

EARNINGS PRESENTATION 2Q22

» Investor Relations

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◀ 2022/ August



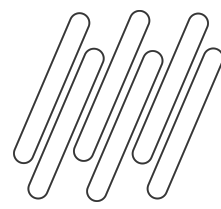
WE ARE THE LARGEST TECHNOLOGY COMPANY IN BRAZIL

An absolute leader in systems and platforms for business management, TOTVS delivers productivity to more than 75 thousand clients by the digitalization of businesses.

Going far beyond ERP, it offers financial services and business performance solutions, investing approximately R\$2 billion in research and development in the last five years to meet the demand of 12 sectors of the economy.

As a Brazilian Company, TOTVS believes in a “Brazil that makes it happen” and supports the growth and sustainability of thousands of businesses and entrepreneurs, across the whole country, through its technology.

For further information, please visit: www.totvs.com

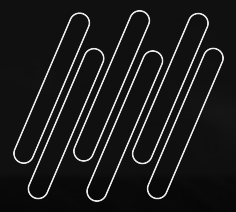


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All information contained in this presentation and any statements that may be made during this conference call connected to TOTVS' business prospects, projections, and operating and financial goals are based on beliefs and assumptions of the Company's 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.





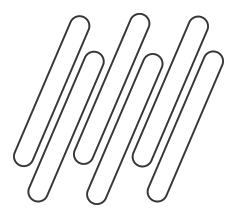
2Q22 EARNINGS: HIGHLIGHTS

- + Net Revenue Growth of 30% YoY, once again driven by growth in Management Recurring Revenue
- + Increase in the QoQ EBITDA Margin, even with the dilution still in progress of the collective bargain agreement and without the positive effect of the 1Q22 Corporate Model License revenue
- + Techfin: significant expansion of the Contribution Margin, with Revenue Net of Funding growth acceleration and reduction of the Provision for Expected Losses
- + Business Performance: QoQ Recurring Revenue growth reacceleration and Record ARR Net Addition

BUILDING A 3D ECOSYSTEM
INTERCONNECTED AND INTERDEPENDENT

01

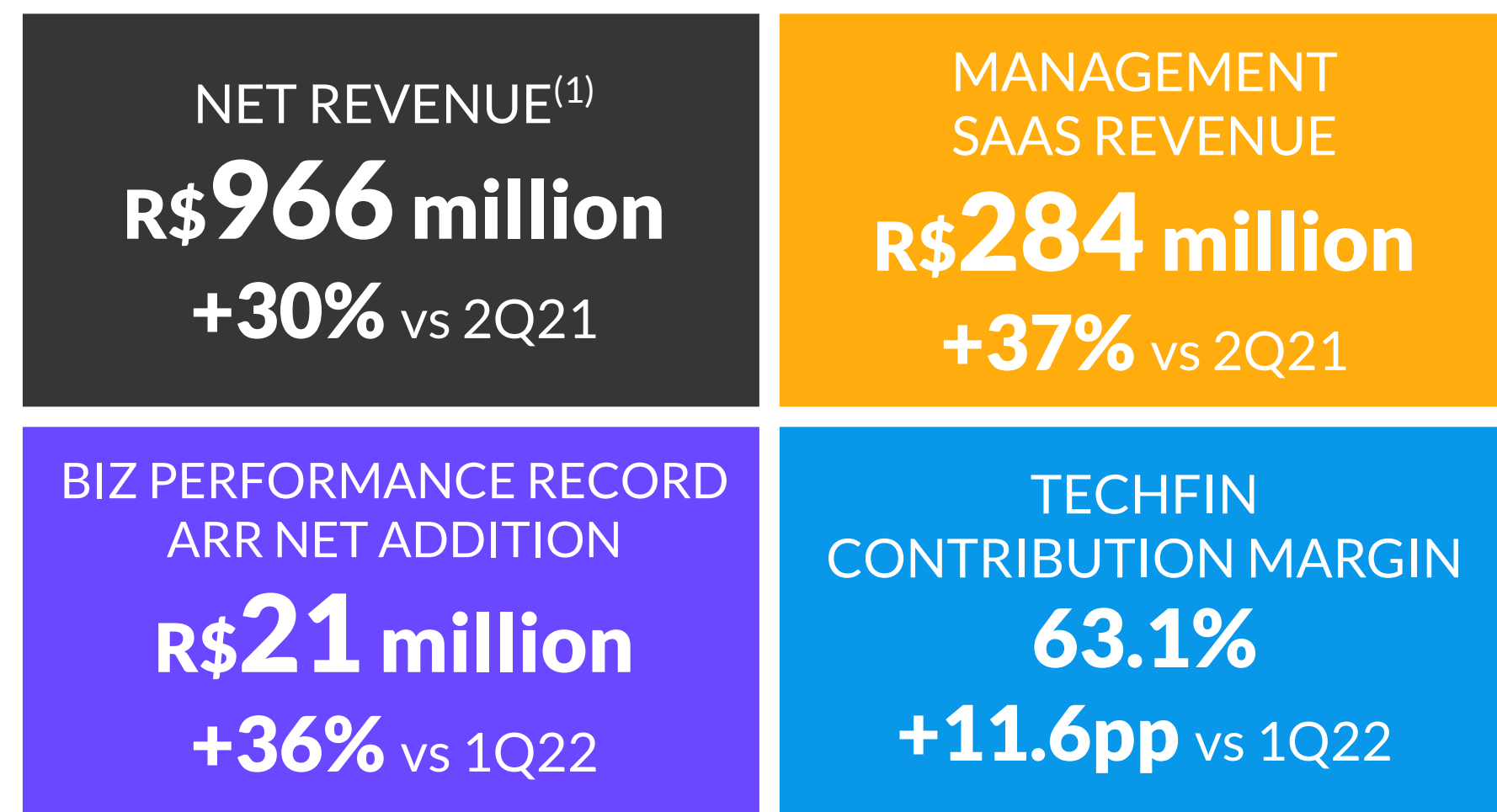
Financial & Operational 2Q22 Highlights



CONSOLIDATED RESULTS

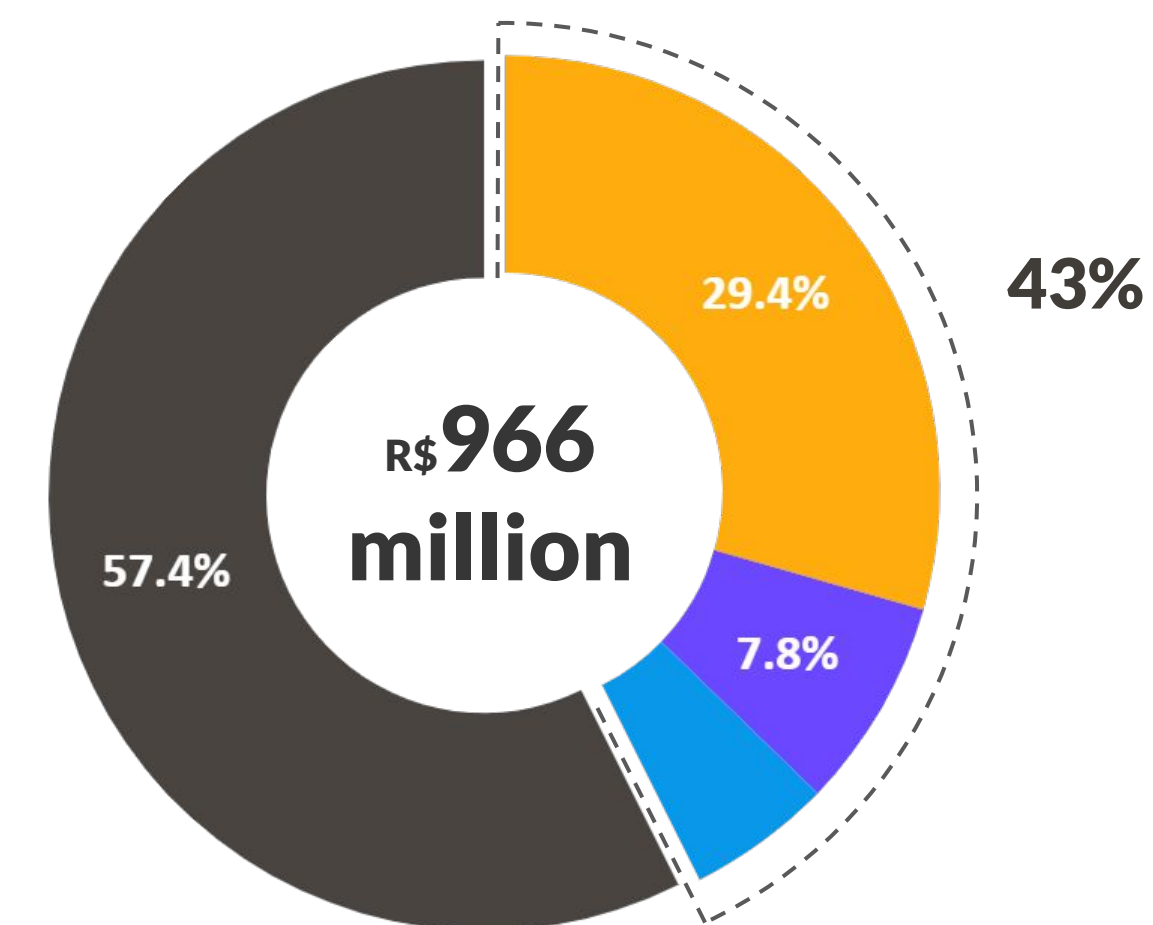
Revenue Net⁽¹⁾ grew 30% vs 2Q21, with emphasis on:

- **Management Recurring Revenue +27%** vs 2Q21
- **Net Revenue Acceleration from Business Performance +8.2%** vs 1Q22
- **Adjusted EBITDA Margin of 23.7%**, +10 bp vs 1Q22

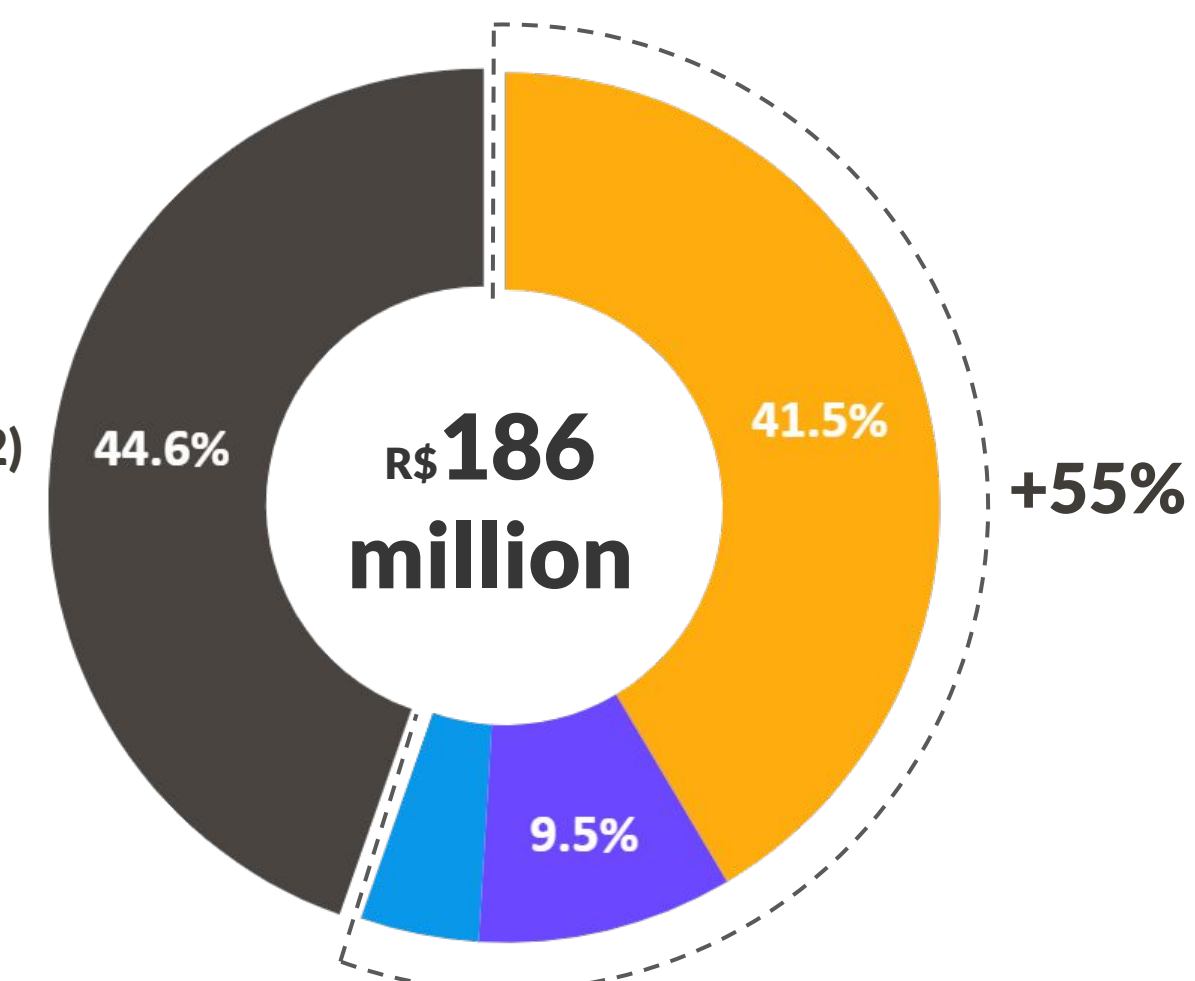


NET REVENUE ⁽¹⁾

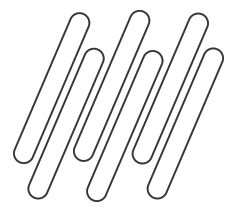
2Q22



2Q22 vs 2Q21⁽²⁾
Growth



● Other Management ● SaaS Management ● Biz Performance ● Techfin

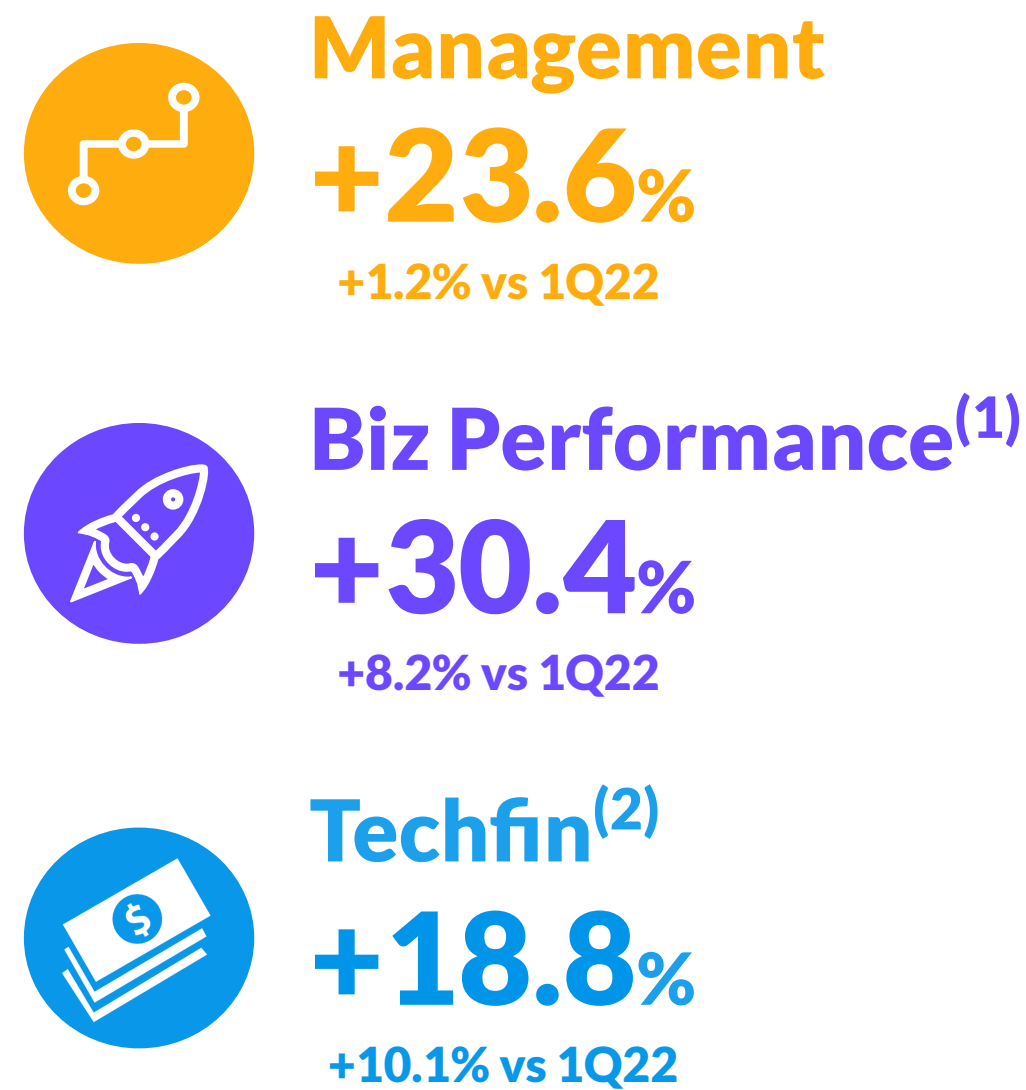


FINANCIAL & OPERATIONAL HIGHLIGHTS

Rule of 40

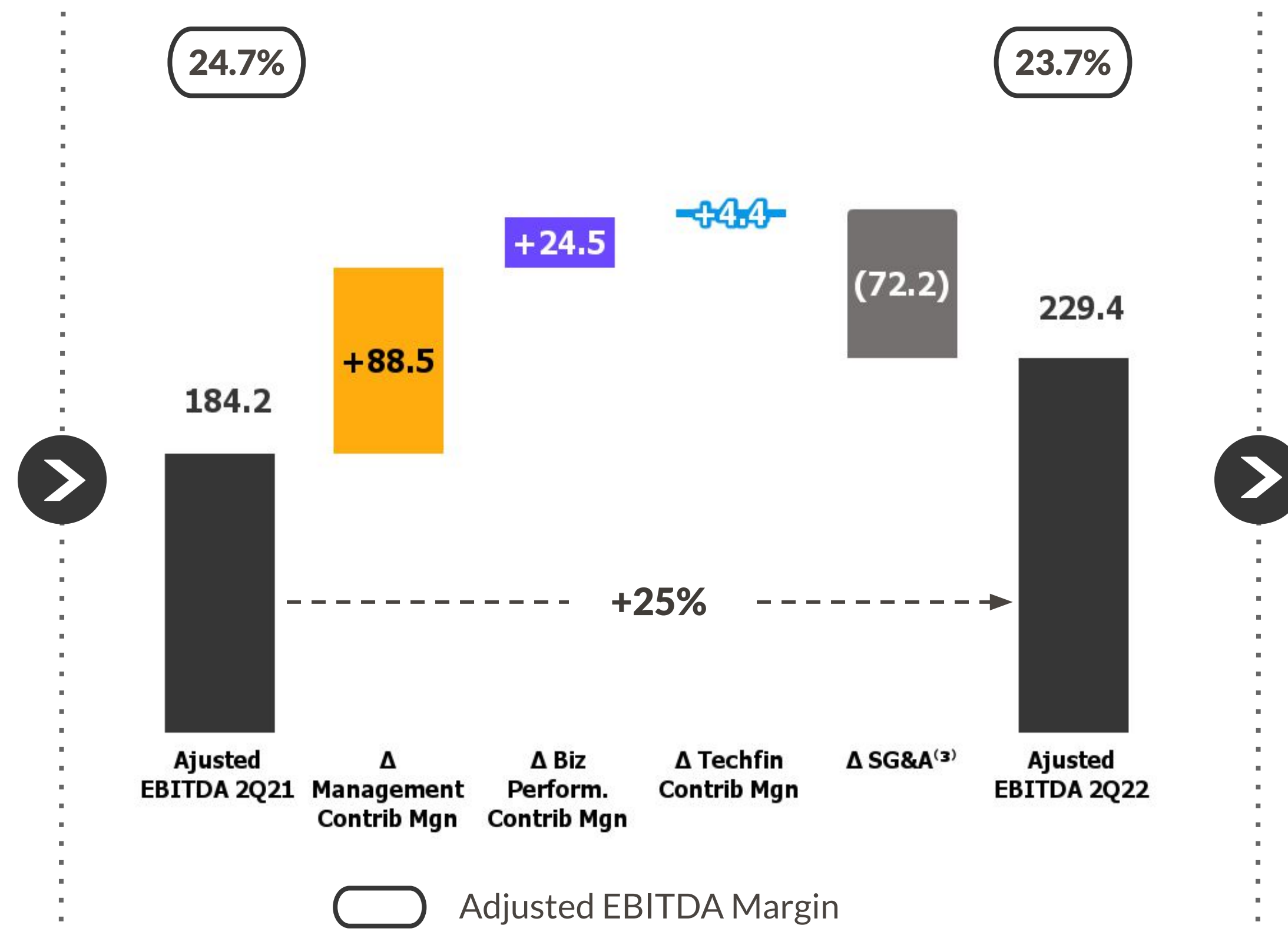
Rule of 40 increase of 8.1 p.p., driven by Revenue growth, showing once again that the Company has been capable of growing in a balanced way, with an increase in the relevance of recurring and transactional revenues and maintenance of profitability at healthy levels.

NET REVENUE GROWTH 2Q22 vs. 2Q21

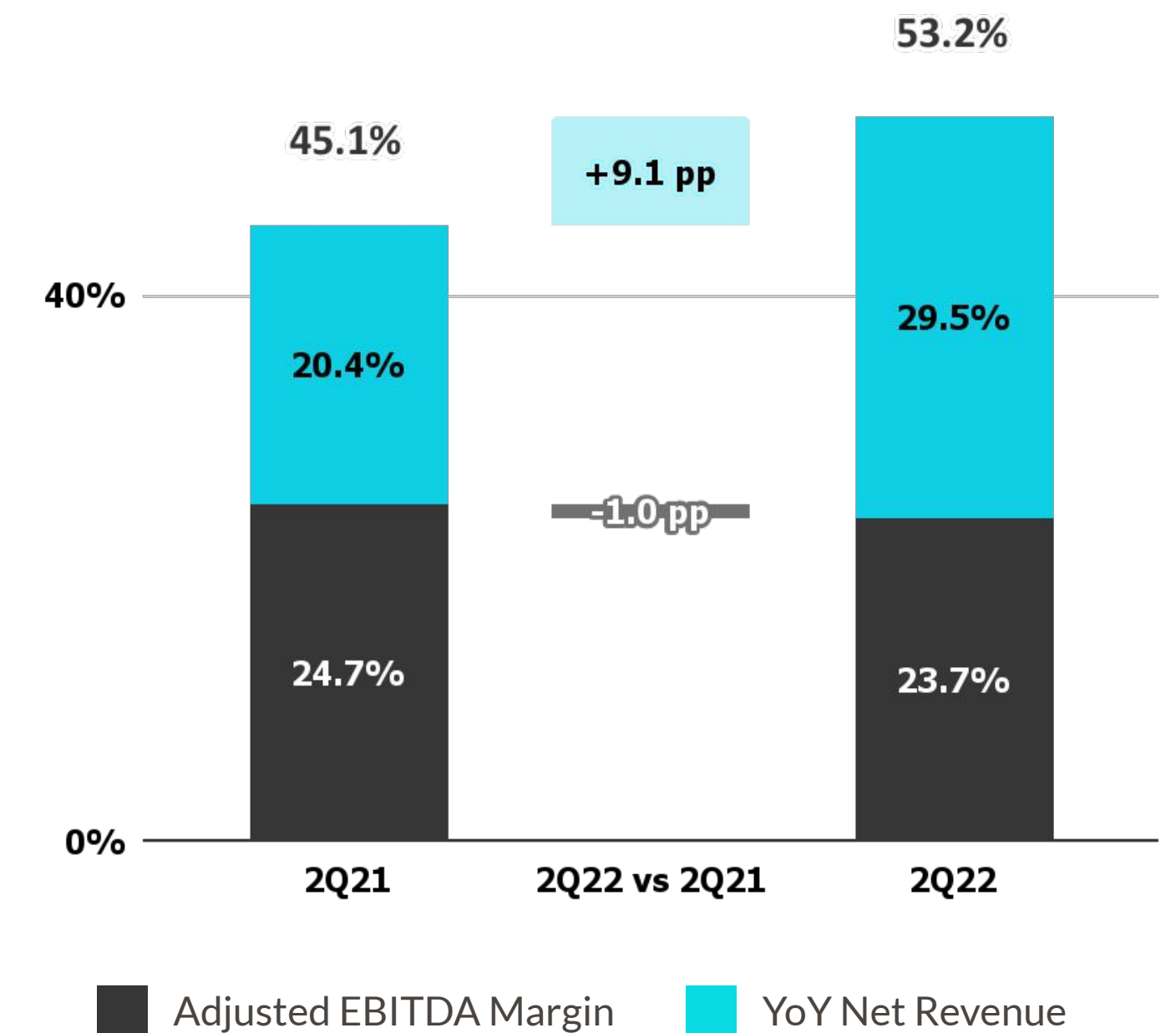


Consolidated Revenue
+30%
+2.2% vs 1Q22

ADJUSTED EBITDA 2Q22 vs. 2Q21 (R\$ million)

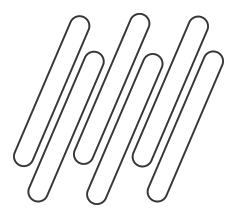


RULE OF 40



02

3-Dimensional Ecosystem



3-DIMENSIONAL ECOSYSTEM - MANAGEMENT

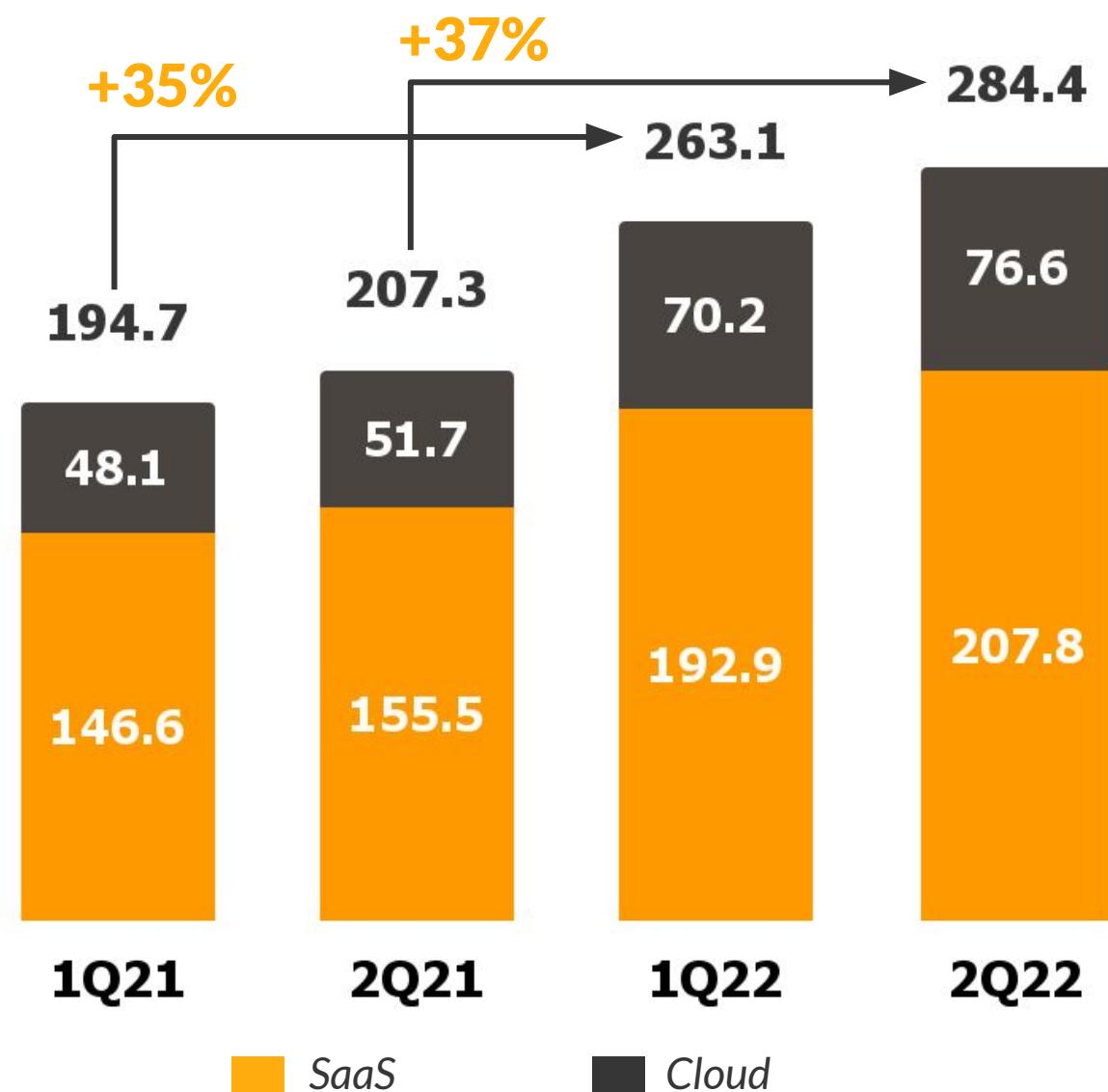
Management 27% Growth in Recurring Revenue, highlighting the growth in sales Volume and Renewal Rate above 98%.

RECURRING REVENUE

R\$713 million (+27% vs 2Q21)

SaaS Signings: 79% of new signings in 2Q22
New clients: 31% of SaaS signings in 2Q22
% Management Recurring Revenue: 85%

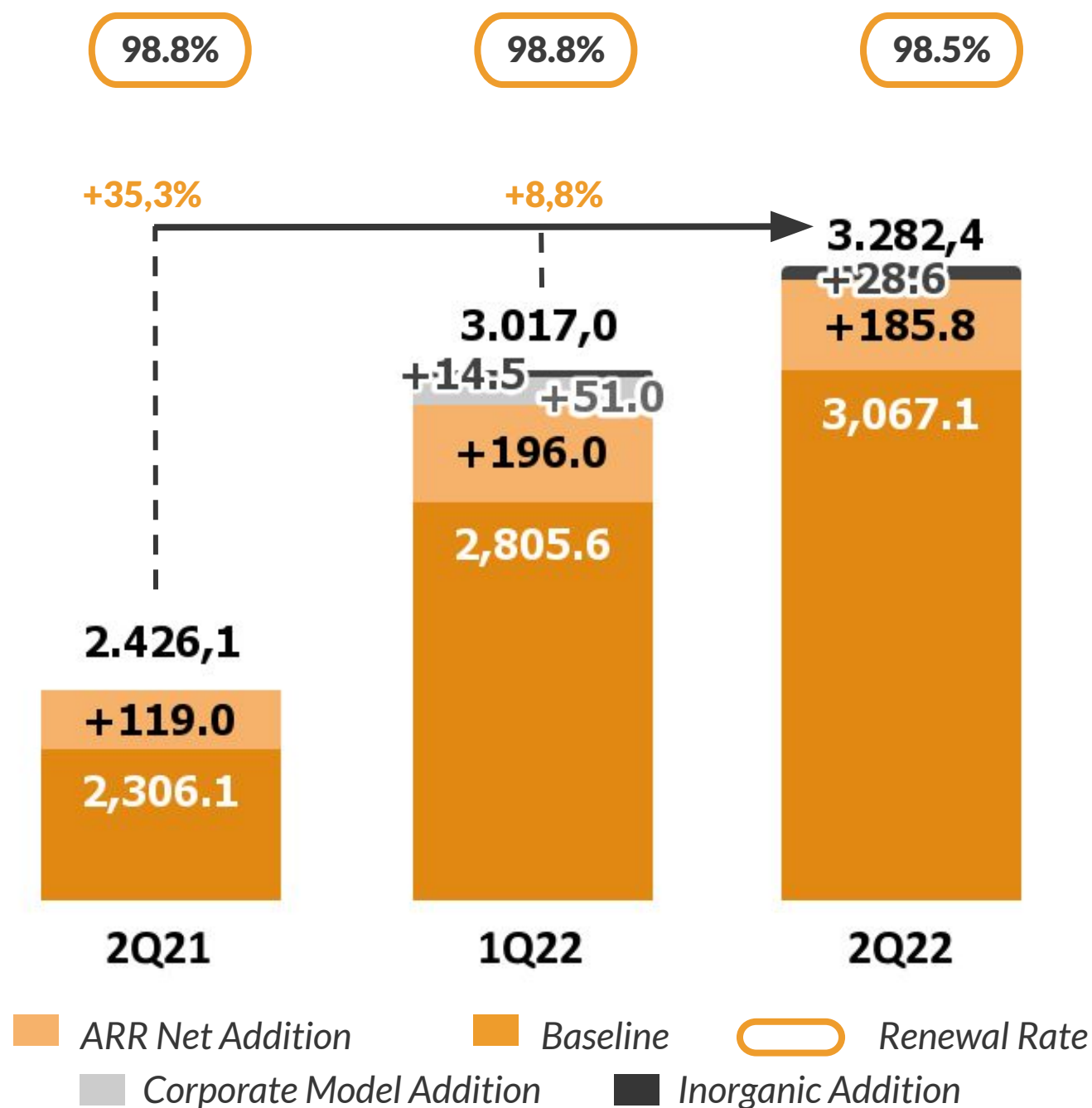
SaaS - Management (R\$ million)



ARR (R\$ million) and RENEWAL RATE

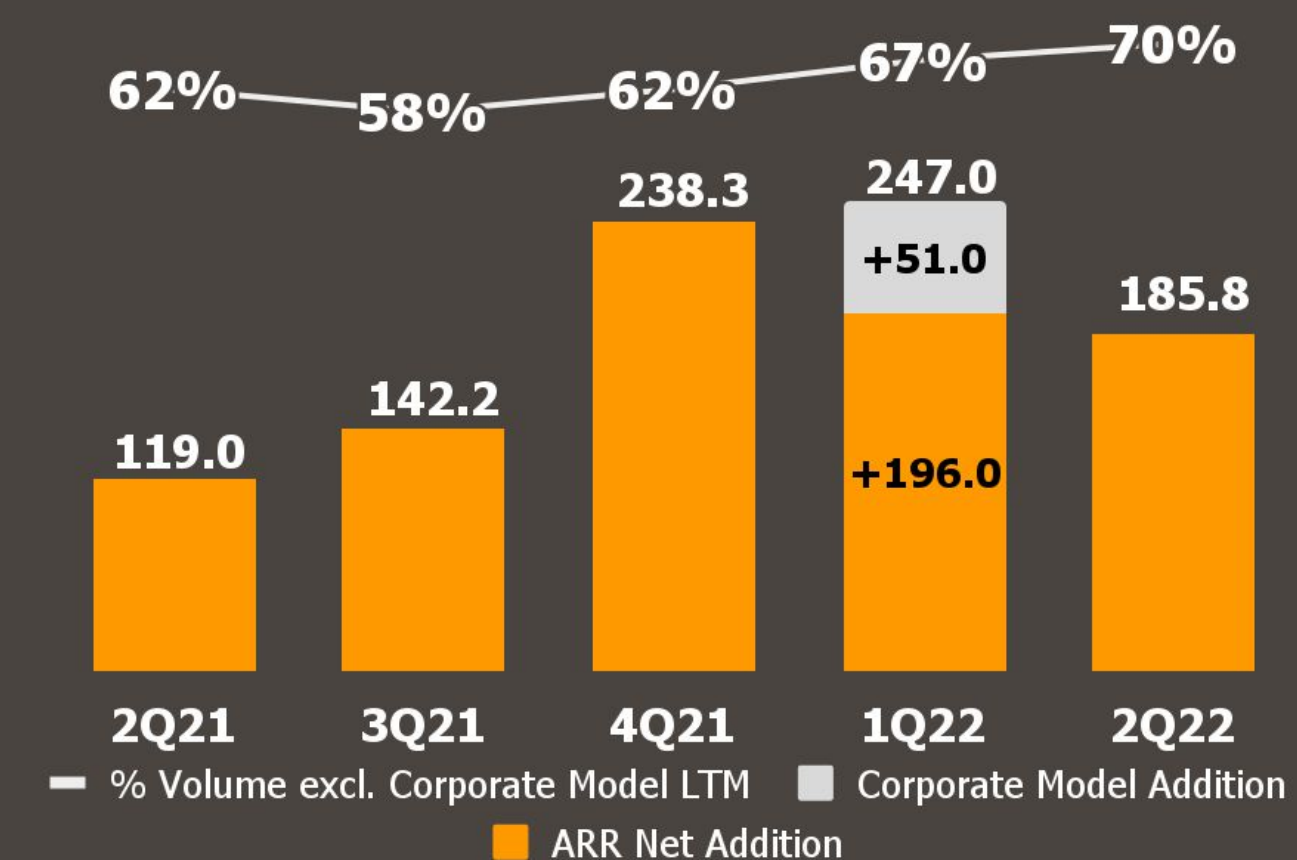
R\$186 million (+35% vs 2Q21)

Gross ARR Addition LTM (excl. Corporate Model)
~70% Volume - new signings
~30% Price - inflation pass-through (Pricing Power)

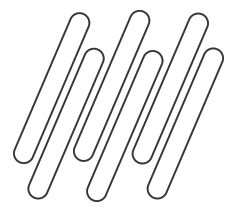


Quarter Highlights

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



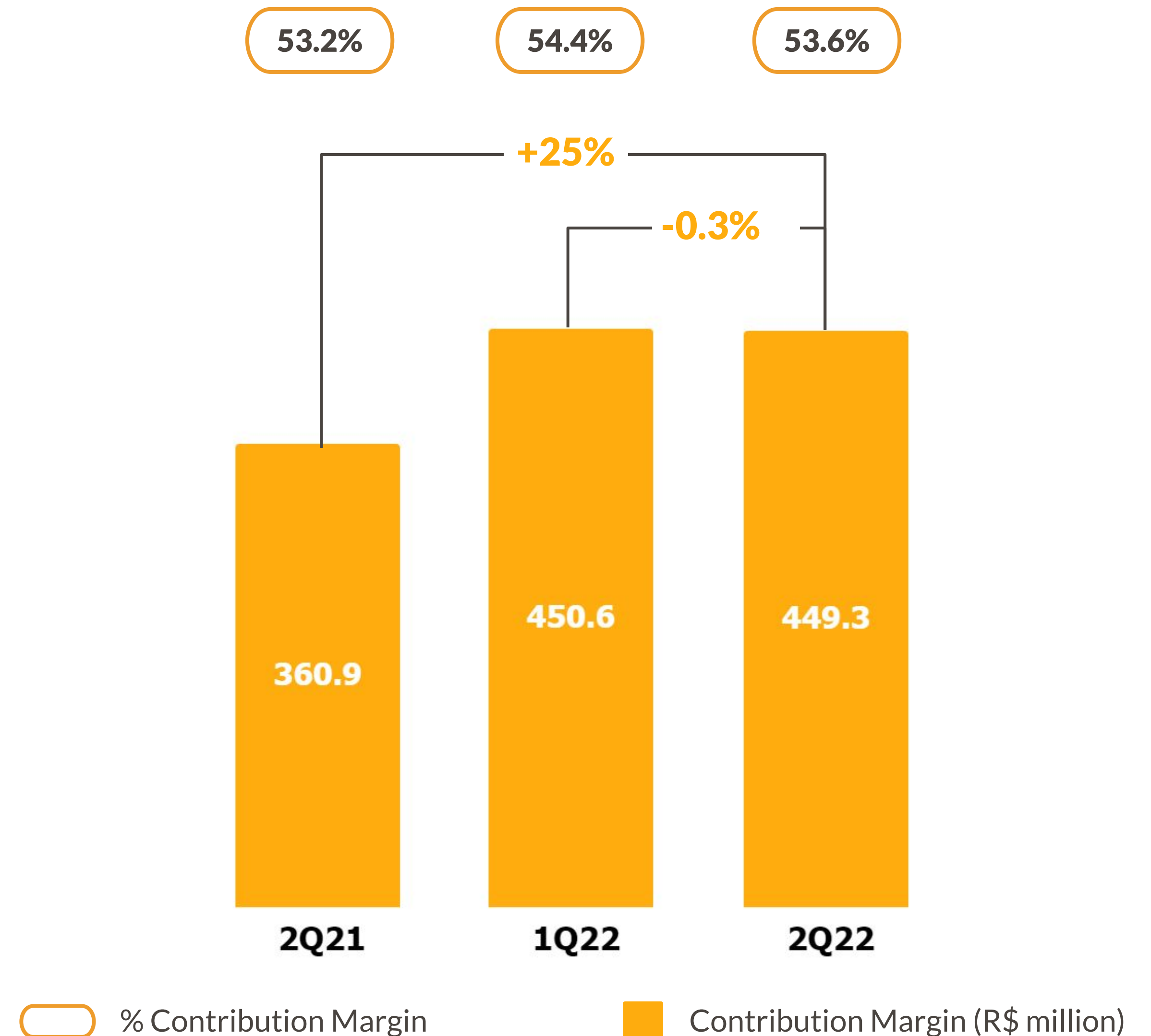
- Growth of 8 p.p. in Volume YoY, increasing the representativeness vs. Price
- The growth in Volume allowed TOTVS to deliver more Net Addition YoY

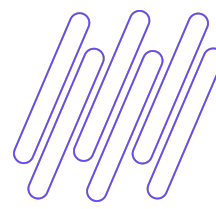


CONTRIBUTION MARGIN

Growth of 40 basis points in the Contribution Margin

YoY, mainly explained by the growth in Recurring Revenue, even with partial dilution of the major result impact of collective bargain agreement on the 1Q22 versus 2021, while the average inflation pass-through in revenue remained at stable levels in the period.





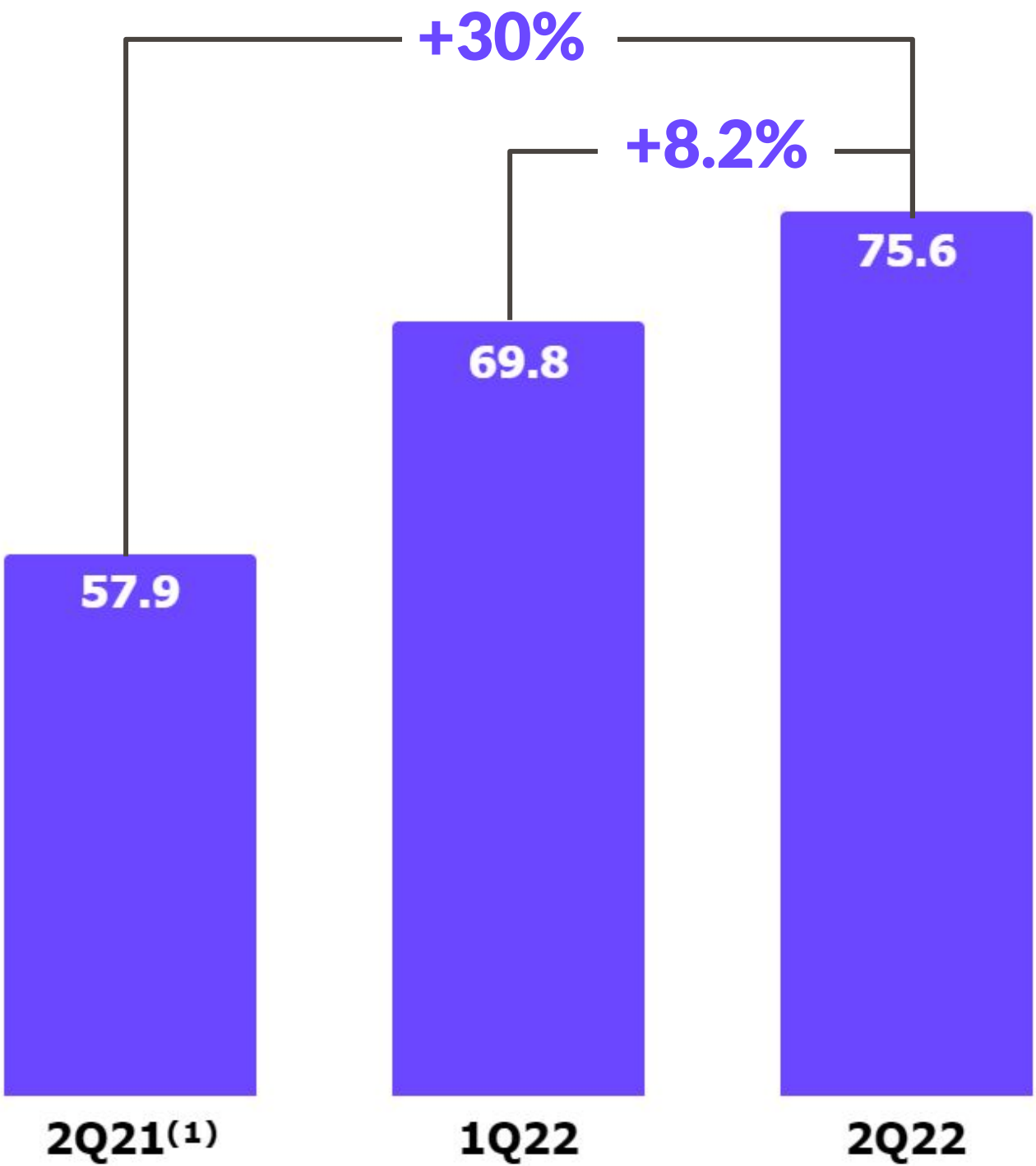
3-DIMENSIONAL ECOSYSTEM - BUSINESS PERFORMANCE



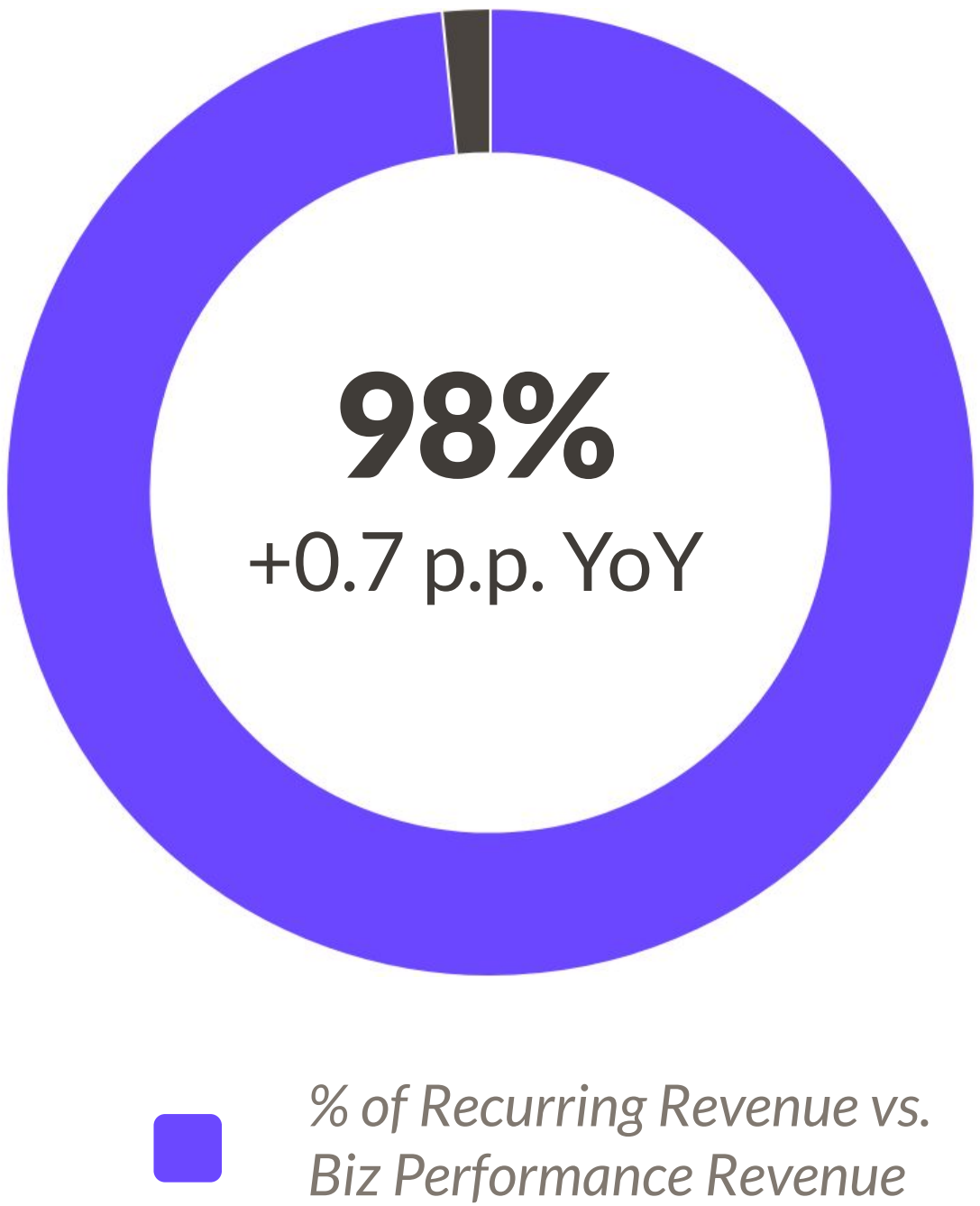
Business Performance

Net Revenue for the quarter grew 30% versus 2Q21, on the same comparison basis, driven by the 31% increase in Recurring Revenue

REVENUE (R\$million)



2Q22 RECURRING REVENUE



×

Quarter Highlights

ARR (R\$ million) and Renewal Rate
(organic +34% YoY)

97.5%

97.7%

97.3%

231.9

284.2

305.5

+212.0

+15.6

+21.3

+2.6

17.3

2Q21

1Q22

2Q22

Inorganic Addition

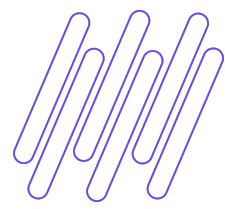
ARR Net Addition

Baseline

Renewal Rate

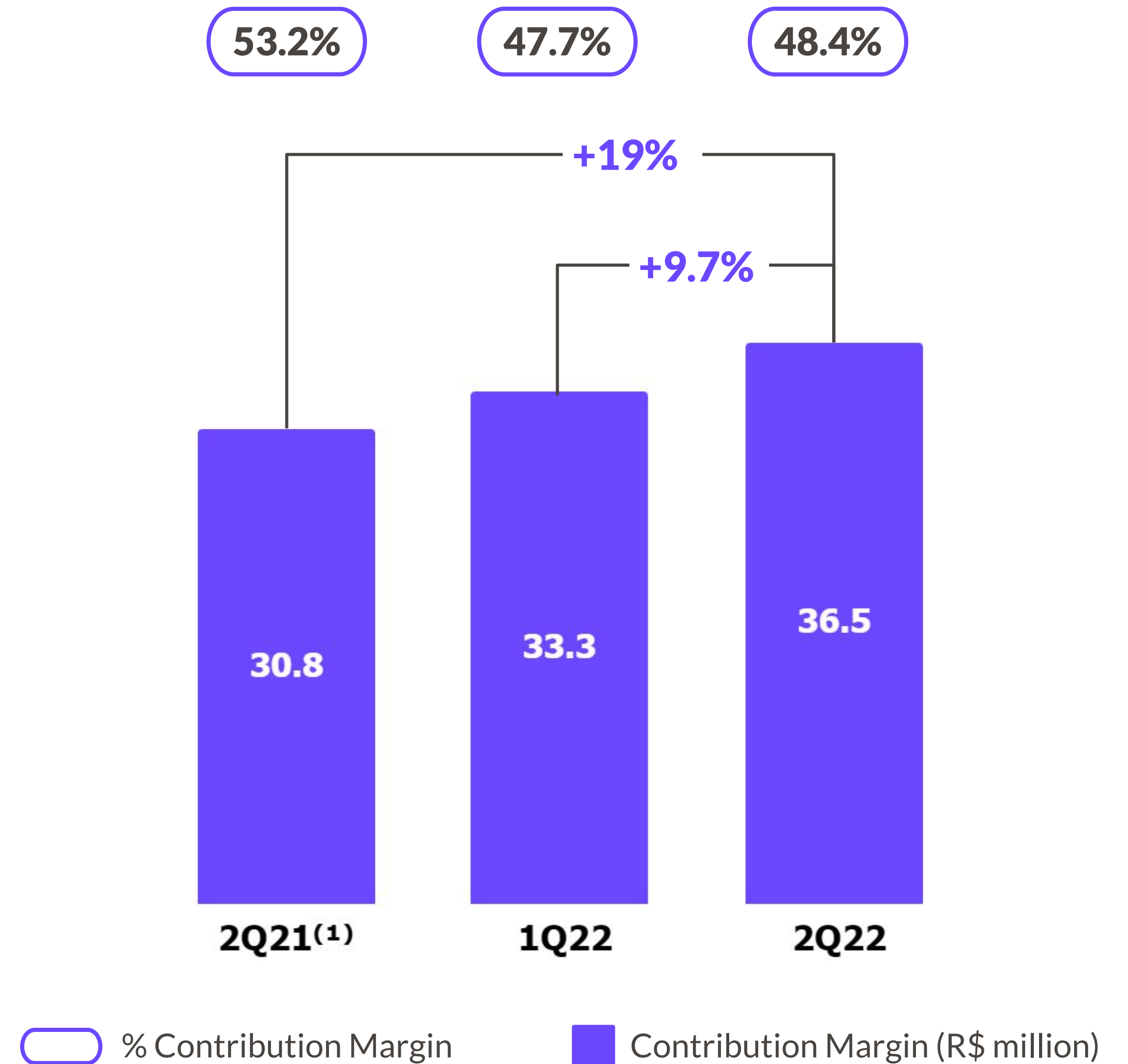
- ARR record-breaking Net Addition
- Expansion of Entry-Level product up-selling and CRM product cross-selling at RD Station

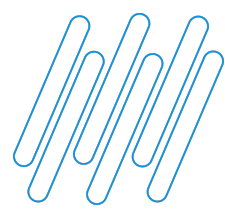
Notes: (1) Considers the unaudited results of RD Station from jan/21-may/21



CONTRIBUTION MARGIN

The 70 basis points increase over 1Q22 was mainly due to the 7.9% growth in Recurring Revenue, demonstrating that, even with a moment and mandate focused on accelerating revenue, TOTVS always seeks to balance growth and profitability in the Business Performance Dimension.





3-DIMENSIONAL ECOSYSTEM - TECHFIN

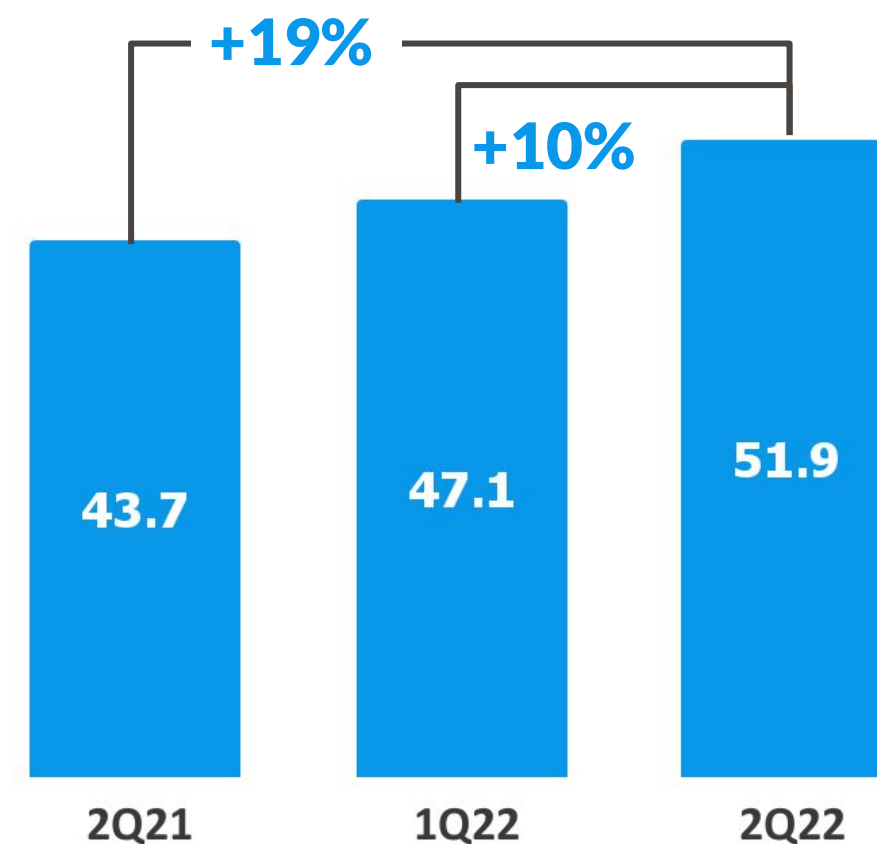
13



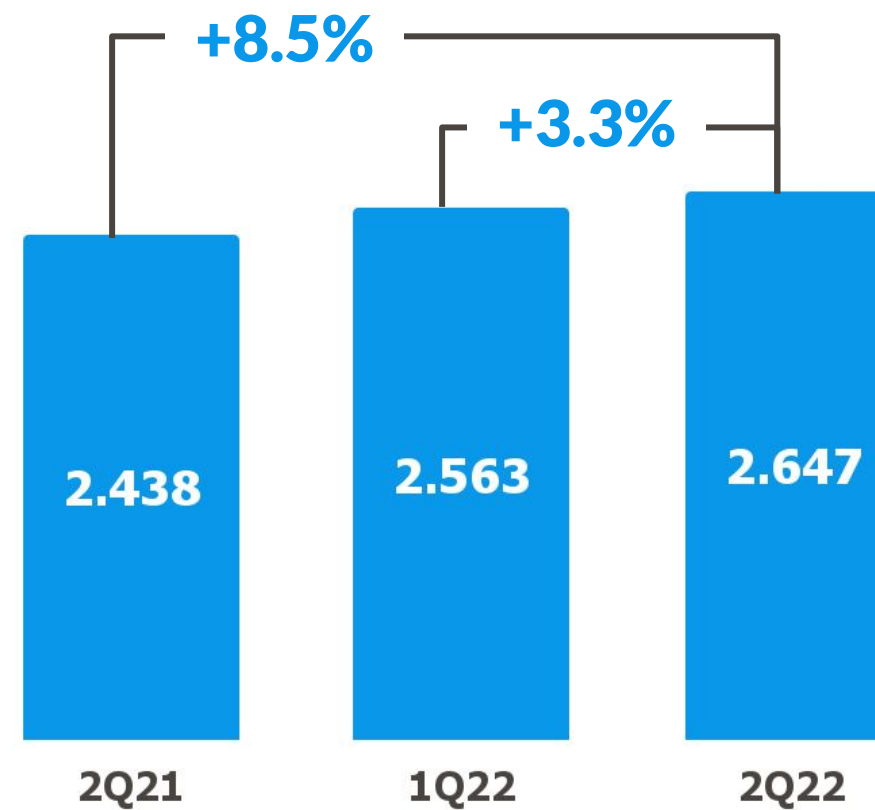
Techfin

Revenue Net of Funding grew 10% QoQ, with 11.6 pp increase in Contribution Margin

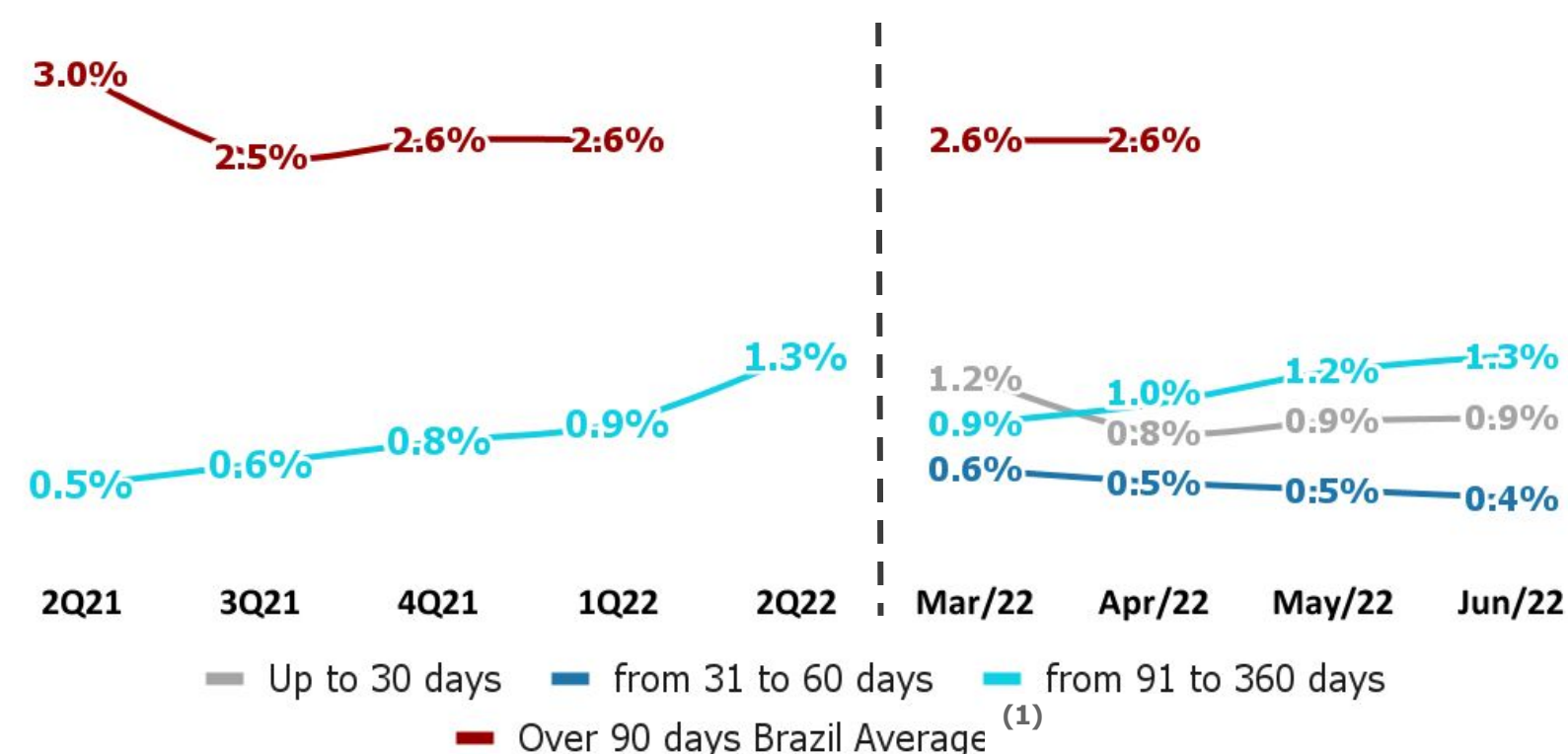
Techfin Revenue - Net of Fund. (R\$ mn)



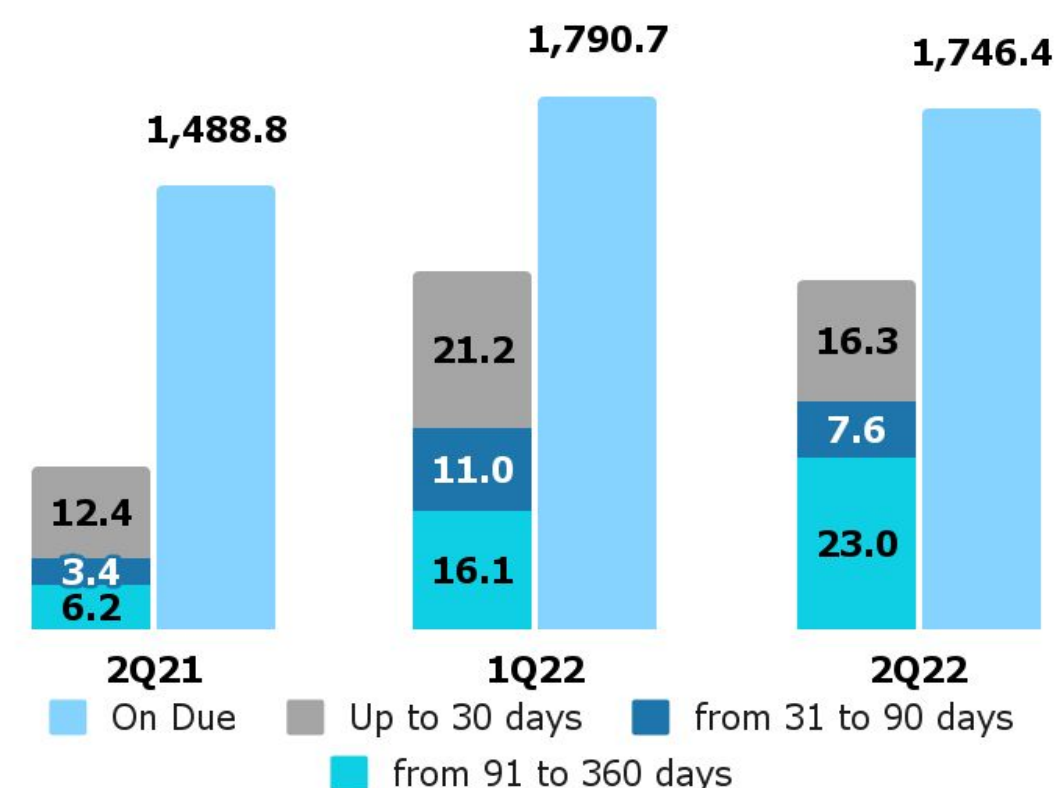
Credit Production (R\$ bn)



Delinquency (% Credit Portfolio)

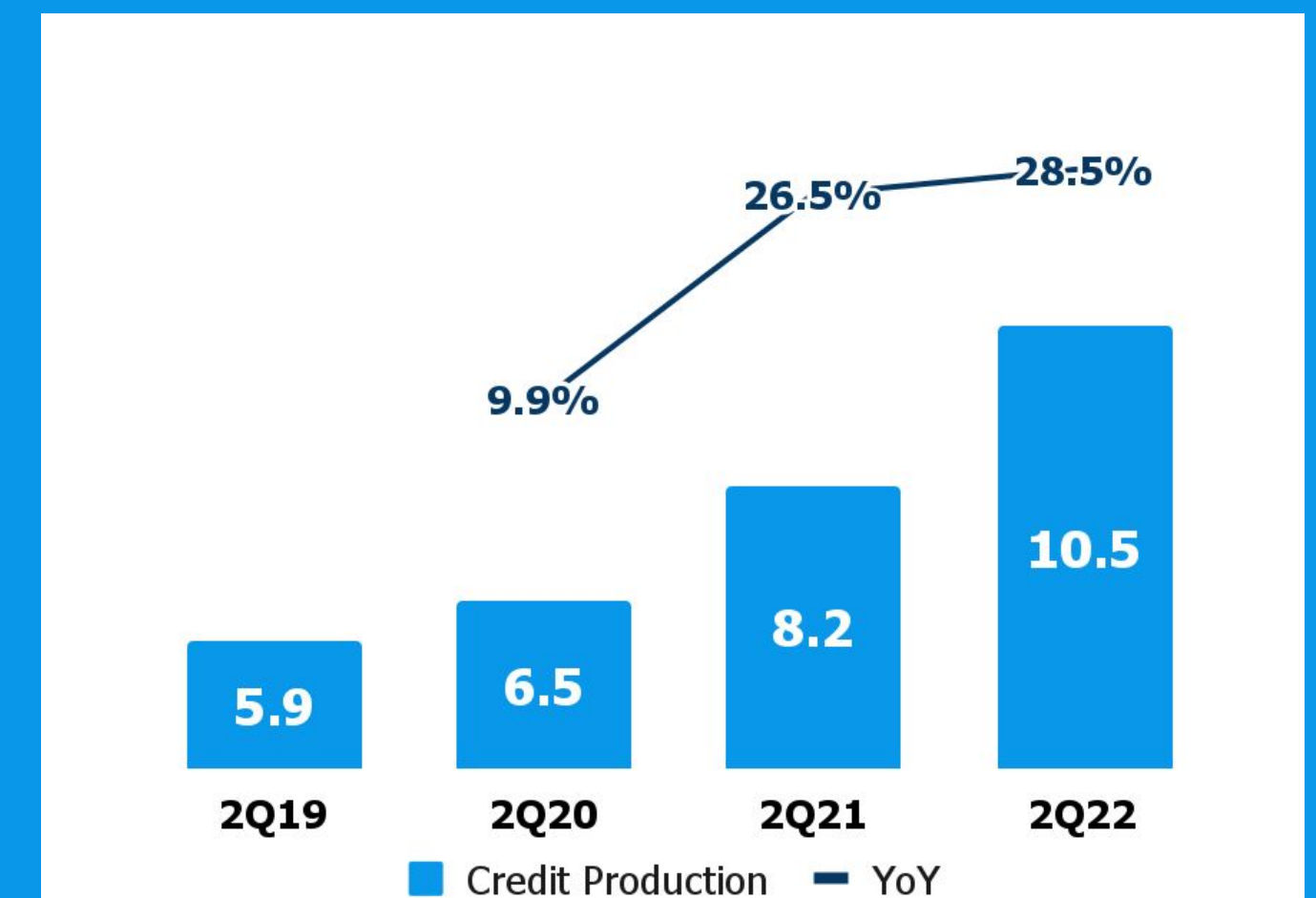


Aging Credit Portfolio (R\$ mn)



Quarter Highlights

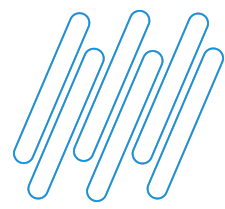
Credit Production LTM (R\$ bn)



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

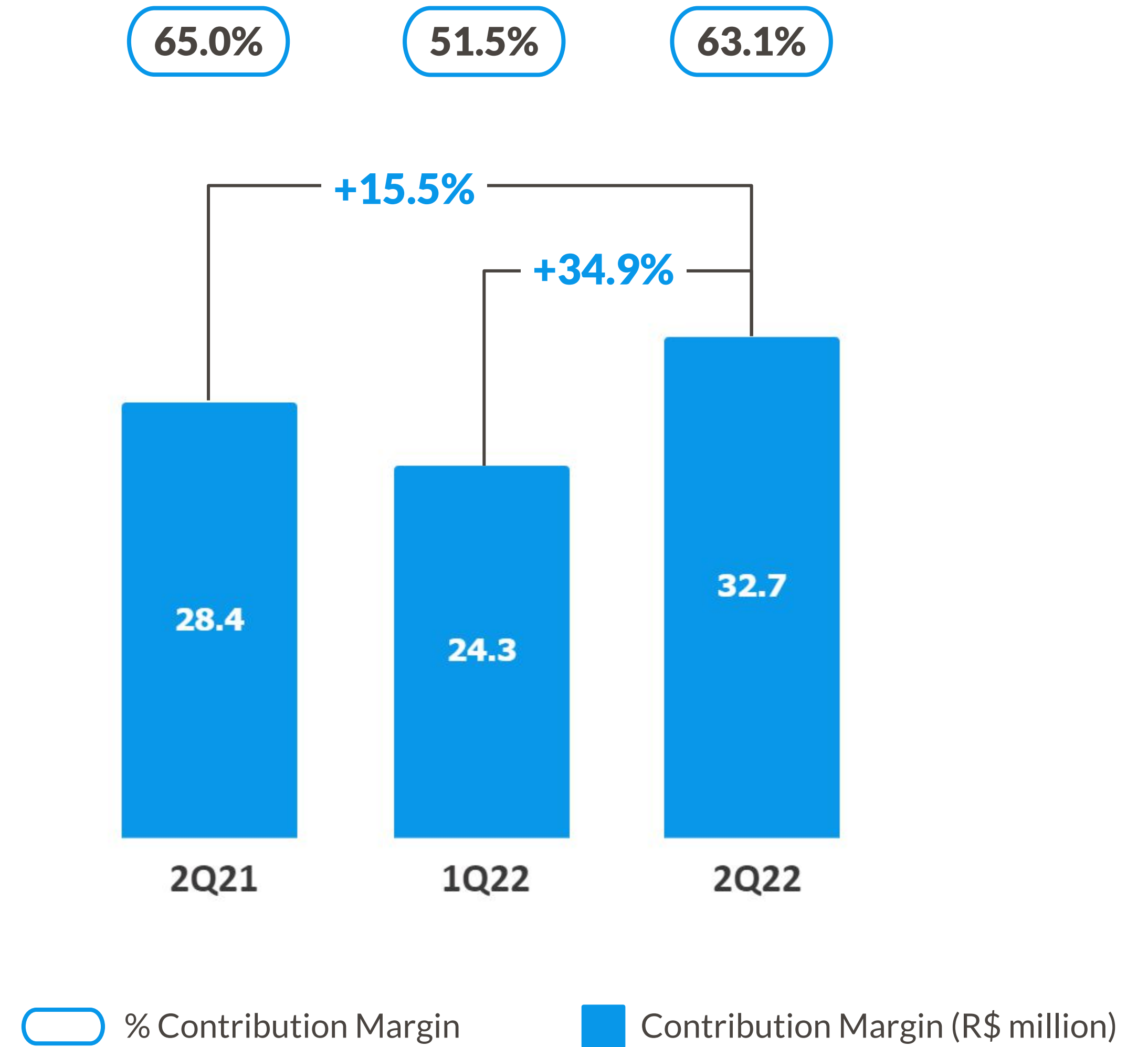
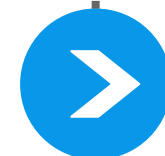
56%
Prospecting
Affiliates

60%
Affiliates in
Implementation



CONTRIBUTION MARGIN

Expansion of 11.6 p.p. compared to 1Q22, mainly due to the 10% growth in Revenue Net of Funding and the 29% reduction in the Provision for Expected Credit Losses.



03

HUMAN CAPITAL & ESG



Strong Culture

Diverse and multidisciplinary team

- **Increase** in the participation of Affinity Groups – 2022 – 1 year!

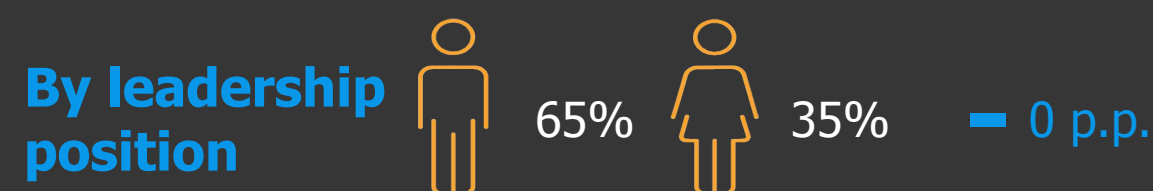
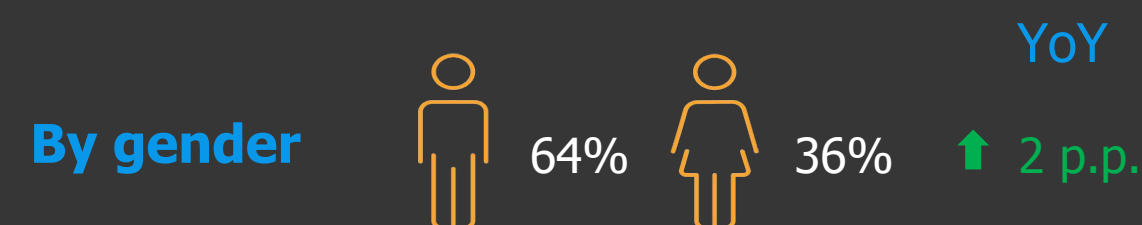
Program implementation:

#inclusãonaTOTVS

inclusion of PWD and talent bank

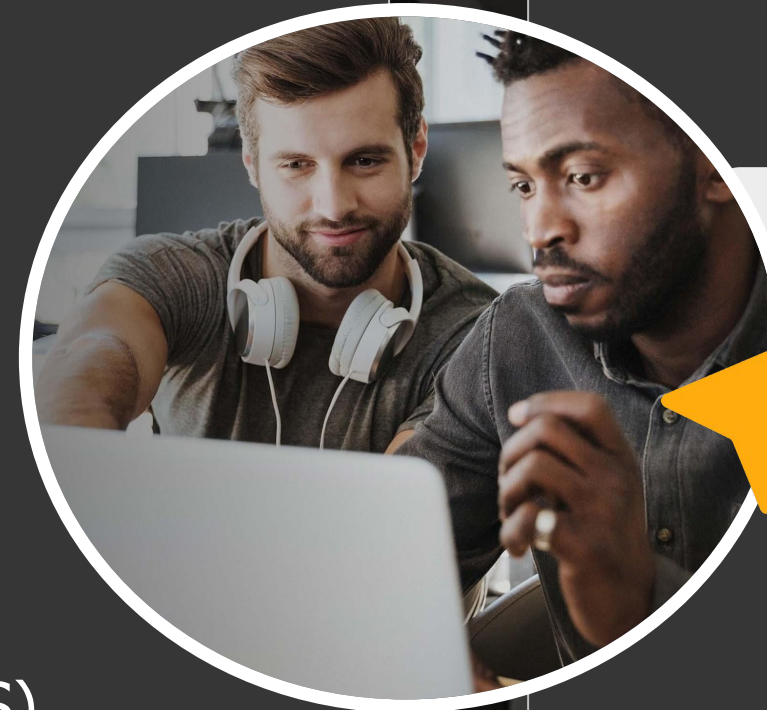
#elasnaTOTVS (women on TOTVS)

with a positive impact on gender indicators



+ **96% of TOTVERS** believe in the future of the organization

+ **93% of TOTVERS** say leaders act in accordance with the culture **#SOMOSTOTVERS**



Talent attraction and development

- **Increase** in the number of hires
- **Increase** in awareness and reputation



TOTVS as the main **choice of talents and young people for a Tech career**

□ Youth pipeline development strategy:

Expand the pipeline and contribute to the transformation of the country through tech training.



To be a reference for professionals at the beginning of their **technology careers**, attracting and developing young talents

- **Reduction** in attrition: lower number of voluntary turnover (last 15 months)

- **Increase 3 points** on e-NPS (Employee Net Promoter Score) vs 2021



GPTW certification for the third consecutive year

TOTVERS **satisfaction and retention** as a business strategy



Engagement and retention

□ Strong Culture



□ Talent attraction and development



□ Engagement and retention

(-) **exposure** to talent markets fluctuation and (+) **opportunity** to attract and enhance TOTVS value

Integrated Report 2021

17



E

Incorporation of data **on greenhouse gas emissions** (Report in the CDP model, Carbon Disclosure Project) and **expansion of disclosure of TOTVS initiatives and projects** within the scope of the SDGs (Sustainable Development Goals)

S

Implementation of the **flexible working model, mental health, diversity and inclusion, education for work** and partnerships to implement social agenda

G

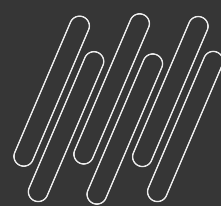
Progress in the **review of the risk matrix, LGPD** (Brazilian GDPL) **initiatives** and the **conclusion of the implementation of the SDG** and ESG thematic committees

2Q22

EARNINGS PRESENTATION

Integrated Report





FINAL REMARKS

TOTVS journey to become its Clients Trusted Advisor

Our value proposition is to improve companies' results and, through technology, help them leverage their businesses, being more profitable and growing their operations. This is an expanded proposal, which reflects the construction of a 3D Ecosystem, and which continues to benefit from the need for companies to invest in technology, regardless of the economic scenario.

The process of consolidating the 3 Dimensions in an integrated, interconnected and interdependent way will increasingly help our clients to sell more and more intelligently with Biz Performance, to have broader, simpler and cheaper access to financial services with Techfin and to have more efficiency in processes with Management.



MANAGEMENT

Growth in Management Recurring Revenue continues to be driven by the growth in SaaS Revenue and increasing its relevance in total revenue, reaching the historic level of 85% this quarter



BUSINESS PERFORMANCE

The record of ARR Net Addition in the period demonstrates a consistent advance in sales throughout the quarter and reinforces the size of the opportunity in this market with low penetration. We remain convinced of the potential of this Dimension and are strongly committed to accelerated growth, but in balance with profitability



TECHFIN

Improved Contribution Margin in the quarter proves that this is a differentiated business, with the ability to quickly adjust the operation to maintain growth, preserving its most valuable asset, the healthy track record of low levels of credit losses.

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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