

EARNINGS PRESENTATION

3Q22

» Investor Relations

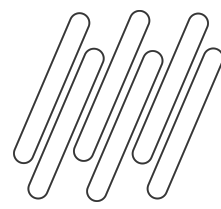
Dennis Herszkowicz
CEO

Gilsomar Maia
CFO/ IRO

Alexandre Apendino
Services and Relationship
Executive Officer

Sérgio Sérgio
IR Head

▶ 2022/ November

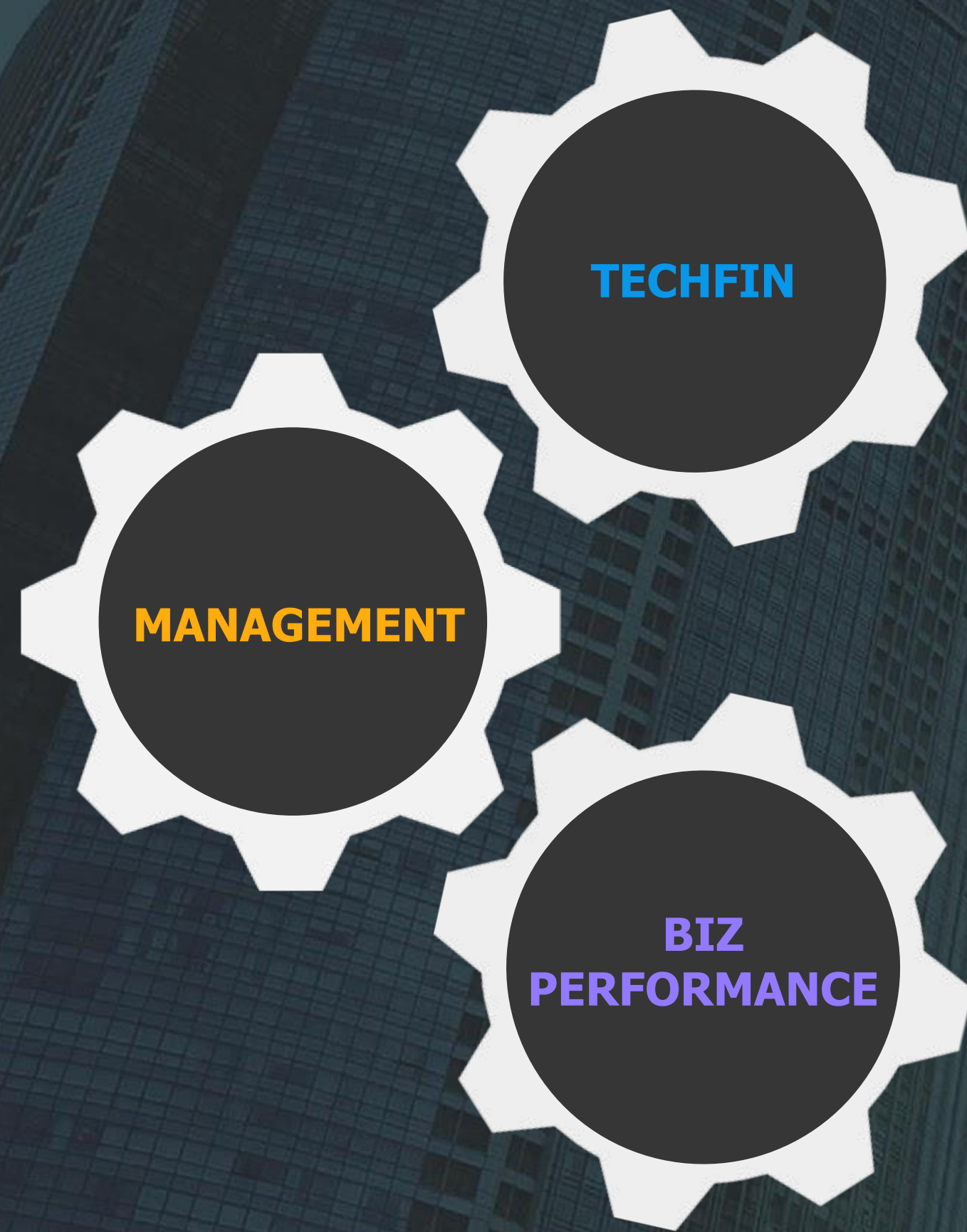
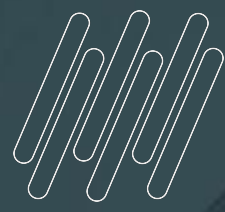


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All information contained in this presentation and any statements that may be made during this teleconference connected to TOTVS' business prospects, projections, and operating and financial goals are based on beliefs and assumptions of the Company's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





3Q22 EARNINGS: HIGHLIGHTS

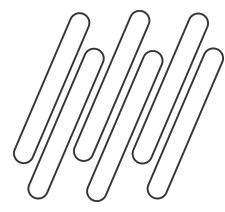
NET REVENUE EXCEEDED R\$1 BILLION IN 3Q22, +26% YOY

- + 29% Consolidated Recurring Revenue growth
- + Growth of 51% in Techfin Revenue and 33% in Business Performance Revenue year over year
- + Cash Earning reached R\$169 million in 3Q22, +52% year on year and 40% quarter on quarter
- + Net Operating Cash Generation grew 64% quarter over quarter, reaching R\$303 million in the quarter

BUILDING A 3D ECOSYSTEM
INTERCONNECTED AND INTERDEPENDENT

01

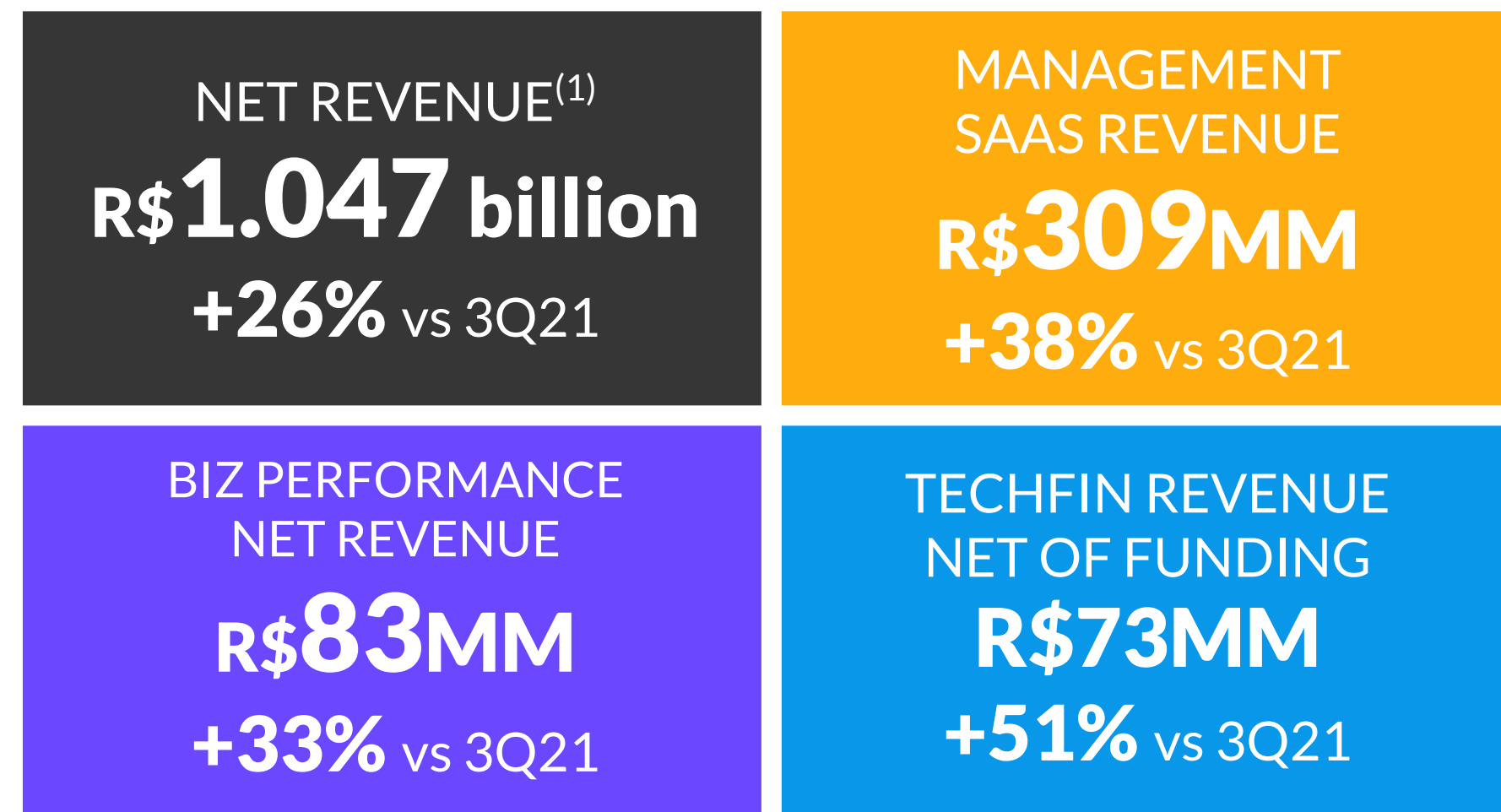
Financial & Operational 3Q22 Highlights



CONSOLIDATED RESULTS

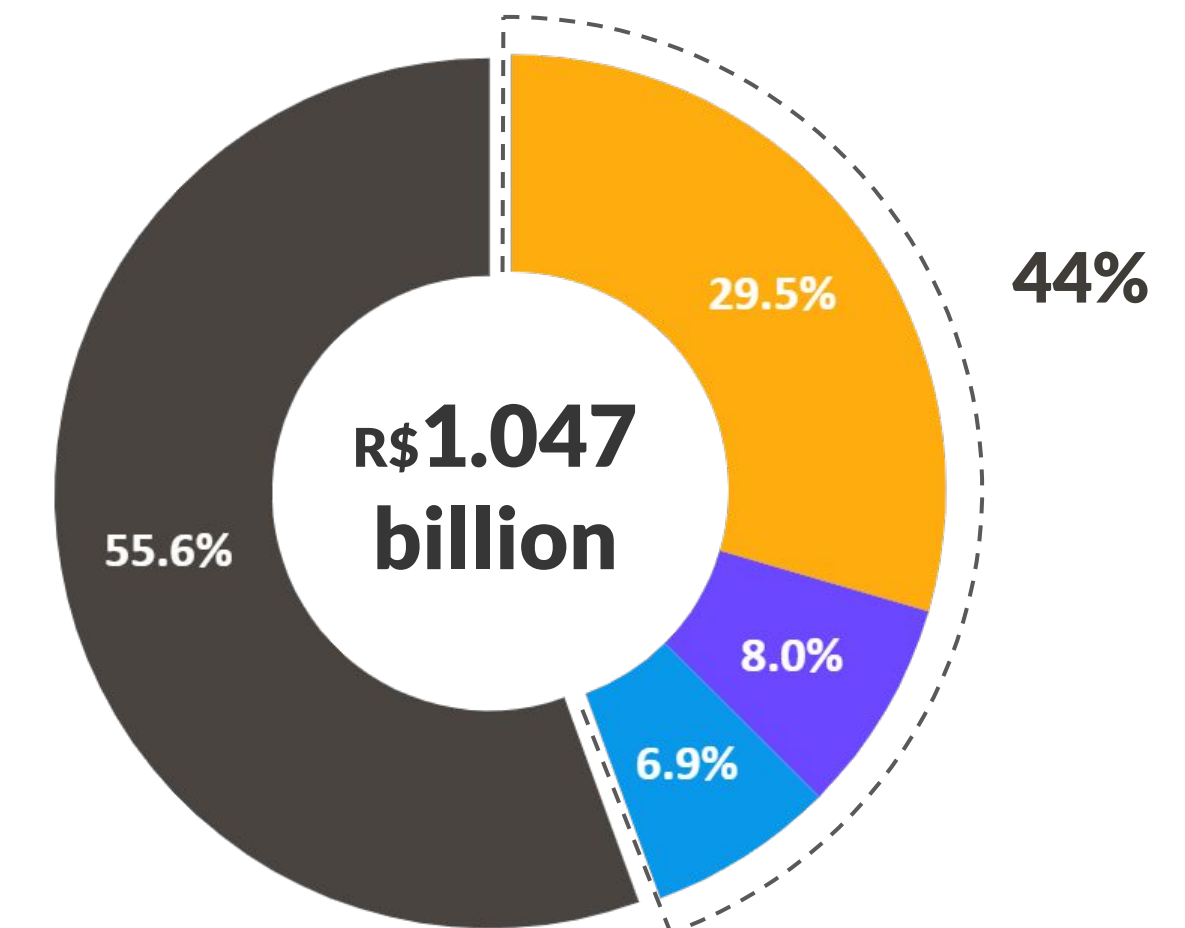
Net Revenue ⁽¹⁾ + R\$1 billion in 3Q22, +26%YoY, with these highlights:

- **Recurring Revenue from Management +28%** vs. 3Q21
- **Acceleration of Net Revenue from Business Performance +10%** vs. 2Q22

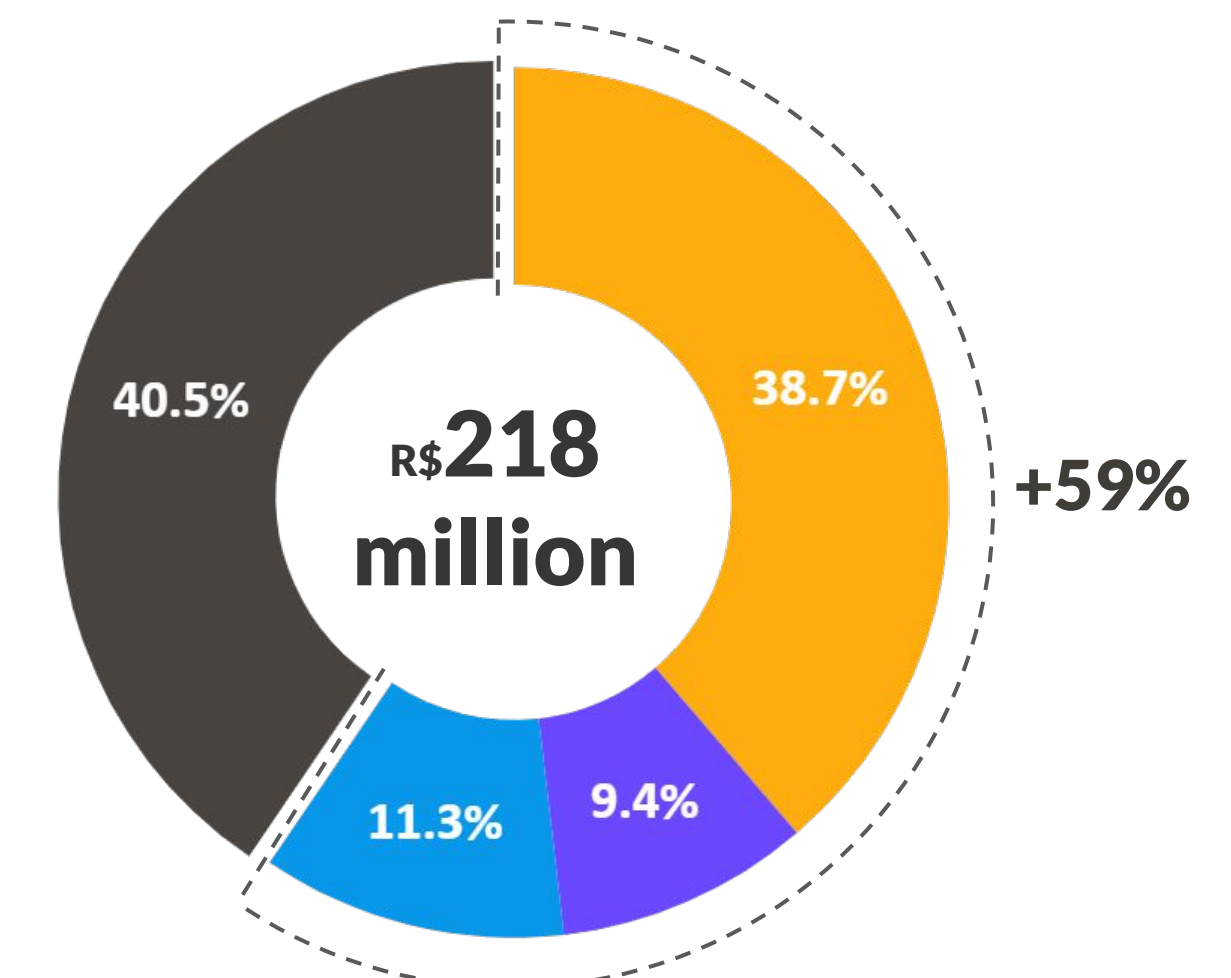


NET REVENUE ⁽¹⁾

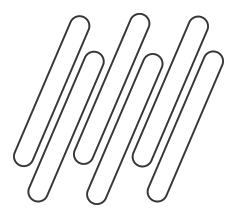
3Q22



3Q22 vs 3Q21
Growth



● Other Management⁽²⁾ ● SaaS Management ● Biz Performance ● Techfin



FINANCIAL & OPERATIONAL HIGHLIGHTS

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PROFITABILITY

33% growth in YoY Adjusted EBITDA (**EBITDA Techfin** +115% YoY, Contribution Margin from **Business Performance** +43% YoY, and **Adjusted EBITDA from Management & Business Performance** +29% YoY).
Cash Earnings +52% YoY and +40% QoQ

CONTRIBUTION MARGIN 3Q22 vs. 3Q21

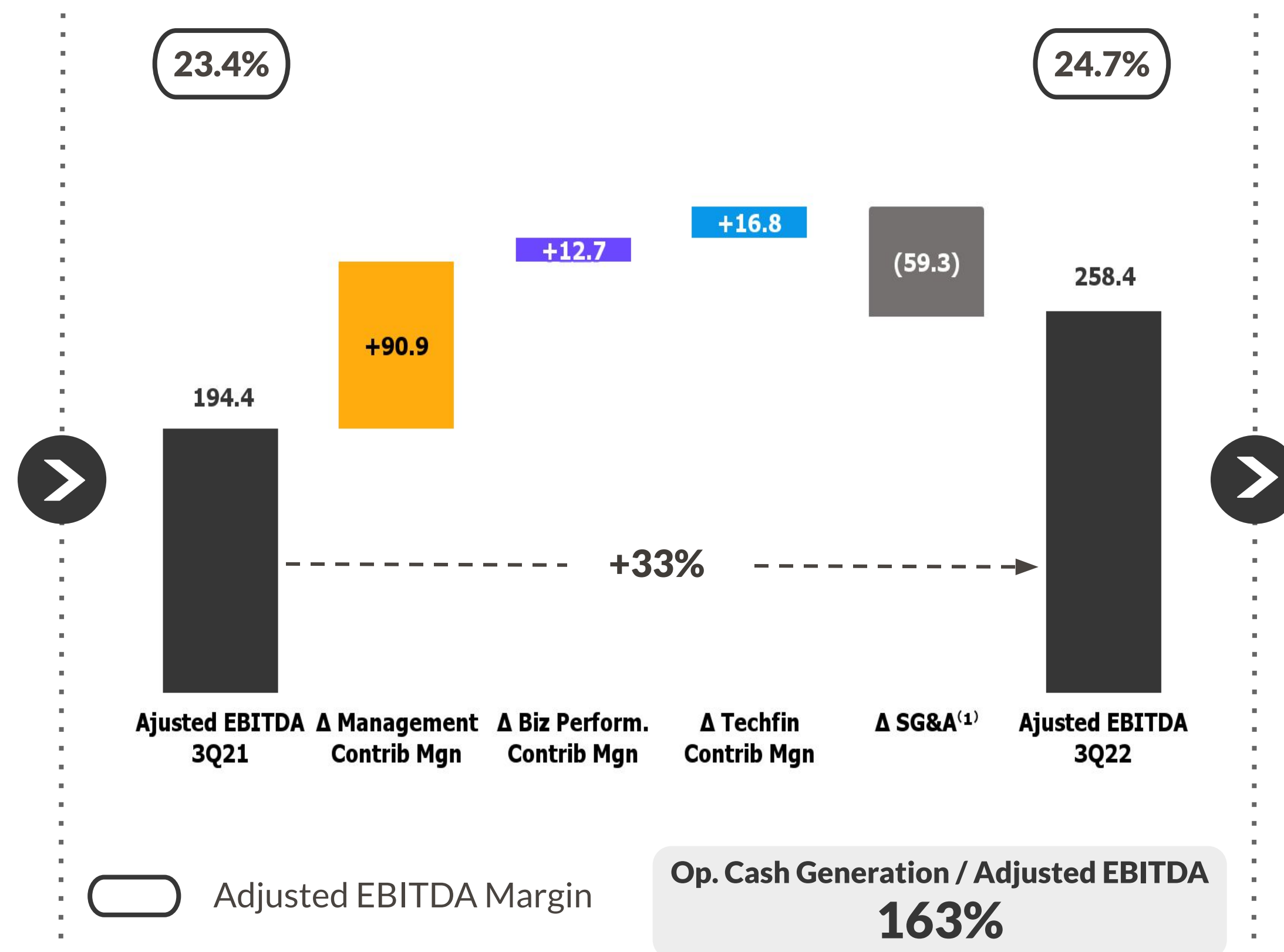
Management
+24% vs 3Q21
+6,0% vs 2Q22

Biz Performance
+43% vs 3Q21
+16% vs 2Q22

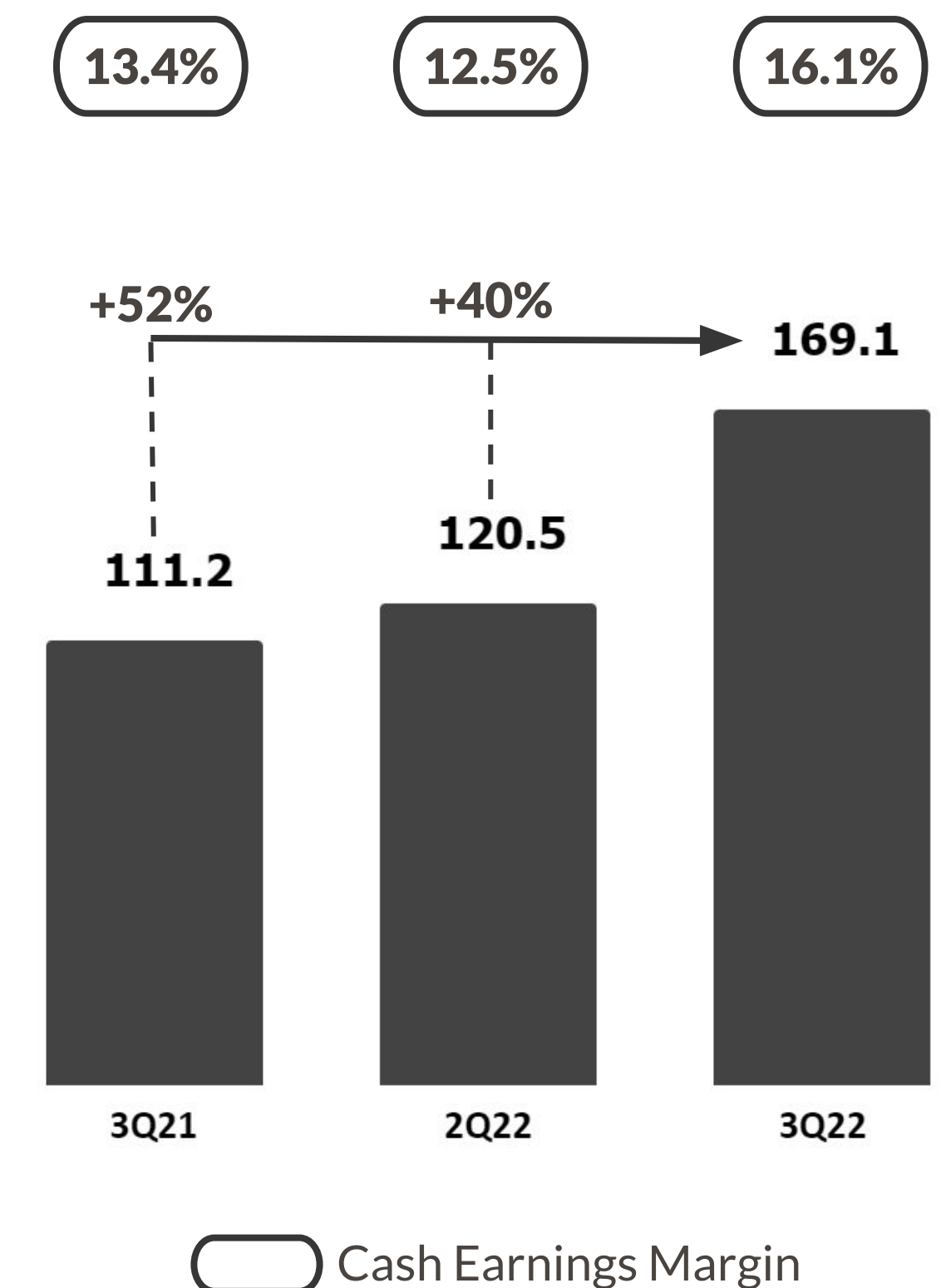
Techfin⁽¹⁾
+53% vs 3Q21
+49% vs 2Q22

**Consolidated
Contribution Margin**
+27% vs 3Q21
+9.4% vs 2Q22

ADJUSTED EBITDA 3Q22 vs. 3Q21 (R\$ million)



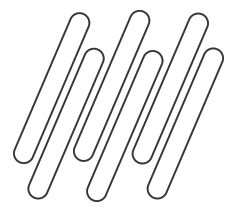
CASH EARNINGS ⁽²⁾



Notes: (1) Sum of Sales, Marketing, General and Administrative and Other Expenses and Equity Pick-up; and (2) Net Income without the effects of expenses with amortization of intangibles arising from acquisitions.

02

3-Dimensional Ecosystem



3-DIMENSIONAL ECOSYSTEM - MANAGEMENT

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24% growth in Net Revenue, with emphasis on
growth in Recurring Revenue and Renewal Rate above 98%.

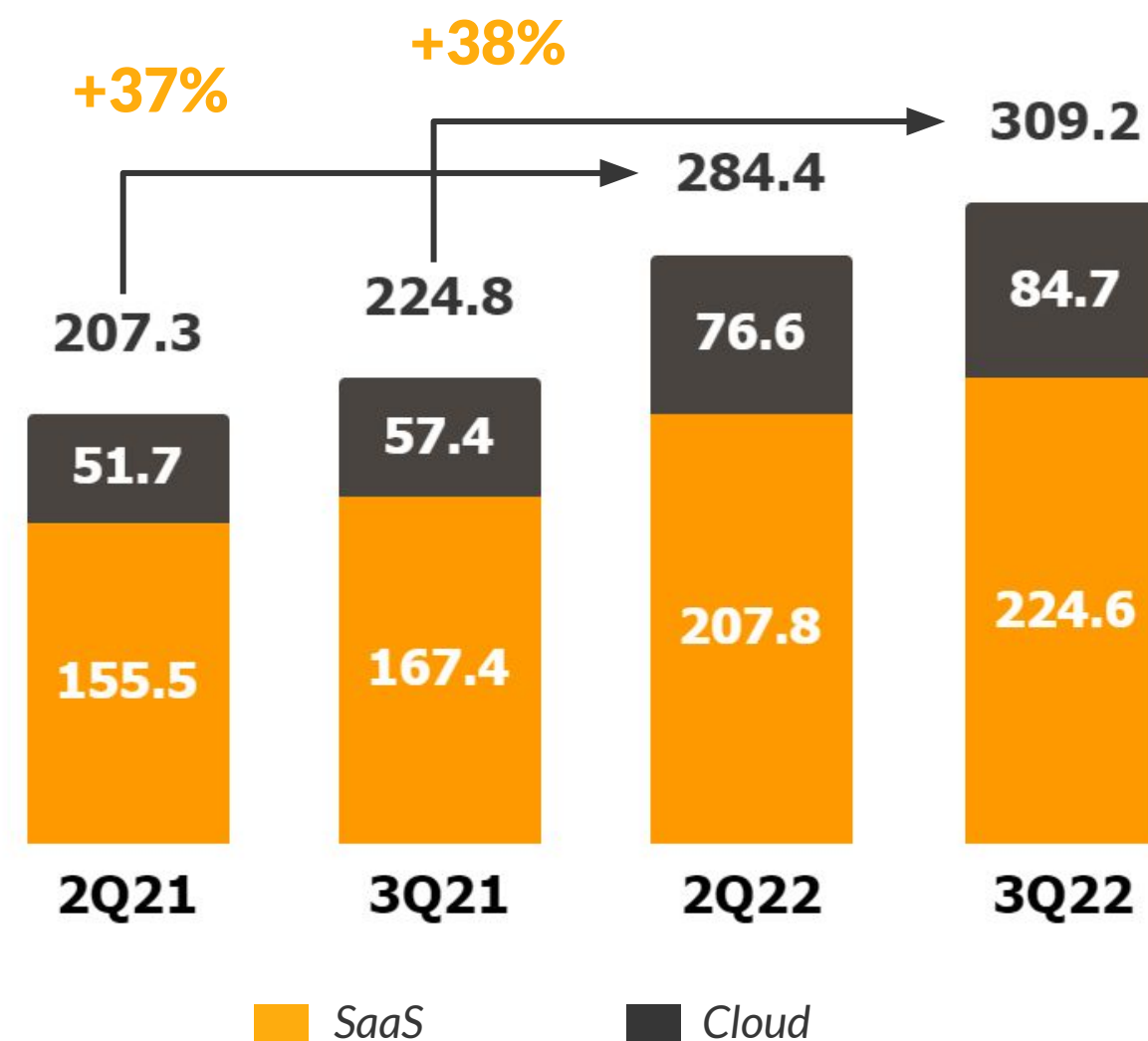
RECURRING REVENUE
R\$757 million (+28% vs 3Q21)

SaaS Signings: 80% of new signings in 3Q22
New clients: 27% of SaaS signings in 3Q22
% Management Recurring Revenue: 85%

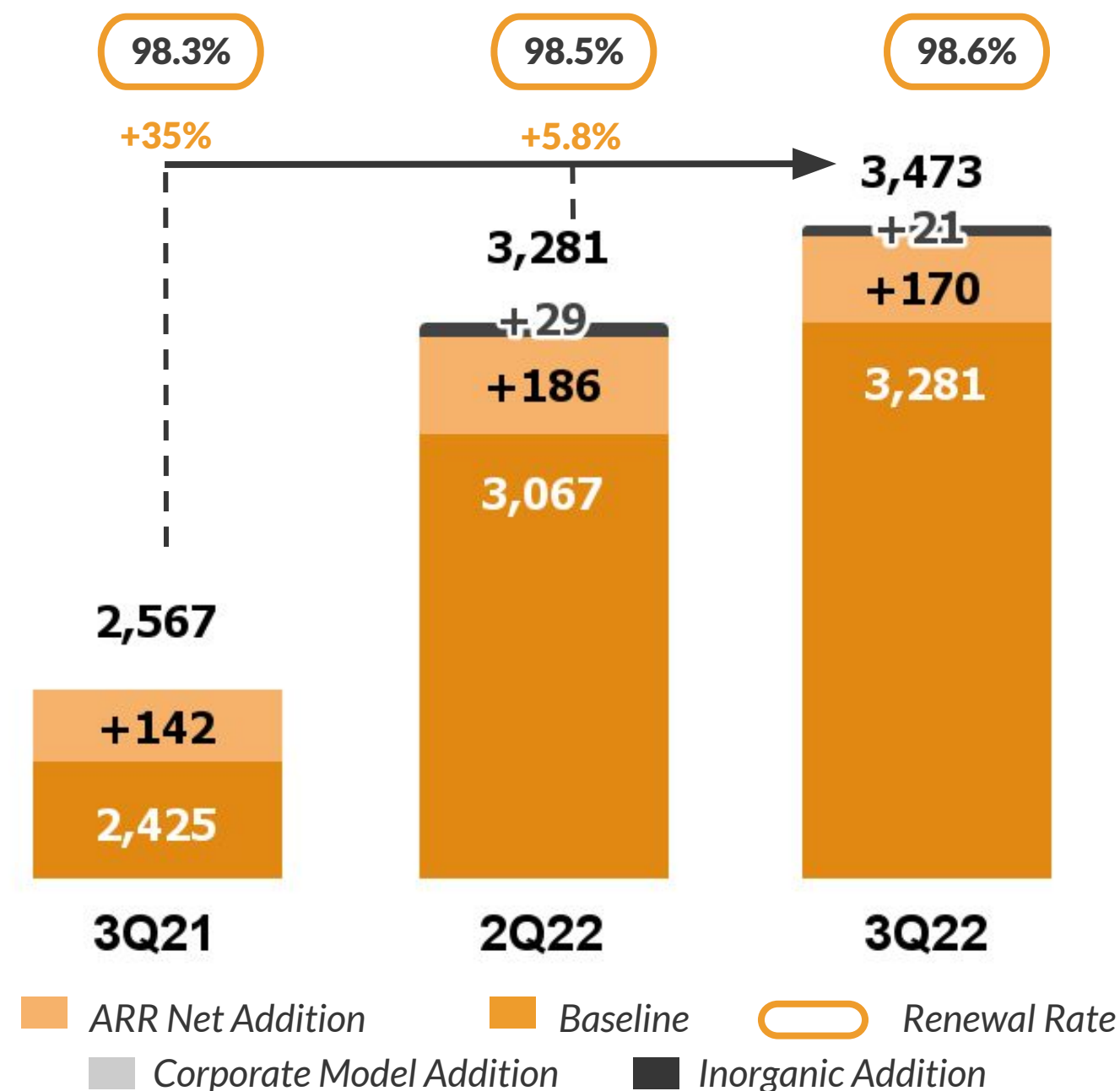
TOTAL ARR NET ADDITION ⁽¹⁾
R\$191 million (+34% vs 3Q21)

Gross ARR Addition LTM (excl. Corporate Model)
~75% Volume - new signings
~25% Price - Inflation pass-through (Pricing Power)

SaaS - Management
(R\$ million)

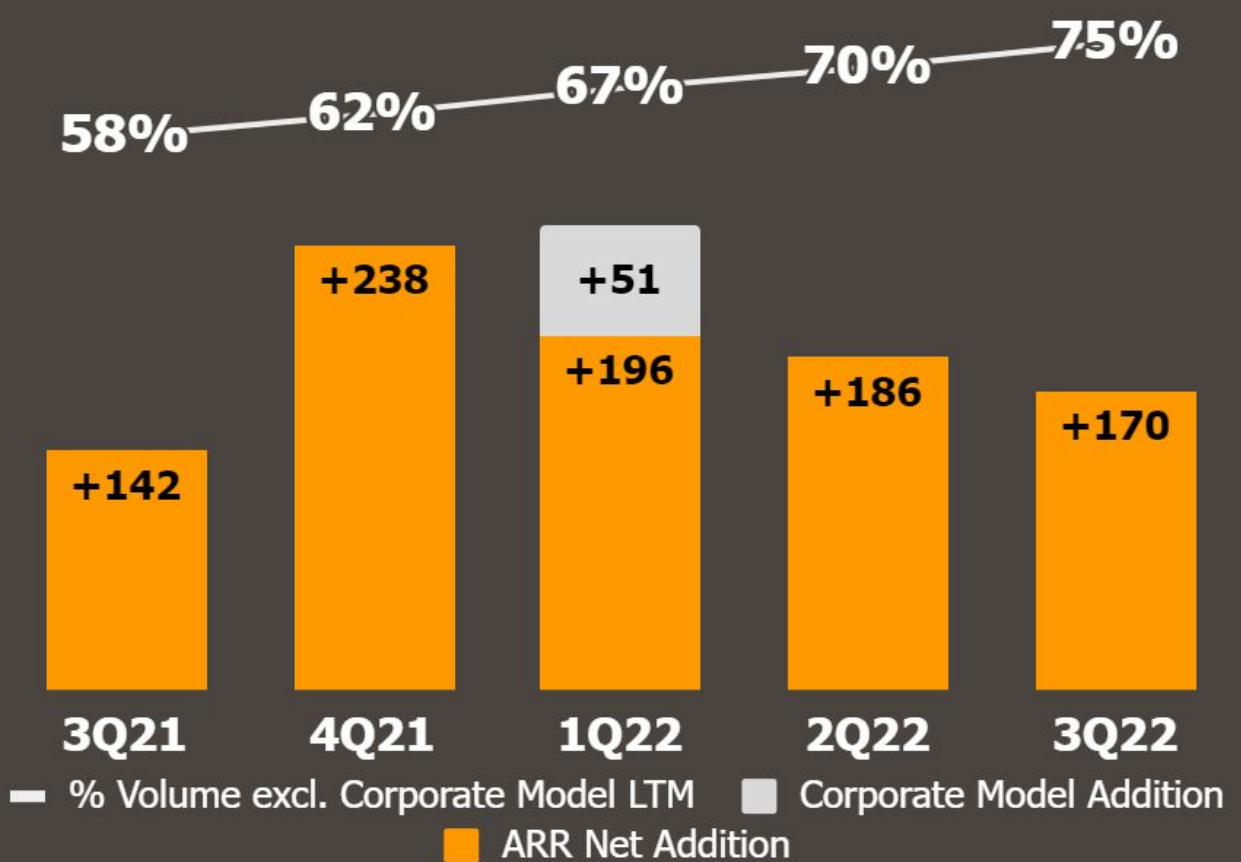


ARR (R\$ million) and RENEWAL RATE



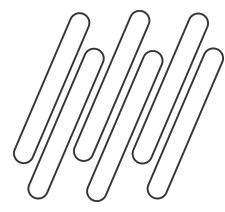
Quarter Highlights

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



- 13 p.p. growth in Volume year over year, increasing representativeness vs. Price
- Volume growth allowed TOTVS to deliver more Net Addition year-over-year

(1) Organic + Inorganic ARR net Addition



Volume / **+102% of Volume** vs 3Q21 in ARR gross addition

Software Potential Market

Increase on take rate and strengthen the cross sell

- Expanding the portfolio (ex. Feedz, Gesplan, PIX)
- Record-breaking NPS level

Distribution Platform

Evolution of productivity and efficiency of commercial distribution

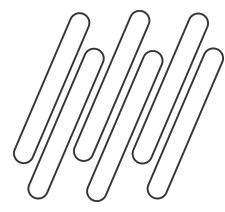
- Presence in the most economically relevant cities
- Commercial incentives for Recurrence and Net Stacking index
- *New Names* and *Inside Sales teams*

Reduction of TCO

Constant evolution of products for increasingly simple deliveries

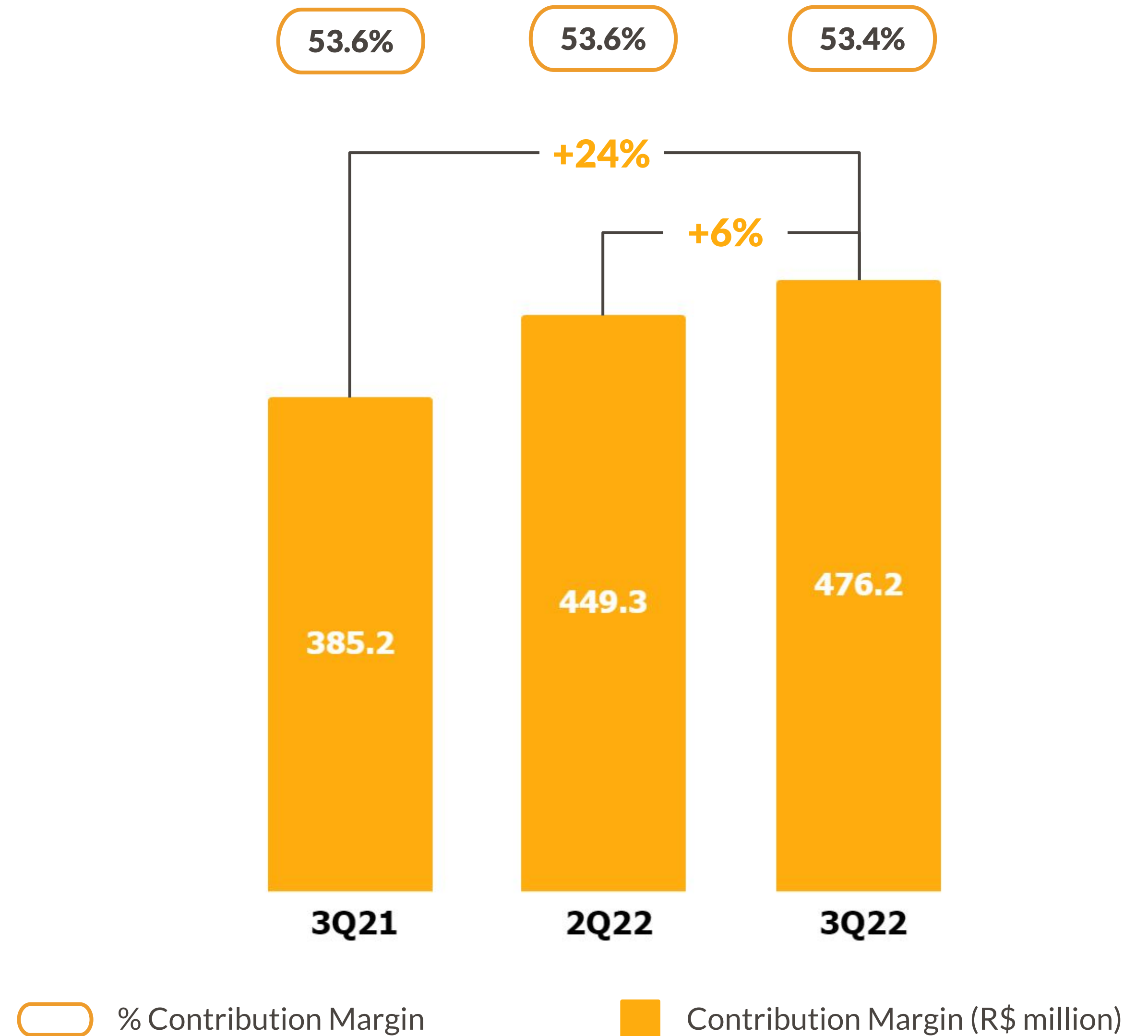
- Remote implementation above 90%
- Delivery Centers of Excellence in strategic regions

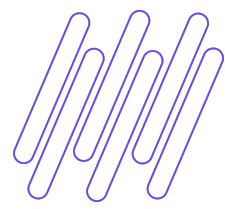




CONTRIBUTION MARGIN

The Management Contribution Margin reached the historic level of R\$476 million in 3Q22, associated mainly with the continuous growth in Recurring Revenue.

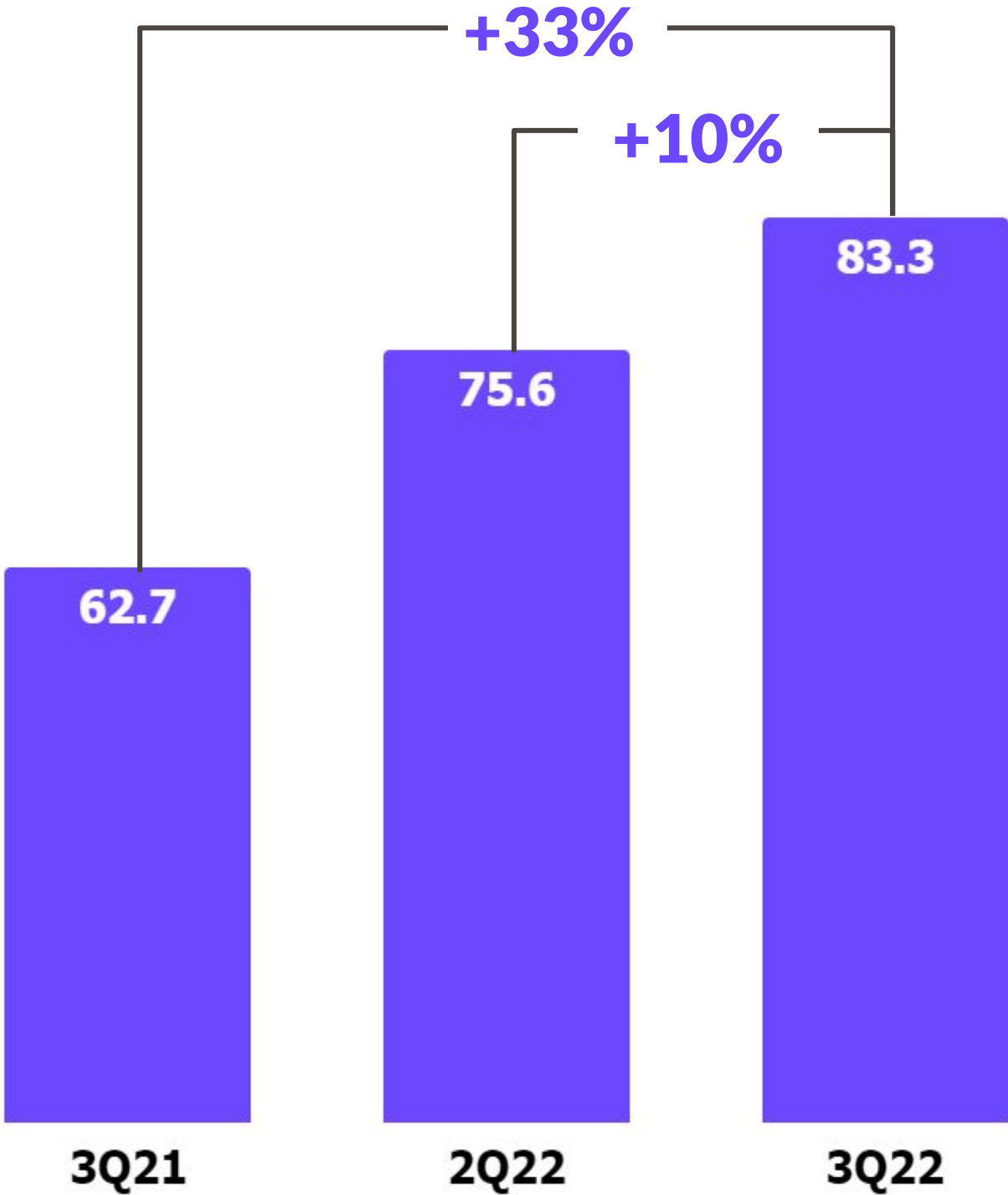




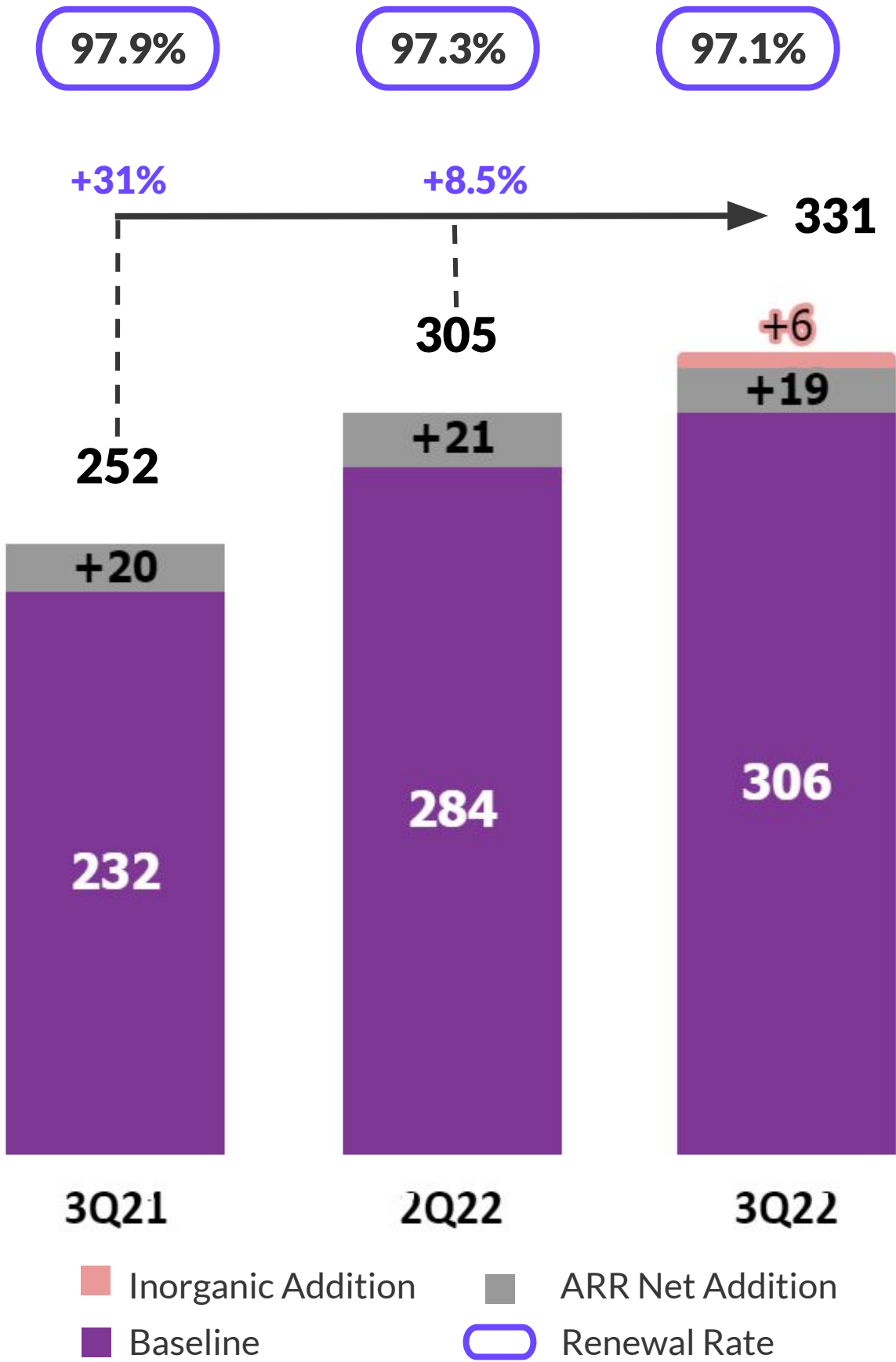
3-DIMENSIONAL ECOSYSTEM - BUSINESS PERFORMANCE

Net Revenue for the quarter grew 33% versus 3Q21, driven by the 34% increase in Recurring Revenue.

REVENUE (R\$ million)



ARR (R\$ million) and Renewal Rate



×

Quarter Highlights

% Recurring Revenue vs Revenue

98%

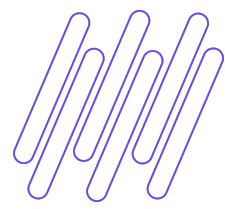
+0.8 p.p. YoY

Recurring Revenue

Non Recurring Revenue

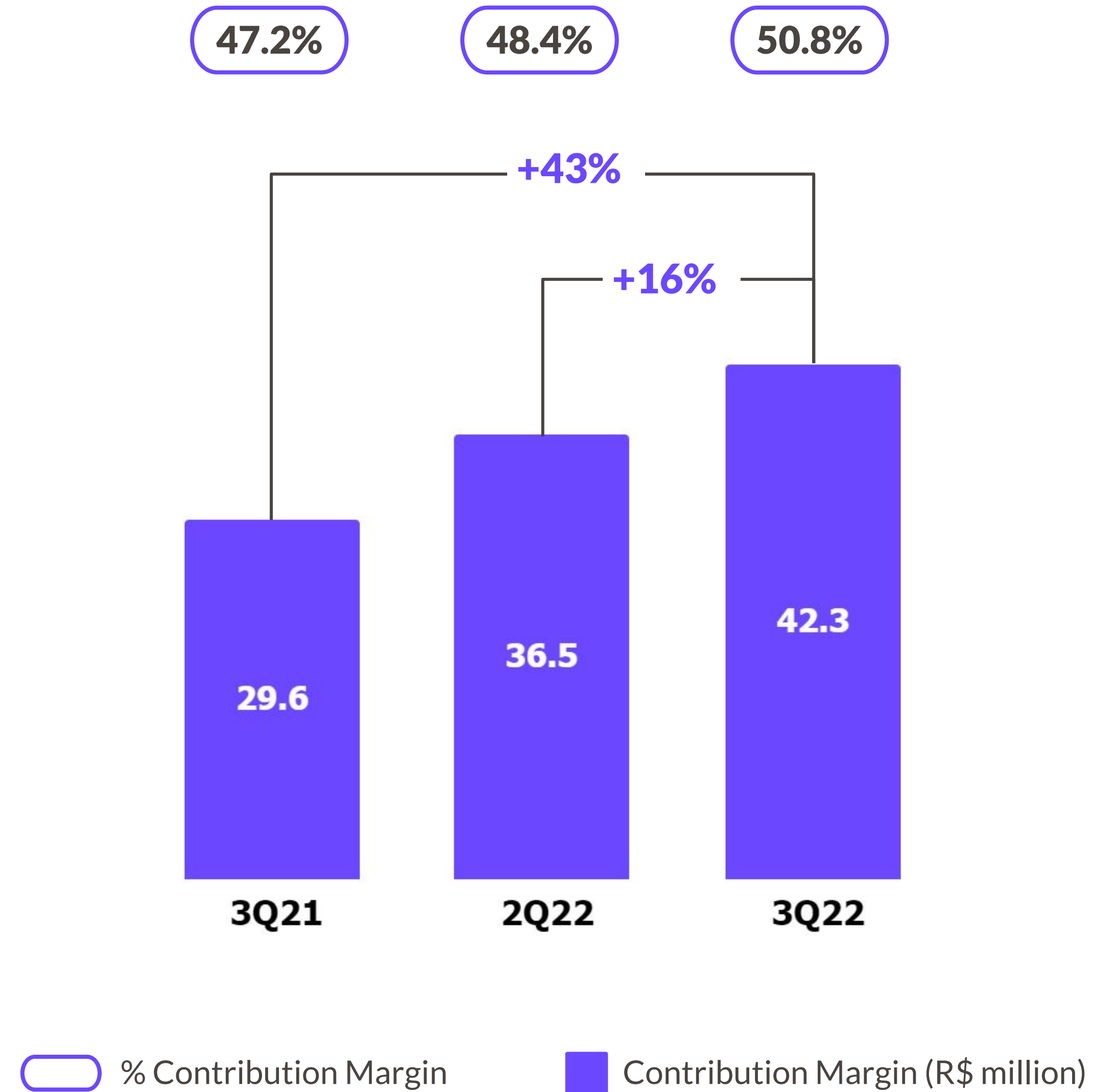
Digital Commerce

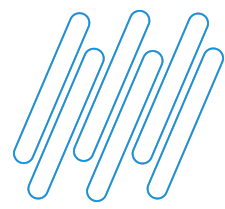
- Digital Commerce annualized GMV (Gross Merchandise Volume) reached R\$400 million (+103% vs 3Q21)



CONTRIBUTION MARGIN

*The increase of 360 basis points over 3Q21, reaching 50.8%, is explained mainly by **the 34% growth in Recurring Revenue** and increased efficiency and cost optimization.*





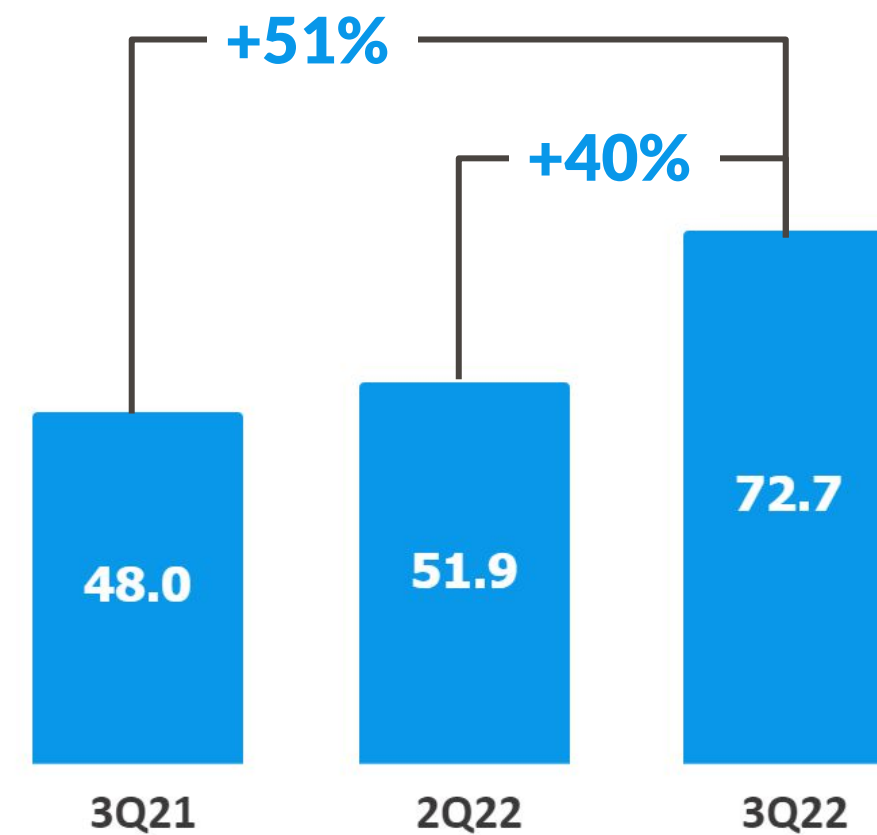
3-DIMENSIONAL ECOSYSTEM - TECHFIN

13

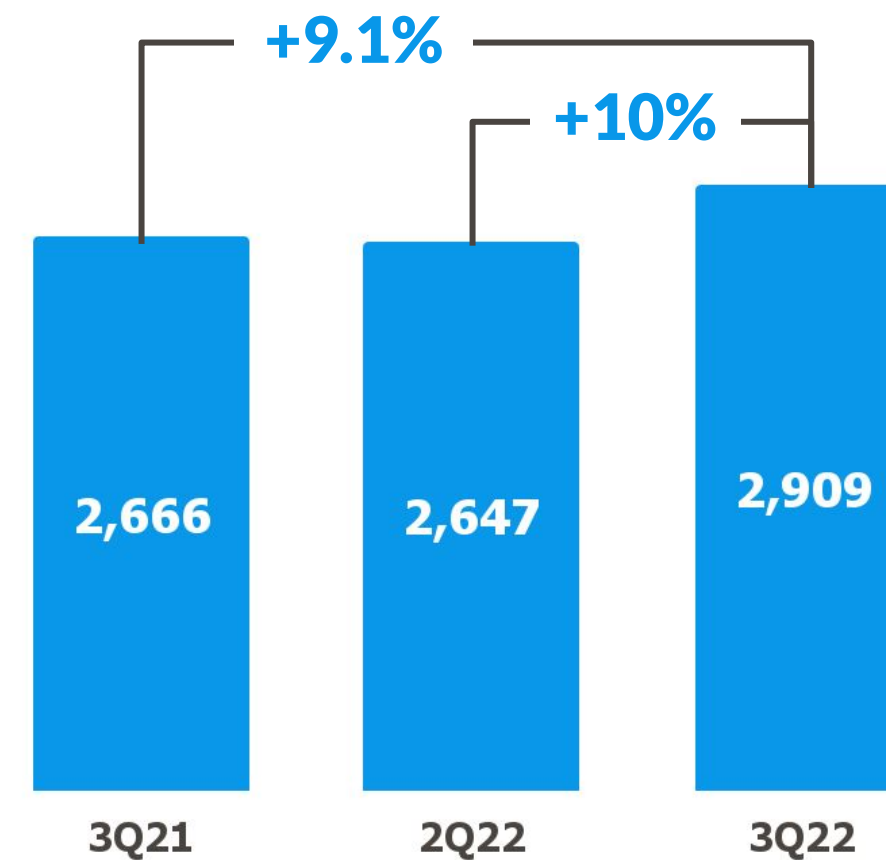


Revenue Net of Funding grew 51% year over year and 40% quarter over quarter, with a 390 b.p. increase in the Contribution Margin

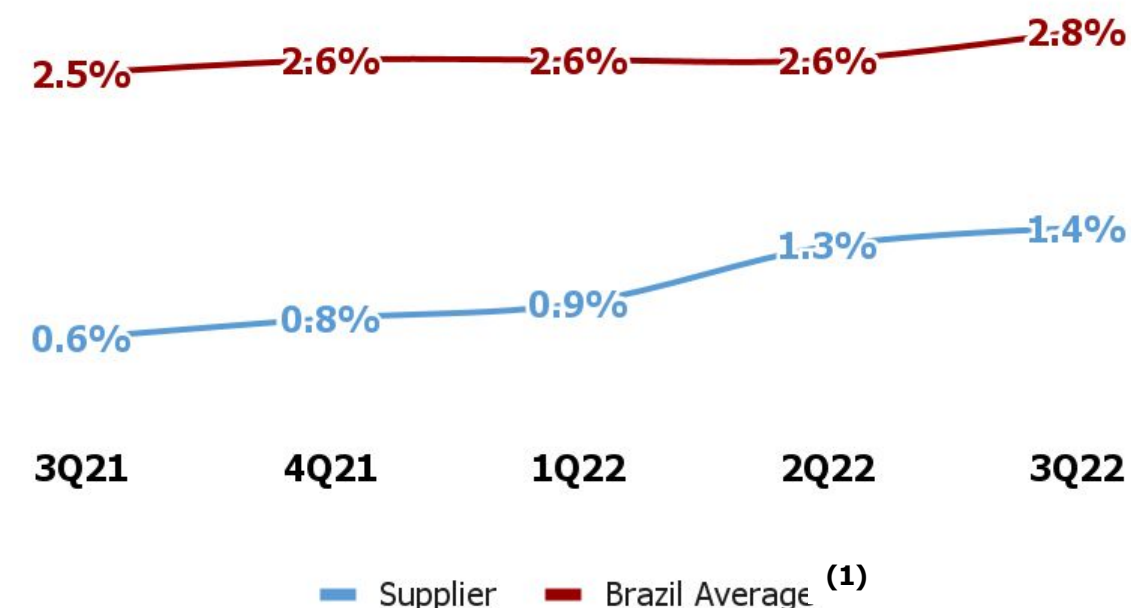
Techfin Revenue - Net of Funding (R\$ mn)



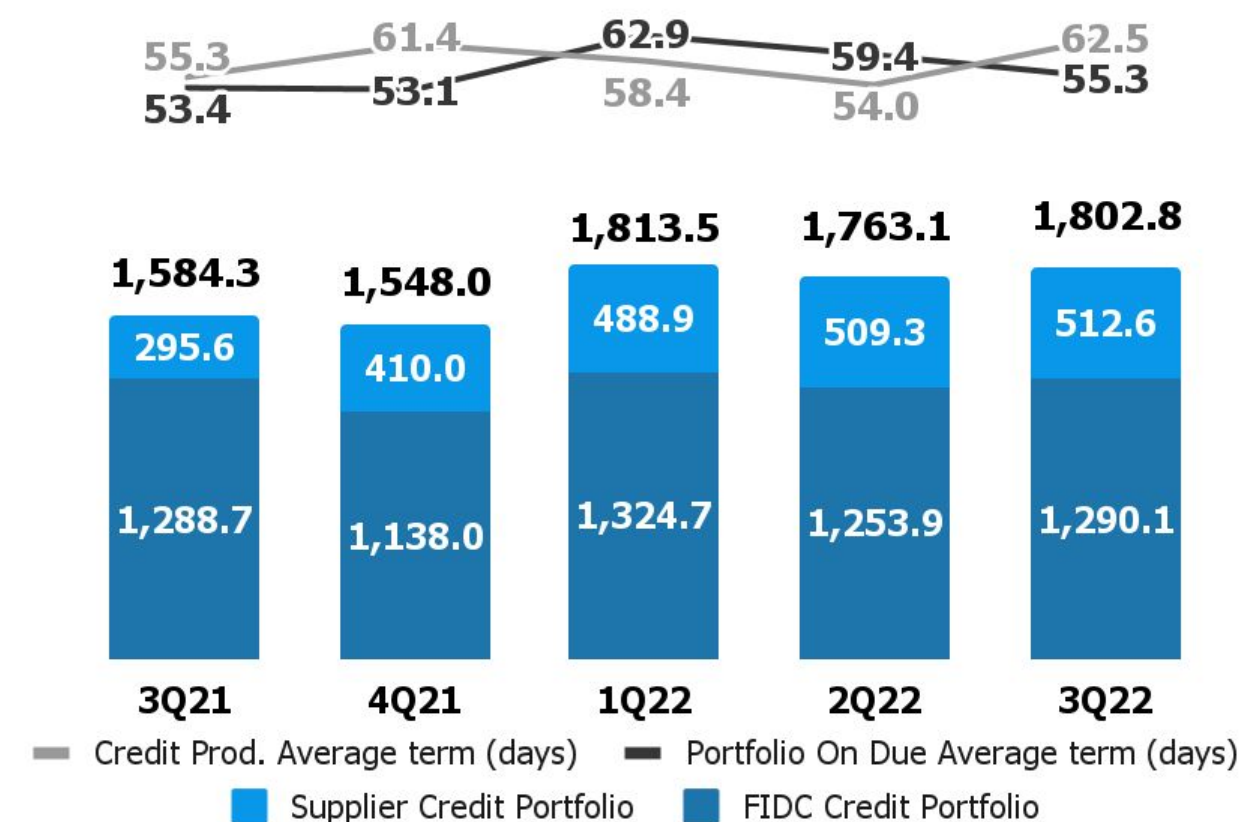
Credit Production (R\$ mn)



Delinquency (% Credit Portfolio)

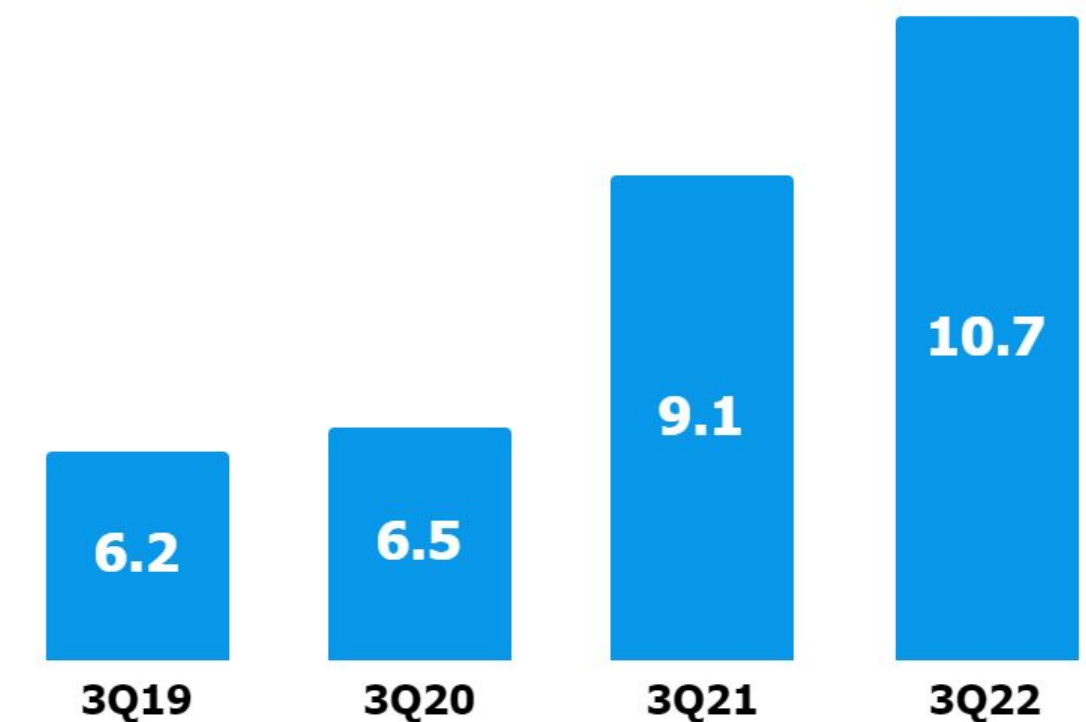


Credit Portfolio (R\$ mn)



Quarter Highlights

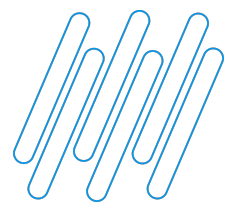
Credit Production LTM (R\$ bn)



Supplier's Pipeline "Mais Negócios" Product (%)

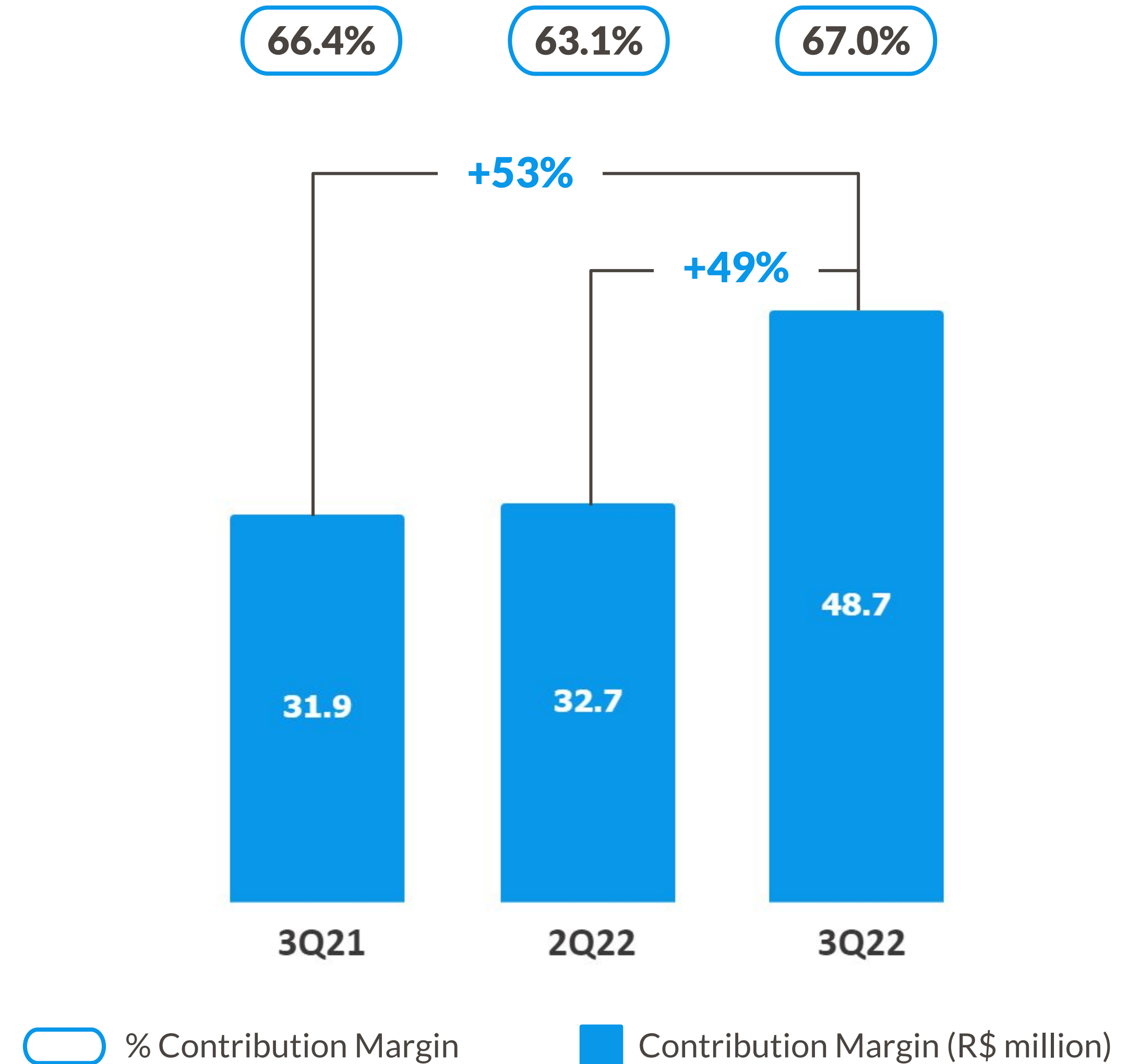
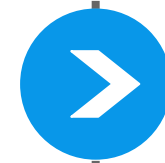
59%
Prospecting
Affiliates

57%
Affiliates in
Implementation



CONTRIBUTION MARGIN

The Contribution Margin closed the quarter at 67%, which means a 390 basis points increase over 2Q22, driven by the 40% increase in Revenue Net of Funding and by the dilution of Operating Costs provided by the business model.





03

ESG



Environment Social Governance



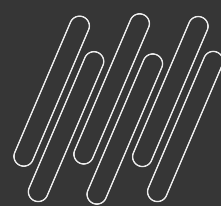
S

The **Instituto da Oportunidade Social** (Social Opportunity Institute or IOS), an organization established and maintained by TOTVS, was recognized among the **world's 200 best social organizations** and the 14th in Brazil in innovation, social impact, and governance practices.



G

TOTVS was one of the winners of the **ANEFAC Transparency Trophy**, an award given to companies that disclosed the best financial statements.



FINAL REMARKS

TOTVS is a distinguished company! We have a robust balance sheet, cash generation, market leadership and a DNA of innovation and pioneering spirit.

The TOTVS way of thinking: “equal, while being always different” is not just a phrase, it is a representation of a culture that runs our actions with our ecosystem. This is what moves us and what motivates us to continue evolving.

We remain optimistic and confident in Brazil and in Brazilians. That's why, more than ever, TOTVS believes in a Brazil that makes it happen.



MANAGEMENT

Actual **continuous growth** of Recurring Revenue, driven by the powerful combination of New *Signings* of SaaS + Cloud + low Churn.



BUSINESS PERFORMANCE

Dimension mandate continues to advance with a **focus on growth**, without losing a good balance with profitability.



TECHFIN

Positive seasonality in credit production associated with the lower growth of the SELIC rate in the period = 40% growth QoQ of Net Revenue from *Funding* + Contribution Margin of 67%.

THANK YOU



Investors Relations

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- Technology + Knowledge are our DNA.
- The Customers' success is our success.
- We value good professionals who are good people.



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