EARNINGS RELEASE

4Q23

VIDEO CONFERENCE - February 8th, 2024 at 11am (BRT)

- **PORTUGUESE:**

Live transmission: click here. Phone numbers list click here (access – Webinar ID: 827 8775 2089) ou no website ri.totvs.com

- **ENGLISH (Simultaneous Translation):**

Live transmission: click here. Phone numbers list click here (access – Webinar ID: 827 8775 2089) ou no website ri.totvs.com

4Q23 EARNINGS RELEASE

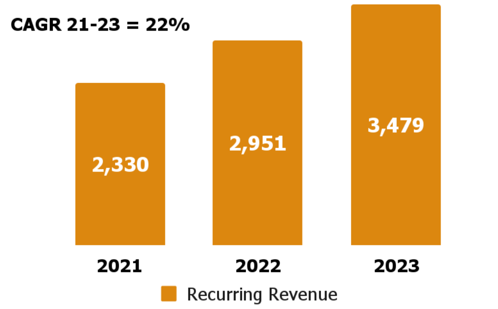
São Paulo, February, 7th, 2024 - TOTVS S.A. (B3: TOTS3), the leader in the development of business solutions in Brazil, announces its results for the **Fourth Quarter of 2023 (4Q23).**

CONSOLIDATED NET REVENUE(1) REACHED R$ 4.6 BILLION, GROWTH OF 18% OVER 2022

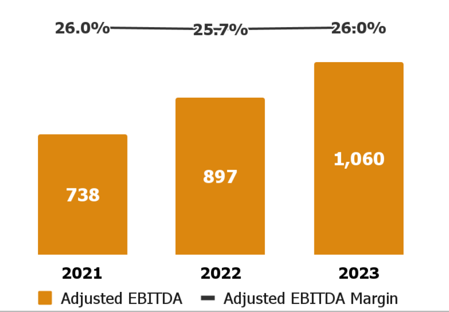
- This performance was driven by the growths of 18% in Recurring Management Revenue and 41% in Business Performance Net Revenue over 2022
- Consolidated EBITDA approached R$1.1 billion in 2023, exceeding 2022 at 17%, with Management EBITDA surpassing R$1 billion
- Operating Cash Generation reached 127% of Adjusted EBITDA, having reached the level of R$1.4 billion in 2023, 13% higher than 2022
- Cash Earnings ended the year at R$651 million, growth of 10% over 2022

NET REVENUE(1) 4Q23	ADJUSTED EBITDA 4Q23	OPERATING CASH GENER. / ADJUSTED EBITDA (Mgmt + Biz Perf.) 4Q23	CASH EARNINGS 4Q23
+R$1.2 billion	**R$258 million**	**134%**	**R$170 million**
+18% vs 4Q22	**+8% vs 4Q22**	**-6.9 p.p vs 4Q22**	**-2.2% vs 4Q22**

Management Recurring Revenue (R$ million)



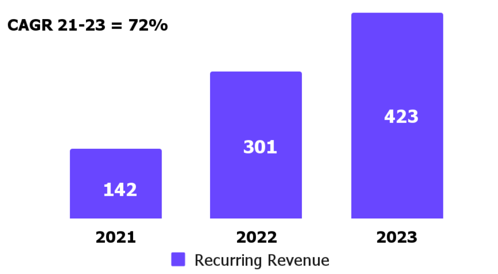
Management Adjusted EBITDA (R$ million)



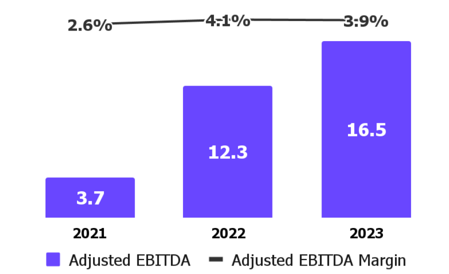
Adjusted EBITDA 4Q23
R$255 million
+12% vs 4Q22
-7.6 vs 3Q23

Management ARR
R$4.3 billion
+17% vs 4Q22
+4.0% vs 3Q23

Biz Performance Revenue (R$ million)



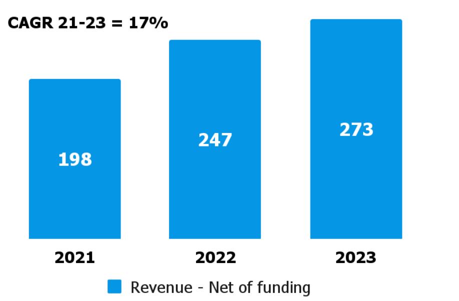
Biz Performance Adjusted EBITDA (R$ million)



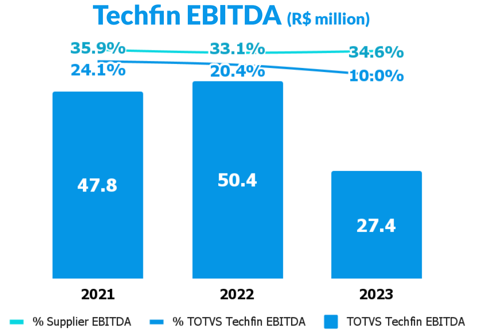
Adjusted EBITDA 4Q23
R$2.2 milion
-20% vs 4Q22
-68% vs 3Q23

Business Performance ARR
R$478 million
+45% vs 4Q22
+6.5% vs 3Q23

Techfin Revenue (R$ million)



Techfin EBITDA (R$ million)



Delinquency over 90 days
1.5%
-10 bp vs 3Q23

Supplier Credit Portfolio
+R$2.1 billion
+14% vs 4Q22
+5.5% vs 3Q23

(1) The Net of Funding Revenue (Non-GAAP) incorporates the notion of Techfin Revenue at 50%, net of funding cost, in the consolidation of the Company's revenues..

RECENT EVENTS

Acquisition of AHGORA

With Ahgora's software operation, TOTVS will reinforce its position as a platform for HR, expanding and strengthening its offer of solutions from personnel department to employee experience management, delivering a 100% digital journey and providing automation, intelligence and productivity in order for HR departments to become increasingly strategic.

For further information, please [click here]

Conclusion of Acquisition of IP Franchise

After all precedent conditions have been met, including the antitrust authorities approval, the acquisition of the Franchise was completed on January 31st. With this movement, the Company now has direct operations in different cities in the countryside of São Paulo, aiming to accelerate the capture of the growth potential of the 3 business dimensions (Management, Business Performance and Techfin) in these regions.

For further information, please [click here]

Acquisition of Quiver by Dimensa

With the acquisition of Quiver on February 1st, Dimensa took another strategic step to strengthen its position in the B2B technology segment for the financial sector, entering a large addressable insurance market with an operation that has 150 employees and approximately 2.5 thousand customers, including brokers and banks, and a portfolio of solutions for sales and management of insurance and benefits policies.

For further information, please [click here]

Share Buyback Program

The share buyback program, approved by the Board of Directors on November 7th, 2023, has a limit of 18 million shares, aiming to maximize the generation of value for the shareholder, to promote the efficient allocation of capital and may also be held in treasury, canceled or sold.

For further information, please [click here]

RD Summit

RD Summit is the largest digital marketing event in Brazil, which attracted an average of 20 thousand participants per day and, for the first time, took place in São Paulo, lasting 3 days and a series of new features for customers and also for the entire Business Performance ecosystem.

For further information, please [click here] (portuguese only)

Interest on Equity

The Board of Directors resolved, on November 29th, to distribute Interest on Equity for the second half of 2023 (2H23) in the amount of R$126,8 million, corresponding to R$0.21 per share, which payment took place on December 22th, 2023 to shareholders holding shares of the Company on December 4th, 2023.

For further information, please [click here]

FINANCIAL AND OPERATING RESULTS

Management Message

TOTVS ended 2023 with important advances. Our ecosystem has worked to expand our value proposition: to enhance companies' results, making them more competitive and relevant in their sectors and thus advancing our position as our customers' trusted advisor. We have made consistent progress in this direction, in all dimensions.

In Management, we maintained a healthy balance between revenue growth, close to 20%, despite a significant decrease in inflation (negative IGP-M for most of the year), and profitability, with an EBITDA margin of 26%, the highest level in recent years. These results were achieved through a record-breaking NPS, eNPS at excellence level, and investments in products.

In Business Performance, we had the successful succession at RD, the transition from a single to multi-product platform and acquisitions that complemented our portfolio. Revenue growth accelerated to over 40% and the EBITDA margin was close to 5%, even though the RD Summit doubled in size and was held in São Paulo for the first time.

In Techfin, the TOTVS Techfin joint venture was completed, enabling Supplier and the organic operation to have access to funding that is both broad, stable, and cost-competitive. A vast world of opportunities is open to be explored within the Management customer base.

In the corporate perspective, we created the new position of Vice President of Customer Journey whose purpose is to identify and capitalize on opportunities for converging offers between dimensions, further accelerating cross-selling. At our strategic kick-off at the beginning of January, the slogan was: "3 Dimensions, one destination".

Hence, it was another year of achievements, in which we ended up in a competitive position and even stronger than when we began. Our differentials, combined with a recurring business model and high levels of renewal, which are a result of the relevance and quality we offer our customers, makes Management an extremely solid dimension and, with the new dimensions, which have significantly increased our addressable market, giving us a real chance to further increase these differentials, making us even more relevant. In other words, becoming trusted advisors, especially for the SMB. This is a privileged position. TOTVS stands out as a one-of-a-kind company, difficult to replicate.

In a year in which we have had so many changes, greater volatility in quarterly results was to be expected than we are used to. The world is still adjusting to the effects of the pandemic and in our specific case, the creation of the 3D ecosystem and M&As have been introducing new and different dynamics. Despite this, our strategy remains quite simple: to make the business dimensions solid and self-sustaining, all the while constructing an integrated customer journey.

The analysis of quarterly results and their variations holds great importance. As a publicly listed company, it is our standard practice to do this on a continuous basis. Nevertheless, there are instances when examining a longer time line can be more enlightening and can provide superior insights compared to focusing on a single quarter. We believe that it is the situation for the fourth quarter. It is because we had several elements that reduced the short-term result. They totaled around R$34 million. In Management, we had: (i) impacts on Dimensa, which delivered a weak quarter, with an EBITDA Margin of less than 5%, (ii) one-off fluctuations in the contingency line and (iii) the healthy "problem" of increased ILP (Long-Term Incentive) costs because of the appreciation of shares. In Business Performance, we held the RD Summit with great success, with a structure twice as large as in 2022, and provided with a series of innovations for RD Station and for the entire ecosystem. In Techfin, we experienced: (i) the convergence of historical seasonal factors associated with agricultural crops, and (ii) the impacts of adjustments in the funding framework, which changes are typically advantageous, although they may present oscillations during this phase of construction.

Let me wrap up this message by discussing a little more about Techfin. Despite this business unit presenting a modest contribution for the consolidated result, it has a huge potential for business and both business units (Supplier and "organic Techfin") are currently undergoing structural changes. We have full confidence that we are establishing a strong business. We communicated to the market that this construction requires additional investments, generating a kind of "J curve" in the results. This is exactly what we are observing. At the Supplier, in addition to margins that are already around 40%, we have favorable winds, as the Selic rate falls and a more flexible, efficient, and affordable funding structure is put in place (although this may cause some fluctuations in the initial quarters) and organic Techfin is diligently adhering to Opex guidance.

At TOTVS, our vision hasn't changed: To believe in a Brazil that makes it happen! With all this determination that we begin 2024, committed to continuing to invest in the transformational movement of expanding our unique and innovative 3D ecosystem, which is changing the rules of the competitive game. We continue to believe that everyone can grow, and that investing in technology is essential to turning challenges into opportunities.

Wishing all stakeholders a year of 2024 filled with good health and great accomplishments. I extend my thanks to each one of you for making 2023 a successful year.

Dennis Herszkowicz - CEO

Financial and Operating Highlights

Upon the closing of the Joint Venture (JV) with Itaú, the Company's stake became 50% in this operation starting from August 2023, and its results are shown in the Equity Pickup line.

To uphold the analysis of the 3 business dimensions, we will retain the complete **disclosure of 100% of Income Statement, Balance Sheets, and Cash Flow of TOTVS Techfin in the "Techfin Dimension Results" section** and we will enhance **our consolidated "Non-GAAP" standard by incorporating Revenue, Contribution Margin, and EBITDA related to 50% of the Techfin Dimension, retroactively and Pro Forma**, for a better comparability. Moreover, depreciation and amortization expenses and provision for expected credit losses were maintained on separate lines of the Income Statement, besides keeping the concept of Revenue Net of Funding in the Techfin dimension, including in the consolidation of the Company's Net Revenue (Non-GAAP), which is the basis for the calculation of gross, contribution, EBITDA, and net margins.

As mentioned in the 3Q23 results, Tail Target's operation is focused on major accounts and has a go-to-market similar to the Management solutions. Due to this strategic positioning, the Tail Target results for 4Q23 and previous quarters were transferred from the Business Performance dimension to the Management dimension.

	4Q23	4Q22	Δ	3Q23	Δ	**2023**	2022	Δ
Growth (in R$ million)								
Non-GAAP Net Revenue [1]	**1,228.1**	**1,042.8**	**17.8%**	**1,202.3**	**2.1%**	**4,633.5**	**3,916.5**	**18.3%**
Management + Biz Perform. Recurring Revenue	1,040.3	875.7	18.8%	1,001.7	3.9%	3,892.0	3,247.4	19.9%
% Management + Biz Perform. Recurring Revenue	84.7%	84.0%	70 bp	83.3%	140 bp	84.0%	82.9%	110 bp
Consolidated ARR	4,765.6	4,004.6	19.0%	4,572.4	4.2%	n/a	n/a	-
Consolidated ARR Net Addition [2]	193.2	191.3	1.0%	173.4	11.4%	730.2	849.2	(14.0%)
Management + Biz Perform. SaaS Revenue	540.7	420.0	28.7%	511.3	5.8%	1,959.0	1,498.4	30.7%
Management Recurring Revenue vs. ARR [3]	87.5%	88.5%	-100 bp	88.0%	-50 bp	n/a	n/a	-
Biz Performance Recurring Revenue	120.4	83.1	44.8%	110.3	9.2%	413.4	296.2	39.6%
Credit Production	2,735.6	2,702.6	1.2%	2,885.6	(5.2%)	10,629.3	10,820.5	(1.8%)
Adjusted EBITDA Margin [4]	**21.0%**	**23.0%**	**-200 bp**	**24.5%**	**-350 bp**	**23.5%**	**23.9%**	**-40 bp**
Adjusted EBITDA [5]	258.3	239.6	7.8%	294.9	(12.4%)	1,089.9	934.8	16.6%
Cash Earnings [6]	170.4	174.3	(2.2%)	214.8	(20.7%)	651.5	590.4	10.3%
Cash Earnings Margin	13.9%	16.7%	-280 bp	17.9%	-400 bp	14.1%	15.1%	-100 bp
Oper. Cash Generation (Mgmt + Biz Perform.)	345.4	325.3	6.2%	379.9	(9.1%)	1,366.6	1,206.5	13.3%
Op. Cash Generation / Adjusted EBITDA	134.3%	141.2%	-690 bp	134.4%	-10 bp	127.0%	132.7%	-570 bp
TOTS3 (in R$)	**33.69**	**27.62**	**22.0%**	**27.00**	**24.8%**	**n/a**	**n/a**	**-**
ADTV 30 (in R$ million)	140.4	138.7	1.2%	124.7	12.5%	n/a	n/a	-
IBOV (thousands pts)	134.2	109.7	22.3%	116.6	15.1%	n/a	n/a	-
IBrX 50 (thousands pts)	22.2	18.5	20.1%	19.4	14.4%	n/a	n/a	-

(1) Non-GAAP Revenue net of Funding , represents the Techfin Revenue at 50% and net of Funding Cost consolidated in the Total Company's Revenue, in all periods.

(2) Organic ARR Net Addition from Management + Business Performance.

(3) Ratio Calculation Rationale = Recurring Revenue / [(Current Quarter ARR + Previous Quarter ARR) / 8]

(4) Adjusted EBITDA over the Non GAAP Revenue net of Funding, considering the Techfin's Results revenue at 50% in all periods.

(5) EBITDA adjusted by extraordinary items and added with 50% of Techfin EBITDA in all periods.

(6) Net Income without the effects of expenses with amortization of intangibles arising from acquisitions, considering Techfin Net Income at 50% in all periods.

Consolidated Results (Non-GAAP)

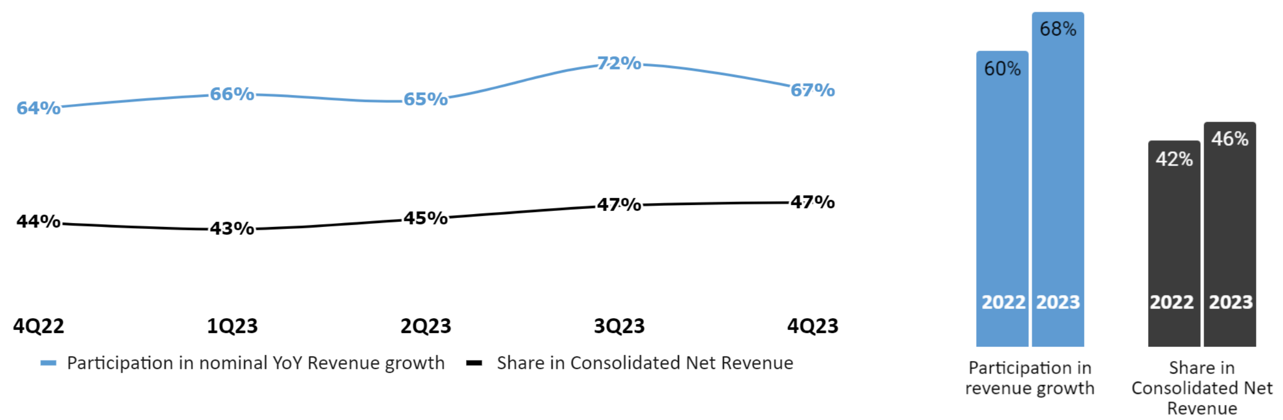
Consolidated Result (in R$ million)	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
Consolidated Net Revenue	**1,228.1**	**1,042.8**	**17.8%**	**1,202.3**	**2.1%**	**4,633.5**	**3,916.5**	**18.3%**
GAAP Net Revenue	**1,191.6**	**1,005.1**	**18.6%**	**1,153.4**	**3.3%**	**4,497.0**	**3,792.9**	**18.6%**
Management Revenue	1,068.4	920.7	16.0%	1,040.4	2.7%	4,074.2	3,492.1	16.7%
Business Performance Revenue	123.2	84.4	45.9%	113.0	9.0%	422.8	300.8	40.6%
Techfin Revenue - Net of funding [1]	**36.5**	**37.7**	**(3.2%)**	**48.9**	**(25.3%)**	**136.4**	**123.6**	**10.4%**
Adjusted EBITDA [2]	**258.3**	**239.6**	**7.8%**	**294.9**	**(12.4%)**	**1,089.9**	**934.8**	**16.6%**
Mgmt. + Biz Performance Adjusted EBITDA	**257.1**	**230.4**	**11.6%**	**282.8**	**(9.1%)**	**1,076.2**	**909.6**	**18.3%**
Management Adjusted EBITDA	254.9	227.6	12.0%	275.9	(7.6%)	1,059.8	897.3	18.1%
Biz Performance Adjusted EBITDA	2.2	2.8	(20.3%)	6.9	(67.6%)	16.5	12.3	33.8%
Techfin EBITDA [1]	**1.1**	**9.3**	**(87.6%)**	**12.1**	**(90.5%)**	**13.7**	**25.2**	**(45.8%)**
Adjusted EBITDA Margin	***21.0%***	***23.0%***	***-200 bp***	***24.5%***	***-350 bp***	***23.5%***	***23.9%***	***-40 bp***
% Mgmt. + Biz Performance Adjusted EBITDA	***21.6%***	***22.9%***	***-130 bp***	***24.5%***	***-290 bp***	***23.9%***	***24.0%***	***-10 bp***
% Management Adjusted EBITDA	*23.9%*	*24.7%*	*-80 bp*	*26.5%*	*-260 bp*	*26.0%*	*25.7%*	*30 bp*
% Biz Performance Adjusted EBITDA	*1.8%*	*3.3%*	*-150 bp*	*6.1%*	*-430 bp*	*3.9%*	*4.1%*	*-20 bp*
% Techfin EBITDA	***3.1%***	***24.5%***	***-2140 bp***	***24.7%***	***-2160 bp***	***10.0%***	***20.4%***	***-1040 bp***

[1] Considers Techfin's results at 50% in all periods

[2] In accordance with CVM Resolution 156/22, the reconciliation between Adjusted EBITDA and Net Income is presented in Appendix III of this document.

Net Revenue

Management SaaS + Business Performance + Techfin [1]



[1] Considers Techfin Revenue at 50% in all periods

4Q23 Consolidated Net Revenue reached R$1.2 billion, representing an 18% increase compared to the corresponding period in the previous year. This increase in revenue reflects: (i) the 26% year-over-year growth in SaaS Management Revenue; and (ii) the 46% year-over-year growth in Business Performance Revenue.

The full-year figures show that Net Revenue reached R$4.6 billion, reflecting an 18% increase year-over-year, mainly by the 20% growth in Management and Business Performance Recurring Revenues, which collectively accounted for 84% of TOTVS' revenue, marking a 110 basis points increase compared to 2022. This progress was made possible mainly by SaaS Management, Business Performance and Techfin revenues, which accounted for 68% of revenue growth, 8 percentage points higher than 2022. We remember that these growths are essentially a reflection of sales to new customers and the existing customer base, as inflation has fallen rapidly, with the IGP-M remaining in negative territory practically throughout the year.

Adjusted EBITDA

Full-year Adjusted EBITDA reached a record high, approaching R$1.1 billion and growing 17% compared to 2022. The Consolidated EBITDA Margin for the year closed at 23.5%, 40 basis points lower than 2022. Since signing the JV in April 2022, we have communicated that one of the main reasons for its creation is the major expansion of the financial solutions portfolio, and this expansion would require investments in the first few years. Therefore, there would be a kind of gentle "J curve" in TOTVS' profitability.

In the quarter, the Adjusted EBITDA of R$258 million accounted for an Adjusted EBITDA Margin of 21%, which was 350 basis points lower than in 3Q23 and 200 basis points lower than in 4Q22. To better understand this behavior, it is important to consider the historical seasonal as well as the specific factors that impacted the period.

Regarding Seasonal Factors, which historically negatively impact the quarter-over-quarter comparison of the EBITDA Margin, it is worth mentioning the following: (i) the decrease in credit production by Agribusiness affiliates in Q4, as the peak of the agricultural harvest happens in Q3; (ii) the holding of the RD Summit, the most important event of RD Station, which had a net expense of R$14 million, an increase of 119% versus 4Q22; and (iii) Salary Updates carried out, specifically in the Management dimension, during September and October, in the Belo Horizonte, Rio de Janeiro, Joinville and Recife operations, which are highly representative of the cost structure.

On Spot Factors, which amounted to a variation of R$24.2 million in this quarter, compared to 3Q23, and of R$11.3 million compared to 4Q22 include: (i) a decrease in Dimensa's EBITDA by R$13.7 million compared to 3Q23 and R$5.7 million compared to 4Q22; (ii) the update of the provisions for charges levied on the Long-Term Incentive (ILP) because of the appreciation in the Company's share price, which negatively affected the quarter by R$4.2 million versus 3Q23 and R$8.6 million versus 4Q22; and (iii) contingencies in the Management dimension, which had a negative variation of R$6.3 million versus 3Q23 and a positive variation of R$3 million versus 4Q22, as a result of the reassessment of prognoses of processes with very old competencies.

Adjusted Net Income and Consolidated Cash Earnings

In R$ million	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
Mgmt. + Biz Performance EBITDA	211.0	217.7	(3.1%)	273.6	(22.9%)	980.3	877.2	11.8%
Mgmt. + Biz Performance Extraordinary Items	46.2	12.2	276.9%	9.2	403.1%	95.9	31.9	200.6%
Mgmt. + Biz Performance Adjusted EBITDA	**257.1**	**229.9**	**11.8%**	**282.8**	**(9.1%)**	**1,076.2**	**909.1**	**18.4%**
% Mgmt. + Biz Performance Adjusted EBITDA	*21.6%*	*22.9%*	-130 bp	*24.5%*	-290 bp	*23.9%*	*24.0%*	-10 bp
Depreciation and Amortization	(73.3)	(61.3)	19.7%	(71.5)	2.5%	(282.8)	(236.1)	19.8%
Financial Result	(1.1)	4.9	(123.2%)	8.1	(114.2%)	(17.4)	20.5	(184.8%)
Income Tax and Social Contribution	(9.1)	(11.8)	(23.1%)	(21.0)	(56.8%)	(146.6)	(141.2)	3.8%
Taxes on Extraordinary Items	(15.7)	(4.5)	246.0%	(3.1)	403.1%	(32.6)	(6.2)	424.0%
50% Net Income (Loss) from Techfin Dimension	**(1.2)**	**1.9**	**(162.0%)**	**5.7**	**(121.0%)**	**(2.2)**	**1.5**	**(253.9%)**
Bellow EBITDA Extraordinary Items [1]	-	1.1	(100.0%)	-	-	-	(13.6)	(100.0%)
Adjusted Net Income	**156.7**	**160.3**	**(2.3%)**	**200.8**	**(22.0%)**	**594.5**	**533.9**	**11.4%**
Adjusted Net Margin [2]	*12.8%*	*15.4%*	*-260 bp*	*16.7%*	*-390 bp*	*12.8%*	*13.6%*	*-80 bp*
Net Effect of Amortization	13.7	14.0	(2.1%)	14.0	(1.5%)	56.9	56.5	0.8%
Cash Earnings [3]	**170.4**	**174.3**	**(2.2%)**	**214.8**	**(20.7%)**	**651.5**	**590.4**	**10.3%**
Cash Earnings Margin	*13.9%*	*16.7%*	*-280 bp*	*17.9%*	*-400 bp*	*14.1%*	*15.1%*	*-100 bp*

(1) Financial Revenue from tax credit

(2) Adjusted Controller's Net Income as % of the Revenue net of Funding Cost, considering the Techfin's Results revenue at 50% in all periods.

(3) Net Income without the effects of expenses with amortization of intangibles arising from acquisitions

The quarter ended with Cash Earnings reaching R$170 million, showing a 21% drop versus 3Q23, primarily driven by: (i) a 9.1% decrease in Management + Business Performance Adjusted EBITDA; and (ii) a R$9.2 million decrease in Financial Result, which will be detailed later on in this document. The main reason for the 10% growth in full-year Cash Earnings is the significant 18% growth in Adjusted Management + Business Performance EBITDA.

GAAP Cash Flow (Management and Business Performance dimensions)

The following statement reflects the combined synthetic Cash Flow of the Management and Business Performance dimensions as per the *GAAP* standards. The detailed view of the GAAP Cash Flow is stated in **Appendix IV** of this document.

As mentioned in recent quarters, the Company updated the calculation rationale for Free Cash Flow. The new view begins in the Operational Cash Generation before the effects of Interest paid, considering the following subtractions: (i) Income Tax and Social Contribution paid; (ii) Investments in Fixed and Intangible Assets; (iii) Payment of Lease Installments related to the expenses of lease contracts under IFRS16; and (iv) Financial Investment Revenue. Its reconciliation is stated in the following table:

In R$ million	**4Q23**	4Q22	Δ	3Q23	Δ	**2023**	2022	Δ
EBT (GAAP)	**135.3**	**161.4**	**(16.1%)**	**214.5**	**(36.9%)**	**683.3**	**661.6**	**3.3%**
Non-Cash Items	**230.8**	**177.8**	**29.8%**	**177.9**	**29.7%**	**775.8**	**660.0**	**17.5%**
Change in Working Capital	**(20.7)**	**(13.9)**	**49.1%**	**(12.5)**	**65.6%**	**(92.4)**	**(115.0)**	**(19.6%)**
Operating Cash Generation	**345.4**	**325.3**	**6.2%**	**379.9**	**(9.1%)**	**1,366.6**	**1,206.5**	**13.3%**
Interest paid	(2.4)	(3.1)	(23.7%)	(111.6)	(97.9%)	(224.9)	(176.4)	27.5%
Income Tax and Social Cont. paid	(46.2)	(22.8)	103.2%	(63.4)	(27.0%)	(189.6)	(114.6)	65.5%
Net Cash from Operating Activities	**296.8**	**299.4**	**(0.9%)**	**204.9**	**44.8%**	**952.1**	**915.6**	**4.0%**
Acquisition of Subsidiaries and Investments, Net	(27.1)	(34.9)	(22.5%)	(40.3)	(32.8%)	(148.1)	(403.6)	(63.3%)
Fixed Assets	(23.6)	(30.8)	(23.4%)	(36.7)	(35.9%)	(119.8)	(97.9)	22.4%
Intangibles	(20.3)	(25.0)	(18.7%)	(83.5)	(75.7%)	(153.9)	(80.2)	92.0%
Franchises Loan	3.9	2.9	33.5%	(2.5)	(257.9%)	13.2	24.3	(45.8%)
Net cash Received (Invested) Techfin Dim.	-	(2.4)	(100.0%)	410.0	(100.0%)	405.2	(33.8)	<(999%)
Net Cash from Investing Act.	**(67.0)**	**(90.1)**	**(25.7%)**	**247.0**	**(127.1%)**	**(3.4)**	**(591.2)**	**(99.4%)**
Increase (Decrease) Gross Debt	-	(0.4)	(100.0%)	32.1	(100.0%)	21.1	(18.9)	(211.6%)
Payment of Principal of Lease Liabilities	(15.1)	(13.9)	8.9%	(15.2)	(0.4%)	(59.1)	(55.5)	6.4%
Shareholders Remuneration	(142.3)	-	-	(138.7)	2.6%	(521.6)	(249.0)	109.5%
Share Issue Expenses	-	-	-	-	-	-	(0.1)	(100.0%)
Investments from Non-controlling Interest	-	-	-	-	-	4.2	-	-
Receivables from Related Companies	0.0	(0.2)	(114.1%)	6.3	(99.5%)	-	(0.9)	(100.0%)
Net Cash from Financ. Act.	**(157.4)**	**(14.6)**	**981.3%**	**(115.5)**	**36.3%**	**(555.3)**	**(324.4)**	**71.2%**
Incr. (Dec.) in Cash and Cash Equivalent	72.4	194.7	(62.8%)	336.4	(78.5%)	393.4	0.0	>999%
Cash and Equiv. Beginning of the Period	3,056.7	2,541.1	20.3%	2,720.3	12.4%	2,735.8	2,735.8	0.0%
Cash and Equiv. End of the Period	**3,129.2**	**2,735.8**	**14.4%**	**3,056.7**	**2.4%**	**3,129.2**	**2,735.8**	**14.4%**

The balance of Cash and Cash Equivalents at the end of 4Q23 reached R$3.1 billion, representing a 2.4% increase compared to 3Q23, mainly due to the Net Operating Cash Generation, which grew 45% in the same period and more than exceeded the R$67 million in Cash Invested in the quarter and the payment of R$127 million in Interest on Equity.

In the year, the 14% growth in Cash and Cash Equivalents is mainly due to the 4% growth in Net Operating Cash Generation and the net receipt of R$405 million from the sale of 50% of the TOTVS Techfin to Itaú.

The Operating Cash Generation over Adjusted Management EBITDA + Business Performance reached 134% at the end of the quarter and 127% in 2023, once again showcasing the Company's robust financial position, even with the maintenance of investments and the creation of two new fast-growing business dimensions.

Free Cash Flow (In R$ million)	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
Operating Cash Generation	**345.4**	**325.3**	**6.2%**	**379.9**	**(9.1%)**	**1,366.6**	**1,206.5**	**13.3%**
(–) Income Tax and Social Cont. paid	(46.2)	(22.8)	103.2%	(63.4)	(27.0%)	(189.6)	(114.6)	65.5%
(–) Investing in Fixed and Intangibles Assets	(43.9)	(55.8)	(21.3%)	(120.3)	(63.5%)	(273.7)	(178.1)	53.7%
(–) Payment of Principal of Lease Liabilities	(15.1)	(13.9)	8.9%	(15.2)	(0.4%)	(59.1)	(55.5)	6.4%
(–) Revenue from financial investment	(91.2)	(88.6)	2.9%	(98.2)	(7.1%)	(339.8)	(335.3)	1.3%
(+) Income Tax paid Adjust. w/ JV Techfin Alienation	-	-	-	30.2	(100.0%)	30.2	-	-
Free Cash Flow	**149.0**	**144.3**	**3.3%**	**113.2**	**31.7%**	**534.7**	**523.1**	**2.2%**

The Free Cash Flow for the quarter reached R$149 million, 32% higher than in 3Q23, mainly due to the positive variation of R$76.4 million in investments in Fixed Assets and Intangibles, corresponding to the use of software licenses in our Cloud operation and the purchase of electronic equipment in 3Q23.

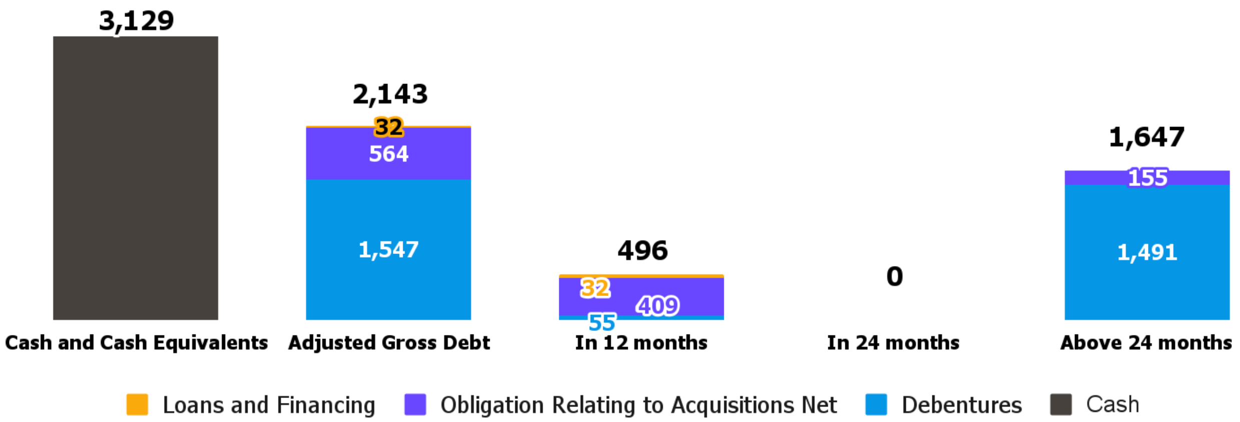
In the year, the 2.2% growth in Free Cash Flow was driven by a 13% growth in Operating Cash Generation, which exceeded the 39% growth in Income Tax and Social Contribution paid, adjusted for the impact of the sale of Techfin JV, as well as the 54% growth in Investment in Fixed and Intangible Assets.

Gross and Net Debt

In R$ million	4Q23	4Q22	Δ	3Q23	Δ
Loans and Financing	32.1	0.6	>999%	32.1	(0.0%)
Debentures	1,546.7	1,547.0	(0.0%)	1,498.0	3.2%
Financial Liabilities	**1,578.8**	**1,547.6**	**2.0%**	**1,530.1**	**3.2%**
Obligation Relating to Acquisitions Net	564.0	480.1	17.5%	515.5	9.4%
Total Gross Debt	**2,142.8**	**2,027.6**	**5.7%**	**2,045.6**	**4.8%**
(-) Cash and Cash Equivalents	(3,129.2)	(2,735.8)	14.4%	(3,056.7)	2.4%
Net Debt (Cash)	**(986.4)**	**(708.1)**	**39.3%**	**(1,011.2)**	**(2.5%)**

The Gross Debt for the quarter reached R$2.1 billion, marking a 4.8% increase compared to 3Q23, mainly related to the increase in Tallos' earn-out, due to its substantially higher than expected performance.

At the close of the quarter, the total Cash and Cash Equivalents amounted to R$3.1 billion. This cash corresponds to roughly 1.5 times the balance of Gross Debt, with 77% of its total maturity over a 24-month period.



Considering that Dimensa is a company with autonomy and its own governance, if its cash and debt positions are disregarded, total Gross Debt at the end of 4Q23 totaled R$2,101.3 million, and Cash and Cash Equivalents totaled R$2,484,2 million (1.2x the Gross Debt balance), resulting in a Net Cash position of R$382.9 million, corresponding to 0.4x EBITDA full-year 2023.

Management dimension results

The Management dimension represents the portfolio of solutions focused on the efficiency of our clients' back and middle office operations, through ERP/HR and Vertical solutions specialized in 12 industry sectors of the economy. As mentioned at the beginning of the "Financial and Operating Highlights" section, due to the strategic repositioning of Tail Target's operation, its 4Q23 results and previous quarters are contained in the Management dimension.

Management Result (in R$ million)	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
Net Revenue	**1,068.4**	**920.7**	**16.0%**	**1,040.4**	**2.7%**	**4,074.2**	**3,492.1**	**16.7%**
Recurring	**920.0**	**792.6**	**16.1%**	**891.4**	**3.2%**	**3,478.6**	**2,951.2**	**17.9%**
Non Recurring	**148.4**	**128.1**	**15.9%**	**149.0**	**(0.4%)**	**595.6**	**541.0**	**10.1%**
License	58.6	49.6	18.0%	52.9	10.8%	241.6	226.7	6.6%
Services	89.9	78.5	14.5%	96.1	(6.5%)	354.0	314.3	12.6%
Adjusted Costs	**(311.8)**	**(264.0)**	**18.1%**	**(298.6)**	**4.4%**	**(1,147.6)**	**(996.9)**	**15.1%**
Adjusted Gross Profit	**756.6**	**656.7**	**15.2%**	**741.8**	**2.0%**	**2,926.6**	**2,495.2**	**17.3%**
Adjusted Gross Margin	*70.8%*	*71.3%*	*-50 bp*	*71.3%*	*-50 bp*	*71.8%*	*71.5%*	*30 bp*
Research and Development	**(184.5)**	**(163.2)**	**13.1%**	**(171.5)**	**7.5%**	**(695.8)**	**(601.8)**	**15.6%**
Provision for Expected Credit Losses	**(6.2)**	**(3.6)**	**71.3%**	**(7.9)**	**(20.9%)**	**(28.4)**	**(22.0)**	**29.1%**
Adjusted Sales and Marketing Expenses	**(218.0)**	**(167.3)**	**30.3%**	**(202.8)**	**7.5%**	**(806.7)**	**(645.4)**	**25.0%**
Adjusted G&A Expenses and Others	**(93.0)**	**(95.0)**	**(2.2%)**	**(83.7)**	**11.1%**	**(335.9)**	**(328.8)**	**2.2%**
Management Adjusted EBITDA	**254.9**	**227.6**	**12.0%**	**275.9**	**(7.6%)**	**1,059.8**	**897.3**	**18.1%**
% Management Adjusted EBITDA	*23.9%*	*24.7%*	*-80 bp*	*26.5%*	*-260 bp*	*26.0%*	*25.7%*	*30 bp*

Dimensa

Dimensa was established in 2021 to better explore organic and inorganic growth opportunities in its market. Having completed the first stage of its journey, TOTVS and B3 understood that a new stage was necessary, with adjustments to the financial and operational dynamics of some solutions, starting in 4Q23. These adjustments aim, for example, to establish a more recurring profile in revenue, in addition to longer lasting relationship models and contracts with customers. We are confident that this will bring a new cycle of expansion and integration of the operations, making Dimensa establish itself as a reference company in B2B technology for the financial services market.

For this new stage, we made a complete change in the management team, including a new CEO from the market. These changes in the team, processes and internal procedures resulted in an EBITDA of R$13.7 million lower than in 3Q23 and R$5.7 million lower than in 4Q22.

Dimensa Result (in R$ million)	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
Net Revenue	**52.3**	**55.1**	**(5.0%)**	**64.0**	**(18.3%)**	**237.4**	**202.2**	**17.4%**
Recurring	**50.7**	**50.4**	**0.5%**	**50.6**	**0.1%**	**199.7**	**178.7**	**11.8%**
Non Recurring	**1.7**	**4.7**	**(64.5%)**	**13.4**	**(87.7%)**	**37.6**	**23.4**	**60.6%**
Gross Profit	**28.8**	**33.4**	**(13.9%)**	**42.3**	**(32.0%)**	**149.5**	**116.4**	**28.4%**
Gross Margin	*55.0%*	*60.7%*	*-570 bp*	*66.1%*	*-1110 bp*	*63.0%*	*57.6%*	*540 bp*
Dimensa Adjusted EBITDA	**2.0**	**7.7**	**(74.7%)**	**15.7**	**(87.6%)**	**46.9**	**38.0**	**23.6%**
% Dimensa Adjusted EBITDA	*3.7%*	*14.0%*	*-1030 bp*	*24.6%*	*-2090 bp*	*19.8%*	*18.8%*	*100 bp*

Long-Term Incentives (ILP) and Salary Adjustments

Another important aspect to be observed in 4Q23 in the Management dimension is the increase of R$ 4.2 million, compared to 3Q23, and R$8.6 million versus 4Q22, referring to the impact of the Company's share price appreciation on the update of the charges levied on the grants of the Long-Term Incentive Plan (ILP), based on restricted shares, distributed across the lines of Sales and Marketing Expenses, Research and Development and General and Administrative Expenses.

Additionally, the Company has salary adjustments from the collective bargaining agreements in Belo Horizonte, Rio de Janeiro, Joinville and Recife between September and October, which significantly impact the lines of Costs, Research and Development, Sales and Marketing Expenses, as well as General and Administrative Expenses. Furthermore, this quarter, there was the full impact of the 48% salary adjustment for the operation in Argentina, which took place at the end of 3Q23, as mentioned in the previous Earnings Release.

Net Revenue

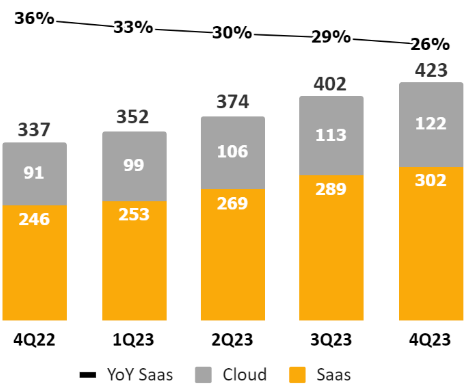
Management Net Revenue ended the quarter with a growth of 16% versus the same period of the previous year, driven by: (i) Recurring Revenue, which closed the period with the same 16% year-over-year growth; and (ii) the growth of 18% year-over-year in License Revenue.

In 2023, Management Net Revenue surpassed the R$4 billion mark, 17% higher than the amount of 2022, mainly due to the 18% growth in Recurring Revenue, which reached the R$3.5 billion mark.

Recurring Revenue

Recurring Revenue ended 2023 with growth of 18% compared to 2022, mainly due to sales performance, which reached historic levels and by the maintenance of the Renewal Rate of approximately 98%, which has been compensating for the low inflation rates applied in readjustments of contracts with customers.

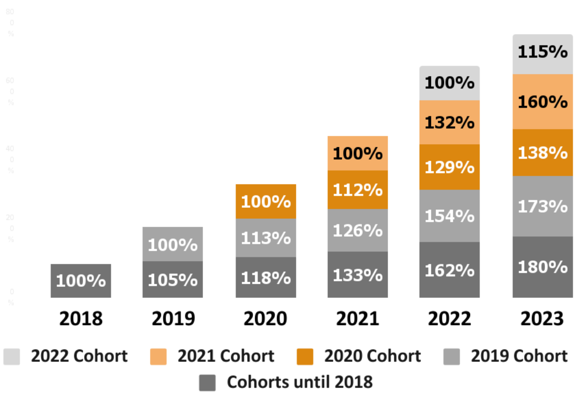
Management SaaS Revenue (R$ million)



The 16% increase in Recurring Revenue, compared to 4Q22, reflects the 26% growth of SaaS Revenue, as shown in the chart on the side, with the main highlights: (i) the 34% growth in Cloud Revenue; and (ii) the 34% increase in new sales (new signings).

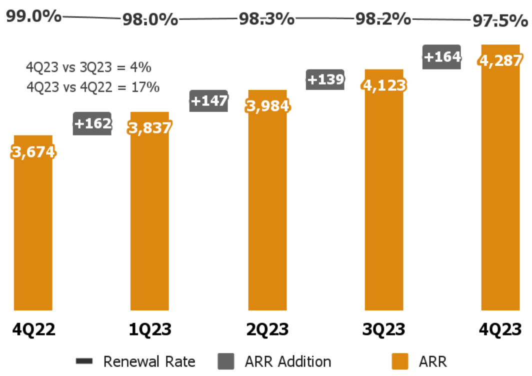
According to the emphasis of 2023, the strong performance of new signings has been driven mainly by: (i) the continuous evolution in commercial distribution productivity; (ii) the product quality, evidenced by the NPS (Net Promoter Score), which remains at high levels; (iii) the expansion of the portfolio, enabling an increase in take rate through cross and up-selling strategies; (iv) the reduction in Total Cost of Ownership (TCO) for the customer, achieved through constant product improvement, maintaining remote implementation rates above 90% and establishing specialized centers of excellence in strategic regions of the country; and (v) use of data science through Empodera (sales intelligence platform) and IMG (Management Maturity Index), which allows us to increasingly explore opportunities with existing customers, increasing the average ticket and reaching the highest volume levels in the Company's history.

ARR Cohorts



A very clear way of verifying TOTVS' historical ability to generate high "lifetime value" in its customer base is by analyzing cohorts. In most companies with a recurring relationship with their customers, including the most recent SaaS companies, the combined effect over the years of churn, the difficulty of passing on prices and, especially, the lack of opportunities for additional sales, means that the value generated by each cohort is decreasing. In the case of TOTVS, as we can see in the chart, we have an incredible inverse relationship. The enormous capacity for additional sales, combined with the automatic inflation pass-through and a very low churn rate, means that the value of each cohort grows strongly over the years, which makes the lifetime value of our customers incalculable.

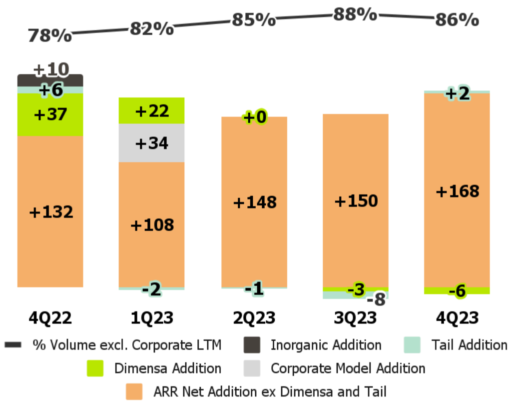
ARR (R$ million) and Renewal Rate



Management ARR ended 2023 at approximately R$4.3 billion, with an organic Net Addition of R$164 million. This result is explained by: (i) maintaining the sales pace to the customer base and to new customers, which has been offsetting low inflation rates; (ii) the 157% increase in the Price component, compared to the previous quarter, due to the greater concentration of contracts in anniversary in the fourth quarter and the adjustment made to SaaS and Cloud contracts, to face the increase in infrastructure costs. As a result, the LTM Volume component came from 88% in the previous quarter to 86% in 4Q23.

We can also highlight that, as mentioned in previous quarters, the highest concentration of Dimensa's customers generates a more volatile profile in the ARR addition and in the Renewal Rate. Excluding Dimensa, the Management Renew Rate ended the quarter in 98.7%. In this quarter, as also mentioned previously, we transferred Tail to Management, remembering that it has an even more concentrated customer profile, with the same volatility. In the chart, we can see the ARR Addition results with and without the impacts of these operations.

ARR Addition (R$ million)



Non-Recurring Revenues

Non-Recurring Revenues showed an increase of 16% when compared with 4Q22, mostly associated with a: (i) the 18% year-on-year growth in License Revenue, reflecting greater demand in 4Q23 from medium and large customers; (ii) the consolidation of the TRS Franchise from August onwards, an operation in which we expanded the commercial focus on SaaS solutions, which require fewer non-recurring implementation services, which will allow us to optimize the use of the teams' expertise in remote implementation and in specialized centers of excellence; and (iii) the effects previously mentioned on the operation of Dimensa.

Gross Margin

In R$ million	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
Net Revenue	**1,068.4**	**920.7**	**16.0%**	**1,040.4**	**2.7%**	**4,074.2**	**3,492.1**	**16.7%**
Gross Profit	**756.6**	**656.7**	**15.2%**	**741.8**	**2.0%**	**2,919.0**	**2,495.2**	**17.0%**
Gross Margin	*70.8%*	*71.3%*	*-50 bp*	*71.3%*	*-50 bp*	*71.6%*	*71.5%*	*10 bp*
Oper. Restructuring Extraord. Adjustment	-	-	-	-	-	7.6	-	-
Adjusted Gross Profit	**756.6**	**656.7**	**15.2%**	**741.8**	**2.0%**	**2,926.6**	**2,495.2**	**17.3%**
Adjusted Gross Margin	*70.8%*	*71.3%*	*-50 bp*	*71.3%*	*-50 bp*	*71.8%*	*71.5%*	*30 bp*

Management Adjusted Gross Margin reached 70.8% in the quarter, 50 basis points lower, both in comparison with 4Q22 and 3Q23. This reduction is mainly linked to: (i) the reduction of R$11.7 million in revenue from non-recurring services at Dimensa; (ii) the updating of the provision for charges on the long-term incentive plan and the salary adjustments mentioned in the topic "ILP and Salary Adjustments"; and (iii) the continuous investments made in the Cloud operation.

In 2023, the 30 basis points increase in the Management Adjusted Gross Margin is mainly due to the advance of 18% of Recurring Revenue year-over-year, a level higher than the 15% growth in Adjusted Costs.

Research & Development

Research and Development (R&D) expenses represented 20.1% of Recurring Revenue of the quarter, 80 basis points higher than 3Q23, mainly due to the effects of collective bargaining agreements and the Long Term Incentive plan already mentioned in the topic "ILP and salary adjustments".

In the annual view, this line represented 20% of Recurring Revenue in 2023, 40 basis points lower than in 2022, demonstrating the capacity for expansion and the efficiency achieved in the distribution of organic investments dedicated to the development, modernization and expansion of the product portfolio.

In the constantly evolving scenario, TOTVS continues its process of investment, research and evaluation of the use of Artificial Intelligence (AI) in its operations, taking into account the significant potential for applying AI in internal processes, together with the applicability of co-pilots who help users to use software and using AI as a source of insights, improving the customer experience and strengthening decision-making capacity. Nevertheless, these advances require, in the initial stages, a limited increase in the level of investment in R&D to evaluate the applicability and evolution of these new technologies.

Provision for Expected Credit Losses

Provision for Expected Credit Losses corresponded to 0.6% of Net Revenue in the quarter and to 0.7% in full-year. This figure highlights the solidity of a business model centered on Recurring Revenue, backed by a broad, diversified, pulverized and resilient customer base, as mentioned in previous quarters.

Sales and Marketing Expenses

In R$ million	**4Q23**	4Q22	Δ	3Q23	Δ	**2023**	2022	Δ
Adjusted Sales and Marketing Expenses	**(218.0)**	**(167.3)**	**30.3%**	**(202.8)**	**7.5%**	**(806.7)**	**(645.4)**	**25.0%**
% Net Revenue	*20.4%*	*18.2%*	*220 bp*	*19.5%*	*90 bp*	*19.8%*	*18.5%*	*130 bp*
Sales and Marketing Expenses	(218.5)	(167.3)	30.6%	(202.8)	7.7%	(809.5)	(645.4)	25.4%
Oper. Restructuring Extraord. Adjustment	0.5	-	-	-	-	2.8	-	-

Adjusted Sales and Marketing Expenses ended the quarter with an increase of 30% over 4Q22, representing 20.4% of Net Revenue. This growth is associated with: (i) the sales mix, with greater acceleration in License Revenue, which generates a higher percentage of variable remuneration and commissions; (ii) greater participation in regional face-to-face events, which generate excellent commercial results; and (iii) the effects of collective bargaining agreements and the appreciation of TOTVS' share in the ILP program, already mentioned in the topic "ILP and Salary Adjustments".

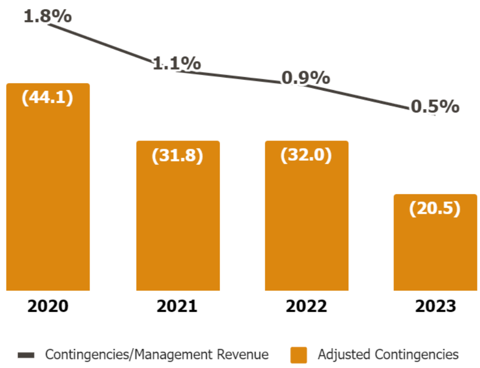
In the year, this line represented 19.8% of Net Revenue, an increase of 130 basis points over 2022, mainly associated with: (i) the return of face-to-face events in various segments and regions, including the expansion of TOTVS Universe, an event that provided more than 250 contents in a wide variety of areas, with the collaboration of more than 70 partner brands and which had a greater audience reach in 2023; and (ii) the increase in spending on variable remuneration and commissions, due to the strong performance of the new signings, which reached record levels in 2023.

General and Administrative Expenses and Others

In R$ million	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
Adjusted G&A Expenses and Others	**(93.0)**	**(95.0)**	**(2.2%)**	**(83.7)**	**11.1%**	**(335.9)**	**(328.8)**	**2.2%**
% GAAP Net Revenue	*8.7%*	*10.3%*	*-160 bp*	*8.0%*	*70 bp*	*8.2%*	*9.4%*	*-120 bp*
G&A Expenses and Others	**(98.7)**	**(105.1)**	**(6.2%)**	**(93.2)**	**5.8%**	**(361.5)**	**(358.6)**	**0.8%**
General and Administrative Expenses	(94.0)	(89.3)	5.3%	(83.0)	13.2%	(334.6)	(316.6)	5.7%
Provision for Contingencies	(12.4)	(12.9)	(4.0%)	(3.5)	253.1%	(23.1)	(32.0)	(27.8%)
Other Net Revenues (Expenses)	7.7	(3.0)	(360.4%)	(6.7)	(215.0%)	(3.8)	(10.0)	(62.0%)
Extraordinary Items	**5.7**	**10.1**	**(43.8%)**	**9.6**	**(40.4%)**	**25.5**	**29.8**	**(14.4%)**
Adjustment from Oper. Restructuring	1.6	-	-	0.1	>999%	2.1	-	-
M&A Adjustment at Fair Value (Contingencies)	2.5	-	-	-	-	2.5	-	-
M&A Adjustment at Fair Value	(4.1)	0.5	(928.1%)	8.3	(150.0%)	10.4	26.6	(60.9%)
Expenses with M&A Transactions	5.7	4.0	44.1%	1.5	282.8%	9.8	15.2	(35.1%)
Loss (Earns) in Disposed Assets	-	4.7	(100.0%)	-	-	-	4.7	(100.0%)
Tax Credit	-	1.0	(100.0%)	(0.2)	(100.0%)	0.6	(16.6)	(103.8%)

Adjusted General, Administrative and Other Expenses ended the quarter at 8.7% of Net Revenue, 160 basis points lower than the level reported in 4Q22, and 70 basis points above 3Q23. This quarter-over-quarter variation was mainly due to: (i) the one-off increase of R$6.3 million in Provisions for Contingencies; (ii) the effect of the collective bargaining agreements already mentioned in the topic "ILP and Salary Adjustments"; and (iii) the increase in the executive team, with the arrival of Vivian Broge, Vice-President of HR and Marketing and Gustavo Avelar, Vice-President of Customer Journey, who will be responsible for designing and piloting the customer journey in the 3 business dimensions.

Contingencies (R$ million)



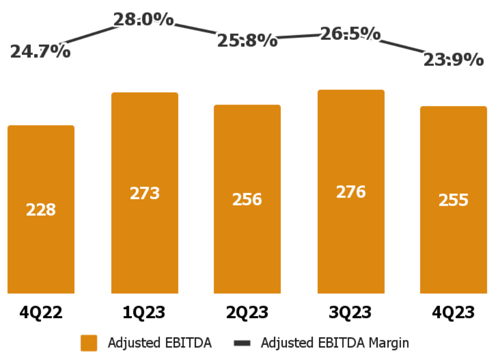
In 2023, this group of expenses represented 8.2% of the dimension's Net Revenue, a reduction of 120 basis points, highlighting the constant search for efficiency and dilution of expenses, remembering that corporate structures are fully reflected in this dimension. Furthermore, as we can see in the chart on the side, the Contingency Provision Expense has been reflecting the strong reduction in the inflow of new suits, with a declining behavior in recent years, having ended 2023 at 0.5% of Management Revenue, which represents a level 130 basis points lower than in 2020.

EBITDA and EBITDA Margin

Management Adjusted EBITDA ended the year surpassing the mark of 1 billion, growth of 18% versus 2022. The Adjusted EBITDA Margin of 26% represented an increase of 30 basis points over 2022 and it is at one of the highest levels of profitability in its history, which reflects the scalability of the dimension recurrence model.

Management Adjusted EBITDA ended the quarter at R$255 million, growth of 12% year-over-year, and with an Adjusted EBITDA Margin of 23.9%, 80 basis points lower than 4Q22.

Adjusted EBITDA (R$ million)



Besides the seasonal factors mentioned in the "ILP and Salary Adjustments'' section, the performance of this quarter is mainly related to the already mentioned one-off effects, which totaled R$24.2 million of impact in the period: (i) the reduction of R$13.7 million in EBITDA of Dimensa; (ii) the increase of R$6.3 million in Provision for Contingencies; and (iii) the increase of R$4.2 million in Provisions for ILP. If these effects are disregarded, the Management Adjusted EBITDA Margin ended the quarter at 25.9%, 60 basis points lower than 3Q23. It is worth remembering that, since the SaaS model was implemented, the margin in Q4 has been seasonally lower than in Q3, while Q1 has had the highest margin among the quarters, largely due to the corporate model, which tends to contribute less in 2024, given the lower average nominal growth of companies under this model, as a result of the declining behavior of inflation throughout 2023.

Business Performance dimension results

The Business Performance dimension represents a portfolio of solutions focused on increasing sales, competitiveness, and customer performance through Digital Marketing, Sales/Digital Commerce solutions, and Customer Experience (CX) solutions. As stated in the opening remarks of the "Financial and Operating Highlights" section, Tail Target's operations became part of the Management dimension.

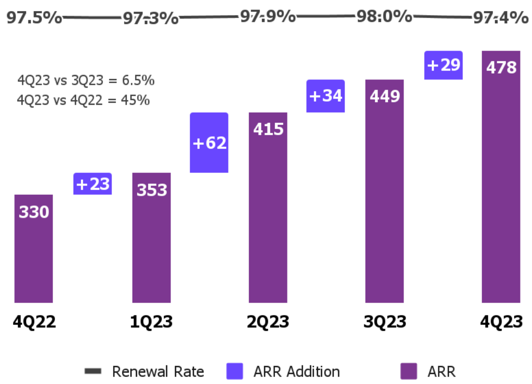
Business Performance Result (in R$ million)	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
Net Revenue	**123.2**	**84.4**	**45.9%**	**113.0**	**9.0%**	**422.8**	**300.8**	**40.6%**
Recurring	120.4	83.1	44.8%	110.3	9.2%	413.4	296.2	39.6%
Non Recurring	2.8	1.3	116.5%	2.7	2.0%	9.5	4.6	105.8%
Costs	(29.4)	(19.2)	53.1%	(26.2)	12.1%	(98.3)	(70.2)	40.1%
Gross Profit	**93.8**	**65.2**	**43.8%**	**86.8**	**8.0%**	**324.5**	**230.6**	**40.7%**
Gross Margin	*76.1%*	*77.3%*	*-120 bp*	*76.8%*	*-70 bp*	*76.8%*	*76.7%*	*10 bp*
Research and Development	(27.6)	(21.4)	29.3%	(26.7)	3.3%	(101.5)	(76.6)	32.4%
Provision for Expected Credit Losses	(2.1)	(1.5)	39.9%	(2.5)	(16.2%)	(8.0)	(4.9)	62.9%
Sales and Marketing Expenses	(45.5)	(27.9)	63.2%	(36.0)	26.5%	(142.2)	(94.9)	49.9%
G&A Expenses and Others	(56.3)	(13.7)	309.7%	(14.3)	293.9%	(116.4)	(44.0)	164.4%
Biz Performance EBITDA	**(37.8)**	**0.7**	**<(999%)**	**7.3**	**(620.2%)**	**(43.5)**	**10.2**	**(526.5%)**
% Biz Performance EBITDA	*-30.7%*	*0.8%*	*-3150 bp*	*6.4%*	*-3710 bp*	*-10.3%*	*3.4%*	*-1370 bp*
Extraordinary Items	**40.0**	**2.1**	**>999%**	**(0.4)**	**<(999%)**	**60.0**	**2.1**	**>999%**
M&A Adjustment at Fair Value	40.0	2.1	>999%	(0.4)	<(999%)	60.0	2.1	>999%
Biz Performance Adjusted EBITDA	**2.2**	**2.8**	**(20.3%)**	**6.9**	**(67.6%)**	**16.5**	**12.3**	**33.8%**
% Biz Performance Adjusted EBITDA	*1.8%*	*3.3%*	*-150 bp*	*6.1%*	*-430 bp*	*3.9%*	*4.1%*	*-20 bp*

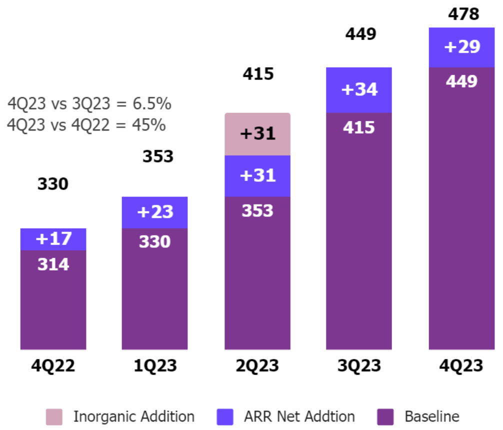
Net Revenue

Net Revenue of Business Performance increased from a year-over-year growth of 44% in 3Q23 to 46% in 4Q23, with the highlight being the growth of Recurring Revenue, which rose 45% compared to 4Q22 and 9.2% compared to 3Q23. This performance is mainly linked to the growth rate of Tallos (RD Conversas), CRM and Digital Marketing. The RD Conversas, for example, showed growth of more than 40% over the previous quarter and more than 400% year-over-year.

In 2023, Net Revenue grew by 41%, which is mostly associated with the organic ARR net additions throughout 2023, as well as the acquisitions of Lexos and Exact Sale.

ARR (R$ million) and Renewal Rate





In 4Q23, Business Performance ARR amounted to R$478 million, marking a 45% growth over 4Q22 and 6.5% over 3Q23. Organic ARR Net Additions for the quarter totaled R$29 million, showing a 76% increase from 4Q22 and a 14% decrease from 3Q23. This quarter-over-quarter reduction mainly reflects the dimension's historical sales seasonality.

Gross Margin

The Business Performance Gross Margin ended the quarter at 76.1%, 70 basis points lower than 3Q23, mainly associated with the increase in costs due to the more intense use of cloud infrastructure due to the Black Friday and Christmas events. When compared to 4Q22, the 120 basis points reduction in Gross Margin is mainly due to the consolidation of the results of Lexos and Exact Sales, which still have lower margins than the dimension as a whole.

In the year, the Gross Margin reached 76.8%, an increase of 10 basis points compared to 2022, demonstrating the scalability of the pure SaaS model of this dimension, even with the addition of operations that were still loss-making throughout the year.

Research & Development

Research and Development (R&D) expenses, as a percentage of the dimension's Recurring Revenue, ended the quarter at 22.9%, 280 basis points lower than 4Q22 and 130 basis points lower than 3Q23, mainly associated with the concentration of vacations in 4Q23 and the strong performance of Recurring Revenue, since the dimension's R&D investment level was maintained.

In the annual view, R&D represented 24.5% of Recurring Revenue, 130 basis points higher than in 2022, due to investment in expanding the portfolio, improving functionalities and integrating the various Business Performance products, with the aim of taking advantage of the opportunities available in this expanding market.

Provision for Expected Credit Losses

The Business Performance Provision for Expected Credit Losses represented 1.7% of Net Revenue in 4Q23, compared to 1.8% in 4Q22 and 2.2% in 3Q23. Year-to-date, this line went from 1.6% in 2022 to 1.9% in 2023, but we do not see this behavior as a trend, especially with the progress in integrating the new operations added to the dimension.

Sales and Marketing Expenses

Sales and Marketing Expenses over Net Revenue ended 4Q23 at 37%, which is 5.1 percentage points higher than 3Q23 and 3.9 percentage points higher than 4Q22. This increase is directly related to the major changes promoted at the RD Summit, which had a total cost of approximately R$14 million, 119% more than the R$6.4 million of the event held in 4Q22. This is the largest digital marketing event in Brazil, held for the first time in the city of São Paulo, attracting an average of 20,000 daily attendees over the three days of the event, an increase of more than 100% versus the previous year. The edition featured a series of innovations, for both RD Station and to the entire Business Performance ecosystem, such as Mentor AI, which provides customers with a trained assistant with personalized data who answers questions from customers and users, and qualifies leads via an integrated chat.

General and Administrative Expenses and Others

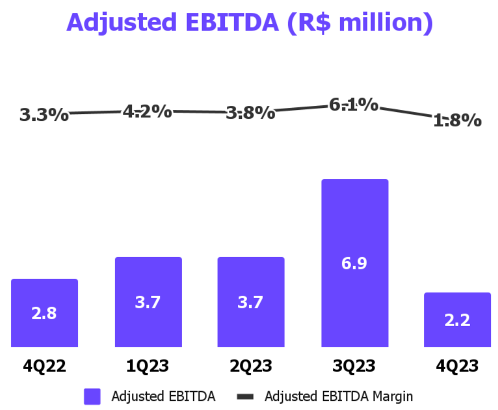
General Administrative and Other Expenses, adjusted for extraordinary items, ended the quarter at 13.2% of Net Revenue, an increase of 20 basis points compared to 3Q23. When analyzed against 4Q22, there was a reduction of 60 basis points, a result of the dilution of expenses on higher Net Revenue. The Other Net Revenue and Expenses line, which comprises this group of expenses, was impacted by the R$40 million supplement to the Tallos earn-out, reflecting the performance of this operation which was higher than originally forecast.

In 2023, this line represented 13.3% of Net Revenue, a reduction of 60 basis points over 2022, demonstrating the scalability of the pure SaaS model in this dimension, as mentioned above.

EBITDA and EBITDA Margin

Business Performance Adjusted EBITDA ended the quarter at R$2.2 million, with an Adjusted EBITDA Margin of 1.8%. The reductions of 150 basis points against 4Q22 and 430 basis points against 3Q23 are mainly associated with the RD Summit, explained above. Disregarding the effect of the additional investment in the new and expanded RD Summit, Business Performance EBITDA would amount to R$9.8 million in 4Q23, with an EBITDA Margin of 8%.

In the 12-months period, the Adjusted EBITDA Margin was 3.9%, 20 basis points lower than 2022, mainly due to the aforementioned increase in investment in RD Summit and the acquisitions of Lexos and Exact Sales, which still have lower margins than the dimension as a whole.



As commented on in previous quarters, this is a young and focused business dimension aimed at accelerating Recurring Revenue, which may require a higher level of investment from time to time in order to increase competitive differentials, but it is already a profitable operation, with the natural scalability of the SaaS model, which reinforces its high potential for generating value.

Below EBITDA Results
(Management and Business Performance dimensions)

Depreciation and Amortization Expenses

In R$ million	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
Depreciation	(36.0)	(30.9)	16.4%	(35.2)	2.3%	(134.5)	(122.1)	10.1%
Amortization	(37.3)	(30.3)	23.1%	(36.4)	2.7%	(148.3)	(114.0)	30.1%
Depreciation and Amortization	**(73.3)**	**(61.3)**	**19.7%**	**(71.5)**	**2.5%**	**(282.8)**	**(236.1)**	**19.8%**

Depreciation and Amortization Expenses ended the year at R$283 million, 20% above 2022, mainly because the beginning of amortization of the operations of Tallos, RBM and Feedz, acquired at the end of 2022 and the operations of Lexos, Exact Sales and TRS, acquired throughout 2023, added to the adjustment in the consumption of software licenses in Cloud operations throughout 2023.

Financial Result

In R$ million	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
Financial Revenues	92.3	92.6	(0.3%)	104.6	(11.7%)	355.8	362.0	(1.7%)
Financial Expenses	(93.5)	(87.7)	6.6%	(96.5)	(3.1%)	(373.2)	(341.5)	9.3%
Financial Result	**(1.1)**	**4.9**	**(123.2%)**	**8.1**	**(114.2%)**	**(17.4)**	**20.5**	**(184.8%)**

The decrease in Financial Result compared to 3Q23 is mainly associated with: (i) the impact of R$3.5 million in active monetary variation related to judicial deposits; (ii) reduction of R$3.0 million resulting from PVA - Present Value Adjustment of M&As earn-outs; and (iii) the impact of R$2.0 million due to hyperinflation in Argentina. When compared to 4Q22, the main impact is related to hyperinflation in Argentina of R$3.7 million.

The reduction of R$37.9 million in Financial Result in 2023 is mainly because of the increase in the PVA (Present Value Adjustment) of M&As earn-out carried out throughout the year, as well as the reduction of the Financial Revenues on financial investments, due to the reduction in the Selic rate.

Income Tax and Social Contribution

In R$ million	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
EBT	**136.5**	**161.4**	**(15.4%)**	**210.1**	**(35.0%)**	**680.1**	**661.6**	**2.8%**
Taxes at nominal rate (34%)	(46.4)	(54.9)	(15.4%)	(71.4)	(35.0%)	(231.2)	(224.9)	2.8%
Law 11,196/05 - R&D Incentive	9.2	6.0	53.7%	7.4	25.3%	29.9	24.1	24.2%
Interest on Equity	48.4	43.1	12.3%	47.2	2.6%	95.6	63.7	50.1%
Effect of Different Taxation in Subsidiaries	(6.4)	(8.5)	(25.2%)	(6.7)	(4.9%)	(21.6)	(17.6)	23.3%
Management Bonus	(1.4)	(0.7)	112.9%	(0.9)	52.3%	(4.2)	(4.1)	2.7%
Workers' Meal Program	(0.0)	0.2	(106.1%)	1.8	(100.8%)	3.6	1.9	87.3%
Other	(12.6)	2.8	(542.4%)	1.6	(882.9%)	(18.7)	15.6	(219.6%)
Income Tax and Social Contribution	**(9.1)**	**(11.8)**	**(23.1%)**	**(21.0)**	**(56.8%)**	**(146.6)**	**(141.2)**	**3.8%**
Current Income Tax and Social Contribution	(31.7)	(40.4)	(21.5%)	(22.8)	38.8%	(171.1)	(153.6)	11.4%
Deferred Income Tax and Social Contribution	22.6	28.5	(20.8%)	1.8	>999%	24.4	12.4	97.7%
% Total Effective Tax Rate	*6.7%*	*7.3%*	*-60 bp*	*10.0%*	*-330 bp*	*21.6%*	*21.3%*	*30 bp*

The Total Effective Tax Rate ended the quarter at 6.7%, 330 basis points lower than 3Q23, mainly due to the Interest on Equity declared in 4Q23 and the 25% increase in R&D incentives, which reflects the investments made in the period. The negative variation of R$14.2 million in the Others line is related to Income Tax and Social Contribution on Tallos earn-out adjustment, as the RD still does not constitute a basis for Deferred Tax Assets.

In 2023, the reduction of 30 basis points of the Total Effective Tax Rate is mainly associated with the 50% increase in the payment of Interest on Equity, which offset the negative variation in the Others line, as previously commented.

Techfin dimension results

The Techfin dimension aims to simplify, expand, and democratize TOTVS' SMB clients' access to B2B financial services, comprising Supplier and Techfin consolidated under TOTVS Techfin. Supplier is a company with more than 20 years in the market, profitable and consolidated in its niche. Techfin was created just over 3 years ago and has been building its portfolio of solutions based on strong competitive advantages, such as the creation of ERP banking, which is the availability of financial services via integration with management software and intensive use of data available in these software for contextualized offers, in addition to being what we call it TOTVS-centric, that is, focused on SMB companies that are TOTVS' clients.

As previously commented in the "Financial and Operating Highlights" section, with the announcement of the closing of the transaction with Itaú, which encompasses 100% of the outcome of this Dimension, the Company started to hold a 50% stake in this operation from August and its results will not be consolidated in the Cash Flow and Balance Sheet, being the result of the TOTVS Techfin operation added to the proportion of 50% in the Equity Pickup line.

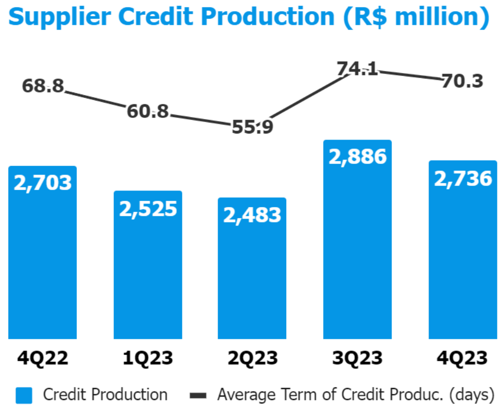
In order to preserve the analysis of this business dimension, we will maintain the disclosure of the results considering **100% of the Income Statement, Balance Sheet and Cash Flow of TOTVS Techfin in this section.**

Techfin Results (in R$ million)	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
Techfin Net Revenue	**118.8**	**117.9**	**0.8%**	**136.1**	**(12.7%)**	**443.5**	**411.9**	**7.7%**
Funding Cost	(45.8)	(42.5)	7.7%	(38.3)	19.5%	(170.7)	(164.8)	3.6%
Techfin Revenue - Net of funding	**73.1**	**75.5**	**(3.2%)**	**97.8**	**(25.3%)**	**272.9**	**247.1**	**10.4%**
Operational Costs	(10.5)	(6.8)	55.7%	(10.4)	1.0%	(35.0)	(25.3)	38.4%
Adjusted Gross Profit	**62.5**	**68.7**	**(9.0%)**	**87.4**	**(28.5%)**	**237.8**	**221.8**	**7.2%**
Research and Development	(17.7)	(8.4)	111.2%	(13.2)	34.1%	(49.3)	(31.3)	57.5%
Provision for Expected Credit Losses	(8.5)	(16.0)	(46.6%)	(9.7)	(11.8%)	(33.3)	(40.5)	(17.9%)
Sales and Marketing Expenses	(10.6)	(10.0)	6.7%	(14.3)	(25.8%)	(45.6)	(37.1)	22.8%
G&A Expenses and Others	(23.3)	(15.8)	47.4%	(26.0)	(10.1%)	(82.3)	(62.5)	31.8%
Techfin EBITDA	**2.3**	**18.5**	**(87.6%)**	**24.2**	**(90.5%)**	**27.4**	**50.4**	**(45.8%)**
% Techfin EBITDA	*3.1%*	*24.5%*	*-2140 bp*	*24.7%*	*-2160 bp*	*10.0%*	*20.4%*	*-1040 bp*
Depreciation and Amortization	(10.1)	(10.5)	(4.3%)	(10.1)	(0.3%)	(41.0)	(46.6)	(12.1%)
Financial Result	4.8	0.1	>999%	3.8	26.8%	9.4	0.3	>999%
Income Tax and Social Contribution	0.6	(4.2)	(114.2%)	(6.4)	(109.4%)	(0.2)	(1.3)	(80.4%)
Net Income (Loss) from Techfin Dimension	**(2.4)**	**3.9**	**(162.0%)**	**11.5**	**(121.0%)**	**(4.5)**	**2.9**	**(253.9%)**
% Net Income (Loss) from Techfin Dimension	*-3.3%*	*5.2%*	*-850 bp*	*11.7%*	*-1500 bp*	*-1.6%*	*1.2%*	*-280 bp*
Net Effect of Amortization	5.2	5.2	0.0%	5.2	0.0%	20.9	24.8	(15.7%)
Techfin Dimension Cash Earnings [1]	**2.8**	**9.1**	**(69.1%)**	**16.7**	**(83.1%)**	**16.4**	**27.7**	**(40.7%)**
Techfin Cash Earnings Margin	*3.9%*	*12.1%*	*-820 bp*	*17.1%*	*-1320 bp*	*6.0%*	*11.2%*	*-520 bp*

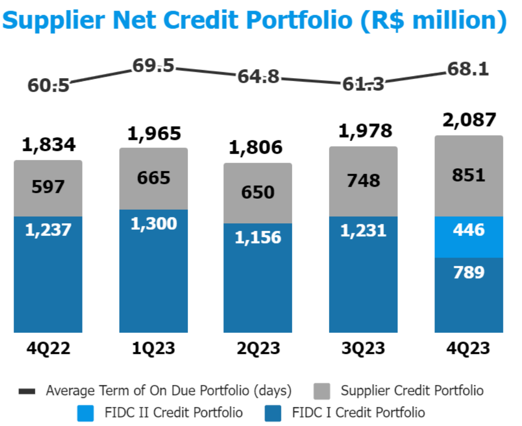
[1] Net Income without the effects of expenses with amortization of intangibles arising from acquisitions

Techfin Revenue

Techfin Revenue showed growth of 0.8%, when compared to 4Q22, mostly linked to the increase of 1.5 day in the average term of credit production and the growth in credit production year-over-year. The 13% reduction, when compared to 3Q23, is associated with: (i) the reduction of 3.8 days in the average term; (ii) the 5.2% reduction in credit production quarter-over-quarter; and (iii) the reduction in the Selic Rate, which went from 13.75% at the end of 3Q23 to 11.75% at the end of 4Q23.



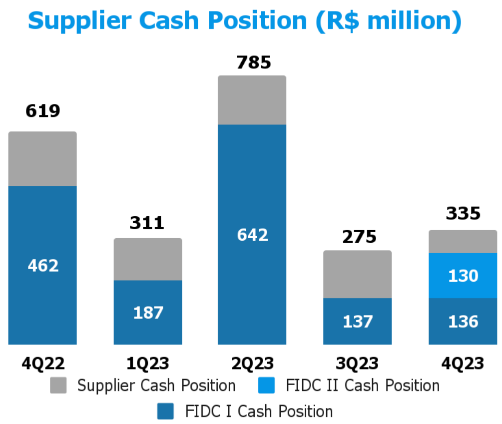
The Credit Portfolio, net of Provision for Expected Loss, grew 14% year-over-year, with an average term of 68.1 days, explained by the increase in credit production, as mentioned above. When compared to 3Q23, the Credit Portfolio grew 5.5%, as seen in the chart on the side. The 4Q23 Portfolio already includes the participation of Supplier's FIDC II, which is the FIDC with an exclusive senior quota from Itaú and which has a lower funding cost than Supplier's FIDC I, in addition to shorter windows for adjusting the available capital, which significantly improves the efficiency of funding and, consequently, reduces its total cost.



The proportion of the portfolio allocated to Supplier (credit portfolio unassigned to FIDC) versus portfolio assigned to FIDC was 41% in the quarter, reflecting the mix of production carried out in this and last quarter, which has a greater concentration of Agribusiness, with longer contracts. This weighting takes into account the guidelines of the FIDC regulation, which establishes percentage limits for receivables with terms longer than 180 days, while also seeking to optimize the funding cost and efficiency in the use of Cash.

Techfin Revenue - Net of Funding

The Funding Cost for the quarter presented a reflection of a receivables anticipation carried out at a request of a Supplier affiliate at the end of 3Q23, as mentioned in the last release, which resulted in a Funding Cost associated with this anticipation of approximately R$3 million in 4Q23. Additionally, the change in the funding mix, with the greater use of Supplier's FIDC II and the subsequent payment of direct financing lines (Law 4,131) resulted in a temporary excess of funding that cost approximately R$1.4 million, as the operation needed to run with both funding mechanisms (4,131 and FIDC II) in parallel, during this portfolio migration in the period. These 2 effects, added to the already mentioned reduction in Techfin Revenue, caused Revenue Net of Funding to fall 25% compared to 3Q23.



The creation of the JV brings structural and perennial benefits to Supplier, especially in terms of funding costs. However, the first few months of operation disabled a series of specific adjustments that could have an impact on the quarterly results of this funding cost, either for the better or for the worse. This is exactly what happened in 3Q23 (for the better) and 4Q23 (for the worse). The short-term effects of these extremely beneficial structural adjustments on the Supplier's funding cost add to the already known quarterly effects on credit production, generating greater volatility in revenue net of funding in this initial period of the JV and they make it more difficult to accurately project the financial outcomes of the JV. We believe that throughout 2024 this volatility will decrease.

In the annual perspective, the 10% growth in Revenue Net of Funding is associated with: (i) the 7.7% growth in Techfin Revenue, mainly due to the longer duration average production throughout the year; and (ii) the increase in Funding Cost in a smaller proportion than revenue as a result of the initial benefits of the JV already in operation since August.

Operating Costs

Operating Costs ended the quarter 1% higher than in 3Q23, mainly due to the increase in investments aimed at supporting Techfin's new solutions, which outweighed the reduction in credit insurance premiums, reflecting the reduction in credit production, especially in the agribusiness segment.

The 38% growth in this line in 2023 is mainly because of the increase in credit insurance premiums, due to the change in the portfolio's risk profile, which now has a greater representation of Agribusiness with contracts that have longer duration.

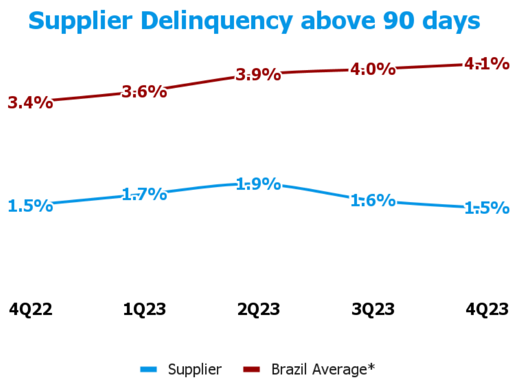
Research & Development

Research and Development (R&D) expenses grew by 34% compared to 3Q23 and, compared to 4Q22, by 111%. This growth is mainly the result of increased investment in the development of Techfin's new financial services products, as mentioned in previous quarters. This same effect explains the 57% growth in this line compared to 2022.

Provision for Expected Credit Losses

The Provision for Expected Losses represented 0.40% of the Gross Credit Portfolio, 8 basis points lower than in 3Q22 and 45 basis points lower than in 4Q22. The maintenance of the low level of delinquency in the 1 to 90 days range of overdue credit rights, as shown in the table below, resulted in a further reduction in Supplier's level of delinquency above 90 days, as shown in the chart on the side.

This reduction is even more relevant when you look at the increase in general defaults on credit for Micro, Small and Medium-sized Enterprises (MSMEs), causing an increase in the difference between the Brazil average and the Supplier average, from 240 basis points in the 3Q23 to 260 basis points in the 4Q23.



*Source: Brazilian Central Bank: (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito) > tabelas.xls > Tabela 23 > MPMe

Techfin's Credit Rights by Maturity (In R$ million)	4Q23	4Q22	Δ	3Q23	Δ
On Due	2,069.8	1,818.0	13.8%	1,964.8	5.3%
Notes overdue					
Up to 30 days	15.1	20.5	(26.3%)	13.1	15.7%
from 31 to 60 days	5.5	5.3	5.0%	4.5	22.8%
from 61 to 90 days	4.0	6.5	(38.0%)	3.8	5.9%
from 91 to 180 days	10.7	9.6	11.1%	8.5	26.0%
from 181 to 360 days	21.0	18.1	16.4%	24.4	(13.8%)
over 360 days	103.6	70.6	46.7%	93.1	11.3%
Gross Trade Receivables	**2,229.8**	**1,948.6**	**14.4%**	**2,112.1**	**5.6%**
Provision for Expected Credit Losses	(142.9)	(114.3)	25.0%	(134.0)	6.6%
Total	**2,086.9**	**1,834.3**	**13.8%**	**1,978.1**	**5.5%**

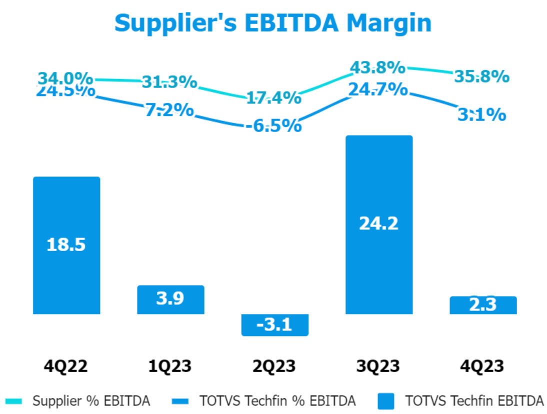
Other Operating Expenses

Commercial and Marketing Expenses and Administrative and Other Expenses presented a reduction of 26% and 10%, respectively, when compared to 3Q23, mainly due to the lower bonus provision for the dimension at the end of the year.

In the year-end, Sales and Marketing Expenses over Revenue Net of Funding went from 15% in 2022 to 16.7% in 2023, while Administrative and Other Expenses went from 25.3% in 2022 to 30.2% in 2023. Both expansions corroborate the expansion of investments in Techfin, after the closing of the transaction with Itaú, aiming to accelerate TOTVS Techfin's strategy.

Techfin's EBITDA and EBITDA Margin

Techfin's EBITDA ended the quarter at R$2.3 million and with an EBITDA Margin of 3.1%, a reduction compared to 3Q23 mainly due to the lower Revenue Net of Funding for the dimension in the quarter.



In the case of Supplier, the EBITDA Margin in 4Q23 was 35.8%, which demonstrates the operational health of this operation and the positive seasonality that Agribusiness production provides in the second half of the year.

During the year, the 46% reduction in the dimension's EBITDA is directly associated with increased investments in the development of Techfin's portfolio. The OPEX of Techfin's organic operation (excluding Supplier) ended 4Q23 at R$26.2 million.

Techfin's Net Income and Cash Earnings

Techfin ended the quarter and the year with losses of R$2.4 million and R$4.5 million respectively, due to the amortization of intangible assets arising from the acquisition of Supplier, which not only do not impact Techfin's cash but also assist in reducing the effective income tax rate, improving the result.

The dimension's Cash Earnings, adjusted for these amortizations, ended the fourth quarter and the year 2023 at R$2.8 million and R$16.4 million respectively, demonstrating that, even with the increase in investments to expand the portfolio, the financial health of Supplier's operation may be more than sufficient to support this temporary reduction in profitability in the consolidated dimension.

It is important to keep in mind that the Techfin dimension is constituted by Supplier, a consolidated and profitable niche operation, and by organic Techfin, which is still in the development stages and is the central point of the Joint Venture (JV). Organic Techfin requires investments to expand its portfolio and build competitive advantages, aiming to maximize value capture in the market opportunity. Additionally, Supplier will continue to preserve the quality of its credit portfolio, its most precious asset, and, if necessary, will maintain its conservative stance in granting credit limits, even if it momentarily impacts Production and, consequently, the level of revenue generation.

Techfin's Cash Flow

In R$ million	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
EBT (GAAP)	**(3.0)**	**8.1**	**(137.1%)**	**17.9**	**(116.9%)**	**(4.2)**	**4.2**	**(201.4%)**
Non-Cash Items	**57.6**	**72.9**	**(21.0%)**	**58.5**	**(1.6%)**	**240.8**	**263.8**	**(8.7%)**
Change in Working Capital	**112.7**	**(95.7)**	**(217.7%)**	**(368.8)**	**(130.5%)**	**(187.4)**	**(173.7)**	**7.9%**
Operating Cash Generation	**167.2**	**(14.7)**	**<(999%)**	**(292.4)**	**(157.2%)**	**49.1**	**94.3**	**(47.9%)**
Interest paid	(11.3)	0.0	<(999%)	(0.1)	>999%	(11.4)	(6.6)	73.5%
Income Tax and Social Cont. paid	(0.1)	(1.5)	(95.7%)	(0.0)	37.8%	(0.1)	(9.1)	(98.8%)
Net Cash from Operating Activities	**155.9**	**(16.1)**	**<(999%)**	**(292.5)**	**(153.3%)**	**37.6**	**78.7**	**(52.2%)**
Fixed Assets	(1.0)	(0.1)	674.8%	(0.6)	63.7%	(1.7)	(1.3)	25.6%
Intangibles	(0.1)	(2.2)	(95.1%)	(0.5)	(76.7%)	(0.8)	(3.2)	(76.2%)
Financial Rescues (Invest.)	(129.2)	(59.6)	116.8%	508.0	(125.4%)	218.1	(36.1)	(704.2%)
Net Cash used in Investing Act.	**(130.2)**	**(61.9)**	**110.2%**	**507.0**	**(125.7%)**	**215.6**	**(40.6)**	**(630.6%)**
Increase (Decrease) Gross Debt	(600.0)	-	-	350.0	(271.4%)	-	(100.0)	(100.0%)
Payment of Principal of Lease Liabilities	(0.4)	(0.3)	36.1%	(0.4)	4.0%	(1.4)	(1.2)	18.4%
Red. (Inv.) of Senior Quotas	466.3	(12.5)	<(999%)	(581.0)	(180.3%)	(410.1)	60.3	(780.1%)
Capital Increase, Net of Expenses	-	2.4	(100.0%)	(0.1)	(100.0%)	-	17.5	(100.0%)
Receivables from Related Companies	-	(0.4)	(100.0%)	(6.3)	(100.0%)	-	-	-
Shareholders Remuneration	-	-	-	(12.1)	(100.0%)	(12.1)	(1.5)	706.3%
Net Cash gen. by (used in) Financ. Act.	**(134.1)**	**(10.9)**	**>999%**	**(249.9)**	**(46.3%)**	**(423.6)**	**(24.9)**	**>999%**
Incr. (Dec.) in Cash and Cash Equivalent	(108.4)	(89.0)	21.9%	(35.4)	206.1%	(170.4)	13.2	<(999%)
Cash and Equiv. Beginning of the Period	307.5	253.7	21.2%	142.9	115.2%	164.8	135.3	21.8%
Cash and Equiv. End of the Period	**199.2**	**164.8**	**20.9%**	**107.5**	**85.3%**	**(5.6)**	**148.5**	**(103.8%)**
Revenue from Financial Investments	5.7	0.3	>999%	5.0	14.6%	11.6	0.9	>999%
Free Cash Flow*	**160.0**	**(19.2)**	**(935.6%)**	**(298.9)**	**(153.5%)**	**33.6**	**78.6**	**(57.3%)**

* Operating Cash Generation (–) Income Tax and Social Cont. paid (–) Investing in Fixed Assets and Intangibles (–) Payment of Principal of Lease Liabilities (–) Short-term investment yield

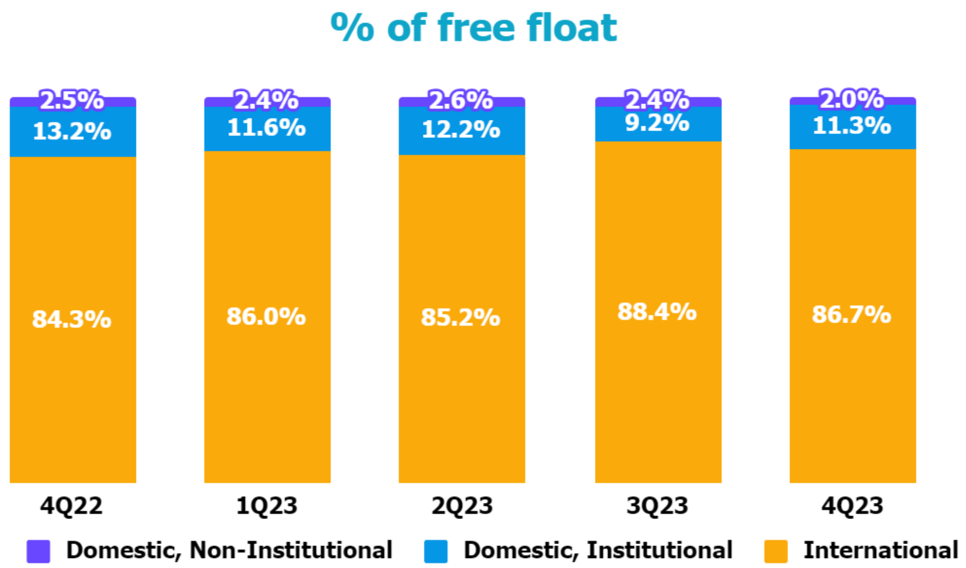
Techfin's Free Cash Flow ended the quarter at a positive R$160 million and its variation, when compared to both 4Q22 and 3Q23, is mainly related to the recomposition of the Business Partners Payable line, which offset the increase in the Accounts Receivable from Customers due to the increase in the Credit Portfolio.

Techfin's Balance Sheet

In R$ million	4Q23	4Q22	Δ	3Q23	Δ
ASSETS					
Current Assets	**2,640.4**	**2,519.9**	**4.8%**	**2,450.1**	**7.8%**
Cash and Cash Equivalents	199.2	164.8	20.9%	307.5	(35.2%)
Financial Investments	279.0	461.9	(39.6%)	139.2	100.4%
Trade Receivables	2,080.8	1,837.0	13.3%	1,975.4	5.3%
Other Assets	81.4	56.2	44.7%	28.0	190.5%
Non-current Assets	**260.4**	**304.1**	**(14.4%)**	**286.4**	**(9.1%)**
Long-term assets	**46.4**	**47.8**	**(2.8%)**	**60.7**	**(23.5%)**
Other Assets	46.4	47.8	(2.8%)	60.7	(23.5%)
Property, Plant and Equipment	7.2	6.4	11.6%	6.9	3.7%
Intangible	206.9	249.9	(17.2%)	218.8	(5.4%)
TOTAL ASSETS	**2,900.8**	**2,824.0**	**2.7%**	**2,736.6**	**6.0%**
LIABILITIES					
Current Liabilities	**2,243.5**	**2,361.8**	**(5.0%)**	**2,078.7**	**7.9%**
Loans and Financing	1.6	1.2	36.7%	620.2	(99.7%)
Business Partners Payable	779.1	678.2	14.9%	506.7	53.8%
Senior and Mezanine Quotas	1,410.5	1,638.9	(13.9%)	904.0	56.0%
Other Liabilities	52.4	43.5	20.4%	47.9	9.4%
Non-current Liabilities	**10.5**	**4.9**	**116.3%**	**8.7**	**20.8%**
Loans and Financing	1.8	1.7	2.4%	2.1	(14.6%)
Provision for Contingencies	2.5	1.2	112.5%	2.5	(0.9%)
Other Liabilities	6.3	2.0	220.5%	4.1	52.1%
Shareholders' Equity	**646.7**	**457.4**	**41.4%**	**649.1**	**(0.4%)**
TOTAL LIABILITIES AND EQUITY	**2,900.8**	**2,824.0**	**2.7%**	**2,736.6**	**6.0%**

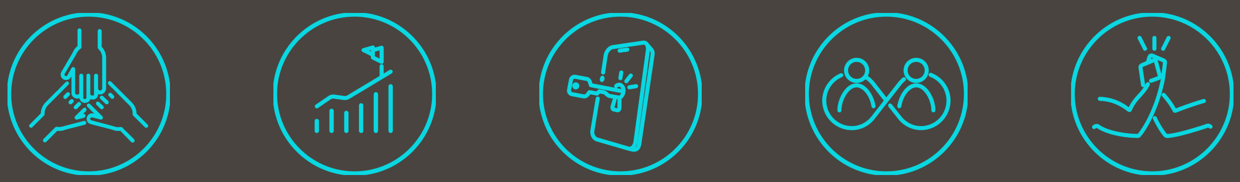
SHAREHOLDING COMPOSITION

TOTVS ended 4Q23 with a Capital Stock of approximately R$3 billion, comprised of 617,183,181 common shares, of which 89% are in free-float with the following composition:



About TOTVS

As an originally Brazilian Company, TOTVS purpose is to ***improve the companies' results*** *through technology, expanding their operations, leveraging their businesses and making them more profitable. Investing approximately R$3 billion in research and development in the last five years, TOTVS seeks to digitize clients' businesses, being an absolute leader in systems and platforms for business* ***management****, delivering productivity and offering* ***financial services*** *and* ***business performance*** *solutions to over 70,000 clients in 12 industry sectors. For further information, please visit en.totvs.com*



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**

This report contains forward-looking statements. Such information does not refer to historical facts only, but reflects the wishes and expectations of TOTVS' management. Words such as "anticipates", "wants", "expects", "foresees", "intends", "plans", "predicts", "projects", "aims", and the like are intended to identify statements that necessarily involve known and unknown risks. Known risks include uncertainties not limited to the impact of price and product competitiveness, the acceptance of products on the market, product transitions from the Company and its competitors, regulatory approval, currency, currency fluctuations, supply and production hurdles, and changes in product sales, among other risks. This report also contains certain pro forma statements prepared by the Company only for information and reference purposes and are therefore unaudited. This report is up to date, and TOTVS has no obligation to update it with new information and/or future events.

APPENDIX I

Consolidated Income Statement

In this view, we are considering the result of the Techfin Dimension at 100% in the "Net Income (Loss) from Techfin Dimension" line until July 2023, according to IFRS-5, and at 50% in the "Equity Pickup" from August 2023 on.

In R$ million	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
Net Revenue	**1,191.6**	**1,005.1**	**18.6%**	**1,153.4**	**3.3%**	**4,497.0**	**3,792.9**	**18.6%**
Management Revenue	1,068.4	920.7	16.0%	1,040.4	2.7%	4,074.2	3,492.1	16.7%
Business Performance Revenue	123.2	84.4	45.9%	113.0	9.0%	422.8	300.8	40.6%
Operating Costs	**(341.2)**	**(283.2)**	**20.5%**	**(324.8)**	**5.0%**	**(1,253.5)**	**(1,067.1)**	**17.5%**
Management Operating Costs	(311.8)	(264.0)	18.1%	(298.6)	4.4%	(1,155.2)	(996.9)	15.9%
Business Performance Operating Costs	(29.4)	(19.2)	53.1%	(26.2)	12.1%	(98.3)	(70.2)	40.1%
Adjusted Gross Profit	**850.4**	**721.9**	**17.8%**	**828.6**	**2.6%**	**3,243.5**	**2,725.9**	**19.0%**
Operating Expenses	**(712.7)**	**(565.0)**	**26.1%**	**(626.5)**	**13.8%**	**(2,546.0)**	**(2,084.4)**	**22.1%**
Research and Development	(212.1)	(184.5)	14.9%	(198.3)	7.0%	(797.3)	(678.5)	17.5%
Sales and Marketing Expenses	(264.0)	(195.2)	35.3%	(238.8)	10.6%	(951.7)	(740.2)	28.6%
Provision for Expected Credit Losses	(8.3)	(5.1)	62.0%	(10.4)	(19.7%)	(36.4)	(26.9)	35.2%
General and Administrative Expenses	(109.0)	(101.0)	8.0%	(97.8)	11.5%	(388.7)	(358.4)	8.5%
Provision for Contingencies	(12.4)	(12.9)	(4.0%)	(3.5)	253.1%	(23.1)	(32.0)	(27.9%)
Depreciation and Amortization	(73.3)	(61.3)	19.7%	(71.5)	2.5%	(282.8)	(236.1)	19.8%
Other Net Revenues (Expenses)	(33.5)	(5.0)	566.7%	(6.2)	438.3%	(66.0)	(12.2)	442.1%
EBIT	**137.7**	**156.9**	**(12.3%)**	**202.1**	**(31.9%)**	**697.5**	**641.5**	**8.7%**
Financial Result	(1.1)	4.9	(123.2%)	8.1	(114.2%)	(17.4)	20.5	(184.8%)
Equity Pickup	(1.2)	(0.4)	168.8%	4.4	(127.4%)	3.2	(0.4)	(822.9%)
Earnings Before Taxes (EBT)	**135.3**	**161.4**	**(16.1%)**	**214.5**	**(36.9%)**	**683.3**	**661.6**	**3.3%**
Income Tax and Social Contribution	(9.1)	(11.8)	(23.1%)	(21.0)	(56.8%)	(146.6)	(141.2)	3.8%
Net Income (Loss) from Techfin Dimension	-	3.9	(100.0%)	241.3	(100.0%)	227.8	2.9	>999%
Consolidated Net Income	**126.2**	**153.4**	**(17.7%)**	**434.8**	**(71.0%)**	**764.4**	**523.3**	**46.1%**
Non-Controlling Net Income	(8.7)	(6.0)	45.1%	(7.0)	22.9%	(29.6)	(25.2)	17.7%
Controller's Net Income	**117.6**	**147.4**	**(20.3%)**	**427.7**	**(72.5%)**	**734.8**	**498.1**	**47.5%**
Controller's Net Margin	*9.9%*	*14.7%*	*-480 bp*	*37.1%*	*-2720 bp*	*16.3%*	*13.1%*	*320 bp*

APPENDIX II

Reconciliation of the Consolidated Income Statement

	4Q23			2023		
	Resultado GAAP*	**Reclass. Depr. e Amort.****	**Resultado Consolidado**	**Resultado GAAP***	**Reclass. Depr. e Amort.****	**Resultado Consolidado**
In R$ million	**(a)**	**(b)**	**(a+b)**	**(a)**	**(b)**	**(a+b)**
Net Revenue	**1,191.6**	**-**	**1,191.6**	**4,497.0**	**-**	**4,497.0**
Management Revenue	1,068.4	-	1,068.4	4,074.2	-	4,074.2
Business Performance Revenue	123.2	-	123.2	422.8	-	422.8
Costs	**(369.6)**	**28.4**	**(341.2)**	**(1,361.0)**	**107.5**	**(1,253.5)**
Gross Profit	**821.9**	**28.4**	**850.4**	**3,136.0**	**107.5**	**3,243.5**
Gross Margin	*69.0%*		*71.4%*	*69.7%*		*72.1%*
Operating Expenses (Revenues)	**(684.3)**	**(28.4)**	**(712.7)**	**(2,438.5)**	**(107.5)**	**(2,546.0)**
Research and Development	(223.9)	11.8	(212.1)	(844.8)	47.5	(797.3)
Sales and Marketing Expenses	(282.1)	18.1	(264.0)	(1,025.5)	73.8	(951.7)
General and Administrative Expenses	(144.7)	23.4	(121.4)	(502.2)	90.4	(411.8)
Depreciation and Amortization	-	(73.3)	(73.3)	-	(282.8)	(282.8)
Provision for Expected Credit Losses	-	(8.3)	(8.3)	-	(36.4)	(36.4)
Other Net Revenues (Expenses)	(33.5)	-	(33.5)	(66.0)	-	(66.0)
EBIT	**137.7**	**(0.0)**	**137.7**	**697.5**	**0.0**	**697.5**
Financial Revenues	92.3	(0.0)	92.3	355.8	-	355.8
Financial Expenses	(93.5)	-	(93.5)	(373.2)	-	(373.2)
Equity Pickup	(1.2)	-	(1.2)	3.2	-	3.2
Earnings Before Taxes (EBT)	**135.3**	**(0.0)**	**135.3**	**683.3**	**0.0**	**683.3**
Income Tax and Social Contribution	(9.1)	-	(9.1)	(146.6)	-	(146.6)
Techfin Dim. Net Income (Loss)	-	-	-	227.8	-	227.8
Consolidated Net Income	**126.2**	**(0.0)**	**126.2**	**764.4**	**0.0**	**764.4**
Non-Controlling Net Income	(8.7)	-	(8.7)	(29.6)	-	(29.6)
Controlling Net Income	**117.6**	**(0.0)**	**117.6**	**734.8**	**0.0**	**734.8**
Controlling Net Margin	*9.9%*		*9.9%*	*16.3%*		*16.3%*

* As established in IFRS-5, the transaction involving the creation of the JV with Itaú Unibanco S.A. meets the criteria of assets held for sale and, therefore, the quarterly financial information of the Techfin operation is presented at 100% in the line "Techfin Dim. Net Income (Loss)" until July/23, and from August/23 it is presented at 50% in the line "Equity Pickup"

** As established in IAS-1, expenses with depreciation and amortization and provision for expected credit losses were reclassified to cost and expense lines associated with the respective assets that originated them.

APPENDIX III

EBITDA and Net Income Reconciliation (CVM Resolution 156/22)

In R$ million	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
Consolidated Net Income	**126.2**	**153.4**	**(17.7%)**	**434.8**	**(71.0%)**	**764.4**	**523.3**	**46.1%**
Net Margin	*10.0%*	*14.2%*	*-420 bp*	*34.7%*	*-2470 bp*	*16.0%*	*13.0%*	*300 bp*
(–) Net Income (Loss) Techfin Dim.	-	3.9	(100.0%)	241.3	(100.0%)	227.8	2.9	>999%
(+) Depreciation and Amortization	73.3	61.3	19.7%	71.5	2.5%	282.8	236.1	19.8%
(–) Financial Results	(1.1)	4.9	(123.2%)	8.1	(114.2%)	(17.4)	20.5	(184.8%)
(+) Income Tax and Social Contribution	9.1	11.8	(23.1%)	21.0	(56.8%)	146.6	141.2	3.8%
EBITDA GAAP	**209.8**	**217.7**	**(3.6%)**	**278.0**	**(24.5%)**	**983.5**	**877.2**	**12.1%**
% EBITDA GAAP	*17.6%*	*21.7%*	*-410 bp*	*24.1%*	*-650 bp*	*21.9%*	*23.1%*	*-120 bp*
(+) Techfin Dimension EBITDA	**1.1**	**9.3**	**(87.6%)**	**12.1**	**(90.5%)**	**13.7**	**25.2**	**(45.8%)**
(–) Equity Pickup	**(1.2)**	**(0.4)**	**168.8%**	**4.4**	**(127.4%)**	**3.2**	**(0.4)**	**(822.9%)**
(+) Extraordinary Items	**46.2**	**12.2**	**276.9%**	**9.2**	**403.1%**	**95.9**	**31.9**	**200.6%**
M&A Adjustment at Fair Value	38.4	2.6	>999%	7.9	388.4%	72.9	28.7	154.4%
Adjustment from Oper. Restructuring	2.0	-	-	0.1	>999%	12.5	-	-
Expenses with M&A Transactions	5.7	4.0	44.1%	1.5	282.8%	9.8	15.2	(35.1%)
Lost (Earn) in Disposed Assets	-	4.7	(100.0%)	-	-	-	4.7	(100.0%)
Tax Credit	-	1.0	(100.0%)	(0.2)	(100.0%)	0.6	(16.6)	(103.8%)
Adjusted EBITDA	**258.3**	**239.6**	**7.8%**	**294.9**	**(12.4%)**	**1,089.9**	**934.8**	**16.6%**
Non-GAAP Adjusted EBITDA Margin	*21.0%*	*23.0%*	-200 bp	*24.5%*	-350 bp	*23.5%*	*23.9%*	-40 bp

APPENDIX IV

Cash Flow *GAAP*

In R$ million	4Q23	4Q22	Δ	3Q23	Δ	2023	2022	Δ
EBT	**135.3**	**161.4**	**(16.1%)**	**214.5**	**(36.9%)**	**683.3**	**661.6**	**3.3%**
Adjustments:	**230.8**	**177.8**	**29.8%**	**177.9**	**29.7%**	**775.8**	**660.0**	**17.5%**
Depreciation and Amortization	73.3	61.3	19.7%	71.5	2.5%	282.8	236.1	19.8%
Share-based Payments Expense	21.1	18.6	13.3%	20.5	3.1%	64.3	53.1	21.1%
Loss (Earns) in Disposed Assets	0.9	0.9	0.0%	(0.2)	(633.3%)	1.4	(1.5)	(193.7%)
Provision for Expected Credit Losses	8.3	5.1	62.0%	10.4	(19.7%)	36.4	26.9	35.2%
Equity Pickup	1.2	0.4	168.8%	(4.4)	(127.4%)	(3.2)	0.4	(822.9%)
Prov. for Contingencies, Net of Reversals	12.4	12.9	(4.0%)	3.5	253.1%	23.1	32.0	(27.9%)
Provision (Reversal) for Other Obligations	35.5	5.3	570.0%	8.0	341.9%	70.7	28.3	150.1%
Net Inter. Monet. and Exchange Var.	78.1	73.3	6.6%	68.6	14.0%	300.3	284.6	5.5%
Changes in Op. Assets and Liabilities:	**(20.7)**	**(13.9)**	**49.1%**	**(12.5)**	**65.6%**	**(92.4)**	**(115.0)**	**(19.6%)**
Trade Receivables	12.7	23.4	(45.7%)	(28.6)	(144.4%)	(70.6)	(93.4)	(24.5%)
Recoverable Taxes	(50.3)	(15.7)	220.4%	11.2	(548.0%)	(46.2)	(75.4)	(38.7%)
Judicial Deposits	(1.3)	(1.0)	27.0%	0.2	(678.8%)	(5.5)	(3.0)	85.0%
Other Assets	52.2	28.7	82.2%	(0.7)	<(999%)	(37.7)	(26.9)	39.8%
Labor Liabilities	(34.5)	(29.9)	15.2%	27.2	(226.6%)	97.0	73.6	31.8%
Trade and Other Payables	20.3	10.7	90.9%	(6.2)	(430.2%)	19.7	21.8	(9.5%)
Commissions Payable	(2.4)	3.1	(176.5%)	(3.0)	(20.9%)	(2.9)	7.4	(139.5%)
Taxes and Contributions Payable	13.0	(8.4)	(253.7%)	(21.0)	(161.8%)	(27.3)	(7.5)	265.1%
Other Accounts Payable	(30.5)	(24.6)	23.9%	8.3	(467.6%)	(19.0)	(11.5)	65.6%
Operating Cash Generation	**345.4**	**325.3**	**6.2%**	**379.9**	**(9.1%)**	**1,366.6**	**1,206.5**	**13.3%**
Interest paid	(2.4)	(3.1)	(23.7%)	(111.6)	(97.9%)	(224.9)	(176.4)	27.5%
Tax Paid	(46.2)	(22.8)	103.2%	(63.4)	(27.0%)	(189.6)	(114.6)	65.5%
Net Cash from Operating Activities	**296.8**	**299.4**	**(0.9%)**	**204.9**	**44.8%**	**952.1**	**915.6**	**4.0%**
Dividends Received	-	-	-	9.1	(100.0%)	9.1	-	-
Acquisitions of Prop. Plant and Equip.	(25.3)	(32.2)	(21.3%)	(37.3)	(32.1%)	(123.3)	(100.9)	22.1%
Acquisition of Intangible Assets	(20.3)	(25.0)	(18.7%)	(83.5)	(75.7%)	(153.9)	(80.2)	92.0%
Franchises Loan	3.9	2.9	33.5%	(2.5)	(257.9%)	13.2	24.3	(45.8%)
Acquisition of Subsidiaries, Net of Cash	(5.7)	(1.0)	469.1%	(44.5)	(87.2%)	(88.9)	(180.8)	(50.8%)
Payments from Acquisitions of Subsidiaries	(0.7)	(25.6)	(97.2%)	(5.3)	(86.7%)	(43.5)	(209.3)	(79.2%)
Proceeds from Sale of Subsid., Net of Cash	-	0.0	(100.0%)	-	-	0.1	6.5	(99.2%)
Proceeds from Sale of Prop. Plant and Equip.	1.8	1.4	24.8%	0.5	231.2%	3.5	3.1	14.3%
CVC Fund Investments	(20.7)	(8.3)	148.8%	0.4	<(999%)	(24.8)	(20.1)	23.7%
Net cash Received (Invested) Techfin Dim.	-	(2.4)	(100.0%)	410.0	(100.0%)	405.2	(33.8)	<(999%)
Net Cash used in Investing Act.	**(67.0)**	**(90.1)**	**(25.7%)**	**247.0**	**(127.1%)**	**(3.4)**	**(591.2)**	**(99.4%)**
Payment of Princ. of Loans and Financing	-	(0.4)	(100.0%)	-	-	(11.0)	(7.2)	52.5%
Payment of Principal of Debentures	-	-	-	-	-	-	(1,500.0)	(100.0%)
Payment of Principal of Lease Liabilities	(15.1)	(13.9)	8.9%	(15.2)	(0.4%)	(59.1)	(55.5)	6.4%
Proceeds from debentures, loans and finan.	-	-	-	32.1	(100.0%)	32.1	1,488.3	(97.8%)
Investments from Non-controlling Interest	-	-	-	-	-	4.2	-	-
Share Issue Expenses	-	-	-	-	-	-	(0.1)	(100.0%)
Receivables from Related Companies	0.0	(0.2)	(114.1%)	6.3	(99.5%)	-	(0.9)	(100.0%)
Dividends and Interest on Equity Paid	(142.3)	-	-	(138.7)	2.6%	(412.2)	(140.0)	194.3%
Net Treasury Shares	-	-	-	-	-	(109.4)	(109.0)	0.4%
Net Cash gen. by (used in) Financ. Act.	**(157.4)**	**(14.6)**	**981.3%**	**(115.5)**	**36.3%**	**(555.3)**	**(324.4)**	**71.2%**
Incr. (Dec.) in Cash and Cash Eq.	**72.4**	**194.7**	**(62.8%)**	**336.4**	**(78.5%)**	**393.4**	**0.0**	**>999%**
Cash and Equiv. Beginning of the Period	3,056.7	2,541.1	20.3%	2,720.3	12.4%	2,735.8	2,735.8	0.0%
Cash and Equiv. End of the Period	3,129.2	2,735.8	14.4%	3,056.7	2.4%	3,129.2	2,735.8	14.4%

APPENDIX V

Balance Sheet (*GAAP*)

In R$ million	4Q23	4Q22	Δ	3Q23	Δ
ASSETS					
Current Assets	**3,906.3**	**6,230.2**	**(37.3%)**	**3,849.9**	**1.5%**
Cash and Cash Equivalents	3,129.2	2,735.8	14.4%	3,056.7	2.4%
Trade Receivables	600.7	538.2	11.6%	617.0	(2.6%)
Provision for Expected Credit Losses	(62.2)	(62.6)	(0.6%)	(60.0)	3.7%
Recoverable Taxes	87.8	87.9	(0.1%)	39.2	124.3%
Escrow Account	13.2	10.4	26.8%	13.2	0.2%
Other Assets	137.6	96.4	42.7%	183.8	(25.2%)
Techfin Dimension Assets	-	2,824.0	(100.0%)	-	-
Non-current Assets	**4,922.6**	**4,386.0**	**12.2%**	**4,905.3**	**0.4%**
Long-term assets	**514.5**	**463.4**	**11.0%**	**467.8**	**10.0%**
Trade Receivables	16.5	38.4	(57.1%)	19.0	(13.3%)
Recoverable Taxes	- .0	14.2	(100.0%)	1.2	(100.0%)
Receivables from Related Parties	3.8	0.9	318.5%	2.5	51.1%
Deferred Tax Assets	147.4	119.0	23.8%	123.0	19.8%
Judicial Deposits	33.8	34.2	(1.2%)	39.7	(14.7%)
Investments at Fair Value	127.5	111.2	14.6%	110.9	15.0%
Escrow Account	116.8	73.8	58.3%	114.1	2.3%
Other Assets	68.7	71.6	(4.0%)	57.3	19.9%
Investments	323.4	-	-	324.6	(0.4%)
Property, Plant and Equipment	413.5	416.9	(0.8%)	424.4	(2.6%)
Intangible	3,671.2	3,505.8	4.7%	3,688.5	(0.5%)
TOTAL ASSETS	**8,828.9**	**10,616.2**	**(16.8%)**	**8,755.2**	**0.8%**
Current Liabilities	**1,348.7**	**3,336.4**	**(59.6%)**	**1,297.2**	**4.0%**
Labor Liabilities	376.0	317.7	18.3%	414.2	(9.2%)
Trade and Other Payables	155.3	128.6	20.7%	133.1	16.6%
Taxes and Contributions Liabilities	107.4	95.0	13.0%	110.2	(2.5%)
Debentures	55.2	58.7	(6.0%)	7.3	653.5%
Loans and Financing	32.1	0.2	>999%	32.1	(0.0%)
Lease Liabilities	58.6	57.3	2.3%	58.4	0.3%
Dividends Payable	1.8	130.4	(98.6%)	1.6	9.4%
Accounts Payable from Acq. of Subsid.	421.8	52.7	700.4%	377.3	11.8%
Commissions Payable	62.6	65.5	(4.4%)	65.0	(3.7%)
Other Liabilities	78.0	66.7	17.0%	97.9	(20.3%)
Techfin Dimension Liabilities	-	2,363.6	(100.0%)	-	-
Non-current Liabilities	**2,467.5**	**2,695.0**	**(8.4%)**	**2,446.5**	**0.9%**
Lease Liabilities	106.7	154.7	(31.0%)	120.4	(11.4%)
Loans and Financing	-	0.4	(100.0%)	-	-
Debentures	1,491.5	1,488.3	0.2%	1,490.7	0.1%
Accounts Payable from Acq. of Subsid.	272.1	511.5	(46.8%)	265.5	2.5%
Tax Obligations	0.0	1.4	(97.0%)	0.2	(80.6%)
Deferred Income Taxes	8.6	0.6	>999%	5.7	50.9%
Provision for Contingencies	112.0	107.5	4.2%	115.0	(2.6%)
Call Option of Non-controlling Interests	412.7	383.0	7.7%	404.3	2.1%
Other Liabilities	63.8	47.6	34.2%	44.6	43.0%
Shareholders' Equity	**5,012.7**	**4,584.8**	**9.3%**	**5,011.6**	**0.0%**
Share Capital	2,962.6	2,962.6	0.0%	2,962.6	0.0%
Treasury Shares	(283.4)	(217.7)	30.2%	(283.6)	(0.0%)
Capital Reserves	738.3	723.2	2.1%	716.0	3.1%
Profit Reserve	1,262.7	793.6	59.1%	1,272.0	(0.7%)
Carrying Value Adjustments	40.4	47.0	(13.9%)	45.5	(11.1%)
Non-controlling Interest	292.1	276.2	5.7%	299.1	(2.3%)
TOTAL LIABILITIES AND EQUITY	**8,828.9**	**10,616.2**	**(16.8%)**	**8,755.2**	**0.8%**

APPENDIX VI

Aging of M&A Amortizations Effect (Management + Business Performance)

In R$ million	4Q23
Up to 12 months	70.2
from 13 to 24 months	64.6
from 25 to 36 months	62.7
from 37 to 48 months	60.5
over 48 months	176.7
Total	**434.6**

Aging of M&A Amortizations Effect (Techfin)

In R$ million	4Q23
Up to 12 months	31.7
from 13 to 24 months	9.0
from 25 to 36 months	6.6
from 37 to 48 months	6.6
over 48 months	33.3
Total	**87.1**

GLOSSARY

A

ADTV (Average Daily Trading Volume)

ARR (Annual Recurring Revenue)

C

CADE (*Conselho Administrativo de Defesa Econômica*): Brazilian Antitrust Agency.

CAC Customer Acquisition Cost

Carve-out: the process by which a company sells a generally smaller and autonomous portion of its business (a division, a product line, a group of contracts, a subsidiary, etc.) to an interested party.

Cash Earnings: is a non-accounting metrics that represents Net Income without the effects of amortization expenses of intangible assets arising from company acquisitions and the corresponding impacts of income tax and social contribution on such amortization. This measurement is important to monitor the progress of net income without the effects of acquisitions, considering the relevance of the Company's acquisition strategy.

Contribution Margin: it represents how much the sale of a product or service contributes to covering costs and expenses, and generating profit.

Cross-selling: marketing strategy to leverage sales with the sale of other portfolio offerings, in addition to the customer's existing solution.

E

Earn-out: a portion corresponding to the payment of the part of the acquisition price of a company and linked to compensation to the selling partners in relation to the company's future profits.

EBITDA (Earning Before Interest, Tax, Depreciation and Amortization): is a non-accounting measure prepared by the Company and consists of net income for the year or period, plus financial income and expenses, income tax and social contribution, and depreciation and amortization costs and expenses

ESG (Environmental, Social and Governance)

F

FIDC (*Fundo de Investimento em Direitos Creditórios*): securitization fund.

G

Global Report Initiative (GRI): a multi-stakeholder organization that defines global Sustainability Reporting Standards developed with contributions from different stakeholders and focused on the public interest.

GMV (Gross Merchandise Volume): It represents the total sales value of products/services through the marketplace in a given period. It is a metric to estimate the size of the platform, but not its health.

H

Headcount: count of the total employees of an organization.

I

IBOV (*Índice Bovespa*): Bovespa Index. It is the most important indicator of the average performance of the prices of shares traded on the B3 stock exchange - Brazil, Bolsa, Balcão. It is formed by the shares with the highest volume traded in recent months.

IBrX-50 (*Índice Brasil 50*): Brazil 50 Index. The average performance indicator for the prices of the 50 most actively traded and best representative stocks of the Brazilian stock market.

IIRC (International Integrated Reporting Council)

J

JV (Joint Venture): it comprises the economic association between two companies, whether in the same field or not, during a specific and limited period, for a specific purpose.

L

LGPD (*Lei Geral de Proteção de Dados*): The Brazilian General Data Protection Law.

LTV (LifeTime Value): It is a metric that defines the average customer lifecycle value. How much money it generates for the company from purchases and services for as long as he maintains a relationship with.

LTM (Last Twelve Months)

M

Midcap: is defined as companies between $2 billion and $10 billion in market capitalization.

N

NPS (Net Promoter Score): an indicator measured through a survey with the customer, in order to measure the probability of the customer recommending the company, product or service received.

O

OMS (Order Management System): Distribution Management System, designed for the management of distribution and logistical planning through the automation of sales orders to be distributed by a company and the automation of commercial, inventory and credit analysis processes, in addition to sorting the approved orders for delivery sequencing in cargo loading, considering any restrictions of each customer.

P

PLG (Product Led Growth): It is defined as "instances in which the use of the product is the main driver for user acquisition, retention and expansion", therefore, PLG is both a growth strategy and an innovative business model. It is an end-user focused growth model, based entirely on the product.

Pricing Power: is the ability to readjust prices at times of cost and expense inflation. It is a characteristic of differentiated companies and those with Pricing Power can seek a better balance between impact on costs, price and sales production and, consequently, have greater potential to maintain a healthy relationship between growth and profitability, without damaging the relationship with customers.

Pro forma: pro forma financial information provides information about the impact of a particular transaction, on a recurring basis, showing how an entity's historical financial statements could have been affected if such transaction had been completed at an earlier date.

Q

QoQ (Quarter-over-Quarter)

R

Revenue net of Funding: format usually adopted by the financial market, which comprises the revenue net of the cost consisting of the remuneration of the senior and mezzanine quotas of FIDC.

Renewal Rate: shows the percentage of clients that remained on the recurrence base at the end of the period, compared to the base in the beginning of the period, taking as reference the recurring revenue.

Rule of 40: balanced combination of growth and profitability (resulting in a sum of more than 40 percentage points).

ROE (Return on equity)

S

SaaS (software as a service)

SDG (Sustainable Development Goals)

Selic (*Sistema Especial de Liquidação e Custódia*): in English 'Special System for Settlement and Custody', the basic interest rate of the Brazilian economy. It is the main instrument of the monetary policy used by the Central Bank (BC) to control inflation.

Signings: sales production.

T

Take rate: expression that indicates the percentage of gain on each transaction.

TCO (Total Cost of Ownership): it is the sum of all possible costs related to purchasing and owning a product or service.

U

UN (United Nations)

Up-selling: marketing strategy to leverage sales by selling more units to an existing client.

Y

YoY (Year-over-Year)