



EARNINGS VIDEO CONFERENCE 3Q23

» Investor Relations

Dennis Herszkowicz - CEO
Gilsomar Maia - CFO
Alexandre Apendino - Services and Relationship Officer
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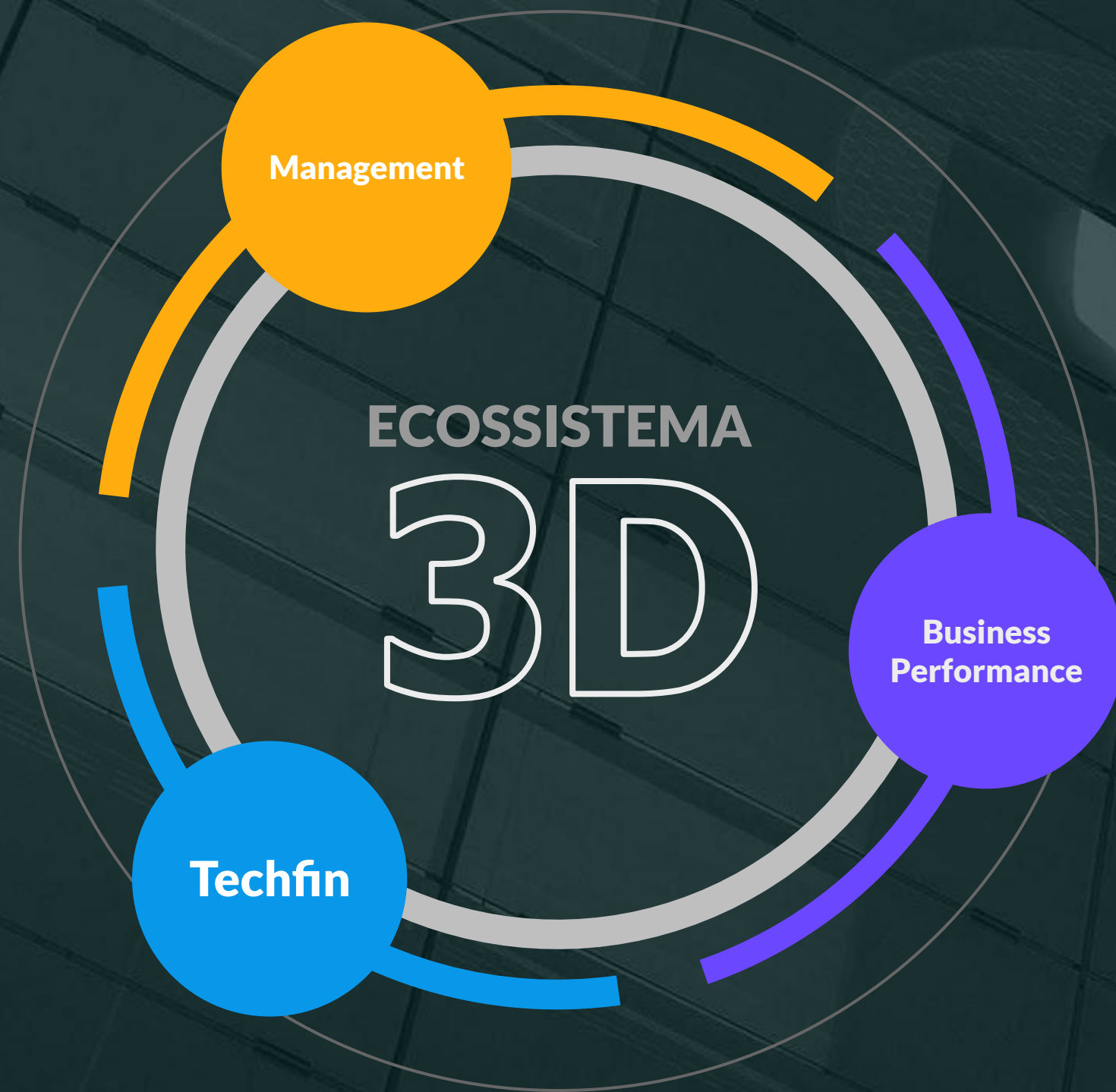
◀ 2023/ November



AVISO LEGAL

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- + New Vice Presidency of HR and Marketing
- + New Vice Presidency of Customer Journey
- + Acquisition of IP franchise
- + Share Buyback Program
- + **3Q23 was very strong!** We present new advances, both in growth and profitability

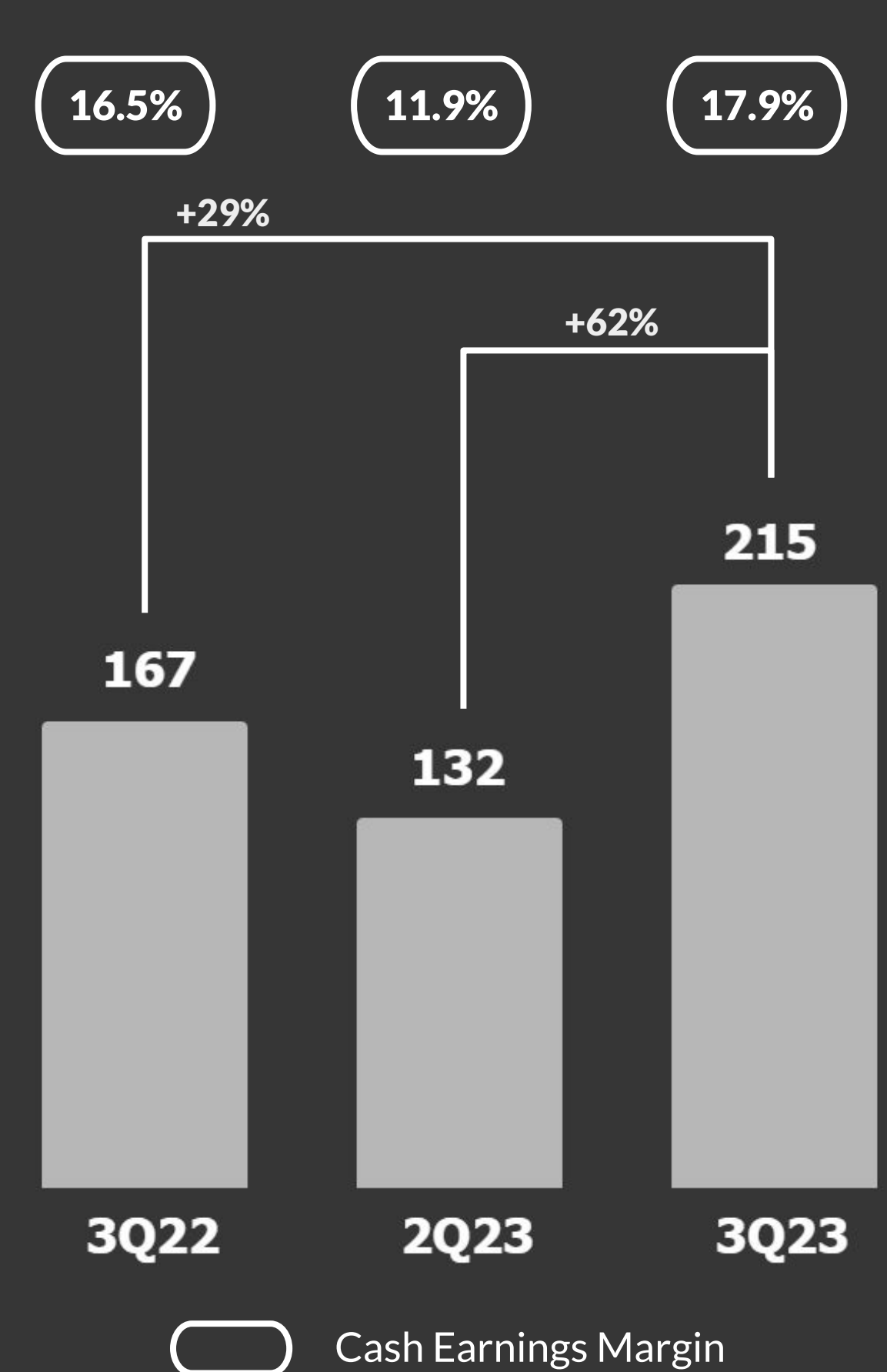
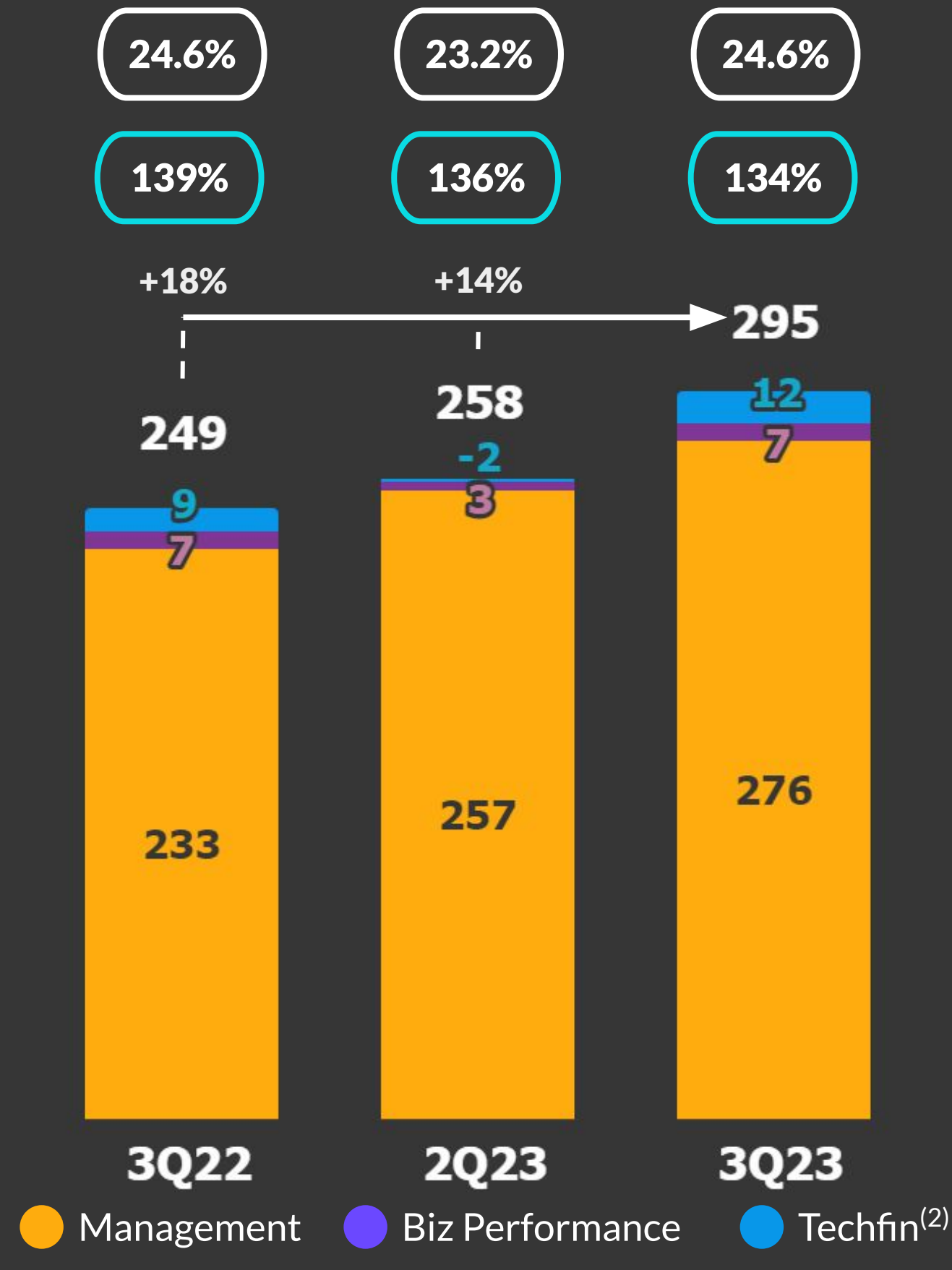
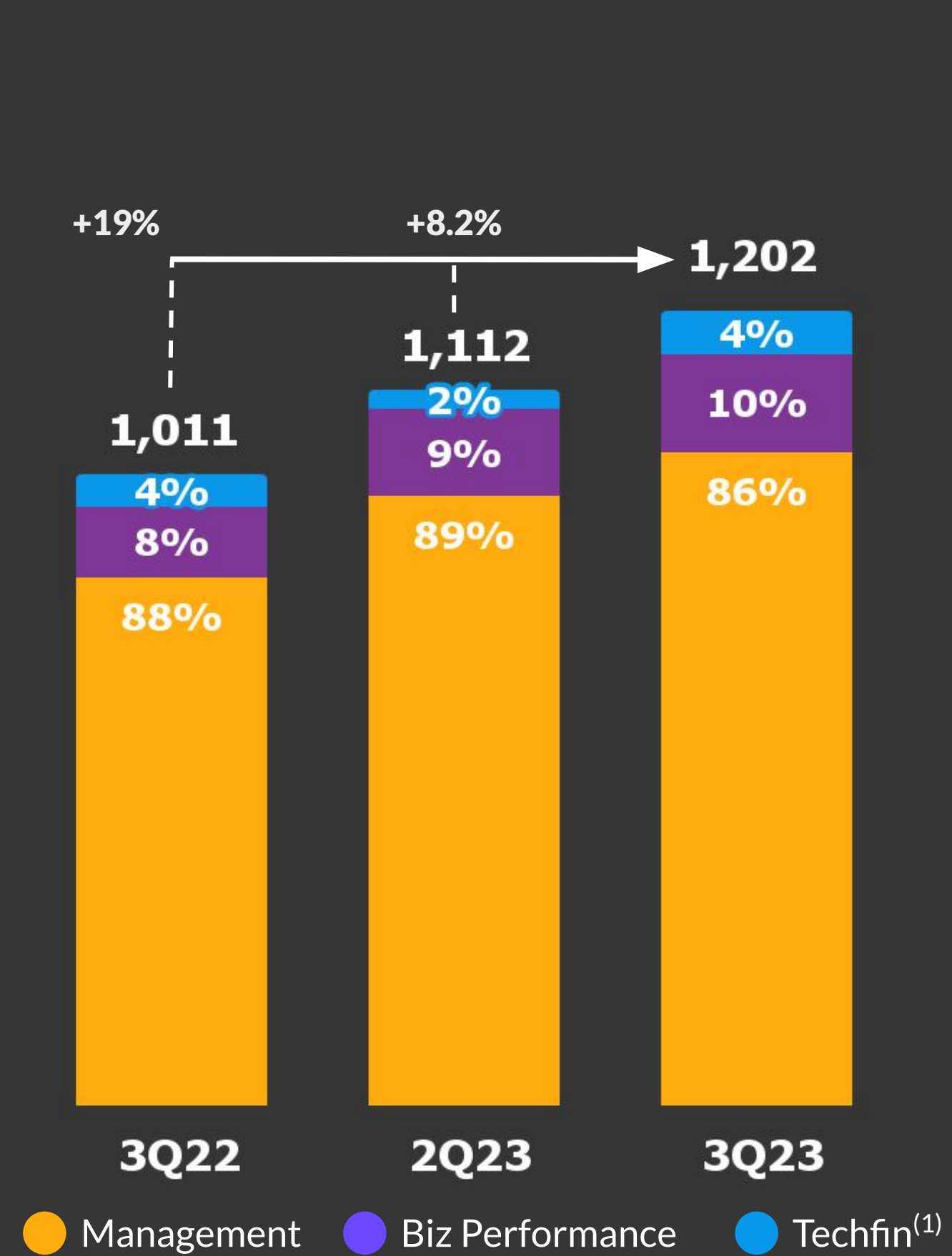


GROWTH WITH PROFITABILITY

NET REVENUE

ADJUSTED EBITDA

CASH EARNING



(1) Considers Techfin Revenue at 50%, net of funding cost
 (2) Adjusted EBITDA, excluding extraordinary items, plus 50% of Techfin's EBITDA

16% Net Revenue growth over 3Q22, reaching over R\$1 billion mark in the quarter, with an emphasis on the **18% growth in Recurring Revenue**

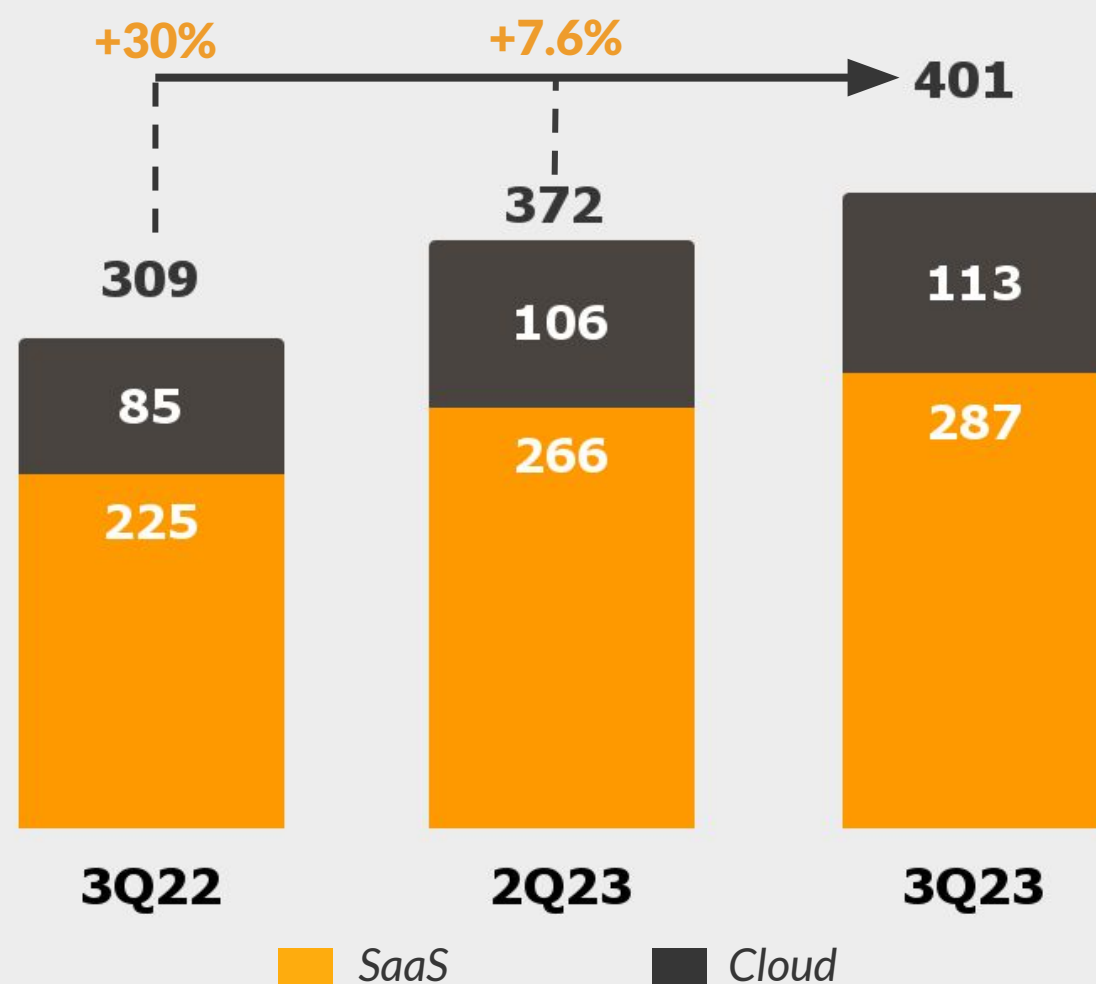
RECURRING REVENUE R\$889 million (+18% vs 3Q22)

% Management Recurring Revenue: **86%**
 Cloud Revenue: **+34%** vs. 3Q22
 Signings SaaS: **+34%** vs. 3Q22

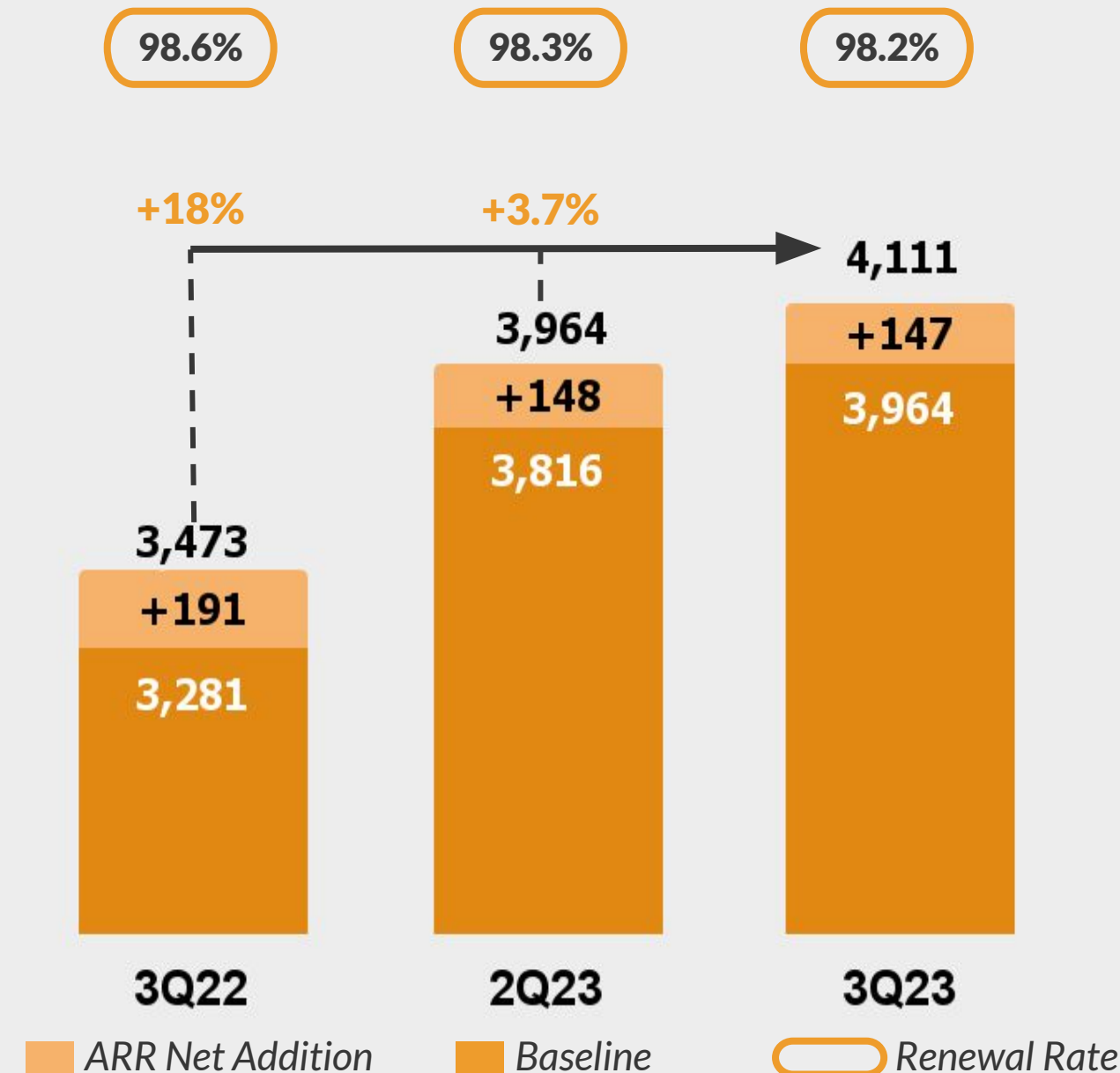
ARR NET ADDITION R\$147 million

Management Recurring Revenue vs. ARR:
87.1% - 2Q23
88.1% - 3Q23

SaaS - MANAGEMENT (R\$ million)



ARR (R\$ million) and RENEWAL RATE



Highlights

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

Quarter	ARR Addition (R\$ million)	Renewal Rate (%)
3Q22	+170	75%
4Q22	+168	78%
1Q23	+130	82%
2Q23	+148	85%
3Q23	+147	88%

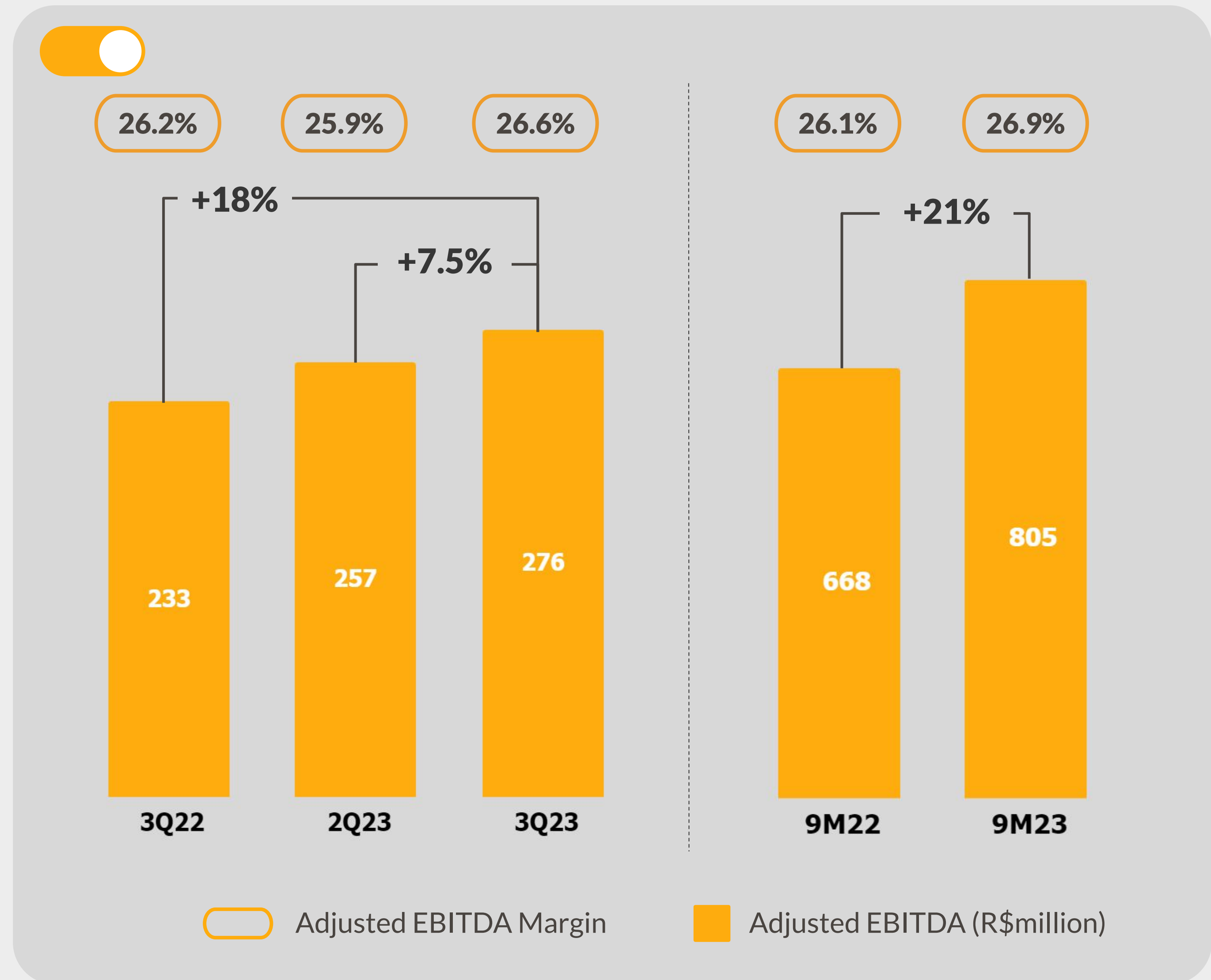
Legend:
■ % Volume excl. Corporate Model LTM
■ Inorganic Addition
■ Corporate Model Addition
■ ARR Net Addition

- Acceleration in sales to new and existing clients, in addition to renewal rates above 98%, explain the positive result of the ARR Net Addition.

ADJUSTED EBITDA

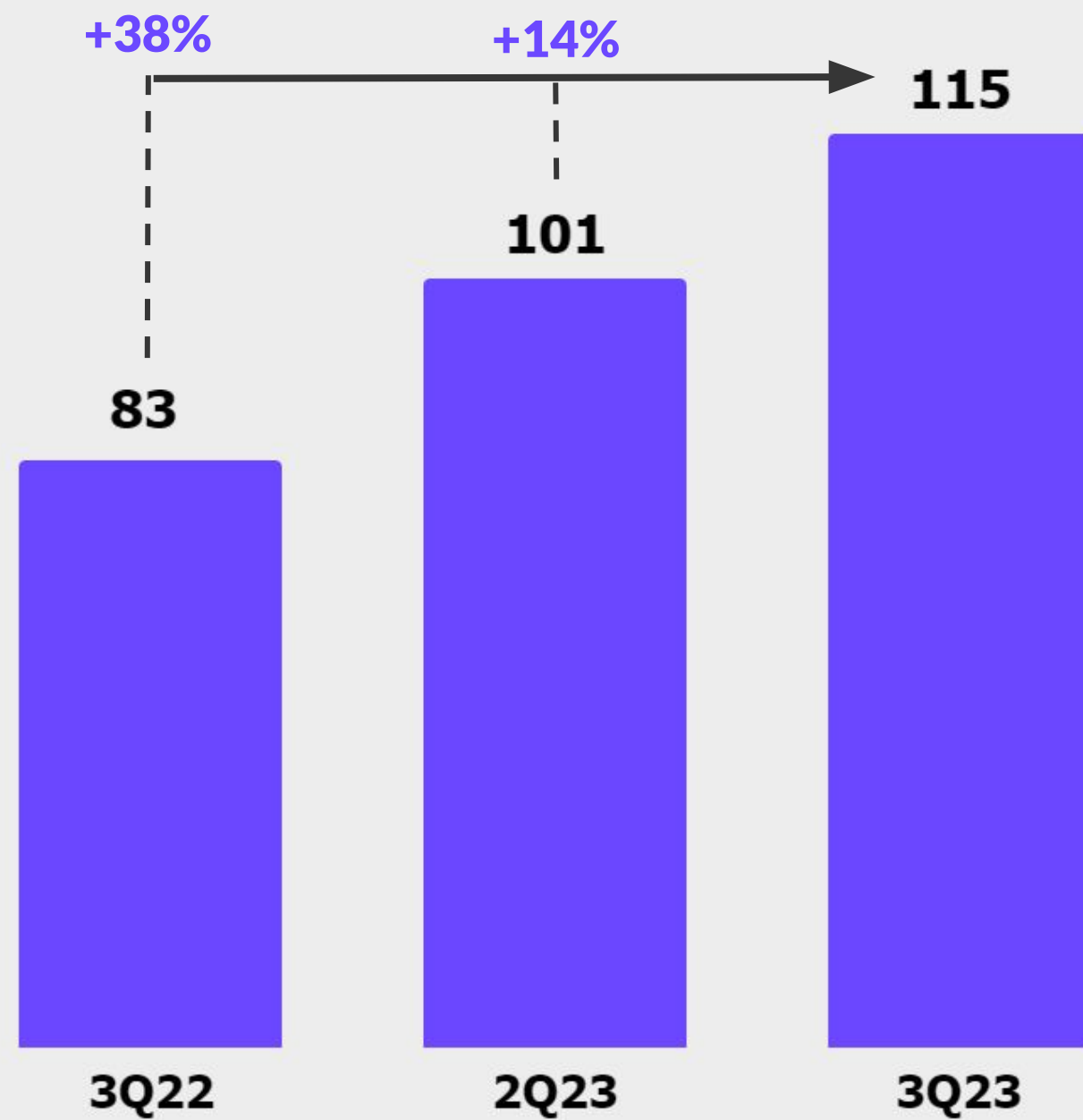
The Adjusted EBITDA of Management ended the quarter at R\$276 million, **18% growth and 40 basis points increase year-over-year in Adjusted EBITDA Margin of 26.6%**, mainly due to the 18% year-over-year growth in Recurring Revenue.

The Adjusted EBITDA Margin of 26.9%, for the 9-months period, is one of the **highest in the Company's history**.

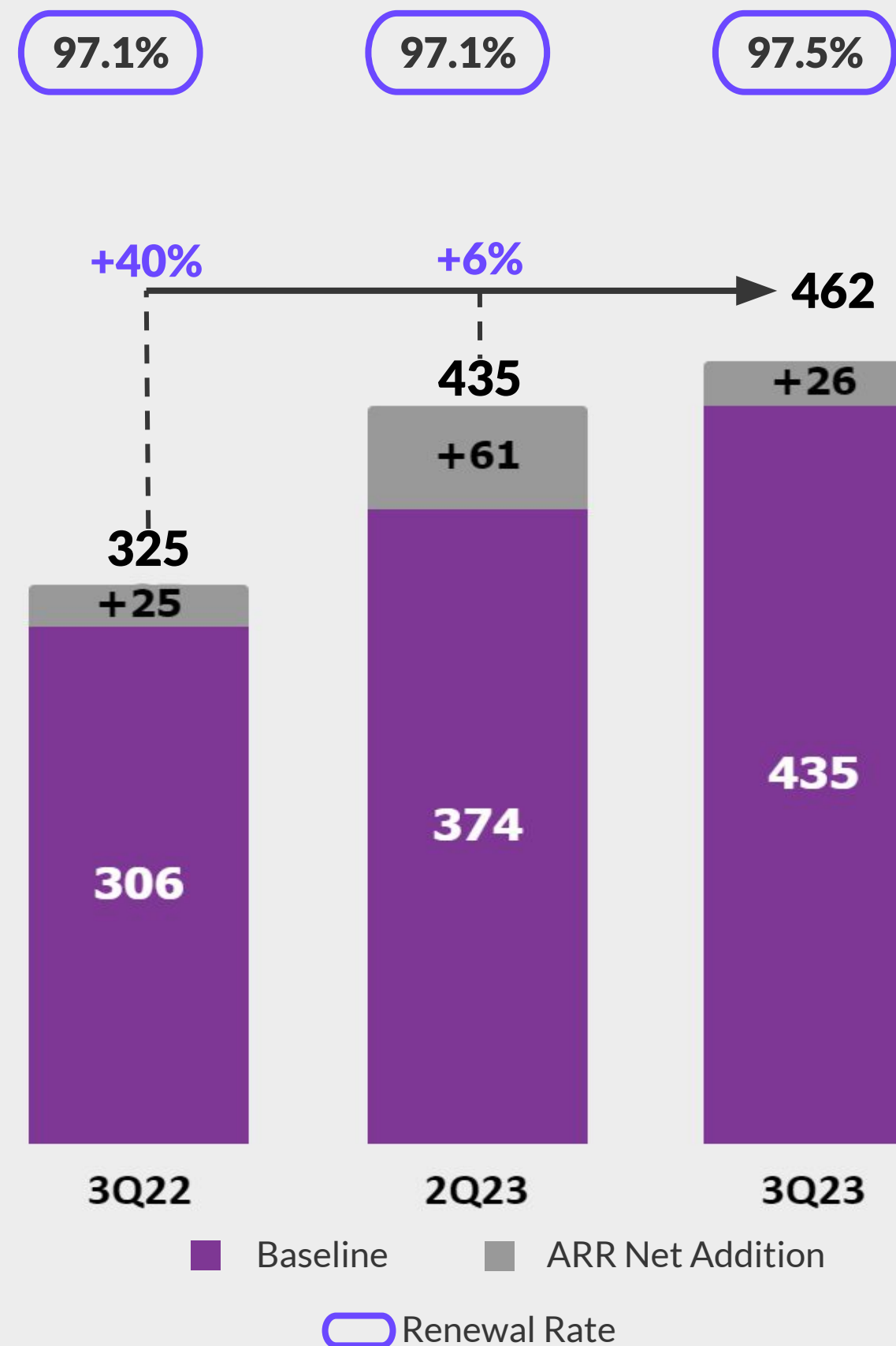


The **Recurring Revenue** of Business Performance **grew 38% year-over-year**, and the dimension's ARR grew 40% over 3Q22.

NET REVENUE (R\$ million)

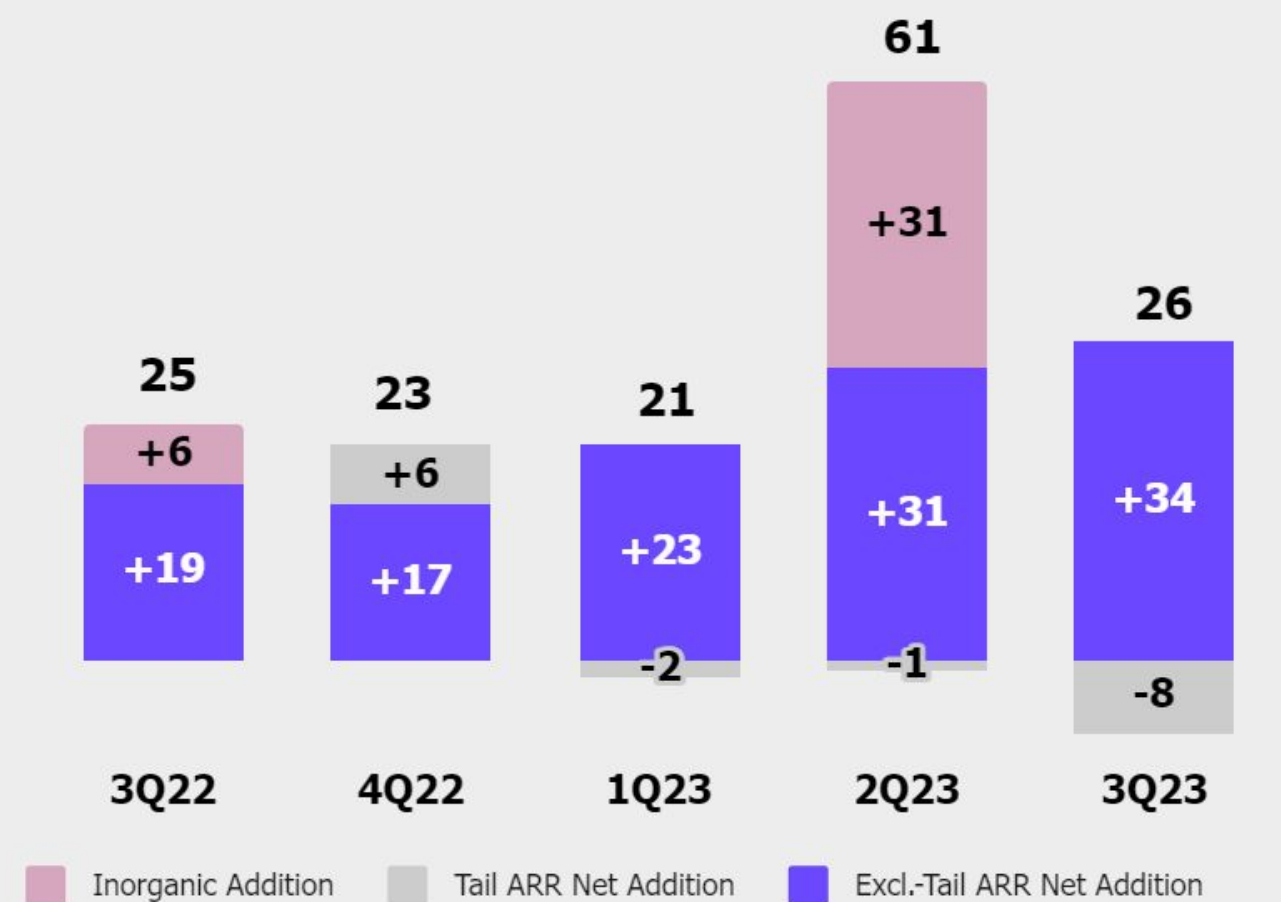


ARR (R\$ million) and RENEWAL RATE



Highlights

ARR Addition (R\$ million)

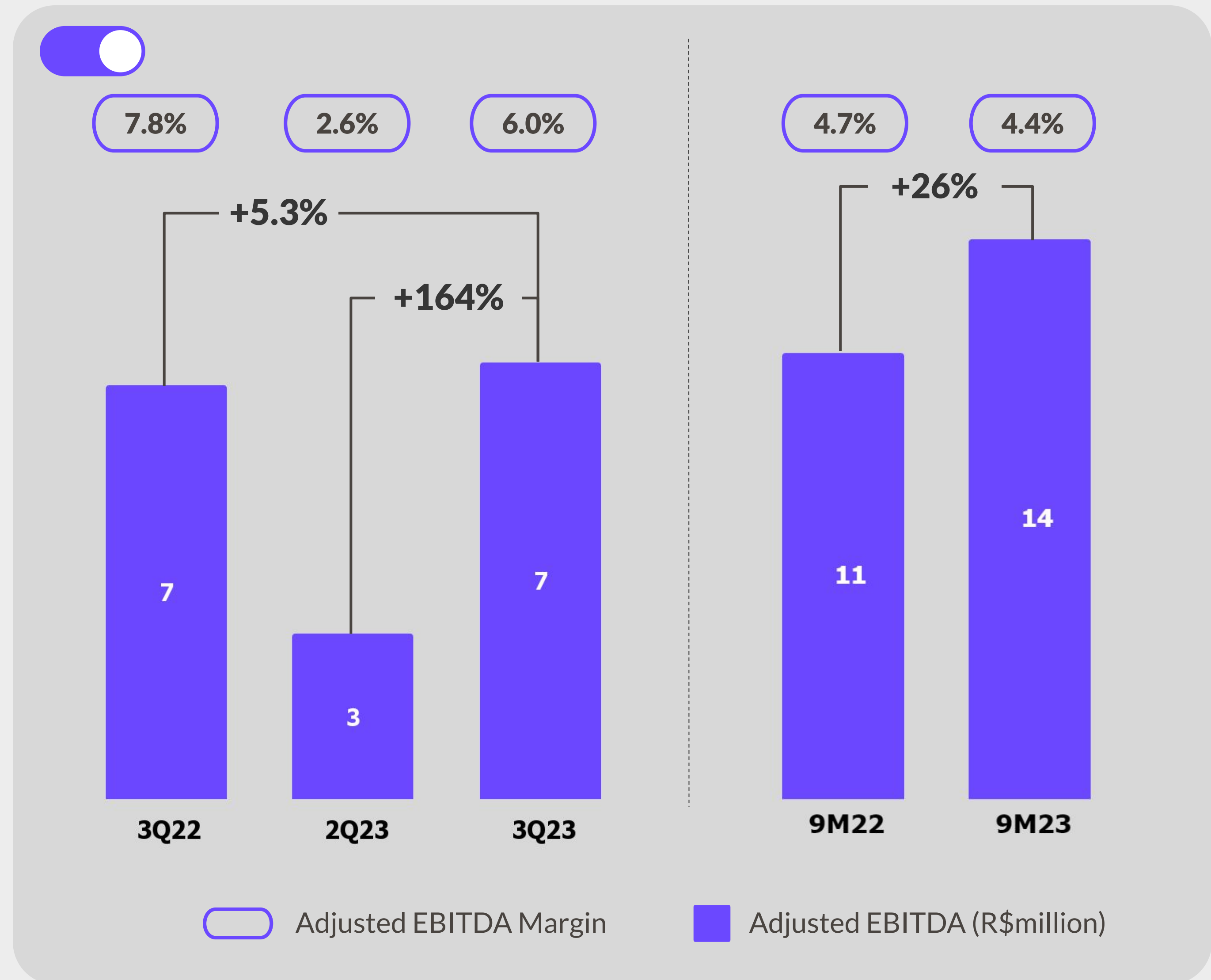


- The Organic Net ARR Addition reached R\$26 million, driving Business Performance's ARR to R\$462 million
- Excluding Tail, the ARR addition was R\$34 million, a performance that directly reflects the progress in the single to multiproduct transition strategy

ADJUSTED EBITDA

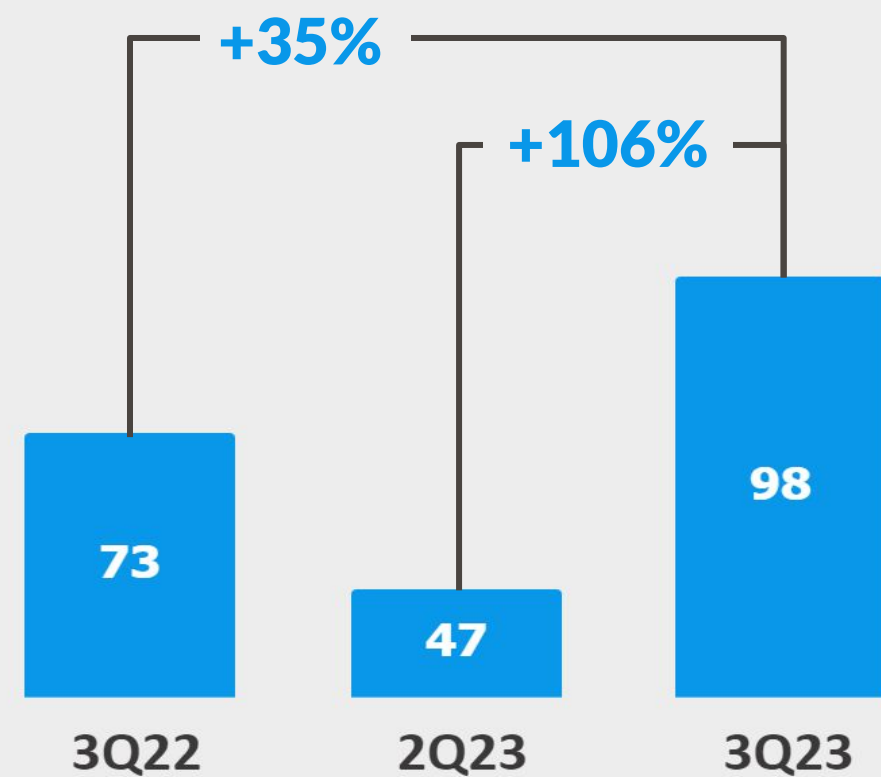
Business Performance's Adjusted EBITDA ended the quarter at R\$6.9 million, **growing 5.3% year-over-year and 164% quarter-over-quarter**, with an adjusted EBITDA Margin of 6.0%.

In the last 9-months, the adjusted EBITDA margin was 4.4%, 30 basis points below 2022, mainly due to the addition of new operations that are still negative EBITDA.

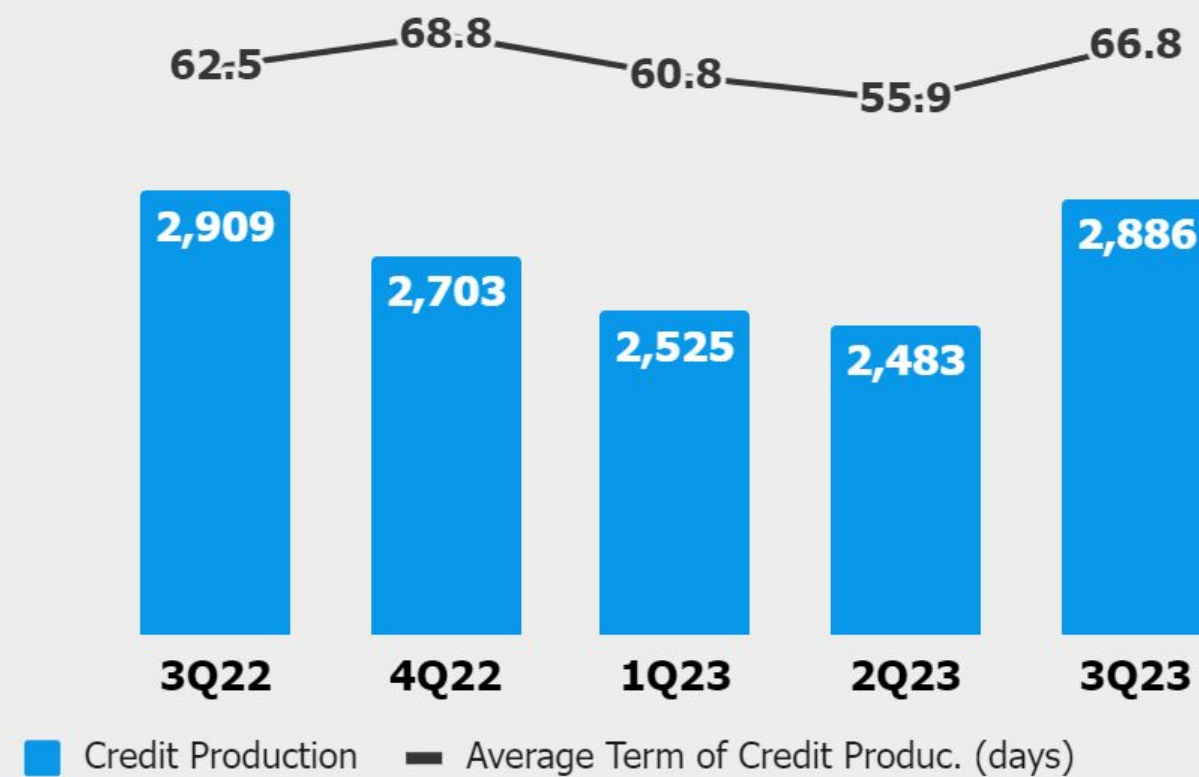


Techfin's Revenue Net of Funding grew 35% vs 3Q22, with Delinquency above 90 days falling and below Brazil Average

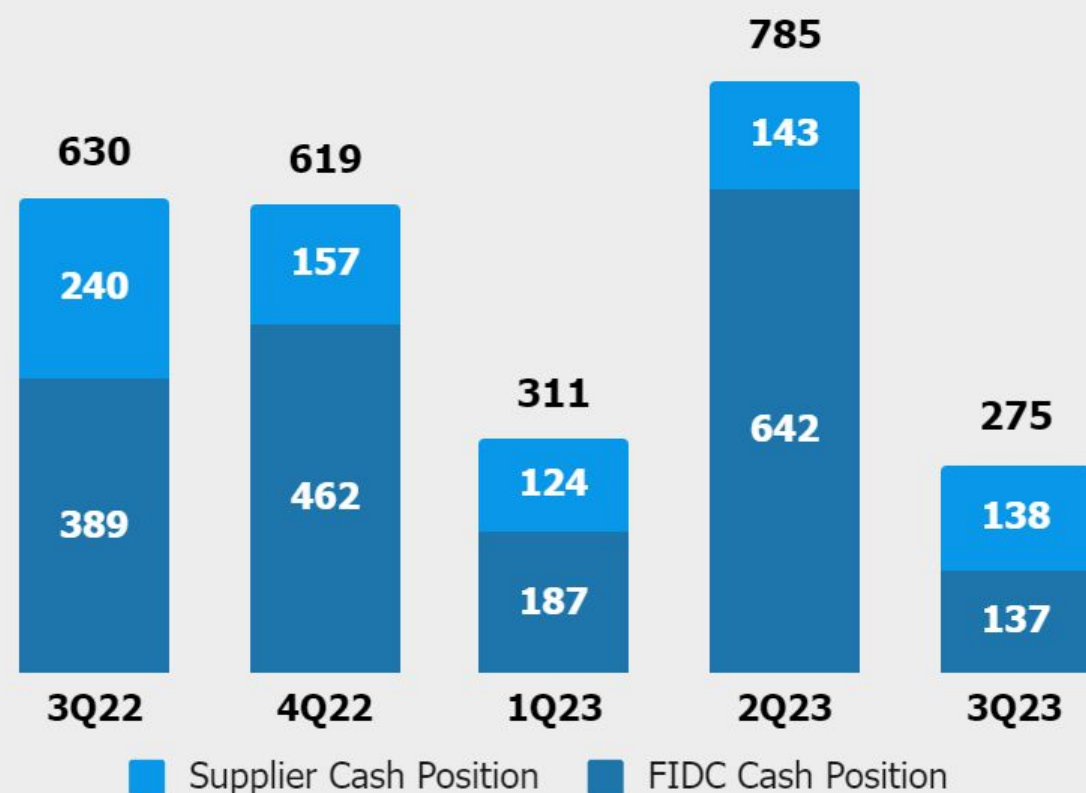
Techfin Revenue - Net of Funding (R\$ million)



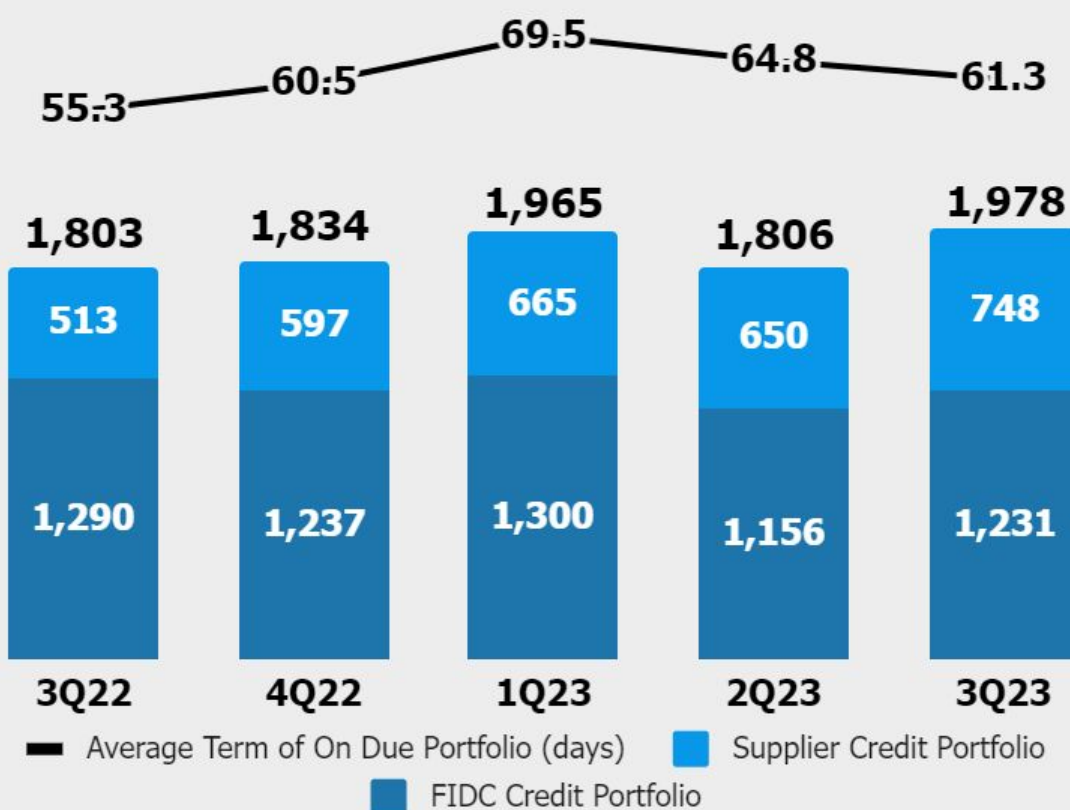
Credit Production (R\$ million)



Supplier Cash Position (R\$ million)



Credit Portfolio (R\$ million)



Highlights

Delinquency above 90 days

Quarter	Supplier (%)	Brazil Average ⁽¹⁾ (%)
3Q22	1.4%	2.8%
4Q22	1.5%	3.2%
1Q23	1.7%	3.6%
2Q23	1.9%	3.9%
3Q23	1.6%	4.0%

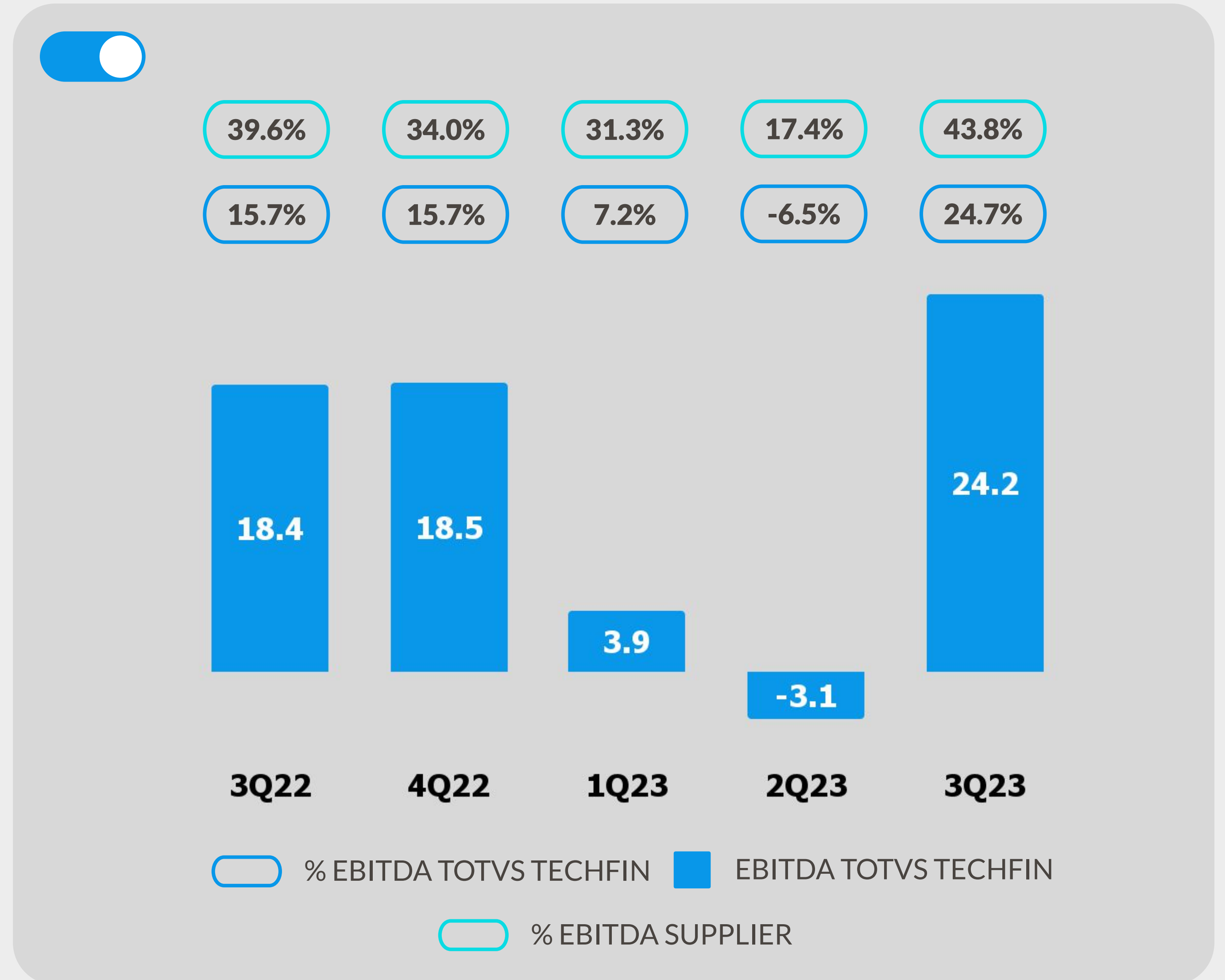
➤ The reduction in the percentage of Delinquency from 2Q23 is mainly associated with the reduction in the levels of Delinquency that the Supplier maintained from 1 to 90 days in previous quarters.

Notes: (1) Source: Banco Central do Brasil (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito) > tabelas.xls > Tabela 23 > MPMe

EBITDA

Techfin's EBITDA ended the quarter at R\$24.2 million, **a growth of 31% year-over-year and reversing the negative EBITDA in the previous quarter.**

The expansion, both year-over-year and quarter-over-quarter, was possible due to the performance of Supplier's operations in credit production and **Cost of Funding efficiency**, rising from an EBITDA margin of 17.4% in 2Q23 to 43.8% in 3Q23.



TOTVS and RD Station in the GPTW ranking

Recognized by the GPTW ranking, TOTVS and RD Station were featured on the list of the 150 best companies to work for in Brazil, which reflects the **Company's focus on ESG practices**, through a continuous effort and consistent work to promote the **best practices in the market**.

TOTS3 at B3 Diversity Index (IDIVERSA)

The Company **remains among the top 15 positions**, out of 75 companies, in the IDIVERSA index, created by B3 with the **purpose of promoting greater representation of underrepresented groups** and reinforcing the ESG agenda.

Transparency Trophy 2023

For the 3rd consecutive year, TOTVS wins the ANEFAC Transparency Trophy, an award that recognizes companies with the best financial disclosure. This recognition reinforces TOTVS' commitment to providing investors and stakeholders with a **clear and reliable view of its operations** through its financial statements.

/// 3Q23 - FINAL REMARKS

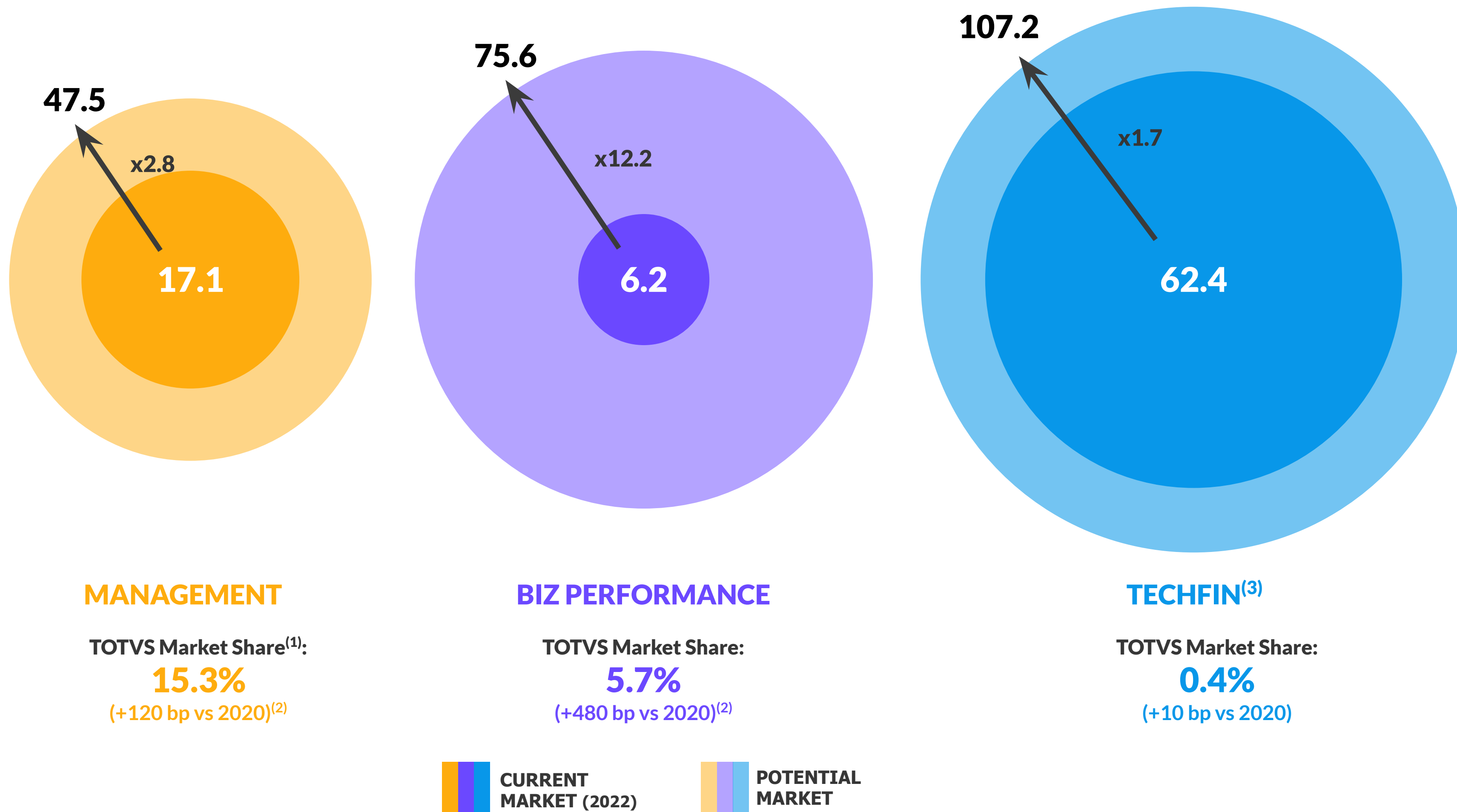
EAS (Enterprise Application Software) market grows consistently above Brazilian GDP and has accelerated its pace in recent years

CAGR	2012-22	2018-22
Brazilian GDP (Nominal)⁽¹⁾	6.5%	7.5%
Management Market⁽²⁾	14.2%	16.3%
TOTVS Management⁽³⁾	15.9%	17.4%
Performance Market⁽²⁾	28.0%	29.8%
TOTVS Biz Performance⁽⁴⁾	105.7%	34.3%

Sources: (1) BACEN; (2) Gartner; (3) TOTVS - Management Recurring Revenue; and (4) TOTVS - Revenue from RD Station in 2012 and 2018 and from RD Station + Tail + Tallos in 2022.

TOTVS ADDRESSABLE MARKET (R\$ billion)

3D Ecosystem expanded our potential market by ~5x



MANAGEMENT

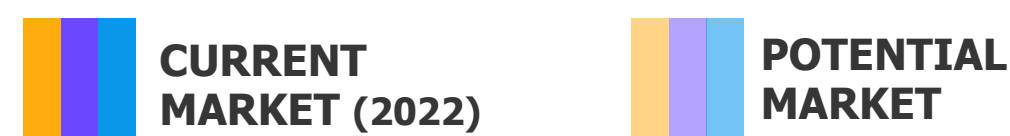
TOTVS Market Share⁽¹⁾:
15.3%
 (+120 bp vs 2020)⁽²⁾

BIZ PERFORMANCE

TOTVS Market Share:
5.7%
 (+480 bp vs 2020)⁽²⁾

TECHFİN⁽³⁾

TOTVS Market Share:
0.4%
 (+10 bp vs 2020)



Growth drivers for the potential market ...

- 1. Software Market** - increasing the IT maturity of Brazilian companies to a level similar to the OECD average
- 2. B2B credit market** - access of SMB companies to credit similar to the average of those companies that already take on debt currently in Brazil
- 3. New markets (Techfin and Biz Performance)** - the current size and potential of these new markets indicate that TOTVS does not need to be dominant in them for its growth to be relevant

Sources: IDC, Central Bank and TOTVS Market Intelligence, respectively. | Notes: (1) TOTVS' market share considers, in addition to Back-office and HR ERP solutions, Verticals and other solutions; (2) **Considers the review of market size**, including from previous periods, **carried out by IDC, which changed the 2020 market share from 19.4% to 14.1% in Management and from 4.5% to 0.9% in Business Performance**; (3) The size of the Techfin market was proportionally adjusted from the gross revenue metric to the net funding revenue, which better reflects the spread.

THANKS



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We value good professionals who are good people



We are driven by results



We invest in technology that makes it possible



We build long-term relationships with our clients



When we collaborate, we become stronger

#SOMOSTOTVERS

