this Trading Policy hereby undertake to compensate the Company and/or the Related Parties, in full and without any limitation, for every and any losses that the Company and/or the Related Parties may incur and that are resulting, whether directly or indirectly, from such noncompliance, and the Company may, at its sole discretion, adopt any corrective measures and/or disciplinary sanctions against violators.

The provisions of the Trading Policy do not eliminate the responsibility, arising from legal and regulatory provisions, attributed to third parties not directly connected to the Company and who are aware of Material Information and come to trade in Securities.

21.1 - Description of internal standards, regulations, or procedures related to the disclosure of information

The Company has a Material Information Disclosure Policy ("**Disclosure Policy**"), approved at the Board of Directors' meeting held on December 18, 2019.

The purpose of the Disclosure Policy is to set forth the rules that must be observed by the Investor Relations Officer and other Related Parties, as defined below, regarding the disclosure of Material Information and the maintenance of confidentiality of Material Information that have not yet disclosed by the Company to the public and the market in general.

For the purposes of the Disclosure Policy, the following expressions are defined:

- "**Material Fact or Act**", "**Inside Information**" or "**Material Information**": any (i) decision of the Controlling Shareholders; (ii) resolution of the general meeting or of the Management Members; or (iii) any other act or fact of a political, administrative, technical, business or economic-financial nature occurred or related to the Company's business that may significantly influence: (a) the price of securities issued by the Company or pegged to them; (b) investors' decision to buy, sell or hold these securities; or (c) decision of investors to exercise any rights inherent to the condition of holder of securities issued by the Company or referenced to them. An example list of situations that can be deemed as Material Information can be found in the sole paragraph, article 2, of CVM Resolution 44.
- "**Related Parties": the Company, its Controlling Shareholders, Management** Members, members of the Fiscal Council (Supervisory Board), members of any bodies with technical or advisory functions created by statutory provision, the Company's Subsidiaries and Affiliates, and whoever, because of their position, function or status in the Controlling Shareholder, in the Subsidiaries or in the Affiliates, has or may have access to a Material Fact or Act. Related Persons, for purposes of the Disclosure Policy, shall also be considered as other persons expressly appointed by the Investor Relations Officer, at his sole discretion, including employees, collaborators or other shareholders of the Company and/or its Subsidiaries or Affiliates, who have or may come to have access to a Material Act or Fact.

It is the responsibility of the Company's Investor Relations Officer to investigate concrete situations that may arise in the course of the Company's operations, always considering their materiality, sector specificity, concreteness or strategic importance, in order to verify whether or not such situations are a Material Fact or Act.

Moreover, the Company has an identity controlling system that manages access to material information contained in its management systems, document and content collaboration platforms and internal communities, with the purpose of preventing access to material information by non-related parties.

Related Parties must keep the confidentiality of Material Information that has not yet been disclosed, to which they have access because of their position or function, until such Material Information is disclosed to the public. They must also ensure that their subordinates and third parties they trust also do so.

Related Parties must not discuss Material Information in public places. Likewise, Related Parties shall only deal with matters connected to the Material Information with those who need to know about such Material Information.

The Disclosure Policy prohibits Related Parties from providing or commenting on the media, by any means of communication, including the internet or social medial, any Privileged Information to which they have had access because of the position or function they hold until its disclosure to the public, as well as making any public statement regarding news published by the press on matters dealt with at meetings of the management bodies, committees, or any administrative unit of the Company that have not been the subject of a previous official public statement by the Investor Relations Officer.

If any Management Member intends to comment in the means of communication mentioned in the previous item, any information to which they have had access and there is any question about their qualification as confidential, the Investor Relations Officer must be notified beforehand so that he/she can assess whether the information is a Material Fact and must be simultaneously disclosed to the market.

If any Related Party becomes aware that a Material Information that has not yet been released to the public has escaped the Company's control, or that a Material Fact or Act that has not yet been disclosed may have generated atypical fluctuation in the quotation, price or quantity of the Securities traded, such Related Party must immediately report such facts to the Company, directly to the Investor Relations Officer.

For further details on the Material Information Disclosure Policy, see section 21.2 below.

21.2 - Description of the policy for disclosing material facts or acts, and procedures related to maintaining the confidentiality of material information not disclosed

The Disclosure Policy has as purpose to set forth the rules to be observed regarding the disclosure of Material Information and the maintenance under secrecy any Material Information not yet disclosed by the Company to the public and to the market in general. This Disclosure Policy was prepared pursuant to the regulations of the Brazilian Securities Commission (CVM). They must undergo training on the Disclosure Policy, followed by an assessment (80% of success must be obtained for approval), and virtually sign the Term of Adhesion to the Disclosure Policy, becoming Related Parties for the purposes set forth herein.

The obligations provided for in the Policy are and must be complied with by: (i) Management Members, controlling shareholders, members of the Fiscal Council (Supervisory Board), members of any bodies with technical or advisory functions in the Company created by statutory provision; (ii) employees and executives with access to the Company's material information; (iii) anyone who, because of their position, function or status in the Company, in its parent companies, in its subsidiaries and in affiliated companies, becomes aware of information relating to a material fact or act about the Company; and (iv) by Persons Related to those covered in items (i) to (iii).

The Company's Investor Relations Officer is responsible for, in addition to those duties provided for by law or by CVM, by the Bylaws or by the Company's Board of Directors:

(i) disclosing and reporting to CVM and to the Stock Exchanges, immediately after becoming aware of it, any Material Fact or Act occurred or connected to the Corporation businesses that may be deemed a Material Information; and

(ii) ensure the wide and immediate dissemination of Material Information simultaneously on Stock Exchanges, as well as to the investing public in general.

Material Information to be reported to CVM and the Stock Exchanges must be made immediately by means of a written document, describing in details the acts and/or facts occurred, pointing out, whenever possible, the amounts involved and providing other clarifications.

Material Information must be disclosed to the public through (i) the internet page of the Valor Econômico news portal (www.valor.com.br/fatosrelevantes); (ii) the Company's internet page (http://ri.totvs.com.br); (iii) CVM's Periodic and Occasional Information submission system (IPE System); and (iv) the internet page of the stock exchanges where the Company's securities are admitted for trading.

Notwithstanding the disclosure of Material Information through the aforementioned communication channels, any Material Information may also be published in newspapers of wide circulation commonly used by the Company, containing a summarized description of the Material Information, provided that such disclosure includes an Internet address containing the complete description of such Material Information, at least identical to the text submitted to the CVM, Stock Markets and other entities, as applicable.

Whenever any Material Information is disclosed through any means of communication, including disclosure to the press or during meetings of class entities, investors, analysts or selected audiences, either in Brazil or abroad, such Material Information shall be simultaneously disclosed to the CVM, the Stock Markets, and investors in general.

Any Related Party who becomes aware of facts or acts that may constitute Material Information must immediately notify the Investor Relations Officer in order to ensure its immediate disclosure, or directly to CVM, if the Investor

Relations Officer refrains from disclosing them in spite of his/her duty.

It is the responsibility of the Company's Investor Relations Officer to investigate concrete situations that may arise in the course of the Company's operations, always considering their materiality, sector specificity, concreteness or strategic importance, in order to verify whether or not such situations are a Material Fact or Act.

Any Material Information shall, whenever possible, be disclosed before the beginning or after the closing of the business on the Stock Exchanges; however, preferably after the closing of the business where the Securities are traded. If the Stock Exchanges are not operating simultaneously, such disclosure will be made observing the opening hours of the Stock Exchange located in Brazil in which the Company is primarily listed.

Facts or acts that constitute Material Information may not need to be disclosed if their disclosure could put the Company's legitimate interests at risk.

The Company may decide to submit to CVM any issue regarding the disclosure to the public of any Material Information that could put at risk a legitimate interest of the Company.

Whenever any Material Information not yet disclosed to the public may go beyond the Company's control, or if a Material Information has not yet been disclosed, in case it is found that an atypical fluctuation took place on quotations or prices or on the traded amount of Securities, the Investor Relations Officer shall take the due steps so that such Material Information is immediately disclosed to CVM, to the Stock Exchanges and to the market in general.

21.3 - Management members responsible for implementing, maintaining, assessing, and supervising the information disclosure policy

All relevant and pertinent information to this item was disclosed in the previous items.

21.4 - Other relevant information

Facts or acts that constitute Material Information may not need to be disclosed if their disclosure could put the Company's legitimate interests at risk.

The Company may choose to submit to CVM any issue regarding the disclosure of any Material Information that could put at risk a legitimate interest of the Company.